

THE DEVELOPMENT (ENTERPRISE AND SERVICES) HUBS BILL, 2022

No. [] of 2022

A BILL

to provide for the establishment, development and management of Development Hubs, including existing Special Economic Zones, as enclaves for the purposes of the promotion of economic activity, employment generation, integration with global supply and value chains and maintenance of manufacturing and export competitiveness, development of infrastructure facilities, promotion of investments, and investment in research and development and for matters connected therewith or incidental thereto,

BE it enacted by Parliament in the Seventy-third Year of the Republic of India as follows:—

CHAPTER I PRELIMINARY

1. Short title, extent and commencement.-

- (1) This Act may be called the Development (Enterprises and Services) Hubs Act, 2022.
- (2) It extends to the whole of India.
- (3) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint, and different dates may be appointed for different provisions of this Act and any reference in any such provision to the commencement of this Act shall be construed as a reference to the coming into force of that provision.

2. Definitions.-

- (1) In this Act, unless the context otherwise requires,-
 - (a) “authorised operations” means operations which may be authorised under sub-section (3) of Section 11 and sub-section (3) of Section 16;

Provided that the Central Government shall specify, in the [First] Schedule, a list of operations that shall, and shall not, be considered authorised operations.

Provided further that the Central Government may, by notification, add to, or omit, the positive or negative list of authorised operations listed in the [First] Schedule.
 - (b) “Board” means the Integrated Development Hub Board constituted under sub-section (1) of section 25;

- (c) “Co-Developer” means a person who, or a State Government or its agency which, has been granted by the Board a letter of approval under Section 11;
- (d) “date of notification” with reference to a Development Hub means the date on which the Development Hub is notified by the Board under sub-section (2) of Section 12;
- (e) “Development Hub” means each Development Hub notified under Section 12, including an Enterprise Hub, Services Hub, and any existing Special Economic Zone;
- (f) “Developer” means a person who, or a State Government or its agency which, has been granted by the Board a letter of approval under Section 11, and includes a Co-Developer;
- (g) “Domestic Tariff Area” means the whole of India (including the territorial waters and continental shelf) but does not include the areas of the Development Hubs;
- (h) “DTA equalisation levy” means the duty leviable on goods or services removed or provided from a Development Hub to the Domestic Tariff Area, under clause (c) of sub-section (1) of Section 51;
- (i) “Enterprise Hub” means a Development Hub designated as such by the Board under Section 19;
- (j) “Entrepreneur” means a person who has been granted a letter of approval by the State Board under Section 16;
- (k) “existing Special Economic Zone” means every Special Economic Zone which is in existence before the commencement of this Act, including any Zone established under the Special Economic Zones Act, 2005;
- (l) “existing Unit” means every Unit which has been set up on or before the commencement of this Act, including under the Special Economic Zones Act, 2005;
- (m) “export” means -
 - (i) taking or supplying goods, or providing services, out of India, from a Development Hub, by land, sea or air or by any other mode, whether physical or otherwise; or
 - (ii) supplying goods, or providing services from the Domestic Tariff Area to a Unit or Developer; or
 - (iii) supplying goods, or providing services, from one Unit to another Unit or Developer, in the same or different Development Hub;

- (n) “Hub Director” means the Hub Directors appointed under sub-section (1) of Section 35, and includes Development Commissioners appointed under the Special Economic Zones Act, 2005;
- (o) “import” means-
- (i) bringing or procuring goods or receiving services, in a Development Hub, by a Unit or Developer from a place outside India by land, sea or air or by any other mode, whether physical or otherwise; or
 - (ii) receiving goods, or services by, a Unit or Developer from another Unit or Developer of the same Development Hub or a different Development Hub;
- (p) “Infrastructure facilities” means industrial, commercial or social infrastructure or other facilities necessary for the development of a Development Hub or such other facilities which may be prescribed;
- (q) “manufacture” means make, produce, fabricate, assemble, process or bring into existence, by hand or by machine, a new product having a distinctive name, character or use and shall include processes such as refrigeration, cutting, polishing, blending, repair, remaking, re-engineering and includes agriculture, aquaculture, animal husbandry, floriculture, horticulture, pisciculture, poultry, sericulture, viticulture and mining;
- (r) "notified order" means a notification published in the Official Gazette and the expression “notify” shall be construed accordingly;
- (s) “notified offences” means the offences specified as such under Section 63;
- (t) “Offshore Banking Unit” means a branch of a bank located in a Development Hub and which has obtained the permission under clause (a) of sub-section (1) of section 23 of the Banking Regulation Act, 1949;
- (u) “person” includes an individual, whether resident in India or outside India, a Hindu undivided family, co-operative society, a company, whether incorporated in India or outside India, a firm, proprietary concern, or an association of persons or body of individuals, whether incorporated or not, local authority, trust or any entity as may be notified by the Central Government, and any agency, office or branch owned or controlled by such individual, Hindu undivided family, co-operative, association, body, authority, company, trust or entity;
- (v) “prescribed” means prescribed by the rules made by the Central Government under this Act;
- (w) “Reserve Bank” means the Reserve Bank of India constituted under section 3 of the Reserve Bank of India Act, 1934;
- (x) “Schedule” means Schedules to this Act;

- (y) “services” means such tradable services which, -
 - (i) are covered under the General Agreement on Trade in Services annexed as IB to the Agreement establishing the World Trade Organisation concluded at Marrakesh on the 15th day of April 1994; and
 - (ii) may be prescribed by the Central Government for the purposes of this Act.
 - (z) “Services Hub” means a Development Hub designated as such by the Board under Section 22.
 - (aa) “settlement agreement” means an agreement reached between the parties pursuant to a mediation conducted under section 58 of this Act;
 - (bb) “signature” shall include electronic signatures as under Section 5 of the Information Technology Act, 2000 (21 of 2000)
 - (cc) “Special Economic Zone” means each Special Economic Zone under the Special Economic Zones Act, 2005;
 - (dd) “specified” means specified by the regulations made by the Board;
 - (ee) “State Board” means the State Boards established under sub-section (1) of Section 31;
 - (ff) “State Government” means a State Government of the State in which a Development Hub is established or proposed to be established;
 - (gg) “Unit” means a Unit set up by an entrepreneur in a Development Hub and includes an existing Unit, an Offshore Banking Unit, whether established before or after the commencement of this Act;
- (2) All other words and expressions used and not defined in this Act or rules thereunder but defined in the Industries (Development and Regulation) Act, 1951, the Income Tax Act, 1961, the Customs Act, 1962, the Foreign Trade (Development and Regulation) Act, 1992 and the Central Goods and Services Tax Act, 2017 and the Integrated Goods and Services Tax Act, 2017 shall have the meanings respectively assigned to them in those Acts.

CHAPTER II

ESTABLISHMENT OF DEVELOPMENT (ENTERPRISE AND SERVICE) HUBS

3. Establishment of Development Hub.-

- (1) A Development Hub may be established under this Act, either jointly or severally by the Central Government, State Government or any person for manufacture of goods or rendering services or for both.

- (2) A proposal to establish a Development Hub may be made to the Board, in accordance with Section 9, by
 - (a) Any person; or
 - (b) A State Government.

- (3) The Central Government may, in accordance with Section 4, establish a Development Hub.

4. Establishment of Development Hub by Central Government.- The Central Government may,

- (a) after consulting the Board and the State Government concerned; and
- (b) after identifying the area; *suo moto* set up and notify the Development Hub under sub-section (2) of Section 12.

5. Notification of existing industrial estates, etc. as Development Hubs.-

- (1) A State Government which seeks the notification of an industrial estate, industrial park or any area under a similar scheme as a Development Hub, may, after identifying the area, forward a proposal for the purpose of such notification directly to the Board for its approval.
- (2) The Board may, if it considers necessary to do so, provisionally approve the notification of such area as a Development Hub, subject to such area meeting the requirements for the establishment of a Development Hub referred to in Section 8 and any rules made thereunder, within a period of six months from the date of such provisional approval.

Provided that after the expiry of six months, if the Development Hub fails to comply with such requirements, the provisional approval shall be withdrawn.

Provided further that an industrial estate, industrial park or an area under a similar scheme which has been designated as a Development Hub shall not cease to be an industrial estate, industrial park or an area under a similar scheme such merely by virtue of its designation as a Development Hub.

- (3) Upon the expiry of six months, if the industrial estate, industrial park or the area under a similar scheme complies with the requirements for the establishment of a Development Hub enlisted in Section 8 and any rules made thereunder, the Board shall grant the State Government or the relevant Developer or person, as the case may be, a letter of approval under Section 11.
- (4) The Board may delegate such powers and grant such relaxations as may be necessary for the removal of difficulties in the notification and operation of the area referred to in sub-section (1) as a Development Hub under sub-section (2).

6. Principles for notifying Development Hub.-

- (1) The Board, while notifying any area as a Development Hub or an additional area to be included in the Development Hub and discharging its functions under this Act, shall be guided any or all of the following principles, namely
 - (a) Generation of additional economic activity;
 - (b) Creation of employment opportunities;
 - (c) Promotion of investment from domestic and foreign sources;
 - (d) Promotion of innovation, and investment in research and development;
 - (e) Development of infrastructure facilities;
 - (f) Integration with global supply and value chains and maintenance of manufacturing and export competitiveness;
 - (g) Maintenance of sovereignty and integrity of India, the security of the State and friendly relations with foreign States; and
 - (h) Other such relevant principles as may be considered.
- (2) Every Unit and every Developer shall, on the portal referred to in Section 40, periodically submit such information as may be considered necessary by the Board to enable the monitoring of the performance of units and Development Hubs.

Provided that the information required shall be specified on the basis of the principles referred to in sub-section (1) and such other principles as may be considered.

7. Processing and non-processing areas.-

- (1) The areas falling within the Development Hubs may be demarcated by the Board, or any authority specified by it, as
 - (a) the processing area for setting up Units for activities, being the manufacture of goods, or rendering services; or
 - (b) the area exclusively for trading or warehousing purposes; or
 - (c) the non-processing area for activities other than those specified under clause (a) or clause (b).
- (2) The Central Government may prescribe the limits on the area that may be designated as non-processing area, the terms and conditions related to such area and the activities that shall be authorised in such areas.

8. Requirements for establishment of Development Hubs.-

The Central Government shall prescribe the following requirement for establishment of Development Hubs, namely

- (a) the minimum area of land or built up area, as the case may be, and other terms and conditions subject to which the Board shall approve, modify or reject any proposal received by it under Section 9; and
- (b) the terms and conditions, subject to which the Developer shall undertake the authorised operations and his obligations and entitlements.

