

Special Economic Zone 2000

The Government of India announced the introduction of Special Economic Zones in April 2000 to achieve the following objectives:

- Generation of additional economic activity
- promotion of exports of goods and services
- Promotion of investment from domestic and foreign sources
- Creation of employment opportunities
- Development of infrastructure facilities

Special Economic Zone (SEZ) is defined as "a specifically delineated duty free enclave and shall be deemed to be foreign territory for the purposes of trade operations and duties and tariffs". SEZs are an acknowledgement of the potential of export-led development strategy in accelerating economic growth.

The Indian SEZ policy provides for the development of these zones in the Government, private or joint sector. This offers equal opportunity to both Indian and international private developers. Units may be set up in SEZ for manufacture of goods and rendering of services. The units in the zone have to be net foreign exchange earners but they shall not be subjected to any pre-determined value addition or minimum export performance requirements.

The Government has converted eight Export Processing Zones located at Kandla and Surat (Gujarat), Cochin (Kerala), Santa Cruz (Mumbai-Maharashtra), Falta (West Bengal), Madras (Tamil Nadu), Visakhapatnam (Andhra Pradesh) and Noida (Uttar Pradesh) into Special Economic Zones and all are functional now. In addition, 3 new Special Economic Zones approved for establishment at Indore (Madhya Pradesh), Manikanchan - Salt Lake (Kolkata) and Jaipur have since commenced operations.

Administrative Set Up

The functioning of the SEZs is governed by a three tier administrative set up. The Board of Approval is the apex body and is headed by the Secretary, Department of Commerce. The Approval Committee at the Zone level deals with approval of units in the SEZs and other related issues. Each Zone is headed by a Development Commissioner, who is ex-officio chairperson of the Approval Committee.

Once an SEZ has been approved by the Board of Approval and Central Government has notified the area of the SEZ, units are allowed to be set up in the SEZ. All the proposals for setting up of units in the SEZ are approved at the Zone level by the Approval Committee consisting of Development Commissioner, Customs Authorities and representatives of State Government. All post approval clearances including grant of importer-exporter code number, change in the name of the company or implementing agency, broad banding diversification, etc. are given at the Zone level by the Development Commissioner. The performance of the SEZ units is periodically monitored by the Approval Committee and units are liable for penal action under the provision of Foreign Trade (Development and Regulation) Act, in case of violation of the conditions of the approval.