

## 1.0 OVERVIEW OF SEZ:

Special Economic Zone (SEZ) is a demarcated area with good infrastructure and exempted from all taxes and duties to enable manufacturing and trade in a hassle free environment for export production. Government of India announced the concept of SEZs in 2000. Any Company (private / public / Joint sector) or State Government or its agencies can set up SEZ. Foreign Companies can also set up SEZs. Govt. of India enacted SEZ Act 2005 and notified SEZ Rules on 10.2.2006.

## 2.0 Objectives:

### a) Central SEZ Act:

- Generation of economic activity
- Promotion of exports of goods and services
- Promotion of investment (FDI & domestic)
- Creation of employment opportunities
- Development of infrastructure facilities

### b) State SEZ policy:

To instill confidence in investors & signal the Government's commitment to a stable policy regime

### Processing & Non-processing Area

Areas falling within the SEZs will be demarcated as Processing & Non-processing Area.

- Processing Area - Area for setting up units for activities, being the manufacture of goods, or rendering services.
- Non-processing Area - Area for activities other than specified in processing area like Housing/Service apartments, Shopping Arcade, Multiplex, Hospitals, Schools, Hotel, Play ground, Recreational facilities, Swimming pool etc.

### Land requirement for SEZs:

100% of land has to be acquired by consent basis only and there should be no compulsory acquisition of land. R & R Policy has to be implemented as per Government of India guidelines.

Minimum area requirement for setting up a SEZ (As amended on 13-9-2013)

<b>Type of SEZ</b>	<b>Hectares</b>
Multi Product	500
Product Sector Specific / Port / Airport/Multi Services	50
Agro – based / BT / Gems & Jewellery / Non conventional Energy.	10 [50,000 sq.mtr for Gems & Jewellery] [40,000 sq.mtr for BT/Agro – based / Non conventional Energy]
Information Technology (IT)	<b>Built up area (sq.mtrs)</b>
	1.00 Lakh (Bangalore),
	50,000 (tier-II cities) and
	25,000 (other cities)

Minimum Built-up Area for Processing Area

<b>Sector</b>	<b>Processing Area / Minimum built up area</b>	<b>Non-Processing Area</b>
IT / ITES SEZs	1,00,000 Sq Mtr	Cannot exceed 50% of the total notified area.
B.T SEZs	40,000 Sq Mtr	Same as above
Gems & Jewellery	50,000 Sq Mtr	Same as above
Sector Specific SEZs	Min. 50% of the area	Same as above
Multi Product SEZs	Min. 50% of the area	Same as above

### **3.0 Incentives & Concessions as per Central SEZ act**

- 100% FDI is allowed
- Income Tax benefits
- Duty free import of goods for development, operation, implementation and maintenance of SEZ
- Exemption from Excise duty, CST & Service Tax

- Generation, transmission and distribution of power in SEZ allowed
- Full freedom in allocation of space and built up area to approved SEZ units on commercial basis
- Exemption from public hearing under Environment Impact Assessment notification.

#### **4.0 Incentives & Concessions as per State SEZ Policy**

- Refund of VAT for purchase of goods excluding petroleum products.
- Exemption of Stamp Duty.
- Exemption of Electricity Tax.
- Entry Tax Exemption.
- Capital Investment Subsidy for CETP. (Max Rs 1.00 Crore)

### **5.0 Operation Manual**

#### **5.1 Introduction**

The Government of Karnataka has announced a State Policy for Special Economic Zones-2009 vide Govt. Order No. CI/114/SPI/2007 dtd: 28.2.2009 to support and encourage development of SEZs in the State. As per Rule 5(5) of Central SEZ Rules 2006 certain fiscal benefits have been extended to SEZ Developers/ Co-developers/Units in the State Policy for SEZs-2009. The guidelines for administration of these fiscal benefits have to be issued for the guidance of the concerned Officers for administration of the incentives package.

This policy shall come into effect from 28.2.2009 and it will be in force until further orders.

#### **5.2 Definitions of Various terms used in the policy**

All words and expressions defined in the Central SEZ Act 2005 and SEZ Rules 2006 shall have the same meaning respectively in the State Policy of SEZs 2009.

#### **5.3 Applicability**

State Policy for SEZs 2009 covers all the approved SEZs and fresh approvals in future, by the Board of Approval of SEZ/SHLCC, in the State of Karnataka.

#### **5.4 Guidelines**

The guidelines for administering the fiscal benefits are prescribed below:

**5.4.1 Exemption of Sales Tax, VAT, Entry Tax and Special Entry Tax on all purchases (excluding petroleum products) from DTA.**

Exemption of Sales Tax, VAT, Entry Tax, and Special Entry Tax on all purchases (excluding petroleum products) from DTA is available for SEZ Developers/Co-developers and Units as below:

**(a) For SEZ developers and Co-developers:**

All purchases excluding purchase of petroleum products from domestic tariff area for authorized operations of entire area in SEZs shall be exempted from State and local body taxes or levies or cess such as Sales Tax, VAT, Entry Tax, Special Entry Tax. This exemption will not be available for the goods sold in the domestic tariff area with or without value addition.