CHAPTER III

DEVELOPERS OF DEVELOPMENT (ENTERPRISE AND SERVICE) HUBS

9. Procedure for making proposal to establish Development Hub.-

- (1) Any person, who intends to set up a Development Hub, may, after identifying the area, make a proposal to the relevant State Board for the purpose of setting up the Development Hub.
- (2) The State Board shall forward the proposal received under sub-section (1) together with its recommendations to the Board for its approval as per Section 10.
- (3) A State Government, which intends to set up a Development Hub, may, after identifying the area, forward a proposal for the purpose of setting up the Development Hub directly to the Board for its approval as per Section 10.
- (4) Every proposal under sub-sections (1) and (3) shall be made electronically through the integrated online portal set up under Section 40 in such form and manner containing such particulars as may be prescribed.

10. Review of proposal by Board.-

- (1) The Board may, after receipt of the proposal under Section 9, approve the proposal subject to the terms and conditions referred to in Section 8 and such other terms and conditions as it may deem fit to impose, or modify or reject the proposal.
- (2) Where the Board,
 - (a) approves, without any modification, the proposal received under Section 9, or
 - (b) approves with modifications the proposal received under Section 9, it shall communicate such modifications to the person or the State Government concerned and if such modifications have been accepted by such person or the State Government,it shall grant a letter of approval in accordance with Section 11.
- (3) Where the Board rejects the proposal received under Section 9, it shall record the reasons for such rejection and communicate the rejection to the State Government or the person concerned.

11. Grant of letter of approval to Developer and Co-Developers.-

- (1) The Board shall, on approval of a proposal under sub-section (2) of Section 9, within such time as may be prescribed, grant a letter of approval on such terms and conditions and obligations and entitlements as may be specified by the Board, to the Developer, being the person or the State Government concerned.

Provided that the Board may approve more than one Developer in a Development Hub in cases where one Developer does not have in his possession the minimum area of contiguous land, as may be prescribed, for setting up a Development Hub and in such

cases, each Developer shall be considered as a Developer in respect of the land in his possession.

- (2) Any person who, or a State Government which, intends to provide any infrastructure facilities in the identified area of a Development Hub referred to in Section 9, or intends to undertake any authorised operation may, after entering into an agreement with the Developer referred to in sub-section (1), make a proposal for the same to the Board for its review in such form and manner as may be prescribed.
- (3) The review of the proposal under sub-section (2) shall be done by the Board in the manner specified in Section 10, and if such proposal is approved, a letter of approval shall be issued by the Board in the manner referred to in sub-section (1)
- (4) Every person or a State Government referred to in sub-section (2), whose proposal has been approved by the Board, and who, or which, has been granted a letter of approval, shall be considered as a Co-Developer of the Development Hub.
- (5) Subject to the provisions of this Act and the grant of the letter of approval, the Developer may allocate space or built up area or provide infrastructure services to the approved units in accordance with the agreement entered into by him with the entrepreneurs of such Units.

12. Notification of Development Hub and authorisation of operations.-

- (1) The Developer shall, after the grant of letter of approval under Section 11, submit the exact particulars of the identified area referred to in Section 9 to the Central Government, within such time period and in such manner as may be prescribed.
- (2) The Central Government may, after it is satisfied that the requirements prescribed under Section 8 and other requirements, as may be prescribed, are fulfilled, notify the specifically identified area in the State as a Development Hub.

Provided that an existing Special Economic Zone shall be deemed to have been notified and established in accordance with the provisions of this Act as a Development Hub, and the provisions of this Act shall, as far as may be, apply to such Zone accordingly.

Provided further that the Central Government may, after notifying the Development Hub, if it considers appropriate, notify subsequently any additional area to be included as a part of that Development Hub.

- (3) After the date of notification, the Board may authorise the Developer to undertake, in a Development Hub, such operations as it may authorise.

13. Measures applicable for developers.- The economic, procedural and facilitative measures referred to in Chapter X shall be available to the developers of a Development Hub upon the grant of a letter of approval under sub-section (1) of Section 11.

14. Suspension of letter of approval.-

- (1) If, at any time, the Board is of the opinion that a Developer-
 - (a) Is unable to discharge the functions or perform the duties imposed on him by or under the provisions of this Act or rules made thereunder; or
 - (b) Has persistently defaulted in complying with any direction given by the Board under this Act; or
 - (c) Has violated the terms and conditions of the letter of approval; or
 - (d) Whose financial position is such that he is unable to fully and efficiently discharge the duties and obligations imposed on him by the letter of approval, and

the circumstances exist which render it necessary for it in the public interest to do so, the Board may, for reasons to be recorded in writing and subject to such procedure and safeguards as may be prescribed, suspend the letter of approval granted to the Developer in accordance with sub-section (2).

Provided that where the Board has given notice for suspension of letter of approval, the Developer may, after prior approval of the Board, transfer his letter of approval to any person who is found eligible by the Board for grant of such approval.

- (2) Where the Board suspends the letter of approval under sub-section (1), it shall appoint an Administrator in accordance with such procedure as may be prescribed, being the Central Government, State Government or its agencies or any person, as the case may be, to discharge the functions of the Developer in accordance with the terms and conditions of the letter of approval and manage the Development Hub accordingly for such time period as may be prescribed.
- (3) If at any time, the Board is satisfied that the purpose of the order appointing the Administrator has been fulfilled or that for any reason it is undesirable that such order shall remain in force, the Board may cancel the order and thereupon the Administrator shall be divested of the management of the Development Hub which shall, unless otherwise directed by the Board, again vest in the person, being the Developer, in whom it was vested immediately prior to the date of appointment of the Administrator.
- (4) Where the Board suspends the letter of approval under this section,
 - (a) the Board may, invite applications for transferring the letter of approval of the Developer, whose approval has been suspended and select the person or persons, in accordance with the procedure as may be prescribed, to whom such letter of approval may be transferred
 - (b) Upon selection of person or persons under clause (a), the Board may, by notice in writing, require the Developer to transfer his letter of approval in a Development Hub to the person or the persons so selected and thereupon the Developer shall transfer his interests, rights and liabilities in the Development Hub to such person or persons who has been selected by the Board on such terms and conditions and consideration as may be agreed upon between the Developer and the transferee;

- (c) All the rights, duties, obligations, and liabilities of the Developer, on and from the date of suspension of letter of approval or on and from the date, if earlier, on which his letter of approval in the Development Hub of the Developer has been transferred to the person or persons referred to in clause (a), shall cease absolutely except for any liabilities which have accrued prior to that date.

15. Cancellation of letter of approval and denotification of identified area as development hub.-

- (1) Where the Central Government is of the opinion that it is necessary to do so, it may, in consultation with the Board, cancel the letter of approval and denotify the identified area, or a part thereof, as a 'development hub' in such manner and subject to such procedure and safeguards as may be prescribed.
- (2) Where a part of the identified area is denotified under sub-section (1) in a development hub with built up area, such denotification shall take place notwithstanding its effect on the contiguity of such built up processing area.
- (3) Where any development hub is denotified under this section, the land or built up area, as the case may be, shall conform to the laws, rules, plans or guidelines in relation to land use in the relevant State, and any units in such development hub shall be provided with the option to exit in such manner as may be prescribed.

CHAPTER IV

ENTREPRENEURS IN DEVELOPMENT (ENTERPRISE AND SERVICE) HUBS

16. Setting up of Unit.-

- (1) Any person, who intends to set up a Unit for carrying on the authorised operations in a Development Hub, may submit a proposal to the State Board in such form and manner containing such particulars as may be prescribed.

Provided that an existing Unit shall be deemed to have been set up in accordance with the provisions of this Act and such Units shall not be required to apply for approval under this Act.

- (2) On receipt of the proposal under sub-section (1), the State Board shall, in accordance with the provisions of sub-section (4), within such time period as may be prescribed, either
- (a) approve the proposal without modification; or
 - (b) approve the proposal with modifications subject to such terms and conditions as it may deem fit to impose; or
 - (c) reject the proposal.

Provided that in the case of clause (b) or (c) of this sub-section, the State Board shall afford a reasonable opportunity of being heard to the person concerned and after recording the reasons, either modify or reject the proposal.

- (3) The State Board may, after approval of the proposal received by it under sub-section (1), grant a letter of approval to the person concerned to set up a Unit and undertake such operations which the State Board may authorise and every such operation so authorised shall be mentioned in the letter of approval.

Provided that the letter of approval granted under this sub-section shall be renewed automatically, subject to the conditions specified in this regard, the provisions of this Act, including Section 17, and compliance with the terms and conditions or obligations subject to which the letter of approval was granted and compliance with laws in force for the time being.

- (4) The Central Government may prescribe
- (a) the requirements, including the period for which a Unit may be set up, subject to which the State Board shall approve, modify or reject any proposal received by it under sub-section (1); and
 - (b) the terms and conditions, subject to which the Unit shall undertake the authorised operations and its obligations and entitlements, and any modifications thereto.

17. Cancellation of letter of approval to entrepreneur.-

- (1) The State Board may, at any time, if it has reason or cause to believe that the entrepreneur has persistently contravened any of the terms and conditions or its obligations subject to which the letter of approval was granted to the entrepreneur, cancel the letter of approval

Provided that no such letter of approval shall be cancelled unless the entrepreneur has been afforded a reasonable opportunity of being heard.

- (2) Where the letter of approval has been cancelled under sub-section (1), the Unit shall not, from the date of such cancellation, be entitled to any exemption, concession, benefit or deduction available to it, being a Unit, under this Act.
- (3) Without prejudice to the provisions of this Act, the entrepreneur whose letter of approval has been cancelled under sub-section (1), shall remit, the exemption, concession, drawback and any other benefit availed by him in respect of the capital goods, semi-finished goods, or finished goods lying in stock and unutilised raw materials relatable to his Unit, in such manner as may be prescribed.

- 18. Measures applicable to entrepreneurs in Development Hubs.-** The economic, procedural and facilitative measures referred to in Chapter X shall be available to the developers of a Development Hub upon the grant of a letter of approval under sub-section (3) of Section 16.

**CHAPTER V
ENTERPRISE HUBS**

- 19. Designation of enterprise hubs.-**

- (1) The Board may, through notified order, designate any Development Hub as an Enterprise Hub, which shall have a minimum land area requirement and such other requirements as may be prescribed under sub-section (1) of Section 20.

