[To be published in the Gazette of India, Extraordinary, Part II, Section(3), Sub-section (i)]

Government of India
Ministry of Commerce and Industry
(Department of Commerce)

NOTIFICATION

New Delhi, Dated the 11th November, 2009

G.S.R No.811(E) - In exercise of the powers conferred by clauses (zb), (zc), (zd), (ze), (zf), (zg), (zh), (zi) and (zj) of sub-section (2) of section 55 of the Special Economic Zones Act, 2005 (28 of 2005) read with section 31, the Central Government hereby makes the following rules, namely: -

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CHAPTER – I
PRELIMINARY

1. ***Short title and commencement.***-(1) These rules may be called the Special Economic Zone Authority Rules, 2009.

(2) They shall come into force from the date of their publication in the Official Gazette.

2. ***Definitions.***- (1) In these rules, unless the context otherwise requires, -

(a) "Act" means the Special Economic Zones Act, 2005 (28 of 2005);

(b) "Secretary" means the Secretary to the Authority

(2) All other words and expressions used in these rules and not defined but defined in the Act shall have the meanings respectively assigned to them in the Act.

CHAPTER – II

TERM OF OFFICE, VACANCY OF THE MEMBERS

3. **Term of Office.**- The term of office of members of the Authority (other than ex-officio Members) shall be for a period of two years from date of their nomination and they shall not be eligible for re-nomination immediately after expiry of their term but can be nominated for a subsequent term.

4. **Conveyance and allowances of the nominated members.-** The nominated members shall not be eligible for any conveyance or allowances for attending the meetings of the Authority.

5. **Vacancy of the entrepreneur member or their nominee. -** (1) The vacancy of a member or their nominee shall be deemed to have occurred due to one or more of the following reasons, namely :- :

(i) resignation from the Special Economic Zone Authority concerned;

(ii) death of the member;

(iii) the Unit represented by the member defaults in payment of dues to the Special Economic Zone Authority concerned;

(iv) the member absents himself/ herself in attending the proceedings of the Authority for three consecutive meetings;

(v) if any criminal proceeding is initiated against the Unit represented by such member either by the State or Central Government for violation of any law for time being in force;

(vi) the Unit represented by such member is sick, closed or has not been exporting for more than six consecutive months; and

(vii) Letter of Approval issued to the unit represented by the entrepreneur is cancelled by the Competent Authority for reasons of fraud, misrepresentation etc.

(2) If any vacancy arises due to any of the reasons mentioned above, the Central Government may nominate another member against such vacancy for the remaining period of tenure.

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CHAPTER – III
POWERS AND FUNCTIONS

6. (1) The Authority shall, -

(i) take all necessary measures for efficient management of the Zone and develop it as a financially viable organisation;

(ii) prepare its returns and statements before the commencement of each financial year;

(iii) decide the terms and conditions and remuneration for engagement of a Chartered Accountant for maintenance and finalisation of its accounts;

(iv) approve the audited statements of its accounts pertaining to a financial year before the 30th September of the following financial year; and

(v) have powers to raise resources in a manner consistent with provisions of the SEZ Act and Rules framed thereunder.

(2) The Authority shall prepare perspective plans for future expansion and shall undertake works of capital nature.

(3) Each Authority shall have the powers to implement schemes for health and life insurance, contributory pension, housing and leave travel, if deemed necessary, for the welfare of its employees in collaboration with the private or public sector agencies, wherever applicable:

Provided that the expenditure on such schemes shall not exceed five percent of its own revenues accrued during the previous financial year.

(4) The Authority may designate the Secretary or one of its officers to be the authorised signatory for specific purposes permitting the use of facsimile of its common seal for authentication of relevant documents.

(5) The Authority shall have its name engraved in legible characters on its seal.

(6) The Authority shall have its name and address of its head office and branch office(s) mentioned in all its business letters, bill/Invoice, letter heads, notices, official publications, contracts and other instruments.

