

DISTRIBUTION & STRUCTURE OF SEZ IN RAJASTHAN

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Abstract: A SEZ (Special Economic Zone) which has been set up for carrying on manufacturing, trading or service activity has both advantages as well as disadvantages. Advantages are quite for more as compare to its disadvantages which are almost negligible.

At present there are 381 notified SEZs located at Santa Cruz (Maharashtra), Cochin (Kerala), Kandla and Surat (Gujarat), Chennai (Tamil Nadu), Vishakhapatnam (Andhra Pradesh), Falta and Salt Lake (West Bengal), Noida (Uttar Pradesh), Indore (Madhya Pradesh), Jaipur and Jodhpur (Rajasthan), etc. to name a few name.

Present paper review the distribution of SEZs in Rajasthan and its structure. It has been prepared on the basis of secondary data and maps shows the distribution of SEZ in Rajasthan. Maps are prepared with the help of D.T.P. (CoralDRAW).

Key Words: SEZ, export and import, Duty free, service tax, Free Trade Zone.

1. INTRODUCTION:

SEZ is a geographically bound zone where the economic laws in relation to export and import are broad and liberal. They are projected as duty free area for the purpose of trade, operations, duty and tariffs. SEZ units are self sustained having there own infrastructure and support services.

Within SEZs, a unit may be set up for the manufacture of goods and other activities including processing, assembling, trading, repairing, making of gold, silver and platinum jewellery etc.

The area under 'SEZ' covers a wide range of zones including Export Processing Zone (EPZ), Free Zone (FZ), Industrial Estates (IE), Free Trade Zone (FTZ), Free Port's urban enterprise zones and others. Usually the goal of SEZ structure is to increase foreign investment in the country.

The Special Economic Zones are confined only to specific region of Rajasthan namely Jaipur, Jodhpur (operational, notified, formal), Alwar, Bikaner, and Udaipur (notified, formal). Rajasthan having the largest area in India and having 10th place in population holds a very important place in India. The SEZ distribution emphasizes only on regional development and is concentrated only to the above named areas because of the initiatives taken by RIICO for development of the industrial areas and for providing the investors the infrastructural facilities to begin a unit at low cost.

Present paper highlights the distribution of SEZ not only in world, India but also in Rajasthan and a detailed study on the structure of SEZ in Rajasthan.

2. OBJECTIVES:

- To review distribution of SEZs with special reference to Rajasthan.
- To study the structure of SEZs in Rajasthan.

3. METHODOLOGY:

This paper is based on secondary data. Data have been collected from various publications of Government and NGOs. Information retrieved from internet have been widely used. Similarly, the reports and reviews of SEZs appeared in prominent economic and political journals are a potential sources of information in preparing this paper. Maps have been prepared using D.T.P. (CoralDRAW) software.

4. Distribution of SEZ:

World - 3000 SEZ are operational all over the world in 120 countries, providing direct job opportunities to 50 million people of the world and contributing \$ 600 billion in world's economy.

India - In India SEZ came into being in April, 2000 by the initiative of Central Government to attract FDI and formulated SEZ Act in the year 2005. Since than 143 SEZ are operational, 381 are notified and 583 are formally approved till October, 2018.

Rajasthan - The Policy provides a base for setting up of SEZs in the public, private and joint sector by State Governments. Currently Rajasthan has 4 units in operation under SEZs, 9 units in notified SEZs and 10 units in formal approval SEZs.

Table 1 shows the operational SEZs in Rajasthan along with their location and type.

Table 1 : Operational SEZs in Rajasthan

SN	Developer	Location	Type of SEZ
1	Rajasthan State Industrial Development and Investment Corporation Limited (RIICO), Jaipur	Sitapura, Jaipur (SEZ-I)	Product specific for Gems and Jewellery
2	Rajasthan State Industrial Development and Investment Corporation Limited (RIICO), Jaipur	Sitapura, Jaipur (SEZ-I)	Product specific for Gems and Jewellery
3	Rajasthan State Industrial Development and Investment Corporation Limited (RIICO), Jaipur	Boranada, Jodhpur	Product specific for handicrafts
4	Mahindra World City (Jaipur) Ltd.	Jaipur	IT/ITES

Source : www.ricco.com, www.sezrajasthan.com

Map 1 shows the location of operational SEZs in Rajasthan. Above map clearly depicts the 4 locations of SEZ in two areas of Rajasthan, namely Jaipur & Jodhpur.



