

[11 May, 2005]

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5.00 P.M.

certain paths of economic development where there will be growth, I think, we may end up in a course which can be self-defeating. Therefore, I propose these changes, while welcoming the overall framework of the Bill. And, I think, my friend on the Opposition will also not be unhappy because, ultimately, if we have to grow and go ahead there has to be a consensus on the broad contours of the course that we have to take. Thank you, Sir.

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**STATEMENTS BY MINISTERS—Contd.**

**Status of implementation of the recommendations contained In  
The First Report of The Department-related Parliamentary  
Standing Committee on Defence**

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): Before I call the next speaker, as a special case, I request Shri Pranab Mukherjee to make a statement regarding the status of implementation of the recommendations contained in the First Report of the Department-related Parliamentary Standing Committee on Defence. He can just lay it on the Table.

THE MINISTER OF DEFENCE (SHRI PRANAB MUKHERJEE): Sir, with your permission, I beg to lay on the Table of the House a statement in respect of implementation of the recommendations contained in the First Report of the Standing Committee on Defence.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): Thank you, Now, Shri Vijay Darda.

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**GOVERNMENT BILLS  
The Special Economic Zones Bills, 2005—Contd.**

**श्री विजय जे. दर्डा ( महाराष्ट्र ) :** उपसभाध्यक्ष महोदय , सर्वप्रथम मैं माननीय मंत्री जी को इस बात की बधाई देता हूँ कि जो इस बिल को सदन के पटल पर लाए हैं। सन् 2000 में जो बिल आया था , उसका इम्पीमेंटेशन आज तक नहीं हो सका । यह एक दुख की बात है । इस बिल से हमारी

और उम्मीदे इसलिए भी जागी हैं कि श्री कमल नाथ जी ने जो भी डिपार्टमेंट अपने हाथ में लिया है, उस डिपार्टमेंट में अधिक अच्छे से काम करने का प्रयास किया है, इसलिए मैं आपको बधाई देता हूँ। देश में और देश के बाहर भी आपने देश की छवि को अच्छे से अच्छा बनाने का और एक अच्छा आयाम देने का प्रयास किया है। मैं इन बिल का इसलिए भी स्वागत करता हूँ कि इससे देश में आर्थिक विकास, पूंजी निवेश देशी और विदेशी, इन्फ्रास्ट्रक्चर डवलपमेंट, रोजगार के नए आयाम आदि-आदि लाभ होंगे और यह सोच और कदम हमारे देश के लिए प्रगतिशील होंगे, ऐसा मैं मानता हूँ। किन्तु मेरी आपसे यह जरूर अपेक्षा है कि बिल अच्छा है, मगर जब तक जमीन पर दो-तीन स्पेशल इकॉनॉमिक जोन बनते नहीं और उसके लाभ नजर नहीं आते, तब तक इन्वेस्टर के अंदर विश्वास पैदा नहीं होगा। यह जो स्पेशल इकॉनॉमी जोन बनने हैं वह छिंदवाड़ा के पास में नागपुर हैं और नई मुम्बई, यह दो आपके सामने चेलेंज हैं। .... (व्यवधान) ... मुझे पूरा विश्वास है कि आप नागपुर और नई मुम्बई के साथ-साथ और भी चीजों पर विचार करेंगे और लोगों को आप यह दिखायेंगे कि आपने यह किया है, आप सिर्फ बिल नहीं लायें हैं। लोक सभा में बिल पर चर्चा करते समय कुछ लेबर लॉज पर चर्चा हुई है और जिसके ऊपर यहां भी चर्चा हुई है। मैं यह चाहूंगा कि आज के "कम्पेटिटिव इनवायरमेंट" में इंडस्ट्रीज को यह सुविधा देना आवश्यक है। अगर उन्हीं पुराने लेबर लॉज को फिर से हम उनके माथे पर मारेंगे, तो निश्चित रूप से वहीं पुराने दिन देखने होंगे। मैं इसके हक में हूँ कि लेबर राइट्स प्रोटेक्ट होने चाहिए और उनके साथ में किसी प्रकार का खिलावाड़ होता है, तो निश्चित रूप से वहीं पुराने दिन देखने होंगे। मैं इसके हक में हूँ कि लेबर राइट्स प्रोटेक्ट होने चाहिए और उनके साथ में किसी प्रकार का खिलवाड़ होता है, तो निश्चित रूप से उसके लिए कड़ी पनिसमेंट भी होनी चाहिए। हमारे सामने कई उदाहरण हैं। हम देखते हैं कि देश में कई इंडस्ट्रीज बंद हो चुकी हैं, इसलिए मैं चाहूंगा कि SEZ की करते समय आप इस बात पर निश्चित रूप से विचार करें। इस बिल के अंदर एक गंभीर त्रुटि है और उसकी ओर मैं आपका ध्यान आकर्षित करना चाहता हूँ। Clause 5 (1) says, 'The Central Government, while notifying any area as a Special Economic Zone or an additional area to be included in the Special Economic Zone and discharging its functions under this Act, shall be guided by the following, namely:— इसके अंदर क्लॉज 5 (1)b में आपने Promotion of exports of goods and services यह अलार्म SEZ में किया है। इसका अर्थ है कि जो व्यावसायी गुड्स और सर्विसिज का एक्सपोर्ट करेगा, वह SEZ की सुविधा का उपयोग करने का हकदार रहेगा लेकिन एक्सपोर्ट की जो परिभाषा है, उसकी तरफ मैं आपका ध्यान आकर्षित करना चाहूंगा। क्लॉज 2एम (i) कहता है कि export means taking goods, or providing services, out of India मैं वहीं रुक जाता हूँ क्योंकि मेरा बिन्दु यहीं पर समाप्त होता है। अब हम सर्विसिज की परिभाषा की ओर चलते हैं। Clause 2 (z)(i) says, "services" means such tradable services which:—(i) are covered under the General Agreement on Trade in Services annexed as (i)(B) to the Agreement establishing the

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World Trade Organisation conduded at Marrakesh , on the day of April , 1994 सर्विसिज़ के तहत कौन –कौन सी ऐक्टिविटीज़ परिमिसिबल हैं , यह GATS के अंदर आपने दिया है । GATS कहता है कि सर्विसिज़ में टूरिज़्म ऐंड ट्रेवल रिलेटिड सर्विसिज़ अलाऊड हैं । उसमें हेल्थ रिलेटिड भी , सोशल सर्विसिज़ भी, कल्चरल स्पोर्ट्स सर्विसिज़ का भी अंतर्भाव है। अब मैं वापस आपको ऐक्सपोर्ट की परिभाषा पर ले चलता हूँ जो कि क्लॉज 2 ( एम ) (1) के तहत कहता हैं कि clause 2 (m) of the draft Special Economic Zone Bill, 2005, defines "export" as taking goods, or providing services out of India. मैं यही रूक गया हूँ क्योंकि मेरा मुद्दा यहीं समाप्त होता हैं क्योंकि टूरिज़्म का भारत से बाहर कैसे ऐक्सपोर्ट होगा, यह मेरा प्रश्न हैं? यह व्यवस्था सिर्फ हमारे देश में ही हो सकती है जबकि विदेशी मेहमान अगर स्पेशल इकोनामिक ज़ोन में आते हैं, उस सुविधा का उपयोग करते हैं, जैसे हेल्थ टूरिज़्म, गोल्फ ( स्पोर्ट्स टूरिज़्म ) , बीच रिसॉर्ट ऐम्पूज़मेंट पार्क, म्यूज़ियम , मल्टीप्लैक्स –अब आप यह बताइए कि इसका आप कैसे ऐक्सपोर्ट करेंगे ? इसलिए आपको मेरा सुझाव है कि आप ऐक्सपोर्ट की परिभाषा में थोड़ा सा ऐडिशन करें ताकि यह कमी पूरी हो जाए। धन्यवाद।

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): Shri Ramachandraiah, you have ten minutes.

