

U.P. Special Economic Zone (Amended) Policy– 2007

Part – 'A'

Fiscal Incentives / Facilities, Rationalisation of Procedures

The Section–50 of Central SEZ Act, 2005, expects that the State Governments should also notify Policies and enabling Act to provide facilities/exemptions to SEZs.

After studying the Central SEZ Act - 2005, SEZ Rules - 2006, and also relevant Policies of various States, new U.P. SEZ Policy is being hereby notified, in order to foster the industrial and economic development and creating conducive environment for the development of SEZ.

To encourage development of SEZs in the State and make available all the necessary facilities, this Policy is hereby, being notified, as follows :

2. SALIENT FEATURES OF SEZs :

- i. Integrated Areas with the world-class infrastructure facilities will be developed through establishment of SEZ.
- ii. Apart from achieving a rapid economic & industrial growth in the Country and the State, new avenues for employment generation will be created by the setting up of SEZs. Therefore, SEZs have a vital role to play to foster the economic development, in the Country & the State.
- iii. The Exports will be boosted by the establishment of SEZs. Domestic investments , FDI and foreign & modern technology will be attracted.
- iv. Provisions for the exemption of taxes etc., for rationalisation/exemption in the legal provisions related to labour, environment, electricity etc. has been provided for in this Policy.

3. POLICY FOR STATE LEVEL EXEMPTIONS/ FACILITIES/ RATIONALISATION

(1) Policy related to Exemptions of State Level Taxes, Levies, Cess, Fee, and Duties etc.

(Following exemptions shall be applicable from the date of issuance of Notification, by the concerned deptt.)

1. SEZ Developer and SEZ units shall be exempt from all kinds of taxes, cess or levies of the Government of Uttar Pradesh or taxes of any other local authority/ agency for any transactions within the SEZ or on any

procurement of goods, supplies or services from the Domestic Tariff Area. Units in DTA would also be exempt from these on sales made by them to a SEZs unit or SEZ developer. These include UP Trade Tax, Turnover Tax, Mandi Tax, **Entry Tax, Development Tax, Local Bodies Tax** etc.

2. SEZ Developer and Units would also be exempt from taxes levied by local bodies, as SEZs would be an industrial township under constitution of India and would be responsible for providing services within the Zone.
3. Developers, Co-developers of SEZs and Units established/to be established will get total exemption from the Stamp-duty & Registration-Fee on first transaction but on implementation of amendments in the Indian Stamp Act-1899, as per 3rd schedule of SEZ Act-2005, exemption will be applicable as provided therein.

EXPLANATION :

- (A) "Policy related to Exemptions of State Level Taxes, Levies, Cess, Fee, and Duties etc., it was proposed by the Tax & Registration Deptt. regarding sub-point 1, 2 & 3 of the above Para 3(1) that according to the decision taken by the Empowered Committee of State Finance Ministers in the meetings dated 05.05.2007 and 15.06.2007, all the exemptions in State level taxes, levy, fee and duties (including stamp duty) shall be applicable only in the processing area of SEZ ".

"In this regard, in principle consent of the Government of U.P. can be expressed and Government of India may be requested to implement this. But till such time Government of India takes a decision in this regard, it shall not be appropriate to make any amendment by the Government of U.P. on this point in the SEZ Policy as this might result in pushing U.P. behind other States in the competition. It shall be proper to continue the existing Policy in U.P. regarding the above exemptions provided by Government of India in the whole SEZ until the Government of India makes the provision in this regard. Exemption in Stamp Duty shall be applicable on first transfer only".

- (B) Registration-Fee on the Vehicles shall be payable. Permanent/temporary registration will be mandatory as required and under the Rule-33 of concerned Rules, trade-certificate shall have to be procured on payment of applicable fees. Passenger/Goods Carriers, which will operate within the SEZ only and in no case, will move out of SEZ, will be exempt from the Tax & Additional Tax whereas other types of vehicle shall not be eligible for the same.
- (C) There is no provision of exemption on the Royalty on Minerals.

(2) Policy related to Electricity

1. Electricity Duty and taxes shall be exempted on generated or purchased electricity for use in processing area of the SEZ for a period of 10 years from the date of production or start of service.
2. SEZ will have freedom of generation, transmission and distribution of electricity within the SEZ subject to provision of Electricity Act 2003. Wherever the consent of U.P. State Regulatory Commission will be required, same shall be obtained.
3. Under the U.P. Power Policy all admissible facilities shall be available to SEZs also.

