Chapter - 1

Introduction of SEZ

The term of Special Economic Zone (SEZ) is generally and commonly used as a generic term and it refer in reference of modern economic zone. In this chapter we have tray to discuss and give the detailed of SEZ (special economic zone), in view of economic and social concepts.

1.1 Introduction:

Economics is a social science, it refer the economic activity to gain an understanding of the processes. This science deals with production, distribution and consumption of goods and services in an economy.

Adam Smith (1776) has given the definition in his book 'An Inquiry into the Nature and Causes of The Wealth of Nations'. "The Economics is science of wealth, which is studies human behaviour in context of relationship between ends and scarce" that means; which have alternative uses of tools and services.

Alfred Marshall (1890) provides widely definition in his textbook 'Principles of Economics' that extends analysis beyond wealth and from the society at micro level. "Economics is a study of man in the ordinary business of life. It enquires how he gets his income and how he uses it. Thus, it is on the one side, the study of wealth and on the other and more important side, a part of the study of man".

Lionel Robbins (1932) has defined the economics in his book 'Nature and significance of Economic Science'; "Economics is the science that studies human behaviour as a relationship between ends and scarce means which have alternative uses."

The rapid industrialization and its development, that occurred in Britain in the late 18th century and beginning of 19th century. It brought about by the introduction of machinery. It was called an industrial revolution and it was characterized by the use of steam power, the growth of factories and the mass production of manufactured goods. It was stared in 1844 from Britain and spread out all over the world. The industrial revolution was introduced by Arnold Toynbee in his book 'Lectures on The Industrial Revolution in England'.

In ancient times India was a rich country in the world. Goods made by Indian craftsmen, were export in market of Arab, Rome, France, and England. Competition was seen among foreign nations to business with India. For the purpose of trade with India, England has established The East India Company in 1600 in India. This company was selling goods in India which were made by England. The resultant in India t industrial revolution, England seemed to be producing those goods on the basis of large scale and began to sell within and outside the country. Because of this industrial revolution, unorganised Indian cottage and craft industrial units didn't face and fight with this company. Due to this constraint and weaknesses, the Indian people have started farming by leaving their ancestral occupation. Thus, as a result of the Industrial Revolution, Indian industry had to be destroyed and workers continue to be unemployed. Industrial revolution became boon to England and curse to India. After the independence, India started five year plan for the development of the country. In first five year plan, Government had started industries of fertilizer, engines, rail coaches, medicine, DDT and paper. The main objective of the second five-year plan to make the country's industrial progress was rapid. Thus purpose of the every five year plan is to be determined economic growth. At the time of independence, India had a very weak industrial base and also absence of infrastructural facility. From second five year plan we has beginning was made and this created a congenial environment for industrialization. This plan period is proved for most important period for the new economic policy of the early nineties based on the principles of privatization. Liberalization and Globalization opened new vistas for the industrial sector.

1.2 The concept of Economic Zones:

Every countries of the world create fenced-in, geographically delimited 'enclaves' within their sovereign territories. Such enclaves have become known as 'zones' in economic and business parlances. These Zones are distinguished from the rest of the land in view of their specific administrative authority. The industrial houses can enjoyed by industries located in them and availability of better business facilities, many ways of benefits can avail. Depending upon their specific purposes, intensives offered with special economic regulations and administrative frameworks. That means these type of facilities and provides the benefits and intensive by the specific zones are called as Economic zone. Different types of economic zones are developed and established in the globe word. Various types of economic zones are working. Brief introduction of economic zones is given here.

1.3 Types of Economic Zones:

Economic Zones are divided into Special Economic Zone (SEZ), Export processing Zones/Free Trade Zone (EPZ/FTZ), Industrial zone, Enterprise zone, Information Processing Zone, Financial services Zone, Commercial Free Zone, Free port / Zone etc.

1.3.1 Special Economic Zone (SEZ):

A special economic zone usually covers a distinct administrative region (e.g. province, municipality) and is more than 100 sq km in terms of geographical area (size). It can be established anywhere nearby local resident population.

Objectives- Integrated development deregulated economic conditions for encouraging private enterprise.

Incentives- Duty-free imports, lower business taxes compared with other parts of the country, liberal, labour laws and limited foreign exchange controls.

Activities- Multi-purpose includes all industries and services, domestic sales are permitted but foreign markets and exports are thrust areas.

Example- China (Shenzhen), India (Surat), Philippines (Subic Bay), Poland (Kotawicka), Ukraine (Donetsk).

1.3.2 Export processing Zone/Free Trade Zone (EPZ / FTZ):

The export processing zone or free trade zone is an enclave or park, usually less than 200 hectares in size. It is located generally close to seaports and airport.

Objectives- Increasing of manufacturing export, range of products usually includes light industry and manufacturing.

Incentives- Duty-free imports of imported inputs particularly raw materials and capital goods, export profits are tax exempted, liberal foreign exchange rules and labour laws.

Activities- Main emphasis on export with units having minimum export obligation, restricted sales in domestic markets.

Example- Bangladesh (Chittagong), Jamaica (Kingston), India (Kandla), Kenya (Athi River)

1.3.3 Industrial Zone:

Industrial zone is an enclave or industrial park which can be located anywhere. The size is usually up to 100 hectares.

Objectives- Industrial development, usually targeted at small and medium manufacturing enterprises, infrastructure development can also be a priority.

Incentives- Duty-free imports of imported inputs particularly raw materials and capital goods, export profits are tax exempted, liberal foreign exchange rules and labour laws.

Activities- producing for domestic market as exports.

Example- Bulgaria (Rakovski), Vietnam (Quang phu), China (Xinzhuang in shanghai).

1.3.4 Enterprise Zone:

Enterprise zone is usually found in inner city areas. It might be an entire city as well.

Objectives- Urban development & Industrialization

Incentives- Duty free imports are not allowed. The main incentives include zoning relief, reduced local taxes and relief from licensing. However, labour laws are flexible.

Activities- manufacturing, trading and various other commercial activities.

Example- Japan (Kobe), UK (Tsyne Riverside), US

1.3.5 Information Processing Zone:

Information processing zone can either be part of a city or part any other zone.

Objectives- Development of information processing and IT

Incentives- Duty-free capital goods imports, easy access telecom and other communication services and Labour laws are flexible

Activities- Data processing, software development &computer graphics

Example- IT parks in India. (Dubai Technology, Electronic Commerce and Media Free zone)

1.3.6 Financial services Zone:

Financial services zone can be either part of a city or part of any other zone.

Objectives- developing as a financial hub

Incentives- Relief from local taxes, Currency laws is liberal and no restrictions on profit repatriation

Activities- Financial services

Example- Bahrain, UAE (Dubai), Turkey

1.3.7 Commercial Free Zone:

Commercial free zone is usually meant for warehousing and is located close to air/sea ports. Its size is usually less than 50 hectares.

Objectives- facilitate exports and imports of goods

Incentives- Duty free imports for re-exports tax relief on reinvested profits and no restriction on domestic sales

Activities- Warehousing, packaging, distribution and transshipment

Example- Iran (Kish Island), UAE (Dubai-Jabel Ali Free Zone), US (Miami Free Zone)

1.3.8 Free port / Zone:

Free port / zone are an island/provinces city or even a country. It can be part of a city or more commonly part of international airports. The areas have resident population.

