



*Journal of Advances and
Scholarly Researches in
Allied Education*

*Vol. IX, Issue No. XVIII,
April-2015, ISSN 2230-7540*

CURRENT STATUS OF SEZS IN INDIA

AN
INTERNATIONALLY
INDEXED PEER
REVIEWED &
REFEREED JOURNAL

Current Status of Sezs in India

Dr. Rajender Kumar*

Assistant Professor, Department of Economics, University College Kurukshetra, (Haryana) – 136119 – India

Abstract – In fact, India was the first Asian country to recognize the importance and effectiveness of Export Processing Zone (EPZ) and the first EPZ came into being in 1965 in Kandla, Gujarat. It was followed by the Santa Cruz export processing zone which came into operation in 1973.

-----X-----

In fact, India was the first Asian country to recognize the importance and effectiveness of Export Processing Zone (EPZ) and the first EPZ came into being in 1965 in Kandla, Gujarat. It was followed by the Santa Cruz export processing zone which came into operation in 1973. However there was no clearness of specific objectives that the government wanted to accomplish through setting up these zones. Kandla and Santa Cruz EPZs were set up with multiple objectives (Tondon Committee, 1982). In 1984, the government decided to start four more zones that included Noida (Uttar Pradesh), Falta (West Bengal) Cochin (Kerala) and Chennai (Tamil Nadu) export processing zones. Later, the Visakhapatnam EPZ in Andhra Pradesh was established in 1989. Operationally, an overall inward-looking trade policy with numerous controls and regulations prejudiced the EPZ policy also (Kundra, 2000). The Zone authorities had limited powers with inflexibility and less attractive package of incentives and facilities. This unnecessary protectionism headed to high cost of production structure resulting reduction in the competitiveness of Indian exports. In 1991, with administration of liberalization in the Indian economy, the government for reforming and restructuring EPZs initiated new policy initiatives and wide-ranging actions. There were in all 146 circulars on EPZs/EOUs issued by the Central Board of Excise and Custom, DGFT and RBI during this period of 10 years. These constituted over 62% of total circulars issued on EPZs/EOUs till 2003. During this period, the emphasis had been on assigning powers to zone authorities; offering additional fiscal incentives; streamlining policy provisions and providing superior facilities. From November 1, 2000 the Export Processing Zones at Kandla, Santa Cruz (Mumbai), Cochin and Surat have been converted into SEZ's. In 2003, other existing EPZ's namely Noida, Falta, Chennai, Vizag were also converted into SEZ's. The SEZ policy allowed SEZ's to be set up in the public, private, joint sector or by the State Government with a minimum size of 100 hectares. In June 2005 the SEZs approved by the Government of India were increased to 53 out of which 11 SEZ's were functional and the rest 42 SEZ's were under establishment. As on November 2016, there are

in total 405 approved SEZs and out of which 206 are exporting SEZs.

Relevant Policies and Acts

In 2000, the governmental of India introduced a new Special Economic Zone (SEZ) Scheme in the Export & Import Policy (1997-2000), with a view to provide an internationally competitive and hassle-free environment for export production. The main objective of this policy was to overcome the weakness faces on ranges of controls and clearance, non-existence of world-class infrastructure and unsteady fiscal system and to attract foreign investment in India. The ministry of commerce and industry through issue of a notification can also convert the existing export processing zones (EPZs) into SEZ. After the introduction of SEZ scheme in the EXIM Policy from 01.04.2000, all existing FTZZEPZ have been converted to SEZ.

