

SEZ POLICY

As per the Special Economic Zone Act passed by Parliament in 2005, Special Economic Zones are being established in different parts of the country. The Industrial enterprises which are established in the Special Economic Zones are given exemption in the Corporate Tax, Central Excise, Customs duty, etc., by the Central Government. The policy of giving various exemptions and concessions are being adopted by the State Governments. Under these circumstances, in Kerala also, it has become necessary to formulate a policy regarding the benefits to be given to the Industrial Entrepreneurs in the Special Economic Zones.

In the State, till now, approval had been given to 11 Special Economic Zones. Necessary notification of the Central Government regarding the same had been issued for 8 Special Economic Zones. After the assumption of power by this Government, application for 6 Special Economic Zones were recommended and forwarded to the Government of India for approval. Out of this, approval was received for one (Smart City) and the remaining are expecting approval.

The following clarifies the policy, to be followed by the Special Economic Zones which got approval and which will be getting approval in the State :-

1. In Kerala, SEZs which require large extend of land are not practicable since the density of population is very high when compared to other States. Hence approval can be granted only to those SEZs which are taking into account the special situation of the State.
2. Conversion of paddy fields for SEZ projects will not be permitted.
3. Permission is being granted to Government Agencies, to acquire land, for the development of Industrial Parks. If SEZ status is needed these parks may apply for it. But for the establishment of SEZ land will not be acquired and made available to private entrepreneurs.
4. Entrepreneurs in the SEZ will not be exempted from electricity duty.
5. As per the present policy of the Central Government, 50% of the land which will be getting SEZ status has to be utilised for industrial purpose and the other 50% for allied activities (residence, hotel, commerce, recreation, road

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etc.). But in Kerala it is provided that 70% of the land which will be getting SEZ status has to be utilised for industrial purpose and the 30% has to be utilised for allied activities. The residential apartments being constructed in the land utilising for allied activities shall be used only as the residential place of the employees in the SEZ and shall not be sold to outsiders. These conditions will be applicable to all SEZs which have got approval till now, which have not undertaken any developmental activities and to those which will be getting approval in future.

6. The industrial enterprises in the SEZs alone are exempted from the tax being collected under the K.G.S.T Act (including VAT) for a period of 10 years from the date on which it starts functioning.
7. SEZ in the State will not be exempted from the purview of any of the Laws such as Labour Laws, Trade Union Laws, Welfare Fund Law, Provident Fund Law, Factories Act, Gratuity Act, etc., which are connected with the rights of labourers and employees. The Central Act provision of exempting the SEZs from Chapter V-B of the Industrial Disputes Act, 1947 (Central Act 14 of 1947) will not be implemented here.
8. The provisions contained in the Contract Labour (Regulation and Abolition) Act, 1970 (Central Act 37 of 1970) will be applicable to all SEZs in the State.
9. The Kerala Panchayat Raj Act, 1994 (13 of 1994) will be applicable to all SEZs in the State. Nobody will be given exemption under section 200 of the said Act.
10. Kerala Industrial Single Window Clearance Boards and Industrial Township Area Development Act, 1999 (5 of 2000) will be applicable to all SEZs.
11. Those persons having excess land holding cases will not be recommended.
12. Before starting the construction of the project, an agreement shall be signed with the entrepreneurs that they are accepting the above conditions.

On the basis of this policy, changes will be made in the existing notification and a new notification will be issued.