



SEZ HORIZON

- › SEZ IN INDIA - The Inside Story
- › The Space Challenge
- › Top Pharma Companies gear up for HBS Pharma SEZ
- › "SEZ - Losing sheen"

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Editorial Desk...

Hello !

We know that Gujarat is the first country to recognize the prospects of SEZ in 2004. With the success of being the most industrialized Indian state which attracts most of the FDI and has become the safest state for investors Gujarat always endorse the Special Economic Zone in India. The first SEZ in India does only compliments the state, there are more to impress.

- Gujarat has been the home to the first economic zone ever in the country – the Kandla EPZ which was established as early as 1965.
 - It was also where the first private EPZ came up in Surat
 - It was the first state to adopt a state-specific SEZ Policy in 2002 and a legislation in 2004.
 - (even before the Central Act came about)
 - It is a state which has already approved about 29000 hectares and allotted more than
 - 20,000 acres of land to SEZs, which is more than any other state.⁴
 - 55 SEZs are present in Gujarat, covering an area of approximately 27,125 hectares.
- Gujarat has 3 operational SEZs, covering an area of 506 hectares, which are:
 - Kandla SEZ
 - SUR SEZ
 - Surat Apparel Park
- 7 Notified and Operational SEZs, covering an area of 9,810 hectares
- 15 Notified SEZ are present, covering an area of 6,114 hectares
- 22 formally approved SEZ in Gujarat, covering area of 7,702 hectares
- 8 In-principle approved covering an area of 2,993 hectares



- These SEZs are involved in several sectors such as, Biotechnology, Power, Handicraft/Artisan, Gems & Jewellery and Port based multiproduct.

From the scenario of Gujrat, many other states model this state and want to deal with the vehement opposition that has received much attention in the media, be it the case of Reliance's Raigad SEZ or the Kakinada experience in coastal Andhra. Hope that they will soon get the success of the state. In this positive note we are presenting the 5th issue of SEZ Horizon.

Please send your feedback at debarati@sezindiainvest.com

Thanks and regards,
Debarati Chakraborty
Editor-in-chief, SEZ Horizon

“ SEZ – Losing sheen ”

Writer : **Vivek Anand**

Source: sezindia.nic.in



Indian economy has witnessed a tremendous growth in last one decade and it is all poised to become one of the largest economies in the world along-with China and USA. Our growth recorded at 8% YoY for one decade is a proof of its standing among the top world economies. To fuel the growth, create more jobs & build export infrastructure for Indian Industry, Government of India had taken a proactive & significant move by introducing Special Economic Zones in India in 2006 which was passed by an act of Parliament. Government had offered attractive incentives in the form of Tax benefits (for 15 years) and single window clearances to the units to attract more investment in the designated zone.

This was a much needed shot in the arm for an Indian industry and growth leapfrogged which can be seen from the table below.

Units & SEZ developers started heavily investing in the SEZ with a long term outlook however their euphoria did not continue, before long Government proposed Minimum Alternate Tax (18.5%) on book value. This was a big dampener for the units & developers alike. Developers started de-notifying their projects; even units do not see much benefit in taking up space in SEZ, which led to slowing down in space uptake in SEZ. Companies have either stopped or slowed down their expansion plans in SEZ in the absence of any clear policy framework.

This was a retrograde step taken by the government, not only will investors & companies think twice before investing in SEZ but also it is sending a wrong signal to the overseas companies about our rules not being consistent enough. It becomes a question of Government of India not honoring its commitment.

The ever changing regulatory framework in the SEZ front is putting a lot of doubt in the minds of investors and companies. Every investor/company invests with a long term view and decisions are based on current scenario. If the rules of game are modified arbitrarily then it would create a Lose-Lose proposition for both Government & companies in the long run. Government should clarify on the SEZ matter as to what would be its stand going forward. Rule of the game once decided should be followed in fullspirit.



Year	Value	Growth Rate
	(Rs. Crore)	(over previous year)
2006-2007	34,615	52%
2007-2008	66,638	93%
2008-2009	99,689	50%
2009-2010	2,20,711.39	121.40%

In the current global recessionary scenario which is affecting Indian economy as well, our growth has also slowed down in the past few quarters. In this uncertain environment, government should push for growth rather than becoming an obstacle in the path of progress. With clear guideline and rules in SEZ can really help to bring Indian economy back on track of fast growth. We are facing a big threat from China, if we have to boost our export potential and job creation then we need to give a holistic thought to SEZ policy and try to rationalize the policy to make it more potent which will revive the Industry sentiments.





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SEZ IN INDIA - The Inside Story

Piyush Chaplot

Graduated in Commerce and have done M.B.A in Finance

Abhijeet Ferrotech Limited, Visakhapatnam



Dear Readers,

The SEZ's are important in today's context for the third world countries which have been in the race for rapid economic growth. Ask any person about SEZ, and the three words that you will definitely hear will be 'exemptions', 'exports' and most importantly 'foreign territory'. It is true that the SEZs are exclusively set up for the purpose of promoting exports through grant of various tax exemptions. In pursuance to this, the Special Economic Zones Act, 2005 inter-alia provides exemption from certain taxes on supplies to a unit or a Developer in an SEZ for carrying out authorized operations. The exemptions granted under the Act are indeed very wide covering various indirect and direct taxes.