Special Economic Zone Policy

The success of any zone is strongly referred to the policy framework. An attractive policy framework mainly covers areas such as fiscal incentives, zone administration, preferential police & procedures, labour laws, flexibility in foreign investment and repatriation. Many countries have also legislated overriding Special Economic Zones Laws/ Policies and on a regular basis have made amendments to their policies to come up with an attractive agenda to encourage zone investments. Considering the need to enhance foreign investment and promote exports from the country and appreciating the need that a equal playing field must be made available to the domestic enterprises and manufacturers to be competitive globally, the Government of India had in April 2000 announced the introduction of Special Economic Zones policy in the country, considered SEZs to be foreign territory for the purpose of trade operations, duties and tariffs. The EXIM policy (1997-2000) introduced a new scheme from April 1, 2000 for establishment of the Special Economic Zones in

different parts of the country. The Government determine policy for the designation, promotion, development, operation and management of Special Economic Zones after consultation with the Advisory Board and may, when necessary, review such policy. Numerous measures have been embraced to improve the excellence of governance of the zones. These include relaxation in the conditions for approval process and simplifying custom rules. Development Commissioners have been given the labour commissioner's powers. SEZ policy is thus the most vital thrust towards ensuring the success of export processing zones.

The SEZ Act 2005

The Special Economic Zone Act was passed by the Indian parliament in May 2005 and with assent of Hon'ble President of India, it became an Act on June 23rd, 2005. The main objective of SEZ Act is to fast-track the economic growth of the country through increasing exports, outstanding inflows of foreign direct investment and generation the employment opportunities in the Zones. Under this act Special Economic Zone (SEZ) would be specifically delineated duty free enclave and shall be deemed to be foreign territory for the purposes of trade operations and duties and tariffs. Goods going into the SEZ area from DTA shall be treated as deemed exports and goods coming from the SEZ area into DTA shall be treated as if the goods are being imported.

The main objectives of the SEZ Act are:

- Generation of additional economic activity;
- Promotion of exports of goods and services;
- Promotion of investment from domestic and foreign sources;
- Creation of employment opportunities; and
- Development of infrastructure facilities.

Facilities and incentives offered by Government under SEZ act 2005 and in amendments:

- SEZ units can be setup for production of goods and rendering of services, i.e. production, processing, assembling, renovating, remaking, and reengineering.
- Duty free import of capital goods, raw materials, consumables, components and spares required for export production.
- Duty free procurement of capital goods, raw materials, consumable spares etc. from the domestic market.
- No license required for import.

- Full freedom for subcontracting including subcontracting of part of production permitted abroad.
- No routine examinations of export and import cargo by customs.
- Facility to realize and repatriate exports proceeds within 12 months.
- 100 percent Foreign Direct Investment in manufacturing sector allowed through automatic route barring few sectors.
- Facility to setting up offshore banking units in SEZs.
- 100 % FDI to SEZ Franchise for providing basic telephone service in SEZs.
- Exemption from electricity duty.
- Market development subsidy is offered.
- Sale of 100% of production in the domestic market allowed against valid import license.
- Fully owned foreign companies can invest in the zone.
- Capital goods from domestic, foreign leasing company can be sourced by SEZs.
- Imported and manufactured goods can be transferred internally.
- 100% of export earnings at make market rate can be converted and there is no restriction on foreign shareholding.
- Procure goods from the DTA without payment of duty or import goods duty free for the development, operation and maintenance of SEZ.
- Full freedom in allocation of developed plots to approved SEZ units on purely commercial basis.
- Essential requirements like water, electricity, security are provided to all units in the zone on priority.
- The State Government takes providing infrastructure facilities for the industries in the zone as priority.
- The State financial corporation contributes in getting necessary financial assistance for the units, when needed.
- Zone units are announced as public utility service under the industrial disputes act and

strikes without appropriate notice are considered illegal.

- SEZ's unit would have to be positive net foreign exchange earners and would not be subject to any minimum value addition norms or export obligations.
- 100% FDI would be permitted for all investments in SEZ's except for activities under the negative list.
- No fixed wastage norms.
- Duty free goods to be utilize within the approval period of five years.
- Simplified accounting procedure and SEZs unit to maintained account in formats of their choice.
- FDI to develop townships within SEZs with residential, educational, health-care and recreational facilities permitted on a case-by-case basis.

