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SPECIAL ECONOMIC ZONES - AN INDIAN PERSPECTIVE

A INTRODUCTION

A Special Economic Zone (“SEZ”) is a specified, delineated and duty-free geographical region that has different economic laws from those of the country in which it is situated. In some countries, such a region is even treated as a deemed foreign territory. An SEZ is a trade capacity development tool, with the goal to promote rapid economic growth by using tax and business incentives to attract foreign investment and technology. Today, there are approximately 3,000 SEZs operating in 120 countries, which account for over US\$ 600 billion in exports and about 50 million jobs. By offering privileged terms, SEZs attract investment and foreign exchange, spur employment and boost the development of improved technologies and infrastructure¹.

Most developing countries in the world have recognized the importance of facilitating international trade for the sustained growth of the economy and increased contribution to the GDP of the nation. As part of its continuing commitment to liberalization, the Government of India (“GoI”) has also, since the last decade, adopted a multi-pronged approach to promote foreign investment in India. The GoI has pushed ahead with second-generation reforms and has made several policy changes to achieve this objective.

As of April 27, 2006, there were 13 functional SEZs and about 61 SEZs, which have been approved and are under the process of establishment in India². The list of the functional SEZs and SEZs approved but under establishment in India is enclosed in **Annexure A**. The total value of the exports from some of the key SEZs in India during the financial year 2003-04 was US\$ 3.08 billion, which increased to US\$ 4.07 billion in 2004-05. Recently, after the enactment of the Special Economic Zones Act, 2005 (“SEZ Act”), which made several facilities and benefits available, several industrial houses have shown keen interest in setting up SEZs and SEZ Units. In the last six months, over 100 approvals have been granted for setting up SEZs spread over 15 States and 2 Union territories, taking the current tally to 117 SEZs.

The SEZ policy was first introduced in April 2000, as a part of the Export-Import (“EXIM”) policy of India. The objective was to provide an internationally competitive environment for exports that would in turn earn precious foreign exchange for India. However, in its initial form the concept was not able to inspire sufficient confidence in the investors. To provide a stable economic environment for the promotion of export-import of goods in a quick, efficient and hassle-free manner, GoI enacted the SEZ Act, which received the assent of the President of India on June 23, 2005. The SEZ Act and the SEZ Rules, 2006 (“SEZ Rules”) were notified on February 10, 2006. The SEZ Act is expected to give a big push to exports and consequently to the foreign direct investment (“FDI”) inflows into India, and is considered to be one of the finest pieces of legislation that may well represent the future of the industrial development strategy in India. The new law is aimed at encouraging public-private partnership to develop world-class infrastructure and attract private investment (domestic and foreign), boosting economic growth, exports and employment.

The present paper explores the Indian policy framework for an SEZ and details the procedure to be followed in establishing an SEZ, and a Unit in an SEZ. It further discusses the various incentives available to an SEZ and an SEZ Unit, and the recent developments pertaining to SEZs in India.

B REGULATORY FRAMEWORK – SETTING UP OF AN SEZ AND AN SEZ UNIT

The Ministry of Commerce and Industry lays down the regulations that govern the setting up and administering of the SEZs. The Central Government is involved in notifying SEZs and in overseeing their functioning, while the State Governments play a significant lead role in the development of SEZs in their respective States by stipulating the conditions to be adhered to by an SEZ and granting the necessary approvals. The policy framework for SEZs has been enacted in the SEZ Act and the supporting procedures are laid down in SEZ Rules.

