

**State Government's Policy regarding setting up of
Special Economic Zones in Maharashtra**

**GOVERNMENT OF MAHARASHTRA
Resolution No. SEZ 2001/(152)/IND-2
Industries, Energy & Labour Department
Mantralaya, Mumbai - 400 032.
Dated the 12th October, 2001**

PREAMBLE:

Government of India have introduced the concept of Special Economic Zones (SEZs) in the year 2000 through a revision in the Export-Import Policy 1997-2002.

SEZs are specifically delineated duty-free enclaves treated as a foreign territory for the purpose of industrial, service and trade operations, with exemption from customs duties and a more liberal regime in respect of other levies, foreign investment and other transactions. Domestic regulations, restrictions and infrastructure inadequacies are sought to be eliminated in the SEZs for creating a hassle-free environment.

The State of Maharashtra has been in the forefront in attracting foreign direct investment for accelerating the pace of economic growth. The SEZ scheme seeks to create a simple and transparent system and procedures for enhancing productivity and the ease of doing business in Maharashtra.

According to Government of India guidelines, SEZs can be developed in the public, private or joint sectors, or by the State Governments. They are expected to promote the 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 Maharashtra in terms of economic and industrial development and the generation of new employment opportunities. The Santacruz Electronics and Export Processing Zone (SEEPZ) has already been converted into a SEZ. State agencies have taken the lead to develop SEZs near Navi Mumbai and other parts of the State.

In the context of Government of India guidelines for the establishment of SEZs, the matter of formulating a policy regarding the development of SEZs has been under the consideration of the State Government. It has now been decided that the following policy will apply to proposed SEZs at New Mumbai (Dronagiri), Aurangabad, Nagpur, Sinnar (Dist. Nasik), Kagal (Dist. Kolhapur), Guhagar (Dist. Ratnagiri) and at any other SEZ in Maharashtra, subject to the framework for SEZs determined by Government of India from time to time.

RESOLUTION:

Environment

- 1) NOCs, consents and other clearances required from the Maharashtra Pollution Control Board for units and activities within the SEZs would be granted by the empowered officer of the Board working under the administrative supervision and control of the designated Development Commissioner of the SEZs. The activities / projects noted in Annexure I, which fall within the ambit of the Environmental Impact Assessment Notification, 1994 (as amended on 4.5.1994) will have to obtain environment clearance from Ministry of Environment and Forest, Government of India. In the event Government of India delegates the powers to the designated Development Commissioner or other authority within the SEZ, the clearances may be sought accordingly
- 2) The State Government's powers to accord environmental clearance to the projects and activities mentioned in Annexures II and III in accordance with Government Resolution, Environment Department, No. ENV-1094/SEAC/CR-170/Desk-1, dated 7th August, 1997 will vest with the designated Development Commissioner of the SEZ.

Water Supply

- 3) The SEZ authority shall ensure the provision of adequate water supply within the SEZ.

Power

- 4) The SEZ authority will ensure continuous and good quality power supply to the SEZs. Public sector enterprise (s) or joint ventures promoted by them can establish 'Independent Power Producers' (IPPs) which will be permitted to establish dedicated provision of power to the SEZ, including generation, transmission and distribution, besides fixing tariffs for the zone. The SEZ authority should ensure standby arrangements. The IPPs will also be permitted to establish grid connectivity so as to draw power from the grid in case of stand by arrangements, subject to their entering into a separate agreement with Maharashtra State Electricity Board (MSEB) on mutually acceptable terms. Industrial units and other establishments in those SEZs for which no 'Independent Power Producer' has been established will be permitted to generate their own power for captive use.
- 5) Under Energy Department Notification No.IELD-1002/CR-140/NRG-1, dated 6th July, 2001, new industries setting up in C, D, and D+ areas and No- Industry District(s) of the State under the Package Scheme of Incentives 2001 have been exempted from payment of electricity duty for a period of 15 years. This would apply to new industries in SEZs situated in such areas. Units setting up in SEZs and other locations on the remaining areas of the State have been exempted from payment of electricity duty for a period of 10 years. This exemption is applicable to the units in the SEZs from the date of commencement of production or rendering of services.