**(b) For SEZ Units:**

All purchases excluding purchase of petroleum products by SEZ units located in the processing areas from domestic tariff area or SEZ area for its Set up, operation or maintenance or for use in manufacture, trading, production, processing, assembling, repairing, reconditioning, re-engineering or packing shall be exempted from State and local body taxes or levies or cess such as Sales Tax, VAT, Entry Tax and special Entry Tax. This exemption will not be available for the goods sold in the domestic tariff area with or without value addition, if sold, applicable State taxes are levied.

**(c) Procedure for claiming the Entry tax exemption**

Concerned SEZ Developer/Co-developer/Unit shall apply to Commissioner for Industrial Development and Director of Industries and Commerce with following documents for issue of Certificate on Exemption of Entry Tax on all purchases (excluding petroleum products) from DTA.

- Formal approval letter and notification issued by Government of India in case of Developer/Co-developer
- Memorandum of Articles of Association/Partnership Deed
- Project Report
- IEM licence/registration approval letter from Unit Approval Committee in case of SEZ units.
- HLC / SHLCC approval and Govt.Order
- VAT Registration of Commercial Tax Department.
- Land documents.

- KSPCB clearance – CFE/CFO.
- Form of declaration regarding employment of local persons in prescribed proforma.
- Undertaking to abide the terms and conditions mentioned in the State Policy for SEZs 2009.

The Commissioner for Industrial Development and Director of Industries and Commerce has to scrutiny the above application and issue certificate as per Annexure-1 for SEZ Developer/Co-developer and Annexure-2 for SEZ Units.

**(d) Procedure for claiming the Exemption/Refund from State taxes other than Entry Tax**

Concerned SEZ Developer/Co-developer/Unit shall apply to Commissioner for Industrial Development and Director of Industries and Commerce with following documents for issue of Certificate on Exemption/Refund of Sales Tax and VAT, on all purchases (excluding petroleum products) from DTA.

- Formal approval letter and notification issued by Government of India in case of Developer/Co-developer Memorandum of Articles of Association/Partnership Deed
- Project Report
- IEM licence/registration approval letter from Unit Approval Committee in case of SEZ units.
- HLC / SHLCC approval and Govt.Order
- VAT Registration, KST/CST Registration and other registration of Commercial Tax Department.
- Land documents.
- KSPCB clearance – CFE/CFO.
- Form of declaration regarding employment of local persons in prescribed proforma.
- Undertaking to abide the terms and conditions mentioned in the State Policy for SEZs 2009.

The Commissioner for Industrial Development and Director of Industries and Commerce has to scrutiny the above application and issue certificate as per Annexure-3 for SEZ Developer/Co-developer and Annexure-4 for SEZ Units.

#### 5.4.2 Exemption of Stamp duty and Registration Charges

Exemption of Stamp Duty and Registration fees for registration of land and loan / credit documents to SEZ Developer/Co-developer and Units are available as below:

**a) For SEZ Developers and Co-developers.**

Exemption of Stamp Duty and Registration fees for Registration of Land and Loan/Credit Documents.

Provided that exemptions in respect of stamp duty and registration fee relating to transaction of land for development of the SEZ between the Developer/Co-developer and the land owners and between the Developer and Co-developer would be available for the first transaction only. For KIADB acquired and allotted land, exemption of Stamp Duty and Registration fees shall be available both at the time of execution of lease deed / lease cum-sale deed and absolute sale deeds.

However, the Stamp Duty and Registration Fees Exemption for loan / credit documents for SEZ developer / co-developer would be available for availing every loan / credit documents (term loan & working capital), which are taken for development of SEZ.

**b) For SEZ Units.**

50% Exemption of Stamp Duty and Registration fees for Registration of lease deeds/sub-lease deeds in respect of industrial land/built-up space and Loan/Credit Documents in the processing area.

Provided that exemptions in respect of stamp duty and registration fee relating to transaction of industrial land / built up space between the SEZ Developer / Co-developer & the Units would be available for the first transaction only.

However, the Stamp Duty and Registration Fees Exemption for loan / credit documents for SEZ units would be available for availing every loan / credit documents (term loan & working capital), which are taken for their SEZ unit.

**c) Procedure for claiming Stamp Duty and Registration Fees Exemption Certificate.**

Concerned SEZ Developer / Co-developer / Unit shall apply to Commissioner for Industrial Development and Director of Industries and Commerce with following documents for issue of Stamp Duty and Registration Fees Exemption Certificate.

- In-principle/Formal approval letter and notification issued by Government of India in case of Developer/Co-developer. Memorandum of Articles of Association/Partnership Deed
- Project Report

- IEM licence/registration approval letter from Unit Approval Committee in case of SEZ units.
- HLC / SHLCC approval and Govt.Order
- Land documents, of purchased /acquired land as mentioned in Clause III(2) of State Policy for SEZs in case of SEZ Developer/Co-developer
- Lease/Sub-lease deed in case of SEZ Units.
- Loan documents for development of SEZ/unit
- KSPCB clearance – CFE/CFO,if any.
- Undertaking to abide the terms and conditions mentioned in the State Policy for SEZs 2009.

