CHAPTER 3

CURRENT STATUS OF SEZS IN INDIA AND ABROAD

INTRODUCTION

A special economic zone (SEZ) or free Trade Zone (FTZ is typically an enclave of units operating in well defined area within the geographical boundary of a country where certain economic activities are promoted by a set of poilicy measures that are not generally applicable to the rest of the country. These zones are known by different name such as Free Trade Zones (FTZ) Industrial Free Zones Export Processing Zones (EPZ) Bonded Free ones Maquiladoras (Mexico) and Special Economic Zones (China) These zones offer high quality infrastructure facilities &Support services and allow duty free imports of capital goods and raw materials. In addition attractive fiscal benefits, relaxed labor laws and simpler procedure are also offered in such zones. Over the years this concept has expanded and evolved to encompass larger areas, higher levels of integration with the defined geographical boundaries and increased integration and the local economy. SEZs today are not only a tool for export development but also contains in them the potential of generating economic spin off of enormous proportions leading to regional development. The international experiences of SEZs lend credibility to the fact that Countries like China, Ireland, and Philippines etc. have achieved high economic growth supported by strong performance of their SEZ's.

EVOLUTION OF THE ZONES

Most of the countries in the world have ridden SEZ/FTS vehicle in attracting FDI, increasingly international trade and attaining over all economic development . Most of them have succeeded while there are also failures. Since 1950's most of the countries in the world have adopted export zones for example. US, Puerto Rico, Taiwan, Singapore, Ireland, Mexico, Korea, Dubai, UAE and currently Coastal China for faster economic development of the region. The concept has evolved and transformed from the original concept of industrial estates, which were usually fenced areas of 10-300 hectares focused on manufacturing for export purposes. The first example of this is the Shannon Export processing zone in Ireland set up in 1958. More recent examples are Kaoshiung Export processing zone in Taiwan,and SEEPZ in India both set up in 1960's.

Currently SEZ models have been implemented in more than 100 countries around the globe accounting for 1000 + free trade pane projects. 80% of these initiatives have come in private sector. The table below indicates the current distribution of Economic zones on global scale.

Distribution of SEZ's on Global Scale

Country	No. of Zones
North America	320
Asia	225
Europe	81
Caribean	51
Africa	47
South America	41
Central America	41
Middle East	39
Pacific	2
Total	847

Source : WEPZA (World Export Processing Zone Association)

From the above table, it can be clearly sen that, there are quite a good number of export zones in South America & Asia. Most SEZ's is the world have delivered, but there are per conditions for that to happen. Primarily these involve, legislative support, disciplined labour, a high degree of local human resources support, a sound investment policy and matching investment vehicles. good infrastructure and above all government that is stable and depreciative to needs of these SEZs.

BENCHMARKING: INTERNATIONAL ROLE MODELS

In the following section, we are giving specific role models of international SEZ's to understand their key success factors with a view to get clear insight to strengthen the Indian SEZ model.

Vision

The objective of all the zone is consonance with the state economic policies for overall economic development. Nevertheless, these have aroused out of different economic compulsions. JAFZ and SAIF were more concerned with depending economy to diversify and not to be over dependent on oil sector. Poland on the other hand had severe employment problems, so their emphasis was more on labour intensive industries. China's objective was to initially attract high level of foreign investment with open foreign investment policy and later on to infuse high technology in to the economy. Indian SEZ's are primarily being geared to attract FDI, export promotion, employment generation and technology infusion.

Size Factor

International experience shows that the size of SEZ's generally varies from 2 to 800 square kilometres. Size is influenced by the degree of self-sufficiency and integration in the zone. However, a minimum land area is necessary to support a desired level of economic activity. The areas of the zones are remarkably large unlike India, In China the Shenzhen SEZ is 327 Sq. Km and Hainan is 34,000 Sq. KM (Entire province is declared as SEZ). As per the latest policy, in India the size of SEZ should be 1000 Hectares (10 Sq. KM) It hardly needs reiteration that only large sized zones can generate economic activity on some reasonable scale In a small zone, the requisite infrastructure and services can not be provided nor multiple economic activity be promoted. The SEZ's promoted at various parts in India are much bigger than existing EPZ, though compared to the Chinese SEZ's their size is by and large still small.