State Taxes, Duties, local taxes and levies

- 6) Developers of SEZs, and industrial units and other establishments within the SEZs will be exempted from all State and local taxes and levies, including Sales Tax, Purchase Tax, Octroi, Cess, etc. 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. If due to tax system constraints, it is not advisable to grant direct exemption to the transactions, the State taxes paid would be fully reimbursed.
- 7) All industrial units and their expansions located in the SEZs, irrespective of their location within the State, shall be exempted from payment of Stamp Duty and Registration fees till 31st March, 2006, on the same basis as the dispensation for industrial units in C, D, D+ and No-Industry Districts contained in Revenue Department's Order No. Mudrank 2000/4229/CR-1064/M-1, dated 5th May 2001.

Labour Regulations

- 8) The powers of the Labour Commissioner, Government of Maharashtra shall be delegated to the designated Development Commissioner or other authority in respect of the area within the SEZs. Modalities will be devised for the grant of various permissions required from the Directorate of Industrial Safety and Health and the Directorate of Steam Boilers within the SEZs themselves through the stationing of exclusive personnel for the purpose or through other means, so that clearances relating to various labour laws can be provided at a single point in the SEZs. Except in emergent circumstances, the prior permission of the Development Commissioner or other designated authority of the SEZs would be required for the conduct of inspections by these agencies of industrial units and other establishments within the SEZs.
- 9) All industrial units and other establishments in the SEZs will be declared as 'Public Utility Service' under the provisions of the Industrial Disputes Act.
- 10) In pursuance of the Maharashtra Industrial Policy, 2001 and subject to Legislature approval and Government of India's assent, amendments are proposed to the Industrial Disputes Act. The proposed amendments include, inter-alia, limiting the applicability of Chapter-V-B to industries employing 300 or more workmen, etc. Similarly, the Contract Labour (Regulation and Abolition) Act is proposed to be amended to exclude certain peripheral service activities. In case it is not found feasible to amend these statutes as proposed, similar amendments will be proposed only for units and establishments within the SEZs.

SSI and IT Registration

- 11) The power to grant provisional and permanent Small-Scale Industry Registration, and Letter of Intent and Registration to Information Technology units, will be delegated to the Development Commissioner or other designated authority in respect of units in the SEZs.

SEZs as Industrial Townships

- 12) The State Government will take appropriate steps to declare the SEZs as Industrial Townships to enable the SEZs to function as self-governing, autonomous municipal bodies.

Law & Order

- 13) The State Government shall make appropriate and exclusive arrangements within the SEZs for the maintenance of law and order.

Committee for review & development of SEZ.

- 14) The State Government shall constitute a Committee of Secretaries and other concerned officials, including representatives of the SEZ authorities/promoters, under the Chairmanship of the Chief Secretary to resolve various issues pertaining to the promotion, development and functioning of SEZs in the State.

This GR issues with the concurrence of the Finance Department vide its UR No.1581, dated 6th October 2001 (Tax).

By order and in the name of Governor of Maharashtra,

(V. S. DHUMAL)
Secretary to Government

ANNEXURE I

| <i>LIST OF PROJECTS REQUIRING ENVIRONMENTAL CLEARANCE FROM THE CENTRAL GOVERNMENT</i> | |
|---|--|
| 1. | Nuclear Power and related projects such as Heavy Water Plants, nuclear fuel complex, rare earths. |
| 2. | River Valley projects including hydel power, major irrigation and their combination including flood control. |
| 3. | Ports, Harbours, Airports (except minor ports and harbours). |
| 4. | Petroleum Refineries including crude and product pipelines. |
| 5. | Chemical Fertilizers (Nitrogenous and Phosphatic other than single super phosphate) |
| 6. | Pesticides (Technical) |
| 7. | Petrochemical complexes (Both Olefinic and Aromatic) and Petro-chemical intermediates such as DMT, caprolactam, LAB etc. and production of basic plastics such as LDPE, HDPE, PP, PVC. |
| 8. | Bulk drugs and pharmaceuticals. |
| 9. | Exploration for oil and gas and their production, transportation and storage |
| 10. | Synthetic Rubber. |
| 11. | Asbestos and Asbestos products |
| 12. | Hydrocyanic acid and its derivatives. |
| 13. | (a) Primary metallurgical industries (such as production of Iron and Steel, Aluminum, Copper, Zinc, Lead and Ferro Alloys). (b) Electric arc furnaces (Mini Steel Plants). |
| 14. | Chlor-alkali industry. |
| 15. | Integrated paint complex including manufacture of resins and basic raw materials required in the manufacture of paints. |
| 16. | Viscose Staple fibre and filament yarn. |
| 17. | Storage batteries integrated with manufacture of oxides of lead and lead antimony alloy. |
| 18. | All tourism projects between 200m-500 meters of High Tide Line or at locations with an elevation of more than 1000 meters with investment of more than Rs.5 crores. |