Map 1

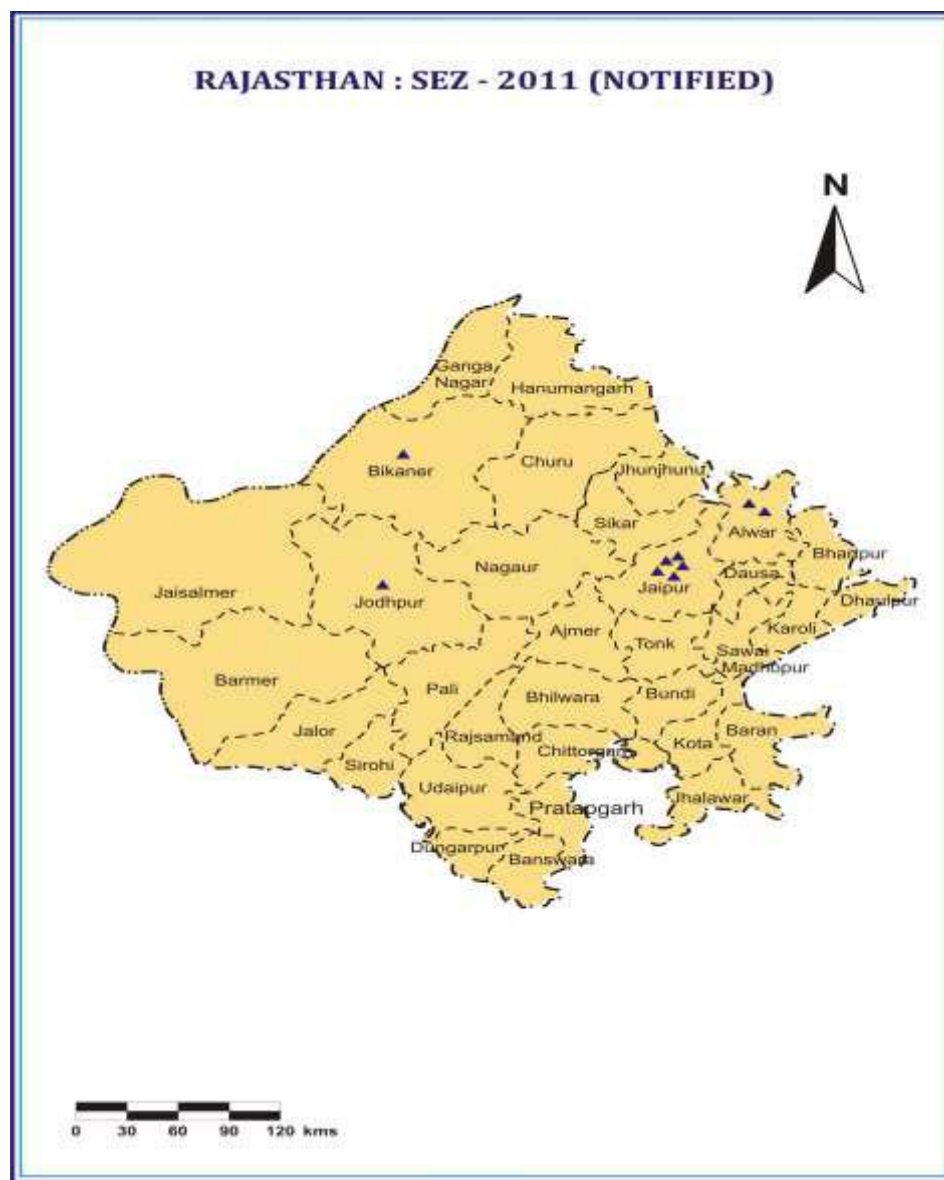
Table 2 shows notified SEZs along with their type and location in Rajasthan.

Table 2 : Notified SEZs in Rajasthan

S.N.	Developer	Location	Type of SEZ
1	Somani Worsted Limited	Khushkera Bhiwadi, Alwar	Electronics Hardware and Software/ITES
2	Mansarovar Industrial Development Corporation	Jodhpur	Handicrafts (incl. Furniture)
3	Vatika Jaipur SEZ Developers Ltd.	Jaipur	IT/ITES
4	RNB Infrastructure Pvt. Ltd.	Pugal Road, Bikaner	Textile
5	Mahindra World City (Jaipur) Ltd.	Jaipur	Handicrafts
6	Mahindra World City (Jaipur) Ltd.	Jaipur	Light Engineering, Automotives
7	Omex Ltd.	Alwar	Multi-product
8	Parshwanath	Jaipur	Multi-product
9	Rockman Pvt. Ltd.	Jaipur	Multi-product

Source : www.ricco.com, www.sezrajasthan.com

Map 2 give a view of notified SEZs in Rajasthan. Besides Jaipur, Jodhpur, Alwar and Bikaner are also inclusive under notified SEZ.



