

REVAMP OF SEZ POLICY TO MEET CHALLENGES FACED BY EXPORTERS

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Ministry of Commerce & Industry

Revamp of SEZ policy to meet challenges faced by exporters

Commerce & Industry Minister reviews implementation of recommendations of Baba Kalyani committee on SEZ

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Commerce and Industry & Railways Minister Piyush Goyal chaired a meeting yesterday in New Delhi to review the remaining recommendations of the Baba Kalyani report on Special Economic Zone (SEZ) policy of India. The meeting was attended by members of the Baba Kalyani group along with representatives from the Department of Revenue, Department of Legal Affairs and legal firms.

Commerce and Industry Minister examined the revamp of the SEZ policy with a view to meeting the global challenges being faced by Indian exporters. Discussions were also held to find a way out for implementation of the remaining recommendations in order to facilitate the ease of doing business in the present global market scenario.

The recommendations which have been completed include review of specific exclusions proposed in NFE computation in light of Make in India initiative, sharing of duty exempted assets/ infrastructure between units to be allowed against specific approval, and formalization of de-notification process for enclaves and delinking its present mandatory usage for SEZs purpose only. The other implemented recommendations are support to servicification of manufacturing zone, allowing manufacturing enabling services companies, broad-banding definition of services/allowing multiple services to come together and flexibility to enter into a long term lease agreement with stakeholders in Zones in line with the State policies and the application for constructing minimum built up area by Developer or Co-developer beyond a period of ten years from the date of notification of the SEZ on merits of each case..

Other changes and initiatives taken for the SEZs include delegation of powers to Development Commissioner for shifting of SEZ unit from one zone to another, supplies of services in DTA against foreign exchange or Indian Rupees to be counted towards NFE, enable a trust to be considered for grant of permission to set-up a unit in a SEZ, setting up of cafeteria, gymnasium, creche and other similar facilities/ amenities and uniform list of services to SEZ.

The Baba Kalyani led committee was constituted by the Ministry of Commerce and Industry to study the existing SEZ policy of India and had submitted its recommendations in November 2018. The objectives of the committee were to evaluate the SEZ policy and make it WTO compatible, suggest measures for maximizing utilization of vacant land in SEZs, suggest changes in the SEZ policy based on international experience and merge the SEZ policy with other Government schemes like coastal economic zones, Delhi-Mumbai industrial corridor,

national industrial manufacturing zones and food and textile parks.

If India is on the path to become a USD 5 trillion economy by 2025 then the present environment of manufacturing competitiveness and services have to undergo a basic paradigm shift. The success seen in services sector like IT and ITeS have to be promoted in other services sectors like health care, financial services, legal, repair and design services.

The Government of India has set a target of creating 100 million jobs and achieving 25% of GDP from the manufacturing sector by 2022, as part of the flagship Make in India programme. Further, the Government plans to increase manufacturing value to USD 1.2 trillion by 2025. While these plans are intended to propel India into a growth trajectory, it requires evaluation of existing policy frameworks to catalyse manufacturing sector growth. At the same time, policy needs to be compliant with the relevant WTO regulations.

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