The provisions under the SEZ Act and the SEZ Rules, *inter alia*, cover the following aspects:

- (i) Constitution of authorities and bodies for regulating the SEZs and SEZ Units
- (ii) Permissible services and manufacturing activities in SEZs

¹ World bank website – James Crittle (IFC) - <http://rru.worldbank.org/Discussions/Topics/Topic40.asp>

² http://www.sezindia.nic.in/wheresetup_enterprise.asp as accessed on April 24, 2006

² http://sezindia.nic.in/Important_addresses.asp as accessed on April 24, 2006

- (iii) Criteria and procedure for setting up of SEZs and SEZ Units
- (iv) Obligations on the part of SEZs and SEZ Units
- (v) Dispute Resolution
- (vi) Facilities and Incentives to the Developer of SEZs and to SEZ Units

(I) CONSTITUTION OF ADMINISTRATIVE AUTHORITIES AND BODIES FOR REGULATING THE SEZs AND SEZ UNITS

The SEZ Act provides for the constitution of the following authorities and bodies to regulate the SEZs and SEZ Units:

1. Board of Approval (“**Board**”)
2. Development Commissioner
3. Approval Committee
4. SEZ Authority

(II) PERMISSIBLE SERVICES AND MANUFACTURING ACTIVITIES IN AN SEZ

An SEZ could be jointly or severally developed by the Central or State Government or a private party, (a) for manufacturing goods, (b) for rendering services, or (c) as a free trade and warehousing zone.

“*Manufacture*” means to make, produce, fabricate, assemble, process or bring into existence, by hand or by machine, a new product having a distinctive name, character or use and shall include processes such as refrigeration, cutting, polishing, blending, repair, remaking, re-engineering and includes agriculture, aquaculture, animal husbandry, floriculture, horticulture, pisciculture, poultry, sericulture, viticulture and mining.

“*Services*” means tradable services which (a) are covered under the General Agreement on Trade in Services, (b) may be prescribed by the Central Government for the purpose of SEZ Act, and (c) earn foreign exchange. The “*Services*” as prescribed by the Central Government include:

- trading, warehousing, research and development services
- computer software services and ITES, call centers, data processing, engineering and design, insurance claim processing, legal databases, medical transcription, support centers and webs site services

- off-shore banking services, professional services (excluding legal services and accounting), rental /leasing services without operators
- other business services, courier services, audio-visual services, construction and related services, distribution services (excluding retail), educational services, environmental services, financial services, hospital services, tourism and travel related services, recreational, cultural , entertainment services, transport services transport auxiliary services

“*Free Trade and Warehousing Zone*” means an SEZ wherein mainly trading and warehousing and other activities related thereto are carried on.

The types of SEZs along with their minimum area requirements prescribed under the SEZ Rules have been enclosed in **Annexure B**.

(III) CRITERIA AND PROCEDURE FOR SETTING UP AN SEZ AND AN SEZ UNIT

Procedure to set up an SEZ

Application

An SEZ can be set up by the Central or State Government, the public or the private sector including a foreign company or jointly in the form of a consortium. A person who wishes to set up an SEZ (“**Developer**”) should submit a proposal in the form of an application before the Board or directly to the State Government after identifying the area. The State Government then forwards the application to the Board along with its recommendations within 45 days, or the Board may grant approval subject to the applicant obtaining the concurrence of the State Government. A State Government intending to set up an SEZ may directly forward the application to the Board after identification of the area. Further, the Central Government can directly notify the SEZ, without any application being made to the Board or reference to the State Government.

The application submitted to the Board by the Developer should contain the following details: name, address and status of the Developer (whether individual/private company/State Government/NRIs, etc.), and should be accompanied by a project report covering the following particulars:

- Location of the proposed SEZ with details of existing infrastructure and infrastructure proposed to be established
- Its area and distance from the nearest seaport / airport / rail / road etc
- Financial details, including proposed investment, mode of financing and viability of the project
- Details of foreign equity and repatriation of dividends, etc., if any
- Whether the SEZ will allow only certain specific industries or will be a multi-product SEZ

Criteria for approval of SEZ

Proposals for setting up SEZ would be governed by the following criteria:

- Generation of additional economic activity
- Promotion of export of goods and services
- Promotion of investments from domestic and foreign sources
- Creation of employment opportunities
- Development of infrastructural facilities
- Maintenance of sovereignty and integrity of India and security of the States

The Board may approve, reject or modify the proposal for the establishment of the SEZ. The Board also has the power to cancel the approval, provided the applicant is given an opportunity to be heard before cancellation.

After the Board of Approval has scrutinized the application, it forwards the application to the Central Government, which reviews it and grants a Letter of Approval ("**Letter**") if the application is found satisfactory.

