

# SEZ policy panel to review impact, conduct cost-benefit analysis

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The Centre is set to evaluate the impact of implemented and proposed reforms in the Special Economic Zone (SEZ) policy, including the relaxation for domestic sales announced in the Budget 2026-27, to decide on further steps to improve the scheme's performance.

The recently announced committee for "larger reforms in SEZ policy" will review the fiscal impact of SEZs and related reforms on

revenue and taxes, including foregone duties, and assess the cost-benefit outcomes in terms of exports, investment and economic activity, according to the terms of reference (ToR).

"...Recommend short-term, medium-term and long-term policy, legal and procedural reforms, including possible amendments to the SEZ Act/Rules, and suggest an implementation roadmap with clear guidelines," the ToR read.

The committee, steered by the Commerce Department and including repres-

entatives from the Finance Ministry and NITI Aayog, has been tasked with undertaking a background study focused on the harmonisation of various export promotion schemes, including SEZs, EOUs, Manufacture and Other Operations in Warehouse (MOOWR), Advance Authorisation, EPCG and DFIA. It will submit a concept paper recommending a roadmap for broad-based reforms to formulate the SEZ 2.0 policy.

The Commerce Department has been actively discussing proposals with the

Finance Ministry on measures to boost the manufacturing competitiveness of SEZs and make them more attractive, particularly after the sunset clause on income-tax exemptions took effect in April 2020.

## 'ENDLESS LOOP'

The recent focus has also been on measures that could help SEZ exporters better leverage the domestic market as they grapple with global uncertainties and US tariffs.

The industry, however, is looking for fast implementa-

tion of measures already discussed within the government for long. "The measures on SEZs taken by the government so far are in very small doses while the big proposals have been consistently put off. A number of studies, including the Baba Kalyani report, the World FZO report and the DESH Bill, have examined SEZ reforms. What is required is the implementation of the recommendations that the government is ready for. We can't keep moving in this endless loop," an industry official told *businessline*.

Responding to longstanding industry demands and global disruptions due to US tariffs, Finance Minister Nirmala Sitharaman proposed a special one-time measure allowing SEZ manufacturing units to sell goods in the Domestic Tariff Area (DTA) at concessional duty rates.

SEZ units, however, have been seeking such concessions on a permanent basis. The industry has long demanded that SEZ units be allowed to sell in the DTA on a "duty-foregone" basis to reduce the duty burden.