



Special Economic Zones

A **Special Economic zone (SEZ)** is a geographical region that is designed to export goods and provide employment. SEZs are exempt from federal laws regarding taxes, quotas, [FDI](#)-bans, labour laws and other restrictive laws in order to make the goods manufactured in the SEZ at a globally competitive price. The category SEZ includes [free trade zones](#) (FTZ), export processing Zones (EPZ), free Zones (FZ), [industrial parks](#) or industrial estates (IE), [free ports](#), [free economic zones](#), and [urban enterprise zones](#).

India's ascendant in global markets in the recent years can be attributed to its adoption of market oriented strategy in its industrial policy framework. By and large the growth rate in the economy is kept high in the last few years by assuring right institutional mechanism with a blend of market oriented vs. state intervention strategy.

Objectives: Main objective of establishing SEZs are:

1. Generation of additional economic activity
2. Promotion of exports of goods and services to earn foreign exchange and thus reduce India's Current Account deficiency.
3. Promotion of investments domestic and foreign by developing world class infrastructure and announcing special tax reduction package for a limited period to woo investors.
4. To provide large scale employment opportunities to youth by establishing export based industries.

International Experience:

The global spread of the zones in the last two decades has been impressive. According to one count, there were in 1986, 176 such zones across 47 countries. When World Economic Processing Zones Association (WEPZA) published its Directory in 1997, there were 847 free zones in 102 countries. As per International Labour Organization's paper on "Employment and Social policy in respect of Export Processing Zones", the number of zones had increased to over 3000 zones across 116 countries in 2003. Jean-Pierre Singa Boyenge's working paper "ILO database on Export Processing Zones" (April 2007) has updated the country wise data relating to types of zones, employment, investment, foreign investors, the number of firms, the main sectors of operation and the quantum of exports and the main markets (The data is summarized in Table 1).

Table 1: Development of Export Processing Zones

Years	1975	1986	1997	2002	2006
Number of countries with EPZs	25	47	93	116	130
Number of EPZs or similar types of zones	79	176	845	3000	3500
Employment (millions)	n.a	n.a	22.5	43	66
–of which China	n.a	n.a	18	30	40
–of which other countries with figures available	0.8	1.9	4.5	13	26

(Source: ILO Data Base on Export Processing Zones (Revised) April 2007)

WEPZA publications have highlighted that ‘Free zones are not free. They are regulated environments in which the regulations are different from the regulations in the rest of the national economy. In most cases, the rules are more liberal though ironically, in many cases they are more effectively controlled environments and often following the rules of law more closely than the rest of the economy’. And that ‘while many industrial zones have no duty charged on imports or exports, they are highly controlled by customs to prevent smuggling into the domestic customs territory’. Free trade zones are necessarily about trade, but are also about investment, industry, research and development, services, Training Education and Logistics. Distinguishing between various types of Zones, Robert Haywood has classified various free zones as shown below.

Internationally SEZs have a long history playing a vital role in increasing trade and attaining overall economic development. Since 1950s most of the countries across the World viz., USA, Puerto Rico, Singapore, Taiwan, Mexico, Ireland, Indonesia, Philippines, Thailand, South Korea, UAE, Coastal China etc have all established Export Zones for faster economic development of the regions. Particularly since 1980s as a part of reform measures, many nations have resorted to market based growth strategy emphasizing acceleration in the exports for higher economic growth.

Currently, the most prominent SEZs in China are [Shenzhen](#), [Xiamen](#), [Shantou](#), and [Zhuhai](#). It is notable that Shenzhen, Shantou, and Zhuhai are all in [Guangdong province](#), and all are on the southern coast of China where sea is very accessible for transportation of goods.

An analysis of the performance of these SEZs in China versus those in India in liberalizing the Chinese and Indian economies and their impact on economic growth was conducted by [Leong \(2012\)](#). This paper investigates the role of special economic zones (SEZs). The policy change to a more liberalized economy is identified using SEZ variables as instrumental variables. The results indicate that export and FDI growth have positive and statistically significant effects on economic growth in these countries. The

presence of SEZs increases regional growth but increasing the number of SEZs has negligible effect on growth. The key to faster economic growth appears to be a greater pace of liberalization

A view on the international experience reveals the fact that the success of the SEZ is mainly dependent on three basic factors viz., Size of the SEZ, Strategic location and diversification in multiple economic activities coupled with simplified administrative mechanism.

