



## AN ANALYSIS OF EMPLOYMENT AND INVESTMENT OPPORTUNITIES IN VARIOUS INDIAN STATES IN INDIA

### ABSTRACT

*In the era of globalization to maintain the level of international trade and to be in the pace of global completion, countries need to focus on the policies for international trade. SEZ policy is one among them. The emergence of SEZs as 'an engine for economic growth' or 'a tool for economic growth' is a widely discussed issue. SEZ is considered as a tool for penetrating growth and development in any of the country by creating the opportunities in employment, increasing export and by inviting foreign investment. This paper mainly focus on the role of SEZs in penetrating employment and investment related services by analyzing employment and investment opportunities created in various states in India. In this paper data of employment, exports and investment done by various SEZs in various states in India during year 2011-12 to the year 2016-17 is collected and tried to find out which state is pioneer in providing employment, export and investment related opportunities.*

**KEY WORDS:** *Special Economic Zones, Employment, Investment, Exports*

### INTRODUCTION

Special Economic Zone is considered as special area meant only to promote exports and is treated as duty free regions considered to be a foreign territory for the purpose of trade operations and duties and tariffs. All the transfer of goods from SEZ to Domestic Tariff Area (DTA) is considered as imports and transfer from DTA to SEZs is considered as exports. In any SEZ, goods may be imported or obtained from DTA, for the purpose of manufacturing of goods and services, without paying the duty and for the purpose of production, assembling, and trading, etc. SEZs have been established in many states and are providing employment, export and investment related activities.

### What is SEZ

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### LITERATURE REVIEW

Special Economic zones are very important for the growth of the economy of any country. **Aggarwal A. , (2007)** stated that to achieve the desired objectives of the SEZs government needs to play an important role in maintaining the strong relationships among various industries, universities and government, so that a culture of innovations, R&D, and learning can be stimulated. **IBEF- India Brand Equity Foundation** in their study stated that SEZs are important for the growth of small and medium enterprises that are not having access to infrastructure facilities. **Khurud, (2013)** stated that SEZs are promoting export facilities in India and it was witnessed that growth of exports through SEZs is much

more than the overall growth of exports in India. According to Khurud in India Gujarat is performing well in chemical and pharmaceutical industry. In case of Gems and Jewellery exports Santacruz SEZ is playing an important role **(Tantri, 2011)**. According to **(Elangovan & Palanisamy, Oct. 2013)** Chennai SEZ is playing a crucial role in contributing in Balance of Trade, sector wise export contribution and in the growth of Tamilnadu state and in the growth of southern states. But the performance of these SEZs mainly depend upon the international trade policies of the government as that affects the location choice decision and facilities provided to these SEZs (Agrawal & Verma, 2013). Many policy decisions have been taken with regard to SEZs. The measures like SEZ policy and SEZ act 2005 have proved many beneficial for the growth of SEZs. Due to the enactment of SEZ Act 2005 there was significant growth of Cochin SEZ. It has helped in attracting more investment and providing employment facilities **(Nidheesh. K.B, 2013)**. But the pace of growth is still comparatively less than China due to lack of infrastructure facilities in India. Many land acquisition related issues has emerged **(Singala, Atmavilas, & Singh, 2011)**, so government is not concentrating properly on these SEZs due to these issues. These issues aroused due to usage of farmland and land related to livelihood usage **(Mane & Salave, 2014)**. **Lonarkar, (2014)** was of the view that SEZs are better in terms of performance as compare to their predecessor Export Processing Zones.

In short special economic zones are very important in stimulating the growth of not only exports, employment and investment but also in bringing the economic transformation in the economy of the country, as SEZs have channelized the fund from less productive sectors to more productive ones **(Aggarwal A. , 2010)**.

### **RATIONALE/IMPORTANCE OF THE STUDY**

There are many studies that have been conducted on SEZs. There are many comparative studies of India and China. Many studies are there to measure the performance of SEZs, their sector wise performance. Many studies are there to measure the performance of individual SEZs. But there are very few studies regarding State-wise performance of Various SEZs in providing export, employment and investment related facilities.