Map 2

Table 3 gives us information of formal approved SEZs in Rajasthan and they are confined only to Jaipur, Jodhpur, Bikaner, Alwar and Udaipur region of Rajasthan.

Table 3 : Formal Approval SEZs in Rajasthan

S.N.	Developer	Location	Type of SEZ
1	GENPACT Infrastructure (Jaipur) Pvt. Ltd.	Jaipur	IT/ITES
2	Mansarovar Industrial Development Corporation	Jodhpur	IT
3	Mahindra Gasco Ltd.	Jaipur	IT
4	RMV Infrastructure Pvt. Ltd.	Bikaner	Woollen
5	SRM Infrastructure Pvt. Ltd.	Alwar	Multi-product
6	Society for Innovative Education & Development	Alwar	Multi-Services
7	DLF Ltd.	Alwar	Multi-product
8	Arihant Infratech (India) Pvt. Ltd.	Udaipur	Building Material
9	Ansal Properties & Infrastructure Pvt. Ltd.	Jaipur	Multi-product
10	Sun City Rajasthan SEZ Developer Pvt. Ltd.	Alwar	Multi-product

Source : www.ricco.com, www.sezrajasthan.com

Map 3 shows the location of formal approval of SEZ in Jaipur, Jodhpur, Alwar, Bikaner and Udaipur areas of Rajasthan.



Map 3

Although Rajasthan is the largest state with special reference to area but distribution of SEZ is confined only to 5 districts of Rajasthan namely - Jaipur, Jodhpur, Alwar, Bikaner and Udaipur, which no doubt will bring a boom in the economy of Rajasthan.

5. Structure of SEZ in Rajasthan:

The SEZs are constituted as departmental undertakings under Ministry of Commerce, Government of India. Each zone is headed by a Development Commissioner (DC), a civil servant, appointed by Central Government. The highest decision and policy making body is the concerned EPZ authority, which is headed by the Minister of State for Commerce in the Central Government. It includes the Secretaries of all concerned Central Ministries and the state government as members along with DCs of the SEZs.

The Authority meets periodically to undertake a review of the SEZ and co-ordinates inter departmental issues.

All approvals, licenses and other matters are dealt with by the concerned SEZ Board, which meets regularly under the Chairmanship of the Additional Secretary, Ministry of Commerce with representatives of concerned Ministries.

The responsibility for development, promotion and maintenance of SEZ rests with the Central Government in the Ministry of Commerce. The DCs have been delegated authority for the management of the zones including granting permission to functioning of the units. However, the State Governments provide support for power and water supply, public transport, approach roads, beside requisite social and economic infrastructure such as housing, schools, hospital, shopping centres and recreational facilities. Pollution clearance certification, approval of building plans, registration as small scale unit and grant of public utility status are other matters which fall under the purview of the States Governments. But there is no direct involvement of States Governments in the management of the zone.

The SEZs claim to provide a hassle free environment for day-to-day operation, which is their major strength. Procedures are relatively simple and transparent. As per the present guide line all activities of SEZ units within the Zone, unless otherwise specified, including export and re-import of goods shall be through self certification procedure. Assistant Commissioner of Custom is also available in the zone to ensure expeditious clearance of export and import cargo, as and when required. It not only facilitates sub-contracting and sales in the domestic tariff area but also takes care of other allied customs matters heads the custom wing.

Besides, SEZs have supportive staff for project evaluation and estate management. Zones also provide pre-establishment support for expediting statutory approvals and clearance required to be given by various state government authorities. The office of the Development Commissioner is intended to be 'one-stop shop' for this purpose.

The policy also offers various incentives and facilities to the units operating in the zones as well as to the developers of the zones.

In addition to developed infrastructure, various other facilities and incentives offered by the Central Government to attract investment in the zone are as under:

- Duty free import of capital goods, raw materials, consumables, components and spares, prototype drawings required for export production,
- Duty free procurement of capital goods, raw materials, consumable spares etc. from the domestic market,
- License not compulsory for import,
- Subcontracting of part of production permitted abroad,
- Exemption from customs supervision to the foreign trade cargo,
- Facility to realize and repatriate exports proceeds within 12 months,
- Re-export imported goods found defective, goods imported from foreign suppliers on loan basis without G.R. waiver under intimation to the zone customs,
- Facility to retain 100 percent of foreign exchange receipts in Export Earners Foreign Currency (EEFC) Account,
- 100 percent Foreign Direct Investment allowed through automatic route in manufacturing sectors with exceptions.
- Exempt from service tax, (subject to Export of Service Rules),
- Exemption from Central Excise, duty on goods brought from DTA to SEZs,
- Exemption from Central and States Sales Tax (to sales made from domestic tariff area to SEZ units),
- Facility to set up offshore banking units in SEZs,
- 100 percent FDI to SEZ Franchisee for providing basic telephone service in SEZs,
- External commercial borrowing done by SEZ units up to US \$ 500 million in a year without any maturity restrictions through authorized banking channels,
- Exemption from electricity duty,

