



Business environment

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STEFY M M
DEPT OF COMMERCE
ACADEMIC YEAR 2020-2021

APPROVAL MECHANISM

Developer submit proposal to the state government

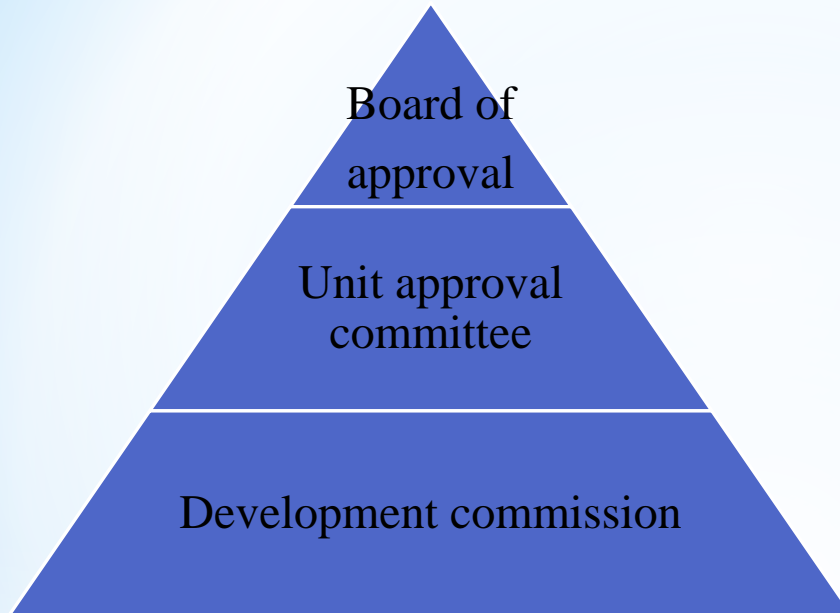


State govt if approves, forward it to Board Of Approval (BOA) With in 45 days

The Board of Approval constituted by central govt
All decision are taken in the BOA by consensus

- The applicant also has the option submits the proposal directly to the Board of Approval
- BOA has 19 Members

Three tier administrative set up



- Board of approvals are headed by the secretary, department of commerce.
- Approval committee deals with approval units in the SEZ
- Each zone is headed by Development commissioner who is ex-officio chairperson of the approval committee

