

Proposing of Special Economic Zone in Region: A Case of Wagah Border

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Abstract - Special Economic Zones (SEZ's) are the most discussed and disputed topics in India. It is one of the export promotion schemes of the Government of India. India was one of the first in Asia to recognize the effectiveness of the Export Processing Zone (EPZ) model in promoting exports, with Asia's first EPZ set up in Kandla, Gujarat in 1965. With a view to overcome the shortcomings experienced in the EPZ format, a Special Economic Zones (SEZs) Policy was announced in April 2000. SEZ are the instrument of export promotion, earners of foreign exchange, simulator of employment. SEZs can be defined as a geographically delimited area which is physically secured, has single window clearance system, less complicated administration unit and duty free environment. For the integrated Development Special Economic Zone considered as a 'catalyst' and to study tools for delineation of SEZ. SEZ units are self-contained and integrated having their own infrastructure and support services. Any private, public, joint sector or state government can set up SEZ. This topic will focus on providing an SEZ at the Wagah Border which is of immense significance to the nation's economic activities.

Key Words: Special Economic Zone (SEZ), SEZ Development, Export Promotion

1. INTRODUCTION

The Special Economic Zone (SEZ) policy in India first came into inception on April 1, 2000. The prime objective was to enhance foreign investment and provide an internationally competitive and hassle free environment for exports. The idea was to promote exports from the country and realizing the need that level playing field must be made available to the domestic enterprises and manufacturers to be competitive globally.

Legislation has been passed permitting SEZs to offer tax breaks to foreign investors. Over half a decade has passed since its inception, but the SEZ Bill has certain drawbacks due to the omission of key provisions that would have relaxed rigid labour rules.

A special economic zone (SEZ) is an area in which the business and trade laws are different from the rest of the country. SEZs are located within a country's national borders, and their aims include increased trade balance, employment, increased investment, job creation and effective administration. To encourage businesses to set up in the zone, financial policies are introduced.

1.1 Objectives of SEZs

The objective behind an SEZ is to enhance foreign investment, increase exports, create jobs and promote regional development. To put in the government's own words, the main objectives of the SEZs are:

- Generation of additional economic activity;
- Promotion of exports of goods and services;
- Promotion of investment from domestic and foreign sources;
- Creation of employment opportunities;

1.2 Salient features of an SEZ

- SEZs are specifically delineated duty-free enclaves and are deemed to be foreign territory for the purposes of trade operations, duties and tariffs

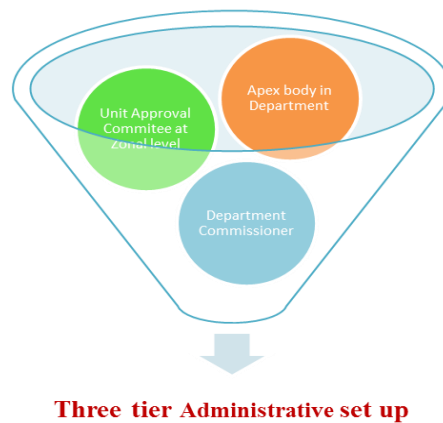
- The principal goal is to increase foreign investment.
- No licence required for import.
- 100%FDI in the investment in the manufacturing sector allowed, except few sectors.

1.3 Salient features of an SEZ

The incentives for developers of SEZs include

- Exemption from duties on import/procurement of goods for the development, operation and maintenance of SEZs.
- Income tax exemption for a block of 10 years in 15 years.
- Exemption from Service Tax
- FDI to develop townships within SEZs with residential, educational, health-care and recreational facilities permitted on a case-by-case basis.

1.4 SEZs is governed by a three tier administrative set up



1.5 Provisions of the SEZ rules

- Different minimum land requirement for different class of SEZs;
- Every SEZ is divided into a processing area where alone the SEZ units would come up and the non-processing area where the supporting infrastructure is to be created;
- Simplified procedures for development, operation and maintenance of the Special Economic Zones and for setting up units and conducting business in SEZs;
- Single window clearance for setting up of an SEZ;
- Single window clearance for setting up a unit in a Special Economic Zones;
- Single window clearance for matters relating to Central as well as State Governments;
- Simplified compliance procedures and documentation with an emphasis on self certification.