Objectives- Facilitate export and import

Incentives- No customs duties, labor laws are very flexible and utilities are deregulated

Activities- All activities are permitted

Example- South Korea (Incheon), Japan (Nagasaki), Morocco (Tangier), Mauritius (Port Louis), Venezuela (Isla margarita)

1.4 Special Economic Zones (SEZ):

A Special Economic zone (SEZ) is a geographical region that has economic laws that are more liberal than a country's typical economics laws. The category ”SEZ” covers a broad range of more specific zone types, including Free Trade Zones(FTZ), Export processing

Zones (EPZ), Free Zones (FZ), Industrial Estates (IE), Free ports, Urban Enterprise Zones and other. Usually, the goal of a structure is to increase foreign direct investment by foreign investors, typically an international business or multinational corporation (MNC).Special Economic Zone (SEZ) is the manifestation of excessive greed of big business houses and multinationals after appropriating the fruits of reckless liberalization and senseless privatization. The overall performance of EPZ firms in India was not satisfactory with a substantial number of closed and sick units despite various fiscal incentives and improvements in infrastructure. 14 EPZs are already declared as SEZ. SEZ is a variant of EPZ. The difference is that SEZ is an integrated township with a fully developed infrastructure, while an EPZ is an industrial enclave.

Main objectives of SEZs are generation of additional economic activities, promotion of exports of goods and services, promotion of investment from domestic and foreign sources, creation of employment opportunities. The recent interest for SEZ is a manifestation of the process of liberalization.

There is empirical evidence to show the positive influence of SEZs in reducing the gap between developing and developed countries.

- Objectives, features and benefits offered differ country-to-country.
- Administrative mechanism and Regulatory framework also varies from country-to-country.

SEZs are been implemented using a variety of institutional structures across the world ranging from fully public (government operator, government developer, government regulator) to fully private (private operator, private developer, public regulator). In many cases, public sector operators and developers act as quasi-government agencies in that they have pseudo-corporate institutional structure and have a budgetary autonomy. SEZs are often developed under a public-private partnership arrangement, in which the public sector provides some level of support (provision of off-site infrastructure, equity investment, soft loan, bond issues, etc.) to enable a private sector developer sector to obtain reasonable rate of return on the project (typically 10-20% depending on risk level).

1.5 Economic Zone and concept of SEZ:

Countries all over the world create fenced-in, geographically delimited 'enclaves' within their sovereign territories. Such enclaves have become known as 'zones' in economic and business parlances. Economic activities are taking place in those zones. So it's called as an Economic zone. Special Economic Zone is a type of an Economic zone. A special economic zone usually covers a distinct administrative region (e.g. province, municipality) and is more than 100 sq km in size. It can be located anywhere. It is resident population. Designated areas in the countries, the regulations and process are different from other areas in the same country for possess of each special economic zone.

1.6 Types of Zone:

Zones are also divided by their size, in terms of its area covered by the zone, industry and specific performance zone. Descriptions are given as below.

1.6.1 Wide Area Zone:

The focus wide Area Zone is on scale predominantly in government domain.

- Large Zones with a resident population such as Chinese Special Economic Zones or new cities.
- 12 countries have adopted this Wide Area Zone concept (Notably Singapore, Russia, China and Brazil).

1.6.2 Small Area Zone:

The focus of small area zone is on private participation.

- Zones those are generally smaller than 1000 hectares normally surrounded by a fence.
- 133 countries have adopted the small Area Zone concept.

1.6.3 Industry Specific Zone:

The focus of Industry Specific Zones is to create or exploit industry competitiveness.

- Zones that are created to support the needs of a specific industry such as banking, jewelry, oil and gas, electronics, textiles, tourism, etc. Companies invested in zone may be located anywhere and receive the benefits.

- 17 countries have experimented with industry Specific Zone Concept (Notably USA, Taiwan, Japan, Hong, France and Germany)

1.6.4 Performance Specific Zone:

Zones that admit only investors meet certain performance criteria such as degree of exports, level of technology, size of investment, etc.

- Companies can be located anywhere.
- Only 4 countries have adopted performance Specific Zone concept (Notably Mexico and Mauritius).

1.7 The Differences between EPZ and SEZ:

Conceptually, EPZs and SEZs are different – the former is an industrial estate whilst the latter is an industrial township. Despite criticisms that India’s attempt to convert its Export Processing Zones (EPZs) into SEZs is an insurmountable task, India has gone full steam ahead.

The SEZ and EOU/EPZ schemes have a common philosophy and common objectives. Therefore, by and large the procedures are the same. The one critical difference is that whereas the EOUs are ‘stand-alone’ units the units in the SEZ/EPZ are in a well-defined enclave. However, a perusal of the supporting customs and central excise duty exemption notifications and procedures reveals a confusing scenario. This is since there are an unduly large number of notifications (over 50) and circulars and instructions (over 300) in existence. It can well be contemplated that both the tax administrators and the units themselves would have a lot of doubts in view of the sheer volume of relevant material. It is also quite possible that cases of misuse of the scheme, which are on the rise in recent years, are on account of the absence of codification of the law and procedures in respect of the said schemes.

1.8 The Evolution of SEZ:

Free zones have existed for centuries. These were originally established to encourage trade. After the World War-II, many developing countries followed the path of economic and social development through the process of establishment of EPZs/SEZs. Several EPZs were set up in coastal areas as these countries were benefited by way the receipt of high level of resources and tax revenue. The first EPZ was established in Ireland to liberalize trade in the year 1959.

The number of zones, especially EPZs has grown dramatically, particularly over the last decade. Before the 1970s, most zones were clustered in industrialized countries, primarily in Western Europe. Inspired by the performance of the first modern industrial free zones in Shannon, Ireland in 1959, a number of developing countries, mainly in East Asia and Latin America initiated EPZ programmes. In the 1980s the pace of zone development increased and expanded to new regions including South Asia (Bangladesh, Pakistan) South America and Sub-Saharan Africa (Maurirrius).

SEZs as a concept started with China, after economic reforms of 1978. Deng Xiaoping was the father who established SEZs in China. Spain implemented Special Zones similar to SEZs of today in 1929, for the first time to process the domestically available raw material for export. The first zone, under the name of SEZ was established in Shenzhen, a small fishing village located in the subtropical part of China. In the early years of 1980s, Special Economic Zones were established in Zhuhai and Shantaou in Guandong Province on the southeast coast of China. The province of Hainan, located in southernmost part of China was designated as Special Economic Zone in 1988. The zones were structured to attract foreign capital; technology and manpower which could help strengthen the growing economy and develop an industrial base that served as a pilot project for other regions. Today, these zones play a vital role in China's economic growth as most business activities take place here. The major sectors in China's SEZs are high-tech industries, ranging from electronics to automotive and biotech manufacture (Mittal, 2007). The success achieved by the Chinese economy provoked the other developing countries to follow the same model for faster growth. The countries include Brazil, Russia, India, Jordon, Philippines, Pakistan, Poland, Iran, etc. When IMF and the World Bank picked up the idea of SEZ, the world scenario changed wholly. Between 1975 and 2014 the number of SEZs increased from 79 in 25 countries to about 4300 in 139 countries as highlighted in Table No. 1.1.