SHRI C. RAMACHANDRAIAH: Sir, I stand to support this Bill. Our only objection is that the Government may be deprived of some wise counsel from the other Members if they are not allowed sufficient time to go through.

Sir, it is true that employment generation is the need of the hour in this country. This Bill specifically says that the concept of Special Economic Zones is being created to generate employment potential. In an economy, which is being integrated into the world economy, we have to provide for many flexible incentives, I should say, to the entrepreneurs, who can contribute towards investment, towards generation of goods and towards employment generation. But, at the same time, we should be very cautious that these provisions are not exploited by the entrepreneurs. You are aware that there were hundred per cent export-oriented units earlier and they were supposed to export hundred per cent. In umpteen number of cases, we have observed that they have not done it. Even after having enjoyed the incentives that are being provided, they have failed to do it. The Government also failed in initiating stringent measures against them. So, that point has to be taken care of.

I shall now come to the aspect of investments. It is true that private-public investments could be drawn. But, in my opinion, foreign investments alone are not the panacea for the evils of this economy. We have to generate our investments also. After all, we are having some 24 per cent of the investments. I read a book written, to a certain extent, by Shri Jairam Ramesh; 40 per cent of the investments are there in China. But ultimately, nothing can be compared with China in isolation. It has to be done in totality.

For the past fifteen years, the rate of agricultural growth in China has been substantial compared to that of India. In my opinion, that was the main reason for the kick starting of the economy of China. Much money was available at the disposal of the common man, so that he could purchase more goods. This was not the case in India. Ultimately, our objective, our endeavour is to keep more money, more purchasing capacity, at the disposal of the common man. Then only, our economy would grow. There would be more demand for goods then and the capacity of the industries could be optimally utilised. Additional capacity can be created; more employment can be generated; more revenue would come to the exchequer. So, the Government should have that holistic approach.

The Government, especially in the 2005-06 Budget proposals, lost an opportunity to take some bold decisions where they could have made more investments in the public sector, where the private sector investments could not be attracted, such as irrigation, where they would have generated more employment and provided more irrigation facilities to the farmers in this country. The Government has lost that opportunity. The economy is very buoyant, the banks are flushing with deposits, godowns are flushing with foodgrains, the Sensex is going up and there is a very conducive atmosphere for foreign direct investment. But that alone is not enough. What I am trying to say is that any measure is welcome that would generate employment in this country and that would attract investments. But an isolated measure alone would not be sufficient to solve the problems of the economy in this country. I am very happy that the world class or the state-of-the-art infrastructure will be created in the areas of Special Economic Zones... *(Interruptions)*... The Single Window System is not being implemented. I request the hon. Minister to get it implemented. ...*(Interruptions)*...

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SHRI JAIRAM RAMESH: The sound system is not working.  
...(Interruptions)...

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): We will get it examined. If you don't mind, can you speak a little louder.  
...(Interruptions)...

SHRI C. RAMACHANDRAIAH: It is getting of Now, I come to employment potential, we have achieved 8 per cent growth rate. Earlier, it was 6.9 per cent. This year also we are going to achieve a substantial 6 per cent of growth rate over a base of 8 per cent. It is really a good achievement. To what extent, it will commensurate with the employment generation in this country. Whenever I get an opportunity. I used to advice, 'Let us not create islands of prosperity among the oceans of poverty in this country. The GDP, to the extent of 50 per cent or 60 per cent, may be contributed by ten industrial families in this country, but 24 per cent contribution of GDP. from agriculture is being shared by 600 million population, as you said in the Lok-Sabha. That is the basic defect in the economy of our country.

Sir, I want to make some suggestions with regard to entrepreneurs development. Sir, kindly ensure the entrepreneurs or developers, whatever you call them, having enjoyed the incentives you have provided for a period of 15 years—100 per cent tax incentives for five years, 50 per cent for next five years and next 50 per cent of the plough back funds, etc., let them not divert these investments in other areas where they can get back the same facility or the same incentive again. It was happening earlier also. To enable them to obtain the Central subsidy, there is a shift from the backward area to the other backward area. This has happened.

We have been producing for the export market, and this is a very big issue which I don't want to deal with now. To what extent, we are catering to the needs of the domestic market? The exclusive objective is to cater to the needs of the export market, I don't deny it; it is a welcome feature. But India is a vast market with more than a billion population and all the other industrialised countries are coming forward and treating India as a dumping pad. To what extent, we are catering to the needs of our own people? So, let us first produce goods for our own people. Maybe some entrepreneurs may set up units, they will produce; they will make profits; they can contribute to the revenue, but how about the major percentage of population?

Again, we are driving to the same concept that we are creating islands of prosperity. I am not against the export of goods. But ...(*Interruptions*)...

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): Are you finishing now? If you look at him, I am feeling, you are bypassing me. I am feeling neglecting.

SHRI C. RAMACHANDRAIAH: Sir, he is saying that he is unable to hear me, that is why something is wrong with my voice.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): The mike is not working again. It will be ready soon.

SHRI C. RAMACHANDRAIAH: Sir, I introduce some amendments. At page no. 2, line 31, I fully support the proposal made by my friend, Shri Darda.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): This is your last point.

SHRI C. RAMACHANDRAIAH: Sir, when the entire Opposition is not there, even then there is a time constraint. I am the only Opposition member in this House who is speaking. Sir, I am the only Member from the Opposition who is speaking in this House.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): How much more time you want?

SHRI C. RAMACHANDRAIAH: Sir, give me 5 - 6 minutes more.

Sir, on page 2, line 312(m), "export" means, (i) taking goods, or providing services, out of India, from a Special Economic Zone, by land, sea or air or by any other mode, whether physical or otherwise... (*Interruptions*)... Sir, the services which are being rendered within the area of Special Economic Zones, those services cannot be exported outside, that has to be utilised or consumed by the people staying in the area or visiting that area ...(*Interruptions*)...

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): You continue to speak It is audible ...(*Interruptions*)... The Minister of State is also here.

SHRI C. RAMACHANDRAIAH: So, I propose this amendment so that this can create more employment. Tourism has got tremendous potential

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of creating employment in this country. India has got a very good opportunity, or, potential, I would say, to create employment. So, I make this amendment that instead of sub-clause (i) in 2 (m), I want to substitute, "taking goods, or providing services, out of India, or in India to a foreigner paid in foreign exchange as per the RBI norms, from a Special Economic Zone."  
...(Interruptions)...

