

SEZs

A solution or
yet another problem....

May 2007

A report all about
SEZs in India

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Introduction

One major issue that has been in the headlines during the last several months is the controversial issue of Special Economic Zones (SEZs). The whole SEZ matter has taken a very ugly shape acquiring Maoist and Naxalite flavour which is very indicative from the happenings of Kalinga Nagar, Singur and Nandigram. The innocent people dying between the clash of so called economic/industrial development and the farmers for survival.

The political implications of trying to catch up economically with China through SEZ policies which exempt private corporations from labour legislation, environmental regulations and tax laws which apply to the rest of India has been quite evident from the recent turmoil in certain areas across the country.

Revolt/Mobilisation against SEZs

The incidents arising due to the land grabbing, involving the transfer of huge quantities of both agricultural and urban land to giant corporations has lead the SEZ issue a burning topic in not only news but in politics too. The opening of year 2006 witnessed the Kalinganagar firing in Orissa, killing 12 Adivasis protesting against the acquisition of their land at throwaway prices for the construction of a steel mill.

The events at Nandigram on March 14 ,2007 in which it is still a mystery as to how many people were killed, how many raped, how many still missing. All this lead to the scrapping of the 10,000 acre SEZ for the Indonesian Selim Group and the CPM's hasty retreat from the area.

Also there were emergence of popular mobilisations against SEZs, especially in Dadri, near Ghaziabad in Uttar Pradesh, and in Haryana and Maharashtra.

There are investors in other parts of the country

Further, the competitive structure of Indian industry is expected to get distorted by SEZs as every industrialist and entrepreneur would want to establish itself into an SEZ to catch up and out do the competitors.

All these incidents were sufficient enough to initiate PropertyVertical to do a research study on SEZs. An attempt has been made to look into the concept of an SEZ, the approval and the exemptions granted to them, the list of approved SEZs, the investments made, exports earned and employment generated as well as projected; information released by the Ministry of Commerce, with SEZs' implications on the local residents along with all the recent developments on SEZs.

who are looking for a reinstatement of the original SEZ policy of the government. There is, for instance, the South Korean steel transnational POSCO, slated to bring the largest-ever foreign investment into India (\$12 billion or Rs 52,000 crore, in order to access cheaply some of the best and largest iron ore deposits in the world) and waiting for the Orissa government to complete acquisition of the 4,000-odd acres of land in Jagatsinghpur district. The acquisition has been stalled not merely by the central government's recent policy of suspending the clearance of SEZs (before April 5) but also by the fierce resistance the state has faced from three local tribal villages who are defending their heritage in a way no less zealous than the peasants of Nandigram fought for theirs.

If the farmers are continued to be displaced and uprooted by these zones, it is evident that there is bound to be serious discontent and political trouble for the ruling State governments.

Understanding an SEZ

Special Economic Zone (SEZ) is a specifically delineated duty free enclave and shall be deemed to be foreign territory for the purposes of trade operations and duties and tariffs. As per the SEZ Act 2005, SEZs are geographical regions that have different economic laws to the rest of the country to facilitate increased investments and economic activity.

Only such applications which satisfy the requirements laid down in the Special Economic Zones Act, 2005 and the Special Economic Zones rules, 2006 and have been duly recommended by the State Governments concerned, are considered by the Special Economic Zones (SEZs) Board of Approval.

Under SEZ Act 2005,

"Special Economic Zone" means each Special Economic Zone notified under the proviso to sub-section (4) of section 3 and sub-section (1) of section 4 (including Free Trade and Warehousing Zone) and includes an existing Special Economic Zone.

"Special Economic Zone for multi-product" means a Special Economic Zone where Units may be set up for manufacture of two or more goods in a sector or

goods falling in two or more sectors or for trading and warehousing or rendering of two or more services in a sector or rendering of services falling in two or more sectors.

"Special Economic Zone for specific sector" means a Special Economic Zone meant exclusively for one or more products in a sector or one or more services in a sector.

"Special Economic Zone in a port or airport" means a Special Economic Zone in an existing port or airport for manufacture of goods in two or more goods in a sector or goods falling in two or more sectors or for trading and warehousing or rendering of services.

"Unit" means a Unit set up by an entrepreneur in a Special Economic Zone and includes an existing Unit, an Offshore Banking Unit and a Unit in an International Financial Services Centre, whether established before or established after commencement of this Act.

Since the SEZ Act, 2005 and SEZ Rules, 2006 came into effect on 10th February, 2006, 237 formal approvals for setting up SEZs have been granted of which 103 SEZs have been notified while 3 have been withdrawn/cancelled.

Types of SEZs:

1. IT/ITES and Electronics SEZ
2. Product Specific SEZ
3. Multi Product SEZ

List of Special Economic Zones notified after coming into force of the SEZ Act as on 1 May 2007

No.	Name of the Zone	Location	Type	Area (hectares)	Notification Number	Date of Notification
Andhra Pradesh						
1	1	Divi's Laboratories Limited	Chippada Village, Visakhapatnam, Andhra Pradesh	104.495	720(E)	16.5.2006
2	2	WIPRO Limited	Ranga Reddy District, Hyderabad	6.48	1233(E)	1.8.2006
3	3	Apache SEZ Development India Private Limited	Mandal Tada, Nellore District	126.9	1270(E)	8.8.2006
4	4	A.P. Techno Projects Private Limited	Serilingampally Mandal, Ranga Reddy District	10	1293(E)	11.8.2006
5	5	Hyderabad Gems SEZ Limited	Maheshwaram Mandal, Ranga Reddy District	80.93	1308(E)	14.8.2006
6	6	Satyam Computers Services Limited	Bahadurpally Village, Ranga Reddy District, Hyderabad	10.5	1471(E)	11.9.2006
7	7	Satyam Computers Services Limited	Hiotec City, Madhapur, District Hyderabad	12	1563(E)	18.9.2006
8	8	K. Raheja IT Park (Hyderabad) Pvt. Ltd.	Madhapur, Ranga Reddy District, Hyderabad	16.29	1770(E)	16.10.2006
9	9	CMC	Ranga Reddy District, Hyderabad	20.59	2069(E)	5.12.2006
10	10	Sanghi SEZ Pvt. Ltd.	Rangareddy Distt.,	202.4	2092(E)	12.12.06
11	11	Whitefield paper mills Ltd	Tallapudi Mandal, West godavari District	109.81	2140(E)	22.12.2006
12	12	APIIC, Madhurwada	Madhurawada Village, Visakhapatnam Rural Mandal,	36	2160(E)	28.12.06
13	13	Hetero Infrastructure Private Limited	N. Narsapuram Village, Ch. Lakshmpuram Village, Pajayyapeta Village, Nakkapalli Mandal, Visakhapatnam District	100.28		11.1.2007
14	14	FAB City SPV (India) Limited	Village Srinagar and Ravirayal, Maheshwaram Mandal, Ranga Reddy district	120.06		15.1.2007
15	15	Andhra Pradesh Industrial Infrastructural Corporation Ltd.	Kesarapalli Village, Gannavaram Mandal, Krishna District	12		15.1.2007
16	16	Brandix India Apparel City Private Limited	Atchutapuram Mandal, Visakhapatnam District	404.69	539(E)	10/4/2007
17	17	Lanco Hills Technology Park Private Ltd.	Manikonda Village, Rajendranagar Mandal, Ranga Reddy District	11.77	550(E)	10/4/2007
18	18	Indu Techzone Private Limited	Kancha Imarat, Raviriyal Village, Maheshwaram Mandal, Ranga Reddy District	60.7	542(E)	10/4/2007
19	19	Emaar Hills Township Private Limited	Manikonda Village, Rajendranagar Mandal, Ranga Reddy District	10.33	548(E)	10/4/2007
20	20	Brahmani Infratech Private Limited	Mamidipalli Village, Saroornagar Mandal, Ranga Reddy District	60.7		10/4/2007

