

No.P.6/3/2006-SEZ  
Government of India  
Ministry of Commerce & Industry  
Department of Commerce  
(SEZ Division)

Udyog Bhawan, New Delhi.  
Dated: 21<sup>st</sup> March, 2012.

**Subject: Guidelines for Power Generation in Special Economic Zones.**

In supersession of this Ministry's letter of even number dated 27<sup>th</sup> February, 2009 laying down guidelines for power generation, transmission and distribution in Special Economic Zone, the following guidelines are hereby prescribed:-

**1. Generation of Power in SEZ**

- (i) A power plant can be set up by developer(s)/co-developer(s) in a SEZ, as part of infrastructure facility in the processing area or non-processing area of SEZ. Such a power plant setup in the processing area will be entitled to all benefits available to developers/co-developers, including fiscal benefits under Section 26 of the SEZ Act, 2005 including benefits for initial setting up, duty free imports of raw materials, components and consumables for operation and maintenance of power plant and generation of power. Similarly all obligations and responsibilities of a developer/co-developer under the Act and Rules etc shall be applicable. There will be no obligation to achieve positive Net Foreign Exchange Earning (NFE) for such power plants. However, a power plant to be set up by developer/ co-developer in an SEZ as part of infrastructure facility in the non processing area of SEZ will be entitled to fiscal benefits only for its initial setting up and no fiscal benefit would be admissible for its operation and maintenance in terms of Rule 27(3) of the SEZ Rules. There will be no obligation to achieve positive Net Foreign Exchange Earning (NFE) for such power plants.
- ii) As a unit set up within the SEZ
  - (a) A unit can be set up within the SEZ to generate power as a product or have a captive power plant and will be located in the processing area. Such a power plant will be entitled to all benefits available to unit, including the fiscal benefits covered under Section 26 of the SEZ Act including the benefits for initial setting up, maintenance and the duty free imports of raw materials and consumables for the generation of the power in such plants.
  - (b) The duty free import of capital goods, raw material and consumable etc. would be counted towards the NFE obligations of the unit as applicable to such units under Rule 53 of the SEZ Rules, 2006.
  - (c) All obligations and responsibilities of a unit under the Act and Rules etc shall be applicable.
- iii) A single power plant in an SEZ
  - (a) A single stand alone power plant can be set up in an SEZ in which there would be no other units. Such a power plant will be treated as a unit in the

  
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