Location and connectivity

Strategic location and multi modal connectivity with major trading destinations are critically factors for success of SEZ's. In most cases, it has been observed that the zones are strategically located giving the investors/units in the zone an easy gateway to international trade. For example, the location for Chines SEZ's and FTZZs were consciously selected along the east coast close to Hong Kong, Macau and Taiwan. Thses countries have served not only as transshipment points for international markets but also as consumption centres. Proximity to the seaports and airports of Hong Kong and Taiwan has played a critical role in the growth and success of these SEZ's . Likewise, freeze zones in Malaysia, Indonesia and Thailand are located near the capital cities with minimum distance from seaports and airports. Middle East and Caribbean free zones are also favourable allocated case to airports and seaports.

Industry focus

International experience shows that countries have focused on attracting investments in specific industries considered strategically important for the economy. Industries having pronounced host jcounntry comparative cost advantage or revealed comparative advantage have been specifically targeted for attracting investments. This strategy has helped leverage the inherent host country advantages such as cost effective labour, raw materials availability or other factors of production Further, industry focus combined with minimum size has been observed to help attract a wide range of industries or economic activities. Diversity in industries operating in the zone helps in effectively balancing the swings and cyclicality in individual industry performance. Diversity in multiple economic activities including a range of manufacturing and services activities is critical for a free zone to evolve as an economic entity in itself. Diversity has also helped such zones become economic zones. Availability of skilled labour, cost effective labour and resource advantages such as raw materials have been projected as key advantages by the Chines SEZ's Investors in manufacturing activities involving a combination of these inherent factor advantages have bean attracted to such zones in China.

Infrastructure facilities

Well developed infrastructure facilities are a major attraction for investors International experience also shows that government participation in developing zone infrastructure, especially in the initial stages, has played an important role in their success. Quality infrastructure and reliability of services help improve efficiency of operations. Availability of integrated facilities and services such as housing, recreation, educational and health care are added attractions to investors. A larger domain of infrastructure facilities and supporting services make SEZ's more attractive for investors. In China the SEZ's are part of the larger cities and enjoyed good social infrastructure and urbanization. The Shenzhen transport infrastructure is best service industrial infrastructures in terms of ready to move in furnished offices, per built warehouses and onset staff accommodation. In Chine the more emphases is on good transport and other external infrastructure.

Private participation in zone operation and maintenance.

Another key success factor in successful zones has been the involvement of private sector in developing, operating and maintaining core infrastructure components. This has been achieved through private infrastructure concessions. International investors attach significant importance to "sustainable and reliable" infrastructure that would ensure assured service standards. Governments have also played an important role in developing infrastructure through direct funds support and by providing contentment liability support such as revenue shortfall support, credit enhancement, guarantees and exchange interest rate protection. In the last 10-15 years, there has been a steady growth in privately owned or managed zones.

The last 10-15 years, there has been a steady growth in privately owned or managed zones.

Policy framework

The success of any zone is strongly attributed to the policy framework. An attractive policy framework mainly covers areas such as fiscal incentives, zone administration, preferential police & procedures, labour laws, flexibility in foreign investment and repatriation. Governments have on a regular bases made alterations, amendments to their policies to come up with an attractive framework to induce zone investment. Many countries have also enacted overriding Special Economic Zones Laws/ Policies .

Fiscal Incentives

Incentives are aimed at the specific expectations and requirements of various stockholders such as developers & operators occupant enterprises, outshone suppliers and residents. While incentives have been primarily focused on occupant enterprises, greater private participation in developing and operating free zones is bringing a sharp focus on incentives specifically aimed at developers and operators.

Incentives are also influenced by the stage of development of these zones. For example fiscal incentives are emphasized in the initial stages whale infrastructure advantage and amplification of procedures are stressed at later stages of development. Most zones offer attractive fiscal incentives such as exemption from corporate tax, value added tax, import duties, local taxes, exception from tax on reinforcements and 100 percent foreign ownership. Administrative simplification and mechanisms for speedy approval are the other important features of many of the these zones.

Zone Administration

Efficient and effective zone administration is another factor contributing to the success of such zones. In may countries it has been seen that the zone administration authority is usually a representative of the Municipal Government in which the zone is located. These authority are primarily responsible for the development and maintenance of the zones. In many zones, Customs functions are also co-coordinated by these administrative authorities. Procedural aspects are streamlined thus offering "single-handed' facility to the investors. This is achieved by clear evolvement of local body powers and functions at the zone level and by testing the zone administration authority with these powers. For instance. Policies such as clearance within 24 hours have helped rebel Ali and Sharjah free zones (LIAE) in attracting large investments in a short span of time.