The Letter has a validity of 3 years within which time the applicant has to effectuate the proposal and start operations. However, the Board may grant a further extension for up to 2 years on a case-by-case basis. The applicant /Developer has to then submit the documentation of the land so acquired for the purpose of setting up the SEZ to the Central Government, for the Central Government to declare it as an SEZ.

After the approval has been granted, the Developer is required to submit all details to commence the authorized operations, and to apply for the exemptions, drawbacks and concessions. The SEZ will be demarcated into the processing and non-

processing areas. The Developer can allot land in the processing area to individual Units. The Developer is not permitted to sell the non-processing area in an SEZ; however the Developer may allot such land for business and social purposes. Further, the Developer is required to execute a bond-cum-legal undertaking, with regard to the proper utilization of the goods.

The Developer/Co-Developer should hold a minimum of 26% equity in the entity (i.e. special purpose vehicle or separate entity) that is proposing to create business, residential or recreational facilities in the SEZ.

Further, the Developer has to sign an undertaking that it will be governed by the following local laws:

- Area planning
- Sewerage disposal
- Pollution control
- Industrial and labour laws

The SEZ Authority constituted under the SEZ Act is duty-bound to undertake measures for the development, operation and management of the SEZ for which it is constituted, including the development of infrastructure, and promotion of exports from the SEZ, and to review the functioning and performance, etc. of the SEZ.

Procedure to set up an SEZ Unit

Application

To set up an SEZ Unit, copies of project proposal are required to be submitted to the Development Commissioner who will forward the proposal to the Approval Committee. The Approval Committee shall consist of Development Commissioners, Officers from State and Central Government and also a representative of the Developer as a Special Invitee.

A consolidated application form is required to be submitted for the following approvals:

- Allotment of Land / Industrial Sheds in SEZ
- Registration-cum-Membership certificate
- Annual permission for sub-contracting
- Allotment of Import Exporter Code Number
- Power connection
- Water connection

- Small Scale Industries registration
- Registration with the Central Insecticides Board
- Registration with Central Pollution Control Board
- Building approval
- Sales Tax registration
- Approval from the Inspectorate of Factories
- Pollution control clearance wherever required
- Any other approval as may be required from the State Government, or as prescribed or sought by the State Government

If an industrial enterprise is operating in both the Domestic Tariff Area (“DTA”) and an SEZ, then both the Units shall have different identities though they do not need to be separate legal entities.

To set up an *Offshore Banking Unit* (“**OBU**”), approval from the Reserve Bank of India (“**RBI**”) is required. Further, if the Unit is to be set up in an *International Financial Services Center* (“**IFSC**”), approval from Central Government is also required. However, only one IFSC is permitted per SEZ.

Criteria for approval of an SEZ Unit

The approval of a proposal for an SEZ Unit is based on the fulfillment of certain conditions which *inter-alia* require that:

- the SEZ Unit achieves positive net foreign exchange (“**NFE**”) to be computed cumulatively for a period of 5 years from commencement of production. NFE means excess value of exports and deemed exports over the value of imports/expenses
- the availability of space and infrastructure support has been applied for and is confirmed by the Developer

A single point clearance system has been provided to the Units in the SEZ under State laws / rules. Proposals for setting up Units in SEZs other than those requiring an industrial licence may be granted approval by the Development Commissioner within 15 days. Proposals for setting up Units in SEZs requiring an industrial licence may be granted approval by the Development Commissioner after clearance of the proposal by the Board and Department of Industrial Policy and Promotion within 45 days. Once granted, an approval is valid for 5 years.

The Approval Committee, however, has the power to cancel the approval granted to the SEZ Unit. Any challenge to the

order of the Approval Committee with respect to the grant of approval to the SEZ Unit should be made before the Board of Approval within 45 days of communication of such order. Further, the concerned Development Commissioner shall give the possession of the space in the SEZ to the entrepreneur only after the issue of the Letter.

