

Procedure for Establishment of Special Economic Zone

¹⁰[3]. **Proposal for setting up of Special Economic Zone.** - Every proposal under sub-sections (2) to (4) of section 3 shall be made in Form 'A' and be submitted to the concerned Development Commissioner as specified in Annexure-III, who, within a period of fifteen days, shall forward it to the Board with his inspection report, State Government's recommendation ¹¹[, recommendation for National Security Clearance ¹²[, wherever necessary,] as per guidelines issued by the Ministry of Home Affairs] and other details specified under rule 7.]

¹³[3A]. **Proposal for approval as co-developer.** - The proposal under sub-section (11) of section 3 for providing infrastructural facilities in the Special Economic Zone shall be made in Form A1 to the concerned Development Commissioner, as specified in Annexure III, who, within a period of fifteen days, shall forward it to the Board with his recommendation;

4. Forwarding of proposal to Board. -

- (1) The State Government shall forward the proposals received under sub-sections (2) and (4) of section 3 to the Board of Approval (Deputy Secretary, Ministry of Commerce and Industry, Department of Commerce, Udyog Bhavan, New Delhi - 110011) ¹⁴[through the jurisdictional Development Commissioner concerned along] with its recommendations, within forty-five days of receipt of such proposal:

Provided that where the Board approves a proposal received under sub-section (3) of section 3, the person shall obtain concurrence of the State Government within six months from the date of such approval.

- (2) While forwarding a proposal under sub-rule (1), the State Government shall ensure that the requirements under rule 5 have been complied with and shall attach copies of relevant notifications issued by it in this regard.

¹⁰ Substituted vide Notification no. G.S.R.501(E), dated 14-6-2010

¹¹ Inserted vide Notification No. G.S.R. 909(E) dated 19-09-2018

¹² Inserted vide Notification No. G.S.R. 200(E) DATED 07-03-2019

¹³ Inserted vide Notification no. G.S.R.501(E), dated 14-6-2010

¹⁴ Substituted vide Notification No. G.S.R. 909(E) dated 19-09-2018 before it was read as "along "



5. Requirements for establishment of a Special Economic Zone. -

- (1) The Board may approve as such or modify and approve a proposal for establishment of a Special Economic Zone, in accordance with the provisions of sub-section (8) of section 3, subject to the requirements of minimum area of land and other terms and conditions indicated in sub-rule (2).

¹⁵(2) The requirements of minimum area of land for a class or classes of Special Economic Zone in terms of sub-section (8) of section 3 shall be the following, namely: -

- (a) A Special Economic Zone or Free Trade Warehousing Zone other than a Special Economic Zone for Information Technology or Information Technology enabled Services, Biotech or Health (other than hospital)] service, shall have a contiguous land area of fifty hectares or more:

Provided that in case a Special Economic Zone is proposed to be set up in the States of Assam, Meghalaya, Nagaland, Arunachal Pradesh, Mizoram, Manipur, Tripura, Himachal Pradesh, Uttarakhand, Sikkim, Goa or in a Union territory, the area shall be twenty-five hectares or more.

Provided further that, where a Special Economic Zone is exclusively set up for **manufacturing of semiconductors or electronic components**, the **contiguous land area shall be ten hectares or more.**^{15a}

Explanation. - For the purposes of this proviso, the electronic components include display module sub-assembly, camera module sub-assembly, battery sub-assembly, various types of other module sub-assemblies, printed circuit board, li-ion cells for batteries, mobile and information technology hardware components, hearables and wearables.^{15a}

- (b) There shall be no minimum land area requirement for setting up a Special Economic Zone for Information Technology or Information Technology enabled Services, Biotech or Health (other than hospital) service, but a minimum built up processing area requirement shall be applicable, based on the category of cities, as specified in the following Table, namely: -

TABLE

Sl. No.	Categories of Cities as per Annexure IV A	Minimum Built-up Area Requirement (Proposed)
(1)	(2)	(3)
1.	Category 'A'	50,000 sq.mts.
2.	Category 'B'	25,000 sq. mts.
3.	Category 'C'	15,000 sq. mts.