Tax exemption available to SEZ developers include:

- Exemption from customs/excise duties for development of SEZs for authorized operations approved by the BOA.
- 100% Income Tax exemption on export income for SEZ units under section 10AA of the Income Tax Act for first 5 year, 50% for next 5 year thereafter and 50% of the ploughed back export profit for next 5 years.
- Income Tax exemption on export income for a block of 10 years in 15 years under Section 80-IAB of the Income Tax Act.
- Exemption from minimum alternate tax under Section 115 JB of the Income Tax Act.
- Exemption from dividend distribution tax under Section 115O of the Income Tax Act.
- Exemption from Service Tax
- Exemption from Central Sales Tax.
- Sales Tax exemption in respect of the zone units for export production

Custom Policy

The Custom Act 1962 on Special Economic Zone rules and regulations envisage a major move from the prevailing concept and governance of Special

Economic Zones, since the introduction of new exemption with effect of March 1, 2004. Under the new dispensation, SEZ's will be considered as foreign territory for the purpose of duties and taxes. In another terms, supplies from DTA units to SEZ units will be considered as exports by the DTA and supplies to DTA units from SEZ units will be considered as imports by the DTA units. The supplies to and from SEZ units will be administered by the provisions of the Custom Act, 1962 and not by the provisions of the Central Excise Act, 1944.

The Land Acquisition Act

The Land Acquisition Act 1894 was created by British rule to facilitate the acquisition of land for the railways, factories and other public purpose. This act was framed by the British authorities with a view to acquiring land quickly and effortlessly without need for excessive compensation or in some cases appropriate compensation. The post-independence constitution of 1950 did not change this act and this act was extensively used for the development of infrastructure and heavy industry in country. As per SEZs act, SEZs can be established on any land including privately acquired or in the open market. Nevertheless it is difficult to acquire the large, contiguous areas of land to set up SEZs, especially in the areas with sufficient infrastructure and access to pertinent market as well as within available funds. The Land Acquisition Act 1894 has provided the legal basis to governments for acquiring land for setting up SEZs.

Management Structure of SEZs

In India, the responsibility for development, promotion and maintenance of SEZ is handled by the Central Government in the Ministry of Commerce. The SEZs are constituted as departmental undertakings under Ministry of Commerce, Government of India. Each zone is established by a development commissioner, a civil servant, appointed by Central Government.

A three tier administrative set up governs the functioning of the SEZs. The Broad of Approval is the highest body, which is headed by the Secretary, Department of Commerce. The Approval Committee at the Zone level deals with approval of units in the SEZs and other related issues. It includes the Secretaries of all concerned Central Ministries and the state government as members along with development commissioner of the SEZs. A Development Commissioner who is ex-officio chairperson of the Approval Committee heads each Zone.

The SEZ developer submits the proposal for establishment of SEZ to the concerned State Government. The State Government has to forward

the proposal with its recommendation to the Board of Approval within 45 days from the date of receipt of such proposal. The applicant also has the option to submit the proposal directly to the Board of Approval.

All approvals, licenses and other matters are dealt by the SEZ board under the chairmanship of the Secretary, Ministry of commerce with representatives of concerned Ministries. Once Board of Approval has approved a SEZ and has notified Central Government the area of the SEZ, units are allowed to be set up in the SEZ. The proposed units are approved by the Approval Committee at the Zone level consisting of Development Commissioner, Customs Authorities and representatives of State Government. All post approval clearances are given at the Zone level by the Development Commissioner such as grant of importer-exporter code number, change in the name of the company or implementing agency, broad banding diversification, etc. The Approval Committee at Zone Level monitors the performance of the SEZ units periodically. If SEZs units are found of violation of the approval conditions, they are liable for penal action under the provision of Foreign Trade (Development and Regulation) Act.

State Government also have active role to play in the establishment of SEZ units. The State Government provide support for power and water supply, public transport, approach roads, beside requisite social and economic infrastructure such as housing, schools, hospital, shopping centers and recreational facilities. Pollution clearance certification, approach of building plans, registration as small-scale unit and grant of public utility status are other matters which fall under the purview of the State Governments. The State Government is no direct involvement in the management of the zone.