SHRI KAMAL NATH: Sir, may I intervene for a moment. He may not feel it necessary to move the amendment. Sir, I draw the attention of the hon. Member to sub-clause (iii) of 2(m), and I am sure, if he reads sub-clause (iii), he will see that his concern in this has been met.

SHRI C. RAMACHANDRAIAH: What is the page number?

SHRI KAMAL NATH: Same page, just after that.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): Just after the portion that you have been reading. ...(Interruptions)...

SHRI KAMAL NATH: Sir, if he reads this, he will withdraw.  
...(Interruptions)...

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): No amendments are being moved officially.

SHRI KAMAL NATH: Sir, in the Special Economic Zones.  
...(Interruptions)...

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): Mr. Minister, no amendments are being moved. He only wanted to make an amendment. That will come up only after your reply. In your reply, if you clarify, the question of amendment will not arise.

SHRI C. RAMACHANDRAIAH: Sir, let it be explained so that I need not insist on the amendment.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): That is what I am saying. In his reply, he will let you know. In any case, you cannot move the amendment now. ...(Interruptions)... I think you are losing your time in the process. I have explained that no amendment is required. The Minister will explain it in his reply. Why don't you come to the next point now?

SHRI C. RAMACHANDRAIAH: Sir, I am really surprised to see so much constraint with regard to the time. ...(Interruptions)...

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): Listen, if you want to sit till eight of the clock, I have no problem.

SHRI C. RAMACHANDRAIAH: Sir, if this is the case then I withdraw from the debate. The Minister can get the Bill passed.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): No, no. I have no problem. ...*(Interruptions)*...

SHRI C. RAMACHANDRAIAH: I am sorry. What is this, Sir? When a single Member from the Opposition is speaking, you are continuously. ...*(Interruptions)*...

SHRI DIPANKAR MUKHERJEE (West Bengal): Sir, an important Bill is being discussed. Time and again, unnecessarily you are not allowing the things. This is too much.

SHRI MANOJ BHATTACHARYA (West Bengal): Sir, it is an issue on which we need to. ...*(Interruptions)*...

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): Mr. Manoj Bhattacharya, please take your seat. ...*(Interruptions)*... One minute. One minute. Have I told him to sit down? Can I force him to speak?

SHRI DIPANKAR MUKHERJEE: Sir, he is the only Member from the Opposition present in the House. Yesterday also, when the leader of his party, when he was speaking, there were interruptions. Let us try to understand this. ...*(Interruptions)*... What is the problem? I am not able to understand as to what is the time-constraint right now.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): I have been given time by the Chairman. Based on that, I am going.

SHRI DIPANKAR MUKHERJEE: No, no, Sir. It never happens. The Bill is discussed for two-three hours. Some times, it goes even beyond that. We are also aware, Sir. Everyone is aware. ...*(Interruptions)*...

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): It is true. But, I have to decide based on the orders from the Chairman. I am following those orders. ...*(Interruptions)*...

SHRI DIPANKAR MUKHERJEE: With all respect, I request you to please understand. With all respect to the Chair, please try to understand.



...(Interruptions)... I am repeating what Mr. Vayalar Ravi told yesterday. With all respect to the Chair, please try to understand that some of the Members have also some experience of this House for years together. He is just explaining within the time that has been allotted to the Member to speak. He wants to get certain things explained. We also want to get certain things explained. Why unnecessarily is he trying to. ...*(Interruptions)*...

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): Listen, whatever you have said. I have heard it. If you want to get a clarification, just for your benefit, I want to tell you, I asked him how much time he wanted. I agreed to give that much of time. ...*(Interruptions)*... Excuse me, excuse me, but both of you started talking at the -same time. That is also not done. Let him speak. I have not stopped him.

SHRI DIPANKAR MUKHERJEE: He does not need ...*(Interruptions)*... I am sorry, Sir, what I said is he had time. There is no problem of time here.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): Have you concluded? Do you want to say something more, Mr. Ramachandariah?

SHRI C. RAMACHANDRAIAH: No, Sir. I am sorry, in protest, I am withdrawing.

SHRI JAIRAM RAMESH: May I request you, Sir? Please, let him speak ...*(Interruptions)*...

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): You can request. But, if he does not want to speak, I cannot force him. You must understand this.

SHRI JAIRAM RAMESH: Please let him speak, Sir. He has been interrupted constantly. Let him speak, Sir. We request him to speak. We are prepared to sit here till nine o'clock, if need be.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): What do you want to do? I have asked him. If he does not want to speak, can I force him?

SHRI JAIRAM RAMESH: Let him speak, Sir. We want to hear him.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): I also want to hear. But, I cannot force. Why don't you understand that? He is protesting. What can I do?

SHRI C. RAMACHANDRAIAH: Sir, i have got full respect for the Chair. Sir, It is a very important Bill and I am the only Member who is speaking from the Opposition. And, I am not criticising it.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): Now, why don't you come to the point? We have agreed that *...(Interruptions)...*

SHRI C. RAMACHANDRAIAH: I expect a conducive atmosphere. As a Member, I have got a right to expect a conducive atmosphere.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): There is completely a conducive atmosphere. Just relax and speak, please.

SHRI C. RAMACHANDRAIAH: At every point of time, I am being interrupted. What interest will I have in it? Sir, at the outset itself, I said, "I stand to support the Bill".

Sir, this amendment has been introduced. If the existing provisions cater to the needs, I am prepared to withdraw. I do not mind withdrawing myself. Sir, with regard to the employment generation—again, I am coming on it—there are no clear guidelines as to which are the areas, which can be taken into consideration for classifying as Special Economic Zones. Exactly, what are the criteria? To create the employment generation, Sir, this has to be evenly spread throughout the country, taking into consideration backwardness of the area, the important critical advantages as area has got, etc. If you want to have some tanning, it will be some parts of Tamil Nadu; if it is IT, some parts of Karnataka and Andhra Pradesh. So, some economic infrastructure! facilities have to be taken into consideration. More or less, backwardness of the area should be the main criterion for classifying an area as Special Economic Zone.

Secondly, I am very happy that the amendment has been introduced by the Minister himself with regard to consultation with the States. Sir, my request is, after consulting the State Governments concerned, it should have been with the consent of the State Governments. Sir, State autonomies should not be eroded. For good cause, they came forward and they surrendered their right to tax the people under VAT. It is for a good cause. We accept it. But, at every point of time, don't make any attempt to take away the powers of the States. So, let the States be consulted. Let the consent of the States be taken. Naturally, no State will put forth its objection for classifying an area as Special Economic Zone, because so many

incentives are being provided and employment is being generated there. No State will have any objection.

What is the Government's contemplation in classifying Special Economic Zones? What will be the agricultural area or arable land which will be absorbed under Special Economic Zones, which may affect food security? Sir, this aspect has to be taken into consideration. Even though India is an agrarian economy, still we are importing certain products like pulses, edible oils. So, we cannot say that we have achieved complete self-sufficiency in the matter of food. When such is the case, let us not take any decision which will affect the total area available for agriculture, which will affect the food security of the country. Sir, I support the Bill. Thank you.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): Mr. Manoj Bhattacharya. I will not give you any time-limit. You can speak as long as you like.