¹⁵ Substituted vide Notification G.S.R 940(E) dated 17-12-2019

^{15a} Inserted via G.S.R. 364(E), dated 14th June 2025 – Special Economic Zones (Amendment) Rules, 2025



- (a) The minimum processing area in any Special Economic Zone cannot be less than fifty per cent. of the total area of the Special Economic Zone.
- (b) All existing notified Special Economic Zone shall be deemed to be a multi-sector Special Economic Zone.

Explanation. – For the purpose of this clause, a “multi-sector Special Economic Zone” means a Special Economic Zone for more than one sector where Units may be setup for manufacture of goods falling in two or more sectors or rendering of services falling in two or more sectors or any combination thereof including trading and warehousing.”;

(3) The requirements of the minimum area of land for the Special Economic Zones. -

- (a) which had been, before the commencement of these rules, -
 - (i) recommended by the Board of Approval constituted by the notification of the Government of India, in the Ministry of Commerce and Industry (Department of Commerce) Number 14/1/2001-EPZ dated the 7th August, 2001; and
 - (ii) approved by the Central Government;
- (b) which had acquired or taken possession of the land required for setting up of the Special Economic Zones before the commencement of these rules; and
- (c) which are situated in any of the States mentioned under column (2) of the Annexure II to these rules, shall, for each sector under column (3) of the Annexure II, be such as mentioned in the corresponding entries under column (4) against each such sector situated in the State mentioned under column (2) of the said Annexure II.
- (4) The Developer or Co-Developer shall have at least twenty-six percent of the equity in the entity proposing to create business, residential or recreational facilities in a Special Economic Zone in case such development is proposed to be carried out through a separate entity or a special purpose vehicle being a company formed and registered under the Companies Act, 1956 (1 of 1956).
- (5) Before recommending any proposal for setting up of a Special Economic Zone, the State Government shall endeavor that the following are made available in the State to the proposed Special Economic Zone Units and Developer, namely: -



- (a) exemption from the State and local taxes, ¹⁶[State Goods and Services Tax,] levies and duties, including stamp duty, and taxes levied by local bodies on goods required for authorized operations by a Unit or Developer, and the goods sold by a Unit in the Domestic Tariff Area except the goods procured from domestic tariff area and sold as it is;
- (b) exemption from electricity duty or taxes on sale, of self-generated or purchased electric power for use in the processing area of a Special Economic Zone;
- ¹⁷[(c) allow generation, transmission and distribution of power within a Special Economic Zone];
- (d) providing water, electricity and such other services, as may be required by the developer be provided or caused to be provided;
- (e) Delegation of power to the Development Commissioner under the Industrial Disputes Act, 1947 (No. 14 of 1947) and other related Acts in relation to the Unit;
- (f) Delegation of power to the Development Commissioner under the Industrial Disputes Act, 1947 (No. 14 of 1947) in relation to the workmen employed by the developer.
- (g) Declaration of the Special Economic Zone as a Public Utility Service under the Industrial Disputes Act, 1947 (No.14 of 1947);
- (h) Providing single point clearance system to the Developer and unit under the State Acts and rules;
- (6) The State Government shall, while recommending a proposal for setting up of Special Economic Zone to the Board indicate whether the proposed area falls under reserved or ecologically fragile area as may be specified by the concerned authority;
- ¹⁸[(7) The Developer or Co-developer shall have to construct the minimum built up area specified in this rule within a period of ten years from the date of notification of the Special Economic Zone in which at least fifty percent of such area to be constructed within a period of five years from the date of such notification:
- ¹⁹Provided that the Board of Approval may, upon request in writing by the Developer, and after being satisfied that it is necessary and expedient to do so, grant extension beyond the said period of ten years for a further period of not exceeding one year, at a time, subject to maximum upto ten such extension.

