



Special Economic Zones (SEZs) in India and Karnataka: A Policy and Performance Perspectives

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The current paper discussed Special Economic Zones (SEZs) in general level at world and then the Indian situation is discussed and compared with that of Karnataka. The article Discusses SEZ units in a macro environment where SEZ policy is a major part. Thus the SEZ policy of the Central Government and the Karnataka State Government is discussed in detail followed with the organization, structure and export performance of SEZs in India and Karnataka.

Keywords: Special Economic Zones, Central Government SEZ Policy, Karnataka State Policy, Sectoral Export Performance.

Introduction:- The concept of special economic zones (SEZs) is the gift of the People's Republic of China to the world community which set up SEZs as early in 1970 as a measure to attract capital, technology and managerial expertise. SEZ means an area that has been specified as an enclave that is duty free and is treated as a foreign territory for various purposes such as tariffs, trade operations and duties. A Special Economic Zone has economic law's that are more liberal than the country's typical economic laws. The category SEZ covers a broad range of specific Zone; SEZ includes Free Trade Zones (FTZ), Export Processing Zones (EPZ), Free Zones (FZ), and Industrial Estates (IE), Free Ports, Urban Enterprise Zones and others. SEZs include the development of Roads, Airports, Transport system, Telecom, Hospitals, Hotels, Generation and Distribution of Power and Construction of industrial and commercial complexes.

SEZ – In Global Context :- According to world bank estimate, as on 2007, there are 3000 projects taking place in SEZs across 120 countries worldwide with exports of \$600 billion & employment of 50 million and it has been grown in reap and bounds in the recent past. In 1896, the first Industrial Park was set up in Manchester, called Free Trade Zone, designed to promote the free trade, conceptually improved by Hong Kong during the Post-Second world War, created economic quake elsewhere thereafter. In 1929, the first Special Economic Zone which was called as Special Zone was introduced in Spain with the intention of improving the exports by value addition to the raw materials available in that country,

conceptually improved by Deng Xiaoping, revolutionary veteran of China, for the past three decades, gave an economic quake to the concept of SEZ from 1979. He used the SEZ as the economic quake to attain the success of his liberalized economic policies. Later the other developing countries, like UAE, Jordan, Philippines, Malaysia, Russia, Kazakhstan and South Korea are also chosen the Chinese path in their economies in terms of economic liberalization. Even most of the countries in south Asia – Nepal, Bangladesh, Sri Lanka and Pakistan have tried to promote their export.

SEZ- In Indian Context :- In India, the concept of free zones emerged during the sixties. India was the first country in Asia which set up an Export Processing Zones (EPZs) in 1965 at Kandla in Gujarat called the 'Kandla Free Trade Zone'. After this, six more Export Processing Zones were set-up in Maharashtra, West Bengal, Tamil Nadu, Uttar Pradesh, Kerala and Andhra Pradesh.

Review of Literature:- The researcher has reviewed many literatures focusing on SEZs in India, a few doctoral theses on the SEZ, national and international journals and government reports. Following are the same of the works reviewed as below.

Aggarwal (2004) analyzed the export performance of Indian EPZs since their inception. The growth rates of aggregate exports, foreign exchange earnings and employment showed a steep jump when new EPZs were created in the early eighties. The share of EPZ export to total export showed a very gradual rising trend during the last twenty years. This is due to the rising trend in electronics exports. However, lack of single window clearance facilities, the attitude of the officials, centralized governance, stringent labour laws and poor physical and financial infrastructure resulted in relatively poor investment climate in the zones.

Viswanadhan (2006) analyzed the export performance of SEZs in India. The author examined that total export from the existing EPZs notified as SEZs after the SEZ Act, for the year 2004-05 were Rs. 18300 crore. Nearly 45 per cent of the total exports came from SEZ

Govilkar (2008) analyzed SEZ Act, 2005 and SEZ Rules, 2006. The study found that policy of SEZ has been adopted and implemented with the objective that it will develop sufficient and high quality infrastructure by private sector, will attract considerable foreign investment, will increase employment opportunities, will boost the export, and thereby will expand economic activities in the country. The industrial islands could become engine of growth. India, to get better share in world trade, must undertake special efforts, when the global export opportunities are increasing. SEZ could be a prominent policy for the same.