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21	21 M/s Andhra Pradesh Industrial Infrastructure Corporation Ltd.	Madhurwada, Visakhapatnam	IT/ITES	16	565(E)	11/4/2007
22	22 M/s Andhra Pradesh Industrial Infrastructure Corporation Ltd.	Atchutapuram, Visakhapatnam	Multi product	2206.03		12/4/2007
23	23 Maytas Enterprises SEZ Private Limited	Gopanaply Village, Serilingampally Mandal, Ranga Reddy District	IT/ITES	15.96		20/4/2007
24	24 Kakinada SEZ Private Limited	Ramanakkapeta and A.V. Nagaram Viklages, East Godavari District, Kakinada,	Multi product	1035.669		23/4/2007
25	25 M/s Andhra Pradesh Industrial Infrastructure Corporation Ltd.	Nanakramguda Village, Serilingampalli Mandal, Ranga Reddy District	IT/ITES			25/04/2007
26	26 DLF Commercial Developers Ltd	Gachibowli Vill. Shirlingampalli Mandala, Ranga Reddy Dist.	IT/ITES	10.617		26/4/2007
Chandigarh						
27	1 Chandigarh Administration	Chandigarh	Electronics Hardware, and IT/ITES	31.4966	738(E)	19.5.2006
Gujarat						
28	1 Reliance Infrastructure Limited	Jamnagar, Gujarat	Petroleum and Petrochemical	440.08	568(E)	19.4.2006
29	2 Mundra Port and Special Economic Zone Ltd. (Gujarat Adani Port Limited)	Mundra, Gujarat	Multi-product	2406-75-92	936(E)	23.6.2006
30	3 Zydus Infrastructure Private Limited	Ahmedabad	Pharmaceuticals	48.83	1630(E)	28.9.2006
31	4 Essar Hazira SEZ Limited	Village Hazira, Taluka Choryasi,	Engineering Products	247.5222	1628(E)	28.9.2006
32	5 Gujarat Industrial Development Corpn	Gandhinagar Electronic Estate, Gandhinagar,	ElectronicProducts	28		13-12-2006
33	6 Dahej SEZ Ltd (Multiproduct)	Village Dahej, Ambheta, Luvara, Suva Lakhigam and Jageshwar in Taluke Vagra, District Bharuch	Multi product	1718-93-87	2131(E)	20.12.2006
34	7 GIDC (Apparel)	Ahmedabad	Apparel	38.04	13 543(E)	10/4/2007
Goa						
35	Meditab Specialities Private Limited	Goa	pharmaceuticals	123.2	541(E)	10/4/2007
Haryana						
36	1 Uppal Developer Private Limited	Gurgaon	Multi servcies	106.3101		31.8.2006
37	2 DLF Ltd.	Gurgaon	IT/ITES	12.06	2070(E)	6.12.2006
38	3 M/s DLF Cyber City Developers Ltd.	Gurgaon	IT/ITES	10.73		13/4/2007
39	4 M/s. Orient Craft Infrastructure Ltd.	Gurgaon	Textiles	114.8318		13/04/2007
40	5 Dr. Fresh health Pvt.Ltd	Gurgaon	IT / ITES	23.429		17/04/2004
41	6 Selecto systems pvt. Ltd	Main Mathura Road, Faridabad	IT / ITES	3.34		17/04/2007
42	7 Luxor Cyber City Pvt. Ltd.	Gurgaon	IT/ITES	27.0845		27/04/2007
Jharkhand						
43	1 Adityapur Industrial area development authority	Adityapur, District Seraikela-Kharsawan	Automobiles and components	36.4218	1441(E)	5.9.2006

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No.	Name of the Zone	Location	Type	Area (hectares)	Notification Number	Date of Notification
Karnataka						
44	1 WIPRO Limited (Electronic city)	Doddathogur Village, Begur Hobli, Electronic City	IT	5.17	1025(E)	7.7.2006
45	2 WIPRO Limited (Sarjapur)	Doddakannelli Village, Varthur Hobli, Sarjapur Road,	IT	6.48	1233(E)	7.7.2006
46	3 Biocon Limited.	Anekal Taluk, Banglore	Biotechnology	35.55	1232(E)	1.8.2006
47	4 Vikas Telecom Limited	Outer Ring Road, Devarabeesanahalli Village, Varthur Hoblic, Bangalore East Taluk	IT/ITES	36.85	1465(E)	8.9.2006
48	5 Adarsh Prime Projects Private Limited	Devarabeesanahalli, Bhoganahalli and Doddakanahalli,	IT/ITES	27.91	1632(E)	28.9.2006
49	6 Tanglin Development Limited	Pattengere/Myasandra Villages	IT/ITES	26.673	1705(E)	5.10.2006
50	7 Karnataka Industrial Area Development Board (KIADB) Textile	Village Perumenahally, Kokkanagatta, Sumudra Vally, Hamumanthapura, Taluk Hassan	Textile	233.307	1706(E)	5.10.2006
51	8 Shyamaraju and Company (India) Pvt. Ltd.	Kundalahalli Village, Krishnarajapuram	IT/ITES enabled sevice	21.76	1771(E)	16.10.2006
52	9 Cessna Garden Developers Pvt. Ltd.	Kadubeesanahalli Vill, Varthur Hobli, District Bangalore	IT/ITES	19.33	1979(E)	16.11.2006
53	10 Manyata Promoters Pvt. Ltd.	Rachenhalli & Nagavara Vill., Bangalore Distt.	IT/ITES	22.34	1980(E)	16.11.2006
54	11 HCL Technologies Ltd.	Jingani Indusgrial Area Attibele Taluk, Bangalore District	IT/ITES	10.98	549(E)	10/4/2007
55	12 M/s Information Technology Park Ltd.	Bangalore	IT/ITES	10.87	545(E)	10/4/2007
56	13 M/s Karnataka Industrial Area Development Board	Hassan District, Karnataka	Food processing and related activities	159.733		12/4/2007
57	14 Infosys Technologies Limited	Hebbal Industrial Area, Dist. Mysore	IT/ITES	25.45		26.4.2007
Kerala						
58	1 Infopark	Kakkanad, Ernakulam	IT/ITES	30.7683	1629(E)	28.9.2006
59	2 Cochin Port Trust, Puthuvypeen	Ernakulam District	Port Based	285.8413	1896(E)	2.11.2006
60	3 Cochin Port Trust, Vallarpadam	Mulavukadu/Fort Kochi Village, Ernakulam District,	Port Based	115.25	1897(E)	2.11.2006
61	4 Electronic Technology Park - I	Trivandrum	IT/ITES	12.55	2060(E)	30.11.06
62	5 Electronic Technology Park - II	Trivandrum	IT/ITES	34		13.12.06
63	6 M/s Kerala Industrial Infrastructure Development Corporation	Trivandrum	IT	10.121		12/4/2007
Maharashtra						
64	1 Serum Bio-pharma Park	Pune, Maharashtra	Pharmaceuticals & Biotechnology	23.1793	1126(E)	18.7.2006
65	2 EON Kharadi Infrastructure Private Limited	Taluka Haveli, District Pune	IT/ITES	18	1631(E)	28.9.2006
66	3 Maharashtra Industrial Development Corporation	Shendre Industrial Area, District Aurangabad	Aluminium and aluminium related industry	118.13	2145(E)	22.12.06

