

25/3/21

## 6 laws relating to Special Economic Zones.

(3-5m)(direct)

### # Special Economic Zone (SEZ) :-

i) SEZ is a duty free enclave which is specifically delineated & is treated as foreign territory for the purposes of trade, duties & ~~tariffs~~ tariffs.

### # The process of setting up SEZ :-

i) Any person whether being a private person/ Govt can set up SEZ, provided they follow below mentioned process -

a) The applicant needs to identify the area & make a proposal to the state Govt or to the Board of approval.

b) If the application is sent to the State Govt & the SG approves of it, then it shall send the proposal along with its recommendation to the Board of approval.

c) If the applicant is the State Govt itself, then it shall directly send the same to Board of approval (Central Govt. if is the applicant, then it need not send application to either of the above).

d) The Board of approval may pass any of the following orders:

- 1) Accept the application
- 2) Accept along with certain modifications.
- 3) Reject along with reason of the same.

e) In case of acceptance of modification by the applicant or in case of acceptance without modification, the Board shall send the same to the Ca for its approval.

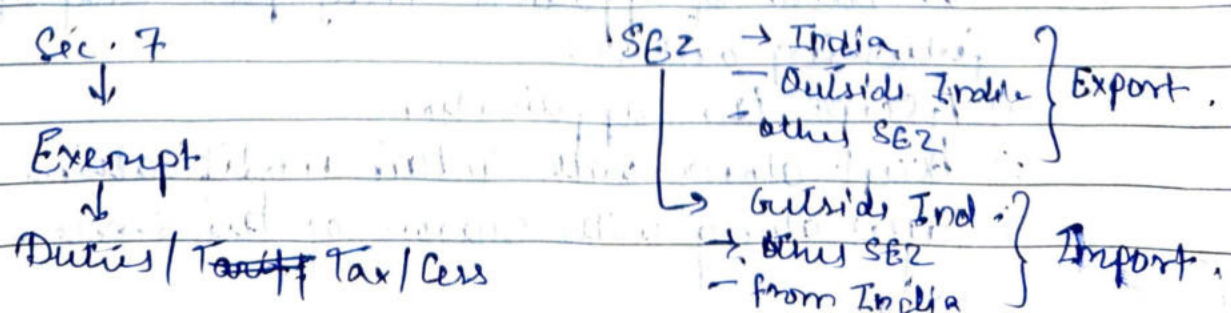
f) The Ca if satisfied shall issue a letter of approval.

**Note** → If the applicant also desires to provide infrastructure facilities then it shall apply for the same while making the application.

# Factors considered by Ca before granting letter of approval / notifying any SEZ :-

- i) Creation of employment opportunities.
- ii) Generation of additional economic activity.
- iii) Promotion of exports of goods & services.
- iv) Promotion of investments from domestic & foreign sources.
- v) Development of infra facilities.
- vi) Maintenance of sovereignty & integrity of India, the security of State & friendly relations with foreign States.

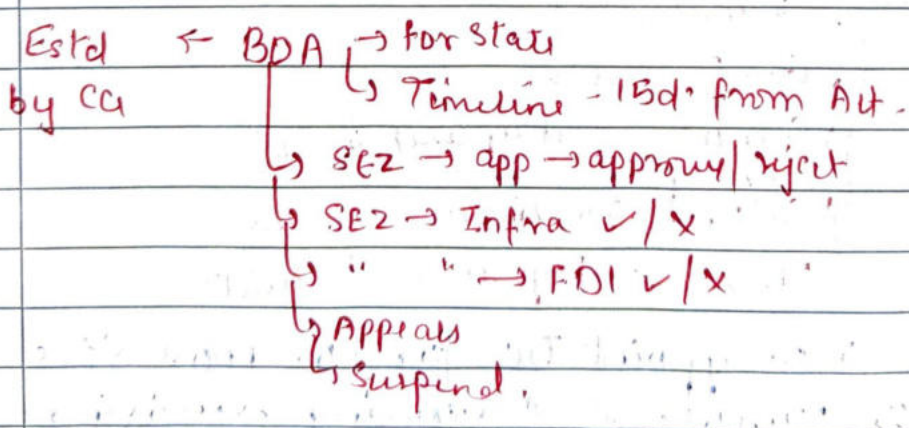
# Exemption from taxes / duties / Cess (Section 7) :-