¹⁶ Inserted vide Notification No. G.S.R. 909(E) dated 19-09-2018

¹⁷ Substituted vide Notification no. G.S.R.501(E), dated 14-6-2010

¹⁸ Inserted vide Notification no. G.S.R.501(E), dated 14-6-2010

¹⁹ Inserted vide Notification G.S.R 940(E) dated 17-12-2019



²⁰[(8) In case of a Special Economic Zone for Information Technology or Information Technology Enabled Services, letter of approval shall be issued by the Approval Committee for service, which can be broad-banded with Information Technology or Information Technology Enabled Services such as financial services, consultancy services, design services, architect services, commercial training or coaching services.]

²¹[**5A]. Infrastructure requirements relating to information technology, Bio-technology, Research and Development facilities, Fabless Semiconductor Industry and Electronic Manufacturing Services.** - In case of a Special Economic Zone relating to information technology, Bio-technology, Research and Development facilities, Fabless Semiconductor Industry and Electronic Manufacturing Services, the following facilities shall be ensured, namely: -

- (a) twenty-four hours uninterrupted power supply at stable frequency in the zone;
- (b) reliable connectivity for uninterrupted and secure data transmission;
- (c) provision for central air-conditioning system; and
- (d) a ready to use, furnished plug and pay facility for end users.]

6. Letter of Approval to the Developer. -

²²(1) The Central Government shall, within a period of thirty days of the communication received by it under clause (a) or clause (b) of sub-section (9) of section 3 of the Act grant following approvals: -

- (a) formal approval in the cases where land is in possession of the developer in Form-B to the person or the State Government concerned or in Form-C, if the approval is for providing infrastructure! facilities in the Special Economic Zone, incorporating additional conditions, if any, specified by the Board while approving the proposal;
- (b) in-principle approval in other cases in Form-B 1 to the person or the State Government concerned, incorporating additional conditions, if any, specified by the Board while approving the proposal,

(2) ²³[(a) The letter of approval of a Developer granted under clause (a) of sub- rule (1) shall be valid for a period of three years within which time at least one unit has commenced production and

²⁰ Inserted vide Notification G.S.R 940(E) dated 17-12-2019

²¹ Substituted vide G.S.R. 2(E) - Dated 26-12-2016

²² Substituted vide S.O.393(E) dated 16-3-2007

²³ Substituted vide Notification no. G.S.R.501(E), dated 14-6-2010



the Special Economic Zone become operational from the date of commencement of such production:

Provided that the Board may, on an application by the developer or the co-developer, as the case may be, for reasons to be recorded in writing extend the validity period:

Provided further that the Developer or Co-developer as the case may be, shall submit the application in **Form C1** to the concerned Development Commissioner as specified in Annexure III, who, within a period of fifteen days, shall forward it to the Board with his recommendations.]

²⁴[(aa) Where the Special Economic Zone becomes operational, the letter of approval granted under clause (a) shall be valid till the period of validity of notification of such Special Economic Zone;]

(b) The letter of approval of a Developer granted under clause(b)of sub-rule (1) shall be valid for a period of one year within which time, the Developer shall submit suitable proposal for formal approval in Form “A” as prescribed under the provisions of rule 3,:

²⁵Provided that the Board may, on an application by the developer, for reasons to be recorded in writing, extend the validity period:

Provided further that the Developer shall submit the application in Form C2 to the concerned Development Commissioner, as specified in Annexure III, who, within a period of fifteen days, shall forward it to the Board with his recommendations.]