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No.	Name of the Zone	Location	Type	Area (hectares)	Notification Number	Date of Notification
67	4 Wipro Limited	Hindawadi, Pune	IT/ITES	20	2162(E)	28.12.06
68	5 Maharashtra Industrial Development Corporation	Village Krushnoor, Taluka Naigaon, District Nanded,	Pharmaceuticals	150	34(E)	11.1.2007
69	6 Royal Palms (India) Private Limited	169, Arrey Milk Colony, Goregaon(East), Mumbai	IT/ITES	10.1	36(E)	11.1.2007
70	7 Maharashtra Industrial Development Corporation	Latur Industrial Area, District Latur	Agro processing	200		15.1.2007
71	8 Syntel International Pvt..Ltd.	Talwade Software Park, District Pune	IT/ITES	16	540(E)	10/4/2007
72	9 The Manjri Stud Farm Private Ltd.	Pune	IT/ITES	15.79	566(E)	11/4/2007
73	10 M/s Hiranandani Builders	Powai, Maharashtra	IT/ITES	12.5891		13/04/2007
74	11 Bajaj Auto Limited	Waluj Industrial Area, Arungabad	Automobiles and autocomponents	100.26		17/04/2007
75	12 Wokhardt Infrastructure development Ltd.	Shendre five star Industrial area	Pharmaceuticals	107.26		17/04/2007
76	13 Infosys Technologies Limited	Rajiv Gandhi Infotech Park, Ph. II, Vill.Mann, Tal. Mulshi, Dist. Pune	IT/ITES	31.49		26.4.2007
Madhya Pradesh						
77	1 Medicaps IT Park Private Limited	Village Panda, Tehsil Mahu, District Indore	IT	11.936	1389(E)	31.8.2006
78	2 M.P. Audoyogik Kendra Vikas Nigam(Indore) Ltd.	Indore	IT/ITES	7.99	1899(E)	2.11.2006
Punjab						
79	1 Quarkcity India Pvt. Ltd.	Focal Point Industrial area, Phase VIII Extension, District- Mohali	IT	13.75	1898(E)	2.11.2006
80	2 Ranbaxy Laboratories Ltd.	Industrial Estate, SAS Nagar, Mohali		32	547(E)	10/4/2007
Rajasthan						
81	1 Mahindra World City (Jaipur) Ltd.	Kalwara Village, Jaipur	IT/ITES	262.13.8	546(E)	10/4/2007
Tamil Nadu						
82	1 Flextronics Technologies (India) Private Limited	Sriperumbudur, Kancheepuram	Electronics Hardware and related services	101.21	596(E)	25.4.2006
83	2 Tata Consultancy Services Limited	Siruseri and Egattur, Chennai	IT	28.53	1103(E)	17.7.2006
84	3 Syntel International Private Limited	Kancheepuram	IT/ITES	11.73	1291(E)	11.8.2006
85	4 ETL Infrastructure Services Limited	Tambaram Taluk, Kancheepuram	IT/ITES	10.57	1292(E)	11.8.2006
86	5 Hexaware Technologies Limited	SIPCOT IT Park, Old Mahabalipuram Road, Siruseri, Chennai	IT/ITES	11	1388(E)	31.8.2006
87	6 Shriram Properties and Infrastructure Private Limited	Perungalathur village, Chennai	IT/ITES	10	1633(E)	28.9.2006
88	7 Coimbatore Hitech Infrastructure Pvt. Ltd.	Kecranatham Village, Coimbatore(N) Taluk, Coimbatore	IT/ITES	34.66	1936(E)	9.11.2006
89	8 DLF Infocity Developers (Cheenai) Ltd.	Manapakkam & Mulivakkam Vill., Kancheepuram Distt.	IT/ITES	13.29	1978(E)	16.11.2006

List of Special Economic Zones notified after coming into force of the SEZ Act as on 1 May 2007

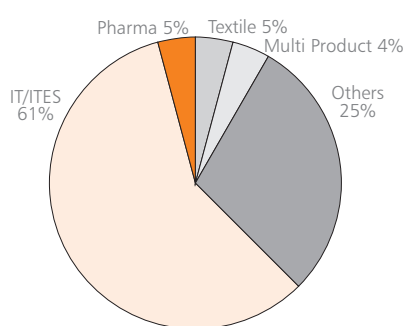
No.	Name of the Zone	Location	Type	Area (hectares)	Notification Number	Date of Notification
90	9 SIPCOT	SIPCOT Industrial area Sriperumbudur	Electronics of Telecom hardware and support services including trading and logistic activities	189.77.1	2141(E)	22.12.06
91	10 Electronics Corporation of Tamil Nadu	Kancheepuram	IT/ITES	152.66.5	563(E)	11/4/2007
92	11 Electronics Corporation of Tamil Nadu	Vilankurichi, Coimbatore	IT/ITES	11.76		11/4/2007
93	12 M/s. Hacciendaa Infotech and Realtors Private Limited	Sholonganallur village, Old Mahabalipuram	IT / ITES	26.62	567(E)	11/4/2007
94	13 M/s Lotus Footwear Enterprises Ltd.	Thiruvannamalai	Footwear	111.33.5		13/04/2007
95	14 Bannari Technoparks Pvt. Ltd.	Kalapatty Village, Coimbatore District	IT/ITES	24-05.5		23.4.2007
96	15 Arun Excello Infrstructure Private Limited	Vallncheri and Potheri villages, Chengalpet Taluk, Kancheepuram Distt.	IT/ITES	11.09.0	1/5/2007	
Uttar Pradesh						
97	1 Moser Baer India Limited	Greater Noida,	Nonconventional Energy including solar energy equipments/cell	11.9	1322(E)	18.8.2006
98	2 Ansal IT City and Parks Limited	Techzone, Greater Noida	IT/ITES	30.41	1375(E)	29.8.2006
99	3 HCL Technologies Limited	Sector 125, Noida	IT/ITES	16.91	2107(E)	15.12.06
West Bengal						
100	1 M.L. Dalmiya and Company Limited	South 24 Parganas	IT/ITES	48.5623	1269(E)	8.8.2006

Data as on 20 May 2007 | Source- Ministry of Commerce | Propertyvertical.com Research

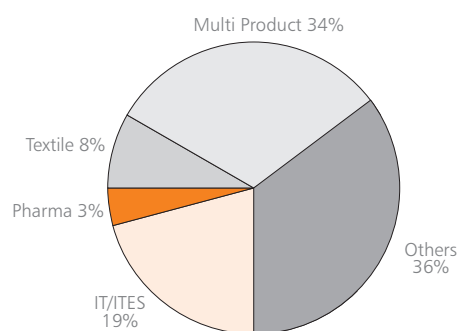
Sector-wise Distribution of Approved SEZs

Sectors	Formal Approvals	In-principle Approvals	Notified SEZs
IT/ITES/Electronic Hardware	147	31	40
Textiles	13	14	1
Pharma	13	6	3
Multi-Product	9	54	4
Bio-tech	9	4	1
Engineering	5	8	1
Multi-Services/Services	6	9	1
Electronics	2	4	-
Auto	3	4	1
Footwear	4	1	1
Gems and Jewellery	3	3	1
Power	3	3	-
FTWZ	2	4	-
Stainless Steel	2	1	-
Food Processing	2	2	-
Non-Conventional Energy	1	-	1
Petrochemicals	1	-	1
Agro	1	-	-
Port-based multi-product	4	-	-
Others	4	14	7
Grand Total	234	162	63