This study is mainly focused on state-wise contribution of SEZs in employment and investment.

### **OBJECTIVE OF THE STUDY**

- To analyse the employment opportunities created by SEZs in various states.
- To study the investment opportunities created in various states.
- To analyse the amount of exports by SEZs in India.
- To analyse the trends in exports, employment and investments in various states.

### **METHODOLOGY**

In this study secondary data is collected from various annual reports, websites, journals data and news papers on Various SEZs in India, data have been analyzed by using tools such as ratios, percentages and annual compound growth rates to check the employment and investment activities established by SEZs in various states in India.

### **SAMPLE**

In this study data on employment, exports and investment by various states for five years starting from financial year 2011-12 to 2016-17 is collected.

## DATA COLLECTION

This study is descriptive in nature. In this study secondary data is used and it is collected from various websites of various special economic zones, from the annual reports of SEZs, from economic surveys of ministry of commerce, annual reports of export promotion councils etc.

## STATISTICAL TOOLS

In this study to analyse the data descriptive analysis is done. Data is analyzed with the help of percentage growth method. Various types of diagrams like bar chart and pie chart is used to compare and analyze the data. In this study CAGR (compound annual growth rate) is used for analysis purpose.

$$CAGR = \left( \frac{\text{Ending Value}}{\text{Beginning Value}} \right)^{\left( \frac{1}{\# \text{ of years}} \right)} - 1$$

## ANALYSIS

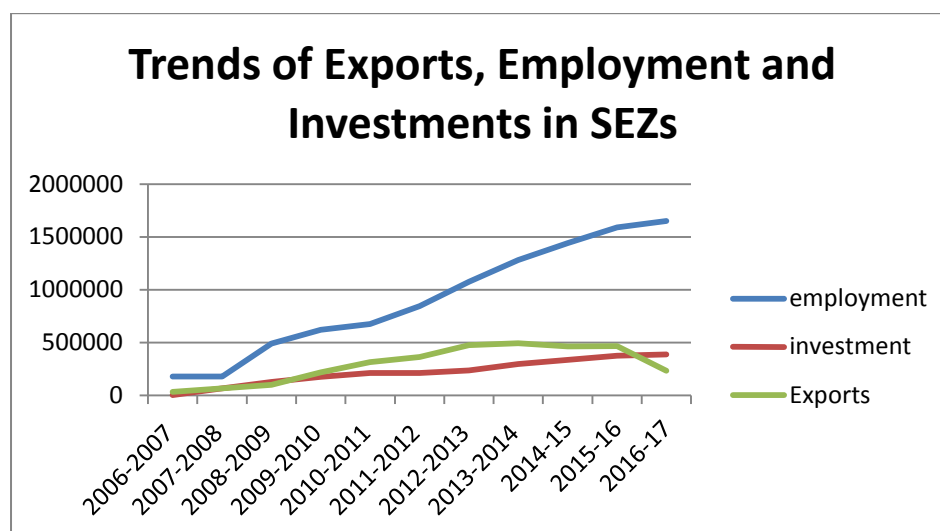
The given table shows the data related to employment and investment opportunities generated by various SEZs in India. This table shows that SEZs have recorded a significant growth in providing export, employment and investment related opportunities in India and recorded a CAGR of 24.44 percent, 54.18 percent and 29.73 percent in employment, investment and exports respectively.

**Table-1 Trends of exports, employment and investments in SEZs**

Trends of exports, employment and investments in SEZs			
Years	Employment(persons)	investment	Exports
2006-2007	178763	4958.89	34,615
2007-2008	179000	67347	66,638
2008-2009	490358	128385.05	99,689
2009-2010	620824	176148	220711
2010-2011	676608	212914.36	315868
2011-2012	844916	213605.54	364478
2012-2013	1074904	236716.65	476159
2013-2014	1283309	296663	494077
2014-2015	1442316	338794	463000
2015-2016	1591381	376494	467337
2016-2017	1650738	389247	235900
<b>CAGR</b>	24.44	54.18	29.73
(As on 30th September, 2016)			

(Source: Compiled from various sources, like ministry of commerce, Websites of SEZs etc.)