The Commissioner for Industrial Development and Director of Industries and Commerce has to scrutiny the above application and issue certificate as per Annexure-5 for SEZ Developer/Co-developer and Annexure-6 for SEZ Units.

#### **5.4.3 Exemption of Electricity Duty or Taxes**

Exemption of Electricity Duty or Taxes on sale, of self generated or purchased electric power for use in the processing area of SEZ is available for SEZ Developer, Co-developer and Units as below:

**a) For Developers and Co-developers**

Exemption of Electricity Duty or Taxes on sale, of self generated or purchased electric power for use in the processing area of SEZ.

**b) For SEZ Units**

Exemption of Electricity Duty or Taxes on sale, of self generated or purchased electric power for use in the processing area of SEZ.

**c) Procedure for claiming Electricity Duty Exemption Certificate.**

Concerned SEZ Developer / Co-developer / Unit shall apply to Commissioner for Industrial Development and Director of Industries and Commerce with following documents for issue of Electricity Duty Exemption Certificate on sale, of self generated or purchased electric power for use in the processing area of SEZ.

- Formal approval letter and notification issued by Government of India in case of Developer/Co-developer
- Memorandum of Articles of Association/Partnership Deed
- Project Report

- IEM licence/registration approval letter from Unit Approval Committee in case of SEZ units.
- HLC / SHLCC approval and Govt.Order
- Land documents
- ESCOMs power sanction and service letter.
- Permission for captive power generation.
- KSPCB clearance – CFE/CFO.
- Form of declaration regarding employment of local persons in prescribed proforma.
- Undertaking to abide the terms and conditions mentioned in the State Policy for SEZs 2009.

The Commissioner for Industrial Development and Director of Industries and Commerce has to scrutiny the above application and issue certificate as per Annexure-7 for SEZ Developer/Co-developer/Units.

#### **5.4.4 Capital subsidy to Common Effluent Treatment Plant:**

One time Capital subsidy up to 50% of the cost incurred by the Developer/ Co-developer for setting up of Common Effluent Treatment Plant is available subject to a ceiling of Rs.100.00 lakhs per CETP/SEZ.

##### **a) Procedure for claiming Capital subsidy for CETP**

One time Capital Subsidy is available only to CETP and not for Sewage Treatment Plant (STP). For the purpose of calculation of investment on CETPs, CETP means both air pollution control equipments and water pollution control equipments and its fixed assets.

SEZ Developer/Co-developer shall file an application in the prescribed format along with the following documents to the Commissioner for Industrial Development and Director of Industries and Commerce.

- Application in the prescribed format as per Annexure-8
- Detailed Project report
- Partnership Deed / Memorandum of Articles of Association.
- Formal approval letter and notification issued by Government of India
- HLC / SHLCC approval and Govt.Order
- Land documents
- KSPCB clearance – CFE/CFO



- CETP Plan approval from KSPCB
- Invoices, bills, vouchers and receipts of the ETP.
- Detailed statement of fixed assets created for CETP as per Annexure-9
- Copy of the term loan sanction letter from financial institution
- Investment made on CETP certified by financial institution as per Annexure-10
- Investment made on building in CETP certified by Chartered Engineer as per Annexure-11
- Environment Clearance Certificate (ECC) issued by DFEE / MOEF, wherever applicable
- Compliance certificate to the consent conditions from KSPCB
- Form of declaration regarding employment of local persons as per Annexure-12
- Undertaking to abide the terms and conditions mentioned in the State Policy for SEZs 2009.

Commissioner for Industrial Development and Director of Industries and Commerce or his representative along with representative from KSPCB shall take up physical verification of the company / CETP on receipt of application and shall arrange to place the case before the Monitoring and Review committee with detailed report for sanction of subsidy to CETP.

After the approval of subsidy by Monitoring and Review committee, the Commissioner for Industrial Development & Director of Industries & Commerce shall issue sanction order as per Annexure-13. Based on the sanction order, the concerned Developer/Co-developer shall execute the necessary agreement as in Annexure-14.

<<<<>>>>

## Annexure-1

### Proforma for issue of Entry Tax Exemption Certificate to SEZ Developer/Co-developer

GOVERNMENT OF KARNATAKA  
Department of Industries & Commerce

No. Office of the Director,  
No.49, Khanija Bhavan,  
Race Course Road,  
Bangalore – 560 001,  
Date:

#### CERTIFICATE

Sub: Certificate of Entry Tax Exemption on all purchases (excluding Petroleum products) from DTA to M/s -----

Ref: 1.G.O.No. CI/114/SPI/2007 dated: 28.2.2009.  
2.FD Notification No.FD/67/CSL/2009 dtd: 26.5.2009

\*\*\*\*\*

This is to certify that :

1. The project proposal M/s. ----- (Developer/ Co-developer) to establish a -----SEZ / create an infrastructural facilities in -----acres of land at ----- village/taluk was cleared in the HLC/SHLCC/SLSWCC/BOA meeting held on -----.
2. Board of Approval of SEZ, Government of India in its meeting held on ----- has granted formal approval/co-developer status and issued approval letter vide No. -----dt-----
3. Certified that the Developer/Co-developer is eligible for Entry tax exemption on entry of any notified goods excluding petroleum products into a local area for use in the authorized operations in the entire area of SEZ from ----- (from date of SEZ notification or 28.2.2009, whichever is later)as per Government Orders cited at reference (1) and (2) above.
4. This exemption will not be available for the goods sold in the domestic tariff area with or without value addition.
5. The SEZ Developer / Co-developer has to fulfill the terms and conditions as prescribed in the Government order cited at ref (1) above.

