

SPECIAL ECONOMIC ZONE: AN ANALYSIS OF GROWTH PERSPECTIVE

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Abstract: *The growth of a nation depends on the policies framed by the respective government. The most efficient policy is special economic zone which has been creating additional foundation for the attainment of exports in India. For the last a decade, the special economic zone contribution has been remarkable progress in various economic dimensions like exports, employment and investment. The study mainly focused on the impact of the special economic zone on growth of export for the selected years. How much growth can be attaining in the above mentioned determinants by using tools such as growth rate, share value, mean value and standard deviation. The authors found that the value of exports, employment and investment of special economic zone were found rising. However, the Annual growth rate of selected variables was found fluctuating trend over the period of the study.*

Key Words: *Employment, Investment, Trade, Export Performance.*

1. INTRODUCTION:

A special economic zone is an area in which the business and trade laws are different from the rest of the country. SEZ's are located within a country national border, and their aims include increased trade balance, employment, increased investment, job creation and effective administration. It has been argued that since development of infrastructure and as implementation of structural reforms is time consuming process, the industrialization. Special Economic Zone have been recognized as an important mechanism for trade and investment promotion, creation of infrastructure, employment generation, promotion of regional development, increase in foreign exchange earnings, improving export competitiveness and transfer of skill sand technology. These are considered as growth drivers in the developing countries. The SEZs in India are not only expected to bring large flow of foreign direct investment but also domestic investment.

1.2. STATEMENT OF THE PROBLEM:

SEZ's plays a vital role in the host country to find potential buyers in the world market. In order to compete in the globalized market, government of India has liberalized export policies and introduced tax reforms through various incentives. To earn foreign exchange earnings, the special economic zones contribution is an extremely important in the entire nation. It is also believed to create ample environment for foreign direct investment, promotion of export, creation of infrastructure, transfer of technology and generations of additional employment. In this context it is imperative to understand the growth of special economic zone in India's total export. Hence, the study is pertinent to analyze the impact of SEZ in India's export.

1.3. OBJECTIVES OF THE STUDY:

- To analyze the growth of special economic zones in India.
- To identify the investment of export through SEZ's
- To find out the export share of SEZ's in total India's export.
- To understand the employment potential generated by SEZ's.

1.4. SCOPE OF THE STUDY:

- The study would help to know about the export performance of special economic zone and number of special economic in India.
- The study helps to find out the export share of special economic zone in total India's export.
- The study would help to examine the employment generation by special economic zone and recognize the path of export through the special economic zone in India.

1.5. LIMITATION OF THE STUDY:

- The study was focused only on export performance of special economic zone. Therefore, the result is not appropriate for commodity wise export.
- The study covered investment on special economic zone, employment generation of special economic zone. However, this research is not included commodity wise production of special economic zone.

2. REVIEW OF LITERATURE:

M. Ayisha Millath and S. Thowseaf (2016) attempted to examine economic contribution about the export performance of SEZs. Authors found that the contributing of SEZs was a significant amount to total export value and the total export contribution was found progressing every year linearly. Authors also made comparative analysis of SEZs performance with respect to employability and export performance from 2006 to 2016. It was also revealed that employability and exportability level were very less in 2016. The authors concluded that the export through special economic zone was found adequately by way of incentives from government.

Kumar S (2017) has argued that Special Economic Zones (SEZs) have as an important mechanism for trade and investment on infrastructure, employment generation, regional development, increase in foreign exchange and export competitiveness. It is noted that drastic simplification of procedures and single source on matters relating to central as well as State the promulgation of the act. SEZs in India's growth in increasing in SEZ units, performance in the field of exports, employment investment, however it failed to meet the expected growth rate.

3. RESEARCH METHODOLOGY

3.1. Nature of Data: The study is based on the secondary data which collected from the Department Ministry of Commerce, Government of India

3.2. Nature of Research Design: As the present study intends to analyze the export performance of Special Economic Zone in India, an analytical in nature.

