

Special Economic Zones in Pakistan: A Qualitative Analysis of the Special Economic Zones Act of 2012

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Abstract:

Special Economic Zones (SEZs) are considered a high-yielding strategy for the rapid development of any country due to the success stories of some countries, like China. In the twenty-first century, many developing countries adopted the SEZs policy for quick economic growth. Pakistan is one of them. In SEZs, governments provide various incentives to businessmen and investors that attract Foreign Direct Investment (FDI), enhance the country's revenues, help with technology, and also upgrade skills. Pakistan, a developing country in South Asia, adopted the policy of SEZs to develop its economy effectively and paved the way for its fast economic development in 2012. The act is named "SEZ Act of 2012." However, this act has been amended many times according to the requirements of the economy; therefore, the later versions have also been used in this study for detailed analysis. This study focuses on analyzing the SEZs Act of 2012. It particularly focuses on the roles and responsibilities of the various institutions that helped the developers, investors, and the federal and provincial governments establish SEZs and effectively implement SEZ regulations in Pakistan. This study qualitatively analyses the subject under discussion based on the previously available literature. The first section of the study describes the importance of SEZs as a successful policy tool for development by briefly explaining examples from various countries. The second portion explains the details of the SEZ Act of 2012, like institutions their roles, functions, and limits. Finally, the third part defines the later versions of this act to be made to meet the requirements of time.

Keywords: Special Economic Zones, SEZs, Pakistan, economic growth, BOI, BOA

Introduction

Several countries have established SEZs as a surefire way to development by implementing the principles of the liberal market economy. SEZs are adopted and recognized worldwide for rapid industrial upgradation and transformation in their respective countries. SEZs paved the way to improve the credibility and acceptability of policies regarding industrial transformation, even in closed economies. They are also used to attract domestic and foreign investment, broaden economic activities, and promotion of value-added exports. Many developed and developing economies have established their own economic zones for

their development and prosperity, which also aims to create spillovers for the economies that are working from outside of the zones successfully” (UNCTAD, 2019). SEZs serve as a policy tool for FDI attraction and competition worldwide. It offers many diverse incentive packages to entice direct investment. UNCTAD has described that the goals, trends, and types of SEZs differ substantially from country to country. Most SEZs in developed economies are custom-free zones, which alleviate tariffs and customs procedures' administrative burdens. Because of the recognition of SEZs as a means of attracting FDI, SEZs are often established in developing economies to upgrade, diversify, and build industries. This concept is more likely to be implemented in economies historically struggling to attract FDI. Some African and Asian countries are using SEZs to launch industrialisation and manufacturing units to compete with other regional countries. The transitional economies are also adopting technology-centred zones. Many advanced economies, like China, use SEZs to promote industrialization. Therefore, SEZs are like the bridge of development for developing countries of Asia and Africa. UNCTAD reported that in the developing Asia, “despite successive waves of COVID-19, FDI rose to an all-time high for the third consecutive year, reaching \$619 billion. Asia was the largest recipient region in 2022, accounting for 40% of global FDI” (UNCTAD, 2022).

This consecutive success of SEZs has illustrated to the world that SEZs are a significant means of economic diversification, quick transfer of technology and knowledge, development of skills, increasing employment opportunities and promoting industrialisation in the country. Hence, numerous data on different countries show that the states that adopted the SEZs gave mixed results across countries. Some SEZs' success stories include East Asia's 'Tiger Economies' named Hong Kong, Singapore, South Korea, and Taiwan. From the early 1960s to the 1990s, these states undertook exceptionally rapid industrialisation and upheld high growth rates of more than 7% a year (Wikipedia, 2023). At the dawn of the 21st century, the world witnessed the remarkable growth of these countries. Singapore and Hong Kong emerged as leading international financial centres, while Taiwan and South Korea became renowned for manufacturing electronic devices. This recognition and improvement in status are due to the efficient working of the SEZs. Later, China adopted this model, made huge investments in various countries through BRI, and it helped in the development of China's export-oriented manufacturing sector; now, it is recognised as the second-largest economy in

the world. This recognition and improvement in status are due to the efficient working of the SEZs.

Due to such impressive success stories, many other developing countries opted for this model to achieve rapid development in their respective economies. Pakistan is one of them that adopted this model for rapid economic growth.

