

Analysing Socio-economic impacts of Special Economic Zones : A case of Jaipur

Nitin Bansal¹, Ar. Bhavya Mehta²

¹M.Plan, Jagannath University, Jaipur, India

²Assistant Professor, Faculty of Architecture & Planning, Jagannath University, Jaipur, India

Abstract: India, a pioneer in Asia, introduced Special Economic Zones (SEZs) and Export Processing Zones (EPZs) in the early 1960s, beginning with Kandla in 1965—Asia's first EPZ. This policy emerged from global liberalization challenges and aimed at urban development and economic growth. Following Kandla, India established several other EPZs, including Santa Cruz (1973), Chennai, Falta, Noida, and Cochin (1984), and Vishakhapatnam (1989). SEZs encompass various development models like Free Trade Zones and Industrial Parks, all contributing positively to societal development and urban economic reforms. This study specifically investigates the socio-economic impacts of the Mahindra World City SEZ. An integrated research model, combining physical surveys with feature data assessment, was employed. The study concludes with efficient suggestions and policy recommendations, discussing the positive socio-economic impacts observed.

Keywords: Special Economic Zones (SEZs), Export Processing Zones (EPZs), India, Urban Development, Economic Reforms, Socio-economic Impact, Mahindra World City.

1. Introduction

Special Economic Zones (SEZs) have been a crucial tool for economic growth and urban development across South Asia, including India, Nepal, Bangladesh, Sri Lanka, and Pakistan. Introduced in India in April 2000, the SEZ policy aimed to address shortcomings of previous industrial policies like fragmented controls, lack of world-class infrastructure, and unstable fiscal regimes, particularly after the Liberalisation, Privatisation, and Globalisation (LPG) policies of the 1990s.

The primary objectives of SEZs are:

- Urban redevelopment through infrastructure development.
- Generation of additional economic activity for socio-economic betterment.
- Promotion of exports of goods and services.
- Promotion of domestic and foreign investment.
- Creation of employment opportunities.

Urban development involves sustained policy and community actions to enhance an area's living standards and economic health, leading to qualitative and quantitative socio-economic changes. This includes improving regional competitiveness, social inclusion, health, safety, and literacy. Measures of proper urban development include demographic shifts (population percentage, urbanization, literacy, social harmony), social infrastructure (transportation, communication, drinking water, electrification, housing, health, education, recreation), and industrial growth (industrial units, institutional factors, investment, production).

1.1. Urban Redevelopment and Economic Growth in India and Rajasthan

India has seen a significant increase in urban redevelopment, particularly through SEZ development. The nation's per capita income grew at about 3.5% annually for three decades post-independence. Economic liberalization since the mid-1980s, intensified by reforms in 1991 and the 2000s, has pushed India towards a free market economy. In the late 2000s, India's growth rate reached 7.5%, doubling the average income. States like Tamil Nadu, Maharashtra, Gujarat, Haryana, and Delhi recorded higher growth rates (9.9% to 8.9% from 1999–2008) compared to Bihar, Uttar Pradesh, and Madhya

Pradesh (5.1% to 6.5%). India is currently the seventh-largest economy globally by nominal GDP and third by purchasing power parity.

Rajasthan, a rapidly growing state with an average GDP growth rate of around 5% during 2020-2021, ranks as the 12th leading investment destination in India. Its favorable environment, law and order, infrastructure, and investment climate attract significant capital. The Rajasthan State Industrial Development and Investment Corporation (RIICO) facilitates development. Jaipur hosts North India's largest integrated IT park, Mahindra World City Jaipur, spanning nearly 3,000 acres. Rajasthan's robust infrastructure includes a well-developed road network, domestic airports in Jodhpur and Udaipur, an international airport in Jaipur, and over 300 industrial areas, along with three functional SEZs and IT Parks.

1.2. Understanding Special Economic Zones (SEZs)

An SEZ is a geographically defined area with more liberal economic laws than the national norm. It functions as a duty-free enclave, treated as foreign territory for industrial, service, and trade operations, offering exemptions from customs duties and a more flexible regime for levies, foreign investment, and other transactions. SEZs aim to foster rapid socio-economic growth and urban redevelopment by attracting foreign investment and technology through tax incentives, business incentives, and reformed land use. They are generally managed by a single body and offer specific incentives to businesses located within them.

The term 'SEZ' encompasses various types of zones like Free Trade Zones (FTZs), Export Processing Zones (EPZs), Free Zones (FZs), Industrial Estates (IEs), Free Ports (FPs), and Urban Enterprise Zones (UEZs). While these terms reflect different activities, they share basic features. For this study, 'Special Economic Zone' broadly covers modern free zone types worldwide. SEZs are vital for promoting exports, creating infrastructure, generating employment, fostering regional development, increasing foreign exchange, improving export competitiveness, and facilitating technology transfer. They are recognized globally as growth drivers, especially since the enactment of India's SEZ Act 2005 and subsequent rules in February 2006, which provided significant concessions to attract investors.