The above desired objective of SEZ have had not fulfilled due to the government decision, lack of infrastructure, non availability of talent pool.

It was earlier promised, that Income Tax will be exempted for first 5 years of Operations but that was killed by Finance Act. 2011, by way of inclusion of SEZ profits in Minimum Alternative Tax (MAT) under section 115JB of IT Act 1961.

Because of this inclusion, many of the Foreign Institutional Investor (FII) has been pulled out their investment from Indian SEZ. The Developer also started surrender their approval because of the wrong Tax Policy, which halts the countries progress in terms of Investment & Employment generation.

Our Country is the second largest in the world in terms of population, the Govt. started distribute the nation's wealth amongst its citizens to remove the barrier of Rich & Poor so bringing of SEZ in the Semi Urban Area was a Welcome Step. The idea has lost its direction from its inceptions to till now.

One of the major clause of this SEZ Act. Was for single Window clearance of Import & Export, this clause is only looks attractive on the paper. The developers & units have been facing lots of problem in their day to day activities because of multi layer hierarchy in SEZ systems. They are knocking many windows to process the Import & Export.

There is an acute shortage of skilled man power for the operation of SEZ due to rise in migration and the lack of Govt. plan to upgrade the technical skill by way of training and education. Obsolesce in knowledge also another barrier for the development of SEZ.

Bottlenecks of SEZ growth is also due to higher price/ Short supply of electricity power, Water & Utilities in spite the government has kept the provision for the said basic needs in the SEZ acts and rules.

The Govt. land acquisitions policy is also not so transparent and widely accepted by land owners.

Apart of the said dark side there are materialistic contribution in terms of employment and rise in exports. This fact is evident as the subject has provided the employment to around 6, 76,608 people in the country with the exports to the tune of Rs.3, 15,867 crore representing a growth of 43% over the previous year” which is 28% of the nations exports during 2010-11 that too with investment of Rs.2,02,810 crore as on 31.3.2011. From these positive figures we can say that future of SEZ is not under dark.

Conclusion Remarks:

In the nutshell, if the Govt. will take the necessary actions along with strategic and decisive planning we can remove the current bottlenecks with implication of new policies that will help to drive the true spirit of SEZ & help in the country's economic growth by way of +ive foreign currency reserve, recognition of Indian product in world market, lucrative employment opportunities with rise in per capita income in the country.

As we all knows every coin has two sides, similarly SEZ too has wherein the darker side of it is predominant, but simultaneously we do not have to overlook the glitter of its other side same can also increase its shine If adequate modification in the rules are done then picture may be change. For example, if we see we can use a sword for either saving someone in trouble or killing someone for robbery. At last it depends upon you, how you want to use it.

The Space Challenge

Guha Bhardwaj



One of the largest challenges faced by the occupiers of space under the erstwhile STPI ruling is that there is no other space to consider barring a SEZ that offers tax benefits. The further challenge to obtain space in an SEZ is the area being offered by the developers which is too large to accommodate a medium or small enterprise. The sheer administrative responsibilities that come with allowing a company to occupy SEZ space make it prohibitive for a developer to consider managing multiple small units of space with different tenants or financially viable for an occupier to pay for unutilised space.

The future for the SEZ Model lies in the ability of developers to meet the requirements of these occupiers who were in a position to obtain smaller units of space under the STPI Regime. A larger percentage of currently eligible SEZ occupiers fall into this category and are the prime focus of the tax incentives as extended by the government. A larger occupier already has the resources to develop and manage their own SEZ units while obtaining tax sops. The government is taking positive steps towards the revival of the SEZ scheme and it will be very reassuring to both developers and occupiers to see the result of these changes. A specifically positive step taken is the reduction in the minimum area required for the development of SEZ especially in the Tier-2 cities. Further by reducing the space requirement for industries apart from IT/ITeS, it ensures that there is an all round development across sectors.

Serviced SEZ Units from Stylus

Stylus today manages and operates approximately a lakh square foot of serviced office space across Mumbai and Bangalore that caters to companies of various sizes and across a spectrum of industries. Our core competency lies in the fact that we can provide the best office solution to cover all aspects of running an office including workspace, administrative responsibilities, cleaning services, Security, apart from providing office services such as courier, stationery, telephone & internet connectivity.



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Operating out of a Serviced SEZ Units cuts back on the capital investment, lock-in period and other such prohibitive terms of a typical transaction. Further, because the units are designed for smaller teams, it ensures that there is minimal wastage of under utilised resources there by maximising your returns.

Guha Bharadwaj

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Top Pharma Companies gear up for HBS Pharma SEZ

Kailash Sidhwa



HBS Pharma SEZ is spread across 312 acres at Panoli in Bharuch District of Gujarat. The SEZ is being developed by JB SEZ P. Ltd and promoted by Mumbai based HBS Realtors Pvt. Ltd with IL&FS as a strategic equity partner. It offers small, large and medium parcels of land to various pharma companies with easy accessibility of skilled man power and adequate raw-material suppliers. Also, SEZ would offer core utilities, modern amenities and relevant infrastructure in order to provide a hassle free experience to draw top pharmaceutical companies to set up their units easily.