The next section of this study analyses the initial journey of the establishment of SEZs in Pakistan.

The Initiation of SEZs in Pakistan

The government of Pakistan commenced its journey by announcing the SEZs Act 2012 to fulfil the requirements and meet the challenges of global competitiveness, and it also established industrial clusters (a particular area that consisted of interconnected firms, suppliers, and institutions in the particular field that support one another). The Act of SEZs aims to motivate domestic and foreign investors to build and support industrial infrastructure in Pakistan. It also focuses on technology transfer, employment generation, export promotion, and import substitution. To accommodate Pakistan's economy's needs, this Act was kept in transition. In order to analyze the policies more effectively, this study also includes the SEZs Act of 2012's amended versions in 2016, 2020 and 2021.

Framework of SEZs in Pakistan

The SEZs Act of 2012 provided the framework, objectives and types of SEZs in Pakistan.

On 12th August 2012, the President of Pakistan assented to the SEZs' Act for setting up and operationalizing SEZs in Pakistan. The Act starts as,

“WHEREAS it is necessary and expedient to promulgate a law for the creation, development and efficient operation of special economic zones through the provision of a legal and regulatory framework to encourage domestic and international investors for promotion and establishment of industrial infrastructure and other matters connected or ancillary thereto. This act extended to Pakistan and starts with the definitions of various types and trends of SEZs in Pakistan, (either they were working previously or adopted as the new). It defined economic zones as “a geographically defined and delimited area which has been notified and approved for economic, industrial and commercial activities” (BOI, 2012).

Special Economic Zones: Federal subject or Provincial subject

The 4th section of the SEZs Act of 2012 allows both the federal and provincial governments to create SEZs of their own will. Both governments are permitted to act in SEZs independently, either they want to collaborate with private parties or work in public-private partnerships. Moreover, this act also provides various fiscal and allied benefits to SEZs' investors. In short, Pakistan worked diligently to establish SEZs in Pakistan. Moreover, Public-Private Partnership model is also acceptable to establish SEZs in Pakistan.

Fiscal Incentives by the Government of Pakistan

The act establishes laws that permit the federal and provincial governments to create SEZs jointly through various forms of public-private partnership or solely through the private sector. However, various fiscal incentives are granted by the government of Pakistan to increase the number of SEZ in Pakistan. the fiscal benefits are the following:

- a one-time exemption from customs charges and taxes for any capital goods brought into Pakistan for the construction, operation, and upkeep of an SEZ (for the Zone developers, Co-developer as well as for the zone enterprise). Theoretically, it is sounder than practically. This exemption was formerly limited to the import of machinery and plants, but it has since been broadened to cover the service sector according to a change in the Finance Act of 2020. The sectors include information technology, storage communication, and development of infrastructure in SEZs by the zone developers (MoFR, 2022).
- This incentive package also has some limitations in the act of 2012. Initially, the tax exemption period ranged from 5 to 10 years, but in Act of 2020 the income tax holiday extended to ten years. Additionally, to promote and facilitate Public-private partnership (PPP) in SEZs, the concessions and immunities offered to SEZ developers have now been extended to the co-developers of SEZs (MoFR, 2022). Now, for a decade, Zone developers, co-developers and Zone enterprises are immune from paying all taxes on income. The ten-year period begins when the zone developer issues a certificate that indicates the commencement of the commercial activity (BOI, 2020).
- Infrastructure and utility provision is essential for the success of any industrial project. In the past, SEZs could not get any financial help to provide utilities;

however, this is changing as funds started to be allocated for this purpose in 2019. After the joint efforts of the government and SEZs institutions, Rs 19.9 Billion from the Public Sector Development Program (PSDP) were allotted for gas and electricity supply for all SEZs, which was granted over five years in a prioritized manner. 5.6 Billion rupees were devoted from these funds in the FY-2019, and 4 Billion rupees had been set aside for FY2021, of which 3.4 billion rupees were designated for CPEC SEZs (Annex-III, 2021).

These advantages inspire investors to build new Special Economic Zones in Pakistan. The "exemption from all taxes on income" provided in the SEZs Act of 2012 is not yet a reality, but efforts are being made in that direction as well. However, according to the reports of the BOI and World Bank, Pakistan is providing comparatively better facilities to its investors. The reports claimed that "in comparison to regional countries, the fiscal incentives for SEZs in Pakistan appear better on some parameters, such as the duration of corporate tax exemption" [(SBP, 2022); (BOI, 2020)].

