

Industries & Commerce Department - Policy framework for Special Economic Zones (SEZs) in Andhra Pradesh - Orders issued

Industries & Commerce(INF) Department G.O.Ms.No.151

Dated : 09.04.2002

Read the following:

1. Letter No. F2(2)/10/2000-EPZ, dt. 26.9.2000 of Dy. Secretary, Ministry of Commerce & Industry (EPZ Section). Govt. of India.

Order:

- 1.** Government of India (GOI) have introduced guidelines for Special Economic Zones (SEZs) during March, 2000 by revising the Export-Import Framework 1997-2002.
- 2.** SEZs are specifically delineated enclaves treated as foreign territory for the purpose of industrial, service and trade operations, with relaxation in customs duties and a more liberal regime in respect of other levies, foreign investments and other transactions.
- 3.** It is proposed to remove the domestic restrictions and infrastructure inadequacies in the SEZs to create an internationally benchmarked environment for business transactions and operations. Government of India guidelines suggests that SEZs can be developed in public-private partnership or the joint sector domain or by State Governments themselves.
- 4.** The Government of Andhra Pradesh intends to exploit the SEZ concept for impacting the State's socio-economic fabric through industrial development and enhanced job opportunities.
- 5.** The development of Special Economic Zone(s) initiated by State Governments will primarily be led by Private Sector Investors and Developers to undertake international class and scale of infrastructure development. The SEZ Company will act as SEZ Managers in Designing, Planning, Financing, Building, Operating and Marketing the Zones to investors. The SEZ Company would endeavor to provide world-class utilities, social and municipal services.
- 6.** The Andhra Pradesh Industrial Infrastructure Corporation Limited (APIIC) designated to the Nodal Agency by the Government of Andhra Pradesh in respect of Special Economic Zone being developed at Achutapuram-Rainbilli Mandals of Visakhapatnam District and also for future SEZ developments in the State of Andhra Pradesh. APIIC will function as interim Development Commissioner of SEZs.
 - 7.1** APIIC has already taken the lead in developing the SEZ at Achutapuram and Rambilli Mandals, Visakhapatnam District as a public-private partnership.
 - 7.2** Government of India, vide their letter read above, have conveyed its "in principle" approval for setting up of this Special Economic Zone (SEZ)
- 8.** To facilitate speedy development of the SEZ at Achutapuram-Rambilli Mandals as a first step in the direction of establishing more SEZs in the State, Government of Andhra Pradesh has decided to formulate a SEZ Policy, with the background of Government of India guidelines for SEZs, to provide a comprehensive framework for establishment, operations and sustainability of SEZs in the State.
- 9.** After careful examination of various issues connected to SEZ development and implementation, the Policy for SEZs in the State, annexed to this order, is approved, subject to framework of SEZs determined by Government of India from time to time.

10. The concerned departments will issue necessary orders/amendments in this regard.

11. This order issues with the concurrence of Finance Department vide their U.O. Note
No. 1639/PFS/02, dt. 26-3-2002.

12. A copy of this order is available on the Internet and can be accessed at the address <http://apts.gov.in/apgos>.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

P.V. RAO,
CHIEF SECRETARY TO GOVERNMENT

To

The Commissioner of Industries, Hyderabad,
The Vice-Chairman & Managing Director, APIIC Limited
All Heads of Departments

All Collectors

All Departments in Secretariat

Copy to:

P.S. to Hon'ble Chief Minister

P.S. to Minister (Maj. Industries)

P.S. to Chief Secretary

Information Technology and Communication Department

Government of India, ministry of Commerce & Industry, Department of Commerce (EPZ
Section), Udyog Bhawan, New Delhi

SF/SC

ANNEXURE

**Annexure to G.O. Ms.No. 151, Inds & Comm. (IF) Department
Dated 9-4-2002**

Andhra Pradesh Special Economic Zone Policy

1. Preamble:

1.1 The Government of India have introduced the Special Economic Zones (SEZs) guidelines vide a revision in the Export-Import Framework 1997-2002

1.2 SEZs are specifically delineated enclaves treated as foreign territory for the purpose of industrial service and trade operation, with relaxation in customs duties and a more liberal regime in respect of other levies, foreign investments and other transactions, Domestic restrictions and infrastructure inadequacies would be removed in the SEZs to create an internationally benchmarked environment for business transactions and operations. Government of India guidelines suggests that SEZs can be developed in the public-private or joint sector domains, or by State Governments.

1.3 Special Economic Zone(s) development will primarily be led by Private Sector investors and Developers to undertake international class and scale infrastructure developments. These developers (herein after referred to as SEZ Company) will act as SEZ Managers in Designing, Planning, Financing, Building, Operating and Marketing the zones to investors. The SEZ Company would endeavor to provide world-class utilities, social and municipal services.