SHRI MANOJ BHATTACHARYA: Sir, are you too angry with me?

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): Please speak as long as you can. There is no problem.

SHRI MANOJ BHATTACHARYA: Thank you, Sir. I personally feel that this Bill has been necessitated to conform to the reform process that our country has aimed at since 1991, officially. Sir, my friend, Mr. Nilotpal Basu, has quite extensively dealt with the philosophy and the politics of investments. I do not like to repeat those points; nor would I like to talk at length on those. But I would submit to you, Sir, and you will certainly agree with me that however flexible we may be in setting up Special Economic Zones, the total inflow of capital that we are trying to attract is not targeted to establish some such manufacturing facility that can produce employment, particularly quality employment. My friend, Mr. Nilotpal Basu, has also talked about quality employment. I will say, however much we may discuss it, employment will not be generated by even providing these sorts of concessions. One of the objectives of this Bill being put forward is that it will generate employment. I just give you an example. When you have been kind enough to me, then kindly allow me to put some examples before you. Some months back, I was in Ludhiana in a Parliamentary Committee Meeting, when one of the leading entrepreneurs of Ludhiana requested us to visit his state-of-the-art plant. Sir, I have seen excellent machineries—capital—goods—there. After seeing his absolutely air-

conditioned plant, I asked him from where those machineries had come. He told me that one was from Switzerland, one from Australia, one from Germany and one from England. It was the state-of-the-art technology, and the State-of-the-art technology and the involvement of human beings are perhaps antagonistic to each other. So, I just asked him from where that wool came. I wanted to confirm whether it was from Kashmir or Uttaranchal or Himachal Pradesh. He replied, "No." He said that he could not afford that. Those were imported from Switzerland and Australia. Then I asked him, "what about the people? Where are the workers? I do not find any workers!" He said, "The workers are there, who are working through the computers. All the machines are self-driven, and all the machines are operated by the engineers are self-driven, and all the machines are operated by the engineers or by the computer engineers." Then I asked him, "What is the total turnover you have got?" He said, "We are exporting goods. We are earning revenue from exports for the country." Then I asked, "What is the price for domestic consumption?" He took me to the showroom. When I asked him the price of a pair of socks, I was really shocked to know the price. "A pair of socks is costing some Rs. 350/- in Indian currency!" That was the real shock althrough my life. So, the export has been promoted. But that promotion of export has not encouraged employment. Leave aside the employment for ordinary people. Only five-six engineers of five-six computer engineers whose parents could spend lakhs of rupees for getting them a degree in engineering have got employment; otherwise, employment for ordinary people could not be generated by this huge export industry. The production is meant only for exports. No domestic consumption is there. Whatever domestic consumption of goods was there, that was very, very costly. The ordinary person cannot afford to purchase such goods. Even I as a Member of Parliament—I am not living below the poverty line—cannot afford to purchase a pair of socks costing Rs. 350/-! Sir, I have cited an example. There are many export-oriented industries in this country. In the Special Economic Zones, industries are established for promotion of exports. If at all the industries are established by the FIs or by attracting the FDI, industries will be established only for export purposes, and those industries—kindly take it from me—will not generate employment. Leave aside the question of ordinary employment. Employment would have to be generated becuae it is a state-of-the-art industry. "A state-of-the-art industry" means an absolutely capital-intensive industry, a machinery-intensive industry. Even in capital—intensive industries, no employment

will be there. Even though I am to support the Bill—I am supporting it because the compulsion is there—I do not like to agree with it. You are in the reform process, and you are telling us that it is a Bill to regulate the reform process. When nothing is being achieved, let us try to regulate it; let us help the Government to regulate it. On that condition, I am rendering my critical support to this Bill. But let us not talk about the employment part. Take it from me, Sir, employment will not be generated in the days to come, and if at all employment is generated, I doubt the quality of employment that will not be generated. Even if the quality of employment is there, I doubt that these industries might be prone to some killer accidents, as it is our experience, because, to me, China is not a model. China no more exists, to me, as a model. It cannot be considered an ideal country. I do not consider it an ideal country. In China, a lot of accidents are taking place in the Special Economic Zones, as I read it in different newspapers. I do not consider that all those newspapers are absolutely motivated. One can say that there is a vilification campaign against China. I do not consider this as a model country. Unfortunately, the number of industrial accidents is increasing in China. My friend, Jairam Rameshji, has become a sinologist. He has also written books. He will also agree with me, Sir, that in China, the number of industrial accidents has gone up in the recent years. I would urge upon the Minister and the Government to be extremely cautious about it. The Special Economic Zones should not allow the establishment of an industry which is prone to accidents. My friend, Mr. Kama Nathji, is quite aware of the situation in Bhopal. He is also from Madhya Pradesh. Even though he is from Calcutta originally, for a long time he has been contesting elections from Madhya Pradesh, and he has won all the times. Sir, keeping in view our experience about Bhopal, he should consider this and assure us that no such industries would be allowed to be set up in these Zones. We should exercise our utmost caution. I am trying to exercise caution that no such industries should be allowed to be set up in the Special Economic Zones, or under the pretext of Special Economic Zones, where this sort of accidents take place. This is number one.

Number two; no chemical industry should be allowed to be set up in the Special Economic Zones, which pollutes their surroundings or their environment. Environment and ecology are very important. I tell you, Sir, the advanced countries have become extremely cautious about environment and ecology, and they are allowing many industrial units in their own land

and they are trying to allow the establishment of industrial units which pollute ecology and environment in the third world or in the less developed countries. So, kindly be very cautious, while allowing any such industry which will pollute the ecology or environment or agricultural output. This is the second point. Thirdly, though I am thankful to the hon. Minister, because he has brought forth some official amendments which were sought earlier, I would like to say that in the establishment of Special Economic Zones, according to me, in some clauses the State is being overlooked. Let me refer to Chapter II, where you are talking about establishment of Special Economic Zone. In sub-clause (c) of clause 3, it is stated:

"Notwithstanding anything contained in sub-section (2), any person, who intends to set up a Special Economic Zone, may, after identifying the areas, at his option, make a proposal directly to the Board for the purpose of setting up the Special Economic Zone".

Now, the States must be involved. In every case the States must be involved. This has been indicated by Shri Jairam Ramesh.

SHRI KAMAL NATH: You read further.

SHRI MANOJ BHATTACHARYA: It states:

"Notwithstanding anything contained in sub-section (2), any person, who intends to set up a Special Economic Zone, may, after identifying the areas, at his option, make a proposal directly to the Board for the purpose of setting up the Special Economic Zone".

SHRI KAMAL NATH: You read after that.

SHRI MANOJ BHATTACHARYA: It states;

"Provided that where such a proposal has been received directly from a person under this sub-section, the Board may grant approval and after receipt of such approval, the person concerned shall obtain the concurrence of the State Government.."

Thank you, Minister.! am sorry, the State Government is involved.