Provided that notwithstanding such designation, the authorised operations in enterprise hubs may include both manufacturing and the provision of services.

- (2) In making a designation under sub-section (1), the Board may consider any or all of the following factors
 - (a) The nature of operations and economic activity primarily carried out in the Hub;
 - (b) The sector in which Units in the Development Hub are engaged;
 - (c) The infrastructural and logistical requirements of the Development Hub;
 - (d) The purpose of the establishment of the Development Hub;
 - (e) The land use requirements of the Development Hub; and
 - (f) Any other relevant factors which it deems fit.

20. Special requirements for enterprise hubs.-

- (1) The Central Government may prescribe varying requirements under Section 8 for enterprise hubs, such as different requirements for the minimum area of land, requirements related to infrastructure and other terms and conditions.
- (2) The provisions of this Act and any rules thereunder may apply to an enterprise hub with such exemptions, relaxations and modifications as the Central Government may prescribe.

21. Targeted measures for Enterprise Hubs:

- (1) The Board may take any targeted measures it deems necessary for the growth and promotion of Enterprise Hubs.
- (2) In particular, and without prejudice to the generality of the foregoing power, such measures may provide for any or all of the following matters, namely:
 - (a) Measures for the financing and development of high-quality infrastructure in Enterprise Hubs;
 - (b) Measures for the financing and development of high-quality infrastructure and establishment of project management units for the disbursement of such funds
 - (c) Measures to enable Enterprise Hubs to transact with businesses outside Development Hubs;
 - (d) Measures for the inclusion of specified domestic supplies critical for projects in the public interest;
 - (e) Measures for the promotion of objectives referred to in Section 6;
 - (f) Measures related to the terms and conditions related to developers and tenants; and
 - (g) Other such measures as may be identified.

CHAPTER VI SERVICES HUBS

22. Designation of services hubs.-

- (1) The Board may, through notified order, designate any Development Hub as a Services Hub, which shall have a minimum built up area requirement, as may be prescribed under sub-section (1) of Section 23, and in which services are solely or primarily offered.
- (2) In making a designation under sub-section (1), the Board may consider any or all of the factors referred to in sub-section (2) of Section 19.

23. Special requirements for services hubs.-

- (1) The Central Government may prescribe varying requirements under Section 8 for services hubs, such as different requirements for the built up area and other terms and conditions.

Provided that the built up area in a services hub shall not be required to be contiguous, and the identified area of a services hub referred to in sub-section (1) of section 22 may be notified or denotified, as the case may be, for parts of the built up area notwithstanding whether such parts are contiguous, in such manner as may be prescribed.

- (2) The provisions of this Act and any rules thereunder may apply to a services hub with such exemptions, relaxations and modifications as the Central Government may prescribe.

24. Targeted measures for services hubs:

- (1) The Board may take any targeted measures it deems necessary for the growth and promotion of Services Hubs.
- (2) Without prejudice to the generality of the foregoing, such measures may include, but are not limited to:
 - (a) Measures to streamline and expedite any relevant procedures or compliances in relation to services hubs; and
 - (b) Measures to facilitate the provision of different kinds of services from a Services Hub, including enabling the broad banding of services in Services Hubs; and
 - (c) Measures for the promotion of objectives referred to in Section 6; and
 - (d) Other such measures as may be identified.

CHAPTER VII INTEGRATED DEVELOPMENT (ENTERPRISE AND SERVICES) HUBS BOARD

25. Establishment of the Integrated Development Hubs Board

The Central Government shall, within fifteen days of the commencement of this Act, by notification, constitute for the purposes of this Act, a Board to be called the Integrated Development Hubs Board.

26. Composition of the Board.

- (1) The Board shall consist of:
 - (a) One officer not below the rank of an Additional Secretary to the Government of India in the Ministry of Commerce- Chairperson, *ex officio*;
 - (b) one officer not below the rank equivalent to Secretary in the State Government, nominated by the State Government concerned-Member, *ex officio*;
 - (c) One officer, not below the rank of Joint Secretary to the Government of India, to be nominated by the Central Government to represent the Ministry or Department of the Central Government dealing with revenue—Member, *ex officio*;
 - (d) One officer, not below the rank of Joint Secretary to the Government of India, to be nominated by the Central Government to represent the Ministry or Department of the Central Government dealing with economic affairs — Member, *ex officio*;
 - (e) One officer not below the rank of Director to the Government of India dealing with Development Hubs in the Ministry or Department of the Central Government, dealing with commerce to be nominated by the Central Government—Member-Secretary, *ex officio*,
 - (f) The Director General of Foreign Trade or his nominee- Member, *ex officio*;
 - (g) Three eminent personalities with experience in the fields of industrial development, trade policy and economic planning, to be nominated by the Central Government – Members;
 - (h) Such number of officers, not exceeding six, not below the rank of Joint Secretary to the Government of India, to be nominated by the Central Government to represent the Ministries or Departments of the Central Government dealing with areas such as economic affairs, home affairs, industrial policy and promotion, labour, environment and law -Members, *ex officio*;
- (2) The term of office of an *ex-officio* member shall come to an end as soon as he ceases to hold office by virtue of which he was nominated.

27. Meetings of the Board.

- (1) The Board shall meet at such times and places as may be appointed by it and shall observe such rules of procedure in regard to transaction of business at its meetings, as may be specified by regulations.
- (2) Four members of the Board shall form a quorum.
- (3) The Chairperson, or if for any reason, he is unable to attend a meeting of the Board, the senior most Member of the Board shall preside over the meetings of the Board.

- (4) In addition to its Members, the Board may consult such number of persons as it deems fit, who have special knowledge of, and practical experience in, matters relating to, or relevant to activity connected with Development Hubs and any such person shall have the right to take part in the discussions of the Board but shall not be counted for the quorum and shall not be a member for any other purpose and such person shall be entitled to receive such allowance or fees, as the case may be, fixed by the Board.
 - (5) All questions which come up before any meeting of the Board shall be decided by a general consensus of the Members present.
 - (6) All decisions of the Board shall be signed by the Chairperson or any other Member or the Member Secretary authorised by the Board in this behalf.
- 28. Vacancies, etc. not to invalidate proceedings of the Board.-** No act or proceeding of the Board shall be invalid merely by reason of-
- (a) Any vacancy in, or any defect in the constitution of the Board;
 - (b) Any defect in the appointment of a person as Chairperson or Member of the Board;
 - or
 - (c) Any irregularity in the procedure of the Board not affecting the merits of the case.

29. Duties, Powers and Functions of the Board

- (1) Subject to the provisions of this Act, the Board shall have the duty to promote, oversee approvals of, and ensure the development of the development hubs in India.
- (2) Without prejudice to the generality of the provisions contained in sub-section (1), the powers and functions of the Board shall include-
 - (a) granting of approval or rejecting proposals or modifying proposals for the establishment of the development hubs in consultation with the concerned State Government of the State in which such Development Hub is proposed to be created within the prescribed time period;
 - (b) granting approval of authorised operations to be carried out in the Development Hubs by the Developer within the prescribed time period;
 - (c) examining proposals that have been received by State Governments and the State Boards under Section 9 within the prescribed time period;
 - (d) issuing guidelines with respect to the manner of preparation and submission of proposals;
 - (e) granting of approval to the Developers or Units, other than the Developers or the Units which are exempt from obtaining approval under any law, for foreign collaborations and foreign direct investments, including investments by a person resident outside India, in the development hub for its development, operation and maintenance within the prescribed time period;
 - (f) granting of approval or rejection of proposal for providing infrastructure facilities in a Development Hub or modifying such proposals within the prescribed time period;

- (g) granting, notwithstanding anything contained in the Industries (Development and Regulation) Act, 1951, a licence to an industrial undertaking referred to in clause (d) of section 3 of that Act, if such undertaking is established, as a whole or part thereof, or proposed to be established, in a development hub within the prescribed time period;
 - (h) suspension of the letter of approval granted to a Developer and appointment of a hub administrator under Section 14 within the prescribed time period;
 - (i) directing State Boards to issue or obtain necessary permits as may be required under Section 44;
 - (j) disposing of appeals preferred to it under Section 69;
 - (k) providing guidance in relation to knowledge development and additional support as may be required for the establishment of hubs dedicated to carrying out newer or greenfield industries;
 - (l) performing such other functions as may be assigned to it by the Central Government.
- (3) The Board may, if so required for the purposes of this Act or any other law for the time being in force relating to development hubs, by notification, decide as to whether a particular activity constitutes manufacture as defined in clause (q) of sub-section (1) of Section 2, and such decision of the Board shall be binding on all Ministries and Departments of the Central Government.
- (4) The Board may delegate such powers and functions as it may deem fit to one or more State Boards or Hub Directors, as the case may be, for effective and proper discharge of the functions of the Board.
- (5) Without prejudice to the foregoing provisions of this Act, the Board shall, in exercise of its powers or the performance of its functions under this Act, be bound by directions on the questions of policy as the Central Government may give in writing from time to time.
- (6) The decision of the Central Government whether a question is one of policy or not shall be final.

30. Officers and employees of the Integrated Development Hubs Board.-

- (1) The Chairperson of the Board, referred to in clause (a) of sub-section (1) of Section 26, shall be the Chief Executive of the Board and exercise such powers and functions as may be prescribed.
- (2) The Central Government shall appoint such officers and employees as it considers necessary to assist the Board in the discharge of its functions under this Act, including such officers and employees as may be required for the discharge of the functions of the State Boards, on such terms and conditions as it deems fit.
- (3) The salaries and allowances payable to, and the other terms and conditions of service of, the officers and employees of the Board shall be such as may be prescribed.

CHAPTER VIII STATE BOARDS AND HUB DIRECTORS

31. Establishment of State Boards.

- (1) The Integrated Development Hubs Board shall by way of notification, establish such number of State Boards as may be considered necessary to carry out its purposes under this Act.
- (2) Every such State Board as may be established under sub-section (1) shall be responsible for the oversight of the Development Hubs located in such States or Union Territories, as may be notified by the Board.