This is explained with the help of figure -1 as well.

**Figure-1: Trends of Exports, Employment and Investments in SEZs**

This table clearly shows that there is an upward trend in case of employment opportunities, and investment opportunities generated by various SEZs in India. Moreover there is an increasing trend in total amount of exports by these SEZs in India. That indicates SEZs are capable of providing these opportunities in any country, and in case of India SEZs are clearly able to initiate their desired objectives.

#### STATE-WISE EMPLOYMENT OPPORTUNITIES

In this section total employment opportunities created by various SEZs in aggregate is presented. In this section employment related data is collected from the year 2011-12 to the year 2015-16 and the average opportunities generated in various states is calculated. **Table-2** shows the employment related data in various states, and it is evidenced in this table that Maharashtra and Tamilnadu are having top position in terms of providing employment opportunities created. It was witnessed that among total Maharashtra is providing 25 percent opportunities and Tamilnadu is providing 21 percent opportunities of employment. Third place is captured by Karnatka followed by Andhrapardesh, Uttarpardesh and West Bengal providing 14 percent, 8 percent, 6 percent and 4 percent employment opportunities through SEZs respectively. Almost 80 percent of employment opportunities are generated in these six states only.

**Table-2 State-wise Employment generation from SEZs in India (2011-2012 to 2015-2016-upto 30.09.2015)**

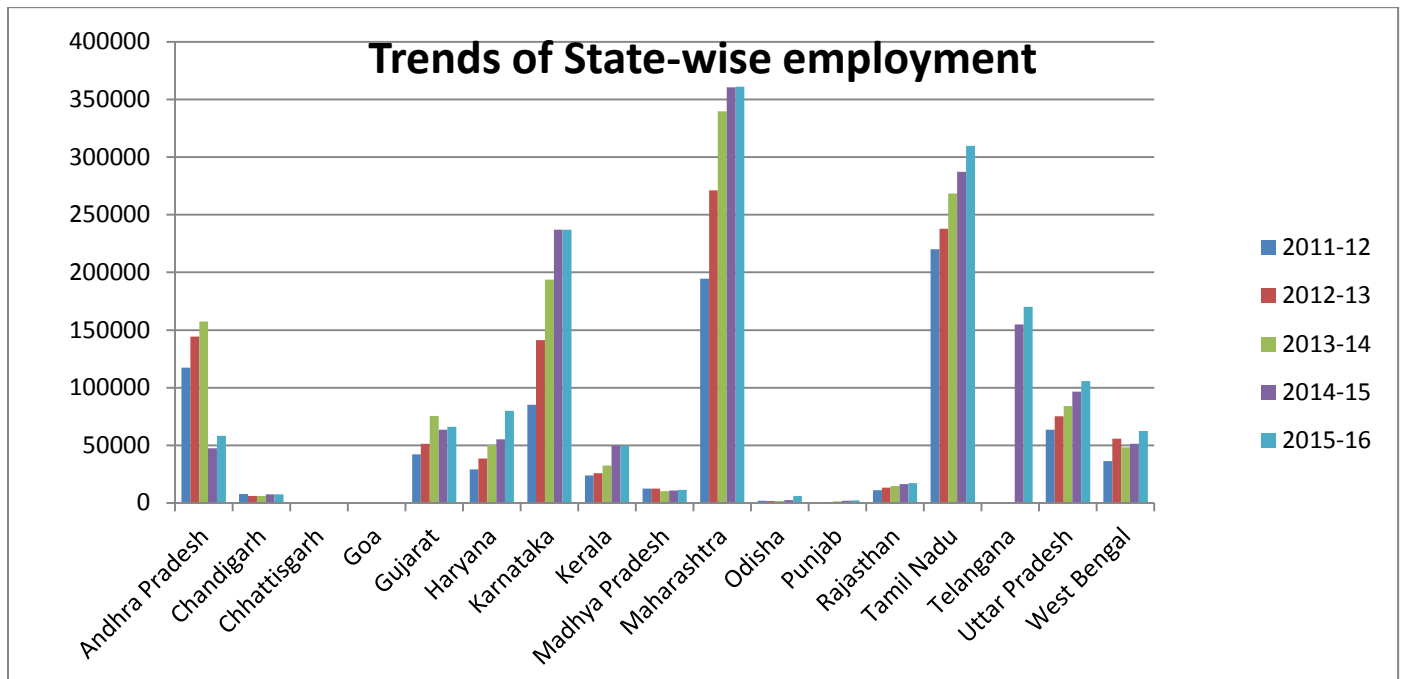
State-wise Employment generation from SEZs in India (2011-2012 to 2015-2016-upto 30.09.2015)							
States	2011-12	2012-13	2013-14	2014-15	2015-16	cumulati ve	Percent share on cumulativ e basis
Andhra Pradesh	117266	144346	157280	47506	58335	524733	8.477147 954
Chandigarh	7620	6140	5927	7297	7497	34481	0.557046 228
Chhattisgarh	0	119	119	41	67	346	0.005589 687
Goa	28	28	28	28	28	140	0.002261 723
Gujarat	42097	51190	75586	63475	66114	298462	4.821702 719

