

Performance evaluation of Vishakapatnam special economic zones (VSEZ)

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Abstract

The Special Economic Zones (SEZs) was primarily introduced with the purpose of promoting the foreign trade of the country. The research paper concentrates on the economic contribution made by these SEZs in the country towards the international trade. The literature survey held on this arena has revealed that the economic contributions of the SEZs were measured on the aggregate without any scientific analysis and the indicators taken for the economic performance was restricted to exports and imports. In order to rectify this gap this research paper aimed to involve more economic indicators like investment, employment, balance of trade and foreign direct investment and also to concentrate on regional classification based on which the VSEZs was selected due to its turnover capacity. The research paper also aimed at measuring the various sectors that are contributing towards the growth of SEZs and also its own growth. The research utilized the descriptive statistics like percentage analysis, mean and standard deviation for reflecting the SEZs performance. Based on the analysis it was concluded that the SEZs were contributing towards the foreign trade marginally. Even though the trends were encouraging the contribution pattern of the VSEZs is highly volatile.

Keywords: SEZ, Exports, Imports, Investment, Employment, Foreign Direct Investment and Foreign Exchange Earnings, Cochin Special Economic Zone, Performance Indicators

Introduction

The SEZ can be defined as “Demarcated geographical areas contained within a country’s national boundaries where the rules of business are different from those that prevailed in the national territory. These differential rules principally deal with investment conditions, international trade and customs, taxation and the regulatory environment: whereby the zone is given a business environment that is intended to be more liberal from a policy perspective and more effective from an administrative perspective than that of national territory” [1].

- Thomas Farole

The SEZ was introduced with prime purpose of increasing the international trade especially exports and to attract Foreign Direct Investment (FDI) which involved exemptions from monetary and non-monetary barriers when compared to the normal exporting community. The various forms of SEZ are Export Processing Zones (EPZ), Free Trade Zones (FTZ), Enterprise Zones, Free ports, Specialised Zones, etc.. The SEZ were established all over the world but China’s SEZs started in 1980’s which was able to taste higher success rates in exports and attracting FDI when compared to other world countries [2]. Even though the first SEZ in India was started as an EPZ at Kandla in the year 1965 it did not yield expected results which halted the progress of SEZ in India. After the success story of China, India established five major EPZ during the period of 1980-1990. This gave a major fillip to the growth of EPZ in India which laid the foundation for the separate legal policy in the form of SEZ policy in the year 2000 to provide stable fiscal regime. This policy enabled the conversion of the existing EPZ to SEZ in India. There were 19 SEZs in India before the enactment of the Special Economic Zones Act (2005) [3].

Statement of the Problem

The growth and the transformation of SEZ were evident with

the enactment of the SEZ Act (2005). There are 565 formal approvals that have been given to form SEZ in the country as on 06th August 2014 [4]. Even though the SEZ growth was on the rise there has not been any substantiation for the promotion of SEZ in the country. The enormous growth of the SEZ has created mayhem mainly among the agricultural community where most of the agricultural lands were converted into SEZ. The productive lands have been utilized to establish SEZs all over the country and also this has paved way for the real estate business to expand their growth. The reasons behind this large scale promotion of SEZ was not exhibited and also not validated by the performance of exporting SEZ.

Importance of the Study

The cross border trade is a must to earn foreign exchange to meet the import needs of the country. No country is bestowed with all the resources to meet the needs of the people. In this context the exchange of resources among the countries is inevitable. The external trade affairs are given prime importance when it comes to improve economic indicators and foreign exchange reserves. The external trade will improve only if exports from the country are increased. The SEZ were formed with the prime objective of promoting external trade of the country. Realising this, the government of India had started establishing a number of SEZ’s in the country. As on August 2014, there were 192 exporting SEZ’s all over India [5]. All these SEZ have their own rules and regulations in the form of special exemptions, subsidies, incentives etc. which is governed by Special Economic Zones Act, 2005

The SEZs play a vital role in the export performance of the country with the resources and specific regulations rendered to them. But there have been no initiatives to measure their export performances at micro level. It is tough to lay down the importance of SEZs in the economic development of the

country without knowing the level of contribution made, though they contribute towards the global trade of the country. The lack of yardstick lets the economic and export contributions made by the SEZ go unnoticed. To address this issue, the research assumes importance which is an attempt that delves as a critical study that brings out the quantum of economic contribution made towards the export performance by SEZs.