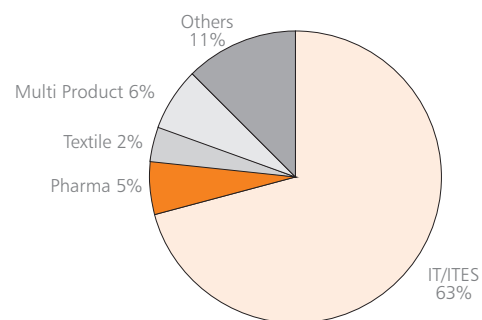
Data as on 20 May 2007 | Source- Ministry of Commerce | Propertyvertical.com Research



Formal



In-principle



Notified SEZs

Sector wise Exports (2005-06) from SEZs established by the Central Government

Zones	KSEZ	MSEZ	CSEZ	FSEZ	NSEZ	SEEPZ	VSEZ	Total
Textile and Garments	142.61	267.91	55.36	314.59	95.3	-	0.37	876.14
Computer software	Nil	362.23	13.88	Nil	335.01		9.75	720.87
Electronic software	Nil		Nil	Nil		1190.48	Nil	1190.48
Electronic hardware	Nil	140.71	327.95	Nil	79.23	1172.57	0.05	1720.51
Engineering	111.43	550.07	57.52	37.33	291.51		1.72	1049.58
Gems and Jewellery	Nil	221.2	25.87	Nil	4601.43	6269.93	566.78	11685.2
Chemical and Pharmaceuticals	668.02	137.34	Nil	7.74	30.73		Nil	843.83
Plastic and rubber	19.22	26.83	28.64	33.18	14.16		0.06	122.09
Leather and sports goods	Nil	105.8	Nil	56.64	7.82		Nil	170.26
Ceramics	Nil		23.77	Nil			Nil	23.77
Food and Agro Industry	83.14	16.28	65.61	47.31			0.07	212.41
Misc	Nil	30.48	68.9	7.69	215.57		1.876	324.516
Trading and service	76.76		28.5	20.47		559.24	32.04	717.01
Total	1101.18	1858.85	696	524.95	5670.76	9192.22	612.716	19656.7

Data as on 20 May 2007 | Source- Ministry of Commerce | Propertyvertical.com Research

State-wise Distribution of Approved SEZs

State	Formal Approvals	In-principle Approvals	Notified SEZs
Andhra Pradesh	44	9	15
Chandigarh	2	-	1
Chattisgarh	-	2	-
Delhi	1	1	-
Dadra & Nagar Haveli	-	1	-
Goa	4	-	-
Gujarat	19	10	6
Haryana	19	27	2
Himachal Pradesh	-	3	-
Jharkhand	1	-	1
Karnataka	27	17	10
Kerala	10	2	5
Madhya Pradesh	4	6	2
Maharashtra	47	24	7
Orrisa	5	8	-
Pondicherry	1	-	-
Punjab	4	7	1
Rajasthan	3	8	-
Tamil Nadu	25	12	9
Uttar Pradesh	8	10	3
Uttaranchal	3	1	-
West Bengal	7	14	1
GRAND TOTAL	234	162	63

Data as on 20 May 2007 | Source- Ministry of Commerce | Propertyvertical.com Research

Procedure for making proposal to establish Special Economic Zone.

Any private/public/joint sector or State Government or its agencies can set up Special Economic Zone (SEZ) as well as a foreign companies.

- 1) A Special Economic Zone may be established under this Act, either jointly or severally by the Central Government, State Government, or any person for manufacture of goods or rendering services or for both or as a Free Trade and Warehousing Zone.
- 2) Any person, who intends to set up a Special Economic Zone, may, after identifying the area, make a proposal to the State Government concerned for the purpose of setting up the

Special Economic Zone.

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

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

How to apply for setting up of SEZs

15 copies of application, indicating name and address of the applicant, status of the promoter along with a project report covering the following particulars may be submitted to the Chief Secretary of the State:

- 1) Location of the proposed Zone with details of existing infrastructure and that proposed to be established;
- 2) Its area, distance from the nearest sea port / airport / rail / road head etc.
- 3) Financial details, including investment proposed, mode of financing and viability of the project.
- 4) Details of foreign equity and repatriation of dividends etc., if any
- 5) Whether the Zone will allow only certain specific industries or will be a multi-product Zone.

The State Government shall, forward it along with their commitment to the following to the Department of Commerce, Government of India:

- 1) That area incorporated in the proposed Special Economic Zone is free from environmental restrictions;
- 2) That water, electricity and other services would be provided as required;
- 3) That the units would be given full exemption in electricity duty and tax on sale of electricity for self generated and purchased power;
- 4) To allow generation, transmission and distribution of power within SEZ;
- 5) To exempt from State sales tax, octroi, mandi tax, turnover tax and any other duty/cess or levies on the supply of goods from Domestic Tariff Area to SEZ units;

- 6) That for units inside the Zone, the powers under the Industrial Disputes Act and other related labour Acts would be delegated to the Development Commissioner and that the units will be declared as a Public Utility Service under Industrial Disputes Act.
- 7) That single point clearances system and minimum inspections requirement under State

Laws/Rules would be provided.

- 8) The proposal incorporating the commitments of the State Government will be considered by an Inter-Ministerial Committee in the Department of Commerce.

On acceptance of the proposal, a letter of permission will be issued to the applicant.

Procedure for Establishment of a Unit in a SEZ

Proposal for approval of Unit

- (1) A consolidated application seeking permission for setting up of a Unit and other clearances, including those indicated below, shall be made to the Development Commissioner, in Form F, in five copies, with a copy to the Developer:-

- (a) Setting up of unit in a Special Economic Zone;
- (b) Annual permission for sub-contracting;
- (c) Allotment of Importer-Exporter Code number;
- (d) Allotment of land/industrial sheds in the Special Economic Zone;
- (e) Water connection;
- (f) Registration-cum-Membership Certificate;
- (g) Small Scale Industries Registration;
- (h) Registration with Central Pollution Control Board;
- (i) Power connection;
- (j) Building approval plan;

- (k) Sales tax registration;
- (l) Approval from inspectorate of factories;
- (m) Pollution control clearance, wherever required;
- (n) Any other approval as may be required from the State Government.

- (2) The Development Commissioner shall get the proposal scrutinised and get it placed before the Approval Committee for its consideration.

The Developer shall, after the grant of letter of approval under sub-section (10) of section 3, submit the exact particulars of the identified area referred to in sub-section (2) to (4) of that section, to the Central Government and thereupon that Government may, after satisfying that the requirements, under sub-section (8) of section 3 and other requirements, as may be prescribed, are fulfilled, notify the specifically identified area in the State as a Special Economic Zone.

Controlling by the Government

In all SEZ's, the statutory functions are controlled by the Government. Government also controls the operation and maintenance function in the 7 Central Government controlled SEZs. In rest of the operation and maintenance are privatised.