The SEZ claims to provide a problem free environment for day-to-day operation, major strength. Procedures are relatively modest and transparent. Present guideline all activities of SEZ units within the Zones, otherwise specified, including export and re-import of goods shall be through self-certification procedure. There are supportive staffs for project evaluation and estate management. State Government authorities provide also pre-establishment support for expediting statutory approvals and clearance required to the Zones. The office of the Development Commissioner is intended to be one-stop shop for this purpose.

Performance of SEZs in India

The introduction of SEZ Act in India proved to be a useful tool to attract foreign investments, creation of employment opportunities and promotion of exports. The three important objectives of the SEZ Act, 2005, are generation of employment opportunities, encourage domestic and foreign investment and increase India's share in world exports. The performance of SEZs in fulfilling these objectives is analysed in this section. The overall assessment of

export performances of SEZs, their share in total export, state-wise SEZs Export performances, increase in Employment and Investments have been studied in this section.

Export Performance of SEZs

The export performance of a country has an importance impact on its GDP. Export performance is the main objective of SEZs. Moreover, it is the only way to judge the effectiveness of SEZ in a country. Therefore, it is important to see the growth rate in exports of SEZs in India since their legal formation. The Export Performance of the SEZs in India is showing the increasing trend during the study period from 2000-01 to 2015-16. In the year 2000-01 total exports were amounting to Rs. 8552 crores and was increased to Rs. 13854 crores in the year 2003-04 recording a growth of 37.75%. In the year 2007-08 exports were of Rs. 66638 crores with a growth of 92.65% from the previous year 2006-07 in which total exports recorded were Rs. 34615 crores. In the year 2009-10 exports increased very sharply with the percentage growth recorded was 121.40% and the exports were of Rs. 220711 crores that was mainly due to the introduction of various new notified SEZs after that rate of growth in the exports started declining. In the year 2011-12 total exports were of amount Rs. 364478 crores with a growth of 15.39 % and in the year 2013-14 total export were of amount of Rs. 494077 crores with a growth of 4% only, but in the year 2015-16 growth in the exports was quite less in negative, it was only -0.77 and the amount of the export reached to Rs. 467337 crores.

Table – 1.1

Zone-wise Exports/ SEZs-wise Exports

ZONE-WISE EXPORTS OF SEZs (in crores)				
Year	Central Govt. SEZ	State/Pvt. SEZ Notified Before SEZ ACT 2005	Notified SEZs under The SEZ ACT 2005	Total Exports
2000-01	8552.04	0	0	8552.04
2001-02	9189.50	0	0	9189.50
2002-03	10056.62	0	0	10056.62
2003-04	13854.00	0	0	13854.00
2004-05	18309.00	0	0	18309.00
2005-06	19657.00	0	0	19657.00
2006-07	25338.00	9134.00	122.00	34615.00
2007-08	39257.00	22167.00	5195.00	66638.00
2008-09	46985.00	31640.00	21064.00	99689.00
2009-10	58037.00	44729.00	117946.00	220711.00

2010-11	53466.93	66186.36	196214.55	315868.00
---------	----------	----------	-----------	-----------

Source: Annual Reports, Department of Commerce, Ministry of Commerce and Industry, Government of India

State-wise export contribution of SEZs total exports:

From year 2008-09 to year 2013-14 Gujarat state solely contributed to 46.02 percent share in total SEZs exports, Tamil Nadu followed this with 14.40 percent share. After that Karnataka contributed to 9.30 percent Maharashtra with 8.69 percent and Kerala and Andhra Pradesh contributed to 6.14 percent and 5.14 percent respectively. The share of West-Bengal is 4.89 percent and of U.P is 3.24 percent. The Shares of other states in total SEZs exports are very low ranging between 0.05percent to 1.08 percent during this period. The total state wise exports from year 2008 to 2015 and their percentage share has been summarized in the below table 1.2.