Table No. 1.1

Increase in the Number of SEZs over the Years in the World

Year	1975	1986	1997	2002	2006	2014
No. of Countries having SEZs	25	47	93	116	130	139
No. of SEZs	79	176	845	3000	3500	4300

Ref: Adopted from ILO (2007) & https://en.wikipedia.org (2014)

- 1947 - Puerto Rico, seeks to industrialize, via industrial parks focused on import substitution, attracting investments from the US mainland and hefty tax breaks.
- 1960 – The world's first EPZ is set up near Shannon Airport, Ireland-duty free production Zone for high value-added goods.
- 1965 – Asia's first EPZ created at Kandla.
- 1966 - Kaohsiung, Taiwan designated as for new EPZ
- 1980 – China's first Special Economic Zones, Shenzhen, zhahai, Shantou and Xiamenm set up
- 1985 –Jebel Ali Free Zone, UAE, set up by royal decree on 100 Sq. KM.
- 2000 – India announces its SEZ policy-focus on export promotion.
- 2005 – Passage of India's SEZ act.
- Today – The WEPZA estimates>1000 Zones worldwide, across 120 countries, employing 40 Million people.

1.9 Objectives of SEZ Creation:

The main Advantages of SEZ Units in India can be summarized as promotion of industrialization and economic growth through sustainable development. The main policy statement of the first Special Economic Zone policy statement states that these SEZ units of India shall be offered tax rebates, fiscal incentives and lands at subsidized rates and these are the primary Advantages of SEZ Units in India. Here objectives are separated in three segments as below.

1.9.1 Economic Objectives:

- Enhancement and expansion of foreign economic and foreign trade activity
- Attraction of foreign and nation investments
- Promotion of export of industrial products
- Increasing of competitiveness of national production and its economic efficiency

1.9.2 Social Objectives:

- Creation of new work places and increasing employment
- Training and increasing of qualification of employees

1.9.3 Scientific and Technical Objectives:

- Active using of modern foreign and domestic technologies

- Concentration of scientific and technical personnel, including foreign one, for development of priority sectors

In creating SEZ, governments usually seek to attract foreign investment. One sector of specialization is chosen in each Zone (except for combination Zones). Mostly, investments are channeled into electronics, light, food and Wood processing industries, where output is oriented at the final consumer and has high added value.

1.10 SEZ in the world:

Special Economic Zones have been established in several countries, including India, China, Brazil, Iran, Jordan, Kazakhstan, Pakistan, the Philippines, Poland, Republic of Korea, Russia, Ukraine, and United Arab Emirates. The most successful Special Economic Zone is in China, Shenzhen that has been developed from a small village into a city with a population over 10 million within 20 years. India replicates china in establishment of SEZ. We did not successes in that. The Chinese started their liberalization and industrialization with the formation of SEZs in late 70s and early 80s. China has only 6 SEZs, while India has 585 SEZs and still counting. Sizes of SEZs in India are small as compared to in china. All the Chinese SEZs are located along the coast line. Indian SEZs are mostly concentrated near major cities and more than half are being developed by Real Estate Companies in order to make a quick buck by grabbing land at cheap prices under SEZ land acquisition act which is a scam in itself. Chinese SEZ is government driven; Indian SEZs are mostly driven by private sector. These are main problem with SEZ in India.

1.11 SEZ in India:

Since the 1960s, many developing countries have implemented export-oriented growth strategies. That is custom –free manufacturing, to promote industrialization. The Export processing Zone (EPZ) is perhaps the most common from in which this strategy has been implemented. An EPZ can be defined as an industrial enclave that engages in export manufacturing with the assistance of foreign investment and enjoys preferential treatment that is not generally available in the rest of the country. But it is not the only form of custom-free manufacturing. India was one of the first countries in Asia to recognize the effectiveness of the Export Processing Zone (EPZ) model in promoting exports, with Asia's first EPZ set up in Kandla in 1965. In order to overcome the shortcomings experienced on account of the multiplicity of controls and clearances; absence of world-class infrastructure, and an unstable fiscal regime and with a view to attract larger foreign investments in India, the Special Economic Zones (SEZs) Policy was announced in April 2000.

This study seeks to provide a systematic analysis of why the EPZ became attractive governments of developing countries, especially in Asia; demonstrate the extent EPZs in Asia have conformed to their claimed objectives; and explore the conceptual pitfalls embedded in this strategy. We purpose that the EPZ become attractive because it offers a variety if advantages including a compromise between liberal and protective regimes, a gateway to the international community, lower operation costs, and smaller political risk. But despite high expectation by host governments and international organisations, EPZs in Asia have generated mixed performances, and several major conceptual pitfalls have often precluded their full effectiveness. The article concludes with some suggestion for enhancing the outcome of EPZs.

In this era of globalization, export promotion is seen as an important policy measure for achieving economic growth in many developing economies, and India is no exception. India initiated the process of industrial growth in 1948, immediately after independence, when it announced the Industrial Policy Resolution (IPR). As a part of the IPR based strategy, import substitution oriented industrialization was perceived as an important objective of economic growth. Export promotion has been one of the primary concerns of the government, when Jawaharlal Nehru, then Prime Minister announced the setting up of the pioneering Export Processing Zone at Kandla (Gujarat State) in 1965. Acceleration of the foreign investments and recognizing the need to have a global platform to expose domestic firms and producers to the internationally competitive markets was also considered as a part of this strategy. Provision of better infrastructure and tax holidays became a feature of EPZ policy since then.

The genesis of SEZs in India lies in the basic model of EPZs (Export Promotion Zones) which was set-up at Kandla (KFTZ, Kandla Free Trade Zone) in Gujarat in 1965 as an instrument of promoting exports, attracting foreign investments, earning foreign exchange and generating employment in the economy. With this, India became one of the first in Asia to recognize the effectiveness of the EPZs model in promoting exports. Since then, a number of EPZs have come up in various sectors and in different states of the country. The EPZs has progressed over four distinct phases over the last five decades and more, which are described in the following paragraphs:

Development phase of SEZ:

Phase - 1, 1965- 1985 (The Initial Phase of SEZ):

The first EPZ was set up in a highly backward region of Kutchh in 1965 and the second EPZ was established by Santacruz EPZ at Mumbai in 1973. Kandla EPZ and Santacruz EPZ were subjected to rigid control measures and the packages of incentives were not attractive in the overall inward looking trade policy then. There was no single window facility within the zone. Zone authorities had limited powers. Entrepreneurs had to acquire individual clearances from various state government and central government departments. Day to-day operations were subjected to rigorous controls. Custom procedures for bonding, bank guarantees and movement of goods were rigid. FDI policy was also restrictive. However, it is believed that these EPZs were established with an overall 'Inward Looking' policy approach. It was argued that the policies were rigid, infrastructure was weak and the package of incentives and facilities were not attractive within the zone. According to the business environment rating index which rated investment climate in 43 countries on the basis of 18 independent factors, Indian EPZs were rated at the bottom for attracting FDI. In 1980, the government introduced the Export –Oriented Units (EOU) which facilitated setting up EOUs beyond the boundaries of the EPZs and the administration of EOUs was also brought under the same authorities as EPZs.

Various committees were appointed to review the working of the EPZs. To overcome this, various committees were appointed by the Government of India to review the working of the zones. Kandla FTZ was reviewed by the Kaul Committee in 1978, while Santa Cruz FTZ was reviewed by the Review Committee on Electronics in 1979. In 1980, there was another Committee organised, known as the Tandon Committee, to review both these zones. The main objective of the committee was to formulate policy measures for accelerating the progress of free trade zones and 100% export oriented units. These Committees pointed out the growth of EPZs was handicapped by absence of implementation authority to centrally coordinate and regulate the zones, procedural constraints, infrastructural deficiencies, limited concessions and the powers of the EPZ had also limitations. Moreover, it was highlighted that there was no clarity of objectives for setting up of EPZs in India until 1988. These committees made several concrete recommendations to improve the functioning of these zones.

