

SEZs and Socio-Economic Development-A Case Study of AEQUZ Belagavi

Murugesh H. M¹ and Prof. S. B Akash²

Research Scholar, DOS in Commerce, Rani Channamma University, Belagavi, Karnataka, India¹

Professor, DOS in Commerce, Rani Channamma University, Belagavi, Karnataka, India²

murugeshhm@yahoo.com¹

Abstract: *Special economic zones (SEZs) are being emphasised by an increasing number of nations as a tactical tool for fostering increased foreign direct investment (FDI), technology transfers, and job creation. Nonetheless, this programme has yielded varying results for emerging nations. The socio-economic effects of SEZs in the AEQUZ of belagavi are thoroughly examined in the current paper. The preliminary objective of this paper is to study and evaluate the contribution of SEZs in terms of imports, exports, investment, and employment the study conducted with the help of only secondary data that has been published in the concerned websites. Further the challenges faced by the SEZs over the period is nearly covered in this article, including the economic justification for them, their effects on employment, trade, foreign exchange earnings, government revenue, and social issues and human development.*

Keywords: SEZs, AEQUZ, Socio-Economic development

I. INTRODUCTION

SEZs are considered as major contributors to the developing and many industrialized economies in the world, which are geographically defined areas where governments promote industrial activity through fiscal and regulatory incentives and infrastructure support. Although many zones continue to perform below expectations, failing to draw sizable investment or to have an economic influence outside of their borders, new zones are still being created as governments fight more fiercely for globally mobile industrial activity. In addition to the standard obstacles to SEZ success that include the need for an adequate strategic focus, regulatory and governance frameworks, and investment promotion tools, policymakers also face fresh obstacles posed by the need for sustainable development, the fourth industrial revolution, and shifting patterns of global production. SEZs have numerous names and exist in a wide range of shapes and sizes. They are similar in that they offer a different regulatory environment for firms and investors inside a set boundary than what is often the case in the local or regional economy where they are founded.

1.1 Concept of SEZs

A special economic zone (SEZ) is a region where trade and business regulations differ from those in the rest of the nation. SEZs are designated areas within a nation's borders with the objectives of improving trade balance, employment, attracting more investment, creating jobs, and having efficient administration. Financial measures are put in place to entice enterprises to locate in the zone. Investing, taxation, commerce, quotas, customs, and labour laws are frequently covered under these policies. Companies may also be given tax holidays, which entitle them to a period of reduced taxation after locating in a zone.

The host nation's construction of special economic zones might be driven by a desire to draw in foreign direct investment (FDI). A company may be able to produce and trade items at a lower price as a result of the advantages of being in a special economic zone, helping it to be more globally competitive. The zones in some nations have come under fire for being little more than labour camps where workers are denied basic labour rights.

1.2 Definition

The term "Special Economic Zone" refers to a region that has been designated as a duty-free enclave and is recognized as a foreign territory for a number of reasons, including tariffs, trade operations, and duties.