Table – 1.2

State wise Export from SEZs in 2008-2015

Sr. No.	State /Union Territory	Total Export From SEZs (2008 to 2015) (Values in Cr.)	SEZs Total Share-%
1.	Gujarat	1199775.33	46.54
2.	Karnataka	241254.96	9.36
3.	Tamil Nadu	367886.46	14.27
4.	Maharashtra	230340.52	8.93
5.	Kerala	145489.98	5.64
6.	Andhra Pradesh + Telangana	140340.72	5.44
7.	Uttar Pradesh	82683.09	3.21
8.	West Bengal	110341.95	4.28
9.	Haryana	30295.92	1.18
10.	Madhya Pradesh	11929.6	0.46
11.	Rajasthan	9076.38	0.35
12.	Chandigarh	6934.48	0.27
13.	Orissa	1364.09	0.05
14.	Chhattisgarh	17.09	0
15.	Goa	0	0
	All Indian Total Exports in SEZs	2434752.23	100.00

Source: Various Reports, Department of Commerce, Ministry of Commerce and Industry, Government of India and seindia, 2016.

From the table 1.2, it is apparent that among the all states zones Gujarat is contributing (46.54%) nearly half of the total exports from SEZs which followed by Tamil Nadu and Karnataka contributing 14.27% and 9.36% respectively towards to total value and the least contribution is from Orisa, Chhattisgarh and Goa.

Employment Generation

SEZs help in providing the direct as well as indirect employment. Some SEZs as Gems & Jewellery, Food items and Footwear are mainly labor intensive one, they provide large scale employment. Govt. should promote these kinds of SEZs to increase the level of employment. SEZs also provide indirect employment by creating ancillary opportunities in industries like transport, communication, automobile, civil aviation, shipping, tourism, hospitality, packaging, banking, and insurance. Employment opportunities are, thus generated for both unskilled and skilled labor in SEZs.

Employment Effects

The employment effect of SEZs operates through three types:

- SEZs generate direct employment for skilled and unskilled labor
- They also generate indirect employment;
- They generate employment for women workers.

There are three other types through which SEZs generate a favorable impact on employment generation.

- SEZs provide foreign exchange earnings that slacken the foreign exchange constraints of the rest of the economy regarding the import needs of the rest of the economy and accelerate investment activities. SEZs thus generate development funds, which facilitate generation of economic activities and employment.
- They also generate economic activity outside the zone due to the transformation of investment funds into fixed assets and purchase of inputs and services from the rest of the economy.
- Once additional incomes are generated, there is an increase in demand for various goods and services such as housing, education, health and transport. This in turn

has multiplier effects on income and employment.

In the year 2006-07 total employments was provided to only 178763 persons. In 2008-09 it creased almost 3 times and the employment created was 490358 persons. In the year 2013-14 total employments is provided to 1283309 persons, which was only 1074904 persons in 2012-13. From 2011 to 2014 the employment from SEZs increased more than 51 percent; it increased from 844916 in 2011 to 1283309 in 2014.

Investment Promotion

Investment promotion is one of the major objectives of the SEZs. Exports and employment level mainly depend upon the level of Investment. Table-4.6 show that there is sharp increase in the total investments in the year 2008-09, it has increased from Rs. 67347 crores in 2007-08 to Rs. 128385 crores in 2008-09 showing almost 91 percent increase. After that there is increasing trend in the total investment. It has increased from Rs. 176148 crores in 2009-10 to Rs. 296663 crores in 2013-14. The Employment and Investment performances of SEZs have been shown in below table:

Table – 1.3

Employment and Investment Provided by SEZs in India

Years	Employments (in persons)	Investment (in crores)
2006-2007	178763	4958.89
2007-2008	179000	67347
2008-2009	490358	128385.06
2009-2010	620824	176148
2010-2011	676608	212914.36
2011-2012	844916	213605.54
2012-2013	1074904	236716.65
2013-2014	1283309	296663
31-12-2014	1413835	318446