1.6 Who can set up an SEZ and what requirements are there?

- An SEZ can be set up jointly or individually the Central Government, a state government or any other body, including a foreign company, for the purpose of
 1. Manufacturing goods,
 2. Rendering services,
 3. For both of these reasons or
 4. As a Free Trade and Warehousing Zone (FTWZ).

- The SEZ Rules specify the minimum land area that is required for setting up an SEZ in general.

Table-1: Minimum Contiguous Area Requirements for Certain Types of SEZs

Types of SEZ	Hectares
Multi-product	1,000 or more
Sector-specific or in one or more services or a port or an airport	100 or more
Sector-specific: electronic hardware or software, IT, gems and jewellery, bio-technology, non-conventional energy, including solar energy equipment and solar cells	10 or more
Free Trade and Warehousing Zone	40 or more

2. Aim

To establish Special Economic Zone for Development of Region: The case of Wagah Border Punjab.

3. Study Area Profile

Attari, also spelled Atari, Punjabi: is a village of Amritsar district in the Punjab state of India, 3 km from the Indo-Pakistani border at Wagah. It is situated 25 km west of the Sikh holy city of Amritsar, and is the last Indian station on the rail route connecting Lahore, Pakistan with the Indian capital Delhi. Attari village was the native village of Sardar Sham Singh Attariwala, one of the generals in the Army of Maharaja Ranjit Singh.

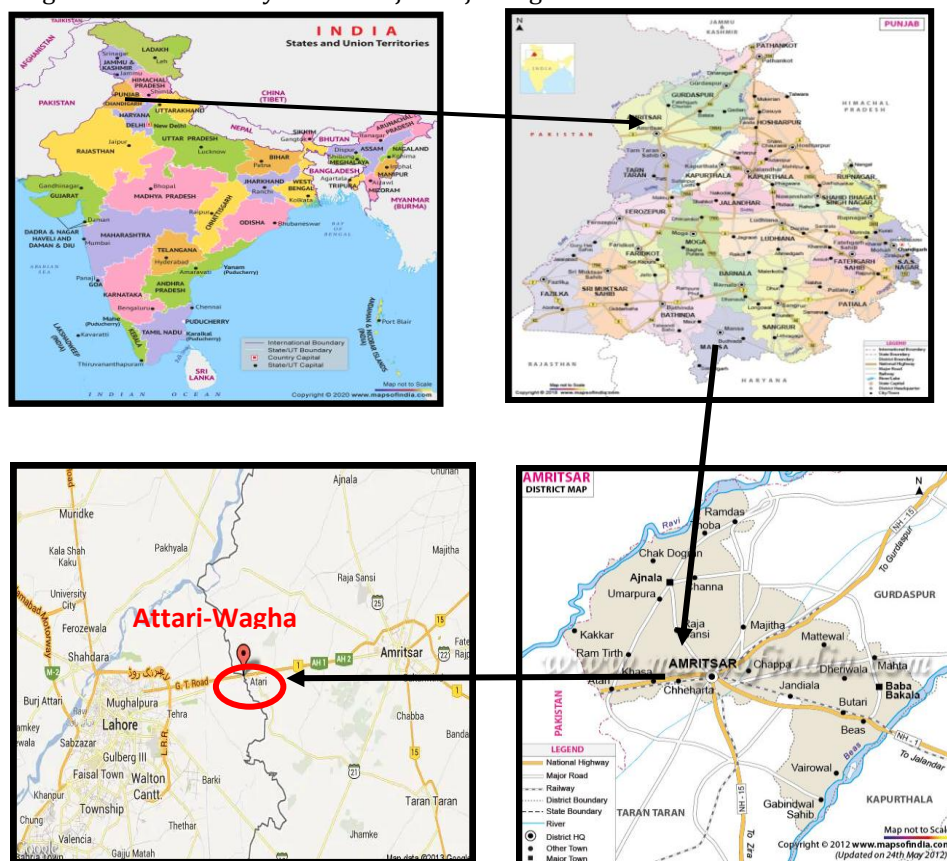


Fig -1: Location of Study Area

4. Data collection

4.1 Transit trade with Pakistan

Pakistan allows the imports of only 138 items from India through road route of ICP Attari India . There is no restriction by Pakistan for imports from India by rail route at Attari except the items on negative list however India allows imports of all items from Pakistan through road route of ICP Attari except the items which are in the negative list.