Exit mechanism

The SEZ Unit may opt out of an SEZ with the approval of the Development Commissioner. Such exit is subject to the payment of applicable duties and taxes on the imported or indigenous capital goods, raw materials, components, consumables, spares and finished goods in stock. If the SEZ Unit has not achieved positive NFE, the exit shall be subject to penalty. The SEZ Unit shall continue to be treated as an SEZ Unit till the date of the final exit.

(IV) OBLIGATIONS OF AN SEZ / SEZ UNIT

- SEZ Units shall be required to achieve positive NFE. For this purpose, a legal undertaking is required to be executed by the Unit with the Development Commissioner
- The Unit is required to provide periodic reports to the Development Commissioner and Zone Customs
- The Unit is required to maintain proper accounts and furnish details regarding the value of imports, exports, etc. to the Development Commissioner on a quarterly basis
- The Unit is also required to execute a bond with the Zone Customs for its operations in the SEZ

(V) DISPUTE RESOLUTION

The SEZ Act provides that designated Courts shall try any suit of civil nature arising in the SEZ and from notified offences committed in an SEZ. Appeals against the Orders of designated Courts shall be filed before the High Court within 60 days from the date of communication of decision. Till such time as the designated Courts are set up, any dispute of civil nature arising between two or more entrepreneurs or two of more Developers or between an entrepreneur of a Unit and a Developer in the SEZ, shall be referred to Arbitration under the provisions of Arbitration and Conciliation Act, 1996.

(VI) FACILITIES AND INCENTIVES AVAILABLE TO AN SEZ / SEZ UNIT

Income-tax benefits

As per the Income-tax Act, 1961 ("ITA"), the following are the key tax benefits to be provided to SEZs and SEZ Units:

Benefits to SEZ Developers

- (a) 100 per cent of the profits of the Developer arising from the business of developing an SEZ, notified after April 1, 2005 under the SEZ Act, shall be deducted from taxable income³. This deduction can be claimed at the option of the assessee for any 10 consecutive years out of 15 years beginning from the year in which the SEZ has been notified by the Central Government. If a Developer who sets up an SEZ after April 1, 2005, transfers the operation and maintenance of the SEZ to another Developer, the transferee is entitled to the above deduction of profit for the remaining period
- (b) With regard to a Developer who is entitled to claim an exemption under Section 80-IA⁴ of the ITA, the Developer can claim an exemption for the remainder unexpired exemption period under Section 80-IA, and thereafter it can claim the 10 year tax exemption available to such Developer under Section 80-IAB
- (c) The Developers of SEZ are not required to pay Minimum Alternate Tax⁵
- (d) No dividend distribution tax shall be paid by a Developer engaged in developing, operating and maintaining an SEZ⁶

Benefits to SEZ Units

- (a) The Units set up in an SEZ which have begun to manufacture / provide services during the financial year beginning April 1, 2005 will get the following exemptions⁷:

- 100% exemption of profits and gains from business for the first 5 years
- 50% exemption on profits and gains from business for the next 5 years
- 50% exemption to the extent that such amounts are re-invested in the SEZ Special Reserve Account

If the SEZ Unit has already availed of benefits for 10 years under Section 10A of the ITA, the above exemptions are not available. Further, when a Free Trade Zone ("FTZ") or an Export Processing Zone ("EPZ") is converted into an SEZ, the Units, which have already availed of the 10-year tax exemption in an FTZ or EPZ, cannot avail of the Section 10AA exemptions.

- (b) Losses falling under the heads "Profits and Gains from Business or Profession" and "Income from Capital Gains" can be carried forward / set off as long as such loss is related to the business of the SEZ Unit⁸
- (c) Capital Gains on transfer of assets in case of shifting of an industrial undertaking from an urban area to an SEZ shall be exempt, provided that 1 year before, or 3 years after the transfer (i) machinery / plant was purchased for the business of the industrial undertaking in the SEZ, (ii) building or land was acquired or building was constructed in the SEZ, (iii) the original asset was shifted and the establishment was transferred to the SEZ and (iv) the assessee incurred such other expenses as are notified by the Central Government⁹
- (e) Interest income received by a non-resident or a person who is not ordinarily resident in India, on a deposit made in an OBU situated in an SEZ, shall be exempt from total income¹⁰
- (f) No tax deduction shall be made by the OBU from interest paid¹¹:
 - (i) on deposits made on or after April 1, 2005 by a non-resident or a person not ordinarily resident in India; or
 - (ii) on borrowings on or after April 1, 2005 from a non-resident or a person not ordinarily resident in India