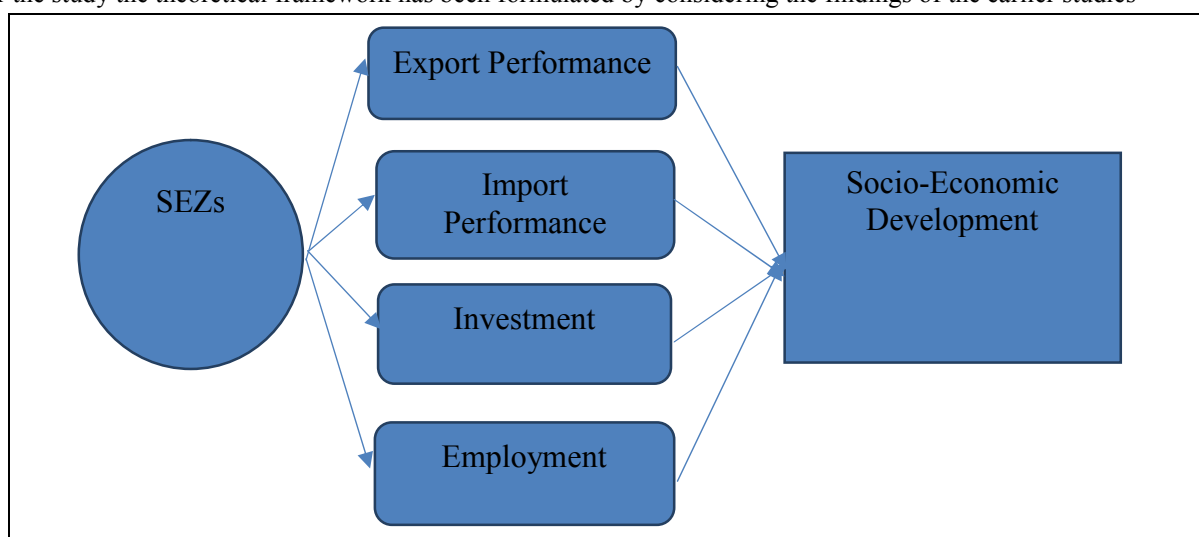
According to Wei Ge, special economic zones are "described in general terms as a geographic area within the territory of a country where economic activity of particular types are fostered by a collection of policy instruments that are not usually available to the other countries.

II. LITERATURE REVIEW

1. **Sinha Shalini (2008)**, author makes an effort to examine the employment issue particularly in relation to women workers. SEZs are promoted as engines of economic growth that can increase manufacturing and create jobs, but it is important to carefully consider the type of employment created and the working conditions. In the Cochin Special Economic Zone (CSEZ), women make up about 60% of the workforce. Workers often work longer than the required eight hours without receiving additional pay because they are paid as little as Rs 35 to Rs 75 per day. There is frequently no organisation, representation, or voice for women workers.
2. **Tantri Malini (2010)**, the import intensity of exports from seven conventional SEZs between 1986–1987 and 2007–2008 is examined in this article. The increased import intensity of SEZ exports is primarily caused by changes in the sectoral composition of exports, particularly after the new policy was announced in 2000–2001. Therefore, in order to prevent the reallocation of investment from domestic trade areas to the SEZs, the government must be cautious in promoting SEZs under various sectors and redefine the current fiscal incentives.
3. **Panduranga R C, Prasad A and Pavan, Kumar G (2010)**, employment created by SEZ in Southern India, as stated in this article. The author analyses the nature and importance of SEZs in India, tracks the direct and indirect employment produced by various types of notified SEZs in southern India, plots the intra-state and interstate current employment produced by notified SEZs in southern India, and categorises the current employment produced by notified SEZs across the states of southern India. In this paper, an effort is made to identify the employment generated by SEZs that have been notified in India's southern region and to analyse the makeup of the current employment produced by various SEZ categories in that area.
4. **Stoltenberg, C. D. (1984)**. The idea of export processing zones (EPZs) in Asia was examined as a potential engine for economic growth, but this depends on a variety of factors, including the geographical, economic, social, and political context of the relevant nation. The promotion of the products, best use of the equipment, and authorization for the warehouses from the relevant authorities are all requirements for the businesses and factories established in these zones. These EPZs' success is influenced by the location, accessibility of transportation options, labour and land supply, and availability of infrastructure and auxiliary services. In the developing nations of Asia, there is a division of labour and other support services at the international level with a variety of "free-zone-type" establishments.

III. THEORETICAL FRAMEWORK OF THE STUDY

For the study the theoretical framework has been formulated by considering the findings of the earlier studies



IV. RESEARCH DESIGN

4.1 Objectives of the Study

1. To study the concept of SEZs
2. To evaluate the contribution of SEZs towards the socio-economic growth of the study area
3. To offer suitable suggestions to the problems identified during the study

4.2 Scope of the Study

Geographical scope of the study is confined to the Belagavi SEZ (AEQUZ), the conceptual scope of the study is limited to the contribution of SEZs towards the socio-economic growth of the study area in terms of export performance, import, investment and employment. The time period of the study is restricted to ten years data regarding the same.

