

A STUDY ON EXORT PERFORMANCE OF INDIA WITH REFERENCE TO SECIAL ECONOMIC ZONES

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ABSTRACT

Increasing demand and a growing population provide enormous opportunities for international trade. Countries have begun to export their surplus commodities through international trade in order to meet the infinite and scarce desires of the particular commodity in another country. In this work, we attempt to establish a causal relationship between exports from special economic zones and total Indian exports. The findings of this research will show that there is a favourable association between SEZ exports and total Indian exports. Exports play an important part in bringing foreign currency into a country, hence a Special Economic Zone (SEZ) is a government-governed and administered area. Special Economic Zones will have modern amenities and infrastructure.

KEYWORDS

Exports, SEZ ,Export performance, SEZ Exports, contribution

INTRODUCTION

Since ancient times, economists and scholars have been fascinated by the impact of exports on the economy. With the advent of welfare economics in the late 1800s, policymakers' primary priority was enhancing people's quality of life, which could be accomplished by expanding employment, income, and production. Imports and exports play a significant part in providing momentum to any emerging country's economy via the multiplier effect. After the SEZ Act, India's exports rose dramatically over the last decade. According to Robertson (1938), exports are the 'engine' of growth.

Robertson also claimed that countries with higher exports experience faster overall growth. Exports lay the foundation for long-term development by providing the country with the necessary foreign exchange. Growth of any developing country is directly related to its exports. If exports are greater than imports then nothing can stop a country from being a developed one. But on the other hand if there is instability in exports or if the exports of any developing country are less than its imports then it adversely affects the

process of its economic development. Decrease in exports means low foreign exchange earnings which means less purchasing capacity of a country in the international market. The Government of India introduced the SEZ Policy in April 2000 in order to provide a worldwide competitive environment for exports. The primary goal of enacting this policy was to provide tax and duty-free goods and services, as well as equipped infrastructure for export production, a single-window clearance system, and an expeditious approval mechanism, in order to attract domestic and foreign investments and encourage export-led growth. In the beginning, Special Economic Zones operated under the provisions of India's Foreign Trade Policy/EXIM Policy, where fiscal incentives were allocated through the provisions of relevant statutes, but this system did not generate enough confidence among investors to commit significant investment for infrastructural development and the establishment of new export units for producing goods.

LITERATURE REVIEW

The role of exports as a driver of economic progress has been debated. There is a wealth of material accessible to determine the influence of export on the economic growth of any country. Krugman (1984) and Kaldor (1967) discovered a one-way causal relationship between output and exports. They went on to say that increasing output leads to increased productivity, and that increased productivity leads to increased export growth.

Yuhong, Li, and colleagues (2010) conducted a co-integration analysis using international trade data and concluded that imports had a key influence in China's economic growth while exports had the opposite effect.

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OBJECTIVES:

- To look into the whole SEZ export trend in India from 2013–14 to 2020–23.
- Total export performance of India's SE Zones from 2013-14 to 2020-23.
- Determine the SE Zones' share of total Indian exports.

- To examine India's overall SEZ export trajectory from 2013–14 to 2020–23.
- To show how SE Zones have a state-wise impact on exports.
- Display the investment pattern in SE Zones during the same time period.
- To assess the extent to which SE Zones provide employment opportunities.
- To show how changes in exports are related to changes in employment and investment, and vice versa.

RESEARCH METHODOLOGY

HYPOTHESIS

H01 : There is no significant impact of SEZ exports on Total Export

Export Performance of SEZ in India

In the 12 years after the SEZ Act was implemented in February 2006, about 415 formal SEZ approvals have been issued, with just 204 operating SEZs holding approximately 4166 units. This is a fundamental reason why the contribution of SEZ units to total exports grows year after year.

