

AN INVESTIGATION INTO LEGAL COMPLIANCE AND BUSINESS ETHICS IN MIHAN SPECIAL ECONOMIC ZONE

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Abstract

Special Economic Zones (SEZs) are designed to support investment, exports, employment and infrastructure development. Their success, however, depends not only on economic performance but also on lawful administration and ethical business conduct. This paper investigates the legal-compliance framework and key business-ethics issues relevant to the Multi-modal International Cargo Hub and Airport at Nagpur (MIHAN), with particular attention to its Special Economic Zone. The study uses a descriptive, qualitative approach based on secondary sources, including the official MIHAN SEZ portal, India's Special Economic Zones Act, 2005, the SEZ Rules, 2006, and general principles of responsible business conduct. The paper examines regulatory transparency, labour welfare, environmental responsibility, customs and export documentation, anti-corruption controls, fair treatment of stakeholders, grievance handling and accountability. The review indicates that the legal framework provides formal requirements and administrative procedures, but ethical performance also depends on consistent implementation, accessible information, internal controls and effective grievance mechanisms. Since this study does not use interviews, surveys, inspections or company-level compliance records, it does not claim that any named MIHAN unit has violated the law. It instead identifies risk areas and proposes practical measures for strengthening a culture of compliance and integrity across the SEZ ecosystem.

Keywords— MIHAN, Special Economic Zone, legal compliance, business ethics, labour welfare, environmental responsibility, corporate governance.

I. INTRODUCTION

Business ethics refers to the values and standards that guide decisions about what is fair, honest, responsible and respectful in commercial activity. Legal compliance means following applicable statutes, rules, licence conditions, regulatory directions and contractual obligations. The two concepts overlap, but they are not identical: an action may meet the minimum legal requirement while still raising ethical concerns about fairness, transparency or the treatment of stakeholders.

MIHAN, located in Nagpur, Maharashtra, combines transport and logistics infrastructure with a Special Economic Zone. The official MIHAN SEZ portal describes the SEZ framework as intended to encourage investment, exports, employment and infrastructure development, supported by simplified procedures and single-window clearances. The governing framework includes the Special Economic Zones Act, 2005

and the SEZ Rules, 2006, as amended from time to time [1]–[3].

The scale and diversity of an SEZ ecosystem create compliance responsibilities for developers, unit operators, contractors, suppliers and public authorities. These responsibilities may concern approvals, export and import records, labour standards, occupational safety, pollution control, taxation, procurement, data protection and the prevention of bribery or conflicts of interest. This paper studies these issues as areas for assessment rather than as allegations of actual wrongdoing.

II. STATEMENT OF THE PROBLEM

The existence of laws and administrative procedures does not automatically ensure ethical conduct in everyday business. Organisations may face practical challenges such as complex documentation, unclear responsibilities, uneven awareness of legal duties, weak grievance channels, pressure to meet targets, or inadequate

monitoring of contractors and suppliers. The central problem is therefore how legal requirements and ethical principles can be translated into reliable day-to-day practices within the MIHAN SEZ environment.

III. OBJECTIVES OF THE STUDY

- To outline the main legal and regulatory framework relevant to business activity in MIHAN SEZ.
- To identify important legal-compliance and ethical-risk areas for SEZ developers, units and contractors.
- To examine the relationship between legal compliance, transparency, stakeholder trust and responsible business conduct.
- To recommend practical measures for improving ethical governance and compliance management.

IV. RESEARCH QUESTIONS

The study is guided by four questions: (1) What legal framework is relevant to MIHAN SEZ operations? (2) Which business processes are likely to require strong compliance and ethical safeguards? (3) How can transparency and accountability support trust among employees, businesses, authorities and the surrounding community? (4) What measures can improve the practical integration of law and ethics?

V. SCOPE AND SIGNIFICANCE

The scope is limited to legal compliance and business ethics associated with MIHAN SEZ in Nagpur. The analysis considers governance, employment, environmental management, trade documentation, procurement, anti-corruption safeguards and grievance redressal. It is a framework-based study, not a legal opinion on a particular company, a regulatory audit or a finding about the compliance status of the entire zone. Its significance lies in bringing together regulatory duties and ethical management practices that can help organisations reduce risk, protect stakeholders and build long-term credibility.