The Trade statistics with number of cargo vehicles is as given below:

Table-2: Trade Statistic of ICP Attari

Year	Trade			No of Vehicles			Passengers		
	Import (Rs. Cr.)	Export (Rs. Cr.)	Total	Import	Export	Total	Incoming	Outcoming	Total
2012-13	1748	3052	4800	34365	41747	76112	39229	37513	76742
2013-14	2053.7	3390.02	5443.72	39365	46039	85404	43402	42053	85455
2014-15	2367.94	2117.44	4485.38	46653	33067	79720	54559	51213	105772
2015-16	2414.08	1328.14	3742.22	39823	14580	54403	49987	50734	100721
2016-17	2907.36	1063.63	3970.99	46085	14224	60309	37476	37442	74918
2017-18	3403.36	744.20	4148.15	44890	3303	48193	37609	42705	80314
2018-19	3627.49	726.82	4354.0	46486	2978	49284	37032	40386	77418
2019-20	369.82	162.02	531.84	782	562	1294	7293	6029	13322

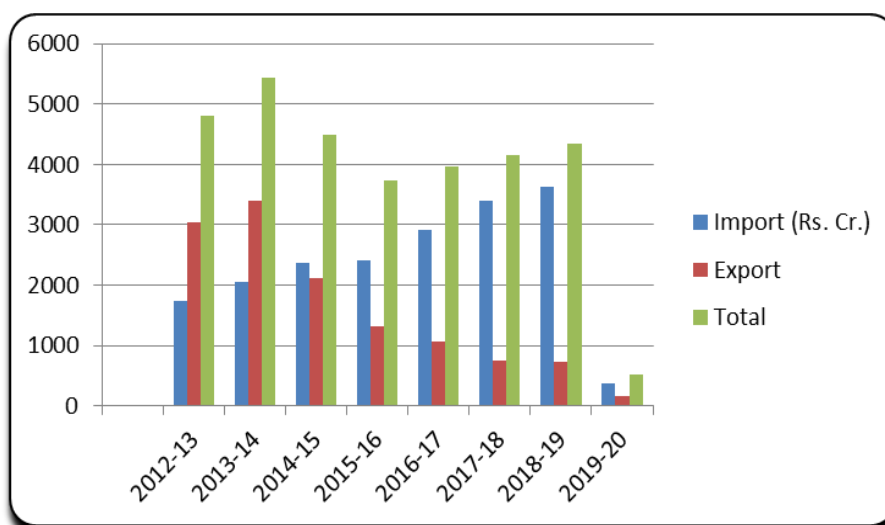


Fig-2 Graph of Import Export between India Pakistan

4.2 Transit trade with Afghanistan

Afghanistan origin goods are imported into India and cleared at ICP Attari. Afghanistan being a land locked Country, these goods transit over land through Pakistan. However Pakistan doesn't provide transit over land through its territory to goods imported by Afghanistan through ICP Attari .

4.3 Major Items of Export

- Soya Bean
- Chicken Feed
- Vegetables
- Red Chillies
- Cotton
- Biscuits
- Newsprint
- Plastic Granules
- Fresh mutton

4.4 Major Items of Import

- Gypsum
- Cement
- POP(Plaster of Paris)
- Caustic Soda Flake/Liquid
- Glass
- Soda Ash
- Dry Fruits
- Dry Dates

4.5 Passengers

Most of the passengers using ICP, Attari for crossing the border are citizens from India and Pakistan. The main purpose for their visit being Business, Medical, Religious and Tourism. Third country nationals also use this facility for entry into India or exit from India. The number of passengers crossing the border in either direction at Attari is as given below:

Table-3: Passenger Statistic Data

Year	Incoming	Outgoing	Total
2013-14	43402	42053	85455
2014-15	54559	51213	105772
2015-16	49987	50734	100721
2016-17	37476	37442	74918
2017-18	37609	42705	80314
2018-19	37032	40386	77418
2019-20	7293	6029	13322

5. Recommendation

- Provide proper transportation infrastructure for the trade activity.
- Increase number of gates for the trade activity.
- Provide more warehouse, cold storage and wagons.
- Improve cargo facilities.

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