

SPECIAL ECONOMIC ZONE (SEZ) PRESENTATION





WHAT IS SEZ

- A special economic zone (SEZ) is a geographical region that is designed to export goods and provide employment.
- SEZs are exempt from federal laws regarding taxes, quotas, FDI-bans, labour laws and other restrictive laws in order to make the goods manufactured in the SEZ at a globally competitive price.



DEFINITION OF SEZ

- A special economic zone, in short SEZ is a geographically bound zone where the economic laws in matters related to export and import are more broadminded and liberal when compared to rest of the country.
- SEZs are protected as duty-free areas for the purpose of trade, operations, duty, and tariffs. SEZ units are self-contained and integrated having their own infrastructure and support services.

SALIENT FEATURES/PROVISIONS OF SEZ RULES

- Different minimum land requirement for different classes of SEZs.
- Every SEZ is divided into a processing area where the SEZ units alone would come up and a non-processing area where the supporting infrastructure is to be created.
- Single-window clearance for setting up of an SEZ.
- Single-window clearance for matters relating to central as well as state government.
- Simplified compliance procedures and documentation with an emphasis on self-certification.

WHAT SEZ INCLUDES

- Free trade zones (FTZ)
- Export processing zones (EPZ)
- Free zones (FZ)
- Industrial parks or industrial estates (IE)
- Free ports
- Free economic zones
- Urban enterprise zones





SEZ AND EXPORT PROMOTION

- The SEZ and export promotion facilitated the growth of the Indian SEZs, as per the web site of [maps of india.com](http://maps.india.com), where the provisions of Indian export policy is detailed. The main factor for the underperformance of these SEZs were poor export policy of India, which was loaded with huge taxes and duties. the government of India eased the export policy of India to facilitate easy growth of SEZ and export promotion of Indian goods across international destinations.

- The provisions of Indian export policy, which facilitated the growth of SEZ and export promotion of Indian goods, are as follows :
- Exemption of duties on Indian capital goods, and inputs are offered as per the requirements of the approved business activity.
- Taxes are either exempted or waived and even reimbursed in case they are paid in advance to the concerned authority.
- Duty-free imports of spares, raw materials, capital goods, and consumable are offered as per there requirement of the approved business activity.

SEZs SET UP BY THE CENTRAL GOVERNMENT

- SEEPZ special economic zone
Mumbai, Maharashtra
electronics and Gems and
jewellery
- Noida special economic zone
Uttar Pradesh multi product
- MEPZ special economic zone
Chennai, Tamil Nadu multi
product
- Cochin special economic zone
cochin, Kerala multi product
- Falta special economic zone
falta, West Bengal multi product



THE NEED FOR SEZ AND GOVERNMENT'S POLICY

- SEZ policy introduced on 1/4/2000 in India
- To increase exports
- SEZ can be set up by private, public, joint sector or by the state government
- Convert EPZ to SEZ



PROVISIONS UNDER SEZ

- 100% FDI for manufacturing sector
- No caps on foreign investments for SSI reserved items
- Income tax benefit
- Duty free import of domestic goods
- Exemption from CST
- Exemption from Income tax on investments
- Enhanced limit of 2.4 crore for managerial remuneration
- Applicability of labor laws

EVALUATION OF SEZ

- Determine how resources are used
- Whether Employment opportunities are created
- Cost outweighs the benefit of SEZ



सत्यमेव जयते
Government of India

Special Economic
Zones in India

Ministry of
Commerce & Industry
Department of Commerce

SEZ CONTROVERSY

- In spite of the strong objectives of the Indian government, the SEZ policy has the following controversies :
- Generation of a little new activity as there may be relocation of industries to take advantage of tax concessions.
- Revenue loss.
- Large-scale land acquisition by the developers may lead to displacement of farmers with a meager compensation.
- Acquisition of prime agricultural land, having serious implications for food security.



ADVANTAGES OF SEZ

- Growth and development
- Attracts FDI
- Exposure to technology and global markets
- Increase in GDP and economic model
- Employment opportunities are created



DISADVANTAGES OF SEZ

- Exploitation of laborers
- Women exposed to sexual harassment
- Loss of revenue for Government
- Fertile lands being used for establishing industrial units



CONCLUSION

- SEZ can become a dangerous tool
- A well defined strategy required for SEZs to be successful
- SEZs appeal to most developed countries