32. Composition of the State Board.

- (1) Every State Board shall consist of:
 - (a) the Hub Director of the concerned Development Hub or his nominee - Co-Chairperson;
 - (b) one officer not below the rank equivalent to Secretary to the Central Government to be nominated by the State Government concerned to represent the department of the State Government dealing with industries --Co-chairperson;
 - (c) one officer not below the rank of Joint Secretary to the Government of India, to be nominated by the Central Government to represent the Ministry of Commerce-- Member;
 - (d) one officer not below the rank of Commissioner, Central Board of Indirect Taxes and Customs, Department of Revenue--Member;
 - (e) One representative nominated by the concerned Developer--special invitee;
 - (f) one officer each to be nominated by the State Government concerned to represent the departments of the State Government dealing with areas such as revenue, land records, information technology, State Goods and Service Tax, labour, urban development, environment and forests, and law-- Members, ex officio

33. Meetings of the State Boards

- (1) Every State Board shall convene its meetings in the State or Union Territory, as may have been notified in relation to such Board under sub-section (2) of Section 31.

Provided that the representatives of the State Government in sub-section (1) of Section 32 shall be nominated by the relevant State Government, as the case may be, for the purpose of that meeting of the State Board.

- (2) Every State Board shall meet at such times and places as it considers necessary and shall have the power to regulate its own procedure.

- (3) For the purpose of exercising its powers and performing its functions, the State Board may invite to its meetings, such persons as the State Board deems fit, whose assistance or advice it may consider necessary.

Provided that such invitees shall not contribute to the quorum of the State Board or be a member for any other purpose.

- (4) One-third of the total Members of the State Board shall form a quorum.
- (5) All questions which come up before any meeting of the State Board shall be decided by a consensus of the Members of the State Board present, and where there is no consensus, such decision shall be referred to the next meeting of the Board, where it shall also be made by a consensus of the members present, and where there is no consensus at such meeting, then such question shall be deemed to be rejected and reasons for such rejection shall be duly recorded.
- (6) All decisions of the State Board shall be signed by the Chairpersons or any other Member or the Member Secretary authorised by the Board in this behalf,
- (7) No act of the State Board shall be called in question on the ground merely of existence of any vacancy in, or any defect in the constitution of, the State Board.

34. Functions of the State Board

- (1) Every State Board may discharge the functions and exercise the powers in respect of the following matters, namely:
- (a) approving the import or procurement of goods from the Domestic Tariff Area, in the concerned development hub for carrying on the authorised operations by a Developer;
 - (b) approving the provision of services by a service provider, from outside India, or from the Domestic Tariff Area, for carrying on the authorised operations by the Developer, in the concerned development hub;
 - (c) monitoring the utilisation of goods or services or warehousing or trading in the development hub;
 - (d) approving, modifying or rejecting proposals for setting up Units for manufacturing or rendering services or warehousing or trading in the development hub in coordination with the Hub Director;
 - (e) allowing, on receipt of approval under clause (e) of sub-section (2) of Section 29, foreign collaborations and foreign direct investments, including investments by a person outside India, for setting up a Unit;
 - (f) monitoring and supervision of compliance of conditions subject to which the letter of approval or permission, if any, has been granted to the Developer or entrepreneur;
 - (g) facilitating ease of entry, stay and exit to the Hubs in coordination with the Central Government and relevant State Governments;
 - (h) conducting regular seminars & training sessions of State officials for better coordination and integration between the single window clearance mechanism

of the Act and any single window clearance mechanisms managed by the States;
and

- (i) performing such other functions as may be entrusted to it by the Central Government or the State Government concerned, as the case may be.

- (2) The State Board shall not discharge such functions and exercise such powers referred to in clauses (a) to (g) of this subsection in relation to a Developer, being the Central Government, as may be specified, by notification, by the Central Government.

35. Hub Director.-

- (1) The Central Government may appoint any of its officers not below the rank of Joint Secretary as the Hub Director of the Development Hubs located in such States and Union Territories as may be notified by the Board.
- (2) The Central Government may appoint such officers and other employees as it considers necessary to assist the Hub Director in the performance of his functions in the Development Hubs established under this Act on such terms and conditions as it deems fit.
- (3) Every Hub Director, officer and other employees shall be entitled to such salary and allowances and subject to such terms and conditions of service as may be specified from time to time by the Central Government.

36. Functions of the Hub Director.

- (1) Every Hub Director shall take all steps in order to discharge his functions under this Act to facilitate the development of the Development Hubs and shall be responsible for such functions in relation to the State or Union Territory notified under sub-section (1) of Section 35.
- (2) Without prejudice to the generality of the foregoing provision, every Hub Director shall-
 - (a) Guide entrepreneurs for setting up of Units in the concerned Development Hub, and ensure process simplification and the creation of streamlined and expedited processes;
 - (b) Ensure proper coordination with the Central Government or the concerned State Government Departments with respect to or for the purposes of clauses (a) and (c);
 - (c) Take proactive measures to create an investment-friendly climate in the relevant Hub through, inter alia, the creation of supply chains, sub-contracting relations and provision for technical assistance to subcontractors;
 - (d) Facilitate coordination amongst State functionaries, local service providers, entrepreneurs and developers;
 - (e) Develop cluster networks to improve productivity and competitiveness;
 - (f) Monitor the performance of the Developer and the Units in a Development Hub;
 - (g) Discharge such other functions as may be assigned to him by the State Government under this Act or any other law for the time being in force;

- (h) Discharge such other functions as may be assigned to him by the Central Government under this Act or any other law for the time being in force; and
 - (i) Discharge such other functions as may be delegated to him by the State Boards or the Board, as the case may be.
- (3) In addition to what is contained in sub-sections (1) and (2) above, every Hub Director may
- (a) be in charge of the Development Hub in charge of which he has been appointed and shall exercise administrative control and supervision over the officers and employees appointed under sub-section (2) of Section 35;
 - (b) call for such information from a Developer or Unit from time to time as may be necessary to monitor the performance of such Developer or the Unit, as the case may be;
 - (c) delegate any or all of his powers or functions to any of the officers employed under him;
 - (d) collect such data as may be considered necessary in order to monitor the performance of a Development Hub or Development Hubs that come under its domain,
where such data collected under clauses (b) and (d) of this sub-section may be forwarded to the relevant State Board.

37. Development Hub Authorities

- (1) Every Special Economic Zone Authority constituted and established under Section 31 of the Special Economic Zones Act, 2005 (28 of 2005) shall now be called a Development Hub Authority and shall otherwise continue to remain in existence, operate and perform its functions as set out under the provisions of that Act, as far as may be, as referred to in the Second Schedule.
- (2) The Central Government may, through notified order, amend the Second Schedule by way of addition, deletion or modification of entries thereto.

38. Reports prepared by the Development Hub Authority.-

Every Development Hub Authority shall furnish to the State Board at such time and in such manner as may be prescribed, or as the Central Government may direct, such reports and such particulars in regard to the promotion of the objectives of the Act, the functioning and performance of the Development Hub and the operation and maintenance of the Development Hubs as the Central Government may, from time to time, require.

39. Development Commissioners appointed under the Special Economic Zones Act, 2005.-

- (1) Development Commissioners appointed under the Special Economic Zones Act, 2005 (28 of 2005) shall complete their tenure as set out under that Act,

- (2) The appointment of Hub Directors under this Act shall take place only after the completion of the term of the Development Commissioners as set out in sub-section (1).

CHAPTER IX

DELEGATION OF POWERS TO STATE BOARD AND HUB DIRECTORS

40. Delegation of powers under Central Acts to State Boards and Hub Directors.-

- (1) Notwithstanding anything contained in any other law, the power to grant approvals, clearances or licenses or other such powers referred to in the Third Schedule, under the Central Acts specified therein shall, in relation to the States for which such Hub Director is the chairperson of the State Board under sub-section (1) of Section 32, be delegated to the relevant State Board or Hub Director, as may be specified in the Third Schedule.
- (2) The Hub Director may, in exercising the powers delegated under sub-section (1), consult with the relevant State Board in such manner as may be prescribed.
- (3) The Central Government may, if it is of the opinion that it is necessary or expedient to do so in the interests of
 - (a) Simplifying procedural requirements and facilitating the single window mechanism referred to in Chapter X; or
 - (b) Enhancing the ease of doing business in development hubs;by notification in the Official Gazette, add to, or, as the case may be, omit from, the list of Central Acts, and the list of approvals, clearances or licenses or other powers delegated under such Central Acts specified in the Third Schedule.

41. Delegation of powers by State Governments to State Boards and Hub Directors.-

- (1) Notwithstanding anything contained in any other law, a State Government may, if it is of the opinion that it is necessary or expedient to do so in the interests of
 - (a) Simplifying procedural requirements and facilitating the single window mechanism referred to in Chapter X; or
 - (b) Enhancing the ease of doing business in development hubs;by notification in the Official Gazette, delegate the power to grant approvals, clearances, licenses or other such powers under any State Acts in relation to that State to the relevant State Board or Hub Director, as the case may be.
- (2) The Hub Director may, in exercising the powers delegated under sub-section (1), consult with the relevant State Board in such manner as may be prescribed.
- (3) The State Government referred to in sub-section (1) may, by notification, add to, or, as the case may be, omit from, the list of delegations any approvals, clearances or licenses or other powers delegated under sub-section (1).

42. Model guidelines for delegations and expedited clearances by State Governments.-

- (1) The Central Government may, through regulations, frame model guidelines in respect of the manner in which the power to grant relevant approvals, licenses or clearances or other such regulatory powers under any State Act may be delegated by a State Government to the Hub Director.
- (2) A State Government may, with such modifications as it may deem fit, adopt the model guidelines prescribed under sub-section (1) for application in the State.

CHAPTER X

SINGLE WINDOW MECHANISM FOR DEVELOPMENT (ENTERPRISE AND SERVICE) HUBS

43. Maintenance of an integrated online portal.

- (1) The Board shall establish and maintain an online portal, within a period of six months from the date of commencement of this Act.
- (2) The online portal shall serve as the single window clearance mechanism for the grant of time-bound approvals for the establishment and operation of Development Hubs, including the single application forms and returns referred to in Section 41.
- (3) Any applications for relevant permissions or approvals to the Board or State Board, including those mentioned in sub-section (1) of Section 34, shall be made electronically through the portal.
- (4) The applications referred to in sub-section (2) must be disposed of by the State Board, or the relevant competent authority, within a prescribed period of time from the date of application.

44. Single application form, return, etc.-

- (1) Notwithstanding anything contained in any other law for the time being in force, the Central Government may
 - (a) prescribe a single application form for obtaining any license, permission, registration or approval by a Developer, or an entrepreneur under one or more Central Acts;
 - (b) prescribe a single form for furnishing returns or information by a Developer or an entrepreneur under one or more Central Acts;
 - (c) Authorise the Board, the State Board or the Hub Director, to exercise the powers of the Central Government on matters relating to the development of a development hub, or the setting up and operation of units
- (2) The forms prescribed under clause (a) and (b) of sub-section (1) shall be in such form and manner that they can be electronically submitted through the portal referred to in Section 40.