Another point, which the Minister will certainly appreciate, is that, with the formation of the Board, in the case of rejection of the proposal, the State has to be taken into consideration. Now, in the case of rejection of proposals, the State has not been taken into consideration. He may kindly

take note of it. When he goes through the rules, he can take care of the rejection clause. In the rejection clause, it must be mentioned that the State must be concurrently informed. Sub-clause (9)(c) of clause 3 states:

"(c) rejects the proposal, received under sub-sections (2) to (4), it shall record the reasons thereof and communicate the rejection to the Central Government which shall intimate to the State Government or the person concerned."

Why don't the Board directly intimate the State Government? The rejection of the proposal should be communicated by the Board to the State Government concurrently to the Central Government. The States are very important. These are the observations about this Bill.

I would like to reiterate what my friend, Shri Ramachandraiah, has stated. You should be very cautious about the agricultural land of ours. The arable land should not be converted into Special Economic Zones. We should be very careful particularly about the coastal areas. The Disaster Management Bill is also coming up for our consideration. We have also talked about the Tsunami effect. So, we should be very careful about the coastal areas. We should exercise caution on the FDI and the quality of the FDI. My friend, Shri Jairam Ramesh, is an economist, who is sitting here. Dr. Bimal Jalan is not here. He will certainly agree that trillions of dollars are being invested around the world. I am told that 728 trillions of dollars are being invested around the world. Only a small percentage of that amount is invested in manufacturing activities. Only a fraction of it is being invested in manufacturing activities. A large part of it goes into portfolios and converted into speculative capital. Let us be very careful about this speculative capital because the Special Economic Zone is to promote exports. Once there is a compromise or there is a shortfall in the export market, we shall lose our land; we shall lose our other facilities and, at the same time, we shall be losing our money also. So, let us be extremely cautious. It is a regulatory Bill. It is necessarily a regulatory piece of legislation. I support this legislation. But, I am sure, the Government will be seriously mindful and very cautious and the Government should exercise restraint in the days to come. With these few words, I conclude. Thank you.

SHRI E. M. SUDARSANA NATCHIAPPAN (Tamil Nadu): Thank you, Mr. Vice-Chairman. This Bill is a very important Bill and the time is very appropriate because the industrialists are going towards China and other

places due to two or three reasons. One reason is the restrictions. The laws which are available in China are also much softer than the Indian laws. The second reason is tax exemption, duty exemption, etc., in China. The third point is that you can go there with inputs and also exports without any restriction. These are the main reasons. The hon. Commerce Minister, Shri Kamal Nath has also recently got the Patent (Amendment) Bill passed by Parliament. That Bill an impetus to industrial development. Now, through this Special Economic Zones Bill, we are allowing the industrialists or any other person to go in for choosing his own place of industry and developing it through his own efforts. Sir,; already in the Fifth and the Sixty Five Year Plans, we had tried to give the industrial estates, but the industrial estates which were managed by the local officials of the State Governments could not cater to the needs of the industrialists. In addition, there were many restrictions on them; there was a lot of sales tax on them; and commercial tax was also imposed on them. Therefore, they stopped their industries, and many of the industrial estates are now without any work. They are locked now. It is not at all participation, even though there is a possibility of participation, joint-participation of the Central Government and the State Governments. But, in this Bill, there is a clear Clause 3(i) which states, "Or any person for manufacture of goods or rendering services or for both or as a free trade warehousing zone." This possibility will give a lot of impetus to any entrepreneur to choose a place, get the permission and start his work without any restriction. Therefore, it is a very welcoming bill.

Sir, i would like to suggest one or two things. As far as the constitution of the Board of Approval is concerned. It is again the bureaucrats who want to have a grip on it. The reason for the failure of the earlier industrial estates was, the bureaucrats had grip on the industrialists. So, they could not go away from the industry; they could not run the industry also. But, in this Bill, Clause 8 has a provision for nomination of 18 members from different departments of the Government. There is also the possibility of co-option of members, but they don't have the right to vote. Nomination of members in the co-option category should be made from industrialists, associations, Chamber of Commerce, FICCI, CII, State-level Chamber of Commerce and also district-level Chamber of Commerce so that they can participate in it. It would result in less number of bureaucrats in the Board. By having more industrialists and traders, it would help them in making the Special Economic Zones a successful one.



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Sir, another thing is this. Now, the List-III of the Constitution, in the Concurrent List, Entry No. 33, is being utilised for this particular Bill. At the same time, we have forgotten the Eleventh Schedule, Entry No. 8, where the small-scale industries are restricted for the Panchayati Raj Institutions.

[MR. DEPUTY CHAIRMAN in the Chair]

Therefore, the participation of the Panchayati Raj Institutions as co-opted members would be very much useful. The participation of the State Governments in it is very, very important because they are the owners of the land. They may levy more taxes. There is also a possibility that certain State Governments may not be coming forward with so much of enthusiasm. Therefore, we have to bring the State Governments and the Panchayati Raj Institutions within the ambit of this particular enactment so that successful implementation of the programme can be seen.

Sir, the civil courts have been given powers. They have got the jurisdiction. The High Courts have also been given powers. But, I would like to suggest that when the foreigners are coming here for investment, they feel that they should have the arbitration possibilities. International arbitration hubs should be allowed to be started in these areas so that they need not to go through the rigorous of our old procedural system. They should be allowed to go in for international arbitration. So international arbitration should be allowed to be practised in these areas.

Finally, Sir, I would like to suggest that the Central Government should have less participation in deciding the approvals. More powers should be given to the participants, i.e., the people who are coming there and who are going to start the industry there. Sir, when the foreign investment through the banks is coming, official banking facility is also available, land is available, human resource is available, then, we should allow them to grow on their own. So, there should be less restrictions, less governance and more freedom should be given to them. Then only we can see the results within a particular period.

I would like to suggest that there is a slab-off system and it should be given. Then for five years, there would be a total exemption on all duties and taxes. But afterwards, gradually it comes down. That is, a hundred per cent exemption on foreign investment to develop township and other

things. There are exemption limits which come down. Extension of income-tax benefits under section 81(a) of Income-Tax Act is given for a block of ten years in 15 years, as per the choice of developers. There would be a hundred per cent income-tax exemption for five years only. Subsequently, there would be a 50 per cent for the next two years. Thereafter, not exceeding 50 per cent, there is a provision for plough back profit for the next three years. Hundred per cent tax exemption to off-shore banking units for three years and 50 per cent for the next two years. These are the things which should be made as a blanket cover. You should allow them to have it for at least 10-20 years. Till then, they should not be taxed for that purpose. They should grow as fast as possible because there is a provision given in the Bill that an industry can be shifted from some other place to this place also where it is notified. Also, there is a possibility of expansion of the area. Therefore, when expansion of area is there, there would be more investment; as a result, more employment opportunities would come near and about that place. That will give impetus to the development of that area.

Another thing is, in the backward districts these SEZs should be set up. I would say that Sivaganga district and Ramnad districts are very backward. When any person comes forward with a proposal for starting a Special Economic Zone, then that should be given some exemption.; The backward districts should have more opportunities so that the industries are developed in those areas. The then President of America had said, "Distance is not all the criteria, the only important thing is enterprise and brain." Both are available in India. That can be utilised. Thank you.