VI. REVIEW OF LITERATURE

The official MIHAN SEZ information pages explain the purpose of SEZs and provide access to the SEZ Act and rules. They highlight simplified

procedures, single-window clearances and the role of the legal framework in supporting investment and exports [1], [2]. The Department of Commerce publishes the SEZ Act and amendments to the rules, making official legal materials an essential starting point for compliance assessment [3].

The SEZ Act and Rules establish a specialised administrative framework for the establishment, operation and monitoring of SEZs. The rules also connect SEZ development with relevant approvals and local requirements, including environmental matters, labour laws, pollution control and other applicable laws [2], [3]. This means that SEZ status should not be understood as a general exemption from every law governing business activity.

The OECD Guidelines for Multinational Enterprises on Responsible Business Conduct describe expectations for responsible conduct in areas including human rights, employment, environment, bribery, consumer interests, disclosure and due diligence [4]. Although the Guidelines are not a substitute for Indian law, they provide a useful ethical benchmark for organisations operating in complex supply chains.

The United Nations Guiding Principles on Business and Human Rights emphasise the state duty to protect human rights, the corporate responsibility to respect human rights, and access to remedy [5]. Applied to an SEZ context, this supports attention to safe work, non-discrimination, responsible contracting, meaningful grievance mechanisms and remedy where harm occurs.

Taken together, the sources suggest that effective business ethics requires more than a policy statement. It requires clearly assigned responsibility, risk assessment, training, records, monitoring, safe reporting channels and corrective action. A local empirical gap remains: without interviews, surveys or internal records, this paper cannot measure the actual awareness or performance of individual MIHAN units.

VII. RESEARCH METHODOLOGY

Research design: Descriptive and qualitative. Data source: Secondary information from official MIHAN SEZ pages, the Government of India's SEZ legislation and rules, and international

responsible-business guidance. Method of analysis: Thematic review, grouping relevant issues into governance, labour, environment, trade and documentation, anti-corruption, stakeholder fairness and grievance redressal. Study period: The paper reviews publicly available framework information accessible for preparation in October 2026; legal provisions should be checked against the latest official amendments before operational use.

Limitations: No primary data were collected. The study did not interview workers, managers, regulators or community members, and did not inspect records or facilities. It therefore identifies potential areas for review and makes recommendations; it does not establish the presence, frequency or severity of non-compliance at MIHAN.

VIII. LEGAL FRAMEWORK RELEVANT TO MIHAN SEZ

The Special Economic Zones Act, 2005 provides the statutory foundation for SEZs in India. The SEZ Rules, 2006 set out procedural requirements and have been amended over time. Businesses should use the current consolidated legislation, applicable notifications, instructions and approval conditions rather than relying on an old summary or an outdated checklist [2], [3].

Compliance may also involve other applicable Indian and Maharashtra laws depending on the unit's activities. Examples include requirements relating to employment and wages, workplace safety, prevention of sexual harassment, environmental permissions and pollution control, taxation, company governance, contracts, data handling and intellectual property. Which requirements apply depends on the entity, industry, workforce, site and activity. A qualified legal or compliance professional should confirm the current position for each unit.

The legal framework should be managed through a documented compliance register identifying each obligation, the responsible person, due date, evidence required, review frequency and escalation route. Where a rule or approval is unclear, the responsible unit should seek formal clarification from the relevant authority instead of relying on informal assurances.

IX. MAJOR LEGAL AND ETHICAL ISSUES

A. Transparency and accountable administration. Businesses should maintain accurate records, communicate fees and procedures clearly, document decisions and avoid preferential treatment. Any interaction with public officials should be traceable and supported by legitimate business records. Transparent processes help reduce misunderstandings and perceived favouritism.

B. Labour welfare and human dignity. Ethical employment includes lawful wages and working hours, safe working conditions, non-discrimination, respectful treatment, appropriate training and accessible grievance channels. Organisations should also review contractors and labour suppliers because outsourcing does not remove the need for responsible oversight.

C. Health, safety and environmental responsibility. Industrial and logistics activities can create risks involving machinery, vehicles, waste, emissions, water, fire safety and emergency response. Units should identify hazards, maintain required permissions and records, train employees, investigate incidents and take corrective action. Environmental and safety compliance should be treated as continuing responsibilities rather than one-time approvals.