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(7) The Common seal of the Authority shall be in the custody of the Chairperson or in the custody of an officer of the Authority designated for the purpose by the Authority.

7. **Power of the Authority to Expenditure.-** (1) All expenditure of the Authority except as specified in the sub rule (2) below, shall be approved by the Authority.

(2) The Chairperson shall have,-

(i) powers to approve minor works and maintenance works of the Zone;

(ii) powers to approve recurring expenditure in connection with:-

(a) Salaries,

(b) Overtime allowances,

(c) Travel Expenses,

(d) Advertisement and Publicity,

(e) Rent, Rates, Taxes,

(f) Professional services and legal expenses, and

Explanation: *Minor works* and maintenance works mentioned at clause (i) above means work costing less than rupees fifty lakhs per work.

(iii) powers to approve contingent expenditure both recurring and non-recurring:

Provided that the expenditure so incurred does not exceed Rupees Fifty lakhs at a time:

Provided further that the Authority concerned shall be competent to incur such expenditure beyond rupees fifty lakhs.

(3) The Chairperson of the Authority shall be competent to approve the official tours of other members and officers of the Authority undertaken in connection with the affairs of the Authority both within and outside the country in accordance to the rules applicable to the officers of the Central Government of equivalent rank posted at those places:

Provided that the Chairperson shall be self controlling officer in respect of all travels.

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Provided further that prior sanction of the Central Government shall be obtained for the official travels of the Chairperson outside the country.

(4) The Authority shall be competent to prescribe the entitlements regarding mode of travel, hotel accommodation, daily allowance, road mileage and other incidental expenditure in connection with the official functioning of its Chairperson and other employees as are applicable to the officers of the Central Government of equivalent rank posted at these places.

(5) There shall be a complete ban on extension of service of any Officer or employee of the Authority beyond the age of superannuation which shall be on par with the employees of the Central Government.

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(6) The Authority shall have powers to write off irrecoverable losses of its property on account of theft, fraud, negligence, natural calamity, fire and irrecoverable lease rent, licence fee and other user charges in respect of the assets and services of the Authority, including irrecoverable dues on account of Court orders and other statutory proceedings:

Provided that any write-off of losses beyond the sum of rupees one lakh shall be with the prior approval of the Central Government.

Provided further that in all cases of write-off of losses full details and reasons for doing so shall be recorded in writing.

(7) The Authority may enter into any contract for the discharge of its functions under the Act:

Provided that every agreement or contract for technical collaboration or consultation with foreign Governments or their firms shall require the prior sanction of the Central Government.

(9) All cheques and all pay orders for making deposit or investment or withdrawals of the sums or for the disposal in any manner of the funds of the Authority,-

(a) shall be signed by two officers of the Authority nominated by the Chairperson for this purpose, if the cheques or pay orders are for an amount not exceeding rupee ten lakhs; and

(b) shall be signed by the Chairperson of the Authority and the Secretary if exceeds rupee ten lakhs:

Provided that in the absence of the Secretary such cheques or pay orders shall be signed by the Chairperson and any other officer of the Authority.

8. **The Development Commissioner who is the Chairperson and the Chief Executive Officer of the Authority shall.** - (i) in the absence of regular Secretary, may designate any officer of the Authority to act as Secretary to the Authority and such appointment shall be ratified by the Authority in its next meeting;

(ii) entrust such other duties and responsibilities to the Secretary;

(iii) implement the decisions of the Authority;

(iv) comply with the directions of the Central Government under section 38 of the Act for its efficient administration;

(v) maintain the land records and title deeds of the Special Economic Zone concerned in safe custody;

(vi) defend the suits against the Central Government in any Court for payment of enhanced compensation for private lands acquired under the Land Acquisition Act for development of the Special Economic Zone;

(vii) defend all the proceedings or suits initiated against the Central Government or the Authority or any other officer on account of the actions taken by the Estate Officer of the Zone concerned under the Public Premises (Eviction of Unauthorized occupants) Act, 1971:

Provided that the lease agreements as aforesaid which are in force as agreements between the President of India represented by the Development Commissioner and the Units or other parties as on the date of commencement of these rules shall be deemed to be executed between the Authority and the Units or other parties for the balance period of the lease;

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(viii) execute Lease Agreement between the Authority and the Units or other parties in respect of built-up premises or land allotted, in the format specified by the Authority;

(ix) take steps to initiate legal proceedings against the Units or licence holders in the Special Economic Zone concerned or defend all suits, applications, writ Petitions and any other legal proceedings as he considers necessary to protect the interest of the Authority and the Central Government;

(x) may allot built-up premises or land to the entrepreneur for authorised operation after issue of Letter of Approval by the Development Commissioner;

(xi) take steps to ensure recovery of all the dues of the Authority and the Central Government;

(xii) to recommend actions as per the procedures prescribed under the Special Economic Zones Act and the rules made there under and Foreign Trade Policy to suspend or cancel the Import-Export Code Number or cancel the Letter of Approval , Letter of Permission in respect of any Unit inside the Zone where such action is warranted on account of violation of conditions of lease or licence;

(xiii) prevent the entry of unauthorised persons into the Zone and regulate and restrict the entry of private and other public vehicles and goods carriers in the interest of safety and security of the various Units inside the Zone and their workers.

(xiv) sign all instruments of contract with regard to lease, acquisition, holding and disposal by way of sale or otherwise of any immovable property and it shall be duly authenticated by common seal of the Authority:

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Provided that no sale or mortgaging or offering as collateral security or alienation in any other manner of movable and immovable property of the Central Government acquired on behalf of the President of India in terms of the provisions of the lease deed against any Unit in the Special Economic Zone and vested in the Central Government shall be permissible without the prior approval of the Central Government.

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CHAPTER – IV
APPOINTMENT OF THE OFFICERS AND EMPLOYEES OF THE AUTHORITY

9. (1) The Authority shall appoint officers and employees for the efficient discharge of its function.

(2) Categories, numbers and pay scales of the officers and employees required by the Authority under sub-rule(1) shall be decided with the approval of the Central Government.

(3) The appointment to the service of the Authority may be made by any of the following methods; namely :-

(a) transfer of any officer or employee in the existing Special Economic Zones as per sub-section (1) of section 33 of the Special Economic Zone Act including by way of absorption.

(b) transfer on Deputation or Absorption from the Central Government, State Governments, Union territory Administrations and Public Sector Undertakings of the States, Central, Union territory Administrations and Autonomous bodies funded fully or partly by the Central, State Governments and Union territory Administrations;

(c) promotion from amongst the employees of the Authority; and

(d) direct recruitment.

(4) The Authority may engage agencies or employees on contract/outsourcing for discharge of its functions and the terms and conditions of such appointment shall be decided by the Authority and preference shall be given to outsource all works to the extent possible and only if outsourcing cannot be done as a principle, regular staff shall be appointed.

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(5) The total expenditure in any financial year on salary, remuneration and other allowances of all employees of the Authority shall not exceed fifteen percent of its own revenues of the previous financial year or as specified by the Central Government from time to time in this regard:

Provided further that for incurring expenditure beyond fifteen percent, a proposal shall be made to the Central Government giving adequate justifications and the additional expenditure may be incurred only with the prior approval of the Central Government.

(6) The regular Central Government employees who were absorbed in the Authority shall be governed by rule 37 of the Central Civil Services (Pension) Rules, 1972 read with orders of the Central Government issued from time to time.

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(7) The permanent absorption of regular Central Government employees to the Authority shall take effect from the date on which their options are accepted by the Central Government.

(8) On and from the date of such acceptance, such employees referred to in sub-rule (6) of this rule shall cease to be Government servants.

(9) The regular Central Government employees absorbed in the service of the Authority shall be governed by the rules as specified in the Schedule-I annexed to these rules till the making of rules by the Central Government in this behalf:

Provided that in case of any difficulty arises in applying such rules, the matter shall be decided by the Authority and the decision of the Authority there on shall be final.