Indian Experience:

The SEZ Act, 2005, was an important bill to be passed by the Government of India in order to instill confidence in investors and signal the Government's commitment to a stable SEZ policy regime and with a view to impart stability to the SEZ regime thereby generating greater economic activity and employment through their establishment, a comprehensive draft SEZ Bill prepared after extensive discussions with the stakeholders. A number of meetings were held in various parts of the country both by the Minister for Commerce and Industry as well as senior officials for this purpose. The Special Economic Zones Act, 2005, was passed by Parliament in May, 2005 which received Presidential assent on the 23rd of June, 2005. The draft SEZ Rules were widely discussed and put on the website of the Department of Commerce offering suggestions/comments. Around 800 suggestions were received on the draft rules. After extensive consultations, the SEZ Act, 2005, supported by SEZ Rules, came into effect on 10 February 2006, providing for drastic simplification of procedures and for single window clearance on matters relating to central as well as state governments. The remaining part of India, not covered by the SEZ Rules, is known as the [Domestic tariff area](#). Exports from Indian SEZ totalled INR 2.2 Trillion in 2009-10 fiscal. It grew by a stupendous 43% to reach INR 3.16 Trillion in 2010-11 fiscal. Indian SEZs have created over 840,000 jobs as of 2010-11. Despite all odds, exports through Indian SEZs grew further by 15.4% to reach INR 3.64 Trillion (roughly US\$ 66 billion). As of 2011-12 fiscal, investments worth over US\$ 36.5 billion (INR 2.02 Trillion) have been made in these tax-free enclaves. Exports of Indian SEZs have experienced a phenomenal growth of 50.5% for the past eight fiscals from a meager US\$ 2.5 billion in 2003-04 to about US\$ 65 billion in 2011-12 (accounting for 23% of India's total exports).

Incentives and facilities offered to the SEZs

The incentives and facilities offered to the units in SEZs for attracting investments into the SEZs, including:-

- Duty free import/domestic procurement of goods for development, operation and maintenance of SEZ units.
- 100% Income Tax exemption on export income for SEZ units Under Section 10AA of the Income Tax Act for first 5 years thereafter and 50% of the ploughed back export profit for next 5 years.
- Exemption from minimum alternate tax under section 115JB of the Income Tax Act
- External commercial borrowing by SEZ units up to US \$ 500 million in a year without any maturity restriction through recognized banking channels.
- Exemption from Central Sales Tax.
- Exemption from Service Tax.
- Single window clearance for Central and State level approvals.
- Exemption from State sales tax and other levies as extended by the respective State Governments.

The major incentives and facilities available to SEZ developers include:

- Exemption from customs/excise duties for development of SEZs for authorized operations approved by the BOA.
- Income Tax exemption on income derived from the business of development of the SEZ in 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 Central Sales Tax (CST)
- Exemption from Service Tax (Section 7, 26 and Second Scheduled of the SEZ Act.).

For India, which launched its first EPZ at Kandla in 1965, and followed it up with others at Santa Cruz, Mumbai, 1974, Tambaram Madras 1985, Falta Calcutta 1985, Cochin 1986 and Visakhapatnam(VEPZ) 1986 and achieved only limited export growth. All together there were 7 EPZs established by the Central Government prior to 2003. Global

experience became urgently relevant in the 1990's, when liberalization of country trade, financial and fiscal policies required to be harmonized with global trends, without sacrificing the values and goals of balanced regional development and growth with social justice. While the country could opt for a more open economy, the dilemma of offering tax and other incentives for export promotion, even while maintaining the levels of government revenue to support a multi sectoral development plans had to be resolved. It was after some decades of experience and experiments that India decided to draw upon international experience in export promotion from free or Special Economic Zones.