Objectives of the Study

The following are the objectives of the study:

- a. To study the origin and growth of Special Economic Zones in India.
- b. To analyse the export, import performances and sector-wise export growth made by the Special Economic Zones.
- c. To illuminate the contributions made by the Special Economic Zones towards the Balance of trade, Foreign Direct Investment and the growth of employment opportunities.

Methodology of the Study

The type of research involved in the study is analytical research. The performance evaluation of the SEZs does not deal only with the descriptive research where the existing state of affairs is presented but also needs critical and analytical thinking to bring out the concealed facts in their performances. The present study aims to evaluate the performance of the SEZs by employing the performance indicators framed for this study. The performance indicators would shed light on the performances as well as the rationale behind those performances of the SEZs and also aims to bring out problems that affect their performances.

This study attempts to conduct a regional level analysis which involves established SEZs controlled by the Government of India. There are seven SEZ which controls the operation of the SEZs that are diversely situated all around the country. They are:

Table 1: Summary of Central Government Owned SEZs in India

S. No	Name of the Zone	Year of Establishment
1.	Kandla Special Economic Zone, Kandla, Gujarat	1969
2.	SEEPZ – Special Economic Zone, Mumbai, Maharastra	1973
3.	Noida Special Economic Zones, Noida, Uttar Pradesh	1981
4.	Cochin Special Economic Zone, Cochin, Kerala	1983
5.	MEPZ- Special Economic Zone, Chennai, Tamil Nadu	1984
6.	Falta Special Economic Zone, Falta, West Bengal	1984
7.	Visakhapatnam Special Economic Zone, Visakhapatnam, Telengana	1989

Source: Respective SEZ Websites.

Among seven zones, the Cochin Special Economic Zones due to the unique feature it was the last government owned SEZs established in India and also the number of SEZs that operating under the control of CSEZ when compared to the other zones in the country.

Scope of the Study

This study will provide an in-depth analysis of the performance of the SEZs. The study has taken up the VSEZ- Special Economic Zones and the other SEZs operating under the control of these SEZs. It involves the export performance of the SEZs after the SEZ Act, 2005 and investigates the sectoral exports and growth of the selected SEZs. This study also aims to provide a detailed view of the FDI that is invested and also the rate of employment opportunities created by these SEZs. These analyses will help to bring out real contribution that is made by each SEZs in a scientific manner rather than providing the growth of overall picture of SEZs all over the country. The study on that note will provide the bureaucrats about the progress and the growth of the SEZs at micro level and also in understanding the hindrances to their growth and pave way for action oriented policy implications. The policy formulations made on the basis of micro level analysis make the benefits reach to the grass root level which will help the low performing or non-performing SEZs.

Period of Study

The study period is for eight years from 2005-2006 to 2012-2013. The study period was fixed based on the inception of the Special Economic Zone Act, 2005. The performance of the Special Economic Zones in this study is measured after the introduction of the SEZ Act, 2005.

Sources of Data

The study is carried out by using the secondary data collected from

- a. Development Commissioner’s Office of respective SEZ i.e., Chennai, Cochin and Vishakhapatnam.
- b. Economic Survey of India.
- c. Export Import data bank.
- d. Export Promotion Council for Export Oriented Units (EOUs) and SEZ.
- e. SEZ and Department of Commerce Website.
- f. Reserve Bank of India Website.
- g. Department of Industrial Policy and Promotion Website.

Statistical Tools Used in the Study

The following are the statistical tools that are used in the study

- a. Mean is used to measure the average growth of performance indicators of the study.
- b. Standard Deviation determines the variation of the performance indicators from its average growth.
- c. Compound Annual Growth Rate (CAGR) is used to calculate the growth rate of the selected variables over a period of time.

Limitations of the Study

- Due to the unavailability of data even after applying under the Right to Information Act (RTI), the researcher was forced to carry out with the available data which ultimately affects involving more number of parameters in measuring the performance of the SEZs and also resulted in unavailability of sector-oriented data for FDI and FEE.
- The involved SEZ are hesitant to provide data which disabled the researcher to collect data beyond the performance indicators or else the study could have involved more number of performance indicators.

- The Central Government owned SEZs are located diversely across the country which made it unfeasible to cover all the seven SEZs.
- The minor errors caused by the nature of the data used in the study are unavoidable.

Analysis and Interpretations

Table 1 provides the overall summary of the performance summary of the VSEZ during the study period.