(10) After absorption of the regular Central Government employees in the service of the Authority,-

(a) the dismissal or removal from the service of the Authority of any employee after such absorption for any subsequent misconduct shall not amount to forfeiture of the retirement benefits for the service rendered under the Government;

(b) the Authority shall be competent to continue and complete the disciplinary proceedings and impose appropriate penalty, if found necessary, under the Central Civil Services (Classification, Control and Appeal) Rules-1965 against any employee of the Authority in respect of whom the Development Commissioner or an officer subordinate to the Development Commissioner, was the Appointing/ Disciplinary Authority, in respect of any misconduct committed before the absorption of such employees in the service of the Authority;

(c) in other cases not covered by clause (b) above, where the Appointing or Disciplinary Authority of the delinquent official was the President of India or the Central Government, the disciplinary proceedings will be continued and completed by the Central Government.

(11) The terms and conditions of deputation to the service of the Authority shall be decided by the Authority in consultation with the lending organisations and with the approval of the Central Government.

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CHAPTER – V

MEETINGS OF THE AUTHORITY

10. **Meetings of the Authority. -** (1) There shall be not less than four ordinary meetings of the Authority in a Financial Year and the interval between any two ordinary meetings shall not, in any case, be longer than four calendar months.

(2) It shall be mandatory for the Authority to meet in the month of march to review the physical and financial progress of the ongoing projects and finalise the annual accounts for next financial year.

(3) The Chairperson of the Authority shall cause to be issued a notice of the meeting of the Authority to all members fifteen days in advance of the proposed meeting indicating therein the time, date and place.

(4) The Chairperson, at any time, may call a special meeting of the Authority by giving two days prior notice:

Provided that a special meeting of the Authority may also be convened, if at least two members of the Authority request the Chairperson in writing to convene such a meeting.

(5) The Chairperson may invite any officer of the Authority or any person to attend any meeting of the Authority for any specific Official purpose.

Provided that such officer or person shall have no voting right.

(6) The Secretary shall issue notice of the meetings of the Authority, circulate the agenda, prepare and circulate minutes of the meetings and maintain records of the meetings of the Authority.

(7) The Secretary of the Authority shall be present in all the meetings of the Authority but shall have no voting rights.

(8) No business shall be transacted in the meeting of the Authority unless at least three members including the chairperson are present.

(9) The Chairperson shall preside at the meeting of the Authority

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(10) The venue for meetings of the Authority shall normally be the Office of the Authority, unless the Authority decides the venue at a place other than the head office of the Authority.

(11) The agenda for the meeting shall be sent to the members of the Authority at least seven days in advance.

(12) All decisions of the Authority shall be taken by majority of the Members including Chairperson, present and voting and in the event of an equality of votes, the Chairperson shall have right of casting vote.

(13) A record shall be maintained by the Secretary of the Authority regarding items of business transacted by the Authority during its meetings which will be authenticated by the Secretary and the Chairperson.

(14) The compliance of the decision(s) taken in the previous meeting(s) of the Authority shall be taken for review and further direction, if any.

(15) The decisions taken during the meeting of the Authority shall be minuted and circulated within seven working days of the meeting to all members of the Authority for follow up action and compliance.

(16) Notwithstanding anything contained in this rules, the Central Government may, at any time, call a meeting of the Authority.

(17) The business, not included in the agenda shall not be transacted at the meeting without the permission of the Chairperson.

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CHAPTER – VI

ACCOUNTS, RETURNS AND STATEMENTS OF THE AUTHORITY

11 **Accounts of the Authority.** – (1) The account of the Authority shall include a statement regarding: -

(a) the estimated opening balance;

(b) estimated receipts under clauses (a) to (d) of sub-section (1) of section 36 of the Act; and

(c) the estimated expenditure.