³ Section 80-IAB of the ITA

⁴ Exemption of 10 years on profits from business available to an "industrial undertaking" or "enterprise engaged in infrastructure development" as provided for in the Section 80-IA of the ITA

⁵ Section 115-JB(6) of the ITA

⁶ Section 115-O(6) of the ITA

⁷ Section 10AA of the ITA

⁸ Section 10AA(6) of the ITA

⁹ Section 54GA of the ITA

¹⁰ Section 10(15)(viii) of the ITA

¹¹ Section 10(15)(viii) of the ITA

(g) The gross total income of an assessee having an OBU or an assessee being a Unit of an IFSC shall be deductible to the extent of 100% for 5 consecutive years from the year of grant of permission under the Banking Regulation Act / SEBI / other relevant law and 50% for the next 5 years¹². It further defines the exempted "income", which is:

- Income from an OBU in an SEZ
- Income from business referred to in the Banking Regulation Act, 1949, or any other Unit which develops, develops and operates, or develops, operates and maintains an SEZ
- Income from an approved unit of an IFSC

(f) Exemption from Securities Transaction Tax available to taxable securities transaction entered into by a non-resident through the IFSC

Other Benefits

Customs and Excise

- *Exemption from Customs Duty:* 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 projects in the SEZ without requiring any licence or specific approval
- Goods imported/procured locally which are duty-free could or should be utilized within the approval period of 5 years
- Domestic sales by SEZ Units will be exempt from Special Additional Duty
- Domestic sale of finished products, by-products is permitted on payment of applicable Customs duty
- Domestic sale of rejects, waste and scrap is permitted on payment of applicable customs duty on the transaction value
- Exemption from applicable excise duty on goods brought in from the DTA to an SEZ

FDI

- 100% FDI under the automatic route is allowed in the manufacturing sector in SEZ Units, except for arms and ammunition, explosives, atomic substances, narcotics and hazardous chemicals, distillation and brewing of alcoholic

drinks and cigarettes, cigars and manufactured tobacco substitutes

- Exemption from the applicability of Press Note 2 (2005)¹³.

Banking / Insurance / External Commercial Borrowings

- Setting up OBUs has been allowed in SEZs. External Commercial Borrowings by SEZ Units up to US\$ 500 million a year is allowed without any maturity restrictions
- Freedom to bring in export proceeds without any time limit
- Flexibility to keep 100% of export proceeds in an EEFC account and freedom to make overseas investments with it
- Commodity hedging permitted
- SEZ units allowed to 'write-off' unrealized export bills

Central Sales Tax

- Exemption from Central sales tax on inter-state sale or purchase of goods

Other Central Enactments

- Exemption from other Central enactments, which are specified in Schedule 1 of the SEZ Act

State Taxes

- The respective State Governments may for the purpose of giving effect to the provisions of the SEZ Act, notify policies for Developers and SEZ Units and take suitable steps for the enactment of any law for granting exemption from state taxes, levies and duties to a Developer or an entrepreneur

Service Tax

- Exemption from Service Tax to the Developer and the SEZ Units to carry on authorized operations in the SEZ. Service tax exemption granted only to Units in the DTA providing services to a Developer or to a Unit

Labour laws

- All labour laws as applicable within the country apply in an SEZ

¹² Section 80LA of the ITA

¹³ Press Note No 2 of 2005 prescribes certain conditions that a foreign investor proposing to make foreign direct investment in real estate sector in India has to satisfy

Stamp duty

- No stamp duty is chargeable in respect of any instrument executed, by, or, on behalf of, or, in favour of, the Developer, or Unit or in connection with the carrying out of the purposes of the SEZ