²⁶**[6A]. Power of Central Government to review letter of approval.** - The Central Government may review the letter of approval granted under sub- rule (1) of rule 6 on the recommendation of the Board in the following circumstances, namely:

- (i) the Developer submits application in **Form C3** for change of the sector to the concerned Development Commissioner, as specified in Annexure III, who, within a period of fifteen days shall forward it to the Board with his recommendations:
- (ii) the Developer submits application in **Form C4** for increase in the area to the concerned Development Commissioner, as specified in Annexure III, who, within a period of fifteen days, shall forward it to the Board with his recommendations;

²⁴ Inserted vide Notification no. G.S.R.501(E), dated 14-6-2010

²⁵ Substituted vide Notification no. G.S.R.501(E), dated 14-6-2010

²⁶ Inserted vide Notification no. G.S.R.501(E), dated 14-6-2010



- (iii) the Developer submits application in **Form C5** for decrease in the area to the concerned Development Commissioner, as specified in Annexure III, who, within a period of fifteen days, shall forward it to the Board with his recommendations.]

7. Details to be furnished for issue of notification for declaration of an area as Special Economic Zone. -

- ²⁷(1) The Developer shall furnish to the Central Government, particulars required under sub-section (1) of section 4 with regard to the area referred to in sub-section (2) or sub-section (4) of section 3, (hereinafter referred to as identified area), with a certificate from the concerned State Government or its authorized agency stating that the developer(s) have legal possession and irrevocable rights to develop the said area as SEZ and that the said area is free from all encumbrances,

Provided that where the Developer has leasehold rights over the identified area, the lease shall be for a period not less than twenty years.

Provided further that the Board may relax the condition of encumbrance free area, in cases where the area is mortgaged or leased to the Central Government or State Government, or their authorized agency on mortgage or for lease, for reasons to be recorded in writing.^{27a}

- (2) The identified area shall be contiguous and vacant and it shall have no public thoroughfare ²⁸[xxxx].

(In sub-rule (2), the words, brackets and figures “subject to third proviso to clause (a) of sub-rule (2) of rule 5” shall be deleted vide F. No. 2/633/2006-SEZ dated 16/3/2007)

²⁹Provided that the Board may relax any or all of the conditions, except the condition regarding identified area to be a vacant land, specified in this sub-rule on a case to case basis on merits for reasons to be recorded in writing and with such conditions as the Board may decide.

8. Notification of Special Economic Zone. - After the submission of details as required under rule 7 and other details, if any, required by the Central Government and on acceptance of the conditions specified in the Letter of Approval, the Central Government shall notify the identified area as a Special Economic Zone under sub section (1) of section 4, if the area proposed for notification is not less than the minimum area prescribed under rule 5.

³⁰[Provided that the Central Government may, on the recommendation of the Board on the application made by the Developer, if it is satisfied,

²⁷ Substituted vide S.O 393(E) dated 16.03.2007

^{27a} Inserted via G.S.R. 364(E), dated 14.6. 2025 – Special Economic Zones (Amendment) Rules, 2025

²⁸ Omitted ibid

²⁹ Inserted ibid

³⁰ Inserted vide Notification no. G.S.R.501(E), dated 14-6-2010



modify, withdraw or rescind the notification of a Special Economic Zone issued under this rule:

Provided further that the Developer shall submit his application for withdrawal of notification in **Form C6** to the concerned Development Commissioner, as specified in Annexure III, who, within a period of fifteen days, shall forward it to the Board with his recommendations.]

- 9. Grant of Approval for Authorized Operations.** - The Developer shall ³¹[submit in **Form C7** to the Development Commissioner who within a period of fifteen days, shall forward it to the Board with his recommendations,] the details of operations proposed to be undertaken in the Special Economic Zone for obtaining authorization under sub-section (2) of section 4 at the time of seeking approval for setting up of Special Economic Zone or thereafter:

Provided that exemptions, drawbacks and concessions shall be available for the authorized operations as per the procedure specified in rule 12 after the Special Economic Zone had been notified under rule 8:

Provided further that the Developer of an existing Special Economic Zone shall submit to the Board the details of operations proposed to be undertaken in the Special Economic Zone for the purpose of availing exemptions, drawbacks and concessions.