Reddy (2009) made a detailed analysis on the need and evolution of SEZs in India and the performance of Indian SEZs. The study highlighted that the overwhelming response to the SEZ scheme is evident from the flow of investment, creation of additional employment, export performance and attracted FDI in the country. The study concluded that the SEZs are real growth engines for the economic development of the country.

Special Economic Zones (SEZ) Act, 2005:- The policy relating to SEZs was earlier contained in Foreign Trade Policy, However, to give a long term and stable policy frame work with minimal regulation, the SEZ act was enacted. In 2005, a comprehensive special economic zones act, 2005 was passed by Parliament in May 2005. The SEZ act, 2005 and the rules of the SEZ act came into force from February 10, 2006. Investment of the order of Rs.1,00,000 crore over the next three years with an employment potential of over 5,00,000 was also expected from the new SEZs, apart from indirect employment during construction period of the SEZs. The SEZ act deals primarily with the following matters

- 1) Establishment of the SEZ and the various authorities constituted in this connection.
- 2) Appointment of the developer, co-developer and approval for units to be located in the notified area.
- 3) Exemptions, drawback, and concessions including exemptions from customs duty (on goods brought into or exported from the SEZ), excise, service tax, securities transactions tax, sales tax and income tax.
- 4) Off shore Banking unit and International Financial Services Center. Setting up of off shore banking units / International Financial Services Center in SEZs.
- 5) Notified offences and civil suits. A single enforcement agency/ officer for certain notified offences as well as the designation of courts by the state government for such offences committed in and for civil suits arising in SEZs.

Salient Features of the SEZ Act:- The salient features of SEZ act are stated below in relation to governance incentive and infrastructure.

1) Governance:- An important feature of the act is that it provides a comprehensive SEZ policy frame work to satisfy the requirements of all principal stakeholders in an SEZ the developer and operator, occupant enterprise, out zone supplier and residents. Earlier, the policy relating to the EPZs/ SEZs was contained in the Foreign Trade Policy while incentives and other facilities offered to the SEZ developer and units were implemented through various notifications and circulars issued used by the concerned ministries / departments. This system did not give confidence to investors to commit substantial funds for development of infrastructure and for setting up units. Another major aspect of the Act is that it claims to provide expeditious and single window clearance mechanisms. The responsibility for promoting and ensuring orderly development of SEZs is assigned to the board of approval. It is to be constituted by the central government. While the central government may set up a zone, proposals of the state governments and private developers are to be screened and approved by the board. At the zone level, approval committees are constituted to approve/ reject / modify proposals for setting up SEZ units.

In addition the Development Commissioner (DC) and his/her office is responsible for exercising administrative control over a zone. The labour Commissioner's powers are also delegated to the DC. Finally, clause 23 requires that designated courts will be set up by the state government to try all suits of a civil nature and notified offences committed in the SEZs. Affected parties may appeal to high courts against the orders of the designated courts.

ii) Incentives:- The act offers a highly attractive fiscal incentive package, which ensures exemption from customs duties central excise duties, service tax, central sales tax, and securities transaction tax to both the developers and the units, tax holidays for 15 years (currently the units enjoy a seven year tax holiday) i.e., 100 percent tax exemption for 5 years, 50 percent of the next 5 years and 50 percent of the ploughed back export profits for the next five years and 100 percent income tax exemption for 10 years in a block period of 15 years for SEZ developers.

iii) Infrastructure:- Provisions have been made for-

- 1) The establishment of free trade and warehousing zones to create world class trade related infrastructure to facilitate import and export of goods aimed at making India a global trading hub.
- 2) The setting up of offshore banking units and units in an international financial service center in SEZs.
- 3) The public private participation in infrastructure development.
- 4) The setting up of a SEZ authority in each central government SEZ for developing new infrastructure and strengthening the existing one.

Special Economic Zones (SEZ) Rule 2006:-

SEZ Rules 2006 are the rules which lay down the complete procedure which an individual is required to follow if one intends to develop the SEZ or one intend to establish a unit in SEZ. The benefits of various taxes available to a developer or a unit are also given in the SEZ rule.