Labour laws

We also observe that in addition to the above mentioned incentives a relaxed and flexible labour law is a key determinant of foreign investments into these zones Flexibility in labour laws such as engaging contract labour, wage setting, labour retrenchment and closure of units in response to market farces have played an important role in attracting foreign investment. Relaxed labour law besides giving comfort to foreign investors has provided operating units the flexibility to alter their manufacturing activities in response to changes in the marketplace without being constrained by restrictive local laws.

Forward and Backward linkages.

Traditionally, export-processing zones have been characterized by narrow industry focus with high import intensity in exports. This resulted in may such zones being insulated from the rest of the economy, thereby giving rise to fewer economic spin offs. Backward linkages with the local economy in the form of movement of raw materials, labour and sub contracting in the domestic tariff area, i.e. out-zone processing, is necessary for susceptibility of such zones. Countries such as China and South Korea have pursued this strategy of uniting with the interior in developing their SEZ's This has contributed to rapid indigenization of production, technology absorption and import substitution Similarly Forward linkages in the form of sales in domestic tariff area (DTA) have been an important motivation for investors especially when the domestic market size is large and growing. Investors in the SEZ's in China view the vast domestic market in China as extremely promising in the long run. This has been an important determinant of their investment decisions. Also, limited sales in DTA provide a safety net to hedge against possible swings in international markets besides providing the opportunity to test domestic markets.

Most countries have well defined policies for sales made from SEZ to DTA. The policies are combination of quantitative restrictions and concessions duty structure. Most of the countries allow a certain percentage of the output to be sold to DTA. In many countries the DTA sale attracts concessions duties.

Operational ease

The customs regime in Chinese SEZ's have less cumbersome regulations than existing EPZ's The entrepreneurs will be freeee from routine inspections. Enterprises will be allowed to utilize duty free raw material for over 5 years. Recovery of duty, if any due to non performance positive ENVELOP will be limited to the proportional shortfall.

DTA Sales

DTA sales are critical success factor for large countries. In Chines SEZ's about 50% of production is sold in domestic market. 30% of country's PC market is met by SEZ's As per the Indian SEZ policy, the DTA sales are allowed by paying import duties. This will bar units based on indigenous inputs into SEZ, since such sales will not be viable for them At the same time in EPZ/EOU scheme DTA sales are charges at 50% import duties. For units based on inhibit entrepreneurs to set up shops in SEZ's .

EVOLUTION OF INDIAN SEZ

In 2000, the governmental of India introduced a new Special Economic Zone (SEZ) Scheme in the Export & Import Policy, with a view to provide an internationally competitive and hassle free environment for export production. Foundation of Indian SEZ can be traced back to lay down of Export Orient Units (EOUs) which were industrial units specializing in manufacturing for the purpose of exports. Thses EOU's which are specialised in exports later also switched into trading related activities. That, is they manufactured and traded for exports. Since they were open to such combined export activity, they came to be known as free trade zone (FTZ Then came the need for support infrastructure & logistic facilities for efficient and smoothly functioning of these FTZZ. The integration of all of the above came to be known as Special Economic Zones.

SEZ's are a shade better than EPZ's in more than one way. The table below summarizes important differences between SEZ and EPZ schemes.

A Comparative analysis of salient features of Indian SEZs & EPZs

Facilities available in Export Processing Zones (EPZs)	Facilities/Entitlements proposed in Special Economic Zones (SEZs)
Earning as percentage of export pro units to achieve minimum net foreign exchange vided in Appendix I of Exim Policy	No restriction on foreign direct investment excepting for items under Annexure I (Industries reserved for Public Sector) and Annexure II (Industries for which Industrial Licensing is compulsory)
Domestic sale upto 50% permissible	All items even those reserved for SSI will be permitted to be manufactured by SEZ units as the entire production is to be exported in normal course. If they sell in the domestic market they have to pay full custom duty.
Duty free import/procurement of capital goods, raw materials, components and consumables.	Units to retain and do transactions in dollars though payments by way of salaries and other domestic expenses will have to be in Rs.
Supplies from DTA to be treated as deemed exports.	Units have right to pay for indigeneous suppliers in dollars and for inter-unit transactions within the zone in dollars.
Zones will be a Custom Bonded area	The units shall have rights to get job work done from DTA units and also undertake job work of units in DTA.
In-House custom clearance and single window clearance mechanism by the Development Commissioner	Sale to units in SEZ will not attract Central Excise Duty or Sales Tax.
100% Foreign equity allowed.	Individual units need not export. This is to be encouraging development of specialized services/components units. But they will be permitted to import raw material duty free. They will charge for the services/sale of components and thereby achieve value addition
Facility to retain 70% of export earning in EEFC Account.	There will be no restrictions on scrapping. There will be no questions of value addition, valuation etc.
Ready Infrastructure	All units have to be furnish information only through electronic mode so that