Haryana	29220	38497	50208	55256	79842	253023	4.087628 197
Karnataka	85055	141366	193686	237138	237138	894383	14.44890 453
Kerala	23799	25701	32311	49652	49652	181115	2.925942 626
Madhya Pradesh	12313	12429	10308	10828	11306	57184	0.923816 929
Maharashtra	194469	271134	339919	360543	361152	1527217	24.67244 192
Odisha	1787	1715	1577	2347	5920	13346	0.215606 826
Punjab	299	369	1299	1993	2058	6018	0.097221 78
Rajasthan	11028	13163	14574	16321	17246	72332	1.168535 361
Tamil Nadu	219989	237950	268405	287275	309873	1323492	21.38123 103
Telangana	0	0	0	154784	170029	324813	5.247407 46
Uttar Pradesh	63637	75101	83970	96591	105862	425161	6.868545 911
West Bengal	36309	55656	48112	51241	62407	253725	4.098969 123
<b>India</b>	<b>844916</b>	<b>1074904</b>	<b>1283309</b>	<b>1442316</b>	<b>1544526</b>	6189971	100

(Source: Compiled from various annual reports of ministry of commerce and economic surveys)

Figure -2 shows year-wise data of employment facilities generated in various states. It is clear from this figure that initially Telangana is the state that is providing more opportunities in the last few years after its birth on 2 June 2014.

**Figure-2 Trends of State-wise employment**



Chhattisgarh, Goa, Orisha and Punjab are not able to provide more opportunities. Jointly these states are able to provide only 1 percent of opportunities. This is shown in **figure -3**. Government should take steps to promote SEZs in these states and should help in providing desired outcome.

Figure-2 shows that SEZs are performing much better in the year 2014-15 and 2015-16 as compared to previous years in terms of providing employment opportunities. Maharashtra, Tamilnadu and Karnataka are showing consistent performance.