4.3 Methodology

The study is descriptive and analytical in nature, and covered only secondary data, that is available with the published sources like reports, SEZs websites and other e-sources

V. RESULTS AND DISCUSSION

Below tables describes the contribution of SEZs towards the socio-economic development of Belagavi. Here ten years data published at authenticated website of GOI is considered for analyse the performance of SEZ in Belagavi.

Table 5.1: Export Performance of AEQUZ SEZ in Belagavi

Sl. No	Year	Exports (Rs in Crores)	GR in %
1	2009-10	0.06	-
2	2010-11	19.64	32633.3
3	2011-12	49.68	153.0
4	2012-13	90.86	82.9
5	2013-14	142.44	56.8
6	2014-15	198.78	39.6
7	2015-16	267.64	34.6
8	2016-17	436.32	63.0
9	2017-18	552.55	26.6
10	2018-19	623.6	12.9
11	2019-20	575.29	-7.7
12	2020-21	555.75	-3.4
13	2021-22	542.25	-2.4

Source: Compiled by the researcher from the reports of CSEZ RTI Office of Development Commissioner

The above table shows the data about the export performance of AEQUZ SEZs in Belgaum. It is witnessed that the exports from SEZs augmented rapidly during the period 2009-10 to 2018-19. The above table also reveals that the exports from SEZs increased over the years from Rs. 0.06 crores in 2009-10 to Rs. 542.25 crores in 2021-22 which is appreciable. However the growth rate was positive over the years till 2018-19 and declined during 2021-22 up to -2.4% due to the pandemic effect.

In nutshell over the years from 2009-10 to 2018-19 there is an increase in the amount of exports due to the constant efforts from the side of Government in providing fiscal benefits which facilitated the SEZs in Karnataka to undertake exports and gain foreign reserves. A declining growth rate is evident from 2019-20 till 2021-22 the reason behind decline is the effect of pandemic over the globe.

Table 5.2: Imports of AEQUZ SEZ in Belagavi

Sl. No	Year	Imports (Rs in Crores)	GR in %
1	2009-10	0.41	-
2	2010-11	126.5	30753.7
3	2011-12	37.72	-70.2
4	2012-13	71.4	89.3
5	2013-14	75.39	5.6
6	2014-15	196.73	160.9
7	2015-16	237.96	21.0
8	2016-17	348.5	46.5
9	2017-18	470.12	34.9
10	2018-19	460.75	-2.0
11	2019-20	406.85	-11.7
12	2020-21	402.25	-1.1
13	2021-22	396.45	-1.4

Source: Compiled by the researcher from the reports of CSEZ RTI Office of Development Commissioner

The above table shows the data about import performance of AEQUZ SEZs in Belgaum. It is witnessed that the imports from SEZs intensified swiftly during the period 2009-10 to 2017-18 from Rs 0.41 crores to Rs 470.12 crores. Imports from SEZs increased at higher rate during 2010-11 from Rs 0.41 crores to Rs 126.5 crores with the GR (30753.7%). The above table also reveals that there is an increase in the trend of imports upto 2017-18 however later it started to decline with negative growth rate. In nutshell over the years from 2009-10 to 2017-18 there is an increase in the amount of imports activity. A declining growth rate is evident from 2018-19 to 2021-22 with -2% to -1.4%.