Commissioner for Industrial Development  
& Director of Industries and Commerce,

To

1. SEZ Developer/Co developer
2. Concerned Local VAT Officer
3. Office copy.

## Annexure-2

**Proforma for issue of Entry Tax Exemption Certificate to SEZ Unit**  
GOVERNMENT OF KARNATAKA  
Department of Industries & Commerce

No. Office of the Director,  
No.49, Khanija Bhavan,  
Race Course Road,  
Bangalore – 560 001,  
Date:

### CERTIFICATE

Sub: Certificate of Entry Tax Exemption on all purchases (excluding Petroleum products) from DTA to M/s -----

Ref: 1.G.O.No. CI/114/SPI/2007 dated: 28.2.2009.  
2.FD Notification No.FD/67/CSL/2009 dtd: 26.5.2009

\*\*\*\*\*

This is to certify that :

1. The project proposal M/s. ----- (SEZ unit) to establish a ----- in ----- SEZ in -----acres of land/-----Sq.mts of built-up space at ----- village/taluk was approved in the Unit Approval Committee meeting held on ----- and issued approval letter vide No. ----- dt: -----
2. Certified that the SEZ unit, located in the processing area of -----SEZ, is eligible for Entry Tax exemption on entry of any notified goods excluding petroleum products into a local area for use in its set up, operation or maintenance or for use in manufacture, trading, production, processing, assembling, repairing, reconditioning, re-engineering or packing, from ----- (from date of UAC approval or 28.2.2009, whichever is later) as per Government Orders cited at reference (1) and (2) above.
3. This exemption will not be available for the goods sold in the domestic tariff area with or without value addition, if sold, applicable State taxes are levied.
4. The SEZ Unit has to fulfill the terms and conditions as prescribed in the Government order cited at ref (1) above.

Commissioner for Industrial Development  
& Director of Industries and Commerce,

Bangalore.

To

1. SEZ Unit
2. Concerned Local VAT Officer.

### Annexure-3

#### Proforma for issue of Exemption/Refund Certificate of Sales Tax & VAT, to SEZ Developer/Co-developer

GOVERNMENT OF KARNATAKA  
Department of Industries & Commerce

No.

Office of the Director,  
No.49, Khanija Bhavan,  
Race Course Road,  
Bangalore – 560 001,  
Date:

#### CERTIFICATE

Sub: Certificate of Sales Tax & VAT Exemption/Refund on all purchases  
(excluding Petroleum products) from DTA to M/s -----

Ref: 1.G.O.No. CI/114/SPI/2007 dated: 28.2.2009.  
2.FD Notification No. ----- dtd: -----

\*\*\*\*\*

This is to certify that :

1. The project proposal M/s. ----- (Developer/ Co-developer) to establish a -----SEZ / create an infrastructural facilities in -----acres of land at ----- village/taluk was cleared in the HLC/SHLCC/SLSWCC/BOA meeting held on -----.
2. Board of Approval of SEZ, Government of India in its meeting held on ----- has granted in-principle/formal approval/co-developer status and issued approval letter vide No. -----dt-----
3. Certified that the Developer/Co-developer is eligible for Exemption/Refund of Sales Tax and VAT for all purchases excluding purchase of petroleum products from domestic tariff area for authorized operations of entire area in SEZ from ----- (from date of SEZ notification or 28.2.2009, whichever is later)as per Government Orders cited at reference (1) and (2) above.
4. This exemption will not be available for the goods sold in the domestic tariff area with or without value addition.
5. The SEZ Developer / Co-developer has to fulfill the terms and conditions as prescribed in the Government order cited at ref (1) above.

Commissioner for Industrial Development  
& Director of Industries and Commerce,

To

1. SEZ Developer/Co developer
2. Concerned Local VAT Officer
3. Office copy.

## Annexure-4

### Proforma for issue of Exemption/Refund Certificate of Sales Tax & VAT to SEZ Unit

GOVERNMENT OF KARNATAKA  
Department of Industries & Commerce

No. Office of the Director,  
No.49, Khanija Bhavan,  
Race Course Road,  
Bangalore – 560 001,  
Date:

#### CERTIFICATE

Sub: Certificate of Sales Tax & VAT Exemption/Refund on all purchases  
(excluding Petroleum products) from DTA to M/s -----

Ref: 1.G.O.No. CI/114/SPI/2007 dated: 28.2.2009.