With all approvals and clearances in place, especially the notification received from the Ministry of Commerce & Industries (MoCI), environmental clearance from the Ministry of Environment & Forests (MOEF) and master layout plan approved by the Industries Commissionerate; a unit holder can start their construction at site immediately.

Strategically the SEZ is located in the heart of the fully developed Gujarat Industrial Development Corporation (GIDC) estate in Panoli and is adjoining the Panoli railway station. "It is situated in the close vicinity of pharma and chemical hub, Ankleshwar. At the same time, the site is efficiently connected by road network to the industrial and financial towns of Baroda, Ahmedabad, Mumbai and forms part of the upcoming Delhi-Mumbai freight corridor. The nearest airports are Surat, Baroda and Ahmedabad and the nearest ports are Dahej and Hazira" states Mr. Kayvanna Shah, CEO of JB SEZ P. Ltd.

The Master planning is structured and conceptualized by CPG Consultants, Singapore. Their enormous amount of experience and expertise in setting up world class SEZ's is evident in their fine architecture, structural planning and design.


The SEZ is already secured from the neighboring areas by a compound wall and one is welcomed to the site by beautiful lush green landscaping, which leads to an internationally designed Gatehouse. The Gatehouse standing tall at a height of 10 meters is imported from Australia and adds grandeur and elegance to the entrance of the Processing Zone of the SEZ. A Sales and Project office, which accommodates a customs office, bank and utility service providers is already set up. The internal concrete road network along with storm water drains and utility pipelines are already in place. Other common infrastructure like imported street lights, signboards, common security and surveillance inside the zone are live. "To summarize it all, infrastructure work of the SEZ is complete for Pharma Companies to start their units." claims Mr. Shah.

The ready availability of general infrastructure and core utilities at site prompted Pune based Sava Medica Limited to set up their manufacturing unit in the SEZ. "We plan to set up a formulation plant here on the USFDA cGMP guidelines and are pleased to be associated with HBS Pharma SEZ, as it offers world class facilities, and scores high in terms of business viability due to its location near a pharma hub and great transport accessibility. We're in the midst of getting the requisite clearances and approvals and should commence activity at site shortly." reveals Mr. Vinod Jadhav, MD of Sava Medica Limited.

The SEZ aims to generate employment to the tune of about 15,000 (indirect) and 5000 (direct) and target exports from the pharma units in the region of about Rs 3000 crore per annum leading to further industrialisation of the state of Gujarat. Mr. Shah signs off on a positive note stating "The core intent of HBS Pharma SEZ is to create the No.1 internationally known Pharma Hub and we are truly on course to achieve that milestone."

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Norms spelt out for cargo clearance at Vallarpadam terminal



KOCHI, MAY 22:

With the Director-General of Export Promotion issuing a detailed procedure for cargo clearance, the enduring dispute over Customs inspection of containers at the Vallarpadam container terminal is likely to be resolved soon. The Additional Director in DGEO issued a notice on May 18 in accordance with the decision arrived at the meeting conducted by the Principal Secretary at the PMO.

According to the notice, containers from a foreign country headed for another foreign country (moving through sea) via ICTT will be cleared by Customs at the Special Economic Zone.

Containers starting voyage from India and going to a foreign country (sea to sea) will be also cleared by SEZ Customs.

However, containers originating in India and headed for a foreign country and moving either on road or rail to the port will be cleared by Department of Revenue Customs.

Similarly, containers from a foreign country and headed for a destination within India and moving from sea to road or rail transportation will also be cleared by Department of Revenue Customs. Containers originating in a foreign country and headed for a destination in India, but moving by sea will be cleared by SEZ customs.

The new system will be put in place with immediate effect. The decisions have been communicated to ships calling at Indian ports.

This would ease hassles for mainline shipping vessels as it brings clarity in procedures and also makes the terminal at par with competing international terminals in terms of procedure, the sources said.

According to shipping circles, the new system comes as a breather for container movement as vessel operators experienced inordinate delays in clearance of containers.

No respite. BS Yeddyurappa hit by another chargesheet

Former chief minister BS Yeddyurappa is in trouble again. The Lokayukta on Monday filed a chargesheet in an illegal denotification case, accusing the former chief minister of denotifying 20 acres of land at the proposed Special Economic Zone (SEZ) near Devanahalli in favour of a Bangalore-based newspaper.

The denotified land, located at Hoovinayakanahalli in Bangalore North, was earmarked for setting up a hardware technology park. But due to the denotification, the state exchequer lost `8.64 crores since the development and service charges were waived in favour of the publishers, said the Lokayukta report.

Apart from Yeddyurappa, Lokayukta officials have also filed a chargesheet against industries minister Murugesh Nirani and former minister Katta Subramanya Naidu for “criminal misconduct as public servants in arbitrarily denotifying land”.

Explaining the report, PK Shivashankar, superintendent of police, said the land located in Survey Nos. 124, 125, and 126 belonged to the owners of the Bangalore-based paper.

The government acquired the land on December 2006 for a proposed SEZ under the KIAD Act, following which the owners filed an application to drop the denotification, since they had plans to construct an industrial plant. However, the special land acquisition officials turned down their request and handed over the property to the KIADB.