1.4 Government will facilitate creation of linkage and social infrastructure including telecom facilities, inter modal transport linkages (road, rail and air connectivity)

1.5 Andhra Pradesh Government intends to exploit the SEZ concept for impacting the State's socio-economic fabric through enhanced job opportunities and industrial development. Andhra Pradesh Industrial Infrastructure Corporation, APIIC Ltd. has already taken the lead in developing the SEZ at Achutapuram and Rambilli Mandals, Visakhapatnam Dist. As a public-private partnership.

1.6 APIIC is the nodal agency for the state of Andhra Pradesh for AP Special Economic Zones being developed at Atchutapuram and for other future SEZ developments in the State. APIIC will also perform as Interim Development Commissioner for the SEZs.

1.7 Development Commissioner: shall be deemed to be appropriate Development Authority for the notified area of SEZ.

1.8 With the background of GoI guidelines for SEZs, the State has decided to formulate the following SEZ Policy to provide a comprehensive framework for establishment, operations and sustainability of the Special Economic Zones in the State.

1.9 This Policy will have overbearing powers existing state policies on above issues. For issues and areas not covered by the SEZ Framework, the prevailing State Framework & legislation will be deemed to be in force.

Policy Framework:

2. Industries Department

2.1 Single Window Clearance : The Special Economic Zone will provide for a single Window Clearance for approvals and clearances for investors. This will be targeted for timely clearances using electronic formats on Electronic Data Interchange (EDI) platform.

a. Each Special Economic Zone will designate a Development Commissioner (DC). DC would be the Designated Authority representing State and Central Government and their agencies for all investments by SEZ Units for the Specific SEZ.

b. Single window for all agencies of GoAP including Power, water, Commercial Tax Department (sales tax, entertainment tax), Food & Drug Administration, Andhra Pradesh Pollution Control Board (APPCB), Industries & Commerce Department, Commissioner of Industries/District Industries Commissioner, Chief Inspector of Factories, State Labour Officer, Employment Exchange Officer (Apprenticeship Act etc.) District Fire Officer, AP Transco, Police Department (Foreigners' registration cell) available at SEZ etc. and other terms and agencies included from time to time by GoAP, Officials of above state departments and agencies will be nominated to DC's office to assist the DC on a need basis, at the discretion of the DC.

2.2 Simplified Business Working Environment : All procedures will have pre-laid guidelines and time lines for disposing off cases as well as approval with certification fees.

a. Self-certification will be enabled for all industries using empanelled private sector inspection agencies.

b. To the extent possible, regulation and governance on the SEZ shall rest with the DC. Physical inspections would be undertaken in accordance with schedule in consultation with DC.

c. Exemption for small scale industries and IT industries from registration.

d. SEZ Company will provide necessary infrastructure (building, office space and equipment) for DC and pay equitable amounts as salary and prerequisites to the DC's office staff through suitable escrow account.

2.3 Development Authority :

a) The Development Commissioner is deemed to be appropriate authority for the Industrial Development Area for the notified SEZ area.

b) Role of Development Commissioner

Regulation : To provide clearances under various statues and regulations of Government of India and State Government.

Facilitation : To facilitate clearances not granted within the SEZ and advise Government on issues requiring Framework amendments of clarifications.

Promotion : To undertake marketing of the zones alongwith private promoter.

3. Revenue Department :

3.1 50% exemption will be allowed on Stamp Duty, Registration Fee on transfer of lands meant for Industrial use in the Special Economic Zone area.

3.2 Complete exemption of stamp duty and registration fee for loan agreements, credit deeds, mortgages and hypothecation deeds executed by the SEZ Units for assets in the SEZ in favour of banks or financial institutions will also be allowed.

3.3 With due regard to the National Uniform floor rate policy and exemptions given to SEZs throughout the Country, the State Government proposes to extend the following exemptions to AP-SEZ, Achutapuram.

'Other state taxes including sales tax, VAT, luxury tax and entertainment tax and state duties on transactions within SEZ. Sale tax and other State Taxes on inputs (goods and services) made to SEZ units from Off Zone suppliers within the State.

A Consensus would also be attempted at National level for exemption being given to SEZs throughout the country.

4. Energy Department :

4.1 The State exempts Power in SEZ from Electricity Duty and Tax.

4.2 Captive Power will be allowed in SEZ. Government will take a view as to whether SEZ units will be given exemption from wheeling charges and grid protection charges levied on Captive Power.

4.3 The APSEZ will take necessary steps to make arrangements in respect of transmission, distribution and collection of bills"

5. Water Supply:

The SEZ Company will ensure the provision of adequate water supply within the SEZ.

6. Labour Department :

6.1 The State Govt. delegates power of Labour Commissioner to the DC.

6.2 State Govt. will also place an officer of Labour Department under the DC.

6.3 The State Govt. approves simplified submissions of reports by SEZ Units and created a Consolidated Annual Report System. Self-Certification is also approved.

6.4 Appropriate officials with DC will be designated as Inspectors, Conciliation Officers and Registration Officers under the labor laws to provide Single Window service.

6.5 For inspection relating to workers' health and safety, the State Government permits units to undertake inspection by accredited agencies notified by DC.