Incentive For SEZ:- Various incentives in SEZS are 1) Exemption from customs duties, central excise duties, service tax, central sales taxes and securities transaction tax to both the developers and the units 2) Tax holidays for 15 years (currently the units enjoy a seven years tax holiday) i.e., 100 percent tax exemption for 5 years, 50 percent for the next five years, and 50 percent of the ploughed back export profits for the next five years.3) 100 percent income tax exemption for 10 years in a block period of 15 years for SEZ developers. Considering the need to enhance foreign investment and promote exports from the country, the Government of India has introduced various types of special incentives and benefits to SEZ units which are as follows-

Customs and excise:- SEZ units are free to import from the domestic sources without paying any duty on capital goods, raw materials, consumable, spares, packing materials, office equipments, DG sets etc, for implementation of their project in the zone without any license or specific approval. Goods which are imported duty free could be utilized over the approval period of 5 years. Sales to DTA (Domestic Tariff Area) by SEZ units are free from the periodic examination by customs of export and import cargo. SEZ units may sub-contract a part of their production through units in DTA/SEZ/EOU/EPZ with permission of the customs authorities. Sub-contracting may also be permitted for processing abroad with the permission of the board of approval.

Income tax:- Tax exemption for SEZ units engaged in manufacture or providing services. A new section 10AA has been introduced in the IT Act by SEZ Act 2005 which provides that the units in SEZ which start manufacturing or producing articles/things or which start providing services on or after April 1, 2005 will be eligible for a deduction of 100 percent of export profits for the first five years from the year in which such manufacture / provision of services commences and 50 percent of the export profits for the next five years. Further, for the next five years a deduction shall be allowed of up to 50 percent of the profit as is debited to the profit and loss account and credited to the special economic zone reinvestment reserve account (subject to conditions)

Tax exemption for offshore banking units in SEZ a deduction in respect of certain incomes would be allowed under the new section 80LA, to scheduled banks or foreign banks having an offshore banking unit in SEZ or to a unit of IFSC. The deduction shall be for 100% of income for five consecutive years beginning from the year in which permission / registration has been obtained under the banking regulation act or the SEBI act or any other relevant law and 50 percent of income for next five years. Interest received by non-residents and not ordinary residents on deposits made with an offshore banking unit on or after April 1, 2005 shall be exempt from tax.

Income tax incentives for SEZ developers:-

Tax holiday for SEZ developers a new section 80-IAB has been introduced in the IT Act vide SEZ Act,2005 whereby a deduction of 100 percent of profits derived business of developing SEZ (notified on or after April. 1 2005) would be available to developer of SEZ for any 10 consecutive years out of 15 years beginning from the year in which SEZ has been notified. Exemption under section 10 (23G) that was available to infrastructure capital fund or a co-operative bank on interest and long term capital gains investment had been extended to investment made by SEZ developers qualifying for tax holiday under section 80- IAB of the IT Act. However this exemption has been withdrawn with effect from assessment year 2007-08 exemption from Dividend Distribution Tax (DDT) – No DDT would be payable by a developer of SEZ on dividend declared, distributed or paid on or after April 1, 2005 out of current income.

Karnataka State Policy for Special Economic Zones – 2009:-

After enactment of the SEZ Policy by the Government of India, The Centre requested all states to enact their own policy on Special Economic Zones according to the SEZ Policy 2005 and Rules, 2006. In keeping with the directive, Government of Karnataka enacted an Act in 2009. This Policy came into force with immediate effect and governed the development, operation and management of Special Economic Zones and the SEZ units to be established therein. The prime objective of the Policy is to facilitate & expedite establishment of SEZs, along with the responsibility of safeguarding the environment and the interests of land owners. The Policy provides for a package of incentives, supportive measures besides clarity on procedural guidelines.

Important measures taken to promote SEZs in Karnataka

1. **Single-Point Clearance:** For Single-Point Clearance to SEZ units, the State Government will consider delegating the power of all its clearances to the Unit Approval Committee headed by the Development Commissioner, SEZ and the officers of the concerned departments will be deputed to the Development Commissioner's Office to function under the administrative supervision and control of the designated Development Commissioner of SEZs to accord necessary clearances and approvals to SEZ units.
2. **Land for SEZs:** Land conversion has been with immediate approval from competent Authority. And also, the State Government may acquire the required land for the SEZ with the approval of SHLCC and would transfer such land to the Developer/Co-developer of SEZ.
3. **Infrastructural Facilities:** With a view to create world-class infrastructural facilities for export-oriented production / operations, the Developer or Co-developer is encouraged to develop, construct, install, operate, manage and maintain any or all of the following infrastructure facilities.
 - * Provision of roads and bridges;
 - * Generation, transmission and distribution of electricity;
 - * Water extraction, treatment, transmission and distribution;
 - * Provision of minor port and related services;
 - * Provision of gas distribution network;
 - * Provision for communication and data network transmission;
 - * Waste water treatment and solid waste management; and
 - * Any other services essential for smooth operations of SEZ units.