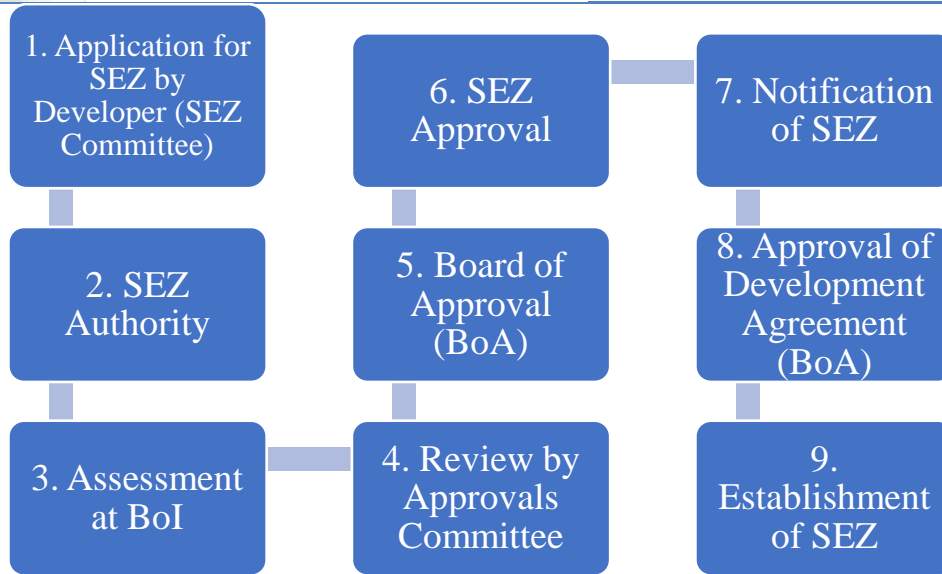
Conversion of Existing Zones into SEZs

The government of Pakistan introduced SEZs Act in 2012 while different forms of zones and industrial clusters were already established and working in Pakistan. Some of them were beneficial, and some were in deficit. The act of 2012 allowed the amalgamation of the previously working zones or clusters into SEZs. According to section 15(1) of the SEZs Act 2012, an existing zone could be notified as SEZ by the BOA. The benefits and incentives of the SEZ's enterprise described in the SEZs Act of 2012 are available to newly established firms and industries that commence production after the existing zones were officially designated as SEZs (Mazhar, 2021, 29 March).

Regulatory Structure of SEZs in Pakistan

Several organizational levels and actors make up the SEZ regulatory structure. To understand it a flow chart is given below that defines the approval procedure of SEZs in Pakistan.

Flowchart of SEZs Approval in Pakistan



Source: Developed by author, data is taken from www.invest.gov.pk

The developers complete their applications with the assistance of the SEZ Committee and submit their applications to provincial SEZ Authority collect applications from developers, and the proposals are assessed at the BOI which also serves as the secretariat of the Approval Committee and BOA. The SEZ approval is forwarded to the BOA and Approval Committee reviews it. After a thorough review, an official notification of SEZ is issued and the developmental agreement is approved by the BOA, which leads to the establishment of SEZ in Pakistan.

Pre-requisites of Application by Developer

The developers of the SEZs are required to follow the procedures to submit application but most important of all that helps to maintain transparency is that “developers are required to provide the number of available plots and their respective locations on their websites’ home page and application registration page for investor facilitation, in addition to providing the same on the SEZ MIS Module” (Mazhar, 2021, 29 March). Land should be clear and in the developer's name, whether leased or owned. Developer’s commitment for the provision of utilities as-per time-frame and requirement mentioned in the zone-enterprise entry application at the time of consideration by the SEZ committee. Moreover, developers can offer only those plots for sale, lease or sub-lease that ensure the provision and availability of utilities at the doorstep to make infrastructure development easy.

SEZ Committee

Under the Section 23 of the Act, SEZ Committee is established in each SEZ. It is chartered by the BOA as per the applicable zone regulations.