3.3. Period of Study: Export Performance of Special Economic Zone in India was done period of twelve years from 2006 – 2007 to 2017 - 2018.

3.4. Statistical Tool: The following tools used for the analysis:

- Annual growth rate (AGR)
- Percentage of share
- Mean
- Standard deviation

4. DATA ANALYSIS AND INTREPRETATION:

TABLE 1 GROWTH OF EXPORT PERFORMANCE OF SEZ

Values in Rupees

| Year | Export of SEZ | Total Exports | Annual Growth Rate | % share of SEZ in Total Exports |
|-------------|---------------|----------------|--------------------|---------------------------------|
| 2006-2007 | 34615 | 571779 | - | 6.05 |
| 2007-2008 | 66338 | 655864 | 91.64 | 10.11 |
| 2008-2009 | 99689 | 840755 | 50.27 | 11.85 |
| 2009-2010 | 220711 | 845533 | 121.40 | 26.10 |
| 2010-2011 | 315868 | 1142922 | 43.11 | 27.63 |
| 2011-2012 | 364478 | 1468959 | 15.39 | 24.81 |
| 2012-2013 | 476159 | 1634318 | 30.64 | 29.13 |
| 2013-2014 | 494077 | 1905011 | 3.76 | 25.93 |
| 2014-2015 | 463770 | 1896445 | -6.13 | 24.45 |
| 2015-2016 | 467337 | 1716378 | 0.77 | 27.22 |
| 2016-2017 | 523637 | 1849429 | 12.0 | 28.31 |
| 2017-2018 | 581033 | 1956515 | 10.96 | 29.70 |
| MEAN | 342309 | 1373659 | - | - |
| S.D | 192325 | 530059 | - | - |

Source: Department Ministry of Commerce, Government of India (various Annual Report)

The growth and percentage share of exports from SEZ is given in the above table. It was found that the exports of SEZ increased from Rs.34615 crore in the year 2006 – 2007 to Rs.581033 crore in the year 2017 – 2018. The Percentage share of SEZs exports also increased from 6.05 per cent to 29.70 per cent in the year 2006 – 07 and 2017 – 18 respectively. However, the Annual growth rate was found fluctuating trend over the period of the study