Phase -2, 1985-1991 (Expansionary phase of SEZ):

Towards the end of 1970s, the government had realized the failures to step up its manufactured exports in the background of the Second Oil Price Shock and related Balance of Payments (BOP) problems. The second phase started in the 1980s, during which more zones were established based on the Tandon Committee recommendation that the inward-oriented developmental approach needed to be reorganised by strengthening outward-oriented export promotion. To provide more fillip to exports, four more EPZs were created viz, Noida (Uttar Pradesh), Falta (West Bengal), Cochin (Kerala) and Chennai (Tamil Nadu).Subsequently, Visakhapatnam EPZ was established in Andhra Pradesh in 1989, though it could not become operational before 1994. All these EPZs, with the exception of Chennai were set up in industrially backward regions. The primary objectives of these EPZ were not still specified and there were no significant changes in other laws and procedures governing the EPZs.

Phase -3, 1991 - 2000 (Consolidating phase of SEZ):

Since 1991, the Indian economy has undergone through a paradigm shift in terms of restructuring of economic policies. There was a transformation from the regime of regulated economic development to a competitive regime through industrial delicensing, import liberalisation, and removing barriers to exports for accelerating growth. This phase can be highlighted as the third stage in the development of EPZs in India. This phase was marked by progressive liberalization of policy provisions and relaxation in the severity of controls along with simplification of procedures. The emphasis was on delegating the powers to zonal authorities, providing additional fiscal incentives, simplifying the policy provisions and providing greater facilities. One of the significant changes was that the powers of the Board of Approval (BoA) were decentralized by introducing an automatic approval route for streamlining licensing procedures and providing operational flexibility. The scope and coverage of EPZ/EOUs scheme was enlarged in 1992 by permitting the agriculture, horticulture and aqua culture units also. In 1994, trading, re-engineering and re-conditioning units were also included. This period was known as a consolidating phase in the transformation of EPZs which continued until 2000.

Phase -4, 2000 -2006 (Emergence phase of SEZ):

While the first Indian EPZ was already established in the 1960s, EPZ policy has not been part of a coherent national strategy and its impact on the Indian economy was found not much significant. Administrative inefficiencies, lack of infrastructure, difficult customs procedures were the major concerns of the EPZs in India. This phase witnessed a major shift in direction, thrust and approach. The EXIM Policy (1997-2002) has introduced a new scheme from April 1, 2000, by Murasoli Maran, then Union Commerce Minister for the establishment of Special Economic Zones (SEZ) in different parts of the country, after a tour of SEZs in China. Under this scheme, SEZ is conceived as a self –contained area with high class infrastructure for commercial as well as residential infrastructure. SEZs are permitted to be set up in the public, private and joint sector or by the State Governments with a minimum size of not less than 1000 hectares. The numbers of fiscal and non-fiscal incentives were extended to the units operating in the SEZs. Several measures have been adopted to improve the quality and governance of these zones. These include relaxation in the conditions for approval process and simplifying the custom rules. SEZ Policy thus became an identity towards ensuring the success of EPZs. Development Commissioners are given the powers of the Labour Commissioners. SEZ Policy thus became an identity towards ensuring the success of EPZs.

From November 1, 2000 the EPZs at Kandla, Santa Cruz, Cochin and Surat were converted into SEZs. In 2003, other existing EPZs at Noida, Falta, Chennai and Vizag were also converted into SEZs. In addition approvals were also given for the setting up of 26 SEZs in the various parts of the country by the private or joint sectors or by the State Governments. These included SEZs at Nanguneri (TamilNadu), Positra (Gujarat), Kulpi (West Bengal), Paradeep (Orissa), Bhadohi and Kanpur (Uttar Pradesh), Kakinada (Andhra Pradesh), Dronagiri (Maharashtra and Indore (Madhya Pradesh). Altogether, SEZs were established prior to the promulgation of the SEZ Act. These SEZs in 2005 got a legally deemed status after the enactment of SEZ Act 2005. This development is further followed by implementation of SEZ rules in 2006.

Phase -5, 2007 Onward (Growth Phase of SEZ):

Post enactment of SEZ Act 2005 witnessed the growth in number of formal approvals, notifications and operational SEZs in India. No. of formal approvals for setting up SEZs increased from 453 in 2007-08 to 589 in 2011-12, while number of operational SEZs increased from 87 in 2008-09 to 170 in 2012-13. Though, the figures are showing the rising trends of the establishment of SEZs in the country, but as many as 33 developers had surrendered their SEZ projects between December,2008 to July 2011 was reported.

According to the survey, the reasons given by applicants for de-notification of their projects range from the economic meltdown, poor market response, non-availability of a skilled labour force, lack of demand for IT/ITES space and the imposition of MAT and DDT on SEZs. Thus the concept of SEZs in India started loosening their significance and could not be revived despite of undertaking several measures by the former government. The new Government has signalled focus on SEZs and making efforts to sort out issues hampering the growth of special economic zones (SEZs) with an eye to boost manufacturing, exports and employment in the country.

The Commerce Minister while sharing his experience stated that "the last few years show that imposition of MAT and DDT suppressed the potential of SEZs as a tool of exports and industrial development. So this is felt that those impositions should be done away with and this will liberalize the environment around SEZs so that entrepreneurs will make investments, which will lead to manufacturing and employment".

Thus, journey from EPZs to SEZs in India has witnessed several developments and failures in terms of conception of EPZs, expansion of EPZs across India, conversion of EPZs into SEZs in the light of various inefficiencies, its reintroduction under the ambit of new SEZ Act, growth of SEZs establishment in India and further loosening its significance due to imposition of MAT and DDT. While the new Government is again set to put a great emphasis on revisiting the SEZs model and making it a catalyst for India's economic growth in coming times.

Special Economic Zones have been established in several countries, including India, China, Brazil, Iran, Jordan, Kazakhstan, Pakistan, the Philippines, Poland, Republic of Korea, Russia, Ukraine, and United Arab Emirates. The Chinese started their liberalization and industrialization with the formation of SEZs in late 70s and early 80s, unlike India, where SEZ is being incorporated 15 years after the start of liberalization process. China had a master plan and an economic framework on how to build and proceed with SEZs, most probably inspired by the success of trading hub, Hon Kong. They started building massive cities under their SEZ framework. They also rolled out red carpet for foreign companies to build and operate from these SEZs. The most successful Special Economic Zone is in China, Shenzhen that has been developed from a small village into a city with a population over 10 million within 20 years.

