



# IAS PARLIAMENT

*Information is Empowering*  
A Shankar IAS Academy Initiative

## Concerns with Sagarmala project

### Why in news?

\n\n

The government has approved creating 14 coastal economic zones (CEZs) in JNPT, Maharashtra under Sagarmala Project.

\n\n

### What is the Sagarmala project?

\n\n

- \n
- Sagarmala project is a strategic and customer-oriented Rs 8,000,000 million investment initiative.
- \n
- It aims to modernize India's Ports so that port-led development can be augmented and coastlines can be developed to contribute in India's growth.
- \n
- It also aims for transforming the existing Ports into modern world class Ports and integrate the development of the Ports and efficient evacuation systems.
- \n
- Development of mines, industrial corridors, rail, road and airport linkages with these water ports are also part of the project.
- \n

\n\n

### What is the recent announcement about?

\n\n

- \n
- The Jawaharlal Nehru Port Trust in Maharashtra has approved for the creation of 14 CEZs.
- \n
- Reports suggest that 45 companies from the telecom, technology, and

automobile industries are expected to bid for them.

\n

- Since the JNPT accounts for 40% of India's trade, the zone expects to attract investment worth Rs 15,000 crore and create 1,50,000 jobs in the first phase.

\n

\n\n

### **What is the lesson from SEZs?**

\n\n

\n

- The SEZ policy appeared to have largely been a success as evident from accounting for a third of the country's exports.
- However, it is to be noted that much of this was on account of the IT and ITeS sectors which merely shifted location when the sunset clause on their sector-specific tax breaks kicked in.
- The enthusiasm for SEZs waned considerably once the government imposed the minimum alternate tax and the dividend distribution tax.
- It is thus difficult to gauge the real performance of SEZs, and they highlight the risk of creating islands of "Doing business".

\n

\n\n

\n

- The model's excellence is less likely to generate the kind of all-round economic development that India urgently needs.
- Also, political and social dynamics differ significantly making this Chinese developmental model a least optimum solution for India.

\n

\n\n

### **Is CEZ model effective for Sagarmala?**

\n\n

\n

- Sagarmala project which is based on CEZ seems to have become a casualty of the chronic problem of land acquisition.
- For Sagarmala project, the land requirement could extend from 300 km to 500 km adjacent to deep-water ports.

- \n
- Reports suggest that several projects have hit roadblocks either on account of high prices or limited land availability.
- \n
- Investors are very cautious of investing in CEZs because they do not attract the provisions of “Eminent domain”.
- \n
- This provides for some 13 exceptions such as railways and coal-bearing tracts from the requirement of prior consent.
- \n
- In all, the feasibility of these economic models for infrastructure projects is uncertain without tax concessions and relaxations in labour laws that investor community expects.
- \n

\n\n

## **Quick Facts**

\n\n

### **SEZ**

\n\n

- \n
- Special economic zone (SEZ) refers to designated areas with special economic regulations that differ from other areas.
- \n
- These regulations are especially conducive to foreign direct investment.
- \n
- A company doing business in an SEZ usually receives tax incentives and the opportunity to pay lower tariffs.
- \n

\n\n

### **CEZ**

\n\n

- \n
- Similar to SEZ, the CEZ focuses on coastal development.
- \n
- CEZs are aimed at promoting development of port-proximate industrial clusters, encouraging port-led development, reduction of logistics cost and time for movement goods.
- \n

\n\n

\n\n

**Source: Business Standard**

\n



**IAS PARLIAMENT**

*Information is Empowering*

A Shankar IAS Academy Initiative