Break up of Employment & investment in Central/State/privateSEZs prior to SEZ

Government SEZs (EPZs converted as SEZs):

S.No.	Zone	No. of Units in operation	Employment	Rs. Crores	
				Govt.investment	Private Investment/ unit (incl. FDI)
1	Kandla SEZ	164	14299	73.56	226.75
2	SEEPZ SEZ	209	84600	57.39	481.3
3	Noida SEZ	154	23680	78.04	650
4	MEPZ SEZ	112	21620	87.53	434.31
5	Cochin SEZ	93	7146	97.35	392
6	Falga SEZ	98	2652	94.6	327.14
7	Vishakhapatnam SEZ	32	4200	39.3	311.58
Total		862	158197	527.77	2823.08

Data as on 20 May 2007 | Source- Ministry of Commerce | Propertyvertical.com Research

Private SEZs notified prior to SEZ Act:

S.No.	Zone	No. of Units in operation	Employment	Developer	Units	Total by Developer and units
8	Surat SEZ	121	7000	41.75	173	214.75
9	Manikanchan SEZ	11	972	26.04	19.4	45.44
10	Jaipur SEZ	5	310	23.81	22.25	46.06
11	Indore SEZ	5	1433	41	216	257
12	Jodhpur SEZ	4	53	12.25	3.21	15.46
13	Salt Lake Electronic City - WIPRO	1	2800	-	166	166
14	Mahindra City SEZ (IT)	2	3862	-	304.85	304.85
15	Mahindra City SEZ (Auto ancillary)					
16	Mahindra City SEZ (Textiles)	1	-	-		
17	Nokia	1	3706		460	460
18	Moradabad SEZ	1		60	-	60
19	Surat Apparel Park	2	430	38.48	38.48	
Total		154	20566	204.85	1403.19	1608.04

Data as on 20 May 2007 | Source- Ministry of Commerce | Propertyvertical.com Research

Exports From Special Economic Zones

2005-06	Rs. 22839.53 crores
2006-07	Rs. 34787.47 crores
% of increase	52.31%

Exports from Central Government SEZs:

No.	Name of the SEZ	Exports 2005-06 Rs. Crores	Exports (2006-07) Rs. Crores
1	Kandla Special Economic Zone	1101.18	1482.66
2	SEEPZ Special Economic Zone	9192.22	11897
3	Noida Special Economic Zone	5670.76	6893
4	MEPZ Special Economic Zone	1858.85	2462.4
5	Cochin Special Economic Zone	696	1037.52
6	Falta Special Economic Zone	524.95	998
7	Visakhapatnam SEZ	612.71	715
	Total	19656.67	25485.58

% change over 2005-06: 29.65%

Data as on 20 May 2007 | Source- Ministry of Commerce | Propertyvertical.com Research

Exports from State Govt./Private Special Economic Zones established prior to SEZ Act :

No.	Name of the SEZ	Exports 2005-06 Rs. Crores	Exports (2006-07) Rs. Crores
1	Indore Special Economic Zone	145.89	217.02
2	Surat Special Economic Zone	2337.67	5198.94
3	Surat Apparel Park SEZ	-	1.64
4	Jaipur Special Economic Zone	16.27	168.47
5	Jodhpur Special Economic Zone	2.14	6.48
6	Mahindra Industrial Park (IT) Special Economic Zone	75.35	494.86
7	Manikanchan Special Economic Zone	510	1018
8	Wipro Special Economic Zone	95.54	254
9	Nokia Special Economic Zone	-	1649.661
10	Flextronics SEZ	-	161.54
11	ETL Infrastructure SEZ	-	131.28
	Total Exports	3182.86	9301.89

% change over 2005-06: 192.25%

Data as on 20 May 2007 | Source- Ministry of Commerce | Propertyvertical.com Research

Projection of Exports from Central Government SEZs for the period 2007-08

Name of the SEZ	Projection of Exports for 2007-2008 Rs. Crores
Kandla Special Economic Zone	1,500
SEEPZ Special Economic Zone	11,000
Noida Special Economic Zone	7000
MEPZ Special Economic Zone	2500
Cochin Special Economic Zone	1250
Falga Special Economic Zone	1500
Visakhapatnam Special Economic Zone	800
Total Projection	Rs. 25550 crore

Data as on 20 May 2007 | Source- Ministry of Commerce | Propertyvertical.com Research

Projection of Exports from Pvt/State Govt. SEZs established/notified prior to the SEZ Act, 2005 for the period 2007-08

Name of the SEZ	Projection of Exports for 2007-2008 Rs. Crores + C25
Surat	5500
Surat apparel	5
Indore	647.57
Jaipur	250
Jodhpur	7
Nokia	9046.26
Mahindra Industrial Park (IT)	2525.06
Mahindra Industrial Park(Apparel)	142.86
Mahindra Industrial Park (Auto)	443.93
Moradabad	-
Manikanchan	1200
Wipro	350
Total Projection	Rs. 20117.68 crore

Data as on 20 May 2007 | Source- Ministry of Commerce | Propertyvertical.com Research

Incentives/ Facilities to SEZ Developer

- 1) 100% FDI allowed for:
 - (a) townships with residential, educational and recreational facilities on a case to case basis,
 - (b) franchise for basic telephone service in SEZ.
- 2) Income Tax benefit under (80 IA) to developers for any block of 10 years in 15 years.
- 3) Duty free import/domestic procurement of goods for development, operation and maintenance of SEZs
- 4) Exemption from Service Tax /CST.
- 5) Income of infrastructure capital fund/co. from investment in SEZ exempt from Income Tax
- 6) Investment made by individuals etc in a SEZ co also eligible for exemption u/s 88 of IT Act
- 7) Developer permitted to transfer infrastructure facility for operation and maintenance.
- 8) Generation, transmission and distribution of power in SEZs allowed
- 9) Full freedom in allocation of space and built up area to approved SEZ units on commercial basis.
- 10) Authorised to provide and maintain service like water, electricity, security, restaurants and recreation centres on commercial lines.

Incentives/facilities available to SEZ units

Following incentive/ facilities to SEZ enterprises:

I) Customs and Excise :

- 1) SEZ units may import or procure from the domestic sources, duty free, all their requirements of capital goods, raw materials, consumables, spares, packing materials, office equipment, DG sets etc. for implementation of their project in the Zone without any licence or specific approval.
- 2) Duty free import/domestic procurement of goods for setting up of SEZ units.
- 3) Goods imported/procured locally duty free could be utilised over the approval period of 5 years.
- 4) Domestic sales by SEZ units will now be exempt from SAD.
- 5) Domestic sale of finished products, by-products on payment of applicable Custom duty.
- 6) Domestic sale rejects and waste and scrap on payment of applicable Custom duty on the transaction value.

II) Income tax:

- I) Physical export benefit
 - 1) 100% IT exemption (10A) for first 5 years and 50% for 2 years thereafter.
 - 2) Reinvestment allowance to the extent of 50% of ploughed back profits
 - 3) Carry forward of losses

III) Foreign Direct Investment :

- 1) 100% foreign direct investment is under the automatic route is allowed in manufacturing sector in SEZ units except arms and ammunition, explosive, atomic substance, narcotics and hazardous chemicals, distillation and brewing of alcoholic drinks and cigarettes , cigars and manufactured tobacco substitutes.
- 2) No cap on foreign investments for SSI reserved items.

IV) Banking / Insurance/External Commercial Borrowings:

- 1) Setting up Off-shore Banking Units allowed in SEZs.
- 2) OBU's allowed 100% Income Tax exemption on profit for 3 years and 50 % for next two years.
- 3) External commercial borrowings by units up to \$ 500 million a year allowed without any maturity restrictions.
- 4) Freedom to bring in export proceeds without any time limit.
- 5) Flexibility to keep 100% of export proceeds in EEFC account. Freedom to make overseas investment from it.
- 6) Commodity hedging permitted.
- 7) Exemption from interest rate surcharge on import finance.
- 8) SEZ units allowed to 'write-off' unrealized export bills.