4. Labour-related issues: The power of the Labour Commissioner, Government of Karnataka, shall be delegated to the designated Development Commissioner or other Authority under the Industrial Dispute Act, 1947 and other related Acts in respect of the unit and workmen employed by the Developer/ Co-developer. An officer from the Labour Department will be deputed to function under the administrative supervision and control of the designated Development Commissioner of the SEZs to accord all necessary clearances and approval relating to various labour laws.

5. Fiscal Benefits: Following fiscal benefits will be offered to Developer, Co developer and Units operating in the SEZ:

*SEZs shall be exempted from state and local body taxes or levies or cess such as Sales Tax, VAT, Entry Tax, and Special Entry Tax.

* Exemption of Stamp Duty and Registration fees for Registration of Land and Loan/Credit Documents.

* Exemption of Electricity Duty or Taxes on sale of self-generated or purchased electric power for use in the processing area of SEZ.

* Exemption of 1% Labour Welfare Cess on construction cost incurred by the developer / co-developer.

6. Law and Order: The State Government will make appropriate and exclusive arrangements within the SEZs for maintenance of law and order.

7. SEZs as Industrial Townships: SEZs will be declared as Industrial Townships under the Karnataka Municipalities (Third) Amendment Act, 2002 to enable the SEZs to function as self-governing and autonomous municipal bodies. The Government of Karnataka has set up SEZs across the state attracting more FDI and generated employment.

State wise Distribution of SEZs in India :-

Different states have different SEZ stories to tell While some have done exceedingly well, others seem to be going nowhere.

(Table No 1 State wise distribution of SEZs)

State-wise distribution of approved SEZs (As on 29.02.2020)				
States/UTs	Formal Approvals	In-principle approvals	Notified SEZs	Total Operational SEZs (Including prior to SEZs Act + under the SEZs Act)
Andhra Pradesh	32	4	27	20
Chandigarh	2	0	2	2
Chhattisgarh	2	1	1	1
Delhi	2	0	0	0
Goa	7	0	3	0
Gujarat	26	4	22	20
Haryana	23	3	20	7
Jharkhand	2	0	2	0
Karnataka	63	0	52	32
Kerala	29	0	25	19
Madhya Pradesh	12	0	7	5
Maharashtra	50	12	44	32
Manipur	1	0	1	0
Nagaland	2	0	2	0
Odisha	7	0	5	5
Pondicherry	1	1	0	0
Punjab	5	0	3	3
Rajasthan	5	1	4	3
Tamil Nadu	56	4	52	41
Telangana	63	0	56	30
Tripura	1	0	1	0
Uttar Pradesh	23	1	20	13
West Bengal	7	2	5	7
GRAND TOTAL	421	33	354	240

Due to wide range of incentives, facilities and many other relaxations amended in SEZs, majority of the states in the country are motivated to set up SEZs to enjoy the advantages generated through these zones. Presently, there were 421 formal approvals of SEZ across 23 states in the country.

Out of these 354 SEZs are notified. Among various states Telangana ranks first in the country the other states like Tamil Nadu, Karnataka, Maharashtra and Andhra Pradesh are likely to have significant area under SEZ.

It is to be noted that out of total 421 approvals the selected states such as Andhra-Pradesh, Tamil Nadu, Telangana Gujarat, Uttar Pradesh, Kerala, Karnataka, Haryana and Maharashtra have contributed 365 approvals and the rest of the states contributed for remaining 56 approvals. It is unfortunate that some of the states have not shown any interest in SEZ. The above table shows state wise distribution of SEZ approvals.

