



# REVIEW OF RESEARCH

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## SPECIAL ECONOMIC ZONES IN INDIA

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### ABSTRACT

SEZ have generated interest in developing countries in 1950's period, for pursuing an export-led growth strategy and to stimulate external trade and also encourage economic activity in the domestic market. Before that in long back there is practice of Free Trade for the above mentioned reasons but as the economic and geographical boundaries created and introduction of different currencies in different countries, makes it difficult to practice free trade hence new forms of trade practices were introduced. Accordingly Indian government has also introduced SEZ for fulfilling the objective of providing the fillip to the export oriented manufacturing sector, attract substantial foreign direct investment, and to generate more and more employment opportunities.



**KEYWORDS:** SEZ+India

### 1) INTRODUCTION

A special economic zone (SEZ) is an area in which the business and trade laws are different from the rest of the country. SEZ are located within the country's national borders, and their aims include increased trade balance, employment, increased investment, job creation and effective administration.

Modern SEZ initially appeared in Shannon, Ireland in 1959; later on in US in 1934. In 1970's period China introduced SEZ to accelerate industrialization in China. Modern SEZ's were introduced to India in 2000, following the already successful SEZ model used in China. As of 2017, there are 221 SEZs in operation, with a further 194 approved for 2018<sup>1</sup>.

**2) Definition:** The definition of SEZ differs from country to country. In 2008 the World Bank defines the modern-day special economic zone as "geographically limited area, usually physically secured (fenced-in); single management or administration, eligibility for benefits based upon physical location within the zone; separate customs are (duty-free benefits) and streamlined procedures". Thus the term Special Economic Zones (SEZ's) cover a broad range of zones, such as free trade zones, export-processing zones, industrial parks, free ports, enterprise zones and others.

### 3) Review of literature

1) Special Economic Zone: Facts, Roles, and Opportunities of Investment by P. Pakdeenurit, N.Suthikarnnarunai and W. Rattanawong studied on Indian SEZ system and come to the conclusion that India experienced both success and failure in the establishment of various type of SEZ in India.

At the same time the Chinese Government chose the SEZ to be the policy and flexible measure for attracting the Foreign Direct Investment and reaps more benefits from SEZs.

- 2) A study carried by Dr.R.Shashikumar in 2008 on SEZs in India, come to the conclusion that the SEZ policy in India underwent gradual relaxation of procedural and operational rigidities. The changes effected in this policy since 1991 have been far reaching and significant as studied by him in Indian context.

#### 4) Objectives of the study

- 1) To know the role of SEZ in India's exports.
- 2) To study the working of SEZ in India.

#### 5) Research Methodology

The research study is based on secondary data of journals, articles, newspapers and magazines. Based on the objectives of study descriptive type research design is adopted to have more accuracy the accessible secondary information was intensively used for research study.

#### 6) SPECIAL ECONOMIC ZONES IN INDIA

India too had a rich history of free trade prior to the dawn of economic liberalization. The Kandla Port at Kutch is the first Free Trade Zone in the World, established on 1<sup>st</sup> January 1965. But modern SEZ's models were introduced recently when China accelerated its industrialization. At present there are four types of SEZs in India which are categorized according to size: Multi-sector (1000+hectares): Sector –specific (100+hectares): Free Trade & Warehousing Zone (FTWZ) (40+hectares: and Tech, handicraft, non-conventional energy, gems & jewelers (10+hectares)

#### 7) Features of SEZ

- 1) Demarking of geographical area with physical security.
- 2) Prompt administration by single authority.
- 3) Enhancement of financial and procedural benefits.
- 4) Efficient and reorganized procedures.
- 5) Liberal economic laws for governance.

#### 8) Objectives of SEZ in India

- 1) Generation of additional economic activity.
- 2) Promotion of exports of goods and services.
- 3) Promotioon of investment from domestic and foreign sources.
- 4) Creation of employment.
- 5) Development of infrastructure facilities.
- 6) Simplified procedures for development, operation, and maintenance of the Special Economic Zones and for setting up units and conducting business.
- 7) Single window clearance on matters relating to Central as well as State Governments.
- 8) Easy and simplified compliance procedures and documentations with stress on self certification.

#### 9) SEZ- three tire administrative set up in India

- 1) The board of approval is the apex body in the department.
- 2) The Unit approval committee at the Zonal level dealing with approval of units in the SEZ s and other related issues, and
- 3) Each Zone is headed by a Development Commissioner, who also head the Unit Approval Committee.

#### 10) Who can set up an SEZ in India and for what purpose?

An SEZ can be set up jointly or individually the Central Government, a state government or any other body, including a foreign company, for the purpose of-

- 1) Manufacturing goods,
- 2) Rendering services,
- 3) for both of these above mentioned reasons , or
- 4) As a Free Trade and Warehousing Zone (FTWZ).The SEZ Rules specify the minimum land area that is required for setting up an SEZ in general. This requirement depends of the type of SEZ to be established.

#### 11) Some of Established Important SEZ in India are:

- 1) Falta food processing unit, West Bengal.
- 2) Salt Lake Electronic City, West Bengal
- 3) Manikanchan, Gems and jewelry, West Bengal.
- 4) Karnatak Biotechnology and information Technology Services-SEZ on biotechnology sector in Bangalore's Electronics City, over an area of 43 acres.
- 5) Wipro Infotech-SEZ on IT/ITES at Electronics City, Sarajpur Bangalore. Etc.

**Table-1**  
**Export performance of India from the operational SEZs during the last Five years (As on 30.09.2017)**

Years	Exports(In Rs.Crores)	Growth over previous year (INR)
2013-14	4,94,077	
2014-15	4,63,770	-6.13%
2015-16	4,67,337	0.77%
2016-17	5,23,637	12.05%
2017-18	2,66,773	13.39%

**Source: sezindia.nic.in/**

The above data reveals that the export growth rate except 2014-15 period it is moving towards positive trend. The SEZs in India are working positively specially after the SEZ Act came into place in 2005. Specifically after 2015-116 the export growth rate is in double digit which is nearly 14% in 1017-18s period.

#### CONCLUSION:

With operational success, SEZs have played a significant role in economic enrichment of developing countries, by improving international business. This is experienced in India, and more intensively in our neighbor country China.

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