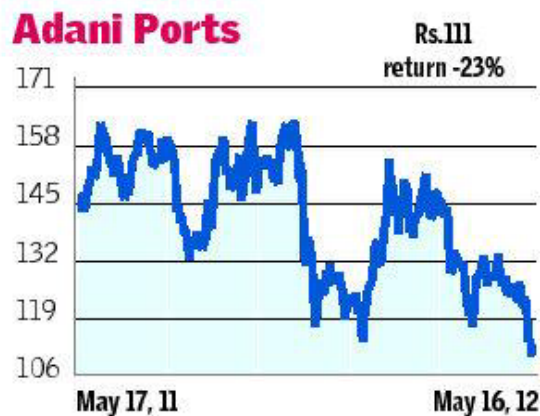
The Lokayukta - which investigated the case - found that Yeddyurappa – who was the then chief minister - had recommended the denotification, despite notes from secretaries who were against the move. The present industrial minister Murugesh Nirani gave his nod for the denotification without even taking into account the required fees for the process.

Though the Lokayukta investigation could not establish any pecuniary advantage, the illegal denotification of 20 acres of land clearly shows that Yeddyurappa had misused his official power, causing loss to the state exchequer, the report said.

Shivashankara said that Katta - abusing his official position - had arbitrarily denotified 4.6 acres of land belonging to one KM Nagappa and Ranganna at the Dobbespeth industrial area in 2007.

Katta Subramanya Naidu had allegedly ordered for the denotification of the said land without even consulting the official concerned. Even Nirani recommended the decision of his predecessor (Katta), directing the officials to denotify the land without bothering to collect the development and charges from the parties, which caused a loss of Rs1.31 crore to the state exchequer.

Adani Ports and Special Economic Zone (Rs 111.3): Sell



May 16, 2012:

We recommend a sell in the stock of Adani Ports and Special Economic Zone from a short-term perspective. It is evident from the charts of the stock that encountering resistance around Rs 157 in this January and again in February, the stock resumed its intermediate-term downtrend. Medium-term trend has been down for the stock from February peak of this year. Short-term trend is also down for the stock.

On Monday, the stock tumbled 5.5 per cent and was testing a key support band between Rs 115 and Rs 118. Further, the stock fell three per cent with above average volume breaching this support band on Wednesday. This decline has reinforced the stock's short- as well as medium-term downtrend.

The stock is hovering well below its 50- and 200-day moving averages. Considering that the stock's medium-term downtrend line is in tact, and it has breached a key support zone we are bearish on it from a short-term horizon. We expect its decline to prolong and touch our price target of Rs 108 or Rs 104.5 in the forthcoming trading sessions. Traders with short-term perspective can consider selling the stock with stop-loss at Rs 114.5.

IT-SEZ in Hubli to become reality soon

HUBLI: Hopes of setting up an IT special economic zone (SEZ) in Hubli have taken wings. The Union Ministry of Commerce is likely to issue a final notification on the approval of a proposal by the Karnataka Industrial Area Development Board (KIADB) to set up an IT-SEZ. According to industry insiders once the project is completed it could provide a fillip to the state government's initiative to develop [Hubli-Dharwad](#) into a prominent IT hub in the Northern Karnataka region.

KIADB, had proposed to develop the SEZ on around 30 acres at Gamanagatti area in Hubli-Dharwad. Once this three-year-old project gets a final nod from the Centre it will be up to the state to take it further - arrange financial resources and land. Till now the state government has agreed to help [KIADB](#) for installing industrial infrastructure.

M Manjunath Gowda, resident director, Karnataka Udyog Mitra, who pursues state projects, told ET, "The SEZ proposal was cleared by the Board of Approval (BoA) of the Union Commerce Ministry last May and final notification in this regard is pending. The notification was expected in the last month but it got delayed due to some administrative reasons. I will meet the concerned officials to expedite the process."

The final notification is getting delayed as it awaits no objection certificates (NOC) from various government agencies. In this regard, Member of Parliament from Dharwad, [Prahlad Joshi](#) met with Union Commerce Minister Anand Sharma and other top ministry officials to push the project further.

"Since the proposed SEZ in Hubli is being developed by the government's own agency it does not need NoC from the Home Ministry," said Mr Joshi. "This was apprised to the minister and the officials. The officials agreed issue final notification shortly."

Availability of land for industries was a big issue earlier in Hubli-Dharwad as the government did not have sufficient land in its possession. Due to this, the city lost the SEZ project proposed by IT giant **Tata Consultancy Services (TCS)**.

But now, KIADB has already acquired 500 acres in Gamanagatti. KIADB chief executive officer MB Dyaberi told ET, "Once the final notification is issued, the land will be allotted from the bank." KIADB will develop all necessary infrastructure for IT companies to set-up their facilities in the proposed IT SEZ.

The big issue

However, drawing attention on bottlenecks in the approval process, IT entrepreneur Santosh Huralikoppi said, "As all SEZs proposed by KIADB got clearance from the Centre, we are quite hopeful of this one as well. We have requested the government through district in-charge minister Jagadish Shettar to allocate at least Rs 50 crore for developing infrastructure, but no such measure has been taken. Mobilising funds and releasing it would further delay in the process."