Years SEZ Exports

Value in

Rs. Crores Growth over previous year

TOTAL Exports Value in Rs. Crores

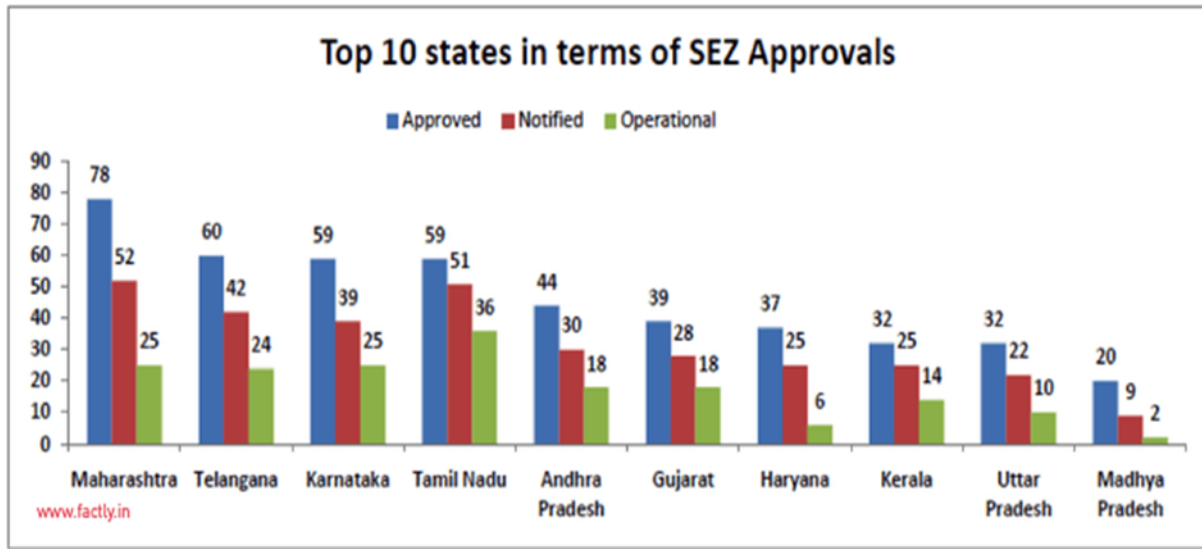
Export Contribution Percentage

2011-2012	22840	-	456417.9	5
2012-2013	34615	52%	571779.3	6.05
2013-2014	66638	93%	655863.5	10.16
2014-2015	99689	50%	840755.1	11.86
2015-2016	220711	121%	845533.6	26.1
2016-2017	315868	43.11%	1136964	27.78
2017-2018	364478	15.39%	1456959	24.86
2018-2019	476159	31%	1634318	29.14
2019-2020	494077	4%	1905110	25.94
2020-2021	463770	-6%	1716378	27.02
2021-2022	467337	0.80%	2351270	19.88

Interpretation

Since 2011, SE Zones have demonstrated an increase in export value through 2016, although in 2017-18, the worth of exported commodities has decreased. As a result, the calculated growth trend indicates that

SEZ performance was better in previous years than in recent years. The export performance is undeniably exponential in terms of worth until 2015, after which the rise is gradually linear and has diminished in 2017. The computed percentage of SEZones involvement to overall Indian exports indicates a growing value in the export contribution percentage evaluated for the study.



Interpretation

From the above table no. 4 it is concluded that Gujarat is contributing almost half in the total SEZ exports from India followed by Tamilnadu (14.27) and Karnataka (9.36) respectively. The mean value is calculated for the period 2006-2016 is showing the least value for Orissa and highest values for Gujarat, Tamilnadu and Karnataka. The export contribution of Goa and Chhattisgarh is nearly Zero percent.

Discussion

From the above discussion it is concluded that SEZ in different states is not functioning effectively. The export contribution value to total SEZ export value from Gujarat, Tamilnadu and Karnataka is significantly greater while rest of the states are contributing less than 10% in total SEZ exports.

DATA ANALYSIS & INTERRETATION

Export Performance with reference to SE Zones

SE Zones established under SEZ legislation have mainly or basically attained their aims. Exports of Rs. 22,840 Crore in 2005-06 have increased to Rs. 7,59,524 Crore in 2020-21; Investment of Rs. 4,035.51 Crore in 2005-06 has increased to Rs. 6,17,499 Crore (cumulative basis) by 2020-21; and Employment provided to 1,34,704 people in 2005-06 has increased to 23,58,136 people (cumulative basis) in 2020-21.

The fiscal concessions and tariff benefits granted to SE Zones are incorporated into the SEZ Act, 2005, and are commensurate with the criteria for establishing SE Zones as part of the Government's larger economic initiatives in general. However, there is currently no provision for further fiscal incentives.

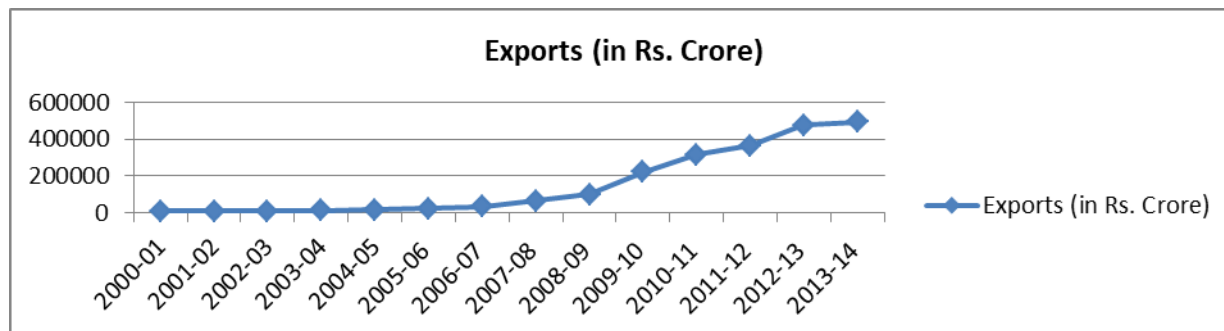
Performance of India's Special Economic Zones