The members of the SEZ committee includes the various representatives of developers, PIPA, BOI, SEZ Authority, and relative district government. Here, the developer is authorized to appoint the Chairperson of the committee.

Every SEZ committee has various responsibilities to administer and enforce SEZ benefits and rules or regulations. It also provides facilitation to the SEZs, the government and their enterprises with the responsibilities that include:

- It assesses and approves the SEZs' entry applications according to the criteria of zone admission.
- It provides the certificated of zone enterprises.
- It conducts the oversight of zone enterprises.
- It enforces the building code of SEZ.
- It co-ordinates between the government entities, utility providers, and developers during construction.
- It assists zone enterprises to obtain registrations and approvals.
- It serves as the contact point between the utility providers and zone enterprises.
- It facilitates government regulators and tax authorities between enterprises.

The SEZ Committees enforce their responsibilities according to their Standard Operation Procedure (SOP) in accordance with regulations of zone.

Provincial Investment Promotion Authorities (PIPA)

It is an agency that work for the promotion of investment. It is formed by the concerned province and as the focal authority for promotion of foreign and domestic investment it worked to attract investments. In Pakistan, the authorities that are working for the promotion of investment and trade are these:

‘Punjab Board of Investment and Trade’,

‘Sindh Board of Investment’,

‘Khyber Pakhtunkhwa Board of Investment and Trade’

‘Balochistan Board of Investment and Trade’ and in addition to this

‘Gilgit-Baltistan Board of Investment and Trade’ is also working for the promotion of investment in their respective region/province.

Functions of ‘Provincial Investment Promotion Authorities’

According to the Act of 2012, this institution is responsible for the following functions within its province of jurisdiction:

- It assists in the operations of the provincial ‘SEZ Authorities’.
- It is the focal entity that is responsible for the promotion of investment.
- It may provide assistance to the ‘SEZ Authorities’ and the developers to acquire land or other related issues are also included but this assistance is not limited to the ‘necessary easement of issues’.
- It also ensures the linkages of infrastructure development between the authorities in and outside of the SEZs.
- It also provide assistance to the developers and zone enterprises to deal with all governmental authorities at provincial level for systematic and smooth resolution of problems when they arise.
- It facilitates the enterprises and developers to comply with the social development and environmental regimes.

SEZ Authorities

‘SEZ Authorities’ means that SEZ Provincial Authority established under the section 10 of the Act. It is the initial forum at which Developer of SEZ is supposed to submit the application for approval. In Pakistan, it is established in each province and known to be as the SEZ Authority of that concerned province. It is recognized as a corporate body with a common seal, perpetual succession, and power. It also holds the authority/power to hold, acquire, and dispose of the moveable or immovable properties that are subject to the rules and regulations of the act, to enter in new contracts by the aforementioned name, and have right to sue and to be sued.

Members of the SEZ Authority

- Chairperson--The Chief Minister (CM) of each concerned province is the chairperson of SEZ Authority or a person appointed by the CM.

- Vice—Chairperson--The minister or advisor of the investment department became the vice-chairperson. While in the absence of such department, CM of the concerned province is authorized to nominate any member from provincial cabinet as vice-chairperson.
- CEO--The CM of the concerned province may appoint a Chief Executive Officer (CEO), or the Secretary of SEZs Authority can also act as CEO.
- Secretary— SEZ authority has a Secretary from the Provincial Investment Department, but if such a department does not exist, then the executive head of the provincial investment promotion authority becomes a part of this authority.
- Secretaries—SEZ authority has various secretaries of provincial departments like agriculture, planning and development, trade, finance, investments, industries and work and services.
- CM of the concerned province appoint two members while BOA also appoint two members in SEZ Authority
- The concerned Chamber of Commerce and Industry (CCI) (where SEZ is proposed) also appoints a member, if there is no CCI then the local CCI is responsible to appoint a member.

Functions and Responsibilities of the SEZ Authority

Every SEZ Authority is responsible for the following functions:

- It prepares all zone applications according to the conditions of the Act and applicable to zone regulations
- All of the zone applications are submitted to the BOA by the SEZ Authority of the concerned province where the particular SEZ is situated.
- After the review of the zone application, if BOA approves the application, then the concerned SEZ authority selects a developer according to the provisions of the Act and applicable zone regulations.
- The SEZ Authority submit the final development agreements to the BOA after the negotiations on this development agreement in accordance with the Act.
- SEZ Authority of the concerned province is authorized to grant a provisional approval subject to fulfilling the prerequisites for final approval. Sometimes, BOA also

condition the acceptance of development agreement on the fulfilment of the prerequisites.