Following the clear consensus that emerged in the early 1990s for a radical shift in the country's economic development policy encompassing sectoral, fiscal, trade, industrial and competition policies, the Government of India announced the New Industrial Policy of 1991 emphasizing "open door" on foreign investment flows and technology transfers and claiming that the policy will be "continuity with change". As a follow up, the GOI liberalized export policies and licensing of technology and implemented tax reforms for providing various incentives for investment promotion. As part of trade reforms, changes were made in the EXIM policy (March 2000) providing for conversion of Export Processing Zones into Special Economic Zones (SEZ)- "a duty free enclave on deemed to be foreign territory for the purposes of trade operations and duties and tariffs", as an instrument of faster export growth.

This policy was intended to make SEZs an engine for economic growth supported by quality infrastructure complemented by an attractive fiscal package, both at the Centre and the State level, with the minimum possible regulations. SEZs in India functioning since 2000 under the provisions of the Foreign Trade Policy and fiscal incentives were given a more authoritative and legislative framework through the provisions of the Special Economic Zones Act, 2005, passed by Parliament in May 2005 and given Presidential assent on the 23rd June, 2005.

As set out in the OECD Survey of India (October 2007,p.37) "The development of SEZs has until recently been slow. Even though India created the first such zone in Asia in 1965, only 8 existed by 2004 and they provided only 5% of goods exports though the share of jewellery was 50%. The slow development of existing SEZs led the government to introduce a new policy at the beginning of 2006. The previous policy while giving considerable tax advantage had not overcome the administrative barriers to business

that typifies India. The new policy relies on private developers to create the zone and provide the infrastructure with the objective of generating additional economic activity and creating employment.

Table2: No of SEZs approved and Land required”

Date	Number of SEZs (Approved)	Extent of Land Required (Hectares)
August 2007	366	49070
October 2007	395	52090
November 2007	404	54280
September 2008	531	67772
February 2010	571	125163

(Source: Min of Commerce)

Though SEZ policy has gained universal acceptance, India is facing fresh challenges of different kind of exclusion in the name of SEZs. Social unrest is seen in certain parts of the country. The policy is being opposed on the ground that it does not necessarily provide increased opportunities for the lower strata. Indeed, it can make things worse for them- increases unemployment in rural areas and results in displaced livelihoods. Many are of the belief that there is a setback to the farming because prime agricultural lands are being utilized for the development of SEZs. Further implications are seen in terms of loss of productive opportunities, rising unemployment in rural areas and displacing the natives of land thus leading to economic hardships and pauperization with no alternative source of livelihood.

According to SEZ Rules 2006, the land required for setting up an SEZ, category wise has been defined and slowdown in Table 3 below: According to SEZ rules part of the land required can be used for non-processing zone like housing and office accommodate etc.

Table 3: SEZ Rules 2006: Sector-wise Land requirement

Type of SEZ	Area	Area for Special States/U.T
Multi-Product	*1000 Hect.	200 Hect.
Multi-Services	100 Hect.	100 Hect.
Sector Specific	100 Hect.	50 Hect.
IT	**10 Hect.	10 Hect.
FTWZ	40 Hect.	40 Hect.

(SEZ Rules 2006, Min of Commerce)

- Revised in 2013 to 500 Hect. ** Revised to 1,00,000 to 25,000 Sq mts for IT/ITES SEZ