1. Sector-Wise Growth of Exports from VSEZ

Table 2 explains the sector-wise of exports from VSEZ and all the other private zones working under the control of the VSEZ. The total sector-wise exports made from this zones equaled to ` 70,197.02 Crores. The sector-wise average exports made from the zone stood at ` 8, 744.63 Crores and S.D stood at ` .12, 479.58 Crores. S.D helps to understand the fact that there is greater volatility and instability in the exports made from these zones. The instability is caused by the greater variance in exports made from each sectors tend to be the cause for high S.D.

Sector-wise growth

A) Granites

The sector has contributed ` 268.64 Crores of exports during the study period. The yearly exports from this sector have followed a fluctuating trend throughout the study period. The mean exports of this sector are ` 33.58 Crores and S.D stood at 58.97 Crores and the constant rate of growth from the sector was 15.37 %. Even though the exports followed a fluctuating trend S.D reveal a fact that the high variance in the exports of the sector. The growth rate achieved by this sector during the study period was satisfactory but there is lack of consistency in the exports made by this sector.

B) Agriculture and Food

The total exports from this sector during the study period were ` 558.60 Crores. The average exports of this sector was ` 69.83 Crores whereas S.D stood at ` 113. 83 Crores and CAGR

revealed that the constant rate of growth was negative with (14.54) %. S.D explains the fact that the exports from these sector vary greatly. Even though S.D is high, the growth rate is negative which is due to inconsistencies in the exports made by the sector. The yearly exports from this sector have followed an irregular trend throughout the study period.

C) Chemicals, Drugs and Allied

The yearly exports from this sector have followed a fluctuating trend during the study period. The total exports from this sector during the study period were ` 6, 596.88 Crores. The average export of this sector was ` 824.61 Crores and S.D stood at 983.06 Crores and the constant rate of growth from the sector was 138.22%. This sector claims the third spot for the highest exports among the other sectors of these zones. The growth rate was abnormal that it has achieved 138.22% constant growth which reveals that year after year the quantum of exports made was at increasing rate throughout the study period.

D) Software and Electronics

This sector claims the top spot for the highest exports among the other sectors of these VSEZ and other private zones. The total exports from this sector during the study period were ` 37, 520.74 Crores. The average export of this sector was ` 4, 690.09 Crores and the S.D stood at 6,048.32 Crores and the CAGR from the sector was 427.79%. The growth rate was surprise that it has achieved 427.79% constant growth which reveals that it has achieved unvarying increasing trend throughout the study period. The yearly exports from this sector have followed a steady increasing trend and S.D explains that there is skewed distribution of exports among the sectors made across the years.

E) Engineering/Electronics and Hardware

The exports followed a fluctuating trend and S.D also reveals a fact that the variance in exports made was high. Even though S.D is average, the growth rate achieved by this sector during the study period was excellent where it has increased its constant rate of exports by 324.77%.

Table 2: sector-wise and year-wise growth of exports from vsez

Sectors	Total Exports									Descriptive Statistics		
	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	Total	Mean	S.D	CAGR
Granites	1.29	2.44	2.76	7.19	161.97	5.73	83.75	3.51	268.64	33.58	58.97	15.37
Agri and Food	10.63	14.02	17.40	12.62	1.03	203.62	295.74	3.54	558.60	69.83	113.83	(14.54)
Chemicals, Drugs and Allied	6.45	3.73	7.47	513.39	569.13	1,101.94	1,586.73	2,808.04	6,596.88	824.61	983.06	138.22
Software/ Electronics	0	0.75	0	1,321.41	2,720.84	6,285.15	10,980.66	16,211.93	37,520.74	4,690.09	6,048.35	427.79
Engineering/Electronics Hardware	0.03	0	30.71	455.77	337.58	747.37	929.91	748.48	3,249.85	406.23	375.30	324.77
Textiles	0	0	15.61	77.62	108.93	223.98	483.19	779.93	1,689.26	211.16	281.16	118.64
Gems and Jewellery	522.29	662.79	463.87	626.86	636.91	3,230.39	3,812.14	4,366.53	14,321.78	1,790.22	1,695.42	35.44
Miscellaneous	16.54	53.00	196.50	887.19	1,174.29	1,537.51	900.81	1,225.43	5,991.27	748.91	585.29	84.97
Total	557.23	736.73	734.32	3,902.05	5,710.68	13,335.69	19,072.93	26,147.39	70,197.02	8,774.63	9,699.64	73.29

Source: Official records from the office of Development Commissioner, VSEZ

F) Textiles

The yearly exports from this sector have followed an increasing trend throughout the study period. The total exports of the sector was summed to ` 1,689.26 Crores. The average exports of this sector was ` 211.16 Crores and S.D stood at 281.16 Crores and the constant rate of growth from the sector was 118.64 %. Even though the exports followed an increasing trend S.D reveals a fact that the variance in the exports was high.

