

Tamil Nadu- Special Economic Zones Policy

Policy of Government of Tamilnadu 2003

Preamble

The Government of India have announced the concept of Special Economic Zones (SEZs) in the year 2000 through a revision in the EXIM Policy 1997-2002 with a view to provide an internationally competitive and hassle free environment for export production. These SEZs are virtually deemed to be a foreign territory within the country free from all the rules and regulations governing the import and export. The SEZs are specifically treated as duty free enclaves for the purpose of industrial, tariff, service and trade operations with exemption from customs duties and a more liberal regime on levies, foreign investment and other transactions. The domestic regulations, restrictions and infrastructure inadequacies are sought to be removed for creating an investor & industry friendly environment.

As per the Government of India guidelines, SEZs can be developed in the public, private or joint sectors or by the State Governments or their agencies. They are expected to promote establishment of large, self-contained areas supported by world-class infrastructure oriented towards export production. Exploiting the full potential of the concept of SEZs would bring large dividends to the State in terms of economic and industrial development and the generation of new employment opportunities. The State Agency viz., Tamil Nadu Industrial Development Corporation Limited has taken the lead to set up a SEZ at Nanguneri in Tirunelveli district.

In the context of Government of India guidelines for the establishment of SEZs, the Government of Tamil Nadu has decided to adopt the following policy that will be applicable to all SEZs in the State of Tamil Nadu, subject to the framework for SEZs determined by the Government of India from time to time.

1. Legislation Support

A Central legislation is being brought out for (i) Delineation of area limits (ii) Constitution of a Board for Approval (iii) Establishment of a Zonal Development Board and (iv) a Zone Approval Committee for the SEZ. The proposed legislation will provide for the powers and functions exercisable by these entities, which will be applicable to all the SEZs that are established in the Country. The Government of India has sent a model SEZ Act to be enacted by the State Governments, which contains provisions for declaration of SEZ area with residential / commercial areas as an Industrial Township Area and other facilitations to be provided by the State Government. These provisions will be examined and a suitable legislation will be undertaken.

2. Environment

The activities / projects, which fall within the ambit of Environment Impact Assessment

Notification, 1994 will have to obtain environment clearance from the Ministry of Environment & Forests, Government of India. Applications of individual industrial units for issue of consent, No objection Certificate etc., under Water Act and Air Act will be processed by the official of the Pollution Control Board at the appropriate level nominated for the purpose who will arrange to give these clearances for green and orange categories of industrial units within 15 days from the date of receipt of application and in the case of Red category industries, Tamil Nadu Pollution Control Board will arrange to clear the applications on a Top Priority basis.

3. Water Supply

The SEZ Developer in conjunction with the Government agencies concerned, will ensure the provision of adequate water supply within the SEZ, subject to water availability clearance from the authorities concerned.

4. Power

(1) Tamil Nadu Electricity Board (TNEB) will ensure quality power supply to the SEZ units without any power cut etc.

(2) Any Independent Power Plant (IPP) supplying power to the units in the Zone will be permitted. TNEB or any joint venture permitted by TNEB or the State Government would set up an exclusive power plant for the SEZ and in the alternative, if the State Government is not coming forward to set up an IPP, it would be permitted to be set up exclusively for the sale of power to the units in the SEZ only.

(3) Notwithstanding (1) & (2) above, individual units within SEZ will be permitted to put up their own captive power plants (CPP) not exceeding 25 MW for their own captive use exclusively or 110% of their captive use.

(4) Whenever SEZ or SEZ units purchase power from TNEB or where stand-by charges is involved, the requisite charges will be paid by them to TNEB on mutually agreed basis.

(5) SEZs are free to fix tariff for its consumers for the power to be produced from their own CPP.

(6) If TNEB's Transmission & Distribution lines are used for wheeling of power, standard charges as applicable will be paid.

(7) The Collective Captive Power Plant capacity should be equal to the anticipated demand as far as possible.

5. Sales tax, duties, local taxes and levies

a) Developers of SEZs, and industrial units and other establishments within the SEZs will be exempted from all local taxes and levies, including Sales Tax, Turnover Tax, VAT,

Purchase Tax, Mandi Tax, Octroi, Electricity Cess, or any other kind of Cess or any other levy of the State Government in respect of all transactions made between units / establishments within the SEZs, and in respect of the supply of goods and services from the Domestic Tariff Area to units / establishments in SEZs. However, applicable Sales Tax and VAT as and when introduced, shall be leviable on goods manufactured in SEZs but sold locally.

b) SEZ developer and units in SEZs would be exempt from taxes levied by the local bodies, as they would be self contained units and would be responsible for the maintenance of services within the Zone.

c) All industrial units and their expansions to be located in the SEZs will be exempt from payment of Stamp Duty and Registration Charges towards land transactions.

6. Labour Regulations

(1) Labour laws / rules will be examined and steps taken to simplify the same.

(2) The Reporting System will be simplified. The number of forms/ registers, filing of returns and their periodicity shall be totally revamped. Inspection requirement shall be kept at minimum level. New concepts like Self-Certification, Flexi Time, Working Time for Women etc., would be introduced.

(3) All industrial units in the SEZs will be declared as 'Public Utility Service' under the provisions of the Industrial Disputes Act, 1947.

7. Single Window Clearance

Single Window Clearance would be provided to the SEZ units. Tamil Nadu Industrial Guidance & Export Promotion Bureau viz., GUIDANCE, may provide necessary assistance in this regard only for such clearances which will be outside the ambit of the Single Window Clearance.

8. Provision of other services

Facilities such as Police Station, Fire Services, Post Office etc., may be provided in the SEZ, but the cost to be borne by the SEZ Developer / Promoter.

9. Law and Order

The State Government shall make appropriate and exclusive arrangements within the SEZ for the maintenance of law and order, and the control of crime. The Indian laws will be applicable to all members of the SEZ in all matters of adjudication or disputes.

10. Committee for review & development of SEZ

The State Government shall constitute a Committee of Secretaries and other concerned officials including representatives of SEZ Developers / Industrial Township Area Authorities / Promoters, under the Chairmanship of Chief Secretary to resolve issues pertaining to the promotion, development and functioning of SEZs in the State. The Industries department will be the nodal department for convening the meetings and all other matters of policy relating to SEZ.