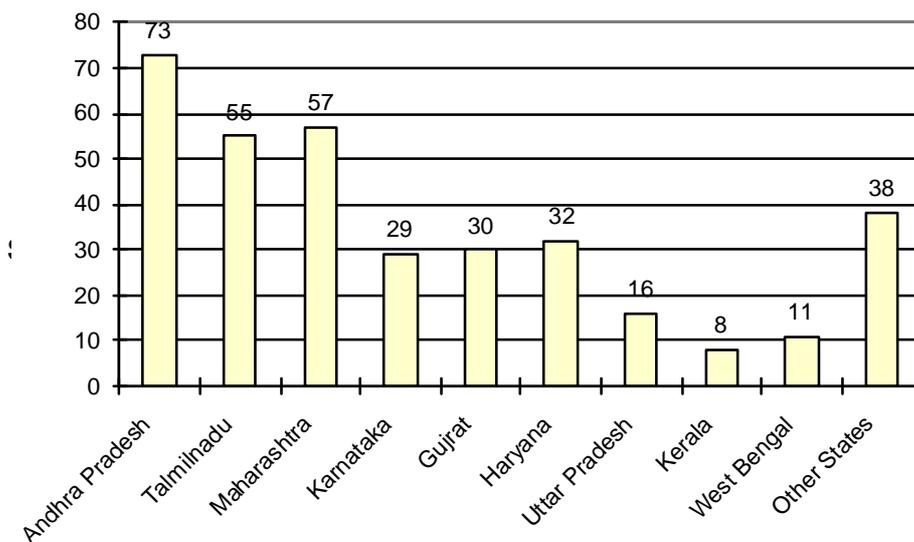
According to Commerce Ministry, during April,2013 the ministry reworked SEZ rules, whereby land requirements were reduced. In August, the official notification of this said that the minimum land area requirement was halved to 500 hectares for multi-product and for sector-specific SEZs, it was halved to 50 hectares. There will be no minimum area requirement for SEZs by information technology firms. They will, however, have to adhere to minimum built-up area requirements varying from 25,000 sqm to 100,000 sqm, depending on the location of the zone."Today, SEZ as a concept is terribly skewed in favour of IT/ITES sectors. Of the nearly 392 notified SEZs, only 173 are exporting, of which less than 20 are multi-product while the rest are focused on IT/ITES," an industry official said.

On the whole as on 25th May 2010, AP accounted for 106 SEZs, Tamil Nadu for 70, Haryana 45 and Uttar Pradesh 34. Of these, 73 were notified for AP with a land requirement of 12,252.82 Hectares, 57 were notified in Tamil Nadu with a land requirement of 4298.55 hectares, Haryana 32 with 1374.25 and Uttar Pradesh 17 with 337.48 hectares. While each of Multi product SEZs in Tamil Nadu had less than 200 hectares of land requirement, the three SEZs in Visakhapatnam, Kakinada and Satyavedu in Andhra Pradesh alone accounted for 4250 hectares.

SEZs in India:

The number of SEZs notified which are spread in different states are shown below:

Chart: SEZs notified under SEZ ACT 2005 in the states



For the purpose of study four states have been selected, two from south i.e. Andhra Pradesh and Tamilnadu and two from the Northern States of Uttar Pradesh and Haryana where the SEZs are mostly located in the vicinity of National Capital Region.

Table 4: State-wise SEZs established before and after notification of SEZ Act 2005 and operationalised(Jan2011)

S.N o.	State	Established by Central Govt. during 1989-2003	Established prior to SEZ Act 2005	SEZs notified under SEZ ACT 2005	Total no. of SEZs
1.	Andhra Pradesh	1	-	53	54
2.	Gujarat	1	2	26	29
3.	Maharashtra	1	-	40	41
4.	Karnataka	-	-	22	22
5.	Tamil Nadu	1	4	34	39
6.	West Bengal	1	2	3	6
7.	Uttar Pradesh	1	1	13	15
8.	Haryana	-	-	22	22
9.	Kerala	1	-	-	1
10.	Rajasthan	-	1	5	6
11.	Madhya Pradesh	-	1	4	5
12.	Chhattisgarh	-	-	2	2
13.	Odisha	-	-	4	4
14.	Punjab	-	-	2	2
	Total	7	11	230	248

(Source: Ministry of commerce and Industry, GOI)

The maximum number of SEZs approved are from the states like Andhra Pradesh, Maharashtra and Tamilnadu whereas in the other states like Odisha, Kerala and Chattisghar the total number of SEZs approved is in single digit number. With regard to sector wise breakup of SEZs, majority of SEZs related to IT and ITEs is all four states. In Andhra Pradesh there are more number of multiproduct SEZs (4 Nos), Tamilnadu (1 No.) and Multiservice (2 Nos) in Haryana which require larger extents of land and invite labour oriented manufacturing industries which can provide more employment including weaker section people.