Source: Department of Commerce, Ministry of Commerce and Industry, Government of India. Various Annual Reports,

Impacts of Special Economic Zones on Social Life

Apart from the economic contribution the SEZs do have its social impacts on the community where they are located and on the nation as whole. Special Economic Zone impacts not only among those households that lost land, but also among the wider community. Impacts also went beyond the mere loss of land area with the local economy being affected in various ways. Impacts were not only economic but also social and environmental, and with knock-on effects on food security and overall health. Due to SEZ industrial sector, export, employment, infrastructural facilities are increasing. But following problems will created by SEZs:

Land Acquisition: In India, near about 70% of the population depends on farming. It is main source of their income. In India, the total agricultural land is of the order of 162038800 hectares, which is 54.5% of total land area of the country. The procurement of agricultural land for setting up SEZs is the most adverse implication of the SEZ policy. Because of SEZ, many farmers become landless, as SEZ developers are acquiring lands from the farmers for setting up SEZ. There are reports revealing that several hectares of land obtained for SEZs appealing public purpose were later sold off or used for other purposes. According to a CAG issued report in 2014 that only 62.42% of land issued to SEZs, a large portion of this acquired from the farmers, has been used for its intended objectives. In various states the developers had not even started their venture and land remains idle for more than 2 years to 7 years. The SEZ land lying idle in Andhra Pradesh was 48.29%, in Gujarat was 47.45%, in Karnataka was 56.72%, in Maharashtra was 70.05%, in Odisha was 96.58%, in Tamilnadu was 49.02% and West Bengal was 96.34%. The CAG audit in this report has found out that many developers approached state government for allotment or purchase of massive area in name of SEZ, however once acquired only a small share of this acquired area was notified for SEZ and later after a couple of years the de-notification was asked for the unused land, so that this could be resold at higher price. As on 31st January, 2016 the 349 notified SEZs were been allocated the 44177.69 hectares area and out of this 27,029.77 hectares area was unused. The state governments are passing regulation for procurement of prime agricultural land from farmers for setting up SEZs rather encourages business to develop and establish SEZs in that area which is declared wasteland. Farmers are protesting against land as they will be landless, there is inadequate compensation and end of source of income for them. There are farmers are who committing suicide. West Bengal has witnessed the violent protest against the acquisition of approx. 4000 hectares land for setting up SEZ at Nandigram in 2006 and acquisition of approx. 404 hectares for setting up SEZ at Singur in 2008. There was another protest in Gujarat state against acquisition of 4000-hectare land for establishment of SEZ in Jamnagar in 2006. In many cases Farmers are been offered many amenities so that they are ready to give their land to the SEZ. Due to SEZ, agriculture sector area will be reduced and crops production will also be reduced. Available agricultural production will not be sufficient proportion to increasing population. Eventually agricultural grain will be imported at higher cost.

Loss of Livestock and Trees: Livestock is an important source of livelihood for the villagers. The loss of lands by hundreds of farmers has made it difficult to continue keeping livestock, as there was shortage of fodder, a loss of suitable places for cattle sheds, and loss of purpose to keep draft animals. Villagers had a variety of trees in the lands that were occupied by the SEZ. Trees provided incomes and food or fruit for the owners, as well as for landless households. Besides,

trees are essential for fodder and organic manure. Trees also provide construction materials for housing and have a role in the ritual and belief system of the villagers where for different festivals and pujas specific fruits and leaves are offered. Trees also provide ingredients for medicinal preparations. Every tree has multiple functions and they are important part of rural life.

Increase Unemployment: Due to SEZ, the employment will rise. But in SEZ's structure, companies have invested more capital in the business and used capital oriented techniques. SEZ will increase employment among those farmers who lost their source of income and do not get job in SEZ.

The Existence of Small-scale Industries is in Risk: Small-scale industries create employment and it has more importance in the countries like Japan. The industries in SEZ are enjoying many facilities. So they are producing in the low production cost and sale their production in fewer prices than small-scale industries. The existence of small scale is in risk.