- 10. Permission for procurement of items.** - The Approval Committee may permit goods and services to carry on the operations authorized under rule 9:

Provided that for the Special Economic Zones set up by the Central Government, the goods and services required for the authorized operations may be approved by the Board:

³²[Provided further that exemptions, drawbacks and concessions on the goods and services allowed to a Developer or Co-developer, as the case may be, shall also be available to the contractors including sub-contractors appointed by such Developer or Co-developer, and all the documents in such cases shall bear the name of the Developer or Co-developer along with the contractor or sub-contractor and these shall be filed jointly in the name of the Developer or Co-developer and the contractor or sub-contractor, as the case may be:

Provided also that the Developer or Co-developer, as the case may be, or the Special Economic Zone Unit shall be responsible and liable for proper utilization of such goods in all cases.]

³¹ Substituted ibid

³² substituted vide notification no. G.S.R.72(E).- dated 3-2-2009



11. Processing and non-processing area. -

³³[(1) The Development Commissioner shall demarcate the area and issue demarcation order under the provision of **section 6**, specifying the survey numbers and boundaries of area of the Special Economic Zone as specified in the notification issued under rule 8.]

³⁴[(2) The processing area and Free Trade and Warehousing Zone shall have specified entry and exit points and be fully secured by taking such measures as approved by the Board of Approval.]

³⁵[Provided that in case of a Special Economic Zone for information technology or information technology enabled services or electronic hardware or biotechnology, the Development Commissioner shall approve such measures and inform the ³⁶[Approval Committee] accordingly:

Provided further that in case the developer proposes to create two hundred and forty-centimeter-high wall with top sixty centimeter being barbed wire fencing and single entry and exit point, no separate approval shall be required under this sub-rule.]

(3) The Development Commissioner shall ensure compliance of the requirements of sub-rule (2).

³⁷[(4) The persons authorised by the Development Commissioner shall only be allowed to enter the processing area of a Special Economic Zone;]

(5) The land or built up space in the processing area or Free Trade and Warehousing Zone shall be given on lease only to the entrepreneurs holding a valid Letter of Approval issued under rule 19 and the lease period shall not be less than five years but notwithstanding any other condition in the lease deed, ³⁸[the lease rights would cease to exist in case of the expiry or cancellation of the Letter of Approval].

Provided that the Developer may, with the prior approval of the Approval Committee, grant on lease land or built up space, for creating facilities such as canteen, public telephone booths, first aid centres, crèche and such other facilities as may be required for the exclusive use of the Unit.

³³ Substituted vide Notification no. G.S.R.501(E), dated 14-6-2010

³⁴ Substituted vide S.O 393(E) dated 16.03.2007

³⁵ Inserted vide Notification no. G.S.R.501(E), dated 14-6-2010

³⁶ Substituted vide Notification No. G.S.R. 909(E) dated 19-09-2018 before it was read as "Board"

³⁷ Substituted vide notification no. G.S.R.72(E).- dated 3-2-2009

³⁸ Substituted vide S.O 393(E) dated 16.03.2007



- (6) The developer holding land on lease basis shall assign lease hold right to the entrepreneur holding valid Letter of Approval.
- (7) Any transfer by way of sub-lease or any other mode by the Developer shall be valid only if the same is made to a person holding a valid letter of approval issued by the Development Commissioner.
- (8) The Developer may allot land in the processing area on lease basis to a person desiring to create infrastructure facilities for use by the prospective Units.
- (9) The Developer shall not sell the land in a Special Economic Zone.

³⁹[(9A) The Developer shall ensure sufficient and adequate space, as per the applicable Central Public Works Department norms, for the Office of Development Commissioner and Customs Officers posted in the Special Economic Zone.]

- ⁴⁰[(10) No vacant land in the non-processing area shall be leased for business and social purposes such as educational institutions, hospitals, hotels, recreation and entertainment facilities, residential and business complexes, to any person except a co-developer approved by the Board:

Provided that the developer or co-developer may lease the completed infrastructure along with the vacant land appurtenant thereto for such purposes:

⁴¹[***]

⁴²[Provided also that the Developer or Co-Developer shall strive to provide adequate housing facilities not only for the management and office staff but also for the workers of the Special Economic Zones Units.]