Exports from SEZs:

Table 5: Performance of Exports of SEZs from 2003-04 to 2009-10

Year	Value (Rs. Crore)	Growth Rate
2003-2004	13,854	39%
2004-2005	18,314	32%
2005-2006	22,840	25%
2006-2007	34,615	52%
2007-2008	66,638	93%
2008-2009	99,689	50%
2009-2010	2,20,711.39	121.40%

For instance, at the August 30 meeting of the board, there were seven de-notification requests and 12 for extension of timeline to begin operations and one for cancellation. There were only two requests for new SEZs. At the previous meeting held on June 12, there were three de-notification requests and 23 extension requests and none for new SEZs. Exports from SEZs are also falling. Of the Rs 4.05 lakh crore worth exports from India in the April-June quarter, only 27.97% came from SEZs. For fiscal 2012-13, SEZs had contributed 29.12% of all exports worth Rs 4.77 lakh crore.

Problems in Acquisition of Land for SEZs:

One of the key factors emerging from the study is that the states A.P. and Tamil Nadu have not witnessed violent agitations from the farming community as was the case with West Bengal, Haryana and Maharashtra, except some incidents in Polepalli (V) in Mahabubnagar Dist and Kakinada SEZ in East Godavari Dist. This could be on account of the fact that these two states had industrial promotion organizations (PIIC) which, over the past decades gone about acquiring land utilizing the statutory framework of the Land Acquisition Act of 1894 with their well conceived regulations offering opportunity to the land owners to register their objections, make claims for fair compensation and adequate provisions for solatium and interest in the case of delayed payment of compensation. The extent of land given possession to the SEZs units so far notified are shown in the table below:

Table 6 : Extent of Land given possession for SEZs in AP, TN, Haryana and UP

S.No	State	No.of SEZs notified up to May 2010	Extent of land given Possession(in hectares)
1.	Andhra Pradesh	73	12,252.82
2.	Tamil Nadu	57	4298.55
3.	Haryana	32	1374.25
4.	Uttar Pradesh	17	337.48

In view of a large number of SEZs (73) notified, A.P has higher extents of land either acquired or assigned government land allotted to SEZs (12,252.82 hectares) followed by Tamilnadu (4298.55 hectares). Haryana and Uttar Pradesh states have smaller extents of lands 1374.25 hectares and 337.48 hectares allotted for SEZs respectively.

In A.P., however, in the process of land acquisition, village sites were duly covered in Visakhapatnam District which posed major problem. As a reason, the government called for schemes of rehabilitation of the displaced persons. Even though the public sector like APIIC and the Private sector SRI CITY Ltd., recognized the need for rehabilitation of the affected people and took the responsibility for establishing resettlement colonies, there were differences in their approach and correspondingly in the response of the affected people to the manner of rehabilitation and their adequacy. In contrast the Tamil Nadu, Haryana and Uttar Pradesh states Government excluded village sites or village common land from acquisition completely avoiding displacement of people and the consequent need for rehabilitation colonies. This policy was reemphasized when the Tamil Nadu Government moved Demand No.27 as part of Budget 2008-09.

In contrast to the experience in the states of A.P. and T.N, Haryana and U.P faced problems in acquiring land for establishment of SEZs, as the promoters and the State governments did not display same degree of care in excluding arable lands from acquisition. About 86 percent of the area in Haryana is arable and of this 96 percent was under cultivation. In this state, there were not only doubts regarding government intervention for land acquisition but also regarding quantum of compensation. The global recession affected several SEZ projects which had resumed in principle, approval from the Ministry of Commerce. Uttar Pradesh also earmarked huge tracts of agricultural land for establishment of SEZs but before significant progress could be achieved in the

acquisition, the Ministry of Commerce issued revised guidelines regarding the requirement of minimum area and exclusion of agriculture land. This resulted in the location of large number of SEZs near Noida or Greater Noida, and in the other areas one could find a functional SEZs in Moradabad, 3 SEZs in Kanpur, 1 at Lucknow and 1 in Unnao.

