



SEZs and Indian Economy – Impact and implications

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I. INTRODUCTION

For over decades our economy has been utilized to moderate development. Notwithstanding, the SEZs Act 2005 has cleared path for the foundation of SEZs the nation over to witness a quickened development by method for a quick industrialization prepare. Upwards of 250 recommendations for production of SEZs in 21 states are as yet moping for endorsement from Government, mostly attributable to question on the pay bundle and obtaining of cultivable land in the nonappearance of accessible alleviation and restoration bundle. India was an early starter in the unique financial zone business. It set up Asia's first fare handling zone in 1965 at Kandla, in Gujarat, to give merchandise to the then Soviet Union. Special Economic Zone is a particularly depicted obligation free enclave and should be esteemed to be remote domain with the end goal of exchange operations what's more, obligations and duties. As far back as China set up Asia's first Special Economic Zones (SEZs) In Shenzhen in t 980, other creating nations like India have been pulled in to it as a quick track panacea to send out arranged development.

II. CONCEPTUAL BACKDROPS OF SEZS

The idea of Special Economic Zones originates from our old recognition Free Trade Zone. The fundamental supposition of SEZs is to empower the financial specialist by giving a few motivations in their items by some unique money related help from Government and to general advancement of the specific zone. India was one of the first in Asia to perceive the adequacy of the Export Processing Zone (EPZ) display in advancing fares, with Asia's first EPZ set up in Kandla in 1965. With a view to beat the weaknesses experienced by virtue of the assortment of controls and clearances; nonattendance of world class infra-structure, and an unsteady monetary administration and with a view to draw in bigger outside interests in India, the Special Economic Zones (SEZs) arrangement was report in April 2000.

III. OBJECTIVES OF SEZS

- ✓ Boost up foreign direct investment (FDI),
- ✓ Create new jobs.
- ✓ Create globally competitive and hassle free environment for exports.
- ✓ Develop the infrastructure facilities, and
- ✓ Generation of additional economic activity

IV. POSITIONING TOWARDS SEZS IN INDIA

Special Economic Zone approach in India first appeared on April 1, 2000 to advance fares from the nation and figuring it out the need that the level playing field must be made accessible to the household undertakings and makes to be focused universally. Enactment has been passed allowing SEZs to offer tax reductions to Foreign Investors. Over a large portion of a decades has gone since its initiation, yet the SEZs charge has certain downsides because of the oversight of key arrangements that would have loose unbending work rules. This has decreased Indians possibility of copying the accomplishment of the Chines SEZs show, through Foreign Direct Investments (FDI) in fare arranged fabricating. The strategy identifying with SEZs, appear for contained in the Foreign Trade Policy, was initially actualized through piecemeal and adhoc corrections to various laws, other than official orders. So as to maintain a strategic distance from these pitfalls and to give a long term and stable strategy structures with least controls, the SEZ Act 2005 was instituted. The Act gives the umbrella legitimate structures, covering exceedingly vital lawful and administrative viewpoint of SEZ improvement and in addition for units working in SEZs.

V. GROWTH AND DEVELOPMENTS OF SEZS IN INDIA AND FOREIGN

China-the pioneer nation has tasted sweet products of SEZ. It has pulled in \$30 billion in Shenzhen (One of the greatest and thriving SEZ in China). Another effective working SEZ was Pudong, close Shanghai, China could draw in \$45 billion for each in its SEZ. - India's figure is low at \$2 billion yearly.



The development and advancement of SEZs might be seen from various point of view looking from FDI viewpoint it demonstrate the venture to the tune of \$3-5 billion has been submitted, which represents 60-70% of the aggregate FDI stream into India. It is evaluated that the Prospective organizations would bring \$20-25 billion in the following 3 years. From work viewpoint it is seen that in the last eleven months the speculation is accomplished at 11,600 crore in SEZ, which has made 15,000 occupations, and it is foreseen to have 8.9 lakh occupations in the following 3 years. The SEZ will likewise make 2 to 3 times more employments outside SEZs, Brandix will select 60,000 individuals. It is said in one SEZ, a sum of 20,000 employments will be produced 100 hectares of land. Out of 234. affirmed SEZs, 142 are SEZs specific to IT segment what's more, it will utilize a million people, Motorola, Flextronics, Foxconn, Samsung and Dell will give 1-lakh employments in 3-4 years. They would require 700 hectares of land on which 1500 agriculturists are working. The era of new employments is colossal by means of working agriculturists. SEZs play crucial in boosting India's fares.

VI. RULES FRAMED FOR CONDUCT OF BUSINESS IN SEZs

- ✓ Simplified procedures for development, operation, and maintenance of the Special Economic Zones and for setting up units and conducting business in SEZs;
- ✓ Single window clearance for setting up of an SEZ;
- ✓ Single window clearance for setting up a unit in a Special Economic Zone;
- ✓ Single Window clearance on matters relating to Central as well as State Governments;
- ✓ Simplified compliance procedures and documentation with an emphasis on self certification;

VII. INCENTIVES AND FACILITIES OFFERED TO THE SEZs

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

- ✓ 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, 50% of the ploughed back export profit for next 5 years.
- ✓ Exemption for 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 Services 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.

VIII. IMPACT OF SEZs AND RURAL DEVELOPMENT

SEZ is one of the creative ways to deal with last and practical advancement of the country. It gives more work open doors especially to the country individuals in light of the fact that the SEZs are going to be set up in the country territories. The rustic improvement is conceivable just with the assistance of modern foundation in country zone and giving more business chances to the country individuals.

SEZ needs substantial size of land, which is accessible just in the rustic range. Thus, the provincial individuals, especially the agriculturist can offer their un cultivatable grounds at the reasonable cost. What's more, the SEZs support give business assurance to the land suppliers also, nearby provincial individuals. Once the SEZs has set up that spots will naturally create and other related ventures additionally build up their processing plants in the close-by SEZs. Consequently there will plausibility of advancement of that range with all foundations offices. At the point when the authority SEZs will setup, it will be valuable to country individuals likewise, they can supply their nearby assets to the businesses where in the SEZs.

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