Table 5.3: Investments Mobilized by AEQUZ SEZ in Belagavi

Sl. No	Year	Investments (Rs in Crores)	GR in %
1	2009-10	9.36	-
2	2010-11	65.4	598.7
3	2011-12	18.54	-71.7
4	2012-13	23.79	28.3
5	2013-14	112.83	374.3
6	2014-15	188.58	67.1
7	2015-16	257.89	36.8
8	2016-17	358.96	39.2
9	2017-18	642.67	79.0
10	2018-19	712.56	10.9
11	2019-20	888.74	24.7
12	2020-21	945.36	6.4

13	2021-22	947.25	0.2
----	---------	--------	-----

Source: Compiled by the researcher from the reports of CSEZ RTI Office of Development Commissioner

The above table shows the data about investment mobilized by AEQUZ SEZs in Belgaum. It is witnessed that the investment mobilization by AEQUZ SEZ intensified swiftly during the period 2009-10 to 2021-22 from Rs 9.36 crores to Rs 947.25 crores. Investment mobilization from SEZ increased at higher rate during 2010-11 from Rs 9.36 crores to Rs 65.4 crores with the GR (598.7%). The above table also reveals that there is an increase in the trend of investment mobilized. In nutshell over the years from 2009-10 to 2021-22 there is an increase in the amount investment mobilized. However the rate of growth is downward.

Table 5.4: Employment Generated by AEQUZ SEZ in Belagavi

Sl. No	Year	Employment	GR in %
1	2009-10	25	-
2	2010-11	549	2096.0
3	2011-12	545	-0.7
4	2012-13	694	27.3
5	2013-14	691	-0.4
6	2014-15	963	39.4
7	2015-16	1242	29.0
8	2016-17	29	-97.7
9	2017-18	1967	6682.8
10	2018-19	3047	54.9
11	2019-20	2925	-4.0
12	2020-21	2525	-13.7
13	2021-22	2756	9.1

Source: Compiled by the researcher from the reports of CSEZ RTI Office of Development Commissioner

The above table shows the data about employment generated by AEQUZ SEZs in Belgaum. It is witnessed that the employment generated by AEQUZ SEZ intensified swiftly during the period 2009-10 to 2018-19 from 25 to 3047. Employment generation from SEZ increased at higher rate during 2017-18 from 29 to 3047 with the GR (6682.8%). The above table also reveals that there is an increase in the trend of employment generation. However, there is negative growth rate (-97.7%) witnessed during 2016-17 with only 29 employment generated. For the years 2019-20 and 2020-21 again the employment generation decreased, however, it increased during 2021-22 with 9.1% growth rate. In nutshell over the years from 2009-10 to 2018-19 there is an increase in the number of employment opportunities generated. However the rate of growth is mix of increase and decrease.

Table 5.5: Gender Wise Employment Generated by AEQUZ SEZ in Belagavi

Sl. No	Year	Male		Female		Total Employment	
		No.	%	No.	%	No.	%
1	2009-10	25	100	0	0	25	100
2	2010-11	516	93.99	33	6.01	549	100
3	2011-12	511	93.76	34	6.24	545	100
4	2012-13	643	92.65	51	7.35	694	100

5	2013-14	632	91.46	59	8.54	691	100
6	2014-15	893	92.73	70	7.27	963	100
7	2015-16	1198	96.46	44	3.54	1242	100
8	2016-17	0	0	29	100	29	100
9	2017-18	1920	97.61	47	2.39	1967	100
10	2018-19	2952	96.88	95	3.12	3047	100
11	2019-20	2850	97.44	75	2.56	2925	100
12	2020-21	2445	96.83	80	3.17	2525	100
13	2021-22	2668	96.81	88	3.19	2756	100

Source: Compiled by the researcher from the reports of CSEZ RTI Office of Development Commissioner

The above table shows gender wise employment generated by AEQUZ SEZ in Belgaum during 2009-10 to 2021-22. Out of total 25 employment generated 100% are male. During 2010-11 out of total 549 employment generated 93.99% are male and 6.01% are female. During 2011-12 out of total 545 employment generated 93.76% are male and 6.24% are female. During 2012-13 out of total 694 employment generated 92.65% are male and 7.35% are female. During 2013-14 out of total 691 employment generated 91.46% are male and 8.54% are female. During 2014-15 out of total 963 employment generated 92.73% are male and 7.27% are female. During 2015-16 out of total 1242 employment generated 96.46% are male and 3.54% are female. During 2016-17 out of total 29 employment generated 100% female employed. During 2017-18 out of total 1967 employment generated 97.61% are male and 2.39% are female. During 2018-19 out of total 3047 employment generated 96.88% are male and 3.12% are female. During 2019-20 out of total 2925 employment generated 97.44% are male and 2.56% are female. During 2020-21 out of total 2525 employment generated 96.83% are male and 3.17% are female. During 2021-22 out of total 2756 employment generated 96.81% are male and 3.19% are female.