1.3. Types of SEZs in Rajasthan

Notified and Operational SEZs:

- Gems and Jewellery SEZ Phase I, Sitapura, Jaipur (developed by RIICO): Employs 2,409 people (985 women) with an investment of Rs. 90.61 crores.
- Gems and Jewellery SEZ Phase II, Sitapura, Jaipur (developed by RIICO): Employs 6,437 people (1,249 women) with an investment of Rs. 124.18 crores.
- Mahindra World City (Jaipur) Ltd. for IT/ITES SEZ: Employs 15,648 people (1,792 women) with an investment of Rs. 1162 crores (as of 2014-15).

Notified SEZs:

- Somani Worsted Limited, Khushkheda (Bhiwadi) (Electronics, hardware, Software/ITES): Expected employment of 11,000 persons and investment of Rs. 660 crores.
- Vatika Jaipur SEZ Ltd., Jaipur (IT/ITES): Expected employment of 25,000 persons and investment of Rs. 150 crores.
- RNB Infrastructure Pvt. Ltd., Pugal Road, Bikaner (Textiles): Expected employment of 29,000 persons and investment of Rs. 270 crores.
- Mahindra World City Ltd., Jaipur (Handicraft): Expected employment of 3,520 persons and investment of Rs. 120 crores.
- Mahindra World City Ltd., Jaipur (Light Engineering and Automotive): Expected employment of 2,070 persons and investment of Rs. 220 crores.



Figure 1.1. Entrance of Mahindra World City: SEZ, Jaipur

Formal Approval SEZs:

- Genpact Infrastructure Pvt. Ltd., Jaipur (IT/ITES): Expected employment of 6,000 persons and investment of Rs. 144 crores.
- Mansarovar Industrial Development Corporation, Jodhpur (IT/ITES): Expected employment of 10,000 persons and investment of Rs. 53 crores.

1.4. Contribution of SEZs to Socio-Economic Enhancement in India

The number of SEZs in India has continuously increased. In 2007-08, there were 253 formally approved SEZs, with 207 notified and 136 in-principle approved, covering 2,900 acres. By 2013, these numbers rose to 512 formally approved, 390 notified, and 45 in-principle approved SEZs, with 184 operational, encompassing 62,565 acres.

SEZs have significantly boosted India's exports, from Rs. 13,854 crores in 2004-05 to Rs. 50,672 crores in 2015-16. The total share of SEZ exports from India was 38.37%. Employment generated by SEZs dramatically increased from 178,763 persons in 2006-07 to 1,165,141 persons in 2014, accounting for an 18% share in overall employment generation. Investment attracted by SEZs grew from Rs. 73,174 crores in 2008-09 to Rs. 288,431 crores in 2014-15, indicating substantial economic growth.

1.5. Contribution of SEZs to Socio-Economic Enhancement in Rajasthan

In Rajasthan, the number of notified and operational SEZs grew from 3 in 2005-06 to 4 formally approved, 5 notified, and 13 in-principle approved SEZs by 2014-15. Currently, 199 units are installed in these SEZs. The Handicraft SEZ of Boranada, Jodhpur, lost its SEZ status in July 2015.

SEZs have rapidly increased employment in Rajasthan. From 191 persons in 2004-05, employment surged to 13,475 persons in 2014-15, with an average growth rate of 66.91%. Total employment in Rajasthan also increased from 963,475 in 2004-05 to 1,874,000 in 2014-15. Exports from Rajasthan SEZs saw massive growth, from Rs. 5.26 crores in 2004-05

to Rs. 2,762 crores in 2014-15. Investment in SEZs in Rajasthan rose from Rs. 3.14 crores in 2004-05 to Rs. 2,757.07 crores in 2014-15, demonstrating a 12% growth rate in overall investment for the state.

Most SEZ projects in Rajasthan are strategically located within the influence region of the Delhi and Mumbai Industrial Corridor. Key sectors for SEZs in the state include IT/ITES, Textiles, Handicrafts, Electronics, Multi-product, and Gems and Jewellery. These figures underscore the significant positive impact of SEZs on urban redevelopment and socio-economic features in major cities of Rajasthan.

1.6. Objectives and Scope of the Study

- To study the planning of the Mahindra World City: Special Economic Zone.
- To study the spatial transformation in areas adjoining Mahindra World City SEZ.
- To study the socio-economic growth resulting from Mahindra World City SEZ.

Jaipur is one of India's fastest-growing cities, with significant untapped opportunities in its outlying areas. As urbanization expands, the city's borders extend. The establishment of an SEZ on the western border of Jaipur along NH-8 has accelerated development in surrounding neighbourhoods. This study aims to understand the spatial, redevelopment, and socio-economic growth impacts of this expansion.