Mr Hurulikoppi, chief executive officer, NS Infotech, a healthcare BPO is concerned, "As the state SEZ policy will expire by next year and the benefits of the policy cannot be availed if the project is delayed further."

Expressing the same apprehension Mr Joshi said that discussions will be held with the concerned ministry officials to expedite the process after issuing of final notification by the Centre. "Karnataka is holding the second edition of Global Investors Meet on June 7-8, this should make the picture on Hubli [IT-SEZ](#) clearer besides attracting fresh investments in the region." he noted.

However, North Karnataka IT Developers Association president Sridhar Pujar is positive on the recent developments but pessimistic about Hubli-Dharwad emerging as an IT-hub. "After four years of allotting land at Aryabhata Tech Park, IT companies have still not got the possession of the land. The infrastructure facilities provided at tech park are poor and substandard. If government's apathy continues to be the same, how we can expect the twin cities to emerge as an IT destination?" he said.

Mr Pujar added, "Although the city has a huge potential due its geographic location, connectivity and availability of trained human resource but both political and administrative executives have not marketed it properly. It's a good thing that the city is getting an SEZ. A committee should be formed under district minister comprising officials and IT entrepreneurs, to monitor the implementation of the project."

The total ITeS export from Hubli in 2010-11 was Rs 18 crore, according to the state IT department. At present, there are around 18 IT/ITeS companies operating from the IT Park based here. This includes Firstsource, NS Infotech, Sankalp Semiconductors, Neilsoft, Gumbi Software. Thirteen of them of have registered with the Hubli Centre of Software Technology Park of India for exporting services.

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Ansal Projects seeks denotification of its SEZ in Gurgaon

NEW DELHI: [Ansal SEZ Projects](#) has approached the government seeking to surrender its special economic zone in Gurgaon after the imposition of minimum alternate tax and global economic uncertainties.

The request for denotification of the SEZ will be placed before the Board of Approval (BoA), which is scheduled to meet on May 22.

The BoA, headed by Commerce Secretary Rahul Khullar, will also consider the requests of developers like **Uttam Galva Steels**, **Mumbai SEZ Ltd** and **Mahindra and Mahindra** which have sought more time to execute their projects.

"The developer (Ansal) has requested for denotification of the (IT/ITeS) SEZ due to economic meltdown, lack of demand and imposition of minimum alternate tax (MAT) and dividend distribution tax (DDT)," the BoA agenda said.

Another 10 developers have asked for more time for their projects, it said.

Since December, 2008 to March 15 this year, the Board has approved 46 cases of denotification.

Earlier this month, the Parliamentary Standing Committee on Commerce has recommended the government to check such a trend of denotification which defeats the objective of higher industrialisation and exports.

During the 2011-12 fiscal, exports from SEZs grew by 15 per cent year-on-year to Rs 3.6 lakh crore.

The Committee also asked the Commerce Department to tighten the norms so that only genuine cases can get the approval.

Fisheries special economic zone in Thatta

THE Sindh government's decision to invite foreign investment for the development of a 20,000-acre Fisheries Special Economic Zone in Thatta is obviously in the interest of fisheries.

But it is doubtful that the decision will successfully be able to win the support of foreign investors given the existing law and order situation in the country.

As for employing locals in due projects, it may not be possible for foreign investors to retain them at the helm of affairs as none of the local fishermen are qualified or have adequate experience in the subject. Moreover, shrimp farming/fish farming, though quite successful in some parts of the country, involves its own risks which are too heavy to be left to laymen.

Mirpur Sakro has already seen the demise of at least two large fish and prawn culture prawns, one of the said projects was launched by a multinational but failed to survive due to many problems, including social problem.

Apart from water shortage, salinity, heavy duty on the import of shrimp larvae and fries from Thailand, etc, high mortality rate of shrimp, high cost of infrastructure, operation and maintenance, lack of access to the farms during the rainy monsoon season, security, risk from rodents and predators, pilferage played a significant role in the failure of the shrimp farming project.

Stolen prawns from these farms were sold at the Karachi Fish Harbour to the utter shock and awe of the investors.

As for the other farm at Mirpur Sakro the situation is worse. It is a huge complex which failed because as soon as it was completed, its owner fell prey to a feudal dispute and got killed. After that these farms seemed abandoned and bore no fruit.

Unfortunately the designated area for fish and farm culture by the present government decision is insecure for investors and, apart from other technical setbacks, faces accessibility problem.

The locals residing in the near by tapu's or islands do not have any experience of fish culture and the foreign investors who undertake to build infrastructure for fish and prawn culture there might only consider them for sundry duties.

But the main problem is security. With the prevailing condition of law and order in the country it is doubtful if the decision will draw any good foreign investment for the purpose unless they are give exclusive rights over the land and the privilege to arrange their own security and other necessary technical and operational requisites.

Needless to say the inept local staff will do little to make the decision a success and would only cause as hindrance to the devised project.

The decision is good but let it not go waste at the hands of socio-political pressure which is unnecessary in the face of the fact that foreigners would be bringing in huge investment and raising large infrastructure for the development of the fisheries sector as a whole.

Needless to say that the locals should not insist on creating impediments in the way of foreign investors who would be bringing in latest expertise and experience to the fish industry and would eventually play a significant role in the economic uplift of the fisheries in the greater national interest.