↓  
Export / Import  
by SEZ with DTA

- i) Section 7 exempts all goods or services exported out of or imported into or procured from DTA by a SEZ from any duties / taxes / cess.
- ii) Export here means,
  - a) Taking goods or providing services from SEZ to outside India.
  - b) Supplying goods or providing services to one unit or another unit or to the DTA.
- iii) Import here means,
  - a) Bringing goods / services in SEZ from outside India.
  - b) Receiving goods / services from another SEZ.

# Duties, Powers & functions of BOA :-



i) The CA constitutes the BOA (board of approval) within 15 days from the commencement of the Act.

- ii) Following are the functions of the BDA :-
- a) The BDA grants approval for establishing SEZ.
- b) It approves the operations which can be carried out by the developer in SEZ.
- c) It approves the proposal of Foreign Collaboration & FDI.
- d) It has the power for disposing off the appeals of lower authorities.
- e) It has the power to suspend the letters of approval.

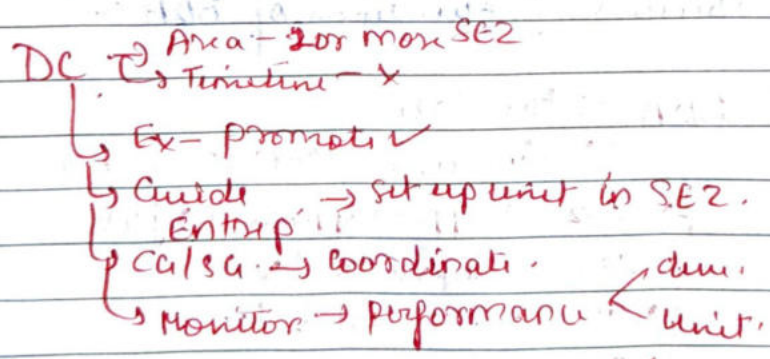
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### Development

- f) It allows the proposal for providing infra. facilities in SEZ.

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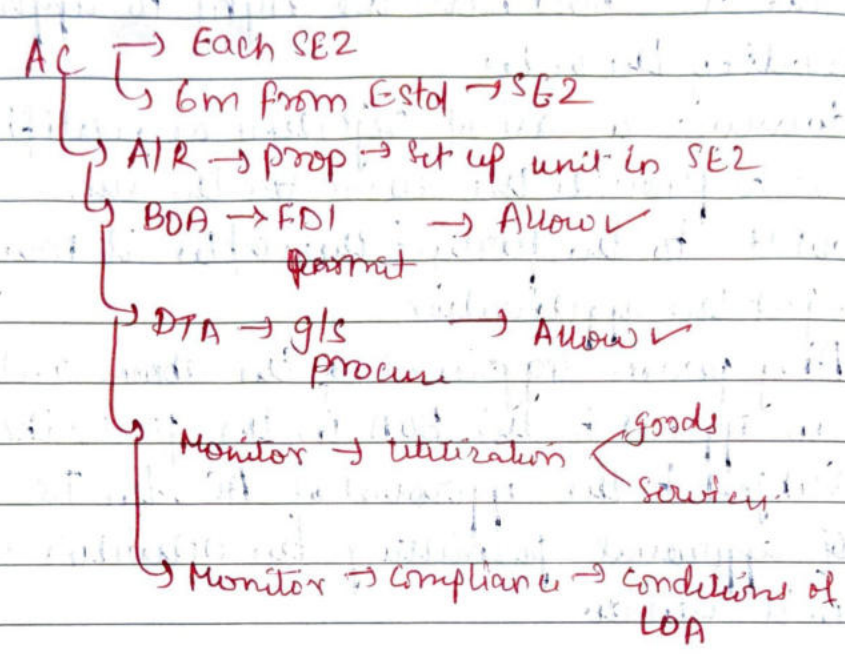
### Development Commissioner :-



- i) The CA to appoint DC for 1 or max SEZs for the purpose of ~~exercising~~ exercising administrative & supervisory control.
- ii) Following are the functions of DC.
- a) It guides entrepreneurs to set up units in SEZ.
- b) It takes suitable steps for the promotion of exports from the SEZ.