2. Materials and Methods

The socio-economic impact and along with the urban redevelopment in Rajasthan can be assessed from the data given below:

Table 2.1. Year wise growth of SEZs stats

Year	Employment	Export	Investment
2004-05	191	15.28	31.4
2005-06	671	18.84	128.49
2006-07	2275	207.69	224.95
2007-08	4029	433.03	650.28
2008-09	4981	549.37	825.23
2009-10	7173	1002.19	923.71
2010-11	8338	1272.39	1116.69
2011-12	10145	1972.06	1292.02
2012-13	11979	1972.00	1605.40
2013-15	11832	2542.35	2106.83
2014-15	15648	2762.60	2626.00
Source: Ministry of commerce and Industry, SEZ section, RIICO, Jaipur			

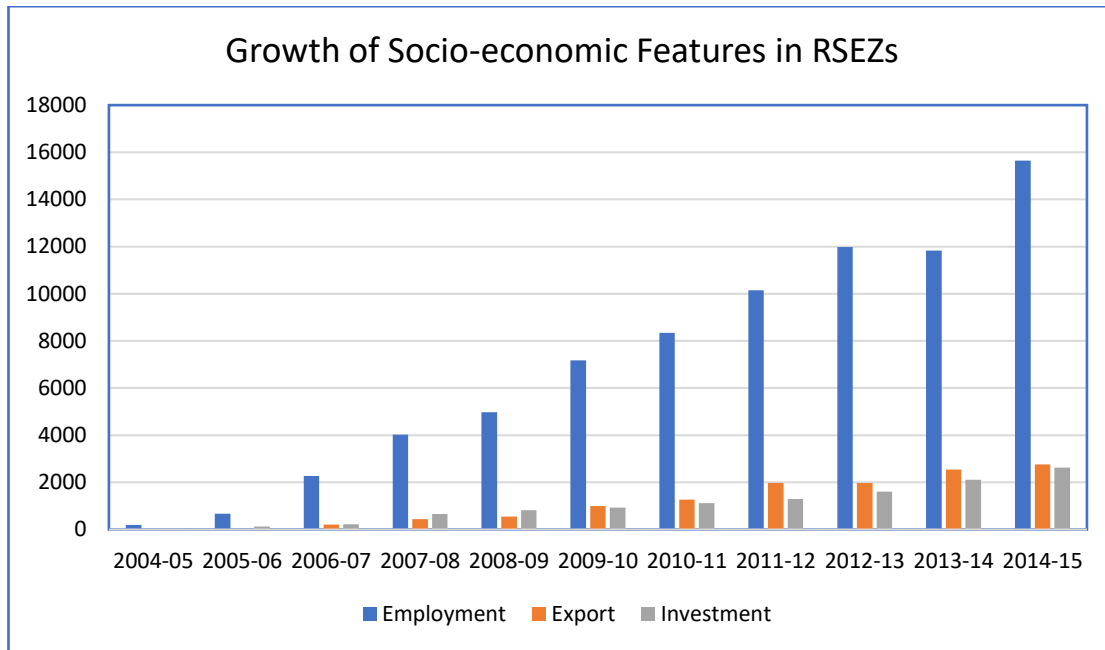
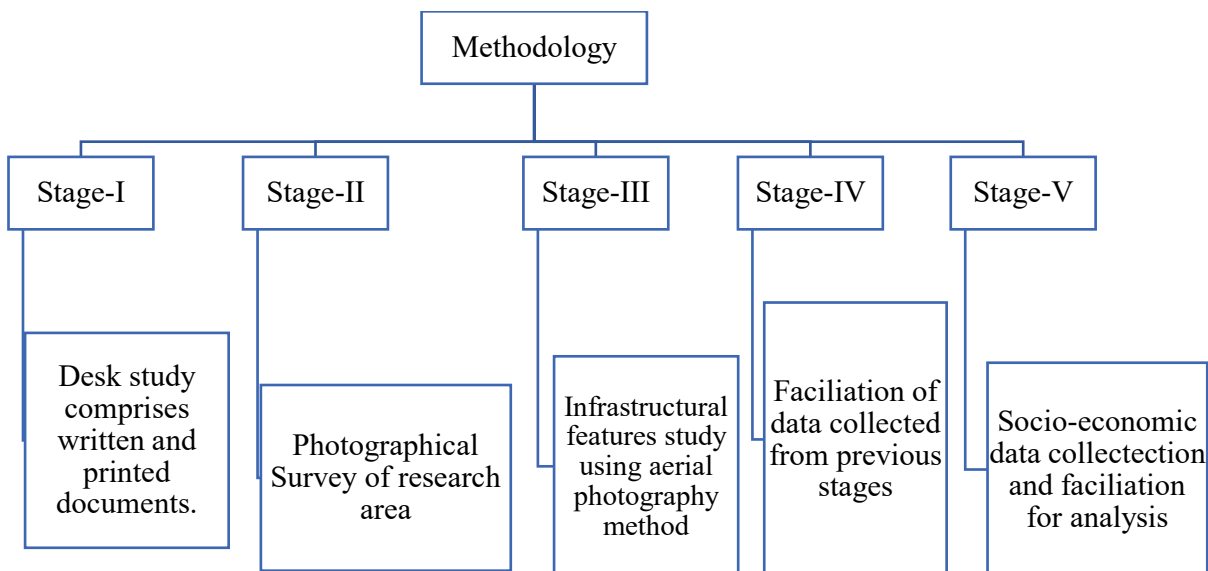


Figure 2.1. Socio-economic growth stats of SEZ in Rajasthan

It can be observed from above data that the SEZ have impacted positively in Rajasthan in the terms of Socio-economic growth. The study focuses on the contribution of Mahindra world city: Special Economic Zone, Jaipur in socio-economic development of the city and development of neighbourhood areas. The information is collected about establishment of SEZ, planning of SEZ, road network in and around SEZ campus, number of units working in the SEZ, level of employment provided by SEZ, amount of exports and investment, recent and past habitat and development near Mahindra world city: SEZ, Jaipur. Data was collected year-wise.