G) Gems and Jewellery

The Gems and Jewellery has claimed the second spot among the highest exports made among the other sector of these zones. The total exports from the Gems and Jewellery sector was ` 14,321.78 Crores. The average exports made by this sector was ` 1,790.22 Crores and S.D calculated on the base of exports made was ` 1,695.42 Crores. The constant rate of growth from the sector was 35.44 %. The yearly exports from this sector have followed a variable trend in the first two years and from

there on the exports made from this sector has followed increasing trend on the remaining part of the study period.

H) Miscellaneous

The sector has made exports to the tune of `5, 991.27 Crores. The average exports of this sector were `748.91 Crores and S.D stood at 585.29 Crores and the CAGR growth from the sector was 84.97 %. The growth achieved by this sector during the study period was excellent when compared to the other sectors.

2. Sector-Wise Growth of Imports from VSEZ

The table 3 explains the sector-wise growth of imports from private zones working under the control of the VSEZ. The total sector-wise imports made from this zones equaled to `16,473.15 Crores. The sector-wise average imports made from the zone stood at `2, 059.14 Crores and S.D stood at `2, 380.15 Crores. This also repeated the same trend as of the year-wise growth where there is instability in the imports made from these zones. The instability of imports is the resultant cause of high variance in the imports made by each sectors.

Sector-Wise Growth

A) Agriculture and Food

The total imports from this sector during the study period were `589.06 Crores. The average imports of this sector was `147.27 Crores whereas S.D calculated was `122.22 Crores and CAGR revealed that the constant rate of growth was negative with (100) %. S.D explains the fact that the imports from these sector vary vastly. Even though S.D is high, the growth rate is negative which is due to lack of imports made by the sector in the final year of the study period. 2011-2012.

There were no imports made in the sector in the year 2012-2013.

B) Chemicals, Drugs and Allied

The yearly imports from this sector have followed a constant increasing trend during the study period. The total imports from this sector during the study period were `1, 657.80 Crores. The average imports of this sector were `414.45 Crores and the S.D stood at 246.15 Crores and the constant rate of growth from the sector was 70.38%.

C) Software and Electronics

This sector claims the third spot for the highest imports among the other sectors of these VSEZ and other private zones. The total imports from this sector during the study period were `1, 783.89 Crores. The average imports of this sector were `445.97 Crores and the S.D stood at 202.71 Crores and the CAGR from the sector was 30.21%. The yearly imports from this sector have followed a fluctuating trend and the S.D explains that there is skewed distribution of imports among the sectors made across the years.

D) Textiles

The total imports of the sector was summed to `1,279.72 Crores. The average imports of this sector was `319.93 Crores and S.D stood at 339.24 Crores and the constant rate of growth from the sector was 160.91 %. Even though the imports followed an increasing trend the S.D reveals the fact that the variance in imports was high. The CAGR reveals an alarming signs as the growth rate will affect the balance of trade of these zones.

Table 3: Sector-wise and year-wise growth of imports from private sezs under the control of vsez

Sector	Imports				Descriptive Statistics			
	2009-2010	2010-2011	2011-2012	2012-2013	Total	Mean	S.D	CAGR
Agri and Food	132.50	158.35	298.21	-	589.06	147.27	122.22	(100.00)
Chemicals, Drugs and Allied	147.54	319.61	460.97	729.68	1,657.80	414.45	246.15	70.38
Software/ Electronics	218.30	702.71	380.94	481.94	1,783.89	445.97	202.71	30.21
Textiles	25.11	66.52	742.09	446.00	1,279.72	319.93	339.24	160.91
Gems and Jewellery	325.20	2,386.00	1,475.36	2,690.62	6,877.18	1,719.30	1,063.17	102.26
Miscellaneous	954.42	1,715.75	875.64	739.69	4,285.50	1,071.38	438.64	(8.14)
Total	1,803.07	5,348.94	4,233.21	5,087.93	16,473.15	4,118.29	1,615.36	41.31

Source: Official records from Development Commissioner’s Office, VSEZ

E) Gems and Jewellery

The Gems and Jewellery has claimed the top spot among the highest imports made among the other sector of these zones. The total imports from the Gems and Jewellery sector was `6,877.18 Crores. The average imports made by this sector was `1, 719.30 Crores and the S.D calculated on the base of imports made was `1,063.17 Crores. The constant rate of growth from the sector was 102.26 %. The yearly imports from this sector have followed a variable trend throughout the study period. The CAGR is also an area of concern where the imports tend to increase at constant rate signaling the imports growth that has to be reduced to yield the benefits of exports made by the sector.

to the tune of `4, 285.50 Crores claiming the second spot for the highest imports among the other sectors. The average imports of this sector is `1, 071.38 Crores and the S.D stood at 438.64 Crores and the CAGR had a negative growth from the sector which was (8.14) %. The growth achieved by this sector during the study period was excellent as it will boost the favourable balance of trade.