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Laos approves new special economic zone near Friendship Bridge

The Laotian government has agreed to develop the area close to the Lao-Thai Friendship Bridge in Khammuan province as the Thakhek Special Economic Zone (SEZ) to attract foreign investment and boost the local economy.

Under an agreement signed between the government and the zone's executive board in Vientiane on Friday, private companies will spend at least US\$80 million (Bt2.5 billion) to develop the 1,035-hectare zone.

The agreement was signed by Industry and Commerce Minister Dr Nam Vinhaket, who is also vice president of the Laotian National Committee for Special Economic Zones (NCSEZ), and Daolay Keoduangdy, deputy director of the Khammuan provincial Department of Planning and Investment, who also chairs the zone executive board.

Khammuan Governor Khambay Damlath, SK-KS Import-Export Co chairman Kosy Phoumsavanh and Chaleun Housing and Construction Co chief Phongsavan Xayaseng signed as witnesses.

The signing ceremony was attended by Deputy Prime Minister Somsavat Lengsavad, who is also president of NCSEZ, Government Office Minister and NCSEZ Vice President Bounpheng Mounphosay, and other high-ranking officials.

The third Lao-Thai Friendship Bridge, linking Khammuan province in central Laos to Thailand's Nakhon Phanom province, opened last November and now authorities want to develop this area through various facilities to encourage trade and investment in Laos. The planned developments for the zone include office buildings, healthcare facilities, a shopping centre, a hotel, a conference centre, residential buildings and a logistics centre.

The zone will be built with environmental considerations in mind, as well as safety and the need to preserve the Lao character.

According to government officials, 80 per cent of the zone's total area has already been reserved by private firms interested in setting up operations after seeing the potential for regional integration. The zone will be managed with a one-stop service system and electronically monitored to ensure transparency and accountability.

Supporters of special economic zones say they help accelerate economic growth while at the same time generating opportunities for local people.

As wealth trickles down to local communities, Laos will move closer to its goal of leaving the list of least developed countries by 2020, authorities say.

They point to the country's stable political situation as conducive to foreign investment, while it is becoming increasingly connected to the rest of the region through new roads and bridges.

Besides, Laos provides cheap labour and receives trade privileges from more than 40 countries, paving the way for more business opportunities, the communist government says.

Adani, Alstom asked to stop work at Mundra SEZ

AHMEDABAD: The Gujarat High Court on Wednesday asked the [Adani group](#) to stop construction work at its special economic zone in Mundra until environment clearance is obtained from the Centre. The order that came in response to a public interest litigation filed by villagers also asked [Alstom](#) Bharat Forge Power Ltd to discontinue ongoing construction within the SEZ. Adanis have been facing environmental issues for their SEZ project and in 2008, the Supreme Court had halted construction activity at the project. The case was later transferred to Gujarat High Court and the group is yet to get the environmental clearance.

"When the SEZ's environment clearance is still pending, how did they start construction?" asked Chief Justice Bhaskar Bhattacharjee and Justice J B Pardiwala of Gujarat High Court.

Villagers from Navinal in Mundra Taluka of Kutch district said in the petition that the 18,000 hectare project would have environmental impact on 14 villages.

"The SEZ has not obtained prior environment clearance and therefore, Adani group or any other company has been asked to stop construction activity," said [Anand Yagnik](#), lawyer of the petitioners. Yagnik said, while Alstom Bharat Forge was building its unit in the SEZ, the Adanis were developing infrastructure like building roads, railway line and erecting electricity poles. "They will now have to stop all construction work after this order," he said. A statement by the Adani group said Alstom Bharat Forge does not require any environmental clearance, but cannot construct till Mundra SEZ receives one. "This has no impact on ongoing port operations and port development activities at Mundra for which the company has requisite environmental

clearance," the statement read. The company did not comment on the status of construction activities.

Earlier, a group of fishermen produced several pictures and maps claiming that Adani Group is filling creeks to develop its proposed special economic zone. However, Adani Group had contested the charges of filling Kotadi and Baradi Mata creeks.

RBI proposes strict norms for foreign investment by India

The Reserve Bank of India has proposed stringent norms on overseas direct investments (ODI) by India Inc, reports CNBC-TV18 quoting sources. It is learnt that the central bank is looking for multi-layered business structures for ODI under approval route.

According to sources, proposal mooted to be part of Foreign Exchange Management Act (FEMA) guidelines is made to avoid treaty shopping by local firms.

Overseas investment by Indian companies fell marginally to USD 2.67 billion in April from USD 2.77 billion in March, as per RBI data. Adani Port and Special Economic Zone, Varun Shipping Company, House of Pearl Fashions, Escorts Heart Institute and Research Centre, JSW Steel were among the major overseas investing companies during the month of April.

Congressmen urge probe on BIR order vs oil smuggling

MANILA, Philippines - Congressmen on Tuesday asked the House of Representatives to order an inquiry into the Bureau of [Internal Revenue's](#) order, mandating oil companies to apply for tax refunds and requiring them to register all storage facilities within freeports and economic zones.

