

Name of Paper : THE TIMES OF INDIA

Published at : NEW DELHI

Dated : - 4 JUN 2012

Trade policy may have sops for SEZs

Commerce Minister Pitches For Booster Despite Revenue Dept's Objections

Sidhartha | TNN

New Delhi: Commerce and industry minister Anand Sharma is planning not to confine himself to announcing merely sops for labour-intensive sectors such as textiles and gems & jewellery in the Foreign Trade Policy but use the annual event to revive special economic zones and boost investment at a time when companies are holding back on capacity creation. The Foreign Trade Policy will be announced on Tuesday.

Government officials told TOI that despite revenue department's objections to the SEZ policy proposals, the commerce department is pushing hard to announce some measures for the designated zones which had earned the reputation of being real estate ventures



ANAND SHARMA

SET FOR FRESH PUSH

► Board of approvals had cleared a total of **585 SEZ projects in the country**

► Around **380 zones** have been notified so far, but **several of them have run up against bureaucratic hurdles. In addition, many projects are held up as they could not acquire land**

► As a result, the **commerce department has proposed to revive the policy seeking a reduction in the area requirement for all zones, especially those in the smaller and hilly states**

backed by tax incentives.

So far, around 380 zones have been notified in the country but several of them have run up against bureaucratic hurdles erected by the income tax and customs and excise departments. In addition, several projects are held up as they could not acquire

land. In all, 585 SEZs have been approved by the board of approvals, the inter-ministerial body responsible for clearing proposals.

As a result, the commerce department has proposed to revive the policy seeking a reduction in the area requirement for all zones, especially those

in the smaller and hilly states.

As reported by TOI on April 23, the commerce department has suggested that the proposed minimum area requirement for multi-product be scaled down from 1,000 hectares to 250 hectares. Similarly, for multi-services and sector-specific zones, the proposal is to reduce the land requirement from 100 hectares to 40 hectares. In addition, a "broad-band approach" has been suggested. For zones planned in the special-category states, which include the northeast and the hill states, the minimum area requirement is proposed to be cut from 200 hectares to 50 hectares.

The revenue department has, however, objected to the move arguing that there will be a proliferation of new zones and it does not have manpower to handle additional work. In

addition, it has put forward the oft-repeated argument of revenue loss, although in the absence of any new zones coming up the question of economic activity — and therefore revenue in the future — does not arise.

It has also objected to the commerce department's proposal to provide sops for zones that are not built around the identified 40 million-plus cities and state capitals. Sources said the zones will be eligible for the tax concession if they are built 50-100 km from an urban conglomerate and facilities have to be for exclusive use of SEZ employees.

In case of SEZs constructed in 123 backward districts, this infrastructure can also be used by those who are not part of the zone, a 48-page note said. At present, the rules specify that NPA can't exceed half the area of an SEZ.