Sub-Contracting

- SEZ Units may sub-contract part of their production or production process through Units in the DTA or through other EOU / SEZ Units
- SEZ Units may also sub-contract work from the DTA exporters, and export from the SEZ
- Units can be set up to provide manufacturing services to overseas entities subject to certain conditions

Transaction incentives with DTA

- Supplies from a DTA to an SEZ to be treated as physical export. A DTA supplier would be entitled to:
 - Drawback / DEPB
 - Exemption from Central Sales Tax
 - Exemption from State Levies
 - Income-tax benefit as applicable to physical export under Section 80 HHC of the ITA

C RECENT DEVELOPMENTS¹⁴

Gol is now mulling over a concept of Investment Regions modeled on Pudong, Rotterdam and other successful ventures across the world to dot the map of India. To get the maximum possible leverage from the proposed investment in infrastructure, the Gol has proposed to come up with a plan for setting up 5 or 6 such regions in India. The proposal being debated envisages a single mega industry led cluster that will have a planned network of high quality roads, air and sea ports and power plants connecting every industry and development area in a geographical area of 250-300 kilometers. It is also proposed to subsume the existing SEZs in such Investment Regions.

D CONCLUSION

The establishment of the SEZs has undoubtedly helped to increase the volume of international trade. Further, a large amount of foreign investment has found its way not only into the export trade, but also into infrastructure construction and commerce. Foreign companies have been encouraged to establish their presence in the territories and the export industry has grown. Advanced foreign technology has been brought in with the inflow of foreign investment. All these factors have contributed to the growth of the Indian economy. The enactment of the SEZ Act and its implementation should enable the Gol to fulfill its agenda of economic reforms as the multiplier effect on the economic activities triggered by SEZ materialize. The challenge now is whether India through its SEZs can leverage its cost advantage and huge knowledge base and break the hold of China in manufacturing by making India the preferred destination for doing business.

¹⁴Source: "SEZs are out, Investment Regions are in" - Economic Times dated April 27, 2006

Annexure A

Functional SEZs in India¹⁵

1. Kandla Special Economic Zone
2. SEEPZ Special Economic Zone
3. Cochin Special Economic Zone
4. Surat Special Economic Zone
5. Visakhapatnam Special Economic Zone
6. Noida Export Processing Zone
7. Madras Special Economic Zone
8. Falta Special Economic Zone
9. Indore Special Economic Zone
10. Jaipur Special Economic Zone
11. Jodhpur Special Economic Zone
12. Manikanchan, Salt Lake SEZ
13. Maha Mumbai Special Economic Zone

SEZs approved and under establishment¹⁶

1. Moradabad (Handicrafts) (Ready for operation)
2. Bornada (Jodhpur) (Handicrafts) (Ready for operation)
3. Kopata, Maha Mumbai (Multi-product)
4. Positra (Gujarat) (Multi-product)
5. Nanguneri (Tamil Nadu) (Multi-product)
6. Hassan (Karnataka) (Multi-product)
7. Navi Mumbai (Multi-product)
8. Bhadohi (Uttar Pradesh) (Multi-product) Kanpur
9. (Uttar Pradesh) (Multi-product)
10. Greater Noida (U.P) (Multi-product)
11. Visakhapatanam (Andhra Pradesh) (Multi-product)
12. Kakinada (Andhra Pradesh) (Port based SEZ)
13. Paradeep (Orissa) (Multi-product)
14. Gopalpur (Orissa) (Multi-product)
15. Kulpi (West Bengal) (Multi-product)
16. Vallarpadam/ Puthvypeen (Kerala) (Port based SEZ)
17. Noida (UP) (Handicrafts)
18. Baikampady SEZ (Karnataka) (Multi-product)
19. Dahej SEZ (Gujarat) (Multi-product)
20. Ennore SEZ (Tamil Nadu) (Multi-product)
21. Mundra SEZ (Gujarat) (Multi-product)
22. Ranchi SEZ (Jharkhand) (Multi-product)
23. Calcutta Leather Complex (Kolkata) (Leather products)
24. Mahindra City, Chennai (Tamil Nadu) (auto ancillaries)
25. Village Vanj, Distt. Surat, Gujarat (Apparel)