Tarlac 3rd District Rep. Jeci Lapus and Pampanga 1st District Rep. Carmelo Lazatin said that the BIR order tramples upon provisions of Republic Act 7227 or the law which created the Subic Special Economic and Freeport Zone and the Clark Freeport Zone.

The BIR issued on February 17, 2012 Revenue Regulations 2-2012 to combat alleged rampant oil smuggling and ensure that proper taxes are correctly collected from petroleum and petroleum products imported into the Philippines, including those coming through the Freeport Zones and Economic Zones.

Lapus, a vice chairman of the House Committee on Accounts, said the question of whether a department regulation can override a law passed by Congress and pertinent decisions by the Supreme Court may arise from RR 2-2012.

He said that RR 2-2012 contradicts Section 12 of RA 7227, which states that the "Subic Special Economic Zone shall be operated and managed as a separate customs territory ensuring free flow or movement of goods and capital within, into and exported out of the Subic Special Economic Zone, as well as provide incentives such as tax and duty-free importations of raw materials, capital and equipment."

He added that RA 7227 provides that in lieu of all taxes, a five percent tax on [gross income](#) shall be paid by all registered business enterprises within the Freeport Zone.

The law also provides that if an importer is located inside the Freeport Zone, such importation shall not be subject to value-added tax and [excise tax](#). In addition, if the same importer sells such petroleum products within the Freeport Zone, no tax shall be due according to Lapus.

Through House Resolution 2292, Lapus and Lazatin sought an inquiry into RR 2-2012 and determine whether if the issuance runs contrary to provisions of RA 7227 and other pertinent decisions of the Supreme Court.

Revenue Regulations 2-2012 mandates the collection of oil taxes and duties and allows oil companies to apply for [tax refunds](#) once they show proof that the imported oil was consumed within the ecozone or freeport. It also requires oil firms to register all their oil storage facilities within free ports and economic zones.

Lazatin warned that if RR 2-2012 is upheld, it will set a dangerous precedent as the BIR can impose taxes on other and all importations by Freeport and Economic Locators.

"Revenue Regulations 2-2012 would authorize the BIR to introduce amendments to RA 7227 which is a clear violation of the 1987 Constitution," said Lazatin, a member of the House Committee on Bases Conversion.

Mahindra Satyam set to revive Nagpur SEZ

Mahindra Satyam had approached the Ministry of Commerce to extend the validity of its project in MIHAN at Nagpur for two more years

Hyderabad: Mahindra Satyam (MSat), formerly Satyam Computer Services, is set to revive its plans for setting up a facility in the Multi-modal International Cargo Hub and Airport at Nagpur (MIHAN) special economic zone (SEZ) at Nagpur, reports PTI.

The company had approached the Ministry of Commerce to extend the validity of the project for two more years, according to a senior official of MSat.

The letter of approval for the project with an initial validity of one year had expired in June 2009 and later, on a request from the company, it was extended till July this year.

"We are planning to begin the project by constructing a compound wall. However there is long way to go," the official told PTI while refusing to provide further details about capacity and investments.

Satyam had been the first investor in the SEZ and was allotted 128 acres of land. However, after the Satyam scam broke out in 2009 the project was put in cold storage by the new management- Mahindras.

According to the information furnished to the Commerce ministry, the company has finalised the contractor for construction of compound wall. An architect has also been appointed for working out a detailed plan for its campus.

Tech Mahindra took over the scam-hit Satyam in April, 2009, and rebranded it as Mahindra Satyam. Sources indicated that the project will be taken up only after the merger process is completed.

Recently, the Andhra Pradesh High Court directed MSat to convene a shareholders' meeting on 8th June to consider merger with Tech Mahindra.

"A clear picture will emerge after the merger. Most likely next year serious work will be initiated," sources said.

Last month, MSat CEO C P Gurnani, while refusing to give a time frame for the completion of

Dahej Special economic zone records 864 crore export

BHARUCH: Dahej SEZ has exported goods to the tune of Rs 864 crore in the financial year 2011-12, an increase of 75% as compared to last year. Incidentally, it is only the second year of the SEZ's operation.

Dahej SEZ Ltd chief executive officer R J Shah told TOI on Wednesday, "In 2010-11, exports were to the tune of Rs 429 crore. We expect it to reach Rs 1,500 crore in 2012-13."

At present, 13 units of the 66 allottees are functional in Dahej SEZ. The other units too are going to become operational soon as the basic infrastructure - roads, electricity, water, drainage, etc, - have already been developed. Around 2,000 vehicles can be parked in a corridor near SEZ, said Shah.

New taxes drag demand for SEZs

The demand for setting up Special Economic Zones in Maharashtra has fallen drastically due to introduction of new taxes on them by the Centre.

As a result, over 27, 000 hectares acquired by the Maharashtra Industrial Development Corporation (MIDC) would soon be available for redistribution to the industries, said the Chief Minister, Mr Prithviraj Chavan, on Thursday.

He was addressing an interactive roundtable meeting organised by the Federation of Indian Chambers of Commerce and Industry.

FIRMS' RETHINK

Mr Chavan said companies are rethinking about the SEZ model for growth due to new taxes being introduced by the Centre for SEZ areas.

The older MIDC -controlled industrial estates would be upgraded and additional infrastructure would be added. More attention would be given to areas around Nagpur and Aurangabad for industrial development, he said.