3. Sector-Wise Growth of Balance of trade from VSEZ

Table 4 explains the sector-wise and year-wise growth of balance of trade from VSEZ and all the other private zones working under the control of the VSEZ. The total sector-wise balance of trade made from this zones equaled to `39,608.92 Crores. The sector-wise average balance of trade made from the zone stood at `4, 951.12 Crores and the S.D stood at `11, 725.45 Crores.

G) Miscellaneous

The yearly imports from this sector have followed a declining trend throughout the study period. The sector has made imports

Sector-Wise Growth

A) Agriculture and Food

The total balance of trade from this sector during the study period was $\text{₹}93.19$ Crores. The average balance of trade of this sector was $\text{₹}23.30$ Crores whereas S.D calculated was $\text{₹}75.93$ Crores and CAGR revealed that the constant rate of growth was negative at $(100)\%$. S.D explains the fact that the balance of trade from these sector vary vastly. Even though the S.D is high, the growth rate is negative which is due to inconsistencies in the balance of trade contributed by this

sector during the final year of the study period.

B) Chemicals, Drugs and Allied

The yearly balance of trade from this sector has followed a constant increasing trend during the study period. The total balance of trade from this sector during the study period were $\text{₹}3,996.96$ Crores. The average export of this sector was $\text{₹}999.24$ Crores and the S.D stood at $\text{₹}633.85$ Crores and the constant rate of growth from the sector was 67.66% .

Table 4: sector-wise and year-wise growth of balance of trade from other sezs under the control of vsez

Sector	Balance of Trade				Descriptive Statistics			
	2009-2010	2010-2011	2011-2012	2012-2013	Total	Mean	S.D	CAGR
Agri and Food	(132.50)	43.52	(4.21)	0	(93.19)	(23.30)	75.93	(100.00)
Chemicals, Drugs and Allied	398.79	735.31	983.37	1,879.49	3,996.96	999.24	633.85	67.66
Software/ Electronics	2,489.85	5,563.57	10,539.30	15,075.26	33,667.98	8,417.00	5,541.05	82.26
Textiles	80.19	152.97	(258.90)	332.60	306.86	76.72	247.62	60.67
Gems and Jewellery	144.86	495.00	1,393.66	755.68	2,789.20	697.30	527.40	73.43
Miscellaneous	(148.05)	(586.37)	(217.65)	(106.82)	(1,058.89)	(264.72)	219.26	(10.31)
Total	2,833.14	6,404.00	12,435.57	17,936.21	39,608.92	9,902.23	6,662.64	84.99

Source: Official records from Development Commissioner’s Office, VSEZ

C) Software and Electronics

This sector claimed the first spot for the highest balance of trade among the other sectors of the VSEZ and other private zones. The total balance of trade from this sector during the study period were $\text{₹}33,667.98$ Crores. The average balance of trade of this sector was $\text{₹}8,417.00$ Crores and S.D stood at $\text{₹}5,541.05$ Crores and the CAGR from the sector was 82.26% .

D) Textiles

The total balance of trade of the sector was summed to $\text{₹}306.86$ Crores. The average balance of trade of this sector was $\text{₹}76.72$ Crores and S.D stood at $\text{₹}247.62$ Crores and the constant rate of growth from the sector was 60.67% . Even though the balance of trade followed an increasing trend S.D reveals a fact that the variance in the balance of trade was high.

E) Gems and Jewellery

The total balance of trade from the Gems and Jewellery sector was $\text{₹}2,789.20$ Crores. The average balance of trade made by this sector was $\text{₹}697.30$ Crores and S.D calculated on the base of balance of trade made was $\text{₹}527.40$ Crores. The constant rate of growth from the sector was 73.43% . The yearly balance of trade from this sector has followed a variable trend throughout the study period. Even though the CAGR was good, S.D reveals a fact that the variance in the balance of trade was not high when compared to the other sectors.