- (11) The Special Economic Zone shall be deemed to be a port, airport, inland container depot, land customs station under section 7 of the Customs Act in accordance with the provisions of section 53 from the date notified in this behalf:

Provided that Specified Officer may designate any area or area(s) in the Special Economic Zone as an area for loading and unloading of import or export cargo:

Provided further that in case the said port, airport, inland container depot, land customs station area is to be used for

³⁹ Inserted vide Notification No. G.S.R. 909(E) dated 19-09-2018

⁴⁰ substituted with effect from 10-8-2006 vide notification no. 470(E).

⁴¹ Omitted vide GSR 5(E) - Dated 2-1-2015,

⁴² Inserted vide notification no. G.S.R.72(E).- dated 3-2-2009



loading and unloading of import or export cargo meant for Domestic Tariff Area importers and exporters also, storage for such cargo shall be in a separate enclosure and deliveries for such cargo shall be allowed by the Authorized Officer of the Special Economic Zone based on Bill of Entry, assessed by the Assistant or Deputy Commissioner of Customs having jurisdiction over the said Customs Station.

⁴³[Provided also that addition or inclusion of any land to an existing Special Economic Zone, where such land contains a port, manufacturing unit, or structures in which no commercial, industrial or economic activity is in progress, then such Special Economic Zone shall not be eligible for any duty benefits in respect of the pre-existing structures but any additions or up-gradations to such existing ports, manufacturing units, or structures after their addition or inclusion in a Special Economic Zone shall be eligible for the fiscal incentives as applicable for a new infrastructure in a Special Economic Zone and also the authorised operations being carried on in such infrastructure shall be eligible for benefits as provided for under the Special Economic Zone Act and rules.]

⁴⁴[(12) The Central Government may lay down guidelines for development, operation and maintenance of Special Economic Zones]

⁴⁵**[11A. Bifurcation of non-processing area:** The non-processing area can be bifurcated into two parts, namely:-

- (1) **Where the social or commercial infrastructure and other facilities are permitted to be used by both the Special Economic Zone and Domestic Tariff Area entities:** No exemptions, concessions or drawback shall be admissible for creation of such infrastructure. The Customs duty, Central Excise duty, ⁴⁶[Central Goods and Services Tax, Integrated Goods and Services Tax and State Goods and Services Tax] and such other Central levies and tax benefits already availed for creation of such infrastructure shall be refunded by the Developer in full, without interest. However, in cases of short payment of the amount refundable to the Government on account of dual use permission, interest will have to be paid at the rate of fifteen per cent per annum

⁴³ Inserted vide Notification No. GSR540(E) dated 12/08/2013.

⁴⁴ Inserted vide G.S.R. 562(E) - Dated 3-8-2009

⁴⁵ Inserted vide GSR 5(E) - Dated 2-1-2015

⁴⁶ Substituted vide Notification No. G.S.R. 909(E) dated 19-09-2018 before it was read as "Service Tax,"



from the day the said amount becomes payable to the date of actual payment. Utilisation of SEZ land shall be subject to following conditions:

- (a) the land is to be put to only such use which is as per the regulations of the concerned State Government or local bodies;
- (b) if any exemption or refund has been taken from State or local taxes like stamp duty ⁴⁷[State Goods and Services Tax], change of land uses, etc., the same shall be refunded back to State Government or local authorities and a certificate to this effect shall be produced from the concerned authorities;
- (c) No Objection Certificate (NOC) from the concerned State Government shall be produced before the consideration of the request by Board of Approval (BoA). State Government may issue No Objection Certificate (NOC) taking into consideration (a) and (b) above.

(2) **Where the social or commercial infrastructure and other facilities are permitted to be used only by Special Economic Zone entities:**

This portion shall be bonded and physically segregated from the Domestic Tariff Area, non-processing area, specified at (1) above and the processing area of the Special Economic Zone. The infrastructure, as may be approved by the Board, for this part of non processing area shall be eligible for exemptions, concessions and drawback.