2.FD Notification No. ----- dtd: -----  
\*\*\*\*\*

This is to certify that :

1. The project proposal M/s. ----- (SEZ unit) to establish a -----  
----- in ----- SEZ in -----acres of land/-----Sq.mts of built-up space at  
----- village/taluk was approved in the Unit Approval Committee  
meeting held on ----- and issued approval letter vide No. -----  
----- dt: -----
2. Certified that the SEZ unit is eligible for Exemption/Refund from Sales Tax  
& VAT for all purchases excluding purchase of petroleum products from  
domestic tariff area or SEZ area for its set up, operation or maintenance or  
for use in manufacture, trading, production, processing, assembling,  
repairing, reconditioning, re-engineering or packing, from ----- (from date of  
UAC approval or 28.2.2009, whichever is later) as per Government Orders  
cited at reference (1) and (2) above.
3. This exemption will not be available for the goods sold in the domestic tariff  
area with or without value addition, if sold, applicable State taxes are levied.
4. The SEZ Unit has to fulfill the terms and conditions as prescribed in the  
Government order cited at ref (1) above.

Commissioner for Industrial Development  
& Director of Industries and Commerce,  
Bangalore.

To

1. SEZ Unit
2. Concerned Local VAT Officer.

## Annexure-5

### Proforma for issue of Stamp duty Exemption Certificate to Developer/Co-developer

GOVERNMENT OF KARNATAKA  
Department of Industries & Commerce

No. Office of the Director,  
No.49, Khanija Bhavan,  
Race Course Road,  
Bangalore – 560 001,  
Date:

#### CERTIFICATE

Sub: Certificate for Exemption of Stamp Duty and Registration fees for registration of land or loan / credit documents to M/s -----

Ref: 1.G.O.No. CI/114/SPI/2007 dated: 28.2.2009.  
2.RD Notification No. ----- dtd: -----

\*\*\*\*\*

This is to certify that :

1. The project proposal M/s. ----- (Developer/ Co-developer) to establish a -----SEZ / create an infrastructural facilities in -----acres of land at ----- village..... Taluk was cleared in the HLC/SHLCC/SLSWCC/BOA meeting held on -----.
2. Board of Approval of SEZ, Government of India in its meeting held on ----- has granted in-principle/formal approval/co-developer status and issued approval letter vide No. -----dt-----
3. The Developer /Co-developer has purchased/entered into a sale agreement for purchase/entered into a joint development agreement/executed a lease agreement/purchased under sec 109 of KLR Act, ----- acres of land at Sy.Nos. ----- village, .....Taluk for development of ----- SEZ from landowners.
4. The Developer (M/s -----) has executed a lease agreement with Co-developer (M/s -----) on ----- for development of infrastructural facilities by the Co-developer in -----acres of land at Sy.Nos. ----- village,-----Taluk.
5. KIADB has acquired and allotted an industrial land measuring -----to the Developer /Co-developer for establishment of SEZ for ----- at Sy.Nos. - -----, Village, ----Taluk. KIADB has executed a lease/lease-cum-sale/absolute sale deed with the Developer/Co-developer on -----

6. SEZ Developer/Co-developer has been sanctioned financial assistance of Rs..... by ..... for establishment of a SEZ for ..... at .....
7. Certified that the Developer/Co-developer is eligible for 100%/50% exemption of Stamp Duty and Registration Fees as per Government Orders cited at ref (1) and (2) above for registration of land as mentioned in Sl.No. 3/4/5 or for registration of loan / credit documents as mentioned in Sl.No.6.
8. The SEZ Developer / Co-developer has to fulfill the terms and conditions as prescribed in the Government order cited at ref (1) above.

Commissioner for Industrial Development  
& Director of Industries and Commerce,  
Bangalore.

To

1. SEZ Developer/Co developer
2. Concerned Sub Registrar.
3. Office copy.

## Annexure-6

**Proforma for issue of Stamp duty Exemption Certificate to SEZ Unit**  
GOVERNMENT OF KARNATAKA  
Department of Industries & Commerce

No. \_\_\_\_\_ Office of the Director,  
No.49, Khanija Bhavan,  
Race Course Road,  
Bangalore – 560 001,  
Date: \_\_\_\_\_

### CERTIFICATE

Sub: Certificate for 50% Exemption of Stamp Duty and Registration fees for registration of lease deeds/sub lease deeds in respect of industrial land/built up space and loan /credit documents to M/s -----

Ref: 1.G.O.No. CI/114/SPI/2007 dated: 28.2.2009.