- After reviews and final approval, the CEO of the concerned SEZ Authority (on behalf of the provincial government) and the Secretary of BOA (on behalf of the Federation of Pakistan), both sign the particular development agreement.
- If the BOA rejects any application, then SEZ Authority may resubmit it after the renegotiations of the terms with the concerned developer and also with a different developer that matches the requirements of the proposed agreement and made necessary modifications in the development agreement.
- On the final approval, SEZ authority assists developers to acquire land and assess public utilities that are in accordance of the zone development plan.
- It also prepares zone regulations for the particular SEZ.
- It serves as liaisons and facilitating agencies under the section 29 of the Act.
- According to zone development plan, SEZ authority provides facilitation to make public utilities available to the zone enterprises.
- It ensures to liaise with the concerned federal and provincial authorities to ensure the Special Border Zones (SBZs).
- It monitors the implementation of the administrative procedures that are streamlined under the section 28.
- “It monitors developers' compliance with zone regulations and their obligations under development agreements. It suspends development agreements in case the developer violates the development agreement terms, pending the final decision by BOA. In addition, it also monitor the compliance of the zone enterprises with their obligations under the zone regulations” (GoP, 2016).
- It is permitted to assess the activities of the developers and zone enterprises regularly but once in a year is mandatory; and
- It provides the BOA with bi-annual reports of the SEZs in their respective provinces.

Board of Investment (BOI) as the Custodian of SEZs in Pakistan

The Board of Investment (BOI) is established with multiple responsibilities like; to promote investments in all sectors of the economy, to facilitate local and foreign investors to materialize their projects speedily, to enhance international competitiveness and contribute to economic and social development in Pakistan. In addition to facilitating the development and

operation of their projects, BOI offers assistance to businesses and investors who are investing in Pakistan or plan to do so. Information on investment opportunities and assistance for companies wishing to form joint ventures are just two of the BOI's many services. In collaboration with many federal and provincial government departments and agencies, BOI serves as a central point of contact for current and potential domestic and foreign investors to give them all the information and support they need (Invest Pakistan, 2022).

The BOI may enact rules and regulations as deemed essential for the implementation and to carry out the purposes of this Act, in collaboration with the SEZ Authorities and with the consent of the BOA (BOI, 2016).

In Pakistan, the Board of Investment (BOI) is the custodian of SEZs and is also responsible for aligning the SEZs with Pakistan's economic conditions. In this regard, BOI worked efficiently and proposed some amendments to the SEZs Act 2012. In 2016, the government of Pakistan incorporated the modifications in the SEZs Act and made the environment more investor friendly for investments. However, the possession rights of SEZs remained the same as earlier. As a result, opportunities increased for investors, enhancing business opportunities in Pakistan.

Responsibilities of Board of Investment (BOI)

1. The BOI serves as the Secretariate of BOA and Approvals Committee is responsible:
 - a) to co-ordinate all activities related with SEZs, developers and zone enterprises, includes assembling all the necessary paperwork for the BOA's review and seeing to it that the BOA's rulings are carried out.
 - b) to complete the processing of all zone applications that the SEZ authorities submit for BOA consideration.
 - c) BOI processes applications for additional incentives under subsection (2) of section 34.
 - d) analyze all the development agreements that are suggested by the SEZ authorities.
 - e) To promote the domestic and international investments in the SEZs, and
2. In accordance with section 12 of the Act 2012, in Islamabad's capital territory, BOI also serves as the SEZ Authority.
3. In response to a request, BOI also provides assistance to the SEZ Authorities.

Approval Committee

The Chairman of the BOI chair the Approvals Committee. The BOA has granted the Approvals Committee some authority and responsibility, which it can exercise where it sees suitable. The Approvals Committee may receive some or all of the remaining authority and duties from the BOA. A decision made by the Approvals Committee is presented to BOA for approval at meetings or by circulation. The BOA is authorized to use any authority or duty given to the Approvals Committee at any time.

