

# Special Economic Zone

Meaning, features & examples

A Special Economic Zone (SEZ) is a specifically delineated geographical area within a country that is subject to **unique economic regulations** and policies different from those applied to the rest of the country. The purpose of establishing SEZs is to attract domestic and foreign investment, boost economic growth, promote exports, create employment opportunities, and facilitate infrastructure development in designated areas.

“Special Economic Zones” are a **policy-enabled** type of industrial parks, where **liberalized** and often **experimental business policies** and reforms are introduced to complement the park’s infrastructure offering.

# Key features

1. **Customs and Tax Incentives:** SEZs typically offer exemptions or reductions in customs duties, taxes, and tariffs on imported goods and materials used for production within the zone. This incentivizes businesses to operate within the SEZ.
2. **Regulatory Flexibility:** SEZs often have streamlined regulatory procedures, simplified customs clearance processes, and reduced bureaucratic hurdles. This allows businesses to operate more efficiently and with less administrative burden.
3. **Infrastructure Development:** SEZs focus on developing world-class infrastructure such as transportation facilities (roads, ports, airports), power supply, telecommunications, and industrial infrastructure (factories, warehouses). This infrastructure supports businesses and enhances productivity.

**4. Export Promotion:** SEZs are designed to promote exports by providing incentives such as duty-free access to international markets, export-processing facilities, and export-oriented manufacturing incentives. This helps businesses in SEZs compete globally.

**5. Investment Incentives:** SEZs offer various investment incentives such as subsidized land and utility costs, financial incentives (e.g., grants, subsidies, low-interest loans), and support services (e.g., training programs, marketing assistance) to attract domestic and foreign investors.

**6. Job Creation:** SEZs aim to create employment opportunities by attracting businesses that require a skilled workforce. They often collaborate with educational institutions to provide training and skill development programs tailored to the needs of industries in the zone.

**7. Technology and Innovation:** SEZs encourage technology transfer, innovation, and research and development activities by providing a conducive environment for collaboration between businesses, research institutions, and universities. This fosters technological advancement and competitiveness.

**8. Environmental Sustainability:** Many SEZs prioritize environmental sustainability by implementing green technologies, waste management systems, and eco-friendly practices. They may also have regulations and incentives for businesses to adopt sustainable practices.

**9. Zone Management Authority:** SEZs are typically managed by a dedicated authority or agency responsible for overseeing operations, enforcing regulations, providing support services to businesses, and promoting the zone domestically and internationally. (Industrial Area Development Authority)

<https://biada1.bihar.gov.in/AboutBaida.aspx>

**10. Integration with Global Value Chains (GVC):** SEZs aim to integrate into global value chains (Pre-production, production, post-production) by attracting multinational companies, fostering partnerships with foreign firms, promoting exports, and facilitating international trade and investment flows.

<https://www.india.gov.in/topics/commerce/sezs>

<https://gidc.gujarat.gov.in/pdf/June%202022%20GIDC%20Sanand%20Industrial%20Estate.pdf>