



EXPORT TRENDS OF INDIA'S SPECIAL ECONOMIC ZONES

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Abstract

Among the main objectives of Special economic Zones in India Promotion of exports of goods and services is one. To fulfill this aim Government of India announce the SEZ policy as an engine of economic growth. The current paper discusses the trends of overall India's export and Special Economic Zones (SEZs) export. Further Sector-Wise Breakup of Exports from SEZs for the year 2007-08 to 2013-14 and State-wise Breakup of Exports from SEZs for the same years. Finally, the conclusions and suggestions are given on the basis of findings of results.

Introduction

Establishment of SEZs is one among the major changes in the economic policies made by the Government of India, to create a hassle-free environment in the country for boosting exports. Over the past few years, the policy of promoting zones has found favour with the government as well. In 2000, it replaced the old EPZ regime with a new scheme of SEZs, which had several lucrative incentives/benefits not available earlier. In 2005, it enacted the SEZ Act, and the SEZ rules were notified in February 2006. The policy was expected to push exports, employment and investment in SEZs, as the competitive advantage within these zones would attract massive investment and make them an engine of growth and industrialization. The investment would generate a lot of employment and would help in shifting the workforce from agriculture to industry and tertiary sectors. The present paper is divided in The current paper discusses the trends of overall India's export and Special Economic Zones (SEZs) export. Further Sector-Wise Breakup of Exports from SEZs for the year 2007-08 to 2013-14 and State-wise Breakup of Exports from SEZs for the same years. Finally, the

Objectives of the Study

- To Analyse the India's overall Export and SEZs Export trends.
- Sector wise Export performance of Indian SEZs.
- State wise Export performance of Indian SEZs.

Methodology

The present section aims to discuss the systematic flow of the entire design of the research process to justify the objectives of the present study. This Study is based on secondary data, which have collected from Ministry of Commerce and Industry government of India. The conclusions are drawn from working out the percentages, simple averages and simple growth rate.

Table1: Share of EPZs/SEZs Export in India's Total Exports (1990-91 to 2010-11)

Year	Value of India's Total Exports (In ` Crores)	Growth Rate over Previous Year	Value of SEZ Exports (In Crores)	Growth Rate over Previous Year	SEZ Export as % Share of Total Exports
1990-91	32553	-	988	-	3.04
1991-92	44041	35.29	1192	20.65	2.71
1992-93	53688	21.90	1379	15.69	2.57
1993-94	69751	29.92	1959	42.06	2.81
1994-95	82674	18.53	2737	39.71	3.31
1995-96	106353	28.64	3235	18.20	3.04
1996-97	118817	11.72	3149	-2.66	2.65
1997-98	130100	9.50	3354	6.51	2.58
1998-99	139752	7.42	5248	56.47	3.76
1999-00	159561	14.17	6164	17.45	3.86
2000-01	203571	27.58	8552	38.74	4.20
2001-02	209018	2.68	9190	7.46	4.40
2002-03	255137	22.06	10053	9.39	3.94
2003-04	293367	14.98	13854	37.81	4.72
2004-05	375340	27.94	18309	32.16	4.88
2005-06	456418	21.60	22840	24.75	5.00
2006-07	571779	25.28	34615	51.55	6.05
2007-08	655863	14.71	66638	92.51	10.16



2008-09	840755	28.19	99689	49.60	11.86
2009-10	845534	0.57	220711	121.40	26.10
2010-11	1142922	35.17	315867	43.11	27.64
2011-12	1465959	28.26	364478	15.39	24.86
2012-13	1635261	11.55	476159	30.64	29.12
2013-14	1892892	15.75	494077	3.76	26.10
Average of 1990-91 to 2013-14	478069.59	19.71	87657.99	33.25	8.92
Average of 1990-91 to 2005-06	170633.81	19.60	7012.69	24.90	3.59
Average of 2006-07 to 2013-14	1131370.63	19.93	259029.25	51.00	20.24

Source: Calculations are based on the data obtained from Ministry of Commerce & Industry, Department of Commerce, Government of India.

The basic objective of the SEZ policy in India is to promote exports. The Direct SEZ Bill, 2004 considers that the most important objective of SEZs is the 'promotion of foreign trade in goods and services'. The shares of EPZs/SEZs in the total exports of the country have been given in Table 4.1. It is easily observed from the table that from the time of reform of the Indian economy i.e., 1990-91 to 2010-11, annual export performance, increased rapidly for SEZs and the entire country, but SEZs exports increased at a higher rate than total exports. Table 1 reveals that total exports from India increased 58.14 times from ` 32553 crores in 1990-91 to ` 1892892 crores in 2013-14, at an average annual growth rate of 19.93 percent, but exports from Indian SEZs increased around 500 times from ` 988 crores to ` 494077 crores, at an average annual growth rate of 51 percent. The share of SEZ exports in India's total exports has also increased sharply, from 3.04 per cent in 1990-91 to 27.64 per cent in 2010-11. However, the SEZs annual export growth rate was volatile it fluctuated from around 52 per cent during 2006-07 to 121 per cent in 2009-10 and 43 per cent in 2010-11. In the following years also, the export growth rate of SEZs declined from 14 per cent in 2011-12 to 27 per cent in 2013-14. Concisely, though the growth of SEZ exports has fluctuated over time, it has risen 22-fold from around `s 22,000 crores in 2005-06 to around ` 5 lakh crores in 2013-14.