**Figure-3 Average state wise employment by SEZs in Percentage**

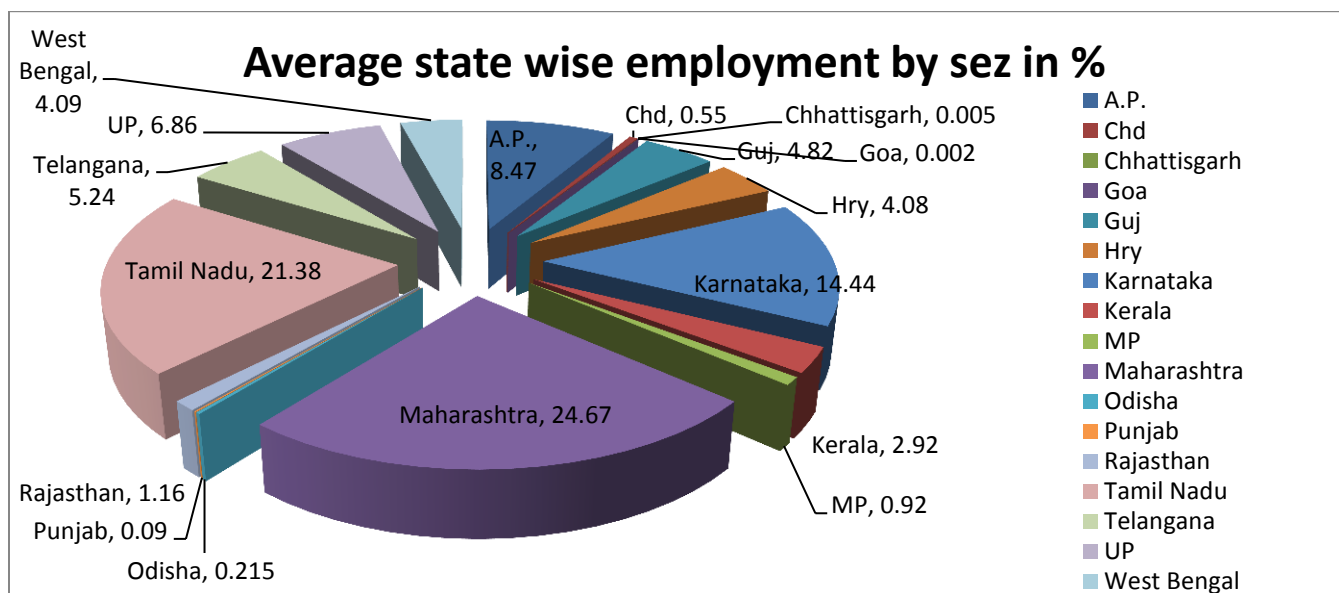


Figure-3 states that Maximum employment related opportunities are generated in Maharashtra with 24.67 Percent. Second place is captured by Tamil-Naidu with 21.38 Percent opportunities created followed by Karnataka with 14.44 Percent. Gujarat, Haryana, U.P., Telangna, West-Bengal are providing 4 to 6 percent share each in employment generation. Least is generated by Punjab, Goa, Chhattisgarh and Chandigarh with less than 1 percent share in each state.

