

Problem and Prospects of Special Economic Zones in India

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ABSTRACT

Problems and prospects of special economic zones is worth studying aspects as it invites the public attention in the recent past. This paper aims at explaining historical background of special economic zones and performance their merits and demerits in the India context. The process of LPG was brought about many novel concepts of enterprise in which SEZs occupy prominent place. The first SEZ was started in Greece in BC 300. Kandla export process zone was the first of its kind instituted at Candela in Gujarat in 1965. So far 500 above SEZs were established in India. The govt of India has sanctioned several concessions to the SEZs including provision of infrastructure, tax exemption and financial assistance at cheaper rates.

As far as merits are concern the SEZs accrue many benefits to its nation and people in the form of employment generation, boost up of GDP, utilisation of resources, earning foreign exchange etc. On the other hand the problems are also many they are reduction of cultivatable fertile land, indiscriminate use of natural resources which leads to reasonable imbalances and income disparities are widened etc. At least certain suggestions are made to overcome the demerits and minimise the loss to the deprived agrarian society.

Key Words: *EPZ, Special Economic Zones ,Exports,concessions,infrastructure,fertile land, deprived and agrarian society,etc.*

INTRODUCTION:

Special economic zones are global phenomenon, where goods are produced mainly for exports world market an effect of globalisation process in India. Special economic zones are worth studying aspects as it invites the public attentions in the recent past. India was one of the first in Asia to recognise the effectiveness of the exports with Asia's first EPZ set up at Candela in Gujarat state in 1965. This policy intended by d to make special economic zones an engine for economic growth supported by equality infrastructure complimented by an attractive fiscal package, both at the centre and state level with the minimum possible regulations.

Special economic zone act was effected on 10 th February 2016, providing for drastic simplification of procedures and for single window clearance on matters relating to central as well as state govt. The SEZ's are the instruments of earning valuable foreign exchange as they are industrial states integrated with international markets located near port towns in separate enclaves of independent customs. Special economic zones also generate employment by creating demand for physical infrastructure and utilities such as water, electricity, communication and administration within the zone. Despite the uneven performance of special economic zones in different parts of the world exchange etc. On the other hand the problems are also many they are reduction of cultivatable fertile land, indiscriminate use of natural resources which leads to reasonable imbalances and

OBJECTIVES;

1. To review of the historical background of SEZs in India
2. To Analyse the Characteristics of SEZs in India
3. To identify the problems and performance of SEZs
4. To examine the special economic zones in Indian profile
5. To suggested for effective implementation of SEZs

METHODOLOGY OF THE PAPER:

The data collection to secondary sources in various govt records , different 5 year plans and different journals in India .The paper around the performance, problems and profile of the SEZ in Indian contest.

SPECIAL ECONOMIC ZONES—INDIAN PROFILE:

In India the first SEZ was setup at Candela in Gujarat on the name of the Candela export processing zone in 1965. This EPZ is first of its kind in the country that directed towards export promotion. Subsequently similar institutions were set ups in Surat, Santacruz, Falta, Chennai, Visakhapatnam and Noida. Later they were converted into special economic zones. In India ministry of commerce yields promotional and organisational controls on SEZ formation and management.

In India export and import policy of 2000-01 by ministry of made nearest indication of setting up of SEZ .Parliament of India enacted SEZs act in June 23rd 2005 and the same came onto existence since February 2006. Since then more than 500 SEZs were formed in

India. Among them its IT supported companies claiming major sale that constitutes 53% of SEZs. India still miles to go to expand the concept of SEZs in multy furious product areas. Indians SEZ is facing many daunting challenges .This is mainly in the areas of its sub-standardness against world equality standads, low investment parameters, hurdles in land acquisitions and subsequence rehabilitation issues. The recent Tata motors small car project in Nandi gram taught a tough lesion to Indian SEZ seenario.This incident exhibits many explicit issues that need to be evaluated to address some important aspects in terms of land location, rehabilitation, govts. And reprsentive favours, immense tax weavers etc. In many states, mounting resentment of people throwing great deal of concern over the question of SEZ viability that is Satyaveedu SEZ in Andhra Pradesh, Slum group of company, Nandigram, West Bengal, Madra SEZ, Gujarat.

SPECIAL ECONOMIC ZONES –ITS CHARACTERISTICS:

1. SEZ is a specialised area limiting to a particular place offering world-class infrastructure facilities. It provides multifarious and conglomerate services under one umbre
2. Ila i.e. marketing, technological how uninterrupted power supply, transport infrastructure etc.
3. The industrial houses in SEZs attract immense tax-waives and related schemes.
4. The industrial houses who setup their units in SEZ **will get loans at cheaper interest rates and expected from service-tax and custom duties**
5. SEZs attract FIIS and FDIS with a promising profitability and prospective future.

SPECIAL ECONOMIC ZONES—PROBLEMS AND PROSPECTS

Economic liberalisation process has brought about extraordinary changes in the fundamental economic setup across the world. It paved the way for many remarkable changes especially in the areas of lifting of restrictions on foreign investments, foreign institutional investments and leveraging flexibility to setup industries with hassle free conditions. This kind of cascading initiatives gave great fill-up to the world economies. Taking into account of these success stories, many countries initiated steps to establish Special Economic Zones.

Special Economic Zone is a novel financial and industrial setup that attracts liberalised investments to cater to the needs of special characteristic services including financial and industrial catalogues. These are directed towards export promotion and stimulated related activities.

EVALUATION OF SPECIAL ECONOMIC ZONES:

The genesis of Special Economic Zones has its great history going back to 300 BC in Greece. The first SEZ was started in Greece in the town of Tie that is situated in Dallas Island. After that Dubai initiated such similar initiative on the name of Zavala .In China, the first was initiated in a hamlet called SHENZHEN.

THE DAUNTING ISSUES—SEZs:

1. Huge tax-weavings led to the loss of immense income resources to the nation.
2. Acquisition of fertile cultivated lands result in yielding effect on agriculture production and thereby question the very basic food security of the country.
3. Transformation agriculture fields into industrial platforms putting the question mark over the very life security of the agriculture worker, whose sole income on agriculture.
4. State mechanism's failure to access the land value of the formers deprived the latter to get good money.
5. Lack of multifaceted product ESZs and concentration of IT-based SEZs declining the employment opportunities.
6. Exploitation of natural resources i.e. underground water, deforestation will provide the water availability in the planet earth.
7. The SEZ policy of India deprives the element of balanced development. Concentration of SEZs in certain areas maintaining pressure on urban infrastructure.

SOLUTIONS AND CONCLUSIONS:

1. Appropriate policy mechanism should be evolved to support displaced rural communities due to SEZs and expand their greater ray through their inclusive participation.
2. Wet and fertile lands should be kept away from actuations
3. Dispaced SEZ victims should be provided with employment opportunities in industrial houses.
4. Lands that were acquired in the name of SEZs should not be converted into real estates.
5. Diversified products should be given importance.
6. SEZs should be established in remotest and backward areas thereby see for balanced development
7. Proper plans should be chalked out to mitigate environmental issues.

In India, Special Economic Zones were setup to escalate the economic position of India. SEZs were formed to provide employment opportunities to the masses contrary to this, SEZs in India diluting the rights of the labour with their mammoth size in kind and cash, their presence resulting in closing of our own small scale industries. Taking of these burning issues SEZs should be instituted to support all mechanisms in a meaningful manner.

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