

Need of Special Economic Zones in India, The Objective of SEZ set up in Haryana

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Abstract:

The main purpose behind the creation of SEZs is to create a hassle-free environment for the promotion of exports. These zones are regarded as duty free enclaves and for the purpose of trade operations they are deemed to be foreign territories. The SEZ policy offers various fiscal and regulatory incentives to the developers within the zone along the incentives available with central SEZ policy.

Key words:

Central Sale Tax (CST), Domestic Tariff Area (DTA), Deduction of Direct Tax (DDT), Export Oriented Units (EOU), Electronics Hardware Technology Park (EHTP), Indian Rupees (INR), Minimum Alternative Tax (MAT), Special Economic Zone (SEZ), Software Technology Park (STP), export processing zones (EPZs),

Introduction:

The SEZ's are important in today's context for the third world countries which have been in the race for rapid economic growth. There are many positives which emerge out of establishing an SEZ. Let us have a look on these factors.

For undertaking any kind of massive development program the government requires huge amount of funds. So it looks out for potential partners to help the government carry out the program. Now say for setting up an SEZ, the government may tie up with a private partner whose willing to invest in that area, thus a win-win situation for both. As in the government gets the capital needed to establish the required infrastructure and also the expertise.

Haryana had the first mover advantage in the auto and components sectors, with Maruti- Suzuki setting up its units in the State way back in the year 1983. It has

become one of the leading states in terms of industrial production especially Passenger Cars, Two Wheelers, Mobile Cranes, Earth Movers, Tractors, Bicycles, Sanitary Wares etc.

Analysis:

The main underlying purpose behind the creation of SEZs is to create a hassle-free environment for the promotion of exports. These zones are regarded as duty free enclaves and for the purpose of trade operations they are deemed to be foreign territories. The SEZ policy offers various fiscal and regulatory incentives to the developers within the zone along the incentives available with central SEZ policy. They are to emerge as zones of excellence. The basic presumption behind SEZs is that they will bring large scale investment of global funds into the manufacturing and service sectors and pump the economy to its top. As a result the infrastructure conceived is world class. There will be easily available marketing initiatives and from them Indian industry is expected to gain benefit. The setting up of the SEZs will allure investment from within India and abroad. This will also lead to the development of the concerned area, ensuring better quality of goods and

services, large scale employment and many other elements highly expected to boom the already growing market economy of India. According to the government if all these are totaled then it will lead a total forwarding of Indian economy.

To develop SEZs there has to be someone who needs to improve the basic infrastructure. Upon that infrastructure the superstructure of SEZs will function. The infrastructure will play one of the key roles behind the success of each and every SEZ. For example if production is huge and ready to reach the port but due to bad transportation goods cannot be reached their n time then order is cancelled. It implies no fault in the superstructure but in the infrastructure. If such thing takes place then the manufacturer will soon lose the motivation and the success will be at stake. Therefore by our common sense we can understand the importance of infrastructure.

Brings Foreign Direct Investments (FDIs):

As foreign investors are lured with provided facilities, they will invest in special economic zones. Amenities needed for certain industry, will be provided to every industry situated in the particular SEZs.

Total SEZs in India is 114 which can provide better foreign Direct Investments.

Provides capital:

In India, there is capital crunch. There are so many businesses which will not be successful unless there is sufficient capital. But SEZ gives opportunity to have a foreign investor who can invest with Indian investor together or with government. This will be helpful to satiate capital desire of India. FDI is not like FII and lasts in India and may go out in the form of profits. FDIs through SEZs can help India in having improvements in people life.

Brings Technology:

As foreign companies do invest in Indian companies which are located in SEZs, they bring their technology with them which is prevalent in their countries that can boost up Indian economic system. Still we are backward in technology. This will surely help to get updation of technology in various industries. Technological transfer through SEZs plays important role in Indian economy.

Faster Economic growth:

As land, cheap labor, capital from India and investor and good managing skills are combined with technology and ready infrastructure is available through Special Economic Zones, there is chance of quick growth in Industrial and service sectors. As we are dependent on agriculture, with SEZs, we can strengthen industrial and service sectors.

The Objective of SEZ set up in Haryana:

Haryana has a splendid growth, one of the highest per capita income index, sound industrial infrastructure, strong manufacturing base, advance agriculture sector and vibrant service sector, Haryana is among the highly economic development and industrialized States of India. The State has its manufacturing stronghold particularly in sectors like automobile & auto components, light engineering goods, IT & ITES, textile& apparels and electrical & electronic goods.

The State has always strived to create and maintain a conducive environment for attracting investment through investor friendly rules & procedures and timely & smooth delivery of services. It has made sustained efforts in removal of any bottlenecks in smooth operation of industries. State Government has enacted

Industrial Promotion Act 2005, introduced self- certification schemes and made provision for its investor friendly policies, the State has been successful in attracting huge investment.

Haryana's manufacturing base, though fundamentally strong, needs innovative policy measures to counter any such global competitiveness and economic uncertainties. To face challenges of global meltdown, there is a need to strengthen the industrial capacity and diversification of exports.

Haryana's economy has achieved a growth rate of 9.6 per cent in the gross state domestic product during 2010-11.

The following strategies are key objectives of Haryana SEZ Policy:

- Higher, sustainable and inclusive economic growth by attracting investments in a focused and structured manner in potential areas:
- Promote private sector investment through Public Private Partnership.
- Employment generation and enhanced employability through skill development.
- Continued trust on manufacturing sector as a key driver of economic growth.

- Generation of entrepreneurial opportunities across all sectors of the economy.
- Facilitation of spatial dispersal of economic activities particularly in industrially lesser developed regions of the State.
- Sustainable development by adopting environment friendly technologies.
- Adoption of labour-friendly policies and creation of infrastructure for labour to meet the basic requirement e.g.ESI hospital and dispensaries, Welfare Centers and industrial worker housing facilities.

Conclusion:

Majority of successful SEZ's are built with the help of government capital. SEZ's have ready infrastructural facilities such as transportation, power supply, electricity supply etc. Therefore companies do not need to build or make provision for new infrastructure, thus resulting in saving costs. Government also provides financial help to companies for building infrastructure, the same amount is reimbursed by the government by giving tax concessions, incentives etc.

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