## STATEWISE INVESTMENT OPPORTUNITIES

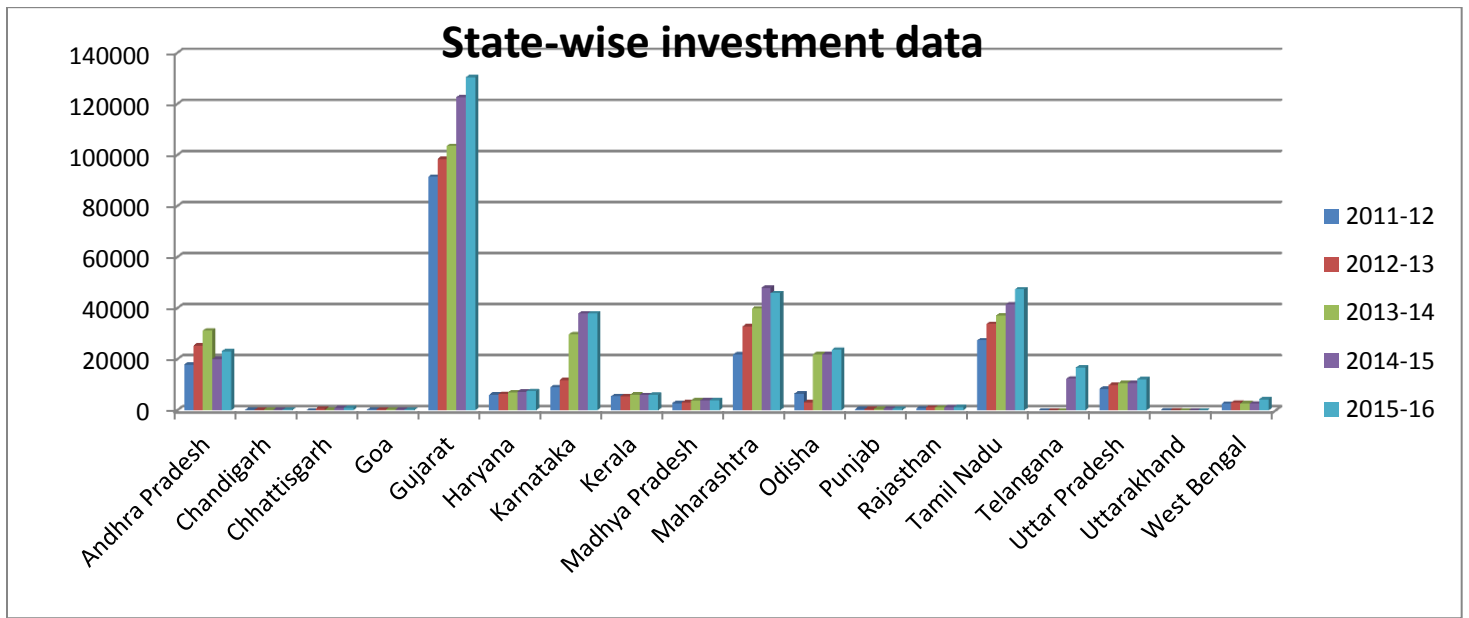
One of the prime objectives of SEZs is to attract investment. Under this section the data regarding total investment attracted is collected for the same period from 2011-12 to 2015-16. Table-3 shows total investments made in various SEZs in various states of India. Table-3 shows that highest investment with 38.04 percent share is attracted by Gujarat state, followed by Maharashtra and Tamilnadu with 13 percent each share in investment attracted.

**Table-3 Selected State-wise Investment Made in SEZs in India (2011-2012 to 2015-2016-upto 30.09.2015)**

<b>Selected State-wise Investment Made in Special Economic Zones in India (2011-2012 to 2015-2016)</b>							
<b>State</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>cumulative</b>	<b>percentag e share</b>
Andhra Pradesh	17941	25425	31275	20149.47	23163.61	117954.1	8.2
Chandigarh	229	213	228	260.1	267.79	1197.89	0.08
Chhattisgarh	0	617	218	864.2	960.8	2660	0.18
Goa	297	297	297	296.59	296.59	1484.18	0.1
Gujarat	91520	98529	103600	122702.47	130466.78	546818.3	38.04
Haryana	6166	6426	7022	7331.37	7550.49	34495.86	2.4
Karnataka	9073	11910	29810	37966.89	37966.79	126726.7	8.81
Kerala	5557	5536	6158	6003.13	6113.13	29367.26	2.04
Madhya Pradesh	2821	3119	3884	3980.11	3982.56	17786.67	1.23
Maharashtra	21919	32939	39898	47997.39	45937.85	188691.2	13.12
Odisha	6537	3118	21978	21980.74	23751.7	77365.44	5.38
Punjab	529	551	560	672.53	670.7	2983.23	0.2
Rajasthan	762	1105	1115	1216.46	1286.24	5484.7	0.38
Tamil Nadu	27485	33871	37168	41487.36	47395.19	187406.6	13.04
Telangana	0	0	0	12456.66	16793.32	29249.98	2.035
Uttar Pradesh	8426	10012	10664	10777.68	12167.44	52047.12	3.621
Uttarakhand	23	23	0	0	0	46	0
West Bengal	2590	3026	2788	2651.31	4341.48	15396.79	1.07

(Source: compiled from various reports and surveys regarding SEZs)

**Figure-4 State-wise investment data**



This figure-4 shows that Gujarat is pioneer in attracting investment through SEZs; Uttrakhand is showing declining trend in investment attracted. Again Chandigarh, Chhattisgarh, Goa, Punjab and West Bengal are not capable of attracting investments in these states.