(3) Rationalising Labour Laws

1. Powers of Labour Commissioner related to implementation of labour laws will be delegated to the Development Commissioner of SEZ and nominated Officers of Labour Deptt. will be posted in the concerned SEZ.
2. In order to provide Single Window Service under the labour laws in the SEZ, a system of making the services of officers of Labour Deptt. available at the disposal of Development Commissioner, will be developed.
3. For inspections relating to workers' health and safety, Government of Uttar Pradesh will use best international practices by permitting units to get such inspections done through such accredited agencies (outside Labour Deptt.) as may be notified by the Government. Under the Factories Act 1948 and Environment Conservation Act 1985, efforts will be made by the Labour Deptt, Govt. of U.P. to allow inspection by outside accredited agencies with the permission of Government of India in Safety Management System of hazardous goods required as per Central Acts.
4. Units located in the SEZ will be endowed with public utility status under the Industrial Dispute Act.
5. GoUP would notify a single reporting format covering all the Labour Laws. Labour department will make efforts to further rationalise/simplify the existing Single Format.

(4) Policy related to Inspection

1. For all physical inspections, a schedule would be worked-out in consultation with the Development Commissioner and then only inspections would be carried-out.

2. In case of any specific information of any violation, the inspecting agency will be required to take prior approval of the Development Commissioner before conducting the proposed inspection.

EXPLANATION :

Appropriate arrangements for monitoring of manufacturing process under the jurisdiction of Excise Department will be made within the rules.

(5) Clearance Procedure (Single Points/ Window Clearance System)

1. In respect of all State level clearances will be given at a single point. All concerned departments of State government will make arrangements, issue instructions/guidelines for issuing these clearances through a single point i.e. Development Commissioner or through a Committee constituted under the Development Commissioner.
2. A Committee will be constituted under the Development Commissioner of each SEZ and representatives of different departments/ specialists will be included in the Committee. This Committee will have all the authority to issue clearances related to State government and also facilitate the clearances related to Central government and will ensure that time bound clearances to all departments are issued within a fixed time period from the date of receipt of application from the units.
3. Under the Section – 14 (G) of SEZ Act 2005 all the concerned departments for the purpose of approvals will delegate their powers / work allocation to approval Committee to be constituted under the Section 13 of SEZ Act-2005.
4. Most of the State level clearances shall be brought under automatic clearance route, meaning thereby that ex-post-facto information by the developer or unit entrepreneur shall be sufficient.
5. For all clearances required from State government agencies, GoUP shall notify a single form of application and Letter of Permission issued by the Development Commissioner shall contain approvals of subjects covered by the application form.

EXPLANATION

Clearances etc. for establishing units under the jurisdiction of the Excise Deptt. shall not be covered by above-said system.

(6) Rationalization of Environmental Procedures

1. A list of non-polluting industries will be notified for which separate environmental NOC will not be required in SEZ. For the remaining industries and matters, where delegation of powers is possible legally, these Powers will be delegated to Regional Officer of U.P. Pollution Control Board/ Officers of UPPCB posted in SEZ. Procedure prescribed in the relevant acts / rules will be followed.
2. State Govt. will take necessary steps to stop the un-planned development around the SEZs and best possible shall consider developing green belt.
3. A system of periodic self certification for all industries in the SEZ, assisted by private certification agencies will be implemented. Development Commissioner will be authorised to supervise & monitor these through a mechanism random sampling of units.
4. As per the list provided in the notification issued by the Ministry of Environment of Government of India (list of projects or activities requiring prior Environmental Clearance under E.I.A. Notification No. S.O. 1533 dated 14.09.2006) dated 14.09.2006, regarding industries/projects/EPZ/SEZ etc., a system has been put in place for environmental clearance.

(7) Policy related to the developmental structure and other commitments of the State Government for SEZs.

1. SEZs shall be established in the public sector, private sector and through PPP route.
2. Government of U.P. will declare SEZs as industrial townships, as provided under article 243 (Q), of the Constitution.
3. SEZs shall be provisioned as a special area in the local master plan. Sufficient flexibility shall be available to the Developer, within the broad parameters of zoning regulations and applicable land use.
4. State Government shall act as a facilitator for ensuring the availability of water to the developer and units.

- (8)** An empowered Committee shall be constituted under the Chairmanship of Chief Secretary, GoUP, for taking the actions required by the State Govt. under the SEZ Act 2005 and Rules 2006 of Govt. of India, wherein Principal Secretary/ Secretary and other related officers of concerned departments shall be included as Members. Officers and Developers of SEZs shall also be invited as and when required.

Powers and functions of above mentioned Empowered Committee shall be as follows :

1. To examine and recommend to Govt. of India under section 3 of SEZ Act - 2005, the proposals received for all SEZs (including private sector proposals received till now) as per SEZ Act & Rules and UPSEZ Policy.
2. All other works to be allocated by the state Govt. for the establishment and implementation of the SEZs.
3. To make necessary arrangements for the redressal of problems coming in the way of rapid & effective implementation of any SEZ.