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| 19. | Thermal Power plants. |
| 20. | Mining projects (major minerals) with leases more than 5 hectares. |
| 21. | Highway Projects. |
| 22. | Tarred Roads in Himalayas and/or Forest areas. |
| 23. | Distilleries. |
| 24. | Raw Skins and Hides. |
| 25. | Pulp, paper and newsprint. |
| 26. | Dyes. |
| 27. | Cement. |
| 28. | Foundries (individual). |
| 29. | Electroplating. |

ANNEXURE II

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| <i>Projects requiring environment clearance from Government of India if investment is more than Rs.50 crores and from Government of Maharashtra if the investment is less than Rs.50 crores and more than 3 crores.</i> | |
| 1. | Nuclear Power and related projects such as Heavy Water Plants, Nuclear Fuel Complex, Rare Earths. |
| 2. | River valley projects including hydel power, major irrigation and their combination, including flood control. |
| 3. | Ports, Harbours, Airports (except minor ports and harbours) |
| 4. | Petroleum Refineries including crude and product pipelines. |
| 5. | Chemical Fertilizers (Nitrogenous and Phosphatic other than single super phosphate). |
| 6. | Petrochemical complexes (Both Olefinic and Aromatic) and petrochemical intermediates such as DMT, Caprolactam, LAB etc. and production of basic plastics such as LDPE, HDPE, PP, PVC. |
| 7. | Exploration for oil and gas and their production, transportation and storage. |
| 8. | Synthetic Rubber. |
| 9. | Hydrocyanic acid and its derivatives. |
| 10. | (a) Primary metallurgical industries (such as production of Iron and Steel, Aluminum, Copper, Zinc, Lead and Ferro Alloys) (b) Electric arc furnaces (Mini Steel Plants). |
| 11. | Chlor alkali industry |
| 12. | Viscose staple fibre and filament yarn. |
| 13. | Storage batteries integrated with manufacture of oxides of lead and lead antimony alloy. |
| 14. | High way projects. |

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| 15. | Pulp, paper and newsprint. |
| 16. | Cement. |
| 17. | THERMAL POWER PLANTS, excluding the following for which powers have been delegated to State Government even if investment exceeds Rs.50 crores vide Government of India Notification No.SO-19 (E) dated 10.04.1997. I) CO-GENERATION CAPTIVE PLANTS :- i) Co-generation plants - All Co-Generation plants irrespective of installed capacities. ii) Captive power Plants - Upto 250 MW (both coal and gas / naptha based) coming up separately and not along the main industry. |
| | II) UTILITY PROJECTS: - i) Coal based plants upto 500 MW using fluidized bed technology subject to sensitive areas restrictions. ii) Coal based power plants upto 250 MW using conventional technologies. iii) Gas / Naptha based plants unto 500 MW. |
| | Any project proposed to be located within the radius of twenty-five kms. boundary of reserved forests, ecologically sensitive area which may include National arks, Sanctuaries, Biosphere Reserves, critically polluted area and within fifty kms. of inter - state boundary shall require environmental clearance from Central Government. |
| | The environment clearance to the above Thermal Power Projects will be governed by the procedure laid down in the Government of India amended Notification No.SO 319 (E) dated 10.04.1997. |

ANNEXURE III

| <i>EXCLUDING SMALL SCALE INDUSTRIAL UNITS AND PROJECTS ABOVE Rs.3 CRORE</i> | |
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| 1. | Chrome tanning. |
| 2. | Glue and gelatin. |
| 3. | Detergent. |
| 4. | Smelting of zinc, copper and lead. |
| 5. | Manufacture of sugar (excluding Khandsari). |
| 6. | Tyre and tubes (excluding vulcanization, retreading and molding). |
| 7. | Lubricating oils, greases or petroleum products (processing of waste materials). |
| 8. | Manufacture of acids, such as Sulfuric acid, Nitric acid, Phosphoric acid. |
| 9. | Manufacture of Single Super Phosphate. |
| 10. | Coke making, coal liquefaction or fuel, gas making. |
| 11. | Manufacturing of phosphorous and its compound and calcium carbides. |
| 12. | Carbon Black. |
| 13. | Slaughter house, meat processing and Bone mills. |
| 14. | Tobacco processing / Tobacco products including Cigarettes. |