The implementation of the Act on SE Zones in India has demonstrated to be a successful tactic for luring foreign investment, generating employment opportunities, and fostering exports.(2009) Gope and Ghosh.The SEZ Act of 2005 has three main objectives: to increase India's share of global exports, bring in both private and foreign investment, and to provide job opportunities. The effectiveness of SE Zones in India is evaluated in this section by looking at how well they performed in achieving these goals. It is difficult to evaluate the success of each SEZ separately because India has more operational SE Zones than China. As an outcome, the study evaluates SE Zones in India as a whole.

Performance of SE Zones in Exports

Total Export Outcomes

Between 2013–2014 and 2020–21, a rising trend can be seen in the overall exports from SE Zones in India. Total exports were Rs. 8554.04 crores in 2000–02; they climbed to Rs. 13854 crores in 2003–04, registering a rise of 37.76%. Exports increased by 92.51% in the previous year, 2006–2007, when they totaled Rs.34615 crores, to Rs.66638 crores in 2007–2008.



With a percentage of growth of 121.40% and exports of the amount of Rs. 220711 crores in 2009–10, exports increased significantly, largely due to the opening of numerous new, approved SE Zones. After that, the export growth rate started to slow down. Total exports climbed from Rs.476159 crores in 2012–13 to Rs.494077 crores in 2013–14, a rise of 15.39% from total exports of Rs.364478 crores in 2011–12 to Rs.494077 crores in 2013–14. The exports from SE Zones in India are showing an increasing trend, as seen in Figure 1. 33.16 percent is the overall annualised compound growth rate observed over the study period.

Zone-wise exports/exports according to SE Zones:

Table 1 shows that India has three different types of zones. There are three different kinds of special economic zones (SE Zones) in India: central administration SE Zones, state-level / private SE Zones established before the SE Zones Act, and SE Zones authorised by the SE Zones Act of 2005.

There were only Central Government SE Zones, referred to as Export Processing Zones (EPZ), prior to 2005–2006. They provided all of the exports to the SE Zones. With exports of Rs. 3183 crores in 2005–2006, the input of State/Private special economic zones Informed Prior to SEZ Act was 13.94 percent. According to the SEZ Act 2005, numerous further SE Zones were notified in 2006. Exports of new SE Zones, or SE Zones notified under the special economic zones Act 2005, are growing, according to current data.

In 2010–2011, the percentage shares of Central Government SE Zones, State/Private SE Zones notified before to SEZ Act 2005, and SE Zones notified under SEZ Act 2005 were 16.93%, 20.95%, and 62.12%, respectively.

SE Zones' State-Wide Contribution

Gujarat state alone generated 46.02 percent of the total SEZ exports during the years 2008-09 to 2013-14, followed by Tamil Nadu with a 14.40 percent share, as evidenced by the state-by-state export performance of the SE Zones in figure-4. Following that, Karnataka contributed 09.30 percent, followed by Maharashtra with 8.70 percent, Kerala with 6.14 percent, and Andhra Pradesh with 5.15 percent