Environmental Impacts: Pollution has become a new problem in these villages. Drinking water through hand pumps has become non-potable in most of the habitations. While households in Gundlagadda Thanda are hard hit by the pollution, some households in Polepally and Mudireddipally are now forced to consume mineral water supplied by some traders from Jadcherla. Water pollution has also apparently led to the deaths of a number of livestock and is widely attributed to the construction of the SEZ. Large-scale industries established in the SEZ will mix unusable chemicals in the water and air and water and air pollution will be increased. The sound of big machinery in SEZ is creating sound pollution and environment will be imbalance.

Impact on Health: Inhabitants of the affected villages have been subjected to pressures of emotional disturbance and impoverishment, which has had a severe impact on their health. Besides morbidity in the years following land acquisition for the SEZ, there was both a high incidence of mortality, including suicides, and an increased incidence in reported chronic and acute illness. Poverty, indebtedness and unemployment has forced women in family to undertake more work and struggle hard for making ends meet. These women are under great pressures to support their families and play the new role of financial manager of the house. There is also reported to be increased violence against women due to growing frustration with how affected households have been treated. Mostly large zones locate in or near develop areas but attract their work forces from distant rural communities. This has led to large-scale migration in area and put significant pressure on socio-legal aspects such as weak social infrastructure, particularly regarding the provision of as decent

housing, education, and health services. It has also contributed to health problems.

Lost Revenue of Government for Offering Tax Free Facilities: The government and Reserve Bank will be giving tax-free facilities to the industrialists, nearly Rs. 1,75,487 cores revenue of government is lost due to these incentives. .

Capitalism will Take Birth: The industrialist of the SEZ is providing numerous facilities; some of the industrialist will be take benefit. They will sales their product at lower price creating monopoly. Moreover it has also been noted that In SEZ territory, there is no fixed rules explained about roads, open space, construction area etc. in detail.

Increase Financial Imbalance: The government is conveying their responsibility in industrial sector to the SEZ holders. Due to this SEZ owner will become rich and poor will become poor. The gap of rich and poor will be increasing. Eventually, social dissatisfaction will occur.

No Protection of the Workers: For the workers in the industries of SEZ, national labour laws will not be fully applicable. For these reasons the industrialist will be doing increase working hours, close the work, lock-out, decrease the workers etc. and workers has no protection for their work. They will be unsatisfied about the work. A common problem across most zone programs is the lack of mobility of production workers into supervisory positions. Particularly for women, who dominate the production workforce in many SEZ companies but are poorly represented in supervisory and managerial positions.

CONCLUSION:

SEZs have emerged as one of the most significant deliberations in the recent times with the legal, social, economic and environment dimensions involved in it. Most important and common issues related to the SEZ are on labour, social, legal, environmental, land acquisition, economic development and political dimensions. Economic enclave based export oriented manufacturing in India started way back in 1965 with Export Processing Zone (EPZs) conceptualized as economic enclaves to promote industrialization and attract foreign investment. The firms in these territories enjoy favored treatment with respect to imports of intermediate goods, labour law, taxation, and infrastructure facilities. They are also generally free from industrial law and regulations applicable in the rest of country. These privileges are subject to the conditions that all of the produce from the units to be exported and all imported intermediate goods are used within the zones or re-exported. Later on concept of Special Economic Zones (SEZs) came about as an extension of the EPZ policy to promote

export and invite investment. EPZs were perceived as a failed policy as it neither enhanced the export in significantly, neither attracted enough investment nor created substantial number of employment opportunity in India. With the view of abolishing the limitations and clearances to attract larger foreign investments, the new SEZs policy was introduced in April 2000. Since then there is proliferation of various forms of SEZ across the country and as of now there are 328 notified SEZs exist till November 2016. With more and more SEZ led investment is running into the country, it may indirectly affect GDP in positive manner. The other most significant feature is that it creates new employment opportunities in the economy. More and more employment opportunities will be created, as the businesses are setting up its manufacturing unit to carry- out its operations within SEZ area. It will reduce unemployment rate and will also lead to decrease in poverty. Nevertheless it is difficult to abolish poverty, but this could be positive effort in that direction. SEZ's has been important instrument in forming goodwill, reducing the poverty, generating employment, and growth of better physical and social infrastructure in certain part of the country. From the data available during this study shows that the SEZ policy has produced significant results in terms of exports, employment and investments subsequent in growth in GDP.