The methodology that has been adopted to achieve the objectives of study comprises five stages:



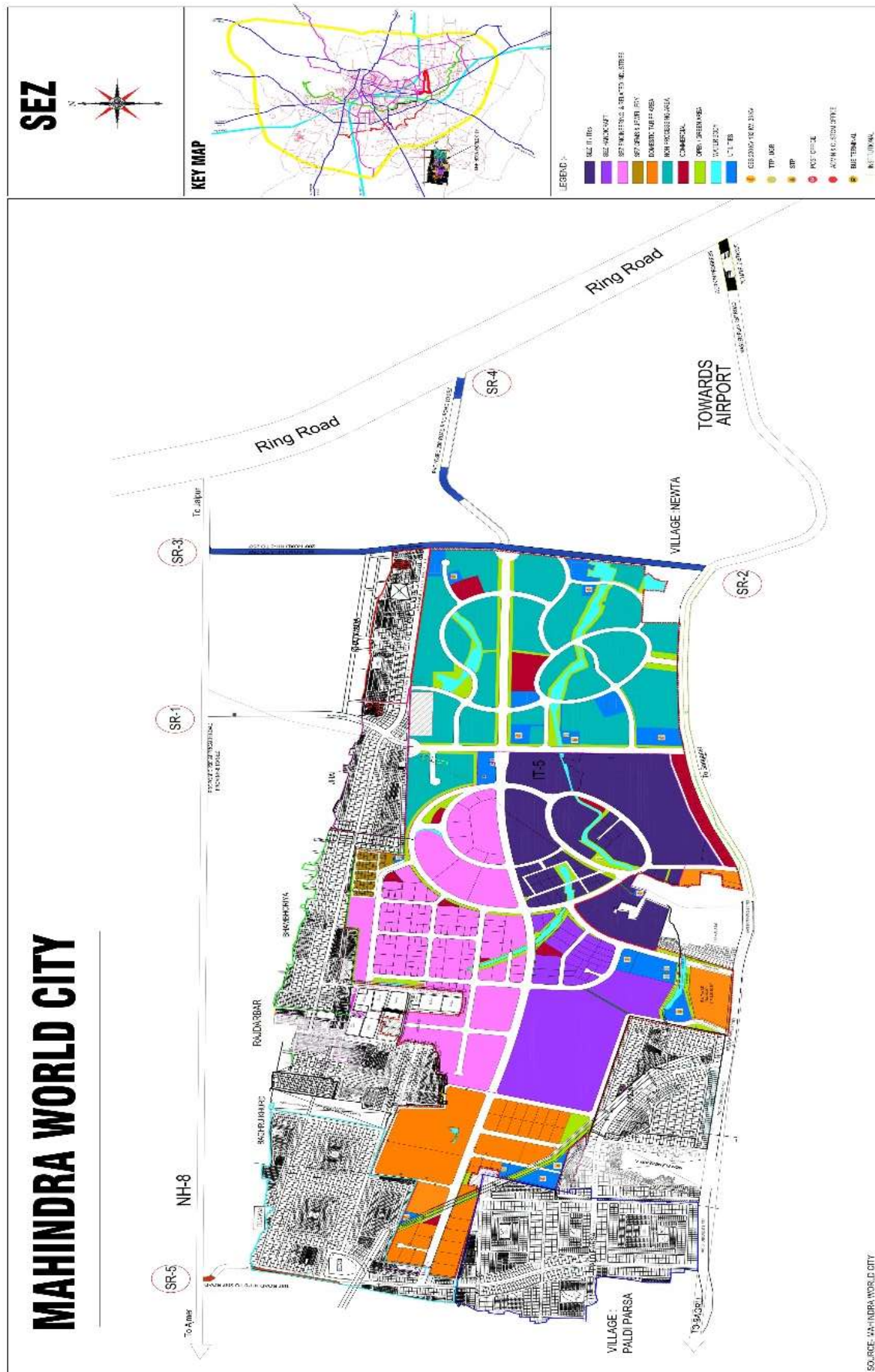
For this study the SEZ location that has been taken in consideration is Mahindra World City: SEZ, Jaipur. Mahindra World City is built near NH8 (Jaipur–Ajmer highway), and spread over an area of 3000 acres. Mahindra World City, Jaipur is promoted as a PPP between the Mahindra Group and Rajasthan State Industrial Development and Investment Corporation (RIICO). This SEZ endows the ideal destination of choice for companies looking to establish their base in North India. It is located on NH8 and within the DMIC influence zone.