**Figure-5 State wise investment by SEZs in Percentage**

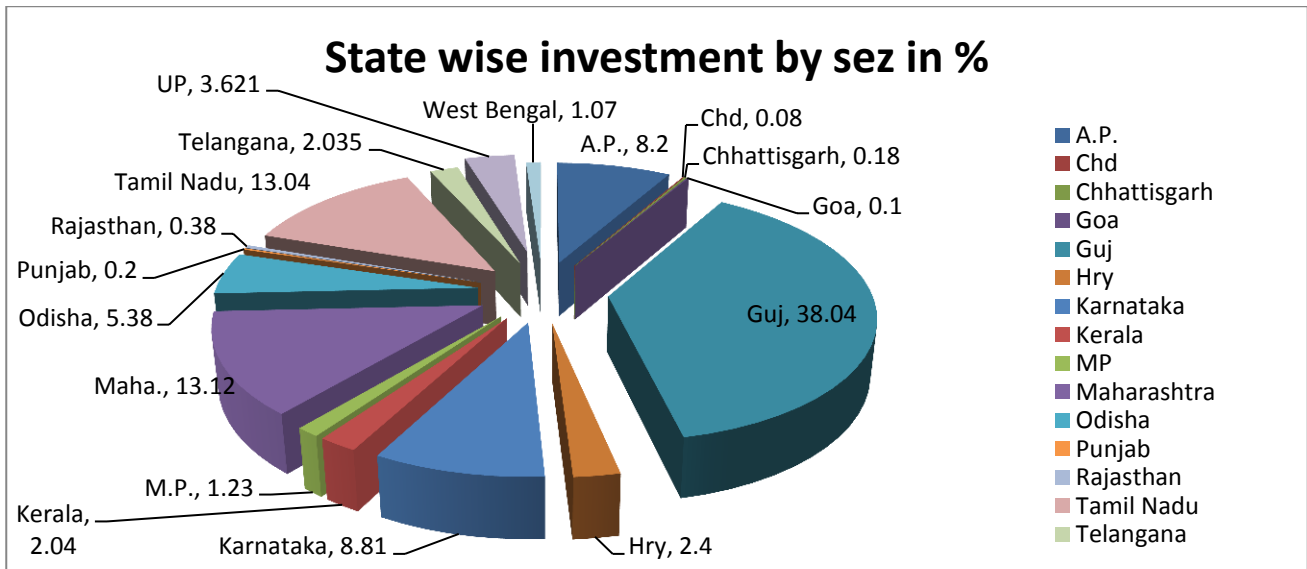


Figure 5 shows that in case of investment attraction Gujarat is having first place followed by Maharashtra and Tamil-Naidu with 38.04, 13.12 and 13.04 percent share in these states respectively. Karnataka and Andhra Pradesh are providing 8.81 percent and 8.4 percent share respectively.



**Table-4 Selected State-wise Area of Notified, Utilized and Vacant in Processing SEZs in India (As on 10.03.2015) (In Hectare)**

<b>Selected State-wise Area of Notified, Utilized and Vacant in Processing SEZs In India (As on 10.03.2015) (In Hectare)</b>					
<b>States/UTs</b>	<b>Total Area Notified</b>	<b>Total Area Utilized</b>	<b>percentage area utilized</b>	<b>Area Lying Vacant in Processing Area</b>	<b>Percentage area lying vacant</b>
Andhra Pradesh	11187.06	4493.96	40.17105477	2213.45	59.82894523
Chandigarh	58.46	23.62	40.40369483	34.84	59.59630517
Chhattisgarh	101.28	22.04	21.7614534	79.24	78.2385466
Goa	249.48	0	0	249.48	100
Gujarat	12382.83	6818.58	55.06479537	4795.29	44.93520463
Haryana	415.49	36.57	8.801655876	293.69	91.19834412
Jharkhand	16.42	0	0	16.42	100
Karnataka	2296.07	841.83	36.66395188	1039.12	63.33604812
Kerala	961.16	390.38	40.61550626	455.99	59.38449374
Madhya Pradesh	1551.13	209.93	13.53400424	726.96	86.46599576
Maharashtra	6578.53	1754.51	26.67024396	3123.52	73.32975604
Manipur	10.85	0	0	10.85	100
Nagaland	340	0	0	340	100
Odisha	491.08	300.06	61.10206076	191.01	38.89793924
Punjab	46.12	8.39	18.19167389	30.92	81.80832611
Rajasthan	773.3	136.78	17.68783137	636.51	82.31216863
Tamil Nadu	5277.82	2222.85	42.11682096	2795.01	57.88317904
Telangana	2048.96	1957.22	95.52260659	469.51	4.477393409
Uttar Pradesh	753.92	219.2	29.07470289	476.77	70.92529711