SUGGESTIONS:

SEZ is more important for raised export, employment and financial development of the country. For equal development of the state, all-round development of the country, the SEZ is essential. For the optimum growth of employment by SEZs it is must that SEZs should have balanced regional spread so that balanced regional development can be achieved, and it should encourage manufacturing, agro-based and low-skill oriented units in SEZs so as to help the low-skilled population and those with secondary education get employment. SEZs served India's economy well in terms of employment generation to solve the problems of the SEZ, some changes are necessary.

REFERENCE

- 'Special Economic Zones: Performance, Lessons, Learned and Implications for Development', IFC, World Bank Group, April 2008.
- Annual Report 2013-14, Department of Commerce, Ministry of Commerce and Industry, Government of India.
- Annual Report 2014-15, Department of Commerce, Ministry of Commerce and Industry, Government of India.
- Annual Report 2016-17, Department of Commerce, Ministry of Commerce and Industry, Government of India.
- <http://indianexpress.com/article/india/special-economic-zones-unutilised-land-points-to-faltering-units-4690764/>
- https://en.wikipedia.org/wiki/Special_economic_zone
- <https://scroll.in/article/728746/land-acquisition-warnings-from-indias-special-economic-zones>
- Khan Saeed, (2008). 'India's SEZ: Economic Performance, Social / Environmental Impacts', Retrieved Electronic Copy of Journal Social Sciences.
- M. Murray. (2013). What Are Special Economic Zone [Online].
- More J., (2015). Impact of Special Economic Zone in India, International Journal of Commerce, Business and Management (IJCBM), Vol. 4, No.1, ISSN: 2319-2828.
- Ninh N. (2001). 'An Evaluation of Export Processing Zones In Vietnam's Industrialization Process', Master Thesis, National Economics University, Vietnam.
- Paralikar V. and Dr. Shetty S. V. (2012). "A Analytical Study of Purpose, Prospects and Performance of Special Economic Zones (SEZs) with Reference to India", Zenith International Journal of Business Economics & Management Research, Vol. 2, Issue 2, ISSN 2249-8826.
- Ranjan Ram Krishna (2006). 'Special Economic Zones: Are They Good for the Country?', CCS Working Paper No. 156, Summer Research Internship Programme, Centre for Civil Society.
- Schwellnus, C. (2003). "Export Processing Zones: Economic Effects and Poverty Impact." Asian Development Bank.
- SEZ Act of 2005.
- Singala, S., Atmavilas, Y. and Singh, E. (2011). "Special Economic Zones in India: Policies, Performance and Problems." Administrative Staff College of India, Journal of Management, Vol. 40, Issue 2, pp. 21-59.
- Tantri Malini (2011). 'Special Economic Zones in India: Are these Enclaves Efficient?' The Institute of Social and Economic Charge (ISEC), Bangalore.
- Vijayabaskar, M. (2010). Saving Agricultural Labour from Agriculture: SEZs and Politics of Silence in Tamil Nadu. Economic and Political Weekly, Vol. 44, No. 6, February 6, pp. 36-43.

Vijayabaskar, M. (2012). Emergence of 'Consent' for Land Acquisition: Trajectories of Dispossession in southern India. Paper Presented at the Conference 'New Questions Concerning Land in Modern India', April 27-29, Yale University.

Corresponding Author

Dr. Rajender Kumar*

Assistant Professor, Department of Economics,
University College Kurukshetra, (Haryana) – 136119 –
India

E-Mail – dabbu1979@gmail.com