Impact on Land Owners:

One interesting point emerged from the survey that while setting up of SEZs, special emphasis was laid on locational advantages and logistics of SEZs, and specific care has been taken to choose only dry and uncultivated lands. As a reason such places have not witnessed any adverse reactions. Both in Andhra Pradesh and Tamil Nadu, State Governments had control over large extents of land, described in local parlance as 'Poramboke', indicating they were **wastelands**. In recent past such lands had been assigned to the weaker sections and landless poor. While the orders of assignment stipulated Government's right to resume this land, the ground situation posed some problems as the assignees had "sold" these lands to unwary purchasers. Resumption of this land for establishing SEZ involved certain legal steps. While in Tamil Nadu, such issues were not common.

The nature of impact on farmers varied according to the year of acquisition and the manner of acquisition. Both in Andhra Pradesh and Tamil Nadu lands were acquired for development at different points of time according to the rates considered reasonable by Land Acquisition Authorities at that point of time. The promotional organizations had not made much investment on provision of infrastructure before allotment to the SEZ promoters and units. But these lands were allotted were considerably higher in rates than the amount received on compensation by original land owners. The disparity is so high that the original land owners felt that they were deprived of their fair share.

In Gurgaon SEZ areas, original land owners have mostly sold their lands 10 to 15 years ago at a cost ranging between Rs.5 lakhs – Rs.15 lakhs per acre at Sonapat, Manesar, Palwal and Kundali. All the lands purchased for SEZs in Haryana are from second or third parties making it difficult to trace the original farmers or landowners. The present cost of the lands around Haryana SEZs are ranging from Rs 80 lakhs to Rs 1 crore per acre and the land in prime areas of Gurgaon valued at Rs 7 lakhs per square yard.

Impact of SEZs on the Weaker Sections:

As SEZ areas are inhabited by a large number of weaker sections, most of them being wage earners. it is important to understand how SEZs have impacted their lives. Among the vulnerable groups, majority of them affected by SEZs are OBCs, followed by SCs. The lands owned by these families are by and large utilized for establishing SEZs. In fact, large tracts of government lands assigned to these weaker sections are cancelled and allotted to the SEZ units and this obviously resulted in forfeiting the lands. Since land prices have increased with the set up of SEZs, there was a general grievance of the land owners who parted with their lands at the time of acquisition when the land value was low. When we interacted with the farmers, we noticed that there was a natural heart-burn among them due to the loss incurred in their disposal of land prior to SEZ formation.

In respect of the government lands presently assigned to weaker sections and re-allotment to the SEZ units the following procedures were followed in payment of compensation 1) In cases where the original assignee is staying in the land or cultivating it, compensation was paid to them directly as per the rate fixed, 2) where the lands were alienated or sold away unauthorizedly, fresh pattas were given to the residents, whoever eligible for land assignment, 3) In case of ineligible occupants, who are above poverty line, their pattas were cancelled.

New Land Acquisition Act 2013: The new Land Acquisition Bill passed by the Parliament will come into force from January 2014, which is meant to provide just and fair compensation to the Land owners whose lands are acquired for public purpose and also to make adequate provisions for their rehabilitation and resettlement. The Bill also to ensure the cumulative outcome of compulsory acquisition of affected persons become partners in development leading to an improvement in their post acquisition social and economic status.

Migration:

- Migration from outside the state is found in the SEZs, most of them are skilled professionals. It is learnt that people from outside the state are preferred to locals because, they avail leave once or twice in a year, and are regular to duties, and do not have any local support in matters of disputes with management. Many SC families seem to have migrated particularly in U.P in

search of work and found employment. It shows that they are poor and employable at lesser wages.

Wages:

- There is marginal variation in the wage payments made between to male and female workers, excepting in the case of agricultural workers where the difference is about Rs. 800/- per month.
- The average wages per month for the unorganized sector in the SEZ areas is ranging between Rs. 2,900-3,000/- p.m whereas for the skilled workers with a certificate courses in ITIs, have been earning monthly emoluments ranging from Rs. 6,000 to Rs. 9,000/-.