Board of Approval (BOA) of SEZs in Pakistan

The Act of 2012 defines the approval procedure for establishing SEZs in Pakistan. The Act 2012 said that the Board of Approvals (BOA) is in charge of approving the creation of SEZs in Pakistan. It is the highest approving forum of SEZs in Pakistan and it chaired by the Prime minister. The members of the BOA include:

- Prime Minister as Chairperson, Minister of Finance as Vice-Chancellor; Ministers of Commerce, Production, Industries, state and frontier regions division; a pair of members of Majlis-e-Shura (one belongs to each house); Chairman of the Board of Investment (BOI), Deputy Chairman of Planning Commission (GOP, 2012). Along with it “Chief Ministers of each province, the Chairman of the Federal Board of Revenue (FBR), the Governor of the State Bank of Pakistan (SBP), the Secretary of the BOI, executive heads of the provincial investment Boards, presidents of Pakistan Chamber of commerce and Industry, Pakistan business council, Overseas Chamber of Commerce and a professional with adequate experience in field nominated by PM are also the members of this approval board” (GOP, 2012).
- The BOA should be required to meet at least twice in a year but on recommendation or request it can meet as frequently as required.
- The Chairman of the BOA is responsible for calling the meetings, but on the BOI or the Provincial SEZs Authority requests or recommends, then the Chairman of the BOA could call the meeting.
- The quorum for meetings of the BOA is fifty percent of the members. The BOA’s decisions are, however, ratified by the majority vote of the current members.

- In the absence of the Chairperson, Vice-Chairperson is authorized to chair the meeting. If both are not present then a member designated by the Chairperson presides over the meeting.
- The BOA adheres to its own rules of procedure.
- The Secretary of BOI also serves as the Secretary of BOA.

Functions of BOA

Board of Approval or BOA is responsible for many tasks. BOA may authorize to:

- Approve the rules for putting this act into action that apply to all SEZs, a specific group of SEZs, or a specific SEZ.
- Approval or rejection of the applications for the creation of zones in Pakistan.
- Approve/reject the developmental treaties as well as can cancel the development agreements.
- Evaluates and decide on any policy matters that developers or SEZ Authorities submitted to it.
- Co-opt the approvals committee's members as needed.
- Under sub-section 2 of section 34, notifies the additional benefits the relevant authorities
- Examines the annual reports provided by SEZs authorities and takes appropriate action
- Review this act's implementation every year in order to improve SEZs related policies
- To further the goals of this act, it can yield appropriate actions.

The table given below explain the functioning of every layer briefly.

Name of Committee/ Organization	Description
Board of Approval (BOA)	The BOA, which is led by the prime minister, is composed of the nation's leading political, technical, and business figures. Its primary responsibilities include: approving regulations for the SEZ Act's implementation; approving or rejecting zone applications and development agreements; making decisions on matters of policy; notifying additional benefits for developers or

	zone enterprises in accordance with the law; and reviewing annual reports from the SEZ Authorities.
Approvals Committee	This committee carries out the duties and authority given to it by the BOA, including reviewing zone application requests.
Board of Investment (BOI)	In order to implement the SEZs framework, the BOI serves as the Secretary of the BOA and the Approvals Committee. It was originally founded as the government Investment Promotion Agency (IPA). It serves as a coordinator for all activities involving SEZs, developers, and zone businesses. It evaluates applications for zone development and sends them to the BOA for approval. It also authorizes all development agreements suggested by SEZAs. The BOI also serves as the SEZ Authority for SEZs in the Capital Territory of Islamabad.
Provincial Investment Promotion Agencies (IPAs)	The duties of provincial IPAs include supporting developers and zone businesses in a variety of SEZ-related matters as well as assisting the relevant SEZ Authority with its overall operations.
SEZ Authority (SEZA)	According to the Act, SEZAs must be established as the top SEZ authority for each province. Its primary duties include preparing the zone application, choosing the developers, creating the zone laws, and coordinating with other ministries and agencies of the federal and provincial governments.
SEZ Committee	The developer, the BOI, provincial IPAs, the appropriate SEZA, and the pertinent district administration are all represented on the SEZ Committee, which the BOA establishes for each SEZ. The SEZ Committee reviews and approves applications for SEZ admission, certifies zone businesses, monitors businesses, and collaborates with various government agencies. The developer chooses the SEZ Committee's chairperson; this person often represents the developer.
	A zone enterprise is a business that has been approved for admission into an SEZ by a developer after a careful selection

Zone Enterprises	process that includes the developer, the relevant SEZA, and the BOI as the oversight body. The developer and the Zone Enterprise may be the same entities in the case of Single Enterprise SEZ.
Developers	The developer is a business with a contract to build an SEZ with the appropriate SEZA. The BOA evaluates the development agreement.