Table No. 1.2

Comparison of SEZs in China & India

Sr. No.		China	India
1	Number	7	More than 500
2	Started	1980	2000
3	Size	Very large (Shenzhen: 32,700 hectares.)	Small (3-14,000hectares)
4	Labour Law	Relaxed	Flexibility is totally absent
5	Ownership	State	State, Private
6	Type of Land	Near Coastal area	Mostly fertile cultivated land & near to urban
7	Exports	Very good (Net export 2006: $35,000 Million)	$ 6,923 Million
8	Employment	3,96,00,000 (2007)	24,00,000
9	Tax Holiday	Only selective tax incentives provided 2 SEZs have failed	Across the board tax holidays given to companies
10	Overall Economic Success	Shenzhen very successful, but at least 2 SEZs have failed	Largely unsuccessful
11	Land Acquisition	Land battles in some areas	Bloody, bitter resistance

Ref: 'A Comparative study on Indo-Chinese SEZs' by K. G. Mallikarjuna

In above table, a comparative study on Indian & Chinese SEZs shows that why we didn't get more success than China. When Indian government introduced SEZ from its home country, the fact that China is an authoritarian state might have been diluted by impressive figures of FDI. It is undeniable that the State has played an essential role in SEZ/development zone policy in China. On one hand, the strong state has made the economy of scale possible and guided it for the overall reform process On the other hand, it has guaranteed an uninterrupted investment environment for the corporate interests. Whether learning from China's SEZ would drag India into more suppressing governance for so-called efficiency and high growth or it would learn the lessons of China to listen to people remains to be seen.

SEZ policy ‘per se’ is introduced in India after one decade of its reform process, in response to challenges raised due to the wave of liberalization initiated worldwide. The idea of setting up of SEZ came up in India from its phenomenal success in china. Accordingly, in the export import (EXIM) policy statement of 2000, the government of India announced the setting up of SEZs (actually it was renaming of the earlier EPZs). It is well known that India had gone about creating a similar institution while establishing the first EPZ way back in the early 1960 as a careful approach towards designing an alternative port in the western coast of India as a substitute to Karachi port, which India had lost at the time of partition (IIFT, 1990). Thereby SEZ policy in India actually completed almost five decades besides going through two major phases of policy expansion. The first phase guidelines emerged while establishing the Export Processing Zone during the period 1960-2000. This could also be regarded as the pre SEZ regime as the earlier EPZs got metamorphic into the new SEZs with the new policy statement. This phase witnessed a very cautious approach towards in the promotion with a few EPZs coming into existence. Further a strong presence of the license raj system and difficulties involved in accessing imports and exports made EPZs less attractive. Besides, the state policy was not consistent in terms of attending to the supply side issues that had stunted their progress. For instance, the issue of ownership and its administration receives scanty attention from the policy front in that until 1990s, all six EPZs were owned and managed by the central government. The process of reshuffling of the economic structure in the beginning of 1990s also had its impact on the operation and working of the earlier EPZs.

Table No. 1.3

Detail of SEZs converted from EPZs.

No.	Name of SEZ	Type	Date (EPZ to SEZ)	Est. year	Size (Acre)
1	kandala SEZ (Gujarat)	Multi-product	1/11/2000	1965	1000
2	SEEP SEZ (Maharashtra)	Electronics & Gems - Jewellery	1/11/2000	1975	93
3	Noida SEZ (U.P.)	Multi-product	1/01/2003	1986	310
4	Madras SEZ (Tamilnadu)	Multi-product	1/01/2003	1986	261
5	Kochin SEZ (Kerala)	Multi-product	1/11/2000	1986	103

6	Falta SEZ (West Bangal)	Multi-product	1/01/2003	1986	280
7	Vishakhapatanam SEZ (A.P.)	Multi-product	1/01/2003	1994	360
8	Surat SEZ (Gujarat)	Multi-product	1/11/2000	1994	100

Ref: Ministry of commerce and industry, Department of Commerce, Government of India. (http://www.sezindia.nic.in/about-asi.asp)

Twenty five years later, India's politicians have woken up and suddenly discovered the concept of SEZs. The India was late to the game. The modern day special Economic Zone came in to existence because the economic reforms incorporated in the early 1990s did not resulted in the overall growth of the Indian economy. The SEZ policy of India was devised to act as a catalyst to promote the economic growth attainted in the early 1990. The economic reforms incorporated during the 1990s did not produce the desired results. The Indian manufacturing sector witnessed a sudden dip in the overall growth of industry, during the second-half of 1990s The History of SEZs in India suggests that red tape, lengthy administrative procedures, rigid labour laws and poor physical infrastructural facilities were the main cause of deterioration of foreign direct investments (FDI) inflow in to India. Further, the Indian markets were not mature enough to facilities easy entry of foreign institutional investors (FIIs) in to the Indian economic system. Furthermore, the legal framework of Indian economy was not strong enough to prevent misuse of Indian markets by the foreign investor friendly environment in India prevented growth of Indian industry, in spite of implementation of liberal economic policy by the central Government. This resulted in the formation of a much larger and more efficient from of their predecessors with world-class infrastructural facility.

The History of SEZs in India suggests that the present day Special Economic Zone policies of India are well complimented by the provisions of the Acts and Rules of Special Economic Zone. A number of meetings were held across India for the formulation of –'The Special economic Zones Act.2005', which was subsequently passed by parliament in May 2005. The SEZ Act, 2005 and SEZ Rules became effective on and from 10th February 2006. The SEZ Act 2005 defines the key role for the State governments in Export promotion and creation of infrastructural facilities. A Single Window SEZ approval mechanism has been facilitated through a 19 member inter-ministerial SEZ Board of Approval or BOA. And the decision of the SEZ Board of Approval is binding and final.

SEZs in India functioned from 1.11.2000 to 09.02.2006 under the provisions of the Foreign Trade Policy and fiscal incentives were made effective through the provisions of relevant statutes. The Special Economic Zones Act, 2005, was passed by Parliament in May, 2005 which received Presidential assent on the 23rd of June, 2005. After extensive consultations, the SEZ Act, 2005, supported by SEZ Rules, came into effect on 10th February, 2006. The Special Economic Zones (SEZs) Act 2005 is the culmination of a Government Policy, which was introduced as a vision to impart a globally conducive platform for a competitive structure of Indian exports.

Table No. 1.4

State wise distribution of SEZs approved under the SEZ, Act, 2005

No.	State	Formal Approvals	In-principle approvals	Notified SEZs	Exporting SEZs
1	Andhra Pradesh	109	6	78	39
2	Chandigarh	2	0	2	2
3	Chhattisgarh	2	1	1	1
4	Delhi	3	0	0	0
5	Dadra & Nagar Haveli	2	0	1	0
6	Goa	7	0	3	0
7	Gujarat	43	7	30	18
8	Haryana	46	3	35	5
9	Jharkhand	1	0	1	0
10	Karnataka	61	1	40	22
11	Kerala	29	0	24	8
12	Madhya Pradesh	19	2	9	2
13	Maharashtra	102	16	65	20
14	Manipur	1	0	0	0
15	Nagaland	2	0	2	0
16	Odisha	10	1	5	1
17	Puducherry	1	1	0	0
18	Punjab	8	0	2	2
19	Rajasthan	10	1	10	5

20	Tamil Nadu	67	6	53	33
21	Uttar Pradesh	31	1	21	9
22	Uttarakhand	2	0	1	0
23	West Bengal	18	3	9	6
	Grand Total	576	49	392	173

Ref: Ministry of commerce and industry, Department of Commerce, Government of India (As on 17/07/2013) (http://www.sezindia.nic.in/about-asi.asp)