Sector wise Distribution of SEZs In India :-

(Table No 2 Sector-wise Distribution of SEZs)

Sectors	(As on 29.02.2020)			
	Formal approvals	In-principle approvals	Notified SEZs	Total Operational SEZs (Including prior to SEZs Act + under the SEZs Act)
Agro-processing	5	2	5	2
Airport based multi product	2	0	0	0
Alumina / Aluminum	2	0	2	1
Auto / Automobile Ancillary	2	1	2	1
Aviation /Aerospace /Copper	5	1	4	3
Beach & mineral /metals	2	0	2	1
Biotechnology	23	1	16	4
Building prod./mal./ transport equipments / ceramic and glass	2	2	2	2
Electronic product /Industries	2	0	2	2
Engineering /Metallurgical Engineering	14	1	13	12
Footwear/Leather	5	0	5	4
Food Processing	3	0	2	2
FTWZ	9	6	5	3
Gems and Jewellery	4	3	1	4
Handicrafts & Carpets	2	0	1	1
IT/ITES/ Electronic Hardware/Semiconductor/Telecom equipments	276	0	236	145
Multi-Product	20	9	17	25
Multi-Services	4	1	4	2
Non- Conventional Energy	2	0	2	2
Petrochemicals & petro./oil and gas	2	1	0	0
Pharmaceuticals/chemicals	17	2	17	12
Port-based multi-product	4	1	3	2
Power/solar	4	1	4	3
Textiles/Apparel/Wool	7	1	7	7
Writing and printing paper mills	1	0	1	0
Granite processing Industries and other allied machinery /manufacturing	2	0	1	0
GRANDTOTAL	421	33	354	240

Among the major categories of SEZs in the country, the IT/ITES SEZs stand at the top with 145 SEZ out of total 240 exporting SEZs. Multi – Product, Engineering Pharmaceuticals/ chemicals, Textiles / Apparel / wool follow this with 25, 12, 12, 7 SEZs respectively.

Classification and Distribution of SEZs in Karnataka:-

Karnataka has emerged as a leader in SEZ led industrial development for boosting exports. These are classified as under –

- Formal Approvals : 63
- In principle Approvals : 0
- Notified SEZs : 52
- Exporting SEZs : 34

In Karnataka there are around 34 are functional / Exporting SEZs, 52 are notified SEZs and 63 are formal approvals as on 29-02.2020.

Sector wise classification of SEZs in Karnataka:-

Karnataka SEZs are involved in several Sectors such as IT/ITES, Biotechnology, Engineering and Related Industry, Textiles, Electronics Hardware and software including IT/ITES, Food processing and Related services, Pharmaceuticals, Port based for Hi-tech Engineering Products and services, Petrochemicals and petroleum, Aerospace and precision Engineering product and FTWZ.

Sector wise classification of SEZs in Karnataka (As on 07/9/2017)

(Table No 3)

S. No.	Sector	No. of SEZs	Percentage
1	IT / ITES	40	64.51
2	Biotechnology	3	4.83
3	Engineering & Related Industry	1	1.61
4	Textiles	1	1.61
5	Electronics Hardware & Software including IT/ITES	9	14.51
6	Food Processing & Related Services	1	1.61
7	Pharmaceuticals	1	1.61
8	Port Based for Hi-tech Engineering products & Services	2	3.22
9	Petrochemicals & Petroleum	1	1.61
10	Aerospace & Precision Engineering product	2	3.22
11	FTWZ	1	1.61
	Total	62	100

Source: - Computation based on data obtaining from Ministry of Commerce and Industry, Govt. of India.

Above table no 3 explains the sector wise distribution of SEZs in Karnataka as on 07-09-2017. These SEZs covers 11 sectors among these IT/ITES stand at top with 40 SEZs (64.51%) out of the 62 formal approval SEZs. Electronics Hardware and Software including IT/ITES, Biotechnology, Port Based for High Tech Engineering products and services, Aerospace and precision engineering products, Textiles, Food processing, Pharmaceuticals follow this with 9(14.51%) , 3(4.83%), 2 (3.22%), 2 (3.22%), 1 (1.61%), 1 (1.61%), 1(1.61%), 1 (1.61%) SEZs respectively.

District wise classification of SEZs in Karnataka:-

The distribution and localization of SEZs in Karnataka State seen in the below Table No. 4 reflects the fact that more SEZs are situated in Bangalore where export becomes easy and there is availability of established transportation facility.