F) Miscellaneous

The yearly balance of trade from this sector have followed a declining trend throughout the study period. The sector has made balance of trade to the tune of $\text{₹}(1,058.89)$ Crores. The average balance of trade of this sector are $\text{₹}(264.72)$ Crores and S.D stood at $\text{₹}219.26$ Crores and the CAGR had a negative growth from the sector which was $(10.31)\%$. This sector has absorbed the favourable balance of trade to a certain extent made by the other sectors.

where it has contributed exports to the tune of $\text{₹}70,197.02$ Crores. The growth rate of exports of 73 percent justify the zones are performing well on the front of exports.

- Imports growth rate of 43.51% is unfavorable for the well being of these zones. The growth of imports at such a rate will affect balance of trade and also foreign exchange earnings capacity of these zones.
- Investment made in these zones did not follow a predictable trend which is a cause for concern that revealed fluctuations made in investment of the zones. The unstable nature of investment will affect the effective working capacity of the involved zones.
- These zones provided employment to $1,81,657$ persons during the study period. There is a lot of instability and fluctuations in employment provided by VSEZ throughout the study period.
- Balance of trade of these zones perform well besides, the zones suffered an unfavorable balance of trade during the years 2005-2006 and 2007-2008. Balance of trade has a stable trend and its growth rate attained through the study period is excellent and it provides concrete recommendations for the working of these zones.
- FDI attracted by the zones have is found to be stable and followed growing trend during the study period. The stable trend will work in favor of the zones where it can increase its potentials according to the flows of FDI.
- FEEs followed stable trend throughout the study period. But the flows of FEEs do not follow any predictability which is supported by the fact that S.D exceeds the average FEEs.
- The exports top performing sector of VSEZ is Software/Electronics which is followed by the Gems and Jewellery in the second place. The Granites sector is the least performing sector of the VSEZ. The instability in the performance of the sectors is apparent from S.D. The Agri and Food Sector suffered a negative growth rate during the study period. There is a lot of variation in the performance of Software and Electronics sector when compared other sectors of these zones. The highest constant growth rate

Findings, suggestions and conclusion

- VSEZ and other private zones that operate perform well

was achieved by the Software and Electronics sector. The year-wise performance of the exports attained excellent growth rate but there is off-center distribution of export growth among the sectors. S.D of the year-wise exports has always been greater than the average exports explaining the variation among the sectors of VSEZ.

9. Import performances of the VSEZ are also consistently rising throughout the study period. The Highest importer among the sectors of VSEZ is the Gems and Jewellery sector. The sector-wise S.D explains the difference among the sectors in imports of the goods. The highest growth of imports is attained by the Textiles sector where it has attained the growth of 161 %. The growth rate tends to affect not only the performance of textiles sector but also the group of VSEZ Sectors. Imports shaped negative impact on both balance of trade and foreign exchange earnings. The year-wise growth of imports increased constantly throughout the study period with unpredictability involved in it.

Suggestions

The following are the various suggestions that are to be carried out to enhance the performance of SEZs in the southern region:

1. Exports trend of the SEZs involved in the study is encouraging to note that it contributes massive exports towards the international trade of the country. There is also an area to worry that majority of the exports from these SEZs is contributed by few sectors of the zones. The promotion of balanced sector exports should be implemented with the help of legal restriction in the form of quotas, embargo etc.,
2. Import of SEZs should be stabilized in-order to reduce its impact on balance of trade. The performance of the imports can be reduced mandatorily to improve the performance of balance of trade thereby resulting in the increased FEEs. The imports can be stabilized by the way of prohibiting the quantity of imports exceeding exports during the operation in a year by appointing a specialized officer in every zone.
3. The employment trend in SEZs in the last few years has adopted employee reduction strategies at large scale which is evident from the analysis. The employee reduction policies should be carried at a phase-wise manner in-order to avoid unrest among the employees of SEZs which will directly affect the working of SEZs.
4. There should be more efforts made on the lines of enhancing the potential of earning of foreign exchange through SEZs which can be made through encouraging multinational corporations to expand their business operations or introduction of new firms in SEZs which will stabilise as well as increase the FEEs earned through SEZs.

Conclusion of the study

SEZs that has its own legal path for its operations has been letting its root spread all over the country in the past decade. The enormous spread of SEZs has casted doubts in the minds of the governments and bureaucrats over its status of functioning. On that note, this research has enabled to enhance the positive and negative thoughts about the working of SEZs in the southern region. The values of transparency and public accountability are areas of concern where the SEZs have to travel a long way to attain its goodwill among the participants of the society.

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