Direct tax incentives

For first 5 years

- Unit operating from within the SEZ will be eligible for 100% tax exemption

For the next 5 years

- 50% tax exemption next 5 years

For the next 5 years

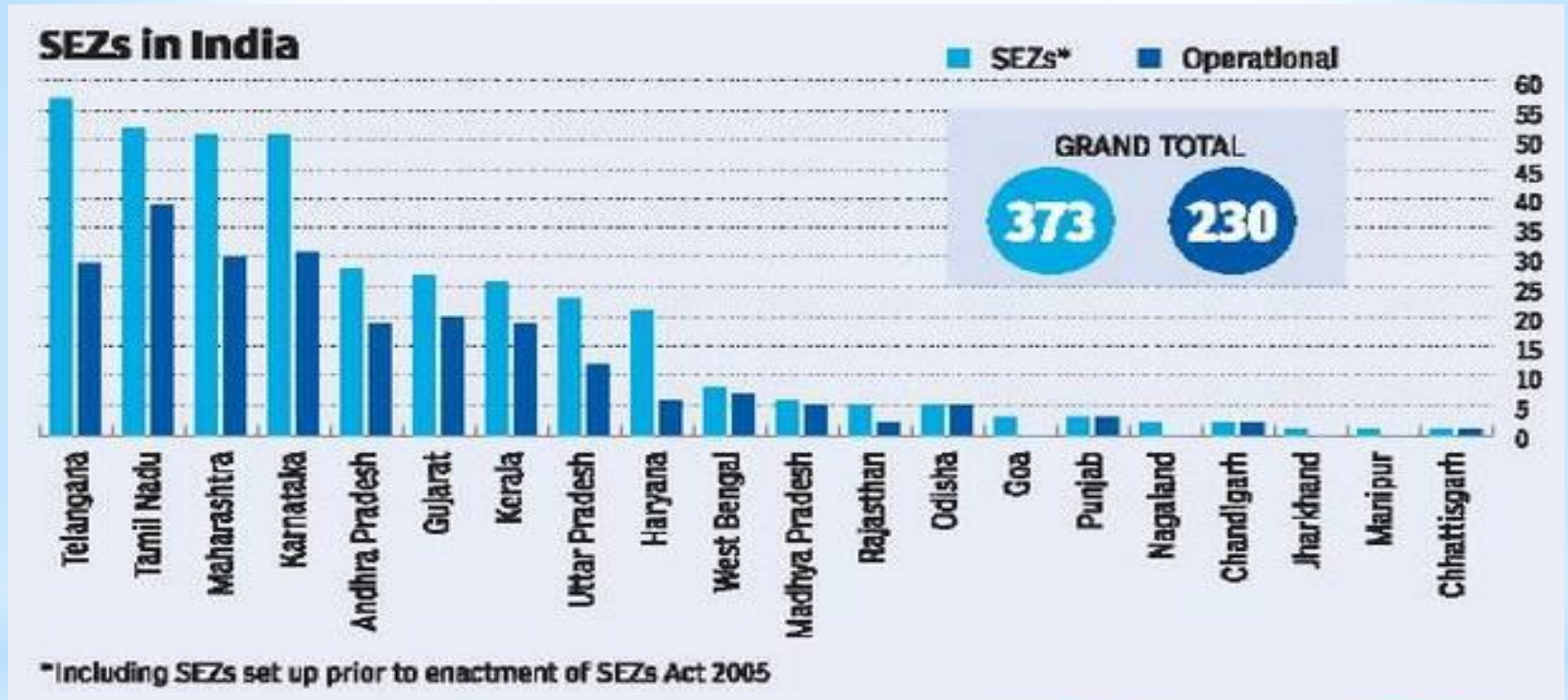
- Get 50% of the ploughed back export profit

- SEZ developers will get 100% income tax exemption for 10 years in the block period of 15 years
- However, exemption from DDT and MAT has been discontinued

Indirect tax incentives

- Exemption from **Basic Custom Duty (BCD)** and **IGST**
- Exemption from **excise duty** of capital good and raw materials
- Exemption from **Central Sales Tax (CST)** on inter- state purchases
- Exemptions of **service tax** on input services
- Supplies into SEZ are exempt from gst (Zero rated supply)

Current status of approvals for setting up of SEZ



India's economic reforms challenges and prospects

- * Rethinking on economic policy had begun in the early 1980s
- * Since 1980 was made possible by release of the **economy and liberalizing** many sector of the economy.
- * The policies of centralized planning, state intervention and trade protection were **replaced** by liberalization of trade , industrial de licensing, rationalization of taxes and easing of foreign investment norms
- * In 1990 had a noteworthy impact on Indian economy
- * **Industrial de licensing** provided flexibility to firms in investment decision. This led to flow of private investment
- * Total industrial investment in share of private investment is **56%** in 1980's to **75%** end of 1990's
- * Trade reforms lowered tariff & removed barriers on imports. This increased import competition of trade goods
- * Many sector were also opened up Foreign Direct Investment (FDI) & higher equity participation
- * The Indian firms permitted to access international capital markets
- * Telecom sector benefited from the entry of private players

Second Generation Reforms

- The high growth achieved in the mid 90's could not be sustained.
- The Second Generation Reforms would involve crucial structure, legislative & administrative changes in major sectors
- Following are the major second generation reforms :
 - ❖ Power sector reforms.
 - ❖ Provision of flexibility of entry and exist to firms
 - ❖ De-reservation of small scale sector .
 - ❖ Fiscal consolidation
 - ❖ Reducing tariff barriers to international level
 - ❖ Reducing unemployment and alleviation poverty
 - ❖ Bringing up human development

Thank you

By

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