45. Provisional approvals by the Central Government

- (1) The Central Government may notify any licenses, permissions, registrations or approvals under one or more Central Acts which shall be subject to provisional approvals in accordance with the provisions of sub-section (2).
- (2) Where any license, permission, registration or approval has been notified under sub-section (1), if the relevant competent authority to whom an application is made does not take any action on an application within the prescribed period, such application shall be treated as 'provisionally approved'

Provided that the relevant competent authority shall be notified of any provisional approvals, which it may review and approve or reject within a period of such days from the notification as may be prescribed, failing which such application shall be deemed to be approved.

46. Setting up of Offshore Banking Units.-

- (1) An application for setting up and operation of an Offshore Banking Unit in a Development Hub may be made to the Reserve Bank in such form and manner as may be prescribed.
- (2) On receipt of an application under sub-section (1), the Reserve Bank shall, if it is satisfied that the applicant fulfils all the conditions specified under sub-section (3), grant permission to such applicant for setting up and operation of an Off-shore Banking Unit within prescribed time period.
- (3) The Reserve Bank may, by notification, specify the terms and conditions subject to which an Offshore Banking Unit may be set up and operated in the Development Hub.

CHAPTER XI ECONOMIC, FACILITATIVE AND PROCEDURAL MEASURES FOR DEVELOPMENT (ENTERPRISE AND SERVICES) HUBS

47. Exemptions, drawbacks and concessions to every Developer and entrepreneur.-

- (1) Subject to the provisions of sub-section (3) and this Act, every Developer and entrepreneur shall be entitled to the following exemptions, drawbacks and concessions, namely
 - (a) Subject to the provisions of sub-section (2), deferral of, or exemption from, as the case may be, any duty of customs, under the Customs Act, 1962 or the Custom Tariff Act, 1975 or any other law for the time being in force, on goods imported into, or service provided in, a Development Hub or a Unit, to carry on the authorised operations by the Developer or entrepreneur;
 - (b) exemption from any duty of customs, under the Customs Act, 1962 or the Customs Tariff Act, 1975 or any other law for the time being in force, on goods exported from, or services provided, from a Development Hub or from a Unit, to any place outside India

- (c) exemption from such duties of excise as may be prescribed, under the Central Excise Act, 1944 or the Central Excise Tariff Act, 1985 or any other law for the time being in force, on goods brought from Domestic Tariff Area to a Development Hub or Unit, to carry on the authorised operations by the Developer or entrepreneur;
 - (d) exemption from the payment of taxes, duties or cess under all enactments specified in the [Fourth] Schedule
 - (e) drawback or other such benefits as may be admissible from time to time on goods brought or services provided from the Domestic Tariff Area into a Development Hub or Unit or services provided in a Development Hub or Unit by the service providers located outside India to carry on the authorised operations by the Developer or entrepreneur;
- (2) Every developer or entrepreneur, as the case may be, shall not be required to pay any duty of customs referred to in clause (a) of sub-section (1), and where the imported goods, or any goods which use the imported goods as inputs in their manufacture, or any services are
- (a) exported or provided, from a Development Hub or from a Unit, to any place outside India, such duty shall be exempted; and
 - (b) removed or provided from the Development Hub or the Unit to the Domestic Tariff Area, it shall be chargeable to duties of customs and other charges in accordance with the provisions of Section 51 and be paid in such manner as may be prescribed.
- (3) The Central Government may prescribe the manner in which, and the terms and conditions subject to which, the exemptions, concessions, drawback or other benefits shall be granted to the Developer or entrepreneur under sub-section (1).

48. Development hubs to be Special Economic Zones under the Integrated Goods and Services Tax Act, 2017.-

- (1) Every development hub under this Act shall be deemed to be a Special Economic Zone for the purposes of the Integrated Goods and Services Tax Act, 2017
- (2) Every Developer, including a Co-Developer, shall be deemed to be a Special Economic Zone Developer for the purposes of the Integrated Goods and Services Tax Act, 2017
- (3) Any reference to Special Economic Zones established under the Special Economic Zones Act, 2005 (28 of 2005) in the Integrated Goods and Services Tax Act, 2017, and the Central Goods and Services Tax Act, 2017 and the relevant State Goods and Services Tax Act, 2017, as the case may be, shall be deemed to be a reference to development hubs referred to in clause (e) of Section 2 of this Act.

49. Duration of goods or services in Development Hub.-

The Board may prescribe the period during which any goods brought into, or services provided in, any Unit or Development Hub without payment of taxes, duties or cess shall remain or continue to be provided in such Unit or Development Hub.

50. Transfer of ownership and removal of goods.-

The transfer of ownership in any goods brought into, or produced or manufactured in, any Unit or Development Hub or removal thereof from such Unit or Hub shall be allowed, subject to such terms and conditions as the Central Government may prescribe.

51. Domestic clearance by Units.-

- (1) Subject to the conditions specified in the rules made by the Central Government in this behalf, any goods or services removed or provided from a Development Hub to the Domestic Tariff Area shall be
 - (a) chargeable to duties of customs including anti-dumping, countervailing and safeguard duties under the Customs Tariff Act, 1975, where applicable, including the duties deferred under clause (a) of sub-section (1) of Section 47, as leviable
 - (i) in the case of capital goods, on the depreciated value of such goods; and
 - (ii) in the case of other goods or services, on the value of any imported inputs in the manufacture or provision of such goods or services; and
 - (b) subject to payment of integrated tax in accordance with the Integrated Goods and Services Tax Act, 2017 (13 of 2017); and
 - (c) chargeable to the DTA equalisation levy at such rate as may be notified, to be collected and recovered in such manner as may be prescribed.
- (2) The rate of duty and tariff valuation, if any, applicable to goods removed from a Development Hub shall be at the rate and tariff valuation in force as on the date of such removal, and where such date is not ascertainable, on the date of payment of duty.

52. Sub-contracting to or from Development Hubs.-

- (1) Every developer or entrepreneur, may, up to such limits as may be notified by the Central Government, subcontract a part of its production or any production process, to or from a unit in the Domestic Tariff Area or in a Development Hub, as the case may be, subject to such conditions as may be prescribed by the Central Government in this behalf.
- (2) The limits notified under sub-section (1) may be determined based on the previous turnover of the developer or entrepreneur, as the case may be, and other such relevant factors.

53. Infrastructure status for development hubs.-

- (1) Any reference to Special Economic Zones established under the Special Economic Zones Act, 2005 (28 of 2005) in Master List of Infrastructure sub-sectors, No. 13/1/2017-INF, as notified on August 20, 2020 of the Government of India in the Ministry of Finance, (Department of Economic Affairs), shall be deemed to be a reference to development hubs referred to in clause (e) of Section 2 of this Act.

- (2) The Central Government may by notification amend the Master List of Infrastructure sub-sectors, No. 13/1/2017-INF, as notified on August 20, 2020 of the Government of India in the Ministry of Finance, (Department of Economic Affairs) to grant all components of development hubs infrastructure status, subject to conditions specified in the rules in this behalf.

54. Facilitative schemes for Development Hubs.-

- (1) The Central Government, or a State Government, may notify a scheme, which shall be applicable to the eligible Developers or Units in a Development Hub, stating and providing any of the measures listed under sub-section (2), for the purpose of promotion of Development Hubs and the objectives of the Act.

Provided that the Central Government or State Government, as the case may be, may notify different schemes for different classes of Development Hubs.

- (2) The measures which may be included in the scheme referred to in sub-section (1) may include,
 - (a) Exemptions, drawbacks, refunds, rebates and concessions from any tax, fee or duty which may be required to be paid by Developers or Units under any Central law, in case of the Central Government, or State law in case of a State Government, as the case may be;
 - (b) Measures to provide access to credit and working capital for Developers or Units;
 - (c) Financial subsidies or schemes in relation to any goods or services related to the authorised operations in a Development Hub;
 - (d) Financial subsidies linked to the design of any goods, products or services;
 - (e) Subject to the provisions of this Act, including Section 72, relaxations or modifications in the application of any Central law, in case of the Central Government, or State law in case of a State Government, as the case may be
 - (f) Measures for providing expedited clearances to Developers or Units, where applicable, under any Central law, in case of the Central Government, or State law in case of a State Government, as the case may be
 - (g) Measures for simplifying the compliance with applicable laws by Developers or Units, under any Central law, in case of the Central Government, or State law in case of a State Government, as the case may be
 - (h) Any other fiscal or non-fiscal measures that such Central or State Government, as the case may be, deems fit.
- (3) The scheme referred to in sub-section (1) may provide that the benefits in relation to any measures, whether fiscal or non-fiscal, may be linked to the principles referred to in Section 6, or to such other indicators as the Central or State Government, as the case may be, may identify.
- (4) The Central Government, or a State Government, may, by notification in the Official Gazette, notify a development hub as a pre-cleared hub by providing necessary

approvals under the relevant Central or State Act, as the case may be, to any units that may be set up in such development hub.

Provided that where a development hub is notified as a pre-cleared hub under this sub-section, the approvals specified in the notification referred to in sub-section (4) shall be deemed to have been provided under the relevant Central or State Act, as the case may be, to all units in that development hub, notwithstanding anything to the contrary contained in any other law and whether such unit has specifically applied for such approvals under the relevant Acts.

55. Procedural facilitative measures for development hubs.-

- (1) The Board may, in consultation with the Central Government, take such measures as it deems necessary for the purposes of streamlining and simplifying procedures in development hubs.
- (2) In particular, and without prejudice to the generality of the foregoing power, such measures may include
 - (a) Enabling self-certification for units and developers in a development hub in relation to any procedure under a Central Act specified in the Third Schedule;
 - (b) Designating a single point of contact in a development hub for all matters related to any Ministries or Departments of the Central Government, including for matters related to economic affairs and revenue; and
 - (c) Other such measures as the Board may identify.

**CHAPTER XII
DISPUTE RESOLUTION AND ENFORCEMENT**

56. Notification of commercial dispute.- When a commercial dispute has arisen in a Development Hub between two or more entrepreneurs or two or more Developers or between an entrepreneur and a Developer, the concerned entrepreneur or Developer shall notify the Hub Director of such dispute:

Provided that the Hub Director is to be notified electronically in such form and manner as may be prescribed.