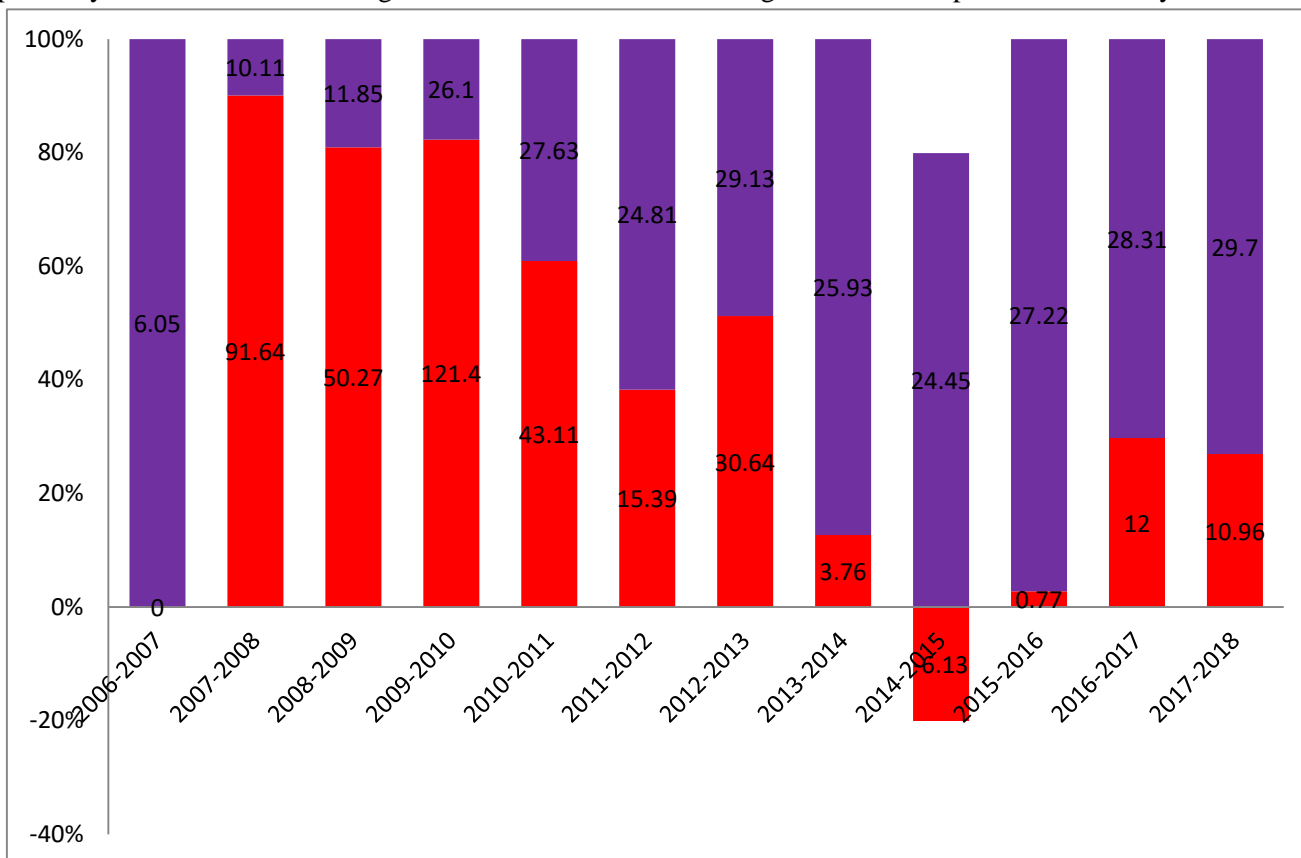
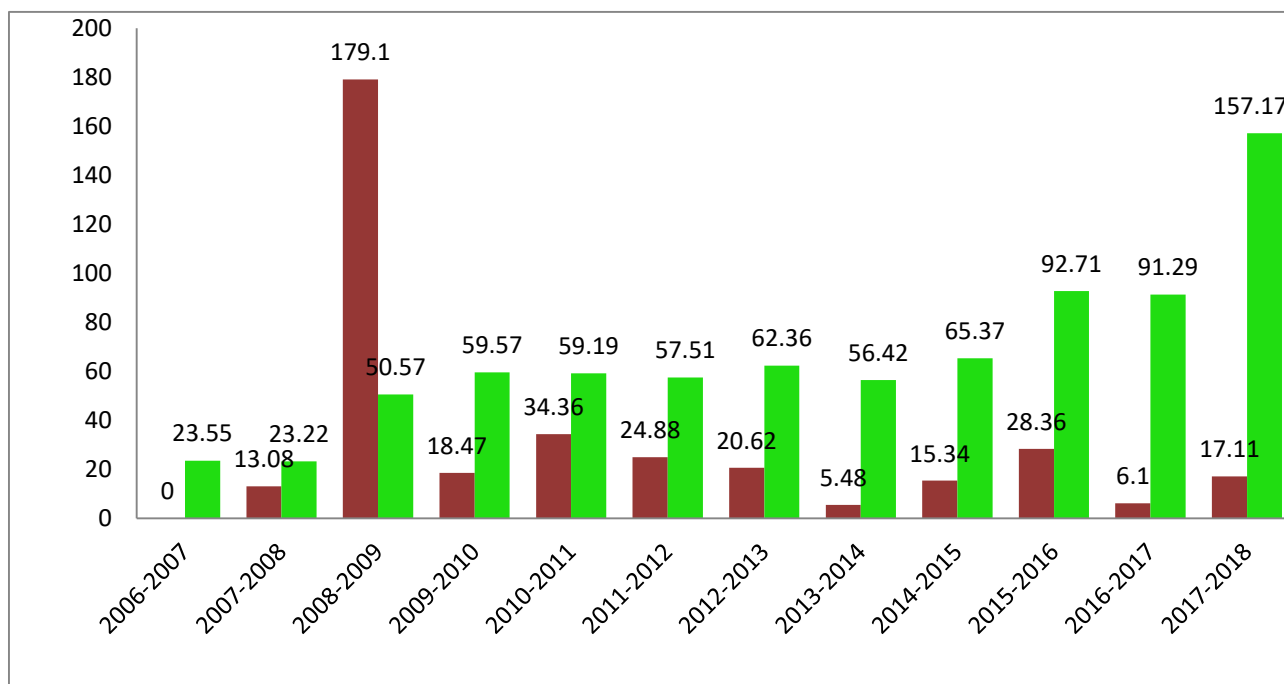


