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SEZs were intended to stimulate production for export, facilitate FDI and transfer of technology - but currently focus more on employment generation, economic growth, and regional development. Comment.

The main objective of SEZ's here is to create employment and bring in investments in manufacturing and services. Today nearly 70 per cent of SEZ experts are IT related. Large scale employment can only be generated in the manufacturing sector. We need to get more manufacturing units in to SEZ's. After introduction of MAT, SEZ enquiries have fallen by more than 50 per cent and are causing uncertainty. Furthermore, SEZ's also need to build new infrastructure instead of consuming existing Govt. Infrastructure

The imposition of Minimum Alternative Tax (MAT) and Dividend Distribution Tax (DDT) has led to SEZs losing their sheen. Comment.

The Minimum Alternate Tax (MAT) which has halted the development of SEZs and left the IT/ITES companies in the country grappling with higher taxes that has not been removed. The industry had anticipated issues like GST (Goods and Services Tax), Exemption from Capital Gains tax, implementation of DTC and FDI in multi brand retail to be resolved but it was not the case. There is no major impact for us at this point of time as we are already an operational SEZ and it would apply to SEZ's who are not operational before the year 2014.

It is expected that new set of guidelines are to be announced to make the SEZ policy more buoyant. Do you have any policy suggestions?

Some of the suggestions that I can point are:

- Large multiproduct SEZs that invest in creating new infrastructure must be given a stable policy window of a minimum of 10 years so that they are not

'India must urgently address gaps in the SEZ policy'

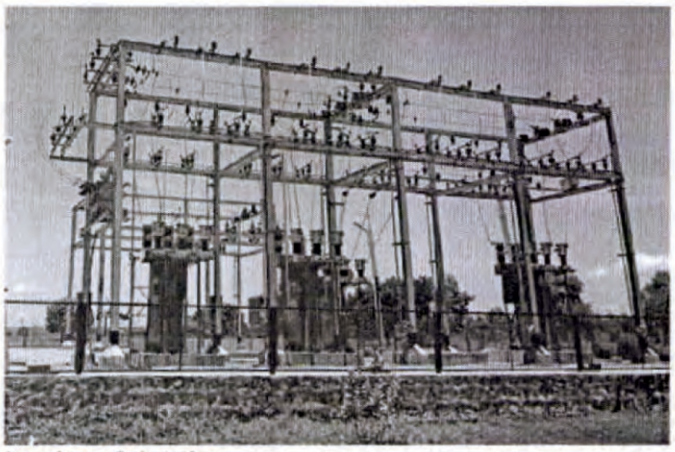
Sri City is one of South India's largest emerging world class integrated business city with an SEZ, DTZ and FTWZ - it is built on the concept of work-life-learn-play. Sri City is spread across 10,000 acres near Tada in Andhra Pradesh.

Ravindra Sannareddy, Co-Founder & Managing Director - Sri City (P) Ltd told **Sandeep Menezes** that SEZ's need to build new infrastructure instead of consuming existing government infrastructure.

Water treatment plant at Sri City

Solar Lights

Road in SEZ



Irugulam - Substation

The purpose of having townships in an SEZ is to have facilities such that people do not have to commute large distances to go to work or wives have similar problems when going to a dentist or a doctor. Being near to the SEZ with such facilities will ensure hassle free atmosphere.

Land acquisition is difficult and getting huge land in one location is tougher. Going ahead, do you suggest a clear policy on land acquisition?

Due to their catalytic role in promoting economic growth, SEZs must be considered as national enterprises and treated accordingly. The recent proposal by the Commerce Ministry to reduce the minimum area for multi product SEZ's from 1000 hectares to 250 hectares and multi-service/sector specific from 100 hectares to 40 hectares is a welcome decision and this will reduce the problem drastically. Contiguous land acquisition will remain a problem as the land availability of such land is very rare unless the SEZ is located in the tier II or tier III areas.

What is your long term vision for Sri City? How do you plan to achieve this vision?

Our vision is to build a world class business city where people can work/Live/Learn/Play and do not have to commute large distances everyday. Our mission is also to develop a vibrant township where almost everything is easily available to residents. ■

Cherivi - Substation

Truck Road

crippled while still learning to walk. The stability must be extended to units entering the SEZ so that they are also not affected by changes to policy

- Better support and encouragement must be provided for the development of manufacturing industries
- It must be ensured that fiscal reforms like the proposed Direct Tax Code will not adversely affect industrial development and growth
- Minimum standards for infrastructure development must be defined. Environmentally sensitive systems for waste collection, recycling, and disposal must be encouraged
- SEZ projects that generate employment and bring development to underdeveloped rural regions must be better incentivized than those that seek the advantage of being present in a developed region
- Notified SEZs must be given adequate support by all relevant government departments, and high quality infrastructure must be provided up to the periphery of the SEZ

Going forward, how do you foresee SEZ sector evolving?

India is at a critical crossroads as far as its manufacturing sector is concerned. Our capabilities have been demonstrated by the success of many multinationals that have set up facilities in India. We must urgently address the gaps in the SEZ policy to encourage, incentivize and support the growth of the manufacturing sector.

We must use the SEZ policy as a potent tool to offer these companies a strategic and sustainable competitive advantage by investing in India. Ultimately, we must focus on reinvesting the benefits of growth to create world class infrastructure and facilities throughout the country so that location choices need not be confined to industrial enclaves, except maybe to extract cluster benefits and leverage economies of scale. Eventually, that should determine the success of our SEZ policy.

Do you favour large planned townships vis-à-vis scattered (small spread out growth) development?

Customs Checkpost

Sewage treatment plant