D. Customs, exports and record accuracy. SEZ businesses should ensure that declarations, invoices, inventory, movement of goods and export-related records are accurate, complete and retained as required. Misclassification, incomplete records or deliberate misrepresentation can create legal and financial exposure. Separation of duties and periodic reconciliation can reduce avoidable errors.

E. Anti-bribery and conflicts of interest. Gifts, facilitation payments, undisclosed relationships and biased procurement decisions can undermine fair competition and public confidence. Organisations should adopt a clear gifts and hospitality policy, disclose conflicts, use competitive procurement where appropriate, keep

approval records and provide confidential reporting channels.

F. Fair procurement and supplier responsibility. Supplier selection should be based on documented criteria such as quality, price, capability, safety and legal compliance. Contract terms should explain expected standards, audit rights and corrective-action procedures. Small suppliers should be treated fairly, with clear payment terms and no hidden or arbitrary conditions.

G. Data privacy and confidential information. Businesses may process employee, customer, vendor and commercial data. Access should be limited to legitimate needs, records protected, retention periods defined and suspected breaches escalated promptly. Applicable privacy and cybersecurity obligations should be verified against current law.

X. DISCUSSION AND KEY OBSERVATIONS

The review points to three broad observations. First, a specialised SEZ framework can simplify procedures, but it does not eliminate the need to comply with other laws that apply to a particular activity. Organisations must therefore maintain a joined-up view of SEZ requirements and general legal obligations. Second, ethical risks often arise at operational interfaces: between a company and a contractor, a business and a public authority, a supervisor and an employee, or a unit and a supplier. Controls should focus on these practical points rather than only on formal policies.

Third, compliance quality depends on evidence. Training registers, safety inspections, wage and attendance records, environmental monitoring, export documentation, procurement approvals and grievance logs allow managers to verify whether policies are working. These records should be reviewed for accuracy and used to correct problems, not merely maintained for display.

The available public sources describe the formal framework but do not provide sufficient evidence to rate every MIHAN unit's ethical performance. A reliable assessment of actual practice would require primary research and access to relevant records. Accordingly, the findings below are

analytical conclusions and recommendations, not factual allegations about any specific organisation.

XI. RECOMMENDATIONS

- Create a current legal-compliance register for every unit, mapped to its approvals, activity and applicable laws; assign a named owner and review dates.
- Provide regular, role-specific training on SEZ procedures, workplace conduct, anti-bribery, safety, environmental duties, data protection and grievance handling.
- Maintain a written code of conduct that covers conflicts of interest, gifts, procurement, confidentiality, non-discrimination and retaliation against whistle-blowers.
- Establish confidential and accessible grievance channels for employees, contractors, suppliers and other relevant stakeholders; define response timelines and escalation routes.
- Conduct periodic risk-based internal audits and corrective-action reviews, documenting the issue, root cause, accountable owner, deadline and closure evidence.
- Apply supplier due diligence proportionate to risk, including checks on legal registrations, labour practices, safety and environmental responsibilities.
- Publish clear internal procedures for approvals, documentation, record retention and interactions with authorities, while protecting legally confidential information.
- Use a balanced ethics dashboard that tracks training completion, overdue compliance actions, incident reporting, grievance resolution time, audit findings and repeat issues.

XII. CONCLUSION

Legal compliance and business ethics are essential to sustainable business activity in MIHAN SEZ. The SEZ Act and Rules provide a specialised framework for development and operation, while businesses must also identify and meet other applicable legal obligations. Ethical performance depends on transparent decisions, respect for workers, environmental care, accurate trade records, fair procurement, anti-corruption safeguards and effective grievance mechanisms.

This secondary-source investigation concludes that the most practical way to strengthen ethical business conduct is to integrate legal duties into everyday management through clear responsibility, training, evidence-based monitoring and timely corrective action. The study does not determine whether any particular MIHAN unit is compliant or non-compliant. Future research should collect primary data from employees, managers, contractors and other stakeholders, subject to consent and confidentiality, to examine awareness, implementation gaps and the perceived effectiveness of grievance and compliance systems.

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