Explanation (a).- For the purpose of this Chapter, the expression “commercial dispute” shall have the meaning assigned to it in clause (c) of sub-section (1) of section 2 of the Commercial Courts Act, 2015 (Act No. 4 of 2016).

57. Reference to mediation.-

- (1) Upon receiving a notification of a commercial dispute under section 56, if it appears to the Hub Director that there exists elements of a settlement which may be acceptable to the parties, except in such cases as may be prescribed, he may direct the parties to give in writing, within five days, consent to have their commercial dispute settled by mediation.

- (2) Where the parties agree for settlement by mediation and give their consent in writing, the Hub Director shall, within five days of receipt of such consent, refer the commercial dispute for mediation.
- (3) The mediation shall be conducted in such manner and by such mediators as may be prescribed.

58. Settlement through mediation.–

- (1) Pursuant to mediation, if a settlement is reached between the parties with respect to all of the issues involved in the commercial dispute or with respect to only some of the issues, the terms of such settlement shall be reduced to writing by the mediator in the form of a settlement agreement authenticated by the mediator and signed by the parties to such dispute or their authorised representatives.
- (2) The mediator shall forward the signed settlement agreement to the Hub Director who had referred the commercial dispute for mediation.
- (3) Where no agreement is reached between the parties within the specified time or the mediator is of the opinion that settlement is not possible, the mediator shall prepare a report accordingly and submit the same to the concerned Hub Director.
- (4) The Hub Director, shall, within seven days of the receipt of the settlement agreement, pass an order recording the terms of the settlement agreement, and shall dispose of the matter accordingly.
- (5) Unless otherwise agreed by the parties, all costs of mediation, including the fees of the mediator, shall be borne equally by the parties.

59. Enforcement of settlement agreement.–

- (1) Subject to section 60, a settlement agreement shall be final and binding on the parties and persons claiming under them respectively and enforceable as per the provisions of sub-section (2).
- (2) Subject to section 60, the settlement agreement shall be enforced in accordance with the provisions of the Code of Civil Procedure, 1908, in the same manner as if it were a judgment or decree passed by a court, and may, accordingly, be relied on by any of the parties or persons claiming through them, by way of defence, set off or otherwise in any legal proceeding.

60. Challenge to settlement agreement.–

- (1) Notwithstanding anything contained in any other law for the time being in force, in any case in which the settlement agreement is sought to be challenged by either of the parties, such party may file an application before a court of competent jurisdiction.

- (2) A mediated settlement agreement may be challenged only on all or any of the following grounds, namely:—
- (a) fraud;
 - (b) corruption;
 - (c) impersonation;
 - (d) where the mediation was conducted with reference to a matter which cannot be classified as a commercial dispute under section 56.
- (3) An application for challenging the settlement agreement shall not be made after ninety days have elapsed from the date on which the Hub Director has passed an order recording settlement of the commercial dispute under section 55:

Provided that, if the court is satisfied that the applicant was prevented by sufficient cause from making the application within the said period of ninety days, it may entertain the application within a further period of ninety days.

61. Reference to arbitration.—

Where the commercial dispute could not be settled or has been settled only in part by mediation, the Hub Director shall refer the dispute or the remaining issues thereof, as the case may be, to arbitration under the Arbitration and Conciliation Act, 1996 (26 of 1996), in such manner as may be prescribed, and the provisions of that Act shall then apply to the dispute as if the arbitration was in pursuance of an arbitration agreement referred to in sub-section (1) of section 7 of that Act:

Provided that at any time before the Hub Director makes the reference under this section, if the parties to the commercial dispute voluntarily enter into an agreement which is an arbitration agreement under sub-section (1) of section 7 of the Arbitration and Conciliation Act, 1996 (26 of 1996), then the Hub Director shall not make the reference, and the arbitration shall be conducted under the terms of the agreement between the parties.

Explanation:- For the purpose of this section, the reference to arbitration under the Arbitration and Conciliation Act, 1996 (26 of 1996) may be to an institution or any person under that Act.

62. Limitation.—

- (1) The period of limitation in the case of any dispute which is required to be referred to arbitration shall be regulated by the provisions of the Limitation Act, 1963, as if the dispute was a suit and the arbitrator is civil court:

Provided, in computing the period of limitation under this section, the period of time taken for conducting a mediation under section 48 shall be excluded.

- (2) Notwithstanding anything contained in sub-section (1), the arbitrator may admit a dispute after the expiry of the period of limitation, if the applicant satisfies the arbitrator that he had sufficient causes for not referring the dispute within such period.

63. Notified offences.— The Central Government may, by notification, specify any act or omission made punishable under any Central Act, as notified offence for purposes of this Act.

64. Officers and agencies to investigate and inspect.—

(1) Notwithstanding anything contained in any other law for the time being in force, the Central Government may:—

(a) by notification, specify any officer or agency to carry out surveys or inspections for securing of compliance with the provisions of any Central Act by a Developer or an entrepreneur, as the case may be; and

(b) by general or special order, authorise any officer or agency to be the enforcement officer or agency in respect of any notified offences or committed in a Development Hub, and such officers or agencies shall have all the corresponding powers of investigation, inspection or search or seizure as is provided under the relevant Central Act in respect of the notified offences.

(2) Such officers or agencies shall submit verification and compliance reports, in such manner and within such time as may be specified in the said notification, or the general or special order, as the case may be.

(3) All officers when acting or purporting to act in pursuance of this section shall be deemed to be public servants within the meaning of section 21 of the Indian Penal Code (Act No. 45 of 1860).

65. Investigation, inspection, search, and seizure.— The agency or officer, specified under section 64, may, with prior intimation to the Hub Director concerned, carry out the investigation or search or seizure in the Development Hub or in a Unit if such agency or officer has reasons to believe (reasons to be recorded in writing) that a notified offence has been committed or is likely to be committed in the Development Hub:

Provided that no investigation, search or seizure shall be carried out in a Development Hub by any agency or officer other than those referred to in section 61 without prior approval of the Hub Director concerned:

Provided further that any officer of agency, if so authorised by the Central Government, may carry out the investigation, inspection, search or seizure in the Development Hub or Unit without prior intimation or approval of the Hub Director.

66. Notified offences to be tried in designated courts.—

(1) The State Government of the State in which the Development Hub is situated, may, with the concurrence of the Chief Justice of the High Court of that State, designate one or more courts to try notified offences committed in the Development Hub.

- (2) No court, other than the court designated under sub-section (1), shall try any suit or conduct the trial of any notified offence referred to in that sub-section:

Provided that the courts, in which any suit of a civil nature in a Development Hub had been filed before the commencement of this Act, shall continue to try such suit after such commencement:

Provided further that the courts in which any trial of any notified offence is being conducted before the commencement of this Act, shall continue to conduct the trial of such offence after the commencement of this Act:

Provided further that the courts competent to try any notified offence before the commencement of this Act, shall conduct the trial in respect of such offence after the commencement of this Act until the courts have been designated under sub-section (1) and all such cases relating to such trials shall thereafter be transferred to such Courts so designated which shall conduct the trial from the stage at which such cases were so transferred.

- 67. Appeal to High Court.**— Any person aggrieved, by any decision or order of the court designated under sub-section (1) of section 66, may file an appeal to the High Court within sixty days from the date of communication of the decision or order of the Courts so designated to him on any question of fact or law arising out of such orders:

Provided that the High Court may, if it is satisfied that the appellant was prevented by sufficient cause from filing an appeal within the said period, allow it to be filed within a further period not exceeding sixty days.

Explanation.— In section 63 and this section “High Court” means the High Court of the State in which the Development Hub is situated.

68. Offences by companies.—

- (1) Where an offence has been committed by a company, every person, who at the time the offence was committed was in charge of, and was responsible to, the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render any such person liable to any punishment provided for the offence, if he has proved that the offence was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence.

- (2) Notwithstanding anything contained in sub-section (1), where an offence has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or

other officer shall also be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly.

Explanation.- For the purposes of this section,-

- (a) “company” means any body corporate and includes a firm or other association of individuals; and
- (b) “director”, in relation to a firm, means a partner in the firm.

69. Appeals against orders issued by State Board.–

- (1) Any person aggrieved by an order of the State Board made under section 16 or section 17 may prefer an appeal to the Board within such time as may be prescribed.
- (2) No appeal shall be admitted if it is preferred after the expiry of the time prescribed for such appeal:

Provided, an appeal may be admitted after the expiry of the period prescribed for such appeal if the appellant satisfies the Board that there was sufficient cause for not preferring the appeal within the prescribed time.

- (3) Every appeal made under sub-section (1) shall be in such form and shall be accompanied by a copy of the order appealed against and by such fees as may be prescribed.
- (4) The procedure for disposing of an appeal shall be such as may be prescribed:

Provided that before disposing of an appeal, the appellant shall be given a reasonable opportunity of being heard.

**CHAPTER XIII
MISCELLANEOUS**

70. Applicability of provisions of this Act to existing Special Economic Zones.- All the provisions of this Act, except where specifically exempted shall, as far as may be, apply, to every existing Special Economic Zone.

71. Person to whom a communication may be sent under this Act.- A communication by any competent authority or person under this Act may be sent to the person who has the ultimate control over the affairs of the Development Hub or Unit or where the said affairs are entrusted to a manager, director, chairperson, or managing director, or to any other officer, by whatever name called, such communication may be sent to such manager, director, chairperson, or managing director, or any other officer.

72. Identity Card. Every person, whether employed or residing or required to be present in a Development Hub, shall be provided an identity card by every Hub Director, in such form and containing such particulars as may be prescribed.

- 73. Authorities responsible for administration.-** Any authority which, has been conferred with any power, or, is required to discharge any function under any Central or State Act, may, subject to the provisions of this Act, exercise such powers or discharge such function in any Development Hub under that Act.
- 74. Protection of action taken in good faith.-** No suit, prosecution or other legal proceeding shall lie against the Central Government or any Chairperson, Member, officer or other employee of the Board, State Boards or a Hub Director or Development Hub Authority for anything done or intended to be done in good faith under this Act.
- 75. Power to modify provisions of this Act or other enactments in relation to Development Hubs.-**
- (1) The Central Government may, by notification, direct that any of the provisions of this Act or any other Central Act or any rules or regulations made thereunder or any notification or order issued or direction given thereunder (other than the provisions relating to making of the rules or regulations) specified in the notification--
- (a) shall not apply to a Development Hub or a class of Development Hubs or all Development Hubs; or
 - (b) shall apply to a Development Hub or a class of Development Hubs or all Development Hubs only with such exceptions, modifications and adaptation, as may be specified in the notification.