District wise Classification of SEZs in Karnataka :-

(Table No. 4)

(As on 07/09/2017)

S.No.	District	No. of SEZs	SEZ Activity	Percentage
1	Bangalore	37	Bio technology, IT/ITES, Electronic Hardware & software including IT/ITES, IT/ITES/BPO, Airport based, Aerospace Industry.	59.67
2	Mysore	6	IT/ITES, EH/Software / IT/ITES, Electronics Hardware & Software / ITES Biotech (Pharma)	9.67
3	Dakshina Kannada	7	IT/ITES, Port based for Hi-tech Engineering products and related services, Petrochemicals & Petroleum.	11.29
4	Hassan	4	Textiles food processing & related services. IT pharmaceuticals, Electronics Hardware & software/ITES	6.45
5	Shimoga	2	Textiles Food Processing & related Services, Electronics Hardware & software including IT/ITES	3.22
6	Mandya	2	IT/ITES	3.22
7	Dharwad	2	IT/ITES	3.22
8	Udapi	1	FTWZ	1.61
9	Belagavi	1	Aerospace & precision Engineering products	1.61
	Total	62		100

Source:- <http://www.CSEZ.Com/rti/php/SEZS.php>.

District wise distribution of SEZs provided in Table No 4 shows that Bangalore attracted maximum number of formal approval SEZs. Bangalore leads the all other districts as it has got 37 SEZs (59.67%) formal approval SEZs. Followed by Dakashin kannada, Mysore, Hassan, Shimoga, Mandya, Dharawad, Udupi, Belagavi with 7 (11.29%), 6 (9.67%), 4 (6.45%), 2 (3.22%), 2 (3.22%), 2 (3.22%), 1 (1.61%) and 1(1.61%) SEZs respectively.

Details of operational SEZs in Karnataka:- The distribution and localization of SEZs in Karnataka seen in the below table No. 5 and reflect the fact that more SEZs are situated in Bangalore where export becomes easy and there availability of established transportation facility.

(Table No 5)

Details of Exporting/ Operational SEZs in Karnataka:-

S. No.	Zone	Location	Sector	Functional Unit	Exporting Unit
1	AEQUS SEZ (Formerly quest Global SEZ)	Hattargi village Belagavi	Engineering	18	10
2	Bagmane Developers Pvt. Ltd. SEZ II	Bangalore	IT/ITES	21	17
3	Biocon Special Economic Zone	Bangalore	Biotechnology	12	10
4	CESSNA SEZ	Bangalore	IT/ITES	2	2
5	Divyasree Technopark	Bangalore	IT/ITES	8	4
6	EMBASSY Tech Village SEZ (Formerly Vrindavan Tech village)	Bangalore	IT/ITES	43	30
7	Global village (Formerly Tanglin SEZ)	Bangalore	IT/ITES	18	17
8	Gopalan Enterprises Pvt. Ltd.	Bangalore	IT/ITES	17	14
9	HCL Technologies Ltd.	Bangalore	IT/ITES	6	6
10	Information Technology Park	Bangalore	IT/ITES	11	10
11	Infosys SEZ (Mangalore)	Mangalore	IT/ITES	3	2
12	Infosys Ltd. SEZ (Mysore)	Mysore	IT/ITES	3	3
13	Karle Infra Pvt. Ltd.	Bangalore	IT/ITES	5	1
14	Keonics (Shimoga)	Shimoga	IT/ITES	3	3
15	KIADB AEROSPACE SEZ	Bangalore	Engineering	7	2
16	KIADB (Food processing	Hassan	Food Processing	7	5
17	KIADB Pharmaceutical SEZ	Hassan	Pharmaceuticals	6	2
18	KIADB SEZ Hassan	Hassan	Textile	7	5

19	Larsen & Toubro SEZ	Mysore	IT/ITES	1	1
20	Mangalore SEZ	Mangalore	Petro Chemical & Petroleum	3	2
21	Manyata Embassy Business Park SEZ	Bangalore	IT/ITES	39	34
22	Pritech Park SEZ (Primal Projects Ltd.)	Bangalore	IT/ITES	42	38
23	RMZ Eco world Infrastructure Pvt. Ltd.	Bangalore	IT/ITES	32	21
24	Synefra SEZ (Formerly Suzlon SEZ)	Udupi	Engineering	3	2
25	Wipro Limited (electronic city)	Bangalore	IT/ITES	3	2
26	Wipro Limited (Sarjapur)	Bangalore	IT/ITES	4	4