(3) The Department of Commerce has provided the following norms with respect to areas to be earmarked for residential, commercial and other social facilities:-

- (a) The Developer or Co-developer shall submit an application in the format as specified by the Central Government to the Development Commissioner indicating therein the portion of the non-processing area where social or commercial infrastructure and other facilities are proposed to be used by both Special Economic Zone and Domestic Tariff Area entities and the said application shall be accompanied with a copy of the Infrastructure Plan and No Objection Certificate from the concerned State Government and supporting documents.
- (b) The Development Commissioner shall forward the said application to the Board of Approval (BoA) for approval.

⁴⁷ Inserted vide Notification No. G.S.R. 909(E) dated 19-09-2018



- (c) The area restrictions for duty paid dual use non processing area in the Special Economic Zones shall be as follows:
 - (i) Housing - not more than twenty-five per cent of non-processing area;
 - (ii) Commercial- not more than ten per cent of non-processing area;
 - (iii) Open area and circulation area-not less than forty-five per cent of non-processing area;
 - (iv) Social and institutional infrastructure including schools, colleges, socio-cultural centres, training institutes, banks, post office, etc., in the remaining area.
- (d) Floor Area Ratio or Floor Space Index shall conform to the norms of the concerned local authorities.
- (e) No sale shall be permitted of such duty paid dual use infrastructure in the non-processing area and only lease hold rights can devolve upon the users or transferees of the said dual use duty paid infrastructure in Non Processing Area of Special Economic Zones; and
- (f) Any other conditions as may be specified by the Department of Commerce or Board of Approval]

⁴⁸**[11B]. Non-processing areas for Information Technology or Information Technology Enabled Services Special Economic Zones: -**

- (1) Notwithstanding anything contained in rules, 5,11,11A or any other rule, the Board of Approval, on request of a Developer of an Information Technology or Information Technology Enabled Services Special Economic Zones, may, permit demarcation of a portion of the built-up area of an Information Technology or Information Technology Enabled Services Special Economic Zone as a non- processing area of the Information Technology or Information Technology Enabled Services Special Economic Zone to be called a non-processing area.
- (2) A Non-processing area may be used for setting up and operation of businesses engaged in Information Technology or Information Technology Enabled services, and at such terms and conditions as may be specified by the Board of Approval under sub-rule (1).
- (3) A Non-processing area shall consist of complete floor and part of a floor shall not be demarcated as a non-processing area.

⁴⁸ Inserted vide Notification No. G.S.R. 881(E) dated 06-12-2023



- (4) There shall be appropriate access control mechanisms for Special Economic Zone Unit and businesses engaged in Information Technology or Information Technology Enabled Services in non-processing areas of Information Technology or Information Technology Enabled Services Special Economic Zones, to ensure adequate screening of movement of persons as well as goods in and out of their premises.
- (5) Board of Approval shall permit demarcation of a non-processing area for a business engaged in Information Technology or Information Technology Enabled Services Special Economic Zone, only after repayment, without interest, by the Developer, -
 - (i) tax benefits attributable to the non-processing area, calculated as the benefits provided for the processing area of the Special Economic Zone, in proportion of the built up area of the non-processing area to the total built up area of the processing area of the Information Technology or Information Technology Enabled Services Special Economic Zone, as specified by the Central Government.
 - (ii) tax benefits already availed for creation of social or commercial infrastructure and other facilities fi proposed to be used by both the Information Technology or Information Technology Enabled Services Special Economic Zone Units and business engaged in Information Technology or Information Technology Enabled Services in non-processing area.
- (6) The amount to be repaid by Developer under sub-rule (5) shall be based on a certificate issued by a Chartered Engineer.
- (7) Demarcation of a non-processing area shall not be allowed if it results in decreasing the processing area to less than fifty per cent of the total area or less than the area specified in column (3) of the table below:

TABLE

Sl. No	Categories of Cities as per Annexure IV-A	Minimum built-up Processing Area
(1)	(2)	(3)
1.	Category 'A'	50,000 square meters
2.	Category 'B'	25,000 square meters
3.	Category 'C'	15,000 square meters



- (8) The businesses engaged in Information Technology or Information Technology Enabled Services Special Economic Zone in a non-processing area shall not avail any rights or facilities available to Special Economic Zone Units.
- (9) No tax benefits shall be available on operation and maintenance of common infrastructure and facilities of such an Information Technology or Information Technology Enabled Services Special Economic Zone.
- (10) The businesses engaged in Information Technology or Information Technology Enabled Services Special Economic Zone in a non-processing area shall be subject to provisions of all Central Acts and rules and orders made thereunder, as are applicable to any other entity operating in domestic tariff area.]

12. Import and procurement of goods by the Developer. -

- (1) The Developer may import or ⁴⁹[procure goods and services] from the Domestic Tariff Area, without payment of duty, taxes and cess for the authorized operations, subject to the provisions contained in sub-rule (2) to (8).
- (2) The Developer shall make an application, after obtaining approval for the authorized operation under rule 9, to the Development Commissioner along with the list of goods and services, including machinery, equipments and construction materials required for the authorized operations, duly certified by a Chartered Engineer for approval by the Approval Committee.
- (3) The Developer shall declare the place of storage of goods within the Special Economic Zone to the Specified Officer:

Provided that in case the storage is outside the processing area but within the Special Economic Zone, such storage shall comply with such safeguards as may be necessary for the purpose and approved by the Specified Officer.
- (4) The goods imported or procured from the Domestic Tariff Area by the Developer for authorized operations shall be kept in a clearly demarcated area for inspection by the authorized officer before such goods are brought into use.
- (5) The Developer shall execute a Bond-cum-Legal Undertaking in Form D, jointly with the Development Commissioner and Specified Officer, with regard to proper accountal and utilization of goods for the authorized operations within a period of one year or such period, as may be extended by the Specified Officer.

⁴⁹ Substituted vide Notification no. G.S.R.501(E), dated 14-6-2010



- (6) The Developer shall maintain a proper account of the import or procurement, consumption and utilization of goods ⁵⁰[and services] and submit quarterly and half-yearly returns to the Development Commissioner in Form E for placing the same before the Approval Committee for consideration.
- (7) The Developer shall submit a half-yearly certificate for the period ending 31st March and 30th September of every financial year regarding utilization of [goods and services from an Independent Chartered Engineer or Independent Chartered Accountant or Cost Accountant as the case may be], other than the one who has given a certificate for the purpose of sub-rule (2), to Development Commissioner and Specified Officer and every certificate under this sub rule shall be filed within thirty days of the period specified, as the case may be.
- (8) The Developer shall not remove goods from the Special Economic Zone to the Domestic Tariff Area except with the permission of the Specified Officer and on payment of duty applicable on such goods.
13. A Developer may export or transfer capital goods and spares including construction equipment that have become obsolete or surplus to another Developer, or Unit after obtaining the approval of the Specified Officer.
- 14. Procedure applicable on import or procurement of goods and services, their admission, and clearance of goods.** - The procedures applicable to Units on import or procurement of goods and services, their admission, clearance of goods, shall apply, mutatis-mutandis, to the Developer, except that in case of a Developer, goods imported or procured from Domestic Tariff Area shall be allowed to be moved or utilized for the purposes of authorized operations in the non-processing area of Special Economic Zone as well.
- 15. Monitoring.** - The utilization of the goods imported or procured from the Domestic Tariff Area by the Developer shall be monitored by the Approval Committee.
- 16. Transfer of Letter of Approval of Developer.** - The relevant provisions of section 3, and these rules, as far as may be, apply for transfer of Letter of Approval of a Developer under clause (a) of sub-section (9) of section 10.

⁵⁰ Inserted vide Notification No. G.S.R. 909(E) dated 19-09-2018