Provided that nothing contained in this section shall apply to any modifications of any Central Act or any rules or regulations made thereunder or any notification or order issued or direction given or scheme made thereunder so far as such modification, rule, regulation, notification, order or direction or scheme relates to the matters relating to trade unions, industrial and labour disputes, welfare of labour including conditions of work, provident funds, employers' liability, workmen's compensation, invalidity and old age pensions and maternity benefits applicable in any Development Hubs.

- (2) A copy of every notification proposed to be issued under sub-section (1), shall be laid in draft before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in disapproving the issue of the notification or both Houses agree in making any modification in the notification, the notification shall not be issued or, as the case may be, shall be issued only in such modified form as may be agreed upon by both the Houses.
- 76. Power of State Government.-** The State Government may, for the purposes of giving effect to the provisions of this Act, notify policies for Developers and Units and take suitable steps for enactment of any law:-
- (a) granting exemption from the State taxes, levies and duties to the Developer or the entrepreneur;
 - (b) delegating the powers conferred upon any person or authority under any State Act to the Hub Director in relation to the Developer or the entrepreneur; and

- (c) integrating existing single window mechanisms with the mechanisms under this Act for Development Hubs.

77. Act to have overriding effect.- The provisions of this Act shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force or in any instrument having effect by virtue of any law other than this Act.

78. Certain provisions not to apply.-

- (1) Notwithstanding anything contained in sub-section (2), all offences committed, before the commencement of this Act, under any provisions of Customs Act, 1962 and the Special Economic Zones Act, 2005 and the rules made thereunder, shall continue to be governed by the said Act or rules, as the case may be.

- (2) Anything done or any action taken or purported to have been done or taken including any rule, notification, inspection, order or notice made or issued or any permission, authorisation or exemption granted or any document or instrument executed under the said provisions of the Act, rules and regulations referred to in sub-section (1) shall, in so far as they are not inconsistent with the provisions of this Act, be deemed to have been done or taken or made or issued or granted under the corresponding provisions of the Act or rules referred to in that sub-section.

79. Development Hubs to be ports, airports, inland container depots, land stations, etc. in certain cases.-

- (1) A Development Hub shall, on and from the date of notification, be deemed to be a territory outside the customs territory of India for the purposes of undertaking the authorized operations.
- (2) A Development Hub shall, with effect from such date as Central Government may notify, be deemed to be a port, inland container depot, land station and land customs stations, as the case may be, under section 7 of the Customs Act, 1962

Provided that for the purposes of this section, the Central Government may notify different dates for different Development Hubs.

80. Power to make rules.-

- (1) The Central Government may, by notification, make rules for carrying out the provisions of this Act.
- (2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:-

(a) [To be populated based on final draft]

81. Power to make regulations.-

- (1) The Board may, after consultation with the Central Government, by notification, make regulations consistent with this Act and the rules thereunder to carry out the purposes of the Act.
- (2) In particular, and without prejudice to the generality of the foregoing power, such regulations may provide for all or any of the following matters, namely:-

(a) [To be populated based on final draft]

82. Rules and regulations to be laid before Parliament.— Every rule and every regulation made under this Act shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or regulation or both Houses agree that the rule or regulation should not be made, the rule or regulation shall thereafter have effect only in such modified form or be of no effect, as the case may be; so however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule or regulation.

83. Power to remove difficulties.-

- (1) If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order published in the Official Gazette, make such provisions not inconsistent with the provisions of this Act, as may appear to it to be necessary or expedient for removing the difficulty:

Provided that no such order shall be made under this section after the expiration of two years from the date of commencement of this Act.

- (2) Every order made under this section shall be laid, as soon as may be after it is made, before each House of Parliament.

84. Amendment of certain enactments.- With effect from such date as the Central Government may by notification appoint, the enactments specified in the [Fifth] Schedule shall be amended in the manner specified therein:

Provided that different dates may be appointed on which the amendments specified in the [Fifth] Schedule shall apply to a particular Development Hub or a class of Development Hubs or all Development Hubs.

85. Savings and repeal.-

- (1) All rules made or purporting to have been made or all notifications issued or purporting to have been issued under the Special Economic Zones Act, 2005 shall, in so far as they relate to matters for which provision is made in this Act or rules made or notification issued thereunder and are not inconsistent therewith, be deemed to have been made or issued under this Act as if this Act had been in force on the date on which such rules

were made or notifications were issued and shall continue to be in force unless and until they are superseded by any rules made or notifications issued under this Act.

- (2) The Special Economic Zones Act, 2005 (hereafter in this section referred to as the repealed enactment) shall stand repealed, on such date as may be notified by the Central Government.

Provided that the Central Government may notify different dates for the repeal of different provisions of such Act.

- (3) Notwithstanding the repeal under sub-section (2),
- (a) anything done or any action taken or purported to have been done or taken, including any approval, notification, order or notice made or issued or any appointment or declaration made or any operation undertaken or any direction given or any proceeding taken or any penalty, punishment, forfeiture or fine imposed under the repealed enactments shall, insofar as it is not inconsistent with the provisions of this Act, be deemed to have been done or taken under the corresponding provisions of this Act;
 - (b) any person appointed to any office under or by virtue of any repealed enactment shall be deemed to have been appointed to that office under or by virtue of this Act;
 - (c) any proceedings instituted under the repealed enactments and pending immediately before the commencement of this Act before any Court shall, subject to the provisions of this Act, continue to be heard and disposed of by the said Court;
 - (d) any duty or tax benefits, exemptions, concessions or drawbacks already availed under the repealed enactment shall not be affected by virtue of this Act;
 - (e) No penal consequences or recovery proceedings shall be instituted for any actions taken under the repealed enactments by virtue of the transition to this new framework;
 - (f) The Central Government shall prescribe a sunset period for claiming benefit under the repealed enactment including establishment of new business or expansion of operations or projects under implementation.

[FIRST SCHEDULE]

[See Section 2(1)(a)]

[Comment: Please note that this schedule is indicative in nature, and have been inserted to provide an illustration of the potential subject matter of the schedules. These items are subject to further deliberation and revision.]

Authorised operations shall include,-

- (i) Manufacturing of goods, including**
 - a. Machinery**
 - b. Capital goods**
 - c. Consumer goods**

- d. Gems and jewelleryes
- e. Pharmaceuticals
- f. []
- (ii) Provision of services, including
 - a. Business process outsourcing
 - b. Software development and maintenance
 - c. Cargo handling service
 - d. Cost accounting service
 - e. Legal consultancy service
 - f. []
- (iii) Trading and warehousing

Authorised operations shall not include the following, namely.-
[To be populated based on final draft]

[SECOND SCHEDULE]

[See Section 37]

1. Development Hub Authority to be a body corporate

- (1) Every Authority established as under sub-section (1) shall be a body corporate, having perpetual succession and a common seal, with a power, subject to the provisions of this Act, to acquire, hold and dispose of property both movable and immovable, and to contract and shall, by the said name, sue and be sued.
- (2) The head office of every such Authority shall be at such place as the Central Government may specify in the notification referred to in sub-section (1).
- (3) Any Authority with the previous approval of the Central Government may establish branch offices at other places in India.

2. Officers of Authority and other staff.—

- (1) Every Hub Director of the Development Hub, for which he is appointed as such, shall be the chief executive of the Authority concerned and exercise such powers and perform such functions as may be prescribed.
- (2) Every Authority may, in addition to the officers and employees transferred to it under Paragraph 3, appoint such other officers and employees, as it considers necessary for the efficient discharge of its functions under this Act.
- (3) The method of appointment, the conditions of service and the scales of pay and allowances of such other officers and employees appointed under sub-section (2) shall be such as may be prescribed.

3. Special provision for transfer of officers or other employees to Authority.—

- (1) It shall be lawful for the Central Government to transfer to each Authority, by order, and with effect from such date or dates, as may be specified in the order, any officer or other

employee holding office as such (except officers or other employees on deputation) in the existing Development Hub concerned:

Provided that the scale of pay of the post to which such officer or other employee is transferred shall not be lower than the scale of pay of the post which he was holding immediately before such transfer and the other terms and conditions of service (including pension, leave, provident fund and medical benefits) of the post to which he is transferred shall not be less favourable than the terms and conditions of service in relation to the post held by him immediately before such transfer:

Provided further that if, immediately before the date of his transfer, any such officer or other employee is officiating in a higher post under the Central Government either in a leave vacancy or in any vacancy of a specified duration, his pay and other allowances, if any, on transfer, shall be protected for the unexpired period of such vacancy and thereafter he shall be entitled to the scale of pay applicable to the post under the Central Government to which he would have reverted but for his transfer to the Authority.

(2) If any question arises as to whether the prescribed terms and conditions of service in respect of any matter, including remuneration, pension, leave, provident fund and medical benefits, are less favourable than those attached to the post held by an officer or other employee immediately before his transfer to the Authority, the decision of the Central Government in the matter shall be final.

4. Grants and loans by Central Government.—

The Central Government may, after due appropriation made by Parliament by law in this behalf, make to every Authority by way of grants and loans or such sums of money as that Government may think fit for being utilised for the purposes of this Act.

5. Constitution of Fund and its application.—

(1) There shall be established by every Authority a Fund to be called the..... (the name of the Development Hub concerned) Authority Fund and there shall be credited thereto—

- (a) all sums of money, which the Central Government may, after due appropriation made by Parliament by law in this behalf, provide to the Authority;
- (b) all grants or loans that may be made to the Authority under this Act;
- (c) all sums received on account of user or service charges or fees or rent for the use of properties belonging to the Authority;
- (d) all sums received by the Authority from such other sources as may be decided upon by the Central Government.

(2) The Fund shall be applied for meeting—

- (a) the salaries, allowances and other remuneration of the members, officers and other employees of the Authority;
- (b) the expenses of the Authority in the discharge of its functions;
- (c) the repayment of any loan;
- (d) the expenses on objects and for purposes authorised by this Act;

(e) any other administrative expenses of the Authority.

6. Accounts and audit.—

(1) Every Authority shall maintain proper accounts and other relevant records and prepare an annual statement of accounts in such form as may be prescribed by the Central Government, in consultation with the Comptroller and Auditor-General of India.