Above table explains sector wise composition of Exporting SEZs in Karnataka as on 07-09-2017. These SEZs cover '7' sectors of the economy like IT/ITES, Engineering, Bio-technology, Pharmaceuticals, Textiles, petro-chemicals and petroleum, food processing etc. IT/ITES, Engineering SEZs play a dominant role. Among the major categories of SEZs in the Karnataka, the IT/ITES, SEZs stand at the top with 18 SEZs (69.23percent) out of total 26 exporting SEZs. Engineering, Bio-technology, Pharmaceuticals, Textiles, Petro chemicals & petroleum, Food processing follow this with 3 (11.53 percent), 1 (3.84 percent), 1 (3.84 percent), 1 (3.84 percent), 1 (3.84 percent) exporting SEZs respectively.

Export Performance of SEZs in India:-

Export from the operational SEZs during the last sixteen years are as under

(Table No 6)

Years	Exports (value in Rs. Cr)	Growth Rate Over Previous Year (%)
2005-06	22,840	-
2006-07	34,615	52
2007-08	66,638	93
2008-09	99,689	50
2009-10	2,20,711	121
2010-11	3,15,868	43.11
2011-12	3,64,478	15.39
2012-13	4,76,159	31
2013-14	4,94,077	4
2014-15	4,63,770	- 6.13
2015-16	4,67,337	0.76
2016-17	5,23,637	12.65
2017-18	5,81,033	13.39
2018-19	7,01,179	21
2019-20	7,96,669	13.62
2020-21	7,59,524	- 4.66

Source:- Special Economic Zone in India, Ministry of Commerce and Industry, Dept. of Commerce.

Export from the functioning SEZs during the last sixteen years has increased to Rs 7,59,524Cr in 2020-21 from Rs. 22,840 Cr in 2005-06.

Performance of SEZ in India and Karanataka:-

(Table No 7)

(Rs in Crores)

year	Total Exports of India	Total Exports of Karnataka	Total Export from SEZ in India	Total Export from SEZ in Karnataka
2007-08	6,55,864	1,22,703	66,638	1,188
2008-09	8,40,755	1,34,254	99,689	5,948
2009-10	8,45,534	1,42,871	2,20,711	11,529
2010-11	11,36,964	1,65,424	3,15,868	16,840
2011-12	14,65,959	2,18,838	3,64,478	24,022
2012-13	16,34,318	2,58,370	4,76,159	34,071
2013-14	19,05,011	2,90,418	4,94,077	51,179
2014-15	18,96,348	3,13,570	4,63,770	38,205
2015-16	17,16,384	3,25,414	4,67,337	62,758
2016-17	18,49,434	5,00,633	5,23,637	70,185

Percentage share over Previous year:-

(Table No 8)

Year	Total Exports of India Percentage Over Previous Year	Total Exports of Karnataka Percentage Over Previous Year	Total Exports From SEZ In India Percentage Over Previous Year	Total Exports From SEZ In Karnataka Percentage Over Previous Year
2007-08	-	-	-	-
2008-09	28.2	9.4	49.6	400.7
2009-10	0.6	6.4	121.4	93.8
2010-11	34.5	15.8	43.1	46.1
2011-12	28.9	32.3	15.4	42.7
2012-13	11.5	18.1	30.6	41.8
2013-14	16.6	12.4	3.8	50.2
2014-15	-0.5	8.4	-6.1	-25.3
2015-16	-9.5	3.8	0.8	64.3
2016-17	7.8	53.8	12.0	11.8

Above Table No 8 shows the export performance of SEZs in Karnataka during 2007-08 to 2016-17. It is computed based on SEZs contribution to total exports of Karnataka and India.

Conclusion:- Comparison of SEZ policy and detailed comparison of performance of SEZs between India and Karnataka draws attention to the speed at which industrial growth and exports have differently risen in India and Karnataka similar to policy development and implementation, there is a glaring difference in the growth rate of SEZs in Karnataka and other states of India. In Karnataka there is a need to promote functioning units and diversify from IT/ITE's sector to other manufacturing sectors. In order to increase trade the Government has to notify more SEZ's and provide proper infrastructure support for the development, operation and maintenance of the Special Economic Zones and for setting up units.

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