6.6 Summary of proposed simplifications under labour laws is given at Appendix-A.

7. Environment Department and Andhra Pradesh Pollution Control Board:

7.1 Development Commissioner will be notified as the appropriate authority to represent the APPCD, with regard to clearances for all SEZ Units. In respect of inspections pertaining to pollution control, these would be taken up by the Pollution Control Staff deputed to the Development Commissioner of SEZ.

7.2 SEZ does not require Environment Impact Assessment (EIA) approval.

7.3 Industrial Approvals:

7.3 (a) Non-Polluting Units : Approval will be based on SEZ EIA Master Plan. DC will provide Consent for Establishment and Operations.

7.3 (b) Polluting Units : SEZ Level Empowered Committee (with experts nominated by MoEF, APPCBO will assist DC in speedy approvals to polluting units. Such Units will approach Ministry of Environment and Forests, GoI and receive consent on EIA within 45 days.

7.4 Operating Framework for Industries :

- a.** Periodic Self Certification for all industries in the SEZ, assisted by private certification agencies. Random sampling monitoring by DC of Units for environmental management.
- b.** Afforestation : SEZ Level Empowered Committee may grant approvals for developments on specific pockets based on compensatory afforestation in line with guidelines established by SEZ Town Planning Authority.
- c.** No Development Zone : Government will consider establishing a no industrial development zone around the SEZ periphery, to extent possible as a green belt in order to avoid unplanned development.

8. Municipal Administration Department and Panchayat Raj Department :

8.1 The State Government will declare the SEZ as a local authority, which shall replace the existing Panchayats. Such local authority will be vested with all powers and shall carry out all functions in the existing provisions. The State Government may further declare this local authority as a Municipality.

8.2 SEZ land will be notified in line with the SEZ Master plan approved by DC. The SEZ Master Plan will be undertaken in accordance with international best practice in town planning and Environment and Social Management Planning norms. Town planning Authority (with nominees from State and SEZ Company) will be established for regulating land usage in SEZ.

9. Home Department :

The State govt. will process creation of State Police, Fire Services and Home Guard Structures for SEZ(s) for the maintenance of Law & Order.

10. Law Department :

Special territorial jurisdiction will be accorded to Special Courts as necessary in the SEZ, in consonance with High Court approvals. Prescribed court fee and suitable service fees may be notified for such courts.

11. Education Framework :

The State Gov. will facilitate development and augmentation of education and training facilities through suitable formats including private sector formats. The education policy for SEZ aims to proactively create highly skilled and managerial human resource bases in line with the needs and dynamics of international markets.

12. All other Policies of the State would remain in force for the SEZ, unless they are amended by the appropriate authority.

ANNEXURE A

Labour Framework for SEZ Amendments to

Industries Disputes Act, 1947.

Notified 100% EUs as Public Utility Services
Exemption from Sec 9A-Notice of Charge to SEZ Units
Development Commissioner delegated powers for Sec 25-M and 25-N
Development Commissioner and other senior officers notified as Conciliation Officers for SEZ.
Deletion in Chapter V.B (2 months advance period for Lay offs/ retrenchment) from Act.

2. Minimum Wages Act, 1948:

- a) Exemptions under Sec 18, 11 and 13
Sec 18 - Maintenance of Registers and Records.
Sec 13-Fixing hours for normal work days.
- b) Jurisdictional Labour Officer to be notified as Inspector under Minimum Wages Act.,
Payment of Bonus Act and Payment of Gratuity Act.

Simplification of Procedures : Changes by notification

3. AP Shops and Establishments Act, 1988

Suitable exemptions to make possible 365 days working for 24 hours in a day, provided suitable overtime allowance is paid.

4. Industrial Employment (Standing Orders) Act, 1946

Exemption from publication of working time, wage rate and shift working

5. Contract Labour Employment

Power of registering and Licensing delegated to jurisdictional Labour Officer

Sec. 31 presently allows exemption by State under emergency - amendment to empower appropriate Govt. to exempt establishments from Act without reference to Emergency.

6. Payment of Equal Remuneration, 1976:

Appointment of two State Officers to SEZ-DC to be designated as Authority and nominee to SEZ as Inspector for SEZ.

7. Trade Union Act, 1926

Exclude outsiders from becoming officer bearers of a Trade Union.
The Govt. has agreed that at least 30% of workmen employed be members of the recognized Trade Union.

8. Single Labour Authority

Factories Act, 1948 - issuing notification of labour officer in SEZ as Inspector and Chief Inspector of Factories for units in SEZ.

9. General Provisions

Introducing a provision in Factories Act for exempting Units located in an SEZ area or of a class of units from all or some provisions of the Act.

Enabling Chief Inspector of Factories to give approvals within 15 days for approval of plans, canteen and registration of Factories.

JAINDER SINGH
PRINCIPAL SECRETARY TO GOVERNMENT &
COMMISSIONER FOR INDUSTRIAL PROMOTION