- e) It ensures proper coordination with Central & State departments.
- d) It monitors the performance of developer as well as units in SEZ.

# Approval Committee :-



- i)
- ii) Following are the functions performed by AC:-
  - a) It approves or rejects proposals for setting up a units in SEZ.
  - b) It approves the import of goods from DTA.
  - c) It monitors the utilisation of goods or services in the SEZ.
  - d) If the BDA has allowed foreign collaboration or FDI then the person needs to get permission from the approval committee.
  - e) Monitor & supervise the compliance compliance of all the conditions of letter of approval.

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Q7 : What is the procedure for setting up a unit in SEZ?

- a) Any person intending to set up a unit in SEZ, shall submit his proposal to the DC who in turn sends the proposal to Approval Committee (AC);
- b) The AC shall have the right to approve/reject/modify the order.
- c) However, in case of rejection or modification the AC has to provide the reason for the same as well as DOBH to the party. & thereafter it may approve or reject the application.
- d) Any person aggrieved of the above order shall make an appeal to the BOA in the prescribed time.
- e) Subject to the approval of AC, the DC issues letter of approval permitting the activities which the unit can do.

### # Cancellation of letter of approval :-

- i) If the approval committee is of the opinion that a unit in SEZ has persistently contravened the conditions on which letter of approval was given then it may after giving DOBH to unit cancel the letter of approval.

### # Misc. points :-

- i) CG may allow ~~an~~ IFSC to set up IFSC in SEZ provided one SEZ shall have only one IFSC.

- ii) An officer may inspect, investigate, search or seize in any SEZ unit if he is of the opinion that an offence has been committed in the unit provided a prior intimation is given to DC.
- iii) SC may designate a civil court (or a special court) to try out matters relating to offences committed in SEZ and no other court can try such matters. (This designation shall be done in consultation with Chief Justice of HC).
- iv) However, any person aggrieved from the order of designated court may file an appeal to HC within 60 days from such order. HC may entertain an appeal after the expiry of 60d. if sufficient cause is shown by allowing further extension of 60 days.

# SEZ authority:

- i) SEZ authority is to be constituted by the CG by notification in the DC for every SEZ to perform the following functions:
  - a) Promoting exports from SEZ.
  - b) The development of infra. in SEZ.
  - c) Monitoring the performance & the functioning of SEZ.
  - d) Levy service charge upon the units in SEZ.
- ii) ~~Until~~ Until SEZ authority is constituted for each SEZ the DC shall continue to perform all these functions.
- iii) The DC is the head for both AC as well as the SEZ authority (so AC + DC act as approvers of SEZ authority + DC acts as manager).

## # Power of CA to supersede authority :-

- i) The CA if is of the opinion that an SEZ authority is unable to perform or is persistently defaulting in the performance of its duty or it has exceeded or abused its powers then it may by a notification supersede the authority.
- ii) The ~~quantum~~ order of supersession can be for max. period of 6m ; which may further be extended for another 6m.
- iii) Before passing the above notification the CA has to give DOBT to the authority.
- iv) Following are the consequences of the notification of supersession.
  - a) The Chairperson & other members shall vacate their office.
  - b) All the powers, functions & duties of the authority shall be exercised by a person designated by the CA.
  - c) All property of the authority shall vest with the CA.

## # Misc. points :-

- a) The SEZ Act to have an overriding effect over another law.
- b) Any person whether employed / residing / present in SEZ shall carry an identity card issued by DC.
- c) Any appellate can present himself in front of the Board through CA/CS/CMA/lawyer.