SHRI KAMAL NATH: Sir, I would like to thank the hon. Members for their participation in the discussion on a very important piece of legislation, a legislation which has taken time to draft, a legislation which was passed by the Lok Sabha yesterday.

Sir, over the last several months, I have discussed this, I have attended sessions, I have invited ideas and suggestions of what is the Special Economic Zone Bill which will induce greater economic activity. As rightly said by all the Members, who have participated, the most crucial question before us and the challenge before all political parties is the creation of employment. So, all these months, we consulted those who could be possible investors; we consulted the industry; and, I had open house

sessions. I had put this on the net, and over 130 suggestions were received. Because, if this House has to pass such a legislation, Sir, it must be a legislation which should work. If we have legislation, we are not going through the motions of passing the legislation, but this House is passing the legislation which yields its objectives. So, to ensure that this was not a legislation which was lacking in any way, I had invited the suggestions over several months and some hon. Members were concerned as to why this rush. Sir, I would like to inform them that there are 35 proposals today for Special Economic Zones, which have been sanctioned. But I am not maturing, I am not taking off because up till now we had Special Economic Zones which were not working on legal framework. The regulatory framework was by notification, by direction. The investors, financial institutions and banks were not having that there was any stability in this. This legislation by creating that legal structure instils that confidence in the investor that there is stability. So, we believe that there is a major investment on the anvil. So, that was the reason why we sought the Members' indulgence and cooperation. I accept that this has come; there is no doubt on it. Member did not have a chance to go through it in a manner in which they would have liked to. But, Sir, the whole objective was that the Parliament session is going to conclude in a couple of days, why should we waste another three months and thereby maybe the whole financial year. Why should we not proceed with it and get on with the objective of the Common Minimum Programme of the UPA Government. We have one of the most important targets, one of our most important objectives is the creation of employment opportunities. Sir, I want to thank the Members who have participated in this. Some of the points that I would like to address broadly is a comparison was made with China. Our intention was to make a Bill, India specific. Hon. Member was right when he mentioned that you cannot compare China with India. You cannot compare them in isolation. We have to look at what is very India specific and we have also to be cautious. A concern expressed by almost all the Members was that the development which takes place, the SEZs which takes place, don't happen in a localised area. What happened in China? Largely the development and SEZs are highly localised. We don't. We have always stated that our developmental process has to be all-inclusive. Not only all-inclusive but must encompass all States. That is not the Chinese belief. So, we cannot have a Chinese concept. It was mentioned that the FDI in China is largely in the manufacturing sector. Sir, FDI is something which we must realise. It is

not what we can direct. It is not when an investor comes. He is not going to ask me or ask you where he should invest. FDI, Foreign Direct Investment cannot be directed. We have to make it attractive enough. We have to make it possible for him. We have to induce the investor. Today, there is a comparative environment. India is not the only country with Special Economic Zone. There is Thailand, Indonesia, Phillipines, Bangladesh which has got Special Economic Zones and if our Special Economic Zones are not attractive, if our legislation is not correct, they are not going to come to India, just because we invite them. Let us be very clear on this. There is a global competitive situation on Special Economic Zones. There is a Special Economic Zone in Dubai. Why will he come to India? What is the situation today? Flowers from India are going to Dubai, they are making bouquets out of it. Indian flowers, Indian workmen in Dubai and those bouquets are being exported to the European Union. Isn't that a very unhappy situation? It is because they make it attractive and one they make it attractive why should anybody come just because we, sitting here want it. So, let us not be under any illusion on this. FDI comes to this country only because we are a credible country. We have institutions. We have our Parliament. People have faith in our Parliament. People have faith in the credibility of India. People have faith in our institutions. People have faith in our rule of law and it is precisely that rule of law, it is precisely because of which we are bringing this legislation, because people believe that a law made in India has sanctity about it and it is that sanctity which we believe is going to attract investment in our country. Suddenly, we want investment in the manufacturing sector. We would like to see India become the hub of auto components. We would like to see India become the hub of textiles. We would like to see India become a major global player in the manufacturing sector. That is our wish and we are wanting it. Between 'wising' and 'wanting,' we have to take the steps as the Government. We have to take steps as Members of Parliament to ensure that we provide the right platform for it. We provide the right policies for it. That is the challenge before us to see that economic activity in our country is increased several fold because it is only the increased economic activity that will lead to generation of employment. It was stated by my friend, Mr. Manoj, that exports do not necessarily lead to employment. I must tell my friend, Mr. Manoj, that we have carried out a study. This morning, during the Question Hour, I had given the figures, according to a study conducted as to how much employment was generated. I will be happy to give the exact figures once

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the study is totally completed. It is being completed. We are now just calibrating it. We have registered exports of US \$ 80 billion last year. They are just incremental exports. It was in 2003-04. In 2004-05, there was an increase of 24 per cent in exports. Despite strengthening of rupee against the dollar and increase in the oil prices, it resulted in an increase of employment to the tune of 10 lakhs people. Sir, one million jobs have been created. This US \$ 80 billion worth of merchandise, which has not been absorbed in the Indian economy, is incremental. It is incremental to employment. It is incremental to economic activity. The Indian economy can absorb this much of goods. What about the extra products which we have produced? If we do not export them, that economic activity will not take place. So, export, today, is a very major engine of growth. It is only by ensuring this incrementality of production in merchandise, which is not absorbed in the Indian economy by export, we are able to create jobs. One of the most important methods of employment creation is export. We have several employment generation programmes. And, I request the hon. Members to see that the most successful employment generation programme is, perhaps, our exports, I am doing some study. I have familiarised myself. I know about all the employment generation programmes that are there. Today, when we are exporting our textiles, what is the employment this activity creating? Sir, for every Rs. 10 crores of investment, or for every Rs. 10 crores of outlay, do you know how many jobs are created? Studies have been done on this. So, what I would like to draw the attention of the hon. Members of this House to that exports constitute a very important employment generation programme. The Special Economic Zone Bill, which we are considering today, is one of the major instruments in generating exports. Today, we have, in our existing Special Economic Zones, 801 units that are functioning. Sir, 98 per cent of the total Special Economic Zones production is exported. It is creating employment for one lakh persons. Of whom 40 per cent are women.

SHRI MANOJ BHATTACHARYA: It is only indirect.

SHRI KAMAL NATH: It is direct. Of which, 40 per cent are women. ...*(Interruptions)*... Yes; I agree. That is why this Bill. When we have this classic case that despite this legislation, we are moving like this, why should we not give this a quantum jump? This legislation is aimed at giving a quantum jump to that employment generation area which we will be able

in the future to do and I expect with the passing of the SEZ Bill, there will be an additional investment of US \$ 2 billion in the next three years and thousands of jobs are going to be created. That was the necessity for bringing this Bill early. It is not only bringing a Bill, but meeting the requirements which are comparatively good. Somebody looks at Thailand. He does not want to go to Thailand. He may think that it is better to come to India. He looks at Philippines or Indonesia. He does not think it better to go to Philippines or Indonesia. So, he thinks it is better to come to India because today we are in a globally competitive situation.