(2) The annual accounts and financial statements along with necessary schedules, note on accounts and significant accounting policies as mentioned in Schedule -II shall be prepared in accordance with the common format of financial statements for the Central Government Autonomous bodies prescribed by the Government of India, Ministry of Finance, Comptroller and Auditor General of India and as modified from time to time with prescribed accounting formats.

(3) The annual accounts of the Authority shall be signed or authenticated by the chairperson of the Authority and the Secretary:

Provided that in the absence of Secretary such annual accounts shall be signed or authenticated by the Chairperson and any other officer of the Authority nominated by the Chairperson.

12. (1) The Authority shall submit to the Central Government in the Department of Commerce, Ministry of Commerce and Industry the periodical returns and reports as mentioned in **Schedule-III** to these rules not later than the dates mentioned therein.

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(2) In addition to the above, the Authority shall prepare its Annual Report in the format given in **Schedule-IV** to these rules for the preceding financial year covering all its important activities during the said period and shall submit the same to the Central Government in the Department of Commerce, Ministry of Commerce and Industry on or before the 31st day of July of the following year.

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Schedule-I

[See Rule 9(9)]

1. Fundamental Rules and Supplementary Rules

2. Central Civil Services (Revised Pay) Rules-2008

3. Central Civil Services (Leave) Rules–1972

4. Central Civil Services (Joining Time) Rules, 1979

5. Central Civil Services (Conduct) Rules-1964

6. Central Civil Services (Classification, Control and Appeal) Rules, 1965

7. The Central Civil Services (Medical Examination) Rules, 1957

8. Consolidated orders of the Central Government on Leave terms to be granted to Officers appointed on Contract basis in various posts.

9. Consolidated orders of the Central Government regarding grant of Casual Leave and Special Casual Leave.

10. Central Civil Services (Temporary Service) Rules, 1965

11. Consolidated orders of the Central Government on Overtime Allowance.

12. Consolidated orders of the Central Government on Uniforms to liveried staff and Washing Allowances.

13. Consolidated orders of the Central Government on Closed Holidays/ Restricted Holidays, Casual Leave, closure in the event of death of High Dignitaries.

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Schedule-II

[See Rule 11(2)]

S.No.	Nature of Account
1.	Balance Sheet
2.	Income and Expenditure
3.	Schedules to the above Financial statements
4.	Instructions and Accounting principles
5.	Notes and instructions for the schedules and
6.	Statement of Receipts and Payments as prescribed by the Comptroller and Auditor General of India, Ministry of Finance.

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Schedule-III

[See Rule 12(1)]

1. The copy of the Annual Budget of the Authority shall be submitted latest by the 31st day of March of the relevant financial year.

2. The audited Accounts of the Authority pertaining to a financial year shall be submitted latest by the 30th day of September of the subsequent financial year.

3. The accounts of the Authority as certified by the Comptroller and Auditor General of India or his nominee together with audit report thereon shall be submitted within one month of its receipt.

4. The compliance report on the observations of Comptroller and Auditor General of India and the Public Accounts Committee shall be submitted when required by the Government of India.

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Schedule-IV

[See Rule 12(2)]

Information to be contained in the Annual Report of the Authority

1. Structure and Functions.

2. Export performance of the Zone.

3. Performance during the year indicating existing and projected activities, programmes continuing from the previous year and new programmes and their impact on Authority's revenue collection and impact on the Zone's export performance.

4. Audited annual statement of accounts.

5. Relevant information on labour front – strike, lockouts, accidents, litigation involving Authority's estate.

6. General Industrial trends in the Zone, broad details of sick, closed Units and their impact on the Zone's performance and Authority's estate including litigation.

7. Achievements, Innovations, new ideas implemented.

8. Seminars, Conferences, Training programmes organized by the Authority.

9. Events of national and international importance in which the Authority participated.
10. Agreements with other countries/ international organizations.

11. List of Publications brought out.
12. Welfare measures.
13. Use of Hindi as Official Language.

(F.No. A.20/1/2006-SEZ)

Sd/-
(ANIL MUKIM)
Joint Secretary to the Government of India

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