¹⁵ http://www.sezindia.nic.in/wheresetup_enterprise.asp as accessed on April 24, 2006

¹⁶ http://sezindia.nic.in/important_addresses.asp as accessed on April 24, 2006

26. Chandigarh (Electronics and IT enabled services)
27. Adityapur (Jharkhand) (Multi-product)
28. Hazira, Distt. Surat, (Guj.) (Multi-product)
29. Noida, Gautam Budh Nagar, U.P. (Multi-product)
30. Noida (UP) (Multi-product)
31. Gurgaon (Haryana) (Multi-product)
32. Icchapor, Distt. Surat, Gujarat. (Gem & Jewellery)
33. Sedarapet-Karasur (Automobiles and auto parts)
34. Sedarapet-Karasur (Information Technology)
35. Kakkancherry near Calicut, Kerala (Food processing)
36. Kalamassery, Kerala (Electronics)
37. Sriperumbudur (Tamil Nadu) (Telecom equipment and services in telecom)
38. Kandla (Free trade and Warehousing Zone)
39. Greater Noida (Free trade and Warehousing Zone)
40. Mangalore, (Karnataka) (IT)
41. Shastri Park, Delhi (IT)
42. Faridabad (Haryana) (IT)
43. Amritsar (Punjab) (IT)
44. Nagpur (Maharashtra) (Multi-product)
45. Hassan, Karnataka (Textiles) (Getting ready for operations)
46. Mohali (Punjab) (IT) (Getting ready for operations)
47. Ghaziabad (UP) (Multi-product)
48. Garhi Harsaru (Haryana) (Multi-product)
49. Ahmedabad (Apparel)
50. Jamnagar (Gujarat) (Petroleum & Petrochemicals)
51. Bangalore (Sarajpur) (IT/ITES)
52. Bangalore (Electronic City) (IT/ITES)
53. Chennai (IT/ITES)
54. Hyderabad (IT/ITES)
55. Bangalore (IT)
56. Indore, MP (IT)
57. Kzhakuttom, Trivandrum (Kerala) (IT, Animation and gaming)
58. Pune, Maharashtra (Pharma)
59. Trivandrum (Kerala) (IT)
60. Pune (Maharashtra) (IT/ITES)
61. Noida (UP)

Annexure B

Type of SEZ		Minimum Area requirement
MULTIPRODUCT		
1	Manufacture / rendering services of two or more goods/ services in a sector or goods/services falling in two or more sectors	1000 hectares contiguous and vacant area
2	Exclusively for services	100 hectares contiguous area
3	Set up in the specified states – Assam, Meghalaya, Nagaland, Arunachal Pradesh, Mizoram, Manipur, Tripura, Himachal Pradesh, Uttaranchal, Sikkim, Jammu and Kashmir, Goa, Union Territory	200 hectares or more
<ul style="list-style-type: none"> Requirement of contiguous area can be decided by the Board on a case-to case basis At least 25% shall be a processing area 		
SECTOR SPECIFIC		
1	Specific sector/port/airport	100 hectares
2	Exclusively for electronics hardware, software, ITES	10 hectares
3	Exclusively for bio-tech, non-conventional energy, gem and jewellery sector	10 hectares
4	Set up in the specified states – Assam, Meghalaya, Nagaland, Arunachal Pradesh, Mizoram, Manipur, Tripura, Himachal Pradesh, Uttaranchal, Sikkim, Jammu and Kashmir, Goa, Union Territory and sectors not covered under categories 2 and 3 above	50 hectares
<ul style="list-style-type: none"> At least 50% shall be a processing area 		
FREE TRADE AND WAREHOUSING		
1	When not set up as a part of a Multiproduct SEZ	40 hectares
2	When set up as a part of Sector Specific SEZ	No minimum area requirement
3	When set up as part of a Multiproduct SEZ	No minimum area requirement, but maximum area cannot exceed 25% of the processing area
1000 hectares = 3.86 square miles = 2500 acres		