2.RD Notification No. ----- dtd: -----

\*\*\*\*\*

This is to certify that :

1. The project proposal M/s. ----- (SEZ unit) to establish a ----- in ----- SEZ in -----acres of land/-----Sq.mts of built-up space at ----- village/taluk was approved in the Unit Approval Committee meeting held on ----- and issued approval letter vide No. ----- dt: -----
2. The Developer /Co-developer (M/s-----) has executed a lease - deed/sub-lease-deed with the SEZ unit for ----- acres of land/----- Sq.mts of built-up space at ----- village/taluk for establishment of ----- in their ..... SEZ.
3. SEZ Unit has been sanctioned financial assistance of Rs..... by ..... for establishment of -----in ----- SEZ at .....
4. Certified that the SEZ unit is eligible for 50% exemption of Stamp Duty and Registration Fees as per Government Orders cited at ref (1) and (2) above for registration of lease deeds/sub lease deeds in respect of industrial land/ built-up space as mentioned in Sl.No. 2 or for registration of loan / credit documents as mentioned in Sl.No.3.
5. The SEZ unit has to fulfill the terms and conditions as prescribed in the Government order cited at ref (1) above.

Commissioner for Industrial Development  
& Director of Industries and Commerce,  
Bangalore.

To  
1. SEZ Unit  
2. Concerned Sub Registrar.



**Annexure-7**

**Proforma for issue of Electricity duty exemption Certificate to SEZ Developer/Co-developer/Unit**

GOVERNMENT OF KARNATAKA  
Department of Industries & Commerce

No. \_\_\_\_\_ Office of the Director,  
No.49, Khanija Bhavan,  
Race Course Road,  
Bangalore – 560 001,  
Date: \_\_\_\_\_

**CERTIFICATE**

Sub: Certificate for Exemption of Electricity Duty or Taxes  
to M/s -----

Ref: 1.G.O.No. CI/114/SPI/2007 dated: 28.2.2009.

2.ED Notification No. ----- dtd: -----  
\*\*\*\*\*

This is to certify that :

1. The project proposal M/s. ----- (Developer/ Co-developer) to establish a -----SEZ / create an infrastructural facilities in -----acres of land at ----- village was cleared in the HLC/SHLCC/SLSWCC/BOA meeting held on -----.
2. Board of Approval of SEZ, Government of India in its meeting held on ----- has granted in-principle/formal approval/co-developer status and issued approval letter vide No. -----dt-----
3. The project proposal M/s. ----- (SEZ unit) to establish a ----- in ----- SEZ in -----acres of land/-----Sq.mts of built-up space at ----- village/taluk was approved in the Unit Approval Committee meeting held on ----- and issued approval letter vide No. ----- dt: -----
4. -----ESCOM has sanctioned ----- M.W /KVA power to the SEZ developer/Co-developer/Unit.
5. Certified that the Developer/Co-developer/Unit is eligible for exemption of Electricity Duty or Taxes on sale, of self generated or purchased electric power for use in the processing area of SEZ from ----- (date of power service/generation or 28.2.2009, whichever is later) as per Government Orders cited at reference (1) and (2) above.
6. The SEZ Developer / Co-developer/Unit has to fulfill the terms and conditions as prescribed in the Government order cited at ref (1) above.

Commissioner for Industrial Development

To

1. SEZ Developer/Co developer/Unit
2. Concerned Executive Engineer, ----- ESCOM.

## Annexure-8

### APPLICATION FORM FOR SANCTION OF CAPITAL SUBSIDY TO CETP

1	Name and address of the SEZ		
2	Contact person, Phone No. and Fax No.		
3	Area		
4	Sector		
5	SEZ Notification No. and date		
6	HLC / SHLCC approval and Govt.Order		
7	Constitution of industry (Partnership/ Pvt ltd/ ltd)		
8	Name of the financial institution which sanctioned term loan to the SEZ		
9	Date of commencement of operation		
10	Project cost of the SEZ	Proposed	Invested
	Land		
	Building		
	Plant & Machinery		
	Others		
	Total		
11	Cost of the CETP		
	Cost of Water Pollution control equipments & its fixed assets		
	Cost of Air Pollution control equipments & its fixed assets		
	Total		
12	CFE and CFO Nos. & Dates, issued by KSPCB		
13	ECC No. & Date by DFEE / MOEF, wherever applicable		
14	Compliance Certificate to the consent conditions issued by KSPCB		

Along with the above information, the following documents have to be enclosed

- a) Statement of fixed assets in the prescribed format certified by the unit (As per Annexure-9).
- b) Investment certificate in the prescribed form issued by the financial institution/Bank (As per Annexure-10).
- c) Chartered Engineers Certificate in the prescribed format regarding investment on building (As per Annexure-11).
- d) Local Employment details ((As per Annexure-12).

#### DECLARATION BY THE APPLICANT

I / We hereby certify that the particulars given above are true and correct to the best of my/our knowledge and belief.

Place :

Date :

Signature(s)  
Name and Designation.

### Annexure-9

#### Detailed Statement of Fixed Assets Created By the SEZ Developer or Co-developer for CETP:

Sl. No.	Particulars on the fixed assets	From whom purchased	Date of placement of order	Date of invoice /Bills	Amount of Bills/ Invoice	Date of payments	Mode of Payments	Vouchers /Bills Receipts. No. Date	Remarks
1	Land for CETP	1) 2)							
2	Building for CETP	1) 2)							
3	Air pollution control equipments	1) 2) 3)							
4.	Water pollution control equipments	1) 2) 3)							
4	Transportation								
5	Erection								
6	Electrification								
7	Other fixed assets								
<b>TOTAL:</b>									

(Note: Please submit separate statements along with bills, vouchers, receipts for each item of assets)

Signature of the Developer/Co-developer.