V) Central Sales Tax Act :

Exemption to sales made from Domestic Tariff Area to SEZ units.

VI) Service Tax:

Exemption from Service Tax to SEZ units

VII) Environment :

- 1) SEZs permitted to have non-polluting

industries in IT and facilities like golf courses, desalination plants, hotels and non-polluting service industries in the Coastal Regulation Zone area

- 2) Exemption from public hearing under Environment Impact Assessment Notification

VIII) Companies Act :

- 1) Enhanced limit of Rs. 2.4 crores per annum allowed for managerial remuneration
- 2) Agreement to opening of Regional office of Registrar of Companies in SEZs.
- 3) Exemption from requirement of domicile in India for 12 months prior to appointment as Director.

IX) Sub-Contracting/Contract Farming :

- 1) SEZ units may sub-contract part of production or production process through units in the Domestic Tariff Area or through other EOU/SEZ units.
- 2) SEZ units may also sub-contract part of their production process abroad.
- 3) Agriculture/Horticulture processing SEZ units allowed to provide inputs and equipments to contract farmers in DTA to promote production of goods as per the requirement of importing countries.

Funding by EXIM Bank

The Export-Import (Exim) Bank of India, which has funded units in export processing zones, is looking at funding units being set up in special economic zones (SEZs). The Exim Bank is in talks with at least six companies, which are setting up units in Mahindra City in Chennai and the Indore SEZ in Madhya Pradesh. The total loan amount would be between Rs 150 crore and Rs 200 crore. The government has cleared 257 SEZ proposals, but not many have taken off as they are in various stages of implementation.

Approval to 16 SEZs

The Indian government on 9 May cleared 16 proposals to set up special economic zones (SEZs) from a list of nearly two dozen which had already received preliminary clearance. Among companies given the nod by the Board of Approvals (BoA), are Vedanta Alumina Ltd, Suzlon Infrastructure Ltd, real estate firm DLF Ltd and Unitech Ltd. The board approved Vedanta Alumina's and DLF's SEZs in Orissa, Suzlon's two zones in Gujarat and Karnataka and Unitech's IT SEZ in West Bengal. The decision on a proposal by Reliance Industries Ltd for an SEZ in Navi Mumbai, on the outskirts of Mumbai, had been deferred while the board awaited more details from the company. Government officials also have reservations over the sudden introduction of seven new entities as co-developers for the multi-product RIL SEZ project. The boards of these seven companies do not have any Reliance directors and the project may not get clearance till the BoA is convinced about the logic behind introduction of

these seven entities. Being the biggest accumulator of SEZ land in the country, Reliance was earlier hit by the policy ruling of April 5. Reliance has been in the process of acquiring, among other properties, two huge areas of over 25,000 acres each near Gurgaon in Haryana and near Mumbai.

The proposal was likely to be taken up at the next meeting of the board on 31 May. In that meeting, the board will take up 40 fresh proposals for SEZs that already have land. As they have land, they may be given formal approval straight away. There are as many as 369 SEZ proposals pending before the board, of which 160 have land.

Six other SEZs that came for formal approval during the meeting were deferred because of issues related to land acquisition. The Board also gave formal approval to Tamil Nadu Industrial Development Corp. for a 1,020 hectare multi-product SEZ at Nanguneri in Tirunelveli.

42 Telecommunication SEZs

India has already become the third largest telecommunication network in the world after China and the United States. Keeping pace with this development the Communications and Information Technology Ministry has set up an 'Export Promotion Forum' under the aegis of the Telecom Equipment Manufacturers Association of India to promote export of telecom equipment and services.

For the materialisation of the plans, Commerce and Industry Ministry has already notified 42 Sector

specific Special Economic Zones (SEZs) for Electronic Hardware, Information Technology including Information Technology Enabled Services (IT/ITES) under the provisions of the SEZ Act 2005.

Of these, the largest number of ten SEZs would be in Andhra Pradesh, followed by nine in Tamil Nadu, eight in Karnataka, three each in Kerala and Maharashtra, two each in Uttar Pradesh and Madhya Pradesh, and one each in Chandigarh, Gujarat, Haryana, Punjab, and West Bengal.

IT and ITES SEZs

Formal approvals were given for 148 IT SEZs and in-principle approvals to about 75 such zones. And among the 63 SEZs notified so far, as many as 36 are in IT and ITeS sector. In Andhra Pradesh, for example, out of 14 SEZs notified so far, nine are for IT and ITeS projects.

Approval to 11 SEZs in Punjab

In the first week of May 2007 eleven special economic zones (SEZs) for Punjab have been approved by the Union Commerce Ministry, while another four are in the pipeline. Of the total 11, two will be coming up in Ludhiana which will be developed by DLF in a total area of 1011 hectares, while another plan approved in principle has been submitted by city-based Rockman Industries. In Punjab, land has already been acquired for four SEZs, which are Quark City, Ranbaxy, both in Mohali, while Vividha and Mridul Infrastructure will come up in Rajpura for engineering and textile industry.

Of the rest SEZs, which have been approved in

In Karnataka, eight out of 11 are in this sector whereas in Tamil Nadu, it's seven out of nine. Among the notified SEZs, only two happen to be in Madhya Pradesh, but both are in the IT sector. It is estimated that more than 300 such SEZs are in the pipeline in different cities around the country.

principle, four will be coming up in Amritsar and another in Dera Bassi. All will cater to multi-product segments.

Adesh Partap Singh Kairon, Food, Civil Supplies & Consumer Affairs and Information Technology Minister, Punjab strongly pleaded the case of the state government to the Government of India (GOI) for establishing SEZ at Sri Goindwal Sahib.

Experiencing the sudden flood of approvals to form SEZs, it is not possible to estimate the number of SEZs that would be set up in the next two to three years.

