

**SHRI KAMAL NATH (CONTD.):** 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 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 of 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 c  
 ?????????????????????? (CONTD. "4C")

VP/6.05/4C

**SHRI KAMAL NATH (CONTD.):?** ...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 a 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 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 only 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 the 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)...

**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:?** You speak from your place.? (Interruptions)

**SHRI MANOJ BHATTACHARYA:?** When he is commenting so freely about labour, let him kindly tell us during this period of 10-12 years...(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 years...(Interruptions)? the unner 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 (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 ?? (Continued by 4d)? ??PK /AKG/4D/6.10

**SHRI KAMAL NATH (CONTD.):** 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:** 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 exports, 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)..

**SHRI PENUMALLI MADHU:** 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

..(Interruptions).. Please, we have to take up main-ai-  
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 a 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)

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??? ?????????? ?????? : ??? 50-50 ????? ?????? ?????? 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 amendment, 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 GATI 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 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.?????? ?? (Contd. by 4E)

4E/6.15/SKC

**SHRI KAMAL NATH (CONTD.) :** 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 Governments' 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 (ANDHRA PRADESH):** 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 Governments 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.? (Ends) (Followed by 4F)

HK-PSV/4f/6.20

**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 Kamal 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, -

(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 amended, 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.???* (Ends)