(2) The accounts of every Authority shall be audited by the Comptroller and Auditor-General of India at such intervals as may be specified by him and any expenditure incurred in connection with such audit shall be payable by the Authority to the Comptroller and Auditor-General of India.

(3) The Comptroller and Auditor-General of India or any person appointed by him in connection with the audit of the accounts of the Authority shall have the same rights and privileges and authority in connection with such audit as the Comptroller and Auditor-General of India generally has in connection with the audit of the Government accounts and, in particular, shall have the right to demand the production of books, accounts, connected vouchers and other documents and papers and to inspect any of the offices of the Authority.

(4) The accounts of every Authority as certified by the Comptroller and Auditor-General of India or any other person appointed by him in this behalf together with the audit report thereon shall be forwarded annually to the Central Government and the Central Government shall cause the same to be laid before each House of Parliament.

7. Directions by Central Government.—

Every Authority shall be bound to carry out such directions as may be issued to it from time to time by the Central Government for the efficient administration of this Act.

8. Returns and reports.—

(1) Every Authority shall furnish to the Central Government at such time and in such form and manner as may be prescribed or as the Central Government may direct, such returns and statements and such particulars in regard to the promotion and development of exports and the operation and maintenance of the Development Hub and Units as the Central Government may, from time to time, require.

(2) Without prejudice to the provisions of sub-section (1), every Authority shall, as soon as possible, after the end of each financial year, submit to the Central Government a report in such form and before such date, as may be prescribed, giving a true and full account of its activities, policy and programmes during the previous financial year.

(3) A copy of every report received under sub-section (2) shall be laid, as soon as may be, after it is received, before each House of Parliament.

9. Power to supersede Authority.—

(1) If at any time the Central Government is of the opinion that an Authority is unable to perform, or has persistently made default in the performance of the duty imposed on it by or under this Act or has exceeded or abused its powers, or has wilfully or without sufficient cause, failed to comply with any direction issued by the Central Government under section 38, the Central Government may, by notification, supersede that Authority for such period not exceeding six months, as may be specified in the notification: Provided that before issuing a notification under this sub-section, the Central Government shall give reasonable time to that Authority to make representation against the proposed supersession and shall consider the representations, if any, of the Authority.

(2) Upon the publication of a notification under sub-section (1) superseding the Authority,—

(a) the Chairperson and other Members of the Authority shall, notwithstanding that their term of office has not expired as from the date of supersession, vacate their offices as such;

(b) all the powers, functions and duties which may, by or under the provisions of this Act, be exercised or discharged by or on behalf of the Authority shall, during the period of supersession, be exercised and performed by such person or persons as the Central Government may direct;

(c) all property vested in the Authority shall, during the period of supersession, vest in the Central Government.

(3) On the expiration of the period of supersession specified in the notification issued under sub-section (1), the Central Government may—

(a) extend the period of supersession for such further period not exceeding six months; or

(b) reconstitute the Authority in the manner provided in Paragraph 1.

10. Members, officers and other employees of the Authority to be public servants.—

All Members, officers and other employees of every Authority, shall, when acting or purporting to act in pursuance of any of the provisions of this Act or the rules made thereunder, be deemed to be public servants within the meaning of section 21 of the Indian Penal Code (45 of 1860).

[THIRD SCHEDULE]

[See Section 40]

[Comment: Please note that this schedule is indicative in nature, and have been inserted to provide an illustration of the potential subject matter of the schedules. These items are subject to further deliberation and revision.]

The powers in relation to the grant of approvals, licenses or clearances, as the case may be, under the provisions of the Central Acts mentioned herein shall be delegated to the Hub Director in relation to the area for which such Hub Director is made responsible under Section []

S. No.	Legislation	Provisions under which power stands delegated
1	Foreign Trade Development and Regulation Act, 1992	[To be identified based on final draft and inter-ministerial consultations. The delegation under this Schedule shall be for specific powers of granting approvals, clearances or other supervisory or regulatory functions. The identification of these specific powers will enable the Schedule to be populated. This identification may be done pursuant to inter-ministerial consultations.]
2	Integrated Goods and Services Tax Act, 2017	
3	Electricity Act, 2003	
4	Factories Act, 1948	
5	Payment of Workmen Act, 1923	
6	Contract Labour (Regulation and Abolition) Act, 1970	
7	Explosives Act, 1884	
8	Indian Standards Institution (Certification Marks) Act, 1952	
9	Drugs and Cosmetics Act, 1940	
10	National Highways Authority of India Act, 1988	
11	Control of National Highways (Land and Traffic) Act, 2002	
12	Motor Vehicles Act, 1988	
13	Water (Prevention and Control of Pollution) Act, 1974	
14	Micro, Small and Medium Enterprises Development Act, 2006	
15	Food Safety and Standards Act, 2006	
16	Boilers Act, 1923	
17	Industries (Development and Regulation) Act, 1951	
18	Legal Metrology Act, 2009	
19	Bureau of Indian Standards Act, 1986	
20	Aircraft Act, 1934	
21	Building and other construction workers act, 1996	
22	Customs Act, 1962	
23	Companies Act, 2013	
24	Central Goods and Services Tax Act, 2017	
25	Mines and Minerals (Development and Regulation) Act, 1957	
26	Indian Forests Act, 1927	
27	Telecom Regulatory Authority of India Act, 1997	
28	Information Technology Act, 2000	
29	Environment Protection Act, 1986	
30	Air (Prevention and Control of Pollution) Act, 1974	
31	Code on Wages, 2019	
32	Foreign Exchange Management Act, 1999	
33	Insurance Act, 1938	
34	Arbitration and Conciliation Act, 1996	
35	Custom Tariff Act, 1975	
36	Indian Stamp Act, 1899	

[To be populated based on final draft]

[FOURTH] SCHEDULE

[See Section 47(1)(d)]

1. The Agricultural Produce Cess Act, 1940 (27 of 1940).
2. The Coffee Act, 1942 (7 of 1942).
3. The Mica Mines Labour Welfare Fund Act, 1946 (22 of 1946).
4. The Rubber Act, 1947 (24 of 1947).
5. The Tea Act, 1953 (29 of 1953).
6. The Salt Cess Act, 1953 (49 of 1953).
7. The Medicinal and Toilet Preparations (Excise Duties) Act, 1955 (16 of 1955).
8. The Additional Duties of Excise (Goods of Special Importance) Act, 1957 (58 of 1957).
9. The Sugar (Regulation of Production) Act, 1961 (55 of 1961).
10. The Textiles Committee Act, 1963 (41 of 1963).
11. The Produce Cess Act, 1966 (15 of 1966).
12. The Marine Products Export Development Authority Act, 1972 (13 of 1972).
13. The Coal Mines (Conservation and Development) Act, 1974 (28 of 1974).
14. The Oil Industry (Development) Act, 1974 (47 of 1974).
15. The Tobacco Cess Act, 1975 (26 of 1975).
16. The Additional Duties of Excise (Textile and Textile Articles) Act, 1978 (40 of 1978).
17. The Sugar Cess Act, 1982 (3 of 1982).
18. The Jute Manufactures Cess Act, 1983 (28 of 1983).
19. The Agricultural and Processed Food Products Export Cess Act, 1985 (3 of 1986).
20. The Spices Cess Act, 1986 (11 of 1986).
21. The Research and Development Cess Act, 1986 (32 of 1986).

[FIFTH SCHEDULE]

[Comment: Please note that this schedule is indicative in nature, and have been inserted to provide an illustration of the potential subject matter of the schedules. These items are subject to further deliberation and revision.]

[See section 47(1)(f) and section 83]

AMENDMENT TO CERTAIN ENACTMENTS

PART I

AMENDMENT TO THE INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY ACT, 2019 (50 OF 2019)

1. Amendment of short title.— In the short title of the International Financial Services Centres Authority Act, 2019 (hereinafter in this Part referred to as the principal Act), the word “Authority” shall be omitted.

2. Amendment of long title.— For the long title of the principal Act, the following long title shall be substituted, namely:

“An Act to provide for the establishment and operation of International Financial Services Centres in India, to establish an Authority to develop and regulate the financial services market in such International Financial Services Centres, and for matters connected therewith or incidental thereto.”

3. Omission of section 2.— Section 2 of the principal Act shall be omitted.

4. Amendment of section 3.— In section 3 of the principal Act, in sub-section (g), for the words “section 18 of the Special Economic Zones Act, 2005”, the words “section 3A of this Act” shall be substituted.

5. Insertion of new Chapter I-A.— After Chapter I, the following Chapter I-A shall be inserted, namely:—

“CHAPTER I-A

ESTABLISHMENT OF INTERNATIONAL FINANCIAL SERVICES CENTRES & UNITS THEREIN

3A. Establishment of International Financial Services Centres.— The Central Government may approve the establishment of an International Financial Services Centre in such form and manner, and subject to such conditions and requirements for its establishment and operation, as may be prescribed.

3B. Establishment of Units in International Financial Services Centres.— The Central Government may, subject to such guidelines as may be framed by the Authority, Reserve Bank of India, the Securities and Exchange Board of India, the Insurance Regulatory and Development Authority and such other concerned authorities, as it deems fit, prescribe the requirements for establishment and the terms and conditions of the operation of units in an International Financial Services Centre.”

6. Amendment of section 27.— In section 27 of the principal Act, in sub-section (2),

clause (a) shall be renumbered as clause (aaa);

before clause (aaa), the following clause (a) and (aa) shall be inserted, namely:

“(a) The form and manner, and the conditions and requirements subject to which an International Financial Services Centre may be established and operated;

(aa) The requirements for establishment and the terms and conditions of the operation of units in an International Financial Services Centre;”

7. Amendment of Second Schedule.— In the Second Schedule to the principal Act, for the words “sub-section (1) of section 18 of the Special Economic Zones Act, 2005”, wherever they occur, the words “section 3A of the International Financial Services Centres Authority Act, 2019 (50 of 2019)” shall be substituted.

8. Savings.– (1) Any International Financial Services Centre set up before the commencement of this Act shall be deemed to be an International Financial Services Centre established under section 3A of the principal Act.

(2) Notwithstanding anything contained in section 82 of this Act, any guidelines framed by the Authority, Reserve Bank of India, the Securities and Exchange Board of India, the Insurance Regulatory and Development Authority and such other concerned authorities as deemed fit by the Central Government under sub-section (2) of section 18 of the Special Economic Zones Act, 2005 shall be deemed to be guidelines framed under section 3B of the principal Act.”