India's merchandise exports grew around 35 per cent from ` 494077 crores in 2009-10 to ` 988 crores in 2010-11. It is clear from the table 1 that throughout the years 2002-03 the total export grew at more than 14 percent in 2008-09. In 2009-10, the corresponding growth was 0.57 per cent. This indicates the impact of the global recession or slowdown on India's economy. Table 1 shows the performance of average export and SEZs export from 1990-91 to 2012-13, 1990-91 to 2005-06 and 2006-07 to 2013-14. The average annual growth during both periods was around 20 per cent. However, the performances of SEZs during the same periods have been found to be 33.25 per cent, 24.90 per cent and 51 per cent respectively. This shows that SEZ exports increased sharply after the SEZ Act was implemented. The maximum share of SEZs in the total exports of the country have been found 29.12 percent 2013-14.

Table 2: Sector-Wise Breakup of Exports from SEZs for the Last 7 Years.

S. No	Sectors	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
1.	Biotech	159.45 (0.24)	832.65 (0.84)	456.48 (0.21)	465.51 (0.15)	1313.88 (0.36)	1946.75 (0.41)	1395.12 (0.28)
2.	Computer/Electronic software	3985.26 (5.98)	16228.24 (16.28)	45784.26 (20.74)	84699.89 (26.81)	81017.11 (22.23)	140306.7 (29.47)	184093.93 (37.26)
3.	Electronics hardware	11121.33 (16.69)	13035.87 (13.08)	17417.39 (7.89)	21050.48 (6.66)	20454.4 (5.61)	20936.75 (4.40)	16460.71 (3.33)
4.	Electronics	518.71 (0.78)	338.16 (0.34)	930.62 (0.42)	1125.45 (0.36)	771.03 (0.21)	1219.94 (0.26)	362.09 (0.07)
5.	Engineering	1651.68 (2.48)	3089.34 (3.10)	4183.9 (1.90)	2225.01 (0.70)	2572.82 (0.71)	4782.32 (1.00)	8098 (1.64)
6.	Gems and Jewellery	23006.07 (34.52)	33435.55 (33.54)	43828.97 (19.86)	47848.5 (15.15)	74617.36 (20.47)	70881.19 (14.89)	47335.93 (9.58)



7.	Chemicals & Pharmaceuticals (Crude Petroleum Refinery)	1423.05 (2.14)	6386.21 (6.41)	73971.99 (33.52)	106558.3 (33.74)	152516.6 (41.85)	178908 (37.57)	199607.69 (40.40)
8.	Handicrafts	30.33 (0.05)	38.13 (0.04)	49.77 (0.02)	77.11 (0.02)	160.84 (0.04)	324.01 (0.07)	529.01 (0.11)
9.	Plastic and rubber	657.66 (0.99)	343.07 (0.34)	688.24 (0.31)	1358.5 (0.43)	1605.63 (0.44)	1779.01 (0.37)	1446.72 (0.29)
10.	Leather, footwear and sports goods	237.02 (0.36)	280.89 (0.28)	449.64 (0.20)	425.62 (0.13)	516.35 (0.14)	896.96 (0.19)	1654.34 (0.33)
11.	Food and Agro Industry	645.58 (0.97)	301.34 (0.30)	368.94 (0.17)	620.68 (0.20)	729.71 (0.20)	805.95 (0.17)	880.71 (0.18)
12.	Non-conventional Energy	126.01 (0.19)	230.52 (0.23)	1398.09 (0.63)	1607.28 (0.51)	337.22 (0.09)	213.23 (0.04)	647.11 (0.13)
13.	Trading and services	20866.97 (31.31)	18803.97 (18.86)	24884.22 (11.27)	35866.8 (11.35)	21136.86 (5.80)	44799.86 (9.41)	19974.16 (4.04)
14.	Textiles and garments	1316.61 (1.98)	2951.53 (2.96)	3313.24 (1.50)	2185.69 (0.69)	2938.08 (0.81)	4342.87 (0.91)	4213.86 (0.85)
15.	Misc.	891.96 (1.34)	3393.55 (3.40)	2985.64 (1.35)	9753.07 (3.09)	3789.86 (1.04)	4014.95 (0.84)	7377.14 (1.49)
	Total	66638 (100.00)	99689 (100.00)	220711 (100.00)	315868 (100.00)	364478 (100.00)	476159 (100.00)	494077 (100.00)

Source: Ministry of Commerce Government of India.