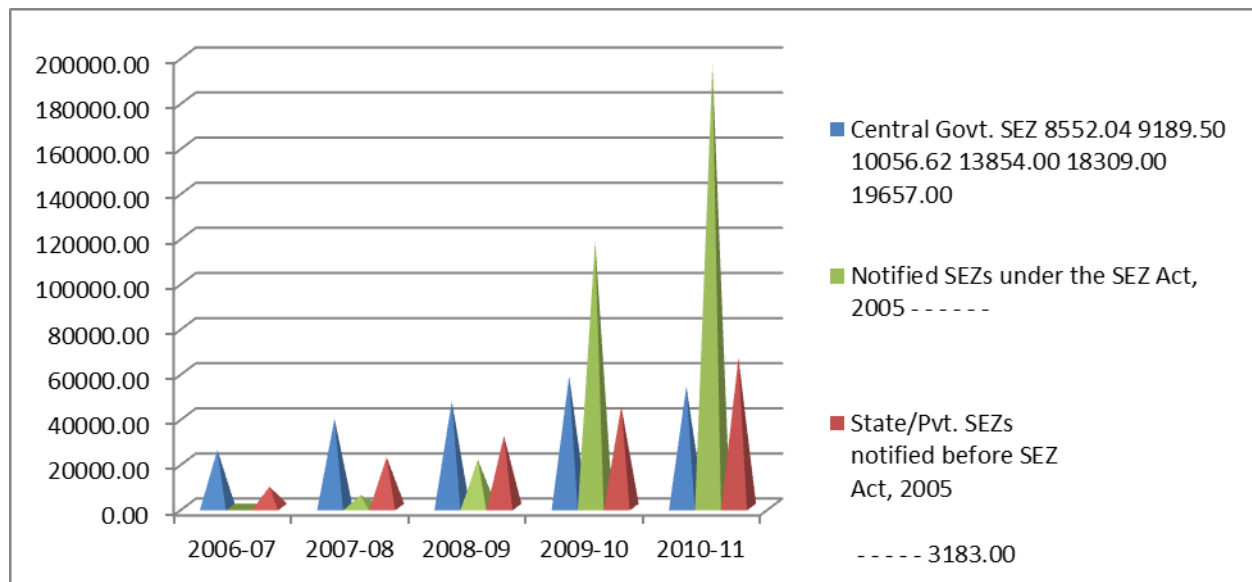
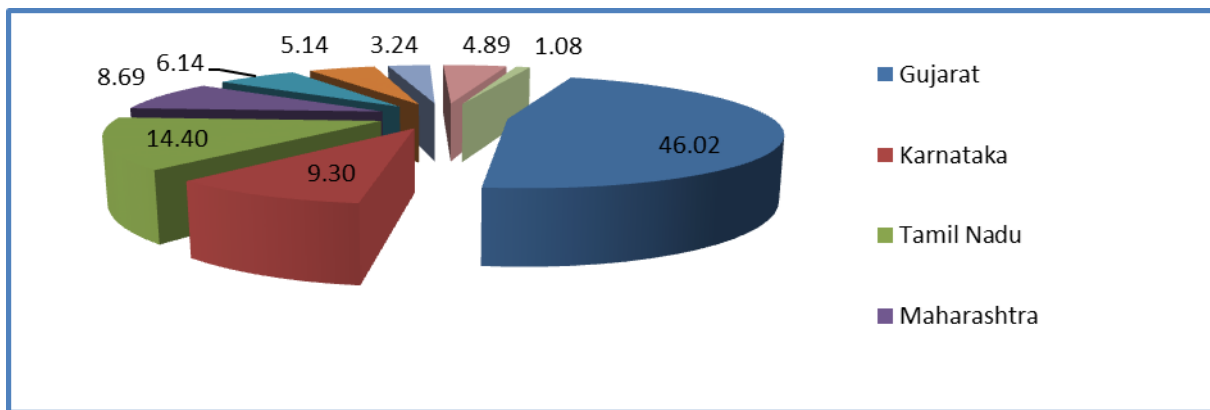


Figure 4 shows the contribution of SEZs exports by state.



Uttar Pradesh occupies a 3.24 percent share, whereas West Bengal gets a 4.89 percent share. The percentage of total SEZ exports that came from other states throughout the study period varied from 0.05 to 1.08 percent.

Karnataka had the greatest CAGR of any state, with 65 percent, which was followed by Gujarat and Andhra Pradesh, both at 48.36 percent. the rise that was noticed by.

LIMITATIONS OF THE STUDY:

The data acquired from the official records of several departments limits the analysis. The veracity of the data provided will determine whether the study's conclusions are correct. Undoubtedly, public reports describe the company's state as of a particular day, which could not be representative of the year as a whole. But since compiling data from various points over the years is not possible due to time constraints, the researcher, acting as an external analyst, must rely on reports. Another drawback of the study is that it is limited to a short period of time because the researcher only did the research from 2013–2014 to 2020–21

Conclusion and Suggestions

Conclusion:

The results of the prior study indicate that SE Zones are important in export-related operations. The value of special economic zones exports increased significantly throughout the study years of 2000-2001 and 2013-2014. It increased from Rs. 8552 crores in 2000–01 to Rs. 494077 crores in 2013–14 at a CAGR of 33.17 percent. According to the regression analysis, SEZ exports are crucial to India's exports, accounting for 95% of the volatility in those exports. The majority of exports from SE Zones that were notified following the 2005 act came from developed states like Tamil Nadu Gujarat , and Karnataka. SE Zones are advantageous.

The study above leads to the conclusion that Special Economic Zones significantly contribute to India's overall exports, and that this contribution value is increasing linearly each year. It is further inferred from the study above that while overall exports are falling, SEZ exports are contributing more and are anticipated to continue doing so in the future. It is also discovered that only 4 Indian states—Gujarat, Tamil Nadu, Karnataka, and Maharashtra—are making contributions and properly implementing the SEZ programme. The remaining 11 states only contribute around 20% of the overall export value, which is less than these states, which account for more than half of the entire export value from Special Economic Zones.

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