	Everything is on record of the total value of imports, inter-unit transfer, sales in domestic market etc.
Non-fulfillment of conditions of approval attract penal action under FTDR Act.	? No checking of accounts or goods by any other agencies. ? The State Govt. will undertake to ensure that Sales Tax Inspectors do not enter and also there will be no questions or inter-unit transfers etc. ? Only domestic sale will subject to Central Excise Duty and Sales Tax. ? Import into SEZ and exports from SEZ will be un-restricted and will not be subject to any restrictions including valuations etc. ? RBI will permit banks to open branches in the SEZ and permit transactions to be operated in dollars for all units.

SEZ Policy framework – India

The policy for SEZ's provides for setting up of SEZ's in the public, private, joint sector or by State Governments. Following are the salient features of the SEZ policy. The details job SEZ scheme and draft SEZ bill 2004 are given as Annexure I & IV.

? Special Economic Zone (SEZ) would be specifically delineated duty free enclave and shall be deemed to be foreign territory for the purposes of trade operations and duties and tariffs.

? Goods going into the SEZ area from DTA shall be treated as deemed exports and goods coming from the SEZ area into DTA shall be treated as if the goods are being imported.

? SEZ units can be setup for manufacture of goods and rendering of services, production, processing, assembling trading, repair, remaking, reconditioning and “re engineering including making of gold/silver/platinum jewellery and articles thereof or in connection therewith.

? SEZ's may be set up in the public, private or joint sector or by state governments.

? SEZ's should have and area preferably of 1000 hectares.

? SEZ's unit would have to be positive net foreign exchange earners and would not be subject to any minimum value addition norms or export obligations.

? 100% FDI would be permitted for all investments in SEZ's except for activities under the negative list.

? No fixed wastage norms.

? Duty free goods to be utilise within the approval period of five years.

? The ministry of commerce and industry through issue of a notification can also convert the existing export processing zones (EPZs) into SEZ.

? The development commissioner would be responsible for administrative control of the zone.

? Simplified accounting procedure and SEZs unit to maintained account in formats of their choice.

As per the recent Exim policy 2002-03, a policy was declared by the government to permit Offshore Banking Units (OBUs) in SEZs. Detailed guidelines for setting up and OBU are being worked out by RBI. This should help some of the cities emerged as financial nerves centres of Asia.

Units in SEZs would be permitted to undertake hedging of commodity price risk, providing such transaction are undertaken by the units on stand alone basis. This will impart security to the returns of the unit.

It has also been decided to permit external commercial borrowings (ECBs) for tenure of less than three years in SEZs. The detailed guidelines will be worked out by RBI. This will provide opportunities for accessing working capital loans for these units at internationally competitive rates.

A detailed summary of the policy guidelines, facilities and incentives, for SEZs developer and SEZs unit are indicated in Annexure II and III

SEZ Operating Procedure

The special economic zone scheme envisages a simple and transparent policy and procedure for the promotion of export with minimum paper work.

Import and Export Procedures

The SEZ units may import and export through port , airport, land custom stations, ICD ,CFS courier mode (other than valuables) and post parcel. The software development units may import and export through data communication and telecommunication links. So far as exports through data communication and telecommunication links are concerned, the procedure and practice being followed in case of EPZ/STP units may be adopted font SEZ units . As for import of software through above modes ,the units may be asked to file the Bill of Entry within 24 hours of such imports along with bank attested invoice and other relevant documents for obtaining national "out of charge ". The documents such as invoice etc. in respect of such import shall be routed through banks. The director or the STP/development Commissioner of SEZ shall certify the value of such software. Further, in case of such software imports , instructions issued by RBI, if any, may be followed .