Sir, of course, the challenge is agriculture. Some Members mentioned about agriculture. About 600 million people are involved in that. We know that. ...(Interruptions)... Sir, agriculture is, today, not commerce. We have one hectare or one-and-a-half hectare land holding pattern in our country. So, we have 600 million people engaged in this activity, which really is not commerce. How can you have commerce in agriculture when you have one hectare or one-and-a-half hectare land holdings against the thousands of acres of land holdings in foreign countries? So, agriculture is another subject. Agriculture is another area. *(Interruptions)*

SHRI C. RAMACHANDRAIAH: Are you against land ceiling?

SHRI KAMAL NATH: No; I am not. But I am saying it is not commerce.

SHRI MANOJ BHATTACHARYA: He is talking about ground realities.

SHRI KAMAL NATH: That is the ground reality. One hectare or one-and-a-half hectares are there. That is the reality. I am not criticising it. It is reality.

SHRI MANOJ BHATTACHARYA: It is because of population.

SHRI KAMAL NATH: What we have to see is that in our agriculture, for some of our agricultural products, we become offensive in our exports. We become agriculturally offensive country so that our farmers are able to get proper value, proper prices. Forty per cent of our vegetables and fruits are rotting. We do not have a Cold Storage Chain. That is the ground reality. West Bengal never thought of exporting potatoes until 2-3 years ago. Today, West Bengal is exporting potatoes. Even in the foreign trade policy also, about a month-and-a-half ago, and last year, what was the focus on? It was on agriculture. What was the focus on? it is on small and medium enterprises. Because that is the commitment of our UPA

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Government. That is our Common Minimum Programme. So, all our focus is on that, that is why this Bill has come.

Sir, hon. Members have raised some very valid points. My friend, Shri Nilotpal Basu, is not here now. He also had concerns on this legislation. He mentioned about China; FDI in China is in the manufacturing sector. I want to say this. It is very easy to say that FDI in China is all going towards manufacturing. Should we not try and analyse why? Maybe, they have better facilities? Maybe, they provide more...

SHRI MANOJ BHATTACHARYA: Flexibility.

SHRI KAMAL NATH: That is right. It is a fact. At least, you realise it. I am happy that, at least, this is being understood. My friends from the left are realising that we are not talking of employment protection. I am completely subscribed to employment protection. But while talking about employment protection, we must also be talking about employment generation. I am happy that you are not only talking about employment protection, you are also talking about employment generation.

As far as that labour laws are concerned, Sir, let us be clear on this. The UPA Government came into being; it came into Government with support from all sections of the society, from all across the country. That is what the composition of the UPA is. That is important, it is not that there was one party. Sometimes, only one party is the sole protector of workmen. We all are, this is the point I want to make. I don't want to ...*(Interruptions)*...

MR. DEPUTY CHAIRMAN: You speak from your place. ...*(Interruptions)*...

SHRI MANOJ BHATTACHARYA: What is this? ...*(Interruptions)*... Sir, excuse me for a minute. ...*(Interruptions)*... Mr! Minister, would you please sit for a minute? ...*(Interruptions)*...

MR. DEPUTY CHAIRMAN: I have already permitted him.

SHRI MANOJ BHATTACHARYA: ...so many reforms have been made

...(Interruptions)... to facilitate investment, looking at the capital, to woo the FDI. Would you please tell me what measures have you taken till now, legislatively or otherwise to reform the labour situation progressively? What Bills are you envisaging? I tell you ...(Interruptions)... Mr. Kamal Nath, for several years ...(Interruptions)... the upper limit on bonus could not be changed. ...(Interruptions)... The Bonus Act could not be amended. ...(Interruptions)...

MR. DEPUTY CHAIRMAN: Okay; okay. We will have a separate discussion on labour reforms.

SHRI MANOJ BHATTACHARYA: I must say that labour is at the receiving end. In fact, unfortunately, labour is at the receiving end. You look at the ...(Interruptions)...

SHRI KAMAL NATH: I would only like to remind my friend, Mr. Manoj Bhattacharya, and other Members that it was in 1991 when the Government was formed, we did not have more than 15 days foreign exchange to pay for our oil. These were the reforms which brought in, which were ...(Interruptions)... Now, you must listen to me. ...(Interruptions)...

MR. DEPUTY CHAIRMAN: Let us not enter into ...(Interruptions)... why are you converting this debate into ...(Interruptions)...

SHRI A. VIJAYARAGHAVAN (Kerala): Sir, we have our own views.

MR. DEPUTY CHAIRMAN: Definitely; on some other occasions, definitely you have ...(Interruptions)... On some other occasions, you can ...(Interruptions)...

SHRI KAMAL NATH: Sir, my friend wanted to know what has happened all this time. We must not forget certain facts. We must not forget that a certain path initiated at one point of time in 1991 makes us today not look for dollar generating export but makes us look for employment generating exports. That is the difference. That is the crucial thing. I mean, it is these employment generating exports which is generating this employment in one year. There is a proper study. What is \$ 80 million, about which I told you earlier? So, let us not forget this. That is the crucial thing to remember ...(Interruptions)...



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SHRI PENUMALLIMADHU (Andhra Pradesh): When we are generating so much employment ...*(Interruptions)*...

MR. DEPUTY CHAIRMAN: Mr. Madhu, We will not allow further discussion on this. The Minister will conclude and, then, we will pass the Bill. ...*(Interruptions)*... Please. We have to take up Half-an-Hour Discussion ...*(Interruptions)*... We have some other agenda ...*(Interruptions)*...

SHRI KAMAL NATH: Sir, the point is that there have been some concerns expressed on the labour laws in the Bill, Yesterday, in the Lok Sabha, I moved an amendment, but, some Members still had some concerns. And, at the time, when this is taken up, I will be moving an amendment which, I think, will satisfy the Hon. Members that this law, in no way, is directed towards providing an environment ...*(Interruptions)*... which trespasses on the labour laws. Sir, I want to thank my friend, Mr. Vijay Darda, who is my neighbour from Chindwara. He mentioned about Nagpur. I am thankful for his comments. But I would also like to say that Nagpur is a very important area. I can't go to Chindwara without going to Nagpur ...*(Interruptions)*... So, that is almost my gateway. Even Mr. Datta Meghe proposed that Nagpur should have an SEZ. Of course, Nagpur is a very important area to have an SEZ, being almost at the centre of the country. The centre of the country is slightly away from Nagpur, towards Chindwara. So it being very close to the centre of the country, we will, obviously, look at ...*(Interruptions)*...

श्री कमल नाथ : आप नागपुर कह रहे हैं या छिंदवाड़ा कह रहे हैं ?

श्री विजय जे. दर्डा : छिंदवाड़ा कह रहे हैं ।

श्री कमल नाथ : मैंने कहा है कि नागपुर ...*( व्यवधान )*...

श्री उपसभापति : छिंदवाड़ा के नजदीक हैं ।

श्री कमल नाथ : 50-50 कर रहा हूँ । Sir, we will obviously get priority. Nagpur is a very important commercial centre. Being at the centre; Nagpur will always get priority in this regard.

