

#### **Tax concession for units in SEZ**

3044. SHRI A. ELAVARASAN: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether the Ministry of Finance feels that profit linked deductions are distortionary and transfer profits from a taxable entity to a non-taxable one;
- (b) whether it is a fact that according to the revised draft Tax Code, there will be no tax concession for units set up in Special Economic Zone (SEZ);
- (c) if so, the details thereof;
- (d) whether the Ministry of Commerce strongly argued that SEZs are generating employment and experts say they should be allowed to enjoy the benefits; and
- (e) if so, the details thereof and Government's reaction in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI JYOTIRADITYA MADHAVRAO SCINDIA): (a) Draft Direct Tax Code (DTC) proposed by the Ministry of Finance links Income Tax exemption to investments rather than to profits.

(b) to (e) Impressive growth has been registered in SEZs mainly due to the stable fiscal regime provided by the SEZ Act. On the Direct Tax Code, views of the Department of Commerce have been suitably conveyed to the Department of Revenue in order to protect the interest of investors.

#### **Adverse effect of inflation on growth in core sector**

3045. SHRI SYED AZEEZ PASHA: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether it is a fact that growth in the core sector for June, 2010 at 3.4 per cent was the lowest growth in the last year;
- (b) what are the reasons for slow growth rate in the core sector;
- (c) whether it is a fact that inflation has been having a collateral impact on growth in the core sector, with input costs rising un-predictably; and
- (d) the steps proposed to aim for a well proportioned growth in all sectors and equitable distribution of employment in all sectors of the economy?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI JYOTIRADITYA MADHAVRAO SCINDIA): (a) to (d) Six core industries comprising crude petroleum, refinery products, coal, cement, steel and electricity having a combined weight of 26.7 per cent in the Index of Industrial Production (IIP) registered a growth of 3.4% (provisional) in June 2010 compared to 6.3% registered in June 2009. The rate of growth of these industries in the first quarter of 2010-11 (April-June, 2010) at 4.6% (Provisional) was however, higher than the growth of 4.3% in corresponding period of 2009-10. Performance of core industries has not been affected due to inflation.