Land Ownership:

- Majority of the Scheduled Castes lands allotted to SEZs are Govt assigned lands.
- The findings further reveal that the further break up of lands possessed by them have 47.8% of them were owners of land and 35.6% were tenants and 15.6% were assignees.
- In A.P. paddy was raised in about 40% of the land, of sample study. Whereas in U.P and Haryana about 90% of the lands of sample study wheat was grown.

Major Policy Initiatives required:

- There is need to spread the employment benefits of IT/ITES SEZs to other parts of the country, while taking the initiative to create necessary infrastructure facilities, like access to broad band etc.
- Most of the wage earners of unorganized sector are marginal and small farmers whose lands have been acquired for the SEZs, and not having adequate skills even if the SEZs promised them a job. Adequate skills improvement programme and on the job training facilities should be arranged to accommodate the members of the families who were affected by the setting up of SEZs and the weaker sections in particular. The skills improvement training shall be entrusted to major industrial houses/ SEZ units so that job-oriented skills improvement programme can be imported especially to the weaker sections.
- The need for the job oriented skills training for the potential jobs in the industrial sector in the next few years have to be assessed and the major industrial houses

may be entrusted to take up the job oriented skills development under public and private partnership. SEZs turn boon to the skilled workers with the growth of industrial activity and the weaker section students need to be provided with more skills so that they will get better opportunities.

- The Pharma sector generates less than 5 per cent of the total employment and only skilled professionals can be mostly employed in this sector. The manufacturing sector with the units like apparel, leathers goods and gems and jewellery can provide employment on a large scale. Multi –product SEZs can generate large scale employment to industrial workers. Rural youth who are trained on the job have been employed on a large scale in these units. The states as well as the Government of India while approving the SEZs, preference may be given to the labour intensive manufacturing units and Multi- Product SEZs while approving the new SEZs.
- State governments should take a specific decision to exclude village sites or village common land from acquisition completely avoiding displacement of people and the consequent need for rehabilitation colonies. Instead the village site can be retained as part of Industrial Township utilizing its man power and equipping the youth with appropriate training so that the benefits of industrialization in the form of better employment opportunities and enhancement of site value etc will be enjoyed by the locals.
- Land acquisition proceedings must be conducted without adversely affecting the interests of the farming community and where the pain of asset deprivation is inflicted on land owners, the effect can be mitigated by not only providing a fair compensation but also by making investments on common facilities for meeting the community needs and contributing to the income generation and increasing employment opportunities. Acquisition to be restricted to un-irrigated dry, waste lands as per the guidelines already issued by the Ministry of Commerce for allotment of lands for SEZs.
- More emphasis shall be laid in developing vocational skills among youth belonging to weaker sections; so that these people could be employed in large numbers in the upcoming industries and SEZs. Presently most of the weaker sections are engaged in the unorganized sector for lack of adequate skills. Job- oriented skills development training has to be targeted at the large pool of minimum educated but

skilled workforce, so that they can take up jobs in the state's industrial and service sector units.

- The government assigned lands to Scheduled castes and other weaker sections, whenever reassigned to an Industry/ SEZ, adequate compensation on par with private lands acquired should be provided along with other benefits like employment in SEZ unit, housing etc. Priority may be given to assign alternate government lands wherever feasible for all SC, ST farmers who may lose lands; by way of acquisition or reassignment.

References:

1. Impact of SEZs on Farming Community “:- A study prepared by the Indian Institute of Economics, Hyderabad (2010) for the Ministry of Commerce of Industry GOI.
2. Social and Economic Impact of SEZs in India (2012): Aradhana Aggarwal.