Projected Exports from SEZs notified under the SEZ Act, 2005

No.	Name of the Zone	Date of Notification	Projected Exports 2007-08 Rs. Crores
Andhra Pradesh			
1	1 Divi's Laboratories Limited	16.5.2006	250
2	2 WIPRO Limited	1.8.2006	20
3	3 ApacheSEZ Development India Private Limited	8.8.2006	170
4	4 A.P. Techno Projects Private Limited	11.8.2006	25
5	5 Hyderabad Gems SEZ Limited	14.8.2006	20
6	6 Satyam Computers Services Limited	11.9.2006	50
7	7 Satyam Computers Services Limited	18.9.2006	50
8	8 K. Raheja IT Park (Hyderabad) Pvt.Ltd.	16.10.2006	50
9	9 CMC	5.12.2006	80
10	10 Sanghi SEZ Pvt. Ltd.	12.12.06	50
11	11 Whitefield paper mills Ltd	22.12.06	308
12	12 APIIC, Madhurwada	28.12.06	36
13	13 Hetero Infrastructure Private Limited	11.1.2007	50
14	14 FAB City SPV (India) Limited	15.1.2007	64
15	15 Andhra Pradesh Industrial Infrastructural Corporation Ltd.	15.1.2007	50
Chandigarh			
16	1 Chandigarh Administration	19.5.2006	372
Gujarat			
17	1 Reliance Infrastructure Limited	19.4.2006	50
18	2 Mundra Port and Special Economic Zone Ltd. (Gujarat Adani Port Limited)	23.6.2006	639
19	3 Zydus Infrastructure Private Limited	28.9.2006	53
20	4 Essar Hazira SEZ Limited	28.9.2006	3300
21	5 Gujarat Industrial Development Corpn (EH Tech/ITES)	13-12-2006	50
22	6 Dahej SEZ Ltd (Multiproduct)	20.12.2006	50
Haryana			
23	1 Uppal Developer Private Limited	31.8.2006	50
24	2 DLF Ltd.	6.12.2006	50
Jharkhand			
25	1 Adityapur Industrial area development authority	5.9.2006	50
Karnataka			
26	1 WIPRO Limited (Electronic city)	7.7.2006	43.55
27	2 WIPRO Limited (Sarjapur)	7.7.2006	41
28	3 Biocon Limited.	1.8.2006	120
29	4 Vikas Telecom Limited	8.9.2006	50
30	5 Adarsh Prime Projects Private Limited	28.9.2006	96.07
31	6 Tanglin Development Limited	5.10.2006	139.89
32	7 Karnataka Industrial Area Development Board (KIADB) Textile	5.10.2006	373.39
33	8 Shyamaraju and Company (India) Pvt. Ltd.	16.10.2006	106.12
34	9 Cessna Garden Developers Pvt. Ltd.	16.11.2006	228.18
35	10 Manyata Promoters Pvt. Ltd.	16.11.2006	307.59

Projected Exports from SEZs notified under the SEZ Act, 2005

No.	Name of the Zone	Date of Notification	Projected Exports 2007-08 Rs. Crores
Kerala			
36	1 Infopark	28.9.2006	160
37	2 Cochin Port Trust, Puthuvypeen	2.11.2006	50
38	3 Cochin Port Trust, Vallarpadam	2.11.2006	50
39	4 Electronic Technology Park - I	30.11.06	79.83
40	5 Electronic Technology Park - II	13.12.06	50
Madhya Pradesh			
41	1 Medicaps IT Park Private Limited	31.8.2006	50
42	2 M.P. Audoyogik Kendra Vikas Nigam(Indore) Ltd.	2.11.2006	50
Maharashtra			
43	1 Serum Bio-pharma Park	18.7.2006	1200
44	2 EON Kharadi Infrastructure Private Limited	28.9.2006	3000
45	3 MIDC (Al. and Aluminium related), Aurangabad	22.12.06	50
46	4 Wipro (Hinjewadi, Pune)	28.12.06	200
47	5 Maharashtra Industrial Development Corporation, Nanded	11.1.2007	30
48	6 Royal Palms (India) Private Limited	11.1.2007	50
49	7 Maharashtra Industrial Development Corporation, Latur	15.1.2007	10
Punjab			
50	1 Quarkcity India Pvt. Ltd.	2.11.2006	50
Tamil Nadu			
51	1 Flextronics Technologies (India) Private Limited	25.4.2006	6901.06
52	2 Tata Consultancy Services Limited	17.7.2006	343.5
53	3 Syntel International Private Limited	11.8.2006	50
54	4 ETL Infrastructure Services Limited	11.8.2006	306.33
55	5 Hexaware Technologies Limited	31.8.2006	50
56	6 Shriram Properties and Infrastructure Private Limited	28.9.2006	108
57	7 Coimbatore Hitech Infrastructure Pvt. Ltd.	9.11.2006	50
58	8 DLF Infocity Developers (Cheenai) Ltd.	16.11.2006	121.5
59	9 SIPCOT	22.12.06	33.93
Uttar Pradesh			
60	1 Moser Baer India Limited	18.8.2006	895
61	2 Ansal IT City and Parks Limited	29.8.2006	50
62	3 HCL Technologies	15.12.06	150
West Bengal			
63	M.L. Dalmiya and Company Limited	8.8.2006	50
Total Projected Exports			21631.94

Data as on 20 May 2007 | Source- Ministry of Commerce | Propertyvertical.com Research

Summary of Exports from Special Economic Zones in 2005-06 and projections for 2007-08

I)	Exports from Special Economic Zones in 2005-06:	
	Exports from SEZs established by Central Government	Rs. 19656.7 Crore
	Exports from Private/State Govt. Special Economic Zones established/notified prior to SEZ Act	Rs. 3182.86 Crore
II)	Projections of exports from Special Economic Zones for 2007-08:	
	Projection from SEZs established by Central Government	Rs. 25550 Crore
	Projection from Private/State Govt. Special Economic Zones established/notified prior to SEZ Act	Rs. 20117.68 Crore
	Exports from SEZs notified under the SEZ Act, 2005	Rs. 21631.94 Crore
III)	Total Exports (2005-06) and projections (2007-08) by SEZs:	
	(a) Exports made by SEZs in 2005-06	Rs. 22839.56 crores
	(b) Projection of exports by SEZs for 2007-08:	Rs. 67299.62 crore (Three times that of exports made in 2005-06)

Data as on 20 May 2007 | Source- Ministry of Commerce | Propertyvertical.com Research

India vs China

Since India and China are experiencing economic boom and the whole world is waiting in anticipation for them to emerge as super powers, a comparison between these two countries is inevitable. The Chinese SEZ model is different from India. An SEZ in China is not a small affair. There, entire cities are part of these zones, which is why there are only four SEZs in China - Shenzhen just across the border with Hong Kong, Zhuhai, Shantou and Xiamen. Apart from these, there are enterprise zones at a subsidiary level. Whereas in India numerous SEZs are mushrooming at a fast pace with yet several of them being pending in the government departments.

The manner in which projects are financed is different too. In India, the IPO market for real estate developers has just opened up. There was a phase in the '90s when there were several IPOs in the Chinese

real estate market. After that, till 2003, it was dry and, since 2003, the size of transactions has been growing. A typical IPO in 2005 would be valued at \$200-215 million while in 2007 it has gone up to even \$1 billion-plus. The size of transactions has more than doubled in 12 months.

China is more an IPO and pre-IPO market, and real estate funds are starting to come in now. In China it is possible, today, to do corporate level debt equity financing or pre-IPO financing to get a push to raise funds for new projects.

In India, pre-IPO financing is limited and the pressure to go into an IPO is stronger, which is why we see many companies hitting the market today.

A look at both the sides of the SEZ coin

Advantages:

- 1) The SEZs' rationale is to create incentives for exports through huge tax breaks and an "internationally competitive" business environment.
- 2) They are meant to attract foreign investment because of the high tax-free profits that units located in them can generate.
- 3) Such units can import capital goods and raw materials without licence or levies.
- 4) They need not pay the terminal excise duty.
- 5) They have unrestricted access to domestic markets.
- 6) In SEZs, 100 per cent foreign direct investment (FDI) will be allowed in manufacturing through the "automatic" route.
- 7) Profits can be repatriated freely.
- 8) Export units will get a 100 per cent tax holiday for five years, a 50 per cent tax break for five more years, and a further five-year tax break on production based on reinvested profits. SEZ developers will enjoy a tax holiday for 10 years.