## Annexure-10

### FIXED INVESTMENT CERTIFICATE FROM THE BANK/FINANCIAL INSTITUTIONS FOR CETP

M/s. ----- (location of the SEZ) -----  
----- have been disbursed as on this date  
amounts under the loan amounting to Rs.----- sanctioned under letter  
No. -----Dated; ----- as shown below:

a)	Term loan sanctioned	Date:	Amount in Rs.
b)	Loan amount disbursed on	Date	Amount (Rs)
	i)		
	ii)		
	iii)		
	Total amount disbursed up to date.		
c)	Value of investment in fixed assets.	As per project appraisal (Rs.)	Actual investment (mention period) (Rs.)
	i)Land For CETP only		
	ii)Building For CETP only		
	iii)Plant and Machinery For CETP only		
	iv) Other Assets (please specify): For CETP only		

We certify that this investment certificate is issued after verifying the bills and vouchers made available by the SEZ Developer/Co-developer for purposes of release of term loan installments and based on the physical verification of the inspecting officers. Items for which subsidy is not admissible are not included in the investment certified above.

We are in possession of relevant bill and vouchers on which this investment certificate is issued and we agree to make available the same as and when required for any verification purpose before the loan liability is discharged.

**NOTE:**

1. Please specify the period during which investment has been made on land, building and plant and machinery.
2. Please furnish the list of CETP machineries with corresponding value.
3. The investment made on old machines/building should be excluded.

Signature of the Branch  
Manager/Manager/Agent

Place:

Date ;

//SEAL//

(Name of the Institution)

## Annexure -11

### CHARTERED ENGINEER'S CERTIFICATE

I, hereby certify that as against the estimated cost of Rs.....(Rupees).....of the CETP building and civil works for M/s..... for their proposed SEZ at.....,the SEZ Developer/Co-developer has so far completed the civil works as under.

01	Value of completed civil works as per the estimates For CETP only	Rs.
02	Amount certified for payment to the building contractors(Civil and structural ) For CETP only	Rs.
03	Retention Money (from civil contractor) For CETP only	Rs.
04	Value of materials Utilized for the completed portion of the building For CETP only	Rs.

The value of completed building certified above does not involve the area Built for guest house, and residential building in the factory site.

It is further certified that built up area of the building is essential for the CETP of the SEZ.

A detailed estimate sheet is appended to this certificate.

Place:  
Date:

// SEAL//

Signature and  
full address.

## ANNEXURE -12

### FORM OF DECLARATION REGARDING EMPLOYMENT OF 'LOCAL PERSONS'

1	Name of the SEZ	M/s.			
2	Address: Village/town/taluk/ district.	OFFICE	FACTORY.		
3	SEZ Notification No. and date				
4.	Permanent Employment details (excluding Casual workers and 'Badli' workers)				
	ITEM	Group C&D	Group B	Group A	Total
A.	Total no. employees.				
B.	No. of local persons therein				
C.	Percentage of local persons to total.				

5. I / We understand that the percentage of local people on the overall employment in the SEZ should not be less than 80% (inclusive of all categories).

I / We hereby undertake to make up the deficiency.

6. I / We further understand that eligibility of my SEZ under taking for fiscal benefits from the Government of Karnataka is contingent upon my fulfilling minimum local employment as per the terms and conditions of State Policy for SEZs -2009.

Place:

Date:

Signature of authorized person.

1. **LOCAL PERSON** is defined as one who has at least fifteen years domicile in the State of Karnataka.

2. This declaration should be signed by a person duly authorized to do so by the SEZ.

Group A- Executive/Top Level

Group B-Managerial

Group C- Supervisory/Skilled

Group D-Unskilled/Semi skilled

## Annexure-13

GOVERNMENT OF KARNATAKA  
DEPARTMENT OF INDUSTRIES AND COMMERCE

No.----- Office of the -----  
-----  
Date:-----

**CAPITAL SUBSIDY SANCTION ORDER FOR COMMON EFFLUENT TREATMENT PLANT (CETP)**

Sub: Sanction of capital Subsidy up to 50% to M/s -----  
for setting up of a CETP at -----

Ref: 1. Your application for Investment Subsidy received on -----  
2. Government Order No.CI.114.SPI.2007, dated 28.2.2009.

---

We are pleased to inform you that the Monitoring and Review Committee for sanction of capital subsidy for CETP in its meeting held on -----has sanctioned a subsidy of Rs.------(Rupees-----only) to your SEZ at -----on the basis of the investment made by you on CETP and its fixed assets. The Committee has accepted the investment as detailed below:

a)	Civil works/building	Rs
a)	Air pollution control equipments	Rs
b)	Water pollution control units	Rs
c)	Others	Rs
	Total	Rs

Accordingly, the amount of capital subsidy to which you are eligible is determined at Rs. ----- (Rupees-----only) at 50% of the above investment under State Policy for SEZs- 2009 for CETP.