In case of imports the Bill of Entry with specially stamped endorsement as "SEZ Cargo" shall be filed with the Asst. Commissner/ Deputy Commissner of Customs in the SEZ for assessment. For procurement of gods from domestic sources by SEZ units, the procedure and practice being followed in case of EPZ units may be adopted. In both cases , i.e.. both in respect of imported and domestically procured cargo, the goods may be assessed on the basis of documents furnished by the units. There will be no physical examination of goods and "out of charge" may be given after verifying the marks and numbers on the packets only.

When the goods imports are required to be sent to a SEZ located at a station away from the place of import ,the same may be allowed under normal transit procedure. In case of exports, for assessment of Shipping Bill , the procedure as applicable to the EPZ's shall apply mutatis mutandis in case of SEZ's also . There shall be no routine examination of the export consignment by SEZ customs authorities.

Sub Contracting

The Asst. Commissioner / Deputy Commissioner of customs may permit the clearance of goods to DTA without payment of duty for jobwork/further processing on the basis of a bond furnished by the unit. The bond will be discharged as and when the goods are received back after job work/ processing. The goods so processed may be cleared from the job worker's premises for export directly , provided the job worker is registered with Central Excise and the procedure as applicable to the EPZ is followed. Goods may be taken outside the

Zone into the DTA temporarily without payment of duty for the purpose of test, repairs, replacement, calibration, refining, processing, display or any other process necessary for manufacture of final product and return there off within the period specified in this regard.

The Assistant Commissioner / Deputy Commissioner of customs may permit clearance of goods to another SEZ/EOU/EPZ/EHTP/STP units without payment of duty of repairs, processing , testing or display and return thereof within the period specified in this regards . Goods may also be sent to SEZ/EPZ/EOU/EHTP/STP units for purposes of manufactures and export there from subject to maintenance of proper accounts by both the receiving and supplying units.

The aforementioned provisions / facilities referred shall not be applicable to the Jam and jewellery units in SEZ. However, these units can receive machine-made or handmade plain gold, plain silver, plain platinum jewellery firm DTA in exchange of gold/Silver/Platinum jewellery as the case may be. The unit shall not be eligible for any wastage or manufacturing loss against exchange of such machine made or hand made plain jewellery. The DTA unit exchanging the gold/silver/platinum jewellery with the units in SEZ shall not be allowed any deemed export benefits.

Capital Goods

A provision has been made in the notifications that duty would not be levied on capital goods, raw material, components, wastage or scraps etc. if these goods are destroy in the presence of the customs authorities. The notification may be referred to for details. This provision will, however, not apply to gold, silver, platinum, diamond, precious and semi precious stones. The Assistant Commissioner/ Deputy Commissioner of Customs may permit sale of finished goods including by products and services and waste scrap/ remnants/ rejects etc. in the DTA on payment of applicable custom duty in accordance with the export - import policy in force.

The units may be allowed to dispose of obsolete or unusable capital goods, spares and other goods in the DTA on payment of applicable custom duty. Such disposal shall, however, be subject to the import policy enforce under the SEZ scheme, the goods cleared from the zone will be treated as imported goods. Therefore, in case of DTA clearances, though the duty charged will be central excise duty, the duty will be equal to aggregate of all duties of customs. In other words, the SEZ units will have to pay full custom duty (applied duty) on their DTA clearances.

A SEZ unit shall maintain proper accounts financial year wise, of all foreign exchange in flow by way of exports and other receipts, all foreign exchange outflows on account of imports, payment of dividends, royalty, fees etc. consumption and utilization of the material and sale in the DTA.

UP State Government Initiative

As per Indian SEZ policy the zone are proposed to be set up by public, private or joint sector or by the state government. State Government have a lead role in the setting up of SEZ's. Various states in India have taken initiative to speed up the process of establishing the SEZ's in their respective lands and accordingly formulating rules and enacted laws. State policy on SEZ for various states are more or less similar to each other.

UP Government has also taken steps in this direction and come out with a UP SEZ Act and policy framework. These are presented in Annexure VI, VII and VIII respectively. Under the Act an SEZ Development Authority is proposed to be created which have all the parts to develop and operate the SEZ's in the state within certain board policy framework. The main features of the policy are highlighted below.

i). Most of the clearances for establishment of Industrial Units would be granted on automatic clearance basis and require single window clearance.

ii). Automatic NOC foe non - polluting industries. Only negative list as defined by state government require clearance.

iii). Minimum inspection and that too based on schedule.

iv). SEZ would be exempted from generation, transmission and distribution of power and be attached to states grid. Power from the state grid may be consumed as per requirement for which no stand by charge will be realized but it will be charged on pay and use basis. Surplus electricity generated in SEZ will be purchased by UPCCL. In this regard, required approval will be taken from State Electricity Regularity Commission.