Disadvantages:

- 1) All the above said exemptions will inflict a loss running into Rs.90,000 crores, according to Finance Ministry estimates.
- 2) As much as 75 per cent of the SEZ area (according to Section 5(2) of the SEZ Act 2005) can be used for non-core activities, including development of residential or commercial properties, shopping malls and hospitals. Developers will surely use this to make money via the real estate route rather through export promotion. This represents a potentially humongous urban property racket of incalculable dimensions.
- 3) SEZs will be exempt from environmental impact assessment.
- 4) They will be under no obligation to employ local people or share profits with them.
- 5) Unlike earlier land acquisition laws, which require that there be a public purpose behind government takeover of land, these laws mandate acquisition for private profit and without land-for-land compensation or serious rehabilitation. The farmer's experience of land acquisition has been extremely negative. Does it mean that the real intention of the government is to benefit big corporate houses at the expense of farmers or to provide a roadmap to the industrial development of the nation?
- 6) The SEZs are being pushed in such a big way that they are helping engineer a real-estate boom in the country with the help of foreign funds, bringing gains for builders, developers, realtors, property dealers and international financiers and investors. Also the land/property in the vicinity of an SEZ is comparatively expensive than in other locations.

Major Changes Announced In the SEZ Policy Recently

The conflicts and protests during the last several months in West Bengal, Maharashtra, Punjab and elsewhere, have revealed the moral folly of the government approach on SEZs. This led to the central government to come out with certain amendments in the SEZ Act 2005.

The Empowered Group of Ministers (EGoM) at its meeting held on 5th April, 2007 had come out with some significant changes in the policy.

These are as follows:

1. There is a ceiling of 5,000 hectares (12,500 acres) put on an SEZ. There was no cap earlier. Much more significantly, state governments can no longer acquire land for an SEZ on behalf of private developers. In other words, though the government stopped short of spelling this out in so many words, no recourse is going to be taken to the Land Acquisition Act of 1894.
2. It is also left unspecified whether SEZs are to be treated as a "public utility" nonetheless, exempting them from the full operation of the Industrial Disputes Act (which gives workers various bargaining rights).
3. Nor can state governments form joint ventures with private developers if they do not already have land in hand to offer the project. States can also acquire land to develop SEZs on their own, provided they stick to the new relief and rehabilitation package to be announced soon.
4. Moreover, at least 50% of the total area in an SEZ is to be earmarked for processing units. Earlier, the norm was 35% for multi-product SEZs. SEZs will also have tougher export norms to meet, instead of being merely net foreign exchange earners, they will have to have export earnings at least equal to their purchases from the domestic tariff area.

Various issues concerning the Special Economic Zones (SEZs) policy including issues relating to land acquisition for SEZs have been considered by the Government and it has been decided that the State Governments would not undertake any compulsory acquisition of land for such SEZs approved after 5th April, 2007. The new policy implies that private developers will have to deal directly with farmers and land owners to acquire SEZ land. There will be a free market in land for once, without interference from the state.

There is also the risk that the company may fall short of the minimum land required for the industry in question due to the unwillingness of one or a few owners to sell their property.

In the 234 formal approvals granted so far, none of the SEZs has an area over 5000 hectares and therefore, the question of reviewing permission granted in these 234 formal approvals does not arise.

Recently the government made its point clear on 17 May 2007 that where the land owners are ready to sell their land voluntarily to the developers, the government can acquire land on behalf of the investors. The decision to allow states to go ahead with voluntary acquisition will especially benefit the foreign investors with little knowledge of the country.

Further, the Ministry of Rural Development has been requested to reformulate a comprehensive Land Acquisition Act to address all relevant issues and also to work out a comprehensive "Resettlement and Rehabilitation (R&R) Policy" ensuring livelihood from the project to at least one person from each displaced family. As ironically, all these investments and projects are of no benefit to the locals, and in most of the cases, in the absence of a credible 'Rehabilitation and Resettlement' (R&R) policy, the locals are forced to lose their lands which are crucial

for their survival.

Recently, after including a few changes in the SEZ Act, the Central Government's Empowered Group of Ministers on SEZs approved 83 new proposals in addition to the already notified 63 projects.

If lakhs of farmers are displaced and uprooted by these zones even as they see the price of their now-alienated land doubling and quadrupling, there is bound to be serious discontent - and political trouble for the ruling State governments.

Table : Special Economic Zones established/notified prior to Special Economic Zones Act, 2005

1	SEEPZ Special Economic Zone Development Commissioner, SEEPZ,Andheri (East)Mumbai-400096	2	Kandla Special Economic Zone, Development Commissioner KSEZ,Gandhidham, Kachchh
3	Cochin Special Economic Zone, Development Commissioner, CSEZ,Kakkanad, Cochin - 682030	4	Madras Special Economic Zone Development Commissioner MEPZ Special Economic Zone, National Highway 45, Tambaram, Chennai-600045 MEPZ CHENNAI
5	Visakhapatnam Special Economic Zone Development Commissioner VSEZ,Duvvada, Visakhapatnam, 530046	6	Falta Special Economic Zone Development Commissioner FSEZ, M.S.O Building, 4th Floor, Nizam Palace, Kolkata-700020
7	Noida Export Processing Zone Development Commissioner NSEZ, Noida Dadri Road, Phase-II, Noida District,Gautam Budh Nagar-201305 (U.P.)	8	Surat Special Economic Zone Development Commissioner, Surat Special Economic Zone Diamond Park, SachinSurat-394230
9	Manikanchan, Salt Lake SEZ (for gems and jewellery) West Bengal Industrial Development Corporation Ltd.,5, Plot No.-1, Block-CN, Sector V, Salt Lake City Kolkata-700001	10	Indore Special Economic Zone (Multi-product) 3/54, Press Complex, Free Press Home, H.B. Road, Indore-452018
11	Jaipur Special Economic Zone (Gems and Jewellery) Chairman cum Managing Director Rajasthan State Industrial Development & Investment Corporation Ltd., (RIICO) Udyog Bhawan, Tilak Marg Jaipur-302005	12	Mahindra City-SEZ, Chennai (Tamil Nadu) (Information Technology) M/s. Mahindra Industrial Park Ltd. Arjay Apex Centre, 24, College Road, Chennai-600 006
13	Mahindra City-SEZ, Chennai (Tamil Nadu) (Apparel and fashion accessories) M/s. Mahindra Industrial Park Ltd. Arjay Apex Centre, 24, College Road, Chennai-600 006	14	Salt Lake Electronic City-SEZ, Kolkata (Software Development and IT enabled services) M/s. WIPRO Ltd., Wipro Infotech, Thapar House, 124
15	Moradabad Special Economic Zone (Handicrafts) Managing Director, U.P. State Industrial Development Corporation Ltd., UPSIDC Complex A-1/4, Lakhanpur, Kanpur-208024 (Uttar Pradesh)	16	Jodhpur Special Economic Zone (Handicrafts) Chairman cum Managing Director Rajasthan State Industrial Development & Investment Corporation Ltd., (RIICO) Udyog Bhawan, Tilak Marg, Jaipur-302005
17	Mahindra City, Chennai (Tamil Nadu) (auto ancillaries) Chief Operating Officer, M/s. Mahindra Industrial Park Ltd.,Arjay Apex Centre, 24, College Road, Chennai-600 006 Gujarat	18	Surat Apparel SEZ, Village Vanj, Distt. Surat (Apparel) Gujarat Industrial Development Corporation, Udyog Bhavan, Block No.4, 2nd Floor, Sector-11, 'GH' Road, Gandhinagar -382 017,
19	M/s. Nokia India Pvt. Ltd., Sriperumbudur (Tamil Nadu) (Telecom equipment and services in telecom 2F, Prakash Presidium, 110, Nungambakkam High Road		

Data as on 20 May 2007 | Source- Ministry of Commerce | Propertyvertical.com Research

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