Table No. 1.5

Sector wise distribution of SEZs as on 2013

No.	Sectors	Formal approvals	In-principle approvals	Notified SEZs
1	Agro	6	2	5
2	Airport based multi-product	4	0	0
3	Auto and related	3	1	1
4	Aviation/Aerospace /Copper	2	1	1
5	Beach & mineral/metals	2	0	2
6	Bio-tech	32	0	21
7	Building product/material	1	2	1
8	Electronic prod/IND	3	0	3
9	Engineering	21	2	17
10	Food Processing	5	0	4
11	Footwear/Leather	7	0	5
12	FTWZ	14	5	7
13	Gems and Jewellery	13	3	6
14	Granite processing Industries	2	0	1
15	Handicrafts	5	0	3
16	IT/ITES/Electronic Hardware/Semiconductor	353	1	235
17	Metal/Stain. Steel/Alum/Foundry	9	2	5
18	Metallurgical Engineering	1	0	0
19	Multi-Product	25	16	16

20	Multi-Services/Services	16	3	9
21	Non-Conventional Energy	6	0	4
22	Petrochemicals & petro	4	1	2
23	Pharma/chemicals	23	3	20
24	Plastic Processing	0	2	0
25	Port-based multi-product	8	0	2
26	Power/alternate energy/solar	3	2	3
27	Strategic Manufacturing	0	1	0
28	Textiles/Apparel/Wool	18	2	12
29	Writing and printing paper mills	2	0	1
30	Grand Total	588	49	386

Ref: Ministry of commerce and industry, Department of Commerce, Government of India (As on 17/07/2013) (http://www.sezindia.nic.in/about-asi.asp)

The Act has led to expectations of spectacular inflows of foreign direct investment (FDI) into the Country over the next few years, with generation of a 50% growth in employment opportunities in the Zones. The Special Economic Zones Act 2005 comprises income tax concessions for both SEZ units and SEZ developers. SEZ units will be eligible for 100% tax exemption for 5 years, 50% for the next 5 years, and 50% of the ploughed back export profits for the next 5 years. SEZ developers continue to get 100% income tax exemption for 10 years in a block period of 15 years. Other than such provisions, the Act seeks to establish free trade and warehousing zones to create world class trade-related infrastructure to facilitate import and export of goods aimed at making India a global trading hub, set up offshore banking units and units in International Financial Service Centre in SEZs.

Table No. 1.6

State wise land area in Special Economic Zones as on 05/12/2013

Sr. No.	State	Total area of formal approval (In Hectare)
1	Andhra Pradesh	15374.81
2	Chandigarh	58.46
3	Chhattisgarh	112.05
4	Dadra & Nagar Haveli	22.46
5	Delhi	33.25

6	Goa	369.99
7	Gujarat	14780.66
8	Haryana	1787.37
9	Jharkhand	36.42
10	Karnataka	2834.55
11	Kerala	1143.28
12	Madhya Pradesh	868.41
13	Maharashtra	11313.99
14	Manipur	10.85
15	Nagaland	340.70
16	Orissa	2029.26
17	Pondicherry	346.00
18	Punjab	209.25
19	Rajasthan	633.42
20	Tamil Nadu	7725.35
21	Uttarakhand	453.54
22	Uttar Pradesh	647.02
23	West Bengal	413.66
Total		61545

Ref: the Minister of State in the Ministry of Commerce and Industry Dr. E.M. Sudarsana Natchiappan

1.12 SEZ in Gujarat:

Gujarat has the distinction of being the first state to enact the Special Economic Zone (SEZ) Act, 2004. Special Economic Zones (SEZs) are growth engines that can boost manufacturing, augment exports and generate employment. The Government has introduced the scheme of SEZs in order to provide a hassle free operational regime and encompassing state of the art infrastructure and support services.

Special Economic Zone (SEZ) is a specifically delineated duty free enclave and shall be deemed to be foreign territory for the purpose of trade and operations and duty and tariffs. SEZ units may be set up for manufacture of goods and for rendering of services – public, private or joint sector or by the State Government. SEZs cover industrial and labour aspects, including flexible labour laws and exit options. The Gujarat SEZ Act, 2004 has made key provisions with respect to the appointment and termination of labour for units established in SEZs.

The concept of 'Fixed Term Employment' introduced by the SEZ Act has helped in accounting for the least manpower days lost due to labour strife, among comparable industrial states. High on Exports with impressive performance, Gujarat's Export share in India is highest contributing to an average over 14% share in India. Gems and Jewellery deem for a rise to 25% and over. The Government is encouraging SEZ (Special Economic Zones) considered as growth engines that can boost manufacturing, augments exports and generate employment. These include multi product SEZs and sector specific SEZs covering textiles, pharmacy, engineering, chemicals, ceramics, gems and jewellery and IT/ITES sectors.

Special Economic Zones (SEZs) are growth engines that can boost manufacturing, augment exports and generate employment. SEZs cover industrial and labour aspects, including flexible labour laws and exit options. Government of Gujarat has accorded priority for setting up Special Economic Zones and has introduced the Special Economic Zone Act 2004 followed by the SEZ Rules 2005. The SEZ Act was made operational from May 2004. The State Government also introduced amendment to the Industrial Dispute Act 1947 for providing flexible labour employment in Special Economic Zones. The State Government has further introduced: Gujarat SEZ Regulations 2007, Guideline for preparing Master Plan for SEZ, General Development Control Regulation for SEZ (GDCR) 2007, and Gujarat SEZ Amendment Act 2007. Under the Provision of the Gujarat SEZ Act 2004, the Special Economic Zone Development Authority has been constituted. The Authority is headed by the Chief Secretary to the Government and includes Secretary of the department representing Industries, Finance, Water Resources, Forest and Environment, Labour and Employment, Urban Development and Revenue as members. Industries Commissionorate works as the Secretariat to the SEZ Development Authority.

SEZ policy was launched under the export policy of 2000. Under this scheme, Kandla, Santa, Cochin and Surat EPZs were converted into SEZ. In 2003 existing EPZs, like Noida, Falta, Chennai and Visakhapatnam EPZ was also converted into SEZ. Detailed information can be found in the following table.

Table No. 1.7

Special Economic Zones approved by BOA in Gujarat as on 05/05/2013

No.	Developer	Location	Sector & Area recommended by GoG (in hectares)	Status of approval by GoI
1	Kandla SEZ	Gandhidham, Kutch	- Multi-product - 280 hectares (120 hectares for expansion)	Functional SEZ prior to SEZ Act.
2	SURSEZ Diamond & Gem Dev Corporation.	Sachin, Surat	- Multi-product - 49.90 hectares	Functional SEZ prior to SEZ Act.
3	Surat Apparel Park	Vanj, Surat	- Apparel - 56.64 hectares	Functional SEZ prior to SEZ Act.
4	Reliance Infrastructure Ltd.	Jamnagar	Multi-product 4494.00 hectares	Notified and operational
5	Adani Port and Special Economic Zone Limited	Mundra, Kutch	Multi-product Total Area: 6472.8684 hectares	Notified and operational
6	Zydus Infrastructure Pvt. Ltd.	Sanand, Ahmedabad	- Pharma - 48.83 hectares	Notified and operational
7	Electronic SEZ, GIDC	Gandhinagar	- Electronics - 37.85 hectares	Notified and operational
8	Dahej SEZ Limited	Dahej, Bharuch	- Multi-product - 1812 hectares	Notified and operational
9	Ahmedabad Apparel Park GIDC	Ahmedabad	- Apparel - 38 hectares	Notified and operational
10	Suzlon Infrastructure Limited	Vaghodia, Vadodara	- Engineering - 101 hectares	Notified and operational