MIHAN PROJECT

In Nagpur, the Multi-modal International Cargo Hub and Airport (MIHAN) project, which had run into difficulties, has now been restarted. Soon, the local airport will be upgraded to an international one with two runways. Aircraft maintenance, repair and overhaul facility is also being set up by Boeing there.

At MIHAN, IT giants such as TCS, Mahindra Satyam, and Infosys are in the process of setting up their facilities, Mr Chavan said.

The industrial area around Aurangabad is also being developed. A new international convention centre is being built by MIDC there. As the area is close to the Delhi Mumbai Industrial Corridor, it will have a locational advantage, Mr Chavan said.

Enact Special Economic Zones Bill, says investor

Tatu City Investors are calling on the Government to speed up a Bill on special economic zone to promote business development.

Speaking during a ground breaking ceremony at Tatu City grounds in Kiambu County, the firm's interim Chief Executive Officer Arnold Meyer said the Bill would be important for the multi-billion Tatu City investment in Kiambu County as it seeks to become a production zone.

"We need Special Economic Zone Bill to be implemented urgently. This will attract manufacturers and boost our total export," he said.

Mr Meyer said the city has attracted manufacturing companies and needed favourable laws to attract researchers and developers. He was speaking in Kiambu during the signing ceremony for infrastructure development of the first phase of the Tatu City project.

Two construction firms —Gibb Africa and SS Mehta —signed Sh300 million land preparation contracts that will in the next three months see development of infrastructure, electrical and gas substations.

The developer said Gibb Africa and SS Mehta were awarded the tender after rigorous tendering process. Gibb have been tasked with detailed design and supervision of the enabling works contract. They have also been tasked with the detailed design for the main works, which includes the roads and services reticulation.

Speaking when he presided over the signing ceremony, Kenya Vision 2030 Chief Executive Officer Mugo Kibati hailed Tatu City as a model of how public private partnerships can be structured to drive the Vision 2030, Kenya's two decade development roadmap.

"Tatu City is an example of a viable Public Private Partnership that would help us realise goals of developing 200,000 housing units annually as per our vision," said Kibati. "The Government is keen on the partnership, we are not going to sit back on your request."

Muttemwar urges Centre set up Institute of IT and mgmt in city

Nagpur, May 21 (PTI) City MP Vilas Muttemwar today urged the Centre to set up an Institute of Information Technology and Management in Nagpur. Raising the issue in the Lok Sabha, Muttemwar said the second capital Nagpur in particular and Vidarbha region in general was making rapid progress in the field of industry, commerce, education, health and aviation with the coming up of Multi Modal International Passenger and Cargo Hub (Mihan) project and special economic zone (SEZ), the demand for such an institute has increased, a release from Muttemwar's public relations office said today. The city houses offices of many public sector undertakings such as WCL, MOIL, National Academy of Direct Taxes and National Academy of Defence Production. Besides, three Universities and number of engineering colleges and medical colleges are located here. It will be appropriate to set up such an institute here, he said.

Poor planning hits TN revenue from industrial zone

CHENNAI, MAY 16:

The primary agency responsible for handling land acquisition for allocation to industries does not have a robust system of land pricing nor a short- or long-term plan for establishing industrial centres, according to a report of the Comptroller and Auditor General of India.

The report for the 2010-11 period states that the State Industries Promotion Corporation of Tamil Nadu which creates land banks, industrial estates and Special Economic Zones has over 26,926 acres land in these industrial complexes as of March 2011. But it is able to market a maximum of a little over one-third of the land in five of the eight SEZs formed between 2006-07 and 2010-11.

This shortfall in planning led to a fall in income in its core activity during this period.

During the five years the Corporation's share of income from industrial development went from 67 per cent down to 24 per cent. This was primarily due to poor project management, according to the report.

Though its net profit before tax near doubled to Rs 123.70 crore in the five years, the major portion of the profit was on interest on term deposits, about Rs 309.44 crore. The contribution of interest was about 32 per cent initially and increased to over 86 per cent in 2009-10. Simultaneously, profit from its core activity halved to Rs 28 crore, the report said.

The industries promotion body which handles the release of Government incentives to attract investments has released incentives in excess of the eligible amount. In two specific cases it released an excess of Rs 297.75 crore.

On land cost, the report points out that the Corporation had not taken into account the increases in cost payable to land owners, latest trend in market rates or the extent of saleable area. It lost over Rs 251.76 crore as estimated in the case of cases which were test-checked.

It also did not take back 2,124 acres of unutilised land from 195 entrepreneurs leading to a loss of over Rs 421.56 crore as estimated for about 65 per cent of the land for which pricing data was available. The agency does not also monitor change of management and subleasing by original allottees. The Corporation lost over Rs 136 crore in seven cases where there was a change in management and a portion of the land was subleased.

There was also an imbalance in the location of the industrial zones. Against a plan to set up an industrial zone in each of the 32 Districts, the agency managed to locate a zone in only 13 Districts. Nearly half the land area was in two places, in Kanchipuram and Thiruvallur, close to Chennai.

The industry promotion body had identified 16,399 acres land in six districts between 2007 and 2010 but State Government sanction had been awaited as of November 2011. (EOM)