TABLE 2 GROWTH OF EMPLOYMENT OF SEZ

Values in Rupees

| Year | Employment of SEZ | Total Export of SEZ | Annual Growth Rate of Employment | % share of Employment on SEZ |
|-------------|-------------------|---------------------|----------------------------------|------------------------------|
| 2006-2007 | 134704 | 571779 | - | 23.55 |
| 2007-2008 | 152320 | 655864 | 13.08 | 23.22 |
| 2008-2009 | 425123 | 840755 | 179.10 | 50.57 |
| 2009-2010 | 503611 | 845533 | 18.47 | 59.57 |
| 2010-2011 | 676608 | 1142922 | 34.36 | 59.19 |
| 2011-2012 | 844916 | 1468959 | 24.88 | 57.51 |
| 2012-2013 | 1019146 | 1634318 | 20.62 | 62.36 |
| 2013-2014 | 1074904 | 1905011 | 5.48 | 56.42 |
| 2014-2015 | 1239845 | 1896445 | 15.34 | 65.37 |
| 2015-2016 | 1591381 | 1716378 | 28.36 | 92.71 |
| 2016-2017 | 1688337 | 1849429 | 6.10 | 91.29 |
| 2017-2018 | 1977216 | 1258014 | 17.11 | 157.17 |
| MEAN | 944009 | 1373659 | - | - |
| S.D | 601300 | 530059 | - | - |

Source: Department Ministry of Commerce, Government of India (various Annual Report)



The growth and percentage share of employment from SEZ is given in the above table. It was found that the employment of SEZ increased from Rs.134704crore in the year 2006 – 2007 to Rs. 1977216 crore in the year 2017 – 2018. The Percentage shares of SEZs, employment also increased from 23.55 per cent to 157.17 per cent in the year 2006 – 07 and 2017 – 18 respectively. However, the Annual growth rate was found fluctuating trend over the period of the study

