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## *Indian SEZ and its Importance*

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India is a developing country and its economy is growing up at the rate of 7% annually. Most developing countries in the world have recognized the importance of facilitating International trade for sustained growth of the economy and increased contribution to the GDP of the nation. Most of countries have adopted the policy of liberalization and globalization, in this condition, world's most countries wanted more and more export and import of goods and services and earning a healthy amount of foreign currency of different trade countries, which heal full international trade. SEZs are a special model of economic development of the world.

At the present scenario, most of the nations have adopted the mechanism of special economic zones for increasing our sustainable economic growth; attract investment (internal and foreign), foreign exchange, spur employment and boost the development of improved technologies, management system, infrastructure etc. Nowadays special economic zones are growth engines that can boost manufacturing, augment exports and generate employment. It has the largest outsourcing industry in different special sectors, in which India is specialized in past age of our development. Special economic zones are a concept that would change the way the world does business.

SEZs have a tremendous socio-economic impact on Indian economy. SEZs have contributed to the growth and development of the Indian economy in terms of exports, employment and investments. It is the key growth driver of national economy. It has made the Country globally competitive & professionally strong. Further, Indian companies are facing tough competition from global players due to increased globalization and liberalization initiatives. The competition is tough from low cost manufacturing destinations such as China, Korea etc.

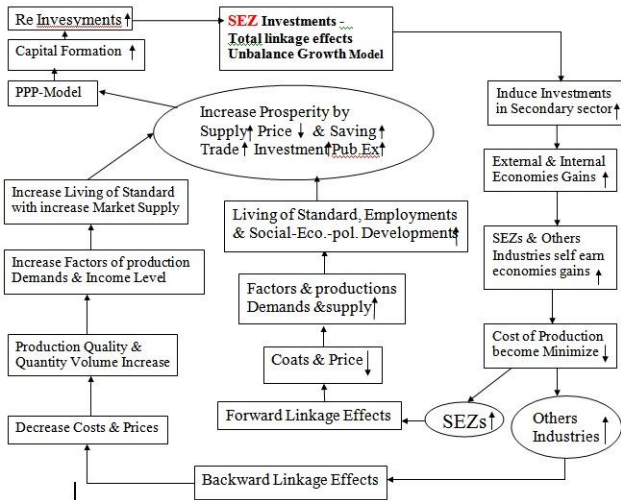
### **SEZ and its Linkage Effects**

[See the next page]

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**Scratch Diagram: Linkage Effects, PPP Model (Public Private Partnership) & Unbalance Growth Strategy on SEZs**

**Source:** “The strategy of Economic Development” Albert O Hirschman

**The broad objectives of the SEZ policy are:**

1. Attract huge Investment - Foreign Direct Investment (FDI) & Home Investments
2. Earn foreign exchange and contribute to exchange rate stability
3. Boost the export sector, particularly nontraditional exports and also traditional exports specially Indian origin exports
4. Create qualitative & quantitative jobs, raise standard of living and reduce the poverty
5. Transfer new skills, industrial cultural and expertise to local human resources
6. Create backward & forward linkages to increase the output with least cost of productions and raise the standard of local enterprise that supply goods and services to the zone
7. Introduce new technology & management skills
8. Develop backward regions by locating such zones in these areas and attracting industries
9. Provide a stimulus to the economy
10. Test key policy reforms in these ‘pilot areas’

11. Stimulate different sectors such as electronics, information technology, Research & Development, tourism, infrastructure, local markets and human resource development etc. that are regarded as strategically important to the economy

### SEZ Act provides a major thrust in internal & external Economy

1. Export obligations, attachment with GVC, no location choice.
2. Second most important factor: good governance, custom rules and single window clearance.
3. Third: infrastructure : within zones: electricity and water; outside zones: transport, roads, ports, banks and airports
4. Fourth : location. If good external infrastructure, this is not important. The argument that they should be set up only near the ports is not sustainable.

