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PROGRESS AND PERFORMANCE OF SEZs IN INDIA



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ABSTRACT

The main purpose to promote SEZs in India is to speed up economic growth and to make the Indian economy globally more competitive. The first special Economic Zone which bears any semblance to the present day ones was set up in Spain in 1929 with the intention of increasing export. The concept of SEZ was given a big boost in China in 1979. The industrial development of Singapore, South Korea, Taiwan and Hong-Kong could become possible due to SEZ.

Introduction

The present paper is an attempt to throw light on advantages (progress) and disadvantage (problems) of SEZs in India. On the basis of careful observation of the positive effects on SEZs in China & other country the NDA Govt. took initiative in its 1997-2002 Exim policy. The present UPA Govt. has provided the concrete shape to SEZ by passing the SEZ Act in May 2005. The UPA Govt. decided to start 300 SEZs in about 1.6 lakh acres of land in

India. The present paper is an attempt to throw light on advantages (progress) and disadvantage (problems) of SEZs in India.

Progress of SEZs in India

At present there are 341 SEZs approved by the Board of Approval. The total land required for them is estimated to be 44,268 hectares. There are 18 SEZs in operation out of which 7 SEZs are of central govt. and 11 SEZ's of private and state government established prior to the SEZ Act, 2005. There are 1087 units in operation and thus provided direct employment to over 1.85 lakh persons about 40% of which are women.

Advantages of SEZs

SEZ benefited the economy in the form of investment, employment, exports and infrastructural developments additionally generated. This profit is created by multiplier effect of investments. By December 2007. 1, 00,000 Crores of investment including FDI of US dollar 5-6 billion is expected. Similarly 5, 00,000 direct jobs are expected to be created.

Table-1 shows year-wise progress in exports from SEZs units in India during the period of 9 years from 2000-01 to 2008-09. It may be observed that there has been continuous increase in the exports from the SEZs units in India. There has been

Year	Exports (Rs. In Crore)
2000-01	8552.30
2001-02	9189.60(07)
2002-03	10053.40(18)
2003-04	13853.58(62)
2004-05	18309.00(114)
2005-06	22839.53 (167)
2006-07	34787.47 (307)
2007-08	66638.00 (679)
2008-09	90416.00(957)

Note :- Figures in bracket indicate growth rate.

Source : www.sez.nic.in & Report on Currency & Finance.

growth in exports from SEZs units by 957% over the period of time. Actually it is a just beginning of the experiment of SEZs in India and it has shown a good result. The creation of additional employment and the flow of investment are the evident of positive response. The following are some of them:

Development of Backward States:- Almost every state will have SEZ under policy. This will promote infrastructure development and industrialization is state such as UP, Orrisa, West Bengal.

Disadvantages of SEZs :-

1. The SEZ policy is the hotly debated issue. The protester put forward number of arguments.

The selected state wise numbers are areas of SEZ are as follows:

States	No. of SEZ which formal approval granted
Andhra Pradesh	45
Chandigarh	2
Delhi	1
Goa	4
Gujratl	8
Haryana	19
Jharkhand	1
Kerala	10
Karnataka	29
Maharashtra	48
Madhya Pradesh	4
Orrisa	5
Punjab	4
Pondicherry	1
Rajsthan	3
Tamil nadu	25
Uttaranchal	3
Uttar Pradesh	8
West Bengal	7
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Source : Indiastate.com

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There was a revenue loss, because of various tax exemption and incentives. A study made by the National Institute of Public Finance and policy {NEPEP} found that the government will loss Rs.97, 000 Cores in tax revenue during 2005-10 as a consequences of the tax concessions to the SEZ units. This work out to be an annual average loss of Rs.19, 400 Cores to the state exchequer. 2.The problem of land acquisition as traders can acquire land at cheap rates belonging to farmers there may be no alternative livelihood for them. The Jamnagar incidence and the Nandigram Violence are example for it. 3. Misuses of land for real estate are the third major problem. Promoters will get land at cheap rate and will make their fortune out of real estate development and speculation indiscriminately. They use only 25% land for export related industrial purpose and the rest for infrastructure, housing, parks, golf courses appears to be totally unjustified. 4. There is a strong possibility that SEZs will aggravate regional disparities. The trend which showing the same results are Tamilnadu, Karnataka, Gujarat, Maharashtra get 49.5% share in total approvals. On the other hand industrially backward states of Bihar, Northeast and J&K do not have single approvals. 5. Rehabilitation of Displaced: - Establishment of a SEZ displaces a large number of people due to acquisition of land and the displacement creates social unrest. Also, political game is played by politicians giving birth to further unrest in society as being seen in case of SEZs at Singur and Nandigram in West Bengal and Raigad in Maharashtra.

Conclusion:- Considering social unrest being experienced at Singur, Nandigram and Raigad in connection with the acquisition of land for SEZs as well as the experience of ill effects of them in China, the Govt. of India & Govt. of different states have to accept a pragmatic and scientific approach while developing SEZs in India. Only barren and single cropped land with the prior consultation with the concerned people should be use for SEZs. The Govt. has to adopt good governance for achievement of economic development and growth as well as industrialization. Most important is that the need of the hour to get people involved in the each programmed of economic development like SEZs.