SHRI VIJAY J. DARDA: Thank you ...*(Interruptions)*...

SHRI KAMAL NATH: Sir, one of the concerns was expressed by the hon. Member, Mr. Vijay Darda, there are some concerns expressed by

Mr. Ramchandraiah, that is, about services, in pursuant to that, there is also an amendmnet, to be moved by Shri Ramchandraiah. I would also like to say at that time, but, I would prefer to say it now that there are about 145 services—I have forgotten now whether it is 140 or 150—which are provided in the GATT Agreement. All those services including tourism services, hotel services, amusement park services, within the SEZ, will be construed as exports because services cannot be taken out ...(*Interruptions*)... So, within the SEZ, that is the objective. In fact, this has clearly been defined in para 3 that "supplying goods or providing services or providing.." You were just looking at the first part of it. If you see the third part of it, I think, it is a more than adequately clarifies it, and you will not, I presume, have to seek this clarification ...(*Interruptions*)...

SHRI VIJAY J. DARDA: At one place, you have shown, but at the other place, it has been taken out.

SHRI KAMAL NATH: No, it is not taken out. It is, "and, and, and". It is not, "or", or, or". It is not that one replaces the other. But I am clarifying this for you so that this concern is not there. Sir, my friend, Shri Ramachandraiah, raised a point that foreign investment is very important, but so is domestic investment. I fully agree with him that domestic investment is very important. But, these SEZs are not for foreign investments alone. We expect a large component of this to be domestic investments. The proposals, which have been received till now, are largely of domestic investors. So, it is not that this is meant, or showcased, only for foreign investment. Foreign investment is one part of it and domestic investment is another part of it. And, I am sure, that with this stability, with the stable regime that we are providing, there would be a better climate for domestic investment also.

Sir, he was doubtful about the single window. The whole object of this Act is to provide for the single window. I do agree that some people hunt for, and are searching for, this single window. Single window has become only a name; but as we would see, by creating a structure at a unit level, which has been empowered in this Act, the whole object is that we have delegated the administration of this at the unit level, at the SEZ level. So, it would be the Development Commissioner of that SEZ, along with the Committee, which would be consisting of members of the State Government.

Now, if there is a SEZ in Hyderabad, the Development Commissioner there, along with the representatives, the board that is there, with the representatives of the State Government, all authorities, they would take a decision. They would not have to refer to any Ministry; they don't have to come to Delhi. This is what this Act is doing. It is really providing that single window which you have said,—I don't want to say 'rightly said'—sometimes does not exist. The whole object is that. That is at the heart of this piece of legislation. That is really the most operative part of this legislation.

Sir, one of the questions raised was about the State Government's participation. Let us face the reality. Even if we take an imaginary situation that the Central Government wants to put any SEZ, the land is in the State, the sales tax is there, octroi is with the State Government, municipality is there with the State Government, Panchayat is of the State Government; can we even conceive a situation that it can happen without the State Government?

SHRI C. RAMACHANDRAIAH: If that be the case, why not specifically - mention that it be with the State Government?

SHRI KAMAL NATH: Sir, I have moved an amendment clarifying the situation and saying this. But, at the end of the day, we must remember that it is the atmosphere in the States that matters. You said that there must be equitable distribution of SEZs. How do we make it equitable? It is the States; after all, the States are competing with each other. Andhra Pradesh is competing with West Bengal, West Bengal is competing with Punjab, and Punjab is competing with Madhya Pradesh. If the atmosphere is much better in Andhra Pradesh, and logistically if it is better in Andhra Pradesh, a person would go there. If somebody wants a port, he is not going to come to Madhya Pradesh, he is not going to go to Haryana; he will have to go to a coastal State.

Today, there is a competitive environment within the States also to compete for investment. The State Government have realised that attraction of investments is also competitive. If one State has a better atmosphere, they would go there; why would they go to another State? Somebody might go to Punjab or Haryana and not to Madhya Pradesh, or, he may go to Madhya Pradesh and not to another State such as Punjab or Haryana, if he finds the atmosphere better, if he finds it more attractive, and if he

finds the policies of the State Government more conducive. So, this spread of SEZs would largely depend on how the State Governments are able to make policies, how they are able to steer themselves to attract the investments. How will the Central Government tell somebody, 'you go there'? It is not possible. It has to be attractive.

Investments have to be first attracted by the country, and when investments are on the shores of this country, then they would be attracted by the States. That is the point we must remember. Today, State Governments are competing with each other in making it more attractive. That is a very healthy sign. That is what should happen.

I think I have answered the concerns of all the Members. I believe, I have met the hon. Member's concerns. We have two amendments, which we shall take up at the appropriate time.

MR. DEPUTY CHAIRMAN: The question is:

"That the Bill to provide for the establishment, development and management of the Special Economic Zones for the promotion of exports and for matters connected therewith or incidental thereto, as passed by Lok Sabha, be taken into consideration."

*The motion was adopted.*

MR. DEPUTY CHAIRMAN: We shall now take up clause-by-clause consideration of the Bill. Clause 2, there is one amendment by Shri c. Ramachandraiah. Would you like to move it?

SHRI C. RAMACHANDRAIAH: I am not moving it.

*Clause 2 was added to the Bill*

MR. DEPUTY CHAIRMAN: In clause 3, there is one amendment (No. 2) by Shri Kama! Nath.

Clause 3-Procedure for making proposal to establish Special Economic Zone.

SHRI KAMAL NATH: Sir, I move:

(2) That at page 4, for lines 24 to 26 the following be substituted namely:—

"Provided that the Central Government may,—

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- (a) after consulting the State Government concerned;
- (b) without referring the proposal for setting up the Special Economic Zone to the Board; and
- (c) after identifying the area,  
*suo moto* set up and notify the Special Economic Zone."

*The question was put and the motion was adopted.*

*Clause 3, as amended, was added to the Bill.*

*Clauses 4 to 48 were added to the Bill.*

MR. DEPUTY CHAIRMAN: In clause 49, there is one amendment (No. 3) by Shri Kamal Nath.

Clause 49—Power to modify provisions of this Act or other enactments in relation to Special Economic Zones.

SHRI KAMAL NATH: Sir, I move:

(3) That at page 20, *after* line 45 the following be inserted, namely:—

"Provided that nothing contained in this Section shall apply to any modifications of any Central Act or any rules or regulations made thereunder or any notification or order issued or direction given or Scheme made thereunder so far as such modification, rule, regulations, notification, order or direction or scheme relates to the matters relating to trade unions, industrial and labour disputes, welfare of labour including conditions of work, provident funds, employers' liability, workmen's compensation, invalidity and old age pensions and maternity benefits applicable in any Special Economic Zones."

*The question was put and the motion was adopted.*

*Clause 49, as amendment, was added to the Bill.*

*Clauses 50 to 58 and the Schedules were added to the Bill*

*Clause 1, the Enacting Formula and the Title were added to the Bill.*

SHRI KAMAL NATH: Sir, I move:—

"That the Bill, as amended, be passed."

*The question was put and the motion was adopted.*