The project is a global benchmark in sustainable development and has a Multi-Product Special Economic Zone spread across 1500 acres plus Domestic Tariff Area (DTA) spread across 1000 acres, in combination with planned co-located social infrastructure. Mahindra World City is located near Jaipur City, 18 km from the Jaipur international airport and

around 20 km from the Jaipur railway station. Mahindra World City, Jaipur was inaugurated by former Chief Minister of Rajasthan, Vasundhara Raje in 2007. It has been identified as one of the 16 projects globally by the Clinton Climate Initiative (CCI), that focuses on sustainable development theme.



Figure 2.2. Location Map of Mahindra World City: SEZ



3. Results

As the Mahindra World City: SEZ, Jaipur developing itself by attracting more and more investment the social environment of neighbourhood areas is also going enhanced. Before the introduction of MWC: SEZ there were seen very few development activities, after the introduction of this project on study area it has been observed that the neighbourhood areas of MWC: SEZ is developing in a splendid way. The villages around the project also got connectivity and their lifestyle changed very much to urban mode. Following are some comparative plan of old and recent condition of neighbourhood areas of MWC: SEZ, Jaipur.

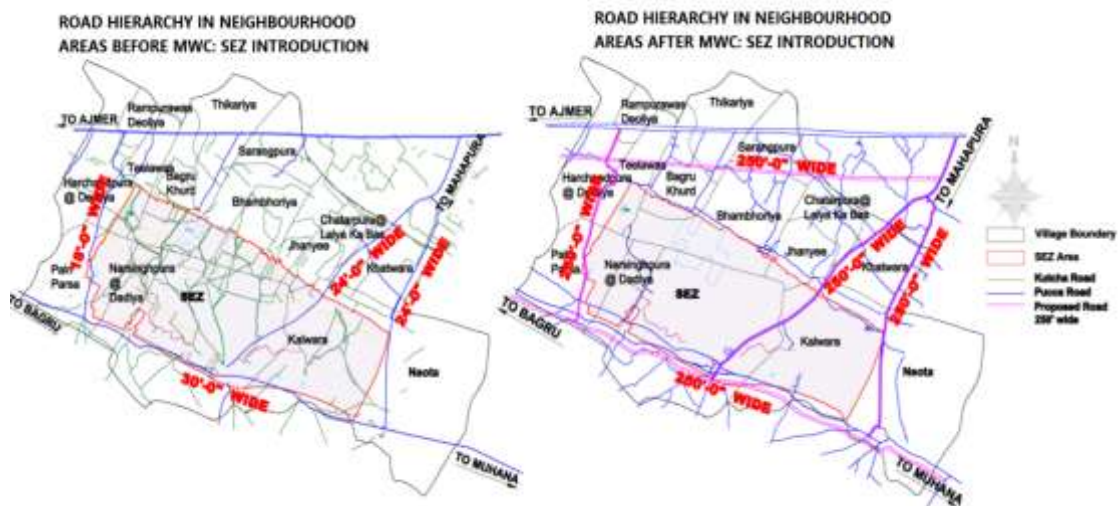


Figure 3.1. Comparative development of road network and connectivity

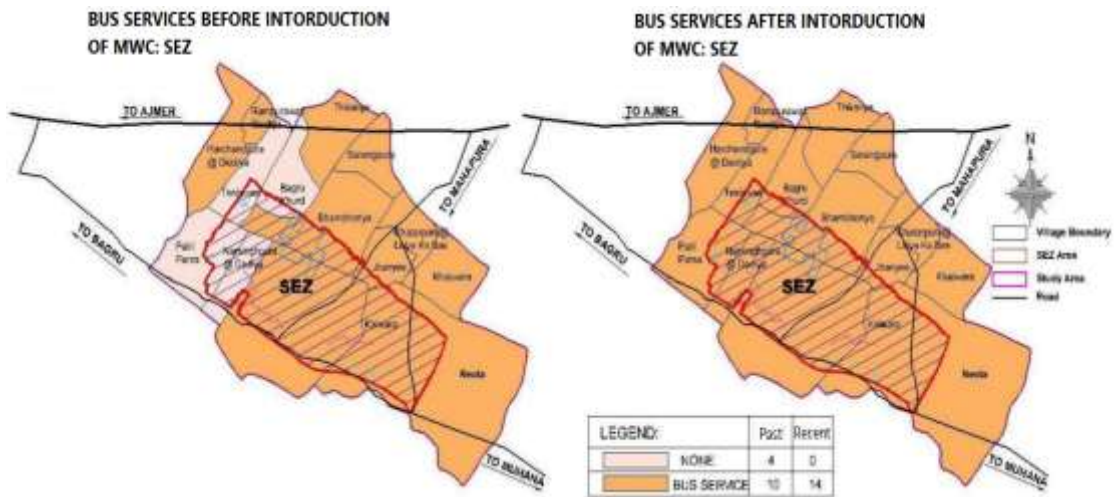


Figure 3.2. Comparative development of transportation facilities

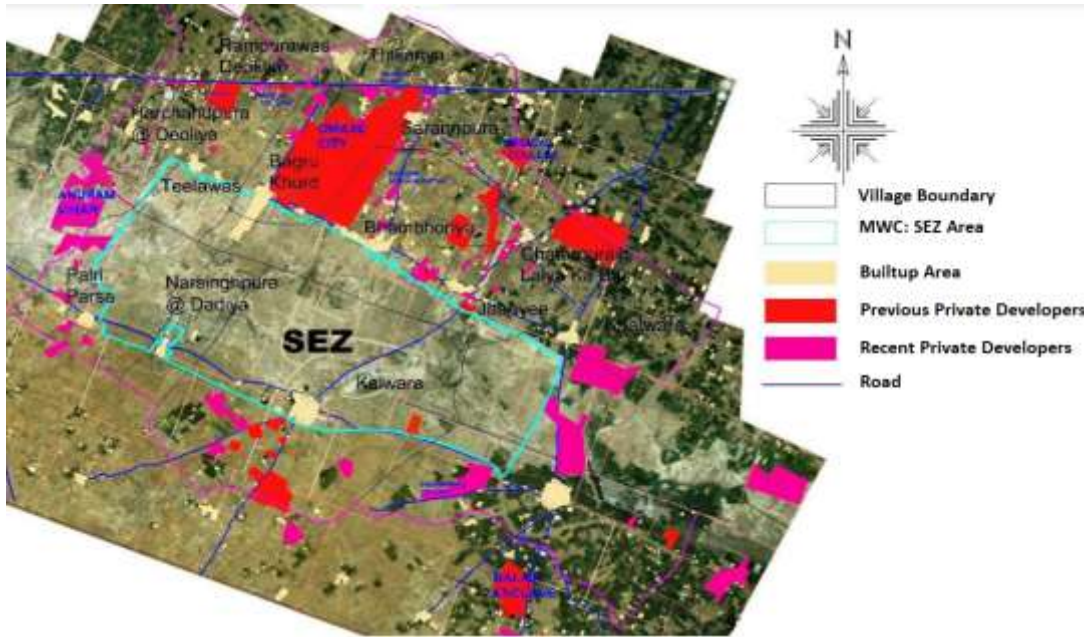


Figure 3.3. Redevelopment in neighbourhood areas of MWC: SEZ, Jaipur

One factor that also describes the growth in population of any location is also connected with the redevelopment reason for particular place. The data of population is collected form the government official census department shows an incremental feature in population. In year 2011 there were population of 30,46,163 in Jaipur while in year 2020 this count raised to 39,09,000. Following graphical representation shows the trend of increasing population year wise.

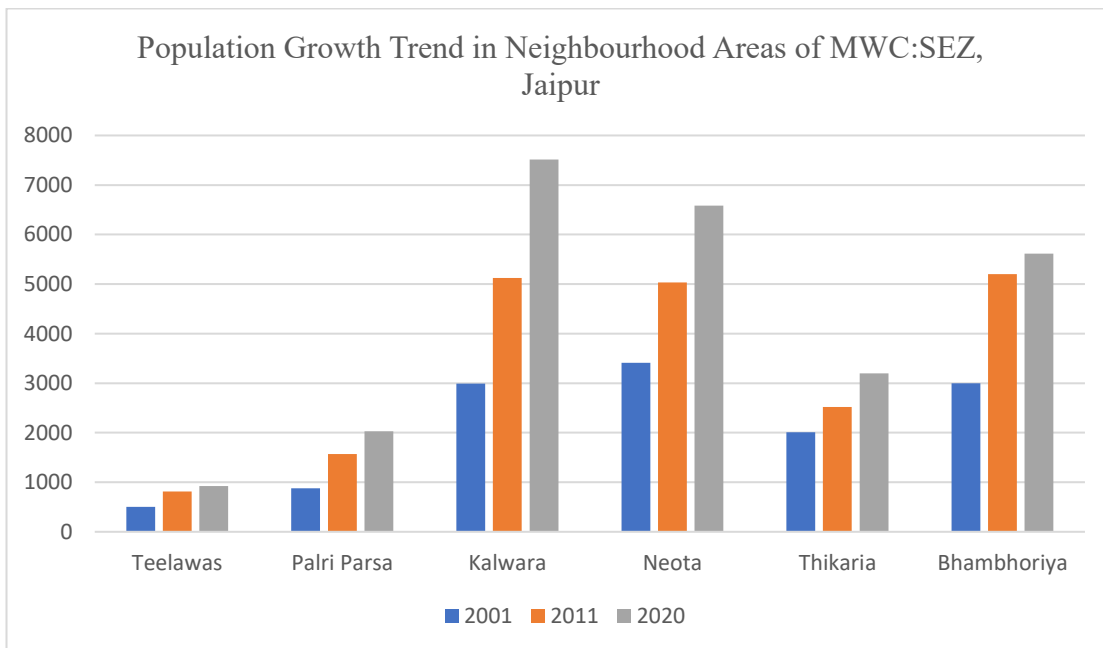


Figure 3.4. Population growth trend in neighbourhood area of MWC: SEZ, Jaipur

Another factor that describes the socio-economic growth of the nearby areas is the enhancement in the land prices due to increasing demand of settlement at the particular location. It has been observed by the documental and on-site surveys that a recognised raise has been seen in the land values of the nearby localities of the MWC: SEZ, Jaipur and following data shows the result of the same:

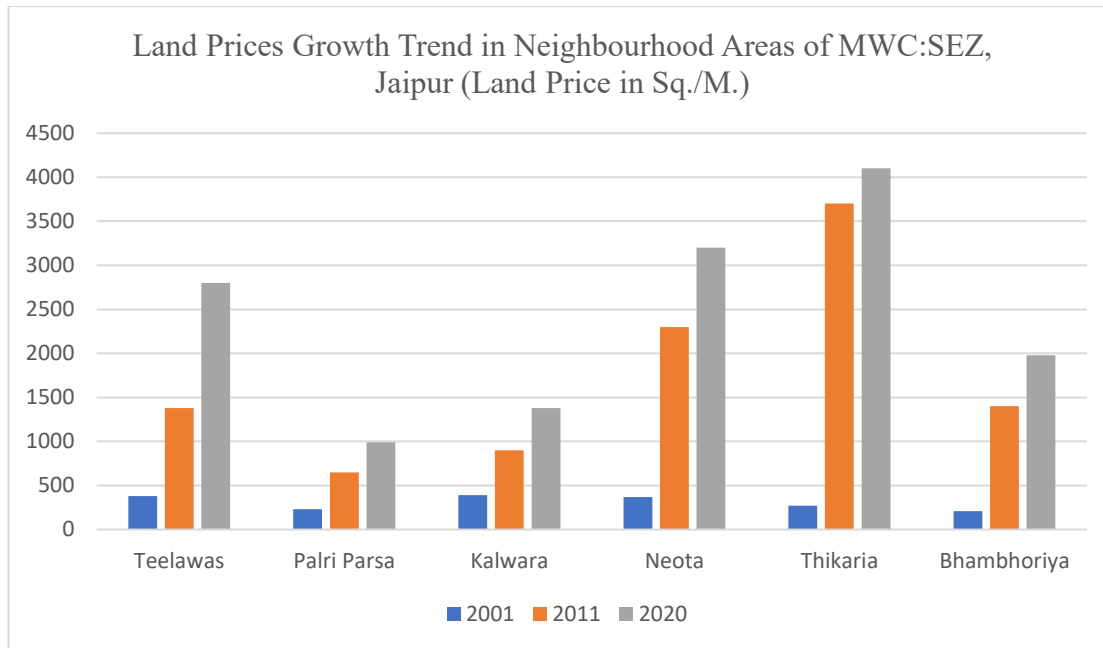


Figure 3.5. Land Prices growth trend in neighbourhood area of MWC: SEZ, Jaipur

Following are some photographic representations of SEZ nearby infrastructural redevelopment. As the SEZ project at study location came into presence the land prices start striking in nearby areas, many of private builders and government housing schemes came into light in last few years, the average land rate increased to 60 to 70 percent since year 2005 to recent years.

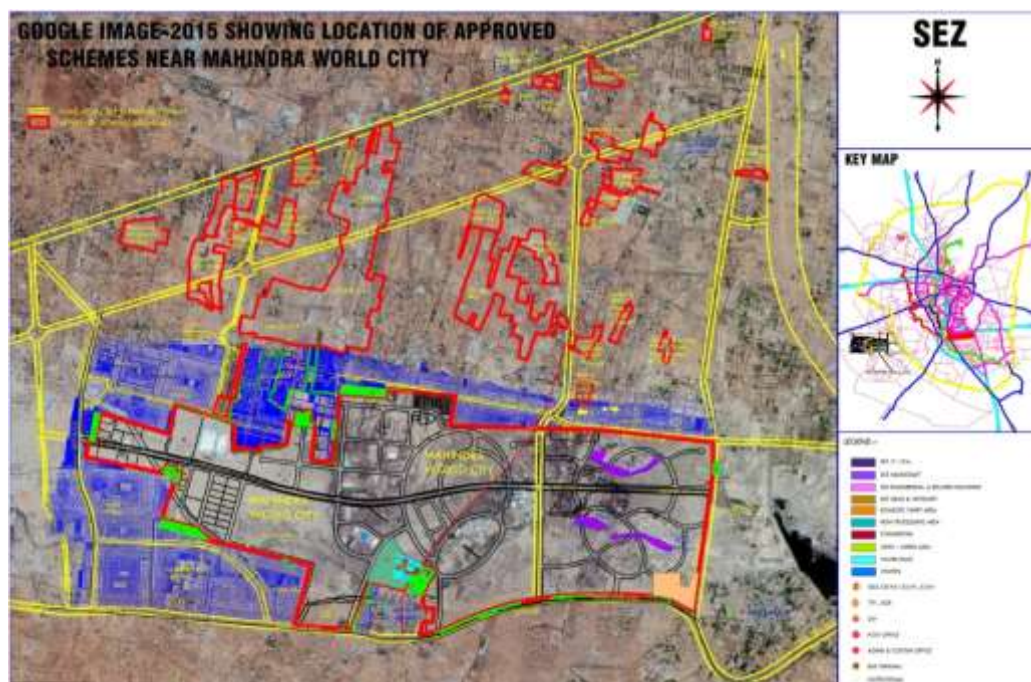


Figure 3.6. Google image – 2015 showing location of approved schemes near Mahindra world city