Sectors wise Exports by Indian SEZs

Table 2 highlights the export performance of different sectors from 2007-08 to 2013-14. The top performers were the chemicals and pharmaceuticals sectors and the computers and electronics sectors. Exports from the chemicals and pharmaceuticals sector increased from `1423 crore from 2007-08 to almost ` 2 lakh crores in 2013-14; and its share in total exports increased from about 2 per cent to 40 per cent over the same period. Similarly, the export of computers and electronics increased from about ` 4000 crore to ` 184093 crore, and its share increased from 6 per cent to 37.26 per cent. Thus, the export potential of the SEZs in these two sectors can be recognised. No doubt, the trading and services along with the gems and jewellery sector contributed significantly in terms of export value, but their shares in total exports declined consistently.

Table 3: State-wise Breakup of Exports from SEZs for the Last 7 Years (in ` Crores)

S. No	State	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
1.	Gujarat	14956.4 (22.44)	23932.5 (24.01)	101747 (46.10)	146878 (46.50)	182414 (50.05)	226938 (47.66)	225042 (45.55)
2.	Karnataka	1484.67 (2.23)	2549.58 (2.56)	21337.1 (9.67)	46718 (14.79)	22006.8 (6.04)	39363.9 (8.27)	51372.9 (10.40)
3	Tamil Nadu	11596.3 (17.40)	23022.3 (23.09)	27914.1 (12.65)	43704.6 (13.84)	50152.4 (13.76)	67618 (14.20)	71417 (14.45)
4	Maharashtra	11832.5 (17.76)	12811.7 (12.85)	15414 (6.98)	19480.1 (6.17)	24198.8 (6.64)	42962.3 (9.02)	56399.2 (11.42)
5	Kerala	4499.21 (6.75)	11942 (11.98)	17122.9 (7.76)	18750.7 (5.94)	31373.3 (8.61)	33824.5 (7.10)	8003.64 (1.62)
6	Andhra Pradesh	1329.7 (2.00)	3121.8 (3.13)	5663.66 (2.57)	13359.2 (4.23)	18163.8 (4.98)	27687.7 (5.81)	33291.1 (6.74)
7	Uttar Pradesh	16985.6 (25.49)	16655 (16.71)	22966.5 (10.41)	10703.2 (3.39)	13637.4 (3.74)	12591.5 (2.64)	16282.4 (3.30)



8	West Bengal	3167.3 (4.75)	4581.37 (4.60)	5931.69 (2.69)	10883.6 (3.45)	14870.7 (4.08)	15050.7 (3.16)	16204.3 (3.28)
9	Haryana	3.76 (0.01)	277.92 (0.28)	1018.78 (0.46)	2807.01 (0.89)	3442.95 (0.94)	4980.75 (1.05)	8740.43 (1.77)
10	Madhya Pradesh	338.2 (0.51)	430.49 (0.43)	494.41 (0.22)	1242.65 (0.39)	1637.12 (0.45)	1937.16 (0.41)	2984.23 (0.60)
11	Rajasthan	326.34 (0.49)	331.74 (0.33)	735.41 (0.33)	899.39 (0.28)	1315.69 (0.36)	1498.42 (0.31)	2036.59 (0.41)
12	Chandigarh	117.67 (0.18)	26.57 (0.03)	289.97 (0.13)	318 (0.10)	1103.25 (0.30)	1339.93 (0.28)	1778.15 (0.36)
13	Chhattisgarh	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	9.56 (0.00)	1.84 (0.00)
14	Orissa	0 (0.00)	6.02 (0.01)	75.65 (0.03)	123.87 (0.04)	158.27 (0.04)	217.21 (0.05)	386.09 (0.08)
15	Punjab	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	2.91 (0.00)	139.6 (0.03)	136.72 (0.03)
	Total	66638 (100.00)	99689 (100.00)	220711 (100.00)	315868 (100.00)	364478 (100.00)	476159 (100.00)	494077 (100.00)

Source: Based on data provided by Office of Ministry of Commerce Government of India.

SEZs Exports by Indian States

Table 3 highlights the state-wise performance of SEZ exports from 2007-08 to 2013-14. Gujarat was the highest exporter from the SEZs. It consistently increased its share until 2011-12. The share of exports of Gujarat shows that throughout the year from 2008-09 leading into the total export among the major states in the country. Its shares decline after that; however, this may not be significant. This may be because of the high level of governance, coupled with infrastructure facilities, which together act as incentives for investors. Tamil Nadu has maintained its second position during the period under study, except for 2007-08 and 2010-11.

Conclusion and Suggestions

It is clear from the above discussion that the shares of EPZs/SEZs in the total exports of the country from 1990-91 to 2010-11, annual export performance, increased rapidly for SEZs and the entire country, but SEZs exports increased at a higher rate than total exports. The study found that India's total exports increased more than 35 per cent in the years 1989-90, 1991-92, and 2010-11. However, highest annual growth of export from SEZs in India increased, i.e. 121.40 per cent in the year of 2009-10. Exports from SEZs are increasing continuously. Before the implementation of the SEZ Act, the share of EPZs in total exports was less than 5 per cent. After implementation, it has increased sharply. This shows significance of SEZs in the country's exports.

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