West Bengal	235.84	190.71	80.86414518	45.13	19.13585482
<b>India</b>	<b>45775.8</b>	<b>19626.63</b>	<b>42.8755587</b>	<b>18023.71</b>	57.1244413

(Source: Compiled from Various SEZ websites)

Table 4 shows that Jharkhand, Manipur, Nagaland and Goa are not utilizing the notified area allotted for SEZs at all. Haryana, Madhya Pradesh, Punjab, Rajasthan are not utilizing more than 80 percent of the area notified in each state. In Uttar Pradesh, Maharashtra and Chhattisgarh more than 70 percent of area is lying idle. Only Telangna is the state that is utilizing its space more efficiently. In aggregate in case of India total 57 percent of notified area is not being utilized for the desired purpose.

## RESULT SUMMARY

- SEZs are playing important role in generating employment and investment and export related opportunities.
- 24.48 Percent Compound Annual Growth Rate (CAGR) is recorded in case of employment since 2006-07 to 2015-16 in various states.
- In case of investment CAGR is recorded as 54.18 percent during the same time span of 10 years.
- Exports from SEZs recorded the compound growth of 29.73 percent.
- Maximum employment related opportunities are generated in Maharashtra with 24.67 Percent.
- Second place is captured by Tamil-Naidu with 21.38 Percent opportunities created followed by Karnataka with 14.44 Percent.
- Gujarat, Haryana, U.P., Telangna, West-Bengal are providing 4 to 6 percent share each in employment generation.
- Least is generated by Punjab, Goa, Chhattisgarh and Chandigarh with less than 1 percent share in each state.
- In case of investment attraction Gujarat is having first place followed by Maharashtra and Tamil-Naidu with 38.04, 13.12 and 13.04 percent share in these states respectively.
- Karnataka and Andhra Pradesh are providing 8.81 percent and 8.4 percent share respectively.
- Jharkhand, Manipur, Nagaland and Goa are not utilizing the notified area allotted for SEZs at all.
- Only Telangna is the state that is utilizing its space more efficiently

## CONCLUSION

To conclude it can be said that Special Economic Zones are very important in providing growth and development related services and facilities. Now a day's many countries are developing SEZs to promote growth and development. In case of China the existence of SEZs started very late, but its growth process is very fast as compare to many other Countries, especially India. In case of India SEZs are providing employment, investment and exports related services in many states but the main services of employment generation are mainly concentrated in Maharashtra Tamil-Naidu and Karnataka. On the other hand investment is attracted mainly in Gujarat, Maharashtra and Tamil-Naidu. Haryana, Telangana, West-Bengal are able to attract moderate level of investment and employment opportunities. In short SEZs are able to generate sufficient amount of investment, employment and export related activities. These SEZs are also capable in infrastructure development that is very necessary for any country's growth and development. But for the SEZs to work on their full capacity it is must that SEZs should be promoted and regulated well by the government. As it is seen that the main hindrance in the growth and development of SEZs is the land issue, moreover the allotted land is not efficiently used by all the SEZs. The reason behind this can be coined as usage of farm land for SEZ purpose, which negatively affects SEZs' performance. So for the SEZs to do well government should play an active and positive role, that will facilitate the all around development of the country.

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**Minakshi Gupta**  
 Prof. Lokmanya College of Commerce  
 Research scholar  
 B.K. School of Business Management  
 Gujarat University

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