A thorough comparison of overall spatial features enhancement can be observed with the following plans, which shows the development before introduction of MWC: SEZ, Jaipur that is in year 2015 and in the recent year 2020; and it is clearly observable that a lot of development has taken place in nearby areas of MWC: SEZ, Jaipur due to socio-economic enhancement.

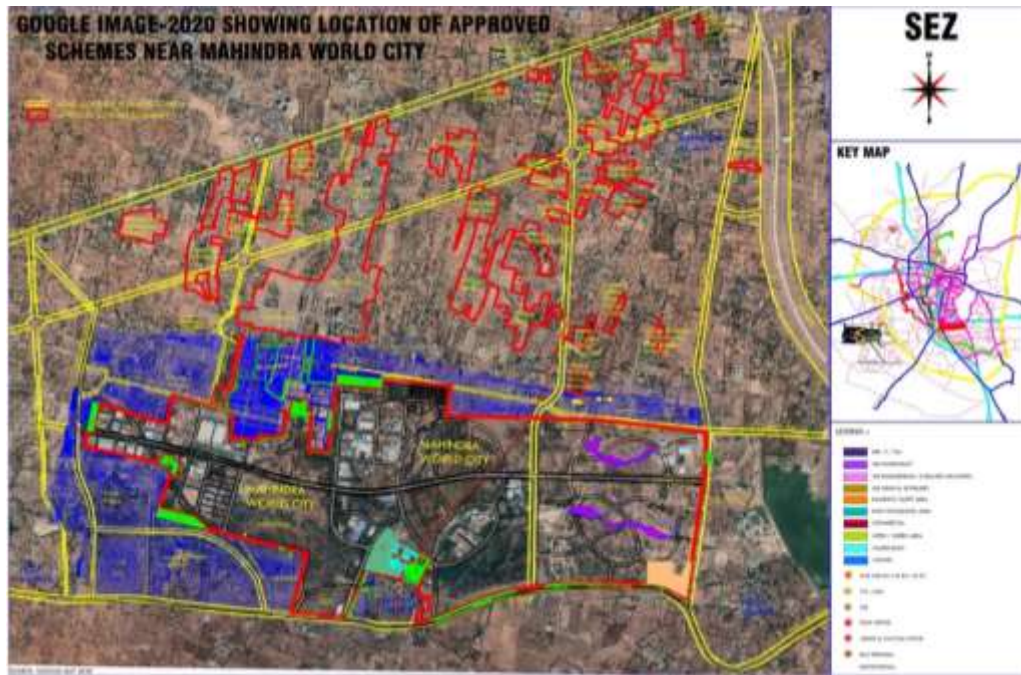


Figure 3.7. Google image – 2020 showing location of approved schemes near Mahindra world city

4. Discussion

SEZ is essential is and an important factor for the growth of export, financial development, employment increase. Along with this the SEZs provides a huge enhancement to the socio-economic condition of regional territory.

The study outcomes are as follows:

- The first objective of the study was to study the planning of the Mahindra world city: SEZ, Jaipur. By the adopted methodology, it has been observed that location is perfectly planned to reach the goal of sustainable development. All amenities are present for the units working there with well-planned road network, taking care of ecological features 33 percent of area is kept green in campus.
- Looking from socio-economic impacts of MWC: SEZ, Jaipur project is has been observed that study area has a great opportunity of investment, potential export and employment generation features. Mahindra world city has well developed infrastructure to support SEZ. This is why sez in study location attracts huge investment and create good opportunity for employment and thus plays important role in regional socio-economic enhancement. The new incentives by government like make in India skill India and digital India directly or indirectly support the SEZ policy.
- Third objective is spatial transformation of neighbourhood areas, in perusal this has been identified by site surveys that the nearby areas of MWC: SEZ, Jaipur has development in an increasingly manner. The development by private builder and government housing schemes are speeding up in nearby areas. The land rates also go increasing due to high settlement demand at location.

Thus it has been identified by the study that overall growth is enhanced in manner of socio-economic feature, along with the SEZ progress the redevelopment of the nearby areas are in crescent. Following recommendations can be suggested after analysing the results and discussion of the study.

- Proper policy formation should be recognised for the growth of SEZs, so such zones can grow along with the regional territories.
- Restriction to be done on unapproved and unplanned development in the Nearby regions of location.
- Proper utilization of land should be done to benefit society.

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