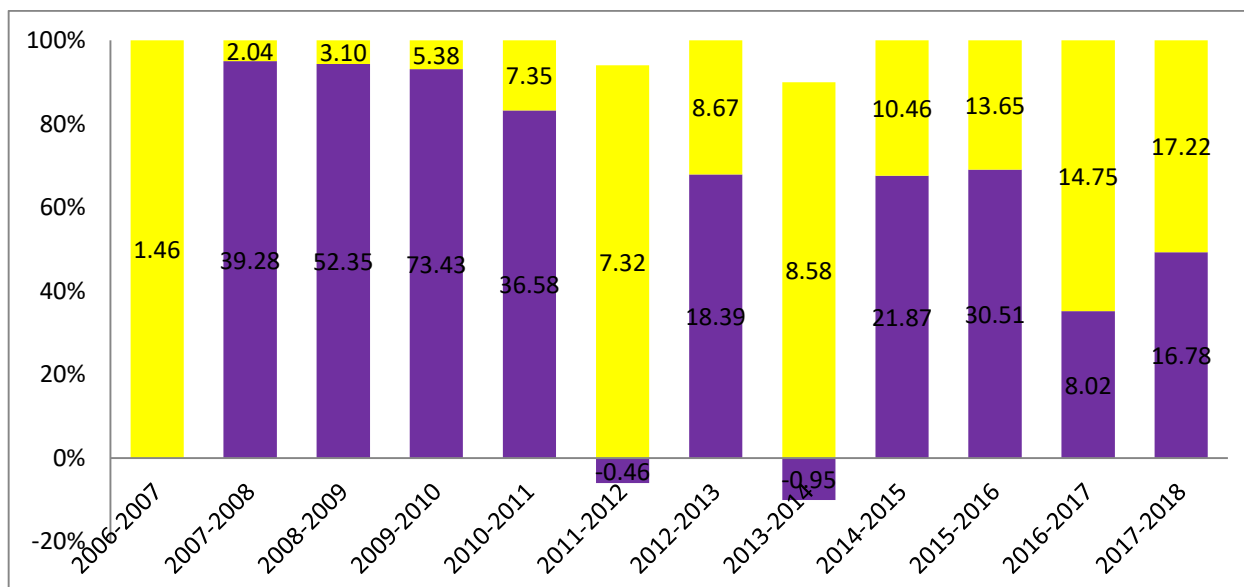
TABLE 3 GROWTH OF INVESTMENT OF SEZ

Values in Rupees

| Years | Investment in sezs | Total export of sez | Annual growth rate | %share of investment of sez |
|-------------|--------------------|---------------------|--------------------|-----------------------------|
| 2006-2007 | 40350 | 571779 | - | 1.46 |
| 2007-2008 | 56201 | 655864 | 39.28 | 2.04 |
| 2008-2009 | 85621 | 840755 | 52.35 | 3.10 |
| 2009-2010 | 148489 | 845533 | 73.43 | 5.38 |
| 2010-2011 | 202810 | 1142922 | 36.58 | 7.35 |
| 2011-2012 | 201875 | 1468959 | -0.46 | 7.32 |
| 2012-2013 | 238990 | 1634318 | 18.39 | 8.67 |
| 2013-2014 | 236717 | 1905011 | -0.95 | 8.58 |
| 2014-2015 | 288477 | 1896445 | 21.87 | 10.46 |
| 2015-2016 | 376494 | 1716378 | 30.51 | 13.65 |
| 2016-2017 | 406690 | 1849429 | 8.02 | 14.75 |
| 2017-2018 | 474917 | 1258014 | 16.78 | 17.22 |
| MEAN | 290992 | 1373659 | - | - |
| S.D | 224247 | 530059 | - | - |

Source: Department Ministry of Commerce, Government of India (various Annual Report)

The growth and percentage share of investment from SEZ is given in the above table. It was found that the investment of SEZ increased from Rs.40350 crore in the year 2006 – 2007 to Rs. 474917 crore in the year 2017 – 2018. The Percentage shares of SEZs investment also increased from 1.46 per cent to 17.22 per cent in the year 2006 – 07 and 2017 – 18 respectively. However, the Annual growth rate was found fluctuating trend over the period of the study



5. FINDINGS OF THE STUDY:

- It was found that the value of exports from special economic zone and its percentage share of total exports also increased over the period of study. However, the Annual growth rate was found fluctuating trend over the period of the study.
- Likewise, it was found both the dimensions in terms of employment and investment of special economic zone and its percentage share of employment and investment increased during the period of study. However, the Annual growth rate was found fluctuating trend over the period of the study.

6. CONCLUSION:

The special economic zones are extremely important for enhancing exports in the developing economies like India. It is observed that the contribution of special economic zone in total exports of India was found highly increasing proportionately. The authors concluded that the various determinants such as export, employment and investment. The shares of exports of Special economic zone of India were found growing over the period of study. On the other hand, the annual growth of above dimension were found fluctuating trend throughout the study period. Even though the growth of special economic zone has been attained, the year to year the growth of exports and as well as investment and employment have not achieved. Therefore, the government of India has to take steps by way of additional attractive incentives to overcome the above short-coming in the future.

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