Source: (SBP, 2022).

SEZ Management Information System (MIS) Module:

In 2020, the BOI has introduced the "SEZ MIS Module," which aims to serve as a single point of contact for SEZs. This module helps genuine investors, especially foreign investors, enter SEZs without worrying about a middleman's role in arranging the deal or being taken advantage of.

Developers of SEZs ensure the provision of information through SEZ MIS Module regarding land/plots in SEZ that is not limited to its size, location, development time-line, price, coordinates and most important, availability of utilities etc., on the MIS Module that the BOI maintains. It is for ease and information of the general public about the potential of SEZ (Mazhar, 2021, 29 March).

Also, in order to maintain openness, developers make sure that SEZ information is available on the developer's website and the BOI. In addition to these, to increase the likelihood of availability, the developers should publish information about subleasing, leasing or selling in at least four daily national publications, two of which should be in English and two in Urdu. The zone enterprises that are interested to invest in any particular SEZ should register themselves through online link of MIS Module on developer's as well as BOI's website. The applicants fill in the registration forms through this module to submit zone entry applications. This module automatically made the applications online and shared with each member of SEZ committee for further evaluation.

The SEZ MIS Module includes:

- To Process the Zone Applications
- To Process of application regarding the Zone Entry

- To Streamline the Timebound Processes
- to make speedy processing, efficient application tracking and surety of case disposal
- Transparent system
- Redressal of grievances
- Databases of Investments
- Planning of SEZs
- Elimination of the activities regarding Real Estate
- Eviction of Red Tapism
- Provides easy access to information and data for audit

The "SEZMIS Module" makes investing in SEZs easy for both domestic and foreign investors while ensuring complete transparency. The table given below is presenting the difference between the development before and after the inclusion of MIS Module in SEZs.

	Pre-SEZ MIS (2012-2020)	Post-SEZ MIS (Jan 2021-May 2021)
Zone Enterprises Active	200	55
Planned Investment (Rs billion)	334.22	299.68
FDI (Rs Billion)	173.08	103.45
FDI (USD million)	1,081.74	646.59

Source: Developed by author, data is taken from (Annex-III, 2021).

Court Jurisdiction in SEZs:

Section 39 of the SEZs Act of 2012 defines the provisions regarding the jurisdiction of Court:

- When a dispute develops between the governmental body or agency and developer of an SEZ stemming from or relating to a development agreement, the High Court of the Province in which the SEZ is located has sole original civil jurisdiction;
- An SEZ is subject to original civil jurisdiction only by the district court of the district within whose boundaries it is located, related with:
 - 1. all disagreements between the SEZ's developer and a zone business situated therein; and

- 2. any disagreements between two or more zone businesses that are situated within the same SEZ

Alternative Procedures of Dispute Resolution

1. Arbitration between Developer and Governmental Authority

Developers and any governmental authority or agency of local, provincial or federal level that has a dispute arising out of the development agreement may be able to resolve it through arbitration.

2. Arbitration for Developers

Development agreements may give developers the authority to litigate and arbitrate on behalf of zone firms in a special economic zone.

3. Arbitration and Mediation

Zone regulations may stipulate that conflicts between zone businesses operating in the one and the same SEZ or between zone businesses and developers are settled through mediation and arbitration in line with methods approved by the BOA for this purpose.

Conclusion

Special Economic Zones are special delimited areas that are privileged with special permissions that are not given to the common businessmen in the rest of the country. This paper focuses on analyzing the powers and responsibilities of the concerned institutions that worked according to the regulations of the SEZ Act of 2012. It is concluded from the above analysis/discussion that the government of Pakistan has built an effective institutional structure that provides facilities to developers and investors. It makes an effective assessment of the SEZ to ensure the effective execution of the rules and regulations of the act and peaceful resolutions for the arising issues.

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