11	Gujarat Hira Bourse	Ichhapor, Surat	- Gems & Jewellery - 74 hectares	Notified and operational
12	E Complex Private Ltd	Jafrabad, Amreli	- Engineering - 156 hectares	Notified and operational
13	Sterling SEZ Infrastructure pvt Ltd	Jambusar, Bharuch	- Multi-product - 3380 hectares	Notified and operational
14	Larsen & Toubro Ltd	Ankhol, Vadodara	- IT / ITES - 14.88 hectares	Notified and operational
15	Euro Multivision Ltd	Shikara Tal: Bhachau Kutch	- Non- Conventional Energy - 11-63-47 hectares	Notified and operational
16	Welspun Anjar SEZ Ltd	Anjar, Kutch	- Engineering - 284 hectares	Notified
17	Ganesh Infrastructure Pvt. Ltd	Dascroi, Ahmedabad	- IT/ITES - 54 hectares	Notified
18	CPL Infrastructure Pvt. Ltd.	Dhandhuka, Ahmedabad	- Pharma - 200 hectares	Notified
19	Jubilant Infrastructure Ltd	Vagra, Bharuch	- Chemicals - 160 hectares	Notified
20	Shivganga Real Estate Holders Pvt. Ltd.	Sargasan, Gandhinagar	- IT / ITES - 52-60 hectares	Notified
21	Aqualine Properties Private Limited	Koba, Gandhinagar	- IT/ITES - 27.85 hectares	Notified
22	Tata Consultancy Services Ltd	Near Infocity Gandhinagar	- IT / ITES - 10.31 hectares	Notified
23	J.B.Chemicals and	Panoli,	- Pharma	Notified

	Pharmaceuticals Ltd.	Bharuch	- 130 hectares	
24	Biotor Industries Ltd	Vagra, Bharuch	- Chemicals (Agro based) - 118 hectares	Notified
25	Calica Construction & Impex Pvt. Ltd.	Oganaj, Ahmedabad	IT/ITES - 16 hectares	Notified
26	IT / ITES SEZ, GIDC	Infocity, Gandhinagar	- IT / ITES - 22.70 hectares	Notified
27	Myron Realtors Private Ltd	Sanand, Ahmedabad	- IT / ITES - 10.93 hectares	Notified
28	BIOTECH SAVLI SEZ, GIDC	Savli, Vadodara	- Biotech - 14.73 hectares	Notified
29	Dishman Infrastructure Limited	Bavla, Ahmedabad	- Pharma - 164.415 hectares	Notified
30	Gujarat Hydrocarbon and Energy SEZ Ltd.	Vagra, Bharuch	- Hydrocarbon - 450 Hectares	Notified
31	GIFT SEZ Limited	Gandhinagar	- Multi services - 100 hac	Notified
32	Adani Port And Special Economic Zone Ltd.	Mundra, Dist: Kutch	- FTWZ 168-41-00	Notified
33	Ceramic SEZ, GIDC	Jhagadia, Bharuch	- Ceramic & Glass - 197 hectares	Formal approval
34	Kandla Port Trust	Kandla, Kutch	- Port based Multi-Product - 5000 Hectares	Formal approval
35	Adani Township & Real Estate Co. Pvt. Ltd.	Dantali, Ahmedabad	- IT / ITES - 20 hectares	Formal approval

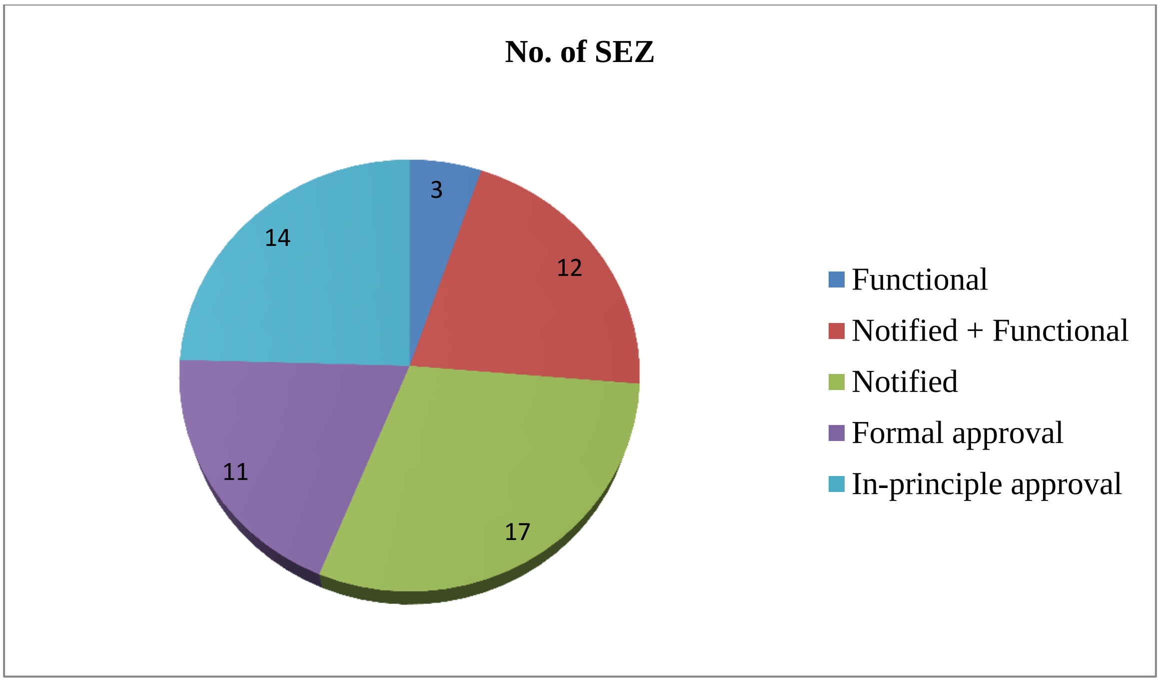
36	GGDCL, GIDC	Moti Chirai, Kutch	- Handicraft &Artisan - 131.59 hectares	Formal approval
37	Asia Pacific Corporation Ltd	Anjar, Kutch,	- Polymer based - 120 hectares	Formal approval
38	Dishman Infrastructure Ltd	Bavla, Ahmedabad	- Engineering - 133.86 hectares	Formal approval
39	SGV Infrastructure Pvt. Ltd.	Makarba, Ahmedabad	- IT / ITES - 11-42-24 hectares	Formal approval
40	Pradip Overseas Limited	Bawla, Ahmedabad	- Textile - 109.98 hectares	Formal approval
41	Gaurinandan Property Holders Pvt. Ltd	Daskroi, Ahmedabad	- IT/ ITES - 16-11-66 hectares	Formal approval
42	Mexus Corporation Pvt. Ltd	Chala, Valsad	- IT / ITES - 20.79 Hectares	Formal approval
43	Akshaypatra Infrastructure Pvt. Ltd	Kadi, Mehsana	Food Processing 108.30	Formal approval
44	Dholera SEZ Adani Exports Ltd.	Dholera, Ahmedabad	- Multi-product - 1000 hectares	In-principle Approval
45	Indian Steel Corporation Ltd	Bhimasar, Kutch	- Flat Steel - 164.80 hectares	In-principle Approval
46	PSL Limited	Pipavav, Amreli	- Alternative Energy & Ancillaries - 105.67	In-principle Approval