- Market development subsidy is offered,
- Products manufactured and exported from the zone are exempted from export control order,
- For every unit in the zone the percentage of scrap and waste is fixed, and this can be disposed of in the DTA after payment of duties,
- Sale of 100 percent of production in the domestic market allowed against valid import licence,
- Packing credit facility for a period of 180 days without production of firm export order of Letter of Credit,
- Term Finance is offered at concessional rate of interest for fixed assets,
- Fully owned foreign companies can invest in the zone,
- There is not bar for investment in the zone even in the areas where foreign technical know-how and capital are barred for units in the DTA,
- Rebate on warfare charges at the port,
- POL products are made available at international prices,
- Subject to adjustment against the normal entitlement within one year, trial production is allowed for sale in Advanced Domestic Tariff Area,
- Suppliers from DTA are treated as deemed exports and they are eligible for various benefits,
- Capital goods from domestic, foreign leasing company can be sourced by SEZs,
- Imported and manufactured goods can be transferred internally,
- Debonding and one time conversion of EPCG scheme is permissible,
- Third party can be involved in the Exports,
- Private Bond houses can be set up in SEZ for stock and sale of duty free raw materials, components,
- SEZ units carrying out re-conditioning, repair and re-engineering activities for export in freely convertible foreign currency can be set up,
- 100 percent of export earnings at make market rate can be converted and there is no restriction on foreign share holding,
- Foreign capital along with appreciation if any after payment of taxes can be repatriated,
- Profits and Dividends can be remitted unrestrictedly,
- SEZ units can merge their income with DTA parent house for claiming Export House, Trading House, and Star Trading House Status,
- Procure goods from the DTA without payment of duty or import goods duty free for the development, operation and maintenance of SEZ,
- Full freedom in allocation of developed plots to approved SEZ units on purely commercial basis,
- Essential requirements like water, electricity, security are provided to all units in the zone on priority.

6. CONCLUSION:

It is seen that SEZs are a part of the new economic reforms ongoing in our state. Although the above description makes it very clear that SEZ in Rajasthan, the state with largest area has operational, notified and formal SEZ restricted only in five areas namely – Jaipur, Jodhpur, Alwar, Bikaner and Udaipur of the state. Amongst these Jaipur and Jodhpur have operational SEZ which are established in already existing industrially developed areas. Resulting in regional economic and social instability of the 33 districts, the SEZ units are established in such areas which are having an already developed infrastructure and employment opportunities.

The industrialist are provided with an infrastructure and subsidy for 10 years on Tax, Customs, Duties, Export Tax, Transport, etc. and are provided with 24 hours power backup. This is for providing them with opportunities and thus producing export oriented products like Handicrafts, Gems and Jewellery, IT, Multi-products, etc. SEZs have made an impact in terms of reduction in poverty and increase in growth rate. But on the negative side, there has been increase in pollution, crime and inequality even in state. Staggering inequalities and social evils that are existing now will get a tremendous boost. Speculation and real estate lobbies may be stronger. Trade unionism may be weakened resulting in labour inflexibility and denied of labour rights. Hence, enough precautions are needed before strengthening and extending the existing programme of SEZ.

7. SUGGESTIONS:

From the above description with special reference to distribution it is suggested that SEZ in Rajasthan should be located in economically or socially backward districts like Barmer, Banswara, Jalore, Jaisalmer, Dungarpur, Pratapgarh, etc. so that overall development of the state is possible giving economic and social stability in the state as a whole and in structure of SEZ the role of State Government should be increased because they are well acquainted

with the regional disparities and they can work more efficiently for the economic and social development of the state than the Central Government.

SEZs have been planned for regional development of the state for bringing more FDI keeping economic development by providing employment to the people of state without giving rise to social and economic instability in the state in particular.

Until unless more area is covered under SEZ more people are engaged in it and contribution in Rajasthan Economy is at large by SEZ than only they will be useful for the economic development of the state with the largest area.

ABBREVIATIONS :

SEZ	-	Special Economy Zone
EPZ	-	Export Processing Zone
FZ	-	Free Zone
IE	-	Industrial Estates
FTZ	-	Free Trade Zone
DC	-	Development Commissioner
BOA	-	Board of Approval
FDI	-	Foreign Direct Investment
EEFC	-	Export Earners Foreign Currency
IT	-	Information Technology
US	-	United State

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