v). Units set up in SEZ are not required to get any approval other than the approval related to UPPCB and state electricity regularity commission for the purpose of installation of captive power unit. Power distribution company established in the zone will be allowed to fix electricity tariff rates on the approval of the State Electricity Regularity Commission.

vi). The promoter of SEZ of all unit and all units operating in the SEZ will be exempted from trade tax turn over tax, vat Mandishulk, purchased tax or any other tax for.

vii). The sales transaction made within zone or for export by them. Similarly the promoter of SEZ and unit set up in SEZ will be exempted from taxes imposed by local body from time to time. No trade tax Mandishulk and purchased tax will be paid by DTA units to the units in SEZ i.e. promoter / developer.

viii). Units to be set up in the special economic zone will be endowed with public utility status under industrial dispute Act. State government is in the process of amending the various provisions of industrial dispute Act and the Factories Act, which will be promulgated after obtaining approval of legislatures and that of the Central Govt.

ix). Powers related to implementation of labour laws will be delighted to the development commissioner of SEZ and any officer of the department of labour will be posted under development commissioner.

x). State Govt. will help to provide for establishment of SEZ and for the unit sufficient drinking water and water for other purposes.

xi). State Govt. will ensure necessary majors to maintain law and order.

xii). Development Commissioner will be the chief executive officer of the authority and shall be the whole time officer of the authority.

DISTINCTIVE CHARACTERISTICS OF THE INDIAN SEZ MODEL

There are certain distinct characteristics of the Indian SEZ model which have been illustrated below.

? International experiences show that Govt. have largely developed special economic zones and have invested the necessary funds to create zone infrastructure. As an extension, Govt. have also taken the principal responsibility for marketing these zones internationally. Unlike this the primary thrust of the Indian SEZ model is to facilitate 'private sector led' SEZ's. This has opened up possibilities for developing SEZ's in the private sector and joint sector.

? Keeping in view learning from other countries, the Indian SEZ model also envisages a minimum size of 1000 ha for all green- field SEZ's. As highlighted earlier, a minimum critical mass or size is necessary to give rise to the desired economic multiplier. The combined utilized area under all EPZs and FTZs in India is 2100 acres i.e. less than 1000 hectares, the minimum size stipulated for green field SEZ. The simultaneous conversion of existing EPZS I FTZs into SEZs provides an opportunity to test and fine tune the SEZ policy before being finally applied to green field SEZs .

? Experience of comparable countries shows that decisions such as location selection, number of SEZ's be promoted and the focus for investment attraction have largely been influenced by national govt. In the Indian SEZ model, states are being encouraged to take these choices while the central govt. is largely focusing on policy-making and facilitation. This has resulted in a number of proposals from states for developing SEZ's . Since much of the funding for SEZ's is envisaged through private sector/banks, soundness of the business model, competitive differentiation and market forces would be the key determines of bank ability of these projects.

Annexure 5 of report shows status of India's SEZs (earlier EPZs)

CHAPTER 4
PROJECT AREA PROFILE-SPECIAL ECONOMIC ZONE NO

PROJECT LOCATION

Special Economic Zone Noida is proposed to be located in district Ghaziabad of UP within the planned township of NOIDA as shown in Annexure X to be read with draft Master Plan of NOIDA 2021 Annexure IX. It is situated between Delhi and greater NOIDA which is the most developed part of UP falling within National Capital Region. The size of the zone has presently been set at 1000 ha.

DEMOGRAPHIC PROFILE
The 100 kms radius around the proposed SEZ NOIDA has a total population of around 40 million with 16 towns above 2 lakh population. The 300- km catchment consist of 53 such towns. The 100 km radius houses around 1.5 lakh industrial units functioning in the area, out of which 660 are large to medium sized industries.

GEOGRAPHY AND PHYSICAL SETTING

The region in which the Zone lies is located on the western periphery of UP and is situated on the upper daub of the Ganga and Yamuna which form the eastern boundaries respectively separating the region from district of Blandisher, Moradabad and Budaun in the east and the state of Haryana and Delhi in the west. The location is approx. 30 min drive from Delhi. Major towns such as Delhi, Meerut, Faridabad ,Aligarh and Mathura falls within the 100 km radius and Jaipur ,Bareilly ,Agra and Gawalior falls within 300 km radius of the proposed SEZ NOIDA location.