			hectares	
47	Indian Infrastructure Corporation Ltd	Anjar, Kutch	- Multi- product - 1011.71 hectares	In-principle Approval
48	Welspun Anjar SEZ Ltd.	Anjar, Kutch,	- Engineering - 121 hectares	In-principle Approval
49	LMJ Warehousing Pvt. Ltd	Kandla, Kutch	- FTWZ - 40 hectares	In-principle Approval
50	Jindal worldwide Limited	Bavla, Ahmedabad	- Textile - 101 hectares	In-principle Approval
51	Gujarat Vittal Innovation City Ltd	Umargam, Valsad	- Multi-product - 1100 hectares	In-principle Approval
52	Aventure Multi Park Limited	Bavla, Ahmedabad	- Multi-product - 1012 hectares	In-principle Approval
53	Plastene Infrastructure Ltd	Bhachau, Dist: Kutch	Plastic and Plastic products 100.00	In-principle Approval
54	Sealand Ports Pvt. Ltd.	Mandvi Dist: Kutch	Multi-product 1112.43.48 hectares	In-principle Approval
55	Awash Logistic Park Pvt. Ltd.	Mandvi, Dist: Kutch	FTWZ 496-28-78 hectares	In-principle Approval
56	Anique Infrastructure Pvt. Ltd.	Vagara, Dist: Bharuch.	Multi-product 2000-00-00 hectares	In-principle Approval
57	OPG Power Gujarat Pvt. Limited	Mundra, Dist: Kutch	Power Project 104-72-24	In-principle Approval

Ref: Industries Commissionerate, Department of Commerce, Government of Gujarat (As on 15/05/2013) (http://ic.gujarat.gov.in/?page_id=719)

Graph No. 1.1

Approved SEZ in Gujarat by Ministry of commerce and industry



Ref: Industries Commissionerate, Department of Commerce, Government of Gujarat (As on 15/05/2013) (http://ic.gujarat.gov.in/?page_id=719)

Table No. 1.8

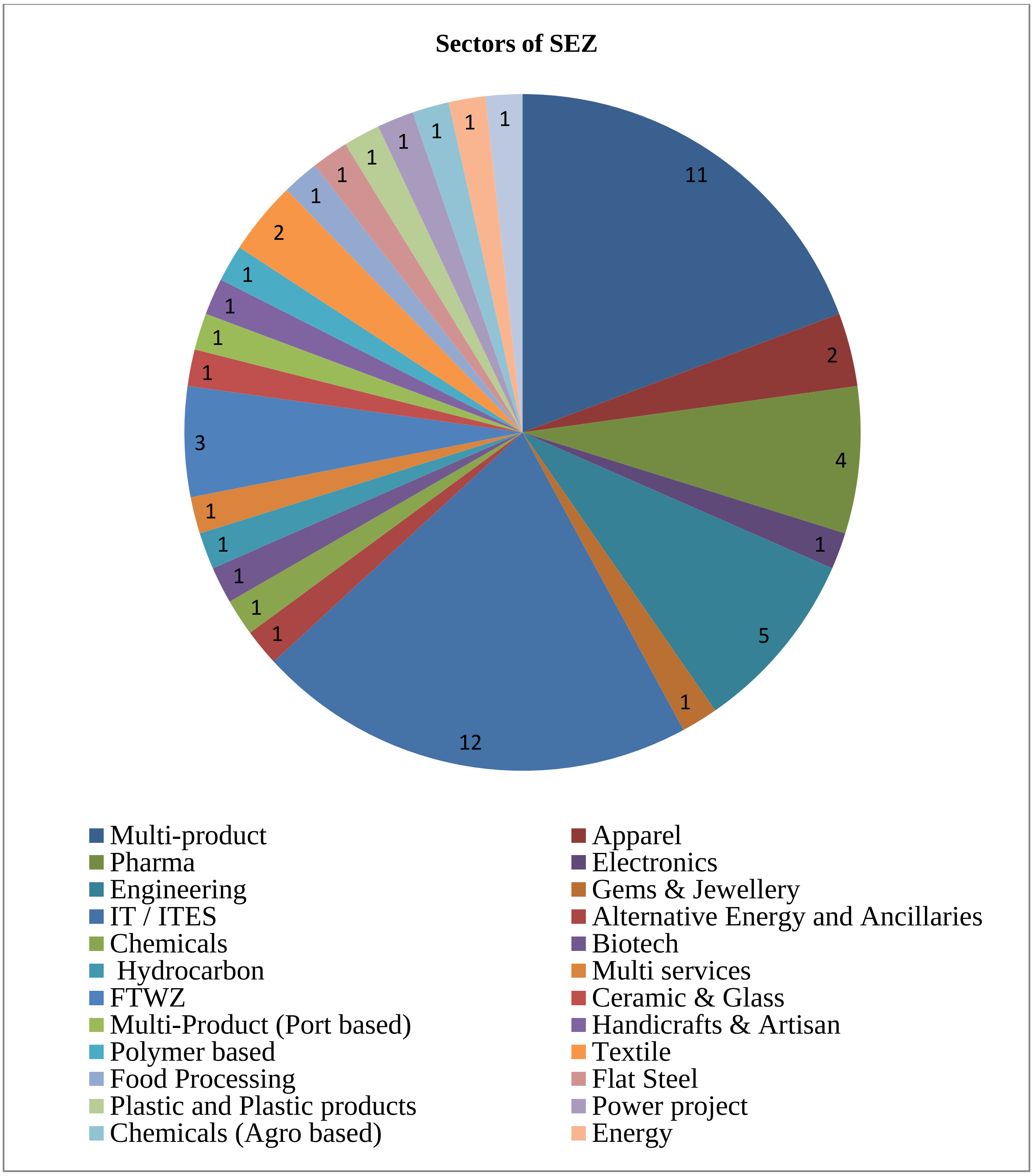
Type of SEZ (GOI)

No.	Type of SEZ (GOI)	No. of SEZ
1	Functional	03
2	Notified + Functional	12
3	Notified	17
4	Formal approval	11
5	In-principle approval	14
	Total	57

Ref: Industries Commissionerate, Department of Commerce, Government of Gujarat (As on 15/05/2013) (http://ic.gujarat.gov.in/?page_id=719)

Graph No. 1.2

Sector wise distribution of approved SEZs



Ref: Industries Commissionerate, Department of Commerce, Government of Gujarat (As on 15/05/2013) (http://ic.gujarat.gov.in/?page_id=719)

Conclusion

The Special Economic Zone is the type of economic zones. SEZ is more liberal than that of all other laws. There are many types of SEZs. Investment increases as the number of SEZs increase and hence employment and income are also increasing. SEZ has not only economic goal. Social, scientific and technical goals are also found behind the SEZ. The first special economic zone was established in china to attract the foreign investment. In China, The most successful Special Economic Zone is Shenzen. India was one of the first countries in Asia to recognize the effectiveness of the Export Processing Zone (EPZ) model in promoting exports, with Asia's first EPZ set up in Kandla in 1965. In order to overcome the shortcomings experienced on account of the multiplicity of controls and clearances; absence of world-class infrastructure, and an unstable fiscal regime and with a view to attract larger foreign investments in India, the Special Economic Zones (SEZs) Policy was announced in April 2000. Currently, SEZ is working very well in India and especially in Gujarat.

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