### Exports Achievements by the SEZs units

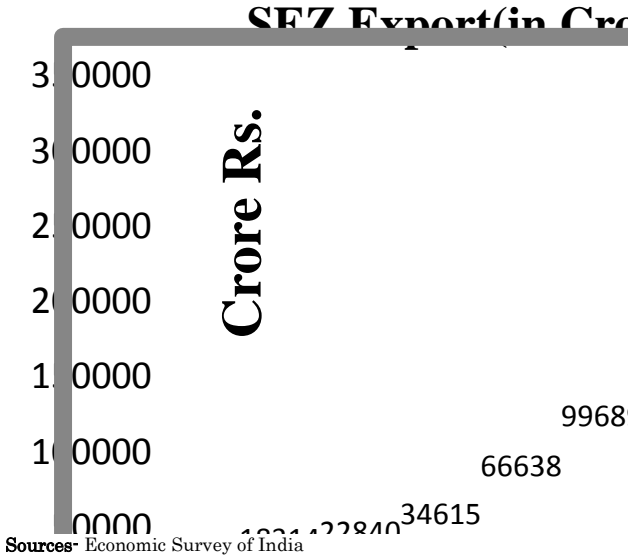
Year	Exports of SEZs Value (crore ₹)	SEZs Share in Country Exports	Growth rate Of SEZs (%)	SEZs Share in Total Manufacturing Exports (%)
2003-	13,854		37.8	6.2
2004-	18,314		32.2	6.7
2005-	22,840	5.0	24.7	7.1
2006-	34,615	6.1	51.6	9.0
2007-	66,638	10.2	92.5	16.1
2008-	99,689	11.9	50	
2009-	2,20,711	26.1	121.40	
2010-	3,15,867		143	
2011-12 apr-de	2,60,972		14.50	

**Source:** Department of Commerce (SEZ Division), Annual Report 2011-12

In the last few years, our export witnessed robust growth to reach a level of 168 US\$ billion in 2008-09 from 63 US\$ billion in 2003-04. Our export target become more and more, after passing the SEZs acts in our parliament, in 2005. Our share of global merchandise trade was 0.92 percentage in 2003; it rose to 1.45% in 2008 as per WTO estimates. In the financial year 2010-11, our share of global merchandise trade is about 1.5%. Our share of global commercial services export was 1.4% in 2003; it rose to 2.8% in 2008, by the reason of global economic circuses.

The Economic Survey has sought to make out one more point in

support of emergence of SEZs on India's export horizon: when the whole world including India was reeling under the impact of global recession, growth in exports from SEZs was 121 per cent in 2009-10 compared to a paltry 0.6 per cent growth in total export from India. At the same time, the share of SEZs in India's total exports has increased consistently from 4.7 per cent in 2003-04 to 26.1 per cent in 2009-10 and 29.7 per cent in the first three quarters of 2010-11.



It was only passable of the reason of Its SEZs units in the different parts of our country. India's current financial year (2011-12), the total exports are increase and it become 1.64 percentage. This growth of our trade has may be passable with the help of our SEZs units in different sector. The SEZs unit's products are only for export, not uses for internal markets, if it will uses in internal market, ashes excise duties, reason is that SEZs units are find various types of facilities like Tax rebates, best Power facilities, basic Infrastructures etc. In this best industrial atmosphere, the production costs will decline itself. For the year 2009-10, 130 SEZs together generated almost 26 per cent of country's total exports.

The Government of India always wants to improve our development with the help of our limited resources but lack of resources it can be impossible. Beside all that, Government Policies are must be

solved top priority basis compulsory needs and earns optimum social welfare & satisfactions with the help of employment generation, export promotion, human resource developments, creates demands and fillip supply etc. In the SEZ area, Governments of India effort to be solved, all types of problem, but all that, Entrepreneur faces some following these problems:

1. Labour Dilemma
2. Imbalance Development
3. Lack of Capital
4. Lack of Basic Infrastructure
5. Energy crises
6. Lack of Raw Material
7. Comparativeness' in International Market
8. Lack of Information about International Market
9. Face of Political Crises
10. Lack of Sickle Human Resources

The SEZ's could drastically improve the economic activity in the country, make the country's export competitive and globally noticeable, be net foreign exchange earner and provide immense employment opportunity. However, this should not be done at the cost of bringing down the agricultural activities, Land grabbing and real estate mafia should be properly regulated so that the common person is not the net sufferer to get the net foreign exchange earner up and running. As compared to china where majority of the SEZ's were setup by the government, similar should be adopted in India, if not fully it should be a public-private partnership and regulatory bodies should be properly managed to weed out fallacies. SEZs can act as catalyst to industrial growth provided they are implemented effectively. Effective implementation of a policy that aims at giving shock to the economy requires mobilization of public opinion.

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