

Instruction no. 22

No. C.8/3/2009-SEZ
Government of India
Ministry of Commerce and Industry
Department of Commerce
(SEZ Section)

Udyog Bhawan, New Delhi
Dated the 16th July, 2009

To

1. All Chief Secretaries of State Governments.
2. All Development Commissioners

Subject: Guidelines regarding “Grant of Extension of Validity of in-principle approvals” - Reg.

The undersigned is directed to enclose herewith guidelines regarding grant of Extension of Validity of in-principle approvals as per the decisions taken in the 12th and 31st meetings of the Board of Approvals held on 31.05.2007 and 15.01.2009 respectively for information and necessary action of all concerned.

2. These guidelines may be followed by Chief Secretaries of State Governments/Development Commissioners while recommending/forwarding the cases for grant of Extension of Validity of in-principle approvals.
3. All the developers holding letter of in-principle approval may kindly note the guidelines for applying for extension of validity of in-principle approvals.

Yours faithfully

(T. Srinidhi)
Director
Tel: 2306 3265
E-mail: t.srinidhi@nic.in

Copy for information to:

1. All the developers holding letter of in-principle approval
2. BoA Secretariat
3. DG, EPCES
4. Shri K. Jose Cyriac, Additional Secretary, Dept. Of Revenue, New Delhi
5. AS (DKM), JS/(AM)

Guidelines approved by BoA in the 12th meeting held on 31st May 2007 for grant of first Extension of Validity of in-principle approvals:

All such cases where:

- (i) the request for extension had been filed before the expiry of the LoA and
- (ii) where steps for implementation of the proposal like acquisition/purchase of land etc. have been taken;

the Letter of Approval (LoA) may be extended for 1 more year beyond the original validity. While extending the in-principle LoAs, any approvals given for area of more than 5000 hectares may be capped at 5000 hectares to align all such approvals as per the Government decision in this regard.

Guidelines/norms approved by BoA in the 31st meeting held on 15th January 2009 for grant of second extension of in-principle approval.

Type of SEZ	Conditions for grant of 1 st extension (1)	Conditions for grant of 2 nd extension (2)
IT/ITES/G&J/Biotech/Non-conventional Energy SEZ etc. with min. Area requirement of 10 Ha and Stand alone FTWZ	Conditions laid by BoA in its 12 th meeting	No second extension to be granted in such cases.
Sector Specific SEZs other than mentioned above	Conditions laid by BoA in its 12 th meeting	Conditions for grant of first extension will be applicable. Apart from this, the developer must have 60% land acquisition/possession
Multi-product	Conditions laid by BoA in its 12 th meeting	Conditions for grant of first extension will be applicable. Apart from this, the developer must have 50% land acquisition/possession

The cases which do not fulfil the above criteria will be placed before BoA for consideration.

The Board noted that as per SEZ Rules 2006, the in-principle approval is valid for one year and extension of validity of in-principle approval may be granted for another two years. In the light of EGoM decision prohibiting compulsory acquisition, it may be difficult to acquire 1000 hectares of contiguous land within a period of 3 years. To allow extension of validity of in-principle approval beyond 3 years in case of multi product SEZs, the Board directed to take steps to amend the relevant Rule to add such provision.

The amendment to the relevant Rule is under process.