In nutshell over the years, since from 2009-10 to 2021-22 the employment of male is more than female. The highest employment was generated during 2018-19 with 3047 employees employed. During 2013-14 the employment of female employees more with 8.54% as compared to other years and during 2016-17 out of total 29 employed 100% are female.

V. SUGGESTIONS AND CONCLUSION

From the above analysis, it is found that contribution of the SEZs towards the socio-economic development of the study area is positive but the potential for growth is very high therefore it is suggested to the policy makers to encourage the units like Pharma, manufacturing etc so that local resources can be utilized with full potentials. Further it is necessary to streamline the process of availing the facilities provided by the government Implement and govern them effectively. At the same time processes of availing the facilities is another big challenge faced by the SEZs this is because delay in implementation and corruptions, hence necessary follow ups by concerned authorities should be done to eliminate the same from the system. They need to take necessary steps in providing various monetary and non-monetary benefits to the startups for setting up new SEZs in order to provide employment. By these initiatives the study area can experience development in SEZs so that socio-economic development can take place

REFERENCES

- [1]. Nishith Desai Associates (2006), "Special Economic Zones-An Indian Perspective".
- [2]. Burman,A.(2006).SpecialEconomicZones:IssuesinCorporateGovernance.
- [3]. Aradhna Aggarwal (2007), "Impact of Special Economic Zones on Employment, Poverty and Human Development" Working paper no. 194.
- [4]. Nimbalkar Ratna and Nimbalkar K G (2007), "SEZ is a Spark of LPG", International Commerce and Management Conference on Issues in International Scenario; Special Economic Zone and Business Process Outstanding, University of Mumbai.

- [5]. Gawali S N (2007), "SEZ is a Spark of LPG", International Commerce and Management Conference on Issues in International Scenario; Special Economic Zone and Business Process Outstanding, University of Mumbai.
- [6]. DalviSubbhash and Kutty C M Sankaran (2007), Gawali S N (2007), "SEZ is a Spark of LPG", International Commerce and Management Conference on Issues in International Scenario; Special Economic Zone and Business Process Outstanding, University of Mumbai.
- [7]. Morris,S.(2007).Role of Trade and Macroeconomic Policies in the Performance of Special Economic Zones (SEZs).
- [8]. Ramakrishna Nallathiga(2007), "Potential of special economic zones in promoting industrial and regional economic development: An Analysis", The ICFAI Journal of Industrial Economics, Vol: IV, No:1.
- [9]. Aradhna Aggarwal (2007), "Impact of Special Economic Zones on Employment, Poverty and Human Development" Working paper no. 194.
- [10]. Sinha Shalini (2008), "At What Cost for Whose Benefit? Women Workers in SEZs", Labour File Journal, Vol:6, No:4, P:25-27.
- [11]. Tantri Malini L (2010), "Import Dependency of Special Economic Zones", Economic and Political Weekly, Vol:36, P:26-29.
- [12]. Panduranga R C, Prasad A and Pavan, Kumar G (2010), Employment Generated by Special Economic Zones in Southern India. Journal of Economics Vol.1, Issue.1, Pp.1-11.
- [13]. Farole, T. (2010). Second best? Investment climate and performance in Africa's special economic zones. World Bank Policy Research Working Paper No. 5447.
- [14]. Stoltenberg, C. D. (1984). China's special economic zones: their development and prospects. Asian Survey, Volume- 24, Issue No. - 6, PP-637-654. Download this paper - <http://www.jstor.org/stable/pdf/2644396.pdf>.