Questions:

1. Why SEZs in India could not fulfill the main objective of providing employment to youth, when the policy could be successfully implemented in China and other countries?
2. The land holders of agricultural land are reluctant to give away their lands for acquisition to establish SEZs. What is wrong with the policy of SEZs? Why the pace of new SEZs slowed down and Govt., stopped further notification of SEZs, except those which were already notified up to 2010? Comment on implementation of SEZ Policy in India?
3. Whether the new Land Acquisition Act, 2014 enacted recently, is going to address the concerns of new industries to be set up, and what would be the future of acquiring lands required for public purposes?
4. Do you consider whether the SEZs in India, have been successful envisaged of economic growth? Analyze the socio economic impact of SEZs on farming community?

Annexure

**Table: Land Area Particulars, Employment and Exports
Special Economic Zones (All India Level)**

Land Area		
(a) Notified SEZs (As on 25 th May, 2010)	43,577 ha	
(b) Formal Approvals (FA) incl. notified SEZs	68,999 ha	
© Valid in Principle Approvals (IP)	1,25,704 ha	
(d) Total area for proposed SEZs (FA +IP)	1,94,703 ha	
Operational SEZs (As on 31 st March 2010)	111	
Units approved in SEZs (As on 31 st March 2010)	2,850	
INVESTMENT (As on 30th September 2008)	Incremental investment	Total Investment
Notified SEZs	Rs.1,34,494.76 cr	Rs.1,34,494.76 cr
State /Pvt. SEZs set up before 2006	Rs.5,250.6 cr	Rs.7,006.91 cr
Government SEZs	Rs.4,707.75 cr	Rs.6,986.95 cr
Total	Rs.1,44,453.11 cr	Rs.1,48,488.62 cr
EMPLOYMENT (As on 30th September 2008)	Incremental Employment	Total Employment
Notified SEZs	2,51,592 persons	2,51,592 persons
State /Pvt. SEZs set up before 2006	45,723 persons	58,191 persons
Government SEZs	71,592 persons	1,93,828 persons
Total	3,68,907 persons	5,03,611 persons
Exports in 2005-06 (In Rs. Crores)	Rs. 22840	
Exports in 2006-07 (In Rs. Crores)	Rs. 34615	
Exports in 2007-08 (In Rs. Crores)	Rs.66,638	
Exports in 2008-09 (In Rs. Crores) (As on 31 st March 2009)	Rs. 99,688.87	
Exports in 2009-10 (As on 31 st March, 2010)	Rs.2,20,711.39 crs	

Annexure
Distribution of Newly-notified SEZs by state and Status (as of 31 January 2011)

State	Newly-notified SEZs				Operational SEZs		
	No.	Share in total	Share in area	% of approvals	No.	Share in total	% of notified SEZs
Top-rung states							
Gujarat	29	7.75	27.56	64.44	26	10.66	89.66
Andhra Pradesh	74	19.76	26.68	67.89	53	21.72	71.62
Maharashtra	63	16.84	20.0	60.58	40	16.39	63.49
Tamil Nadu	57	15.24	10.14	81.43	34	13.93	59.65
Karnataka	36	9.63	4.78	63.16	22	9.02	61.11
Middle-rung states							
Haryana	34	9.09	3.11	75.56	22	9.02	64.71
Orissa	6	1.6	1.65	54.55	4	1.64	66.67
Rajasthan	8	2.14	1.46	80.00	5	2.05	62.5
Kerala	17	4.55	1.42	60.71	10	4.1	58.82
Uttar Pradesh	20	5.35	0.89	6.61	13	5.33	65
Bottom-rung							
Madhya Pradesh	6	1.6	0.58	40.00	4	1.64	66.67
Goa	3	0.8	0.54	42.86	3	1.23	100
West Bengal	11	2.94	0.46	50	3	1.23	27.27
Chhattisgarh	1	0.27	0.22	50	0	0	0
Chandigarh	2	0.53	0.13	100	2	0.82	100
Nagaland	1	0.27	0.11	50.00	0	0	0
Punjab	2	0.53	0.1	25.00	2	0.82	100
Jharkhand	1	0.27	0.08	100.00	0	0	0
Uttarakhand	2	0.53	0.06	66.67	1	0.41	50
Dadra & Nagar Haveli	1	0.27	0.022	33.33			
Total	374	100	100	64.40	244	100	65.2

(Source: Social and Economic Impact of SEZs in India)