Vijay Kalantri, Chairman, MVIRDC, World Trade Centre

Reform SEZ Policy: India’s exports from Special Economic Zones (SEZs) has grown from $69 billion in 2010-11 to $100 billion by 2019-20. But a large part of this growth is led by services exports. Today, services (namely IT and ITeS) contribute 57 percent to the overall exports from SEZs. There is a need to attract manufacturing investment in our SEZs and promote export of manufactured goods by addressing some of the policy constraints in this sector. Waive NFE condition: These manufacturers will grow exports while achieving early Break Even point through DTA Supplies. The SEZs and Free Trade Warehousing Zones (FTWZ) are best placed to attract these Overseas Units because of ready infrastructure and land availability. The SEZ policy must be delinked from Net Foreign Exchange (NFE) requirement. This condition has already been challenged in the WTO as it makes the SEZ Upfront Indirect tax remissions as being an Export Linked Incentive. Adopt “Duty foregone Principle”: Under the current SEZ policy, supply from SEZs to DTA is considered as import and hence it is subject to customs duty. Supplies made from the SEZs into the DTA must be charged to duty only on the “Duty foregone Principle” and not on the entire value of the product supplied which also includes local Value addition.