Resources
The region is endowed with adequate water resources . The main source of surface water in the region is rivers, canals and lakes.The bulk requirement of water in the region is met by rivers Ganga and Yamuna . The quality of water is considered very well. AS regards the ground water resources 85% of the annual precipitation occurs during monsoon months the rainfall ranges between less then 50 cm in south west of the region to more than 75 cm in the north and

north east parts and about 180 cms near Delhi state. The general water table ranges between 6 to 15 meters below the ground level. The quality of ground level in the entire region is good and is used for drinking and irrigation PURPOSES. A high portion of allmost 96% of the cultivable area is under irrigation the region has mostly rich and loamy soil which is very fertile. Due to the mounting pressure of population and extensive cultivation, very little has been left of the natural vegetation . The area has dry deciduous trees, the common trees are Sal, Sheesham and Teak.

ECONOMIC PROFILE

The 100 kms radious around the special economic zone NOIDA accounts for almost 4.8% of the total country's NDP primarily due to its proximity to Delhi one of the key hubs of economic activity in the country. The per capita income of this belt at Rs 21000 is one of the highest and allmost 22% higher than the country's avg. A radius of 300 kms contains substantial portion of the most developed states in the country i.e. Punjab and Haryana and more prosperous towns of UP accounting for 11.5% of country's NDP. Major contribution to the NDP of the area (almost 80% of the NDP) is accounted by industry and service sector. The regions economy is slated to exp. fast growth in the future.

The economic characteristics of the surrounding sub region are briefly expressed below:

Delhi : Delhi the national capital of India besides being the nerve center of the country ,has emerged as an important international business center it has the largest cluster of SSI units (1.26 lakhs units) and is a major distributive center for the trade and commerce for the entire northern region. The place is home to large no. of centres , of excellence in science and technology and is imp. hub for national telecom network. It as the most well connected city in the country through surface and air. It is the first choice for setting up of representative offices of international and national companies and corporate houses seeking foothold in the countries .Delhi has more than 35% of catchment population and 53% of its NDP .

The 100 kms radius UP sub region has more than 320 large scale industries and about 9500 SSI units employing 4.4 lakhs workers. These Indus. are mainly concentrated in NOIDA, Gaziabad, Greater NOIDA and Sikandrabad towns etc. Besides a no. of industrial areas and activities have been taken up for dev. by the UPSIDC like Tronica city, Integrated agro parks, Apparels parks Massori-Gulaothi and Khurja growth centers, Export promotion industrial park at surajpur and development of 4 industrial corridors within the catchment of 300 kms of the SEZ NOIDA. UP is the home of not only the traditional industries for which India is known like brass ware, carpets, perfumes, silk, handlooms and handi craft but also the modern industries like electronics,automobiles etc. In software UP is the 2nd largest exporter in the country after Bangalore exporting software worth 4500 corers through 670 companies in 1999-2000. NOIDA area has developed as a hub of one activity in the country accounting for bulk of software export from UP. The state currently has 1942 medium and large size units with investment of around Rs 282 billion. The sub region is one of the most fertile and productive agriculture region in the whole of UP and has vast potential for food processing industry product exports.

TRADE PROFILE

The entire belt near SEZ NOIDA is considered to be highly export intensive. The total exports from the 100 kms radius is estimated close to Rs 15300 corers (9% of the country's export) and approx. Rs 23500 crores (14.5% of the country's exports within 300 kms radius . Delhi itself is a major contributor accounting for 59% of the total exports followed by UP sub region accounting for 29 % of the total exports. The main sectors of the exports are handicraft, carpets , leather, brass ware, Potteries, agricultural products, ready-made garments, electronic goods, engg. goods jewellery, diamonds , drugs/ pharmaceuticals , instruments, transportation equipment, software and handloom products. More than 40% of the products exported by value in the region is air worthy . Imports also constitute a sizable volume. It is estimated that almost similar value products are imported . The main airworthy imports are gold and silver, electronic goods, professional instruments and transport equipment etc.

INFRASTRUCTURE FACILITIES

The region is well endowed in all social infrastructures like Education, Medical, Water supply, Post and Telegraph, Communication and Road connectivity etc. The region receives power from the integrated grid of UP power systems and the northern regional grid. The current power supply is much less than the demand in the region. Towns and Industrial areas of Ghaziabad and Noida have been getting preferential treatment in respect of power supply.