

## **Easing of Rules sees Some Revival of Interest in SEZs**

Special Economic Zone developers have started taking advantage of the recent relaxation in minimum area norms with three applications for setting up new zones coming in this month and single sector zones applying for change in status to multi-product zones.

But, requests for withdrawal of approvals and de-notification of zones continue unabated as developers say that the Government's refusal to revoke or reduce the Minimum Alternative Tax and Dividend Distribution Tax imposed on SEZs was making operations unviable.

The three new applications for zones include one for a multi-product zone by Adani Ports in Mundra District, Gujarat, an IT/ITES SEZ by Transcendent Developers in Pune and an Electronics/ITES SEZ by iGate Global in Navi Mumbai.

“After receiving just one new application over the last 12 months, we have received three applications for new zones at one go this month. However, the number of requests for denotification of zones indicates that sentiments have not improved,” a Commerce Department official told Business Line.

The applications will be taken up by the Board of Approval for SEZs in its meeting scheduled on August 30.

The Government, on August 12, relaxed SEZ rules by reducing the minimum area requirement for zones across the board and easing exit norms. There was, however, no change in rules related to MAT of 18.5 per cent and Dividend Distribution Tax of 15 per cent imposed on developers and units three years back.

Discouraged by no changes in the taxation policy for SEZs, as many as seven developers, including a multi-product zone in Pune by Khed Economic Infrastructure, and sector-specific SEZs by Suncity Haryana in Gurgaon, Uttam Galva Steel in Raipur and Vatika Jaipur SEZ near Jaipur, have asked for denotification of their zones. Khed Economic Infrastructure, in its submission, said that it was forced to give up its multi-product zone “due to poor demand for plots in SEZs, adverse impact of MAT and DDT”.

Claridges SEZ Developers, too, has applied for withdrawal of its approval for multi-services SEZ in Raigar due to “changed economic scenario and imposition of MAT and DDT”.

“We are aware that MAT has to come down for a revival of interest in SEZs. The Commerce and Industry Ministry is continuing its talks with the Finance Ministry on the issue,” the official added.

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