You shall have to execute an agreement, a draft of which is enclosed to this sanction order. The original agreement should be on Stamp paper of Rs100/-. The agreement should be executed by one or more directors duly authorized by the board of directors of the SEZ company or by all the partners incase of partnership concern. However, if any one of the partners holds a general power of attorney, he may execute the agreement on behalf of the remaining partners and furnish a certified true copy of the power of attorney. The execution of the agreement should be under the common seal of the company Treasures, if any, should be properly attested. No blank should be left in the agreement form.

The above agreement should be executed in the presence of Officer In-charge of SEZ, Department of Industries & Commerce, Bangalore.

The sanction of this capital subsidy is subject to following conditions:

If the State Government is satisfied that the 50 % capital subsidy has been obtained by mis-representation of the essential facts, furnishing of false information or if the Developer/Co-developer opt out of SEZ, the State Government shall have the right to claim refund of the capital subsidy of Rs.----- sanctioned, together with interest as the State Government may charge.

The grantee shall not change the location of the whole or any part of the SEZ or effect any contraction or disposal of a part of its total fixed capital investment within a period of one year after the unit receives this grant.

In the event of the capital subsidy being sanctioned, while at a later date found to be not actually due, the grantee shall refund to Government. such portion or whole amount as determined by the Directorate of Industries and Commerce. In the event of the grantee failing of refund such amount, the same shall be recovered as arrears of land revenue.

The capital subsidy sanctioned herein is in the nature of “Grant –in-aid” and shall not be construed as a “contract” with Government of Karnataka. The grantee shall not exercise his right of privity of contract in the matter of release of subsidy by Government of Karnataka, who shall release the subsidy amount as and when the grantee is eligible for the same, in such proportions and installments as the Government may regulate.

Commissioner for I.D



## Annexure -14

### Format for undertaking to be executed for CETP Capital Subsidy

#### UNDERTAKING

The undertaking executed this day ----- 20 ----- by ----- carrying on the business of SEZ for ----- at ----- under the name and style of M/s.----- herein after called the 'Grantee' of the one part in favor of the Governor of Karnataka, represented by the Director of Industries and Commerce herein after called the Government of other part WITNESSETH.

Where as Monitoring and Review Committee ----- vide Order No. - ----- dated: ----- has sanctioned CETP Capital Subsidy of Rs. ----- (Rs.-----only) under the Government of Karnataka scheme of State Policy for SEZs-2009 to the grantee for the purpose of his SEZ.

In consideration of the grant of Rs.----- (Rs. ----- only) as per the Order No.----- dated: ----- of the Commissioner for Industrial Development and Director of Industries & Commerce, Bangalore, the receipt whereof the grantee hereby acknowledges, the grantee agree and covenants as follows:

- (i) If the State Government/Financial Institution concerned is satisfied that the capital subsidy has been obtained by misrepresentation of essential fact, furnishing false information after the reimbursement of full subsidy, the State Government/Financial Institution concerned shall have the right to claim refund of the grant/subsidy of Rs..... (Rs..... Only) paid to the grantee together with such interest as the State Govt /Financial Institution concerned may charge.
- (ii) In the event of the capital subsidy being sanctioned, which at later date is found to be not actually due, the grantee shall refund to Government such portion or the whole amount as determined by the Director of Industries and Commerce. On failure to do so, such amount shall be recovered by the Government as arrears of land revenue.
- (iii) That this grant shall not be construed as a contract and shall be in the nature of Grant-in-Aid only and the provisions of the Indian Contract Act or that of Specific Relief Act or any other relative statutory Acts/Provisions shall not apply in the instant case.
- (iv) That the grantee shall not exercise his right of claiming release of capital subsidy amount out-of-turn either directly or through his attorney and that the decision of the Government in the matter of periodic release based on the availability of funds shall be final and binding on the grantee.

- (i) The Grantee shall undertake to provide employment to local people in accordance with State Policy for SEZs 2009. In case the Grantee fail to do shall bound to return the capital subsidy amount to the Government.

SCHEDULE:

a)	Civil works/building	Rs
a)	Air pollution control equipments	Rs
b)	Water pollution control units	Rs
c)	Others	Rs

In witness whereof the Grantee has set his hand the ----- day of --  
----- two thousand ----- first above mentioned.

Witness:

Signature of the Grantee.

//Common Seal of the Company//  
Shall be affixed here.

**Proforma of undertaking to be submitted by SEZ Developer/Co-developer/Unit**

**Undertaking By M/s -----**

This is being executed on -----by M/s-----at Bangalore in favour of the Commissioner for Industrial Development, Department of Industries & Commerce, Government of Karnataka , that

1. We hereby undertake that to abide all the rules & regulations as specified in the Central SEZ Act 2005 and Rules 2006.
2. We hereby undertake that to abide all the rules, regulations, terms & conditions as specified in the State Policy for SEZs-2009 announced vide GO.No.CI.114.SPI.2007 dated 28.2.2009
3. We agree that to submit the report required for Government of Karnataka related to our SEZ project.

Place:

Date:

For M/s-----

Name:

Designation

Company Seal