



“A SCRUTINY ON THE PROBLEMS AND PROSPECTS OF SEZ IN INDIA”

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ABSTRACT

Special Economic Zone (SEZ)" alludes to assigned regions in exceptional financial nations, not quite the same as different locales of a similar country. A special economic zone exists there (SEZ). a region where business and commercial laws differ from the rest of the country. There are special economic zones within the country, and their goals are: to increase trade, to increase investment, job creation, and efficient management. Encourage companies to start up Camp, financial rules are implemented. Special Economic Zones are areas designed to enable rapid economic development growth by using tax incentives to attract foreign dollars and technological advances. The objectives of the Special Economic Zone (SEZ) are to create additional economic activity; Promotion of export of goods and services; Promotion of domestic and foreign investments feathers; create employment opportunities; Development of infrastructure structures, special economic zones initiate international trade, international trade, the goal of the SEZ Act had to create a failure-free system and formulate rules that uphold its spirit. The Ministry is likewise in conversation with the state legislatures, which assume a significant part in the advancement of the SEZ. Government initiatives to encourage foreign investors to invest in the Special Economic Zone (SEZ) proposals for the effective functioning of the special economic zones areas (SEZ). Under the WTO, world economies are becoming more integrated and liberalized to face emerging competition under the free trade regime. Hence the maintenance of the SEC. The development and therefore the growth of exports in a competitive environment must be a fundamental element development agenda, particularly in developing countries.



KEYWORDS: *Special Economic Zone; Special Economic Fund; Probability; Government initiatives.*

INTRODUCTION

Special Economic Zone (SEZ):

"A precisely delimited duty-free enclave and shall be assumed to be foreign territory for the purposes of trade operations, duties, and tariffs" is how the Special Economic Zone (SEZ) is defined. SEZs are a recognition of the export-led development strategy's potential to spur economic growth. A unique financial zone (SEZ) is a task for a district of a country that has specific money-related guidelines from the rest of the country. These laws frequently include provisions that encourage foreign direct investment. When a company conducts business in an SEZ, it typically benefits from tax breaks and has access to lower tariffs. Similar to their predecessors, Free Trade Zones and Export Processing Zones, Special Economic Zones (SEZs) are designed to encourage foreign direct investment (FDI) and quick, export-led industrial expansion. the free encyclopedia Wikipedia A special economic zone (SEZ) is a region with distinct business and trade regulations from the rest of the nation. The objectives of SEZs, which are located inside a nation's boundaries, are improved trade, increased investment, job development, and efficient management. Monetary measures are set up to captivate ventures to situate in the zone. Investing, taxation, commerce, quotas, customs, and labor laws are often covered under these policies.

SEZs are areas believed to promote rapid economic growth through levers incentives that attract foreign dollars and technological advances. The public authority has turned around Eight commodity handling zones in Kandla and Surat (Gujarat), Cochin (Kerala), St Nick Cruz (Mumbai-Maharashtra), Falta (West Bengal), Madras (Tamilnadu), Visakhapatnam (Andhra Pradesh) and Noida (Uttar Pradesh) in extraordinary monetary zones and presently they all work. Likewise, 3 new Exceptional Monetary Zones were supported for repayment in Indore (Madhya Pradesh), Manikanchan - Salt Lake (Kolkata) and Jaipur have since said goodbye to tasks. They are about 143 Special Economic Zones (as of June 2012) operating across India, since June 2013 this number had increased to 173. 634 Special Economic Zones have been approved for implementation by the Indian government (as of June 2012). The "SEZ" category includes a wide range of more specific types of areas, including free trade zone (FTZ), export zones (EPZ), free zones (FZ), industrial zones (IE), free ports, Municipal and other business districts. Typically, the purpose of the facility is to increase the number of foreign direct transactions Investments by foreign investors, usually a multinational company or Multi-National Corporation (MNC). Incentives and perks offered to ZES to promote international exchange.

Objectives of the study:

- To perceive the concept of special economic zone.
- To know the government initiatives and foreign investment towards SEZ's.
- To study the various challenges and future prospects of special economic zones.

Research Methodology:

The approach for this study is wholly based on secondary research from sources like the internet and publications written by other authors regarding the identical topic. For individuals who have embraced the idea of special economic zones and their potential, this research is recommended.

Significance of SEZ's:

Special Economic Zone covers overall various benefits to the society through generation of extra financial movement; promoting of products of labor and products; promoting of venture from homegrown and unfamiliar sources; creation of business open doors; development of framework offices; special financial zones are starting for Worldwide business , global exchange and the target of the SEZ Act was to

make an issue free system and the principles would be figured out remembering this. The service is likewise holding chats with state legislatures as they need to assume a significant part in the improvement of SEZs.

2005's Special Economic Zone (SEZ) Act:

Special Economic Zone Act 2005 came into force with impact from the tenth of February 2006, with SEZ leads legitimately screened and supported for warning. It is a demonstration to accommodate the foundation, improvement, and the board of the Unique Monetary Zones for the advancement of commodities and any problems relating thereto or connected thereto. The SEZ rules accommodate extreme disentanglement of techniques and for single window freedom on issues connecting with Focal as well as State Legislatures. The remarkable elements of the Special Economic Zone Act 2005 are featured here:

- Exclusion from customs obligation, extract obligation, and so forth on import/homegrown acquisition of products for the turn of events, activity, and support of SEZs, and the units in that.
- 100% annual assessment exclusion for a very long time, 50% for the following five years furthermore, 50% of furrowed back trade benefits for quite some time from there on for SEZ units.
- 100% personal expense exclusion to SEZ engineers for a block of 10 years in 15 years.
- 100% personal assessment exception for quite some time and 50 percent for the following five years for seaward financial units situated in SEZs.
- An arrangement for setting up of Global Monetary Administrations Community in SEZ has been proposed with similar motivators and offices accessible to seaward financial units:
 - Exclusion to SEZ engineer and units from Least Substitute Assessment.
 - CST Exception to SEZ designer and units on between state acquisition of products.
 - Constitution of an expert for each SEZ with the end goal of giving more prominent authoritative, monetary, and useful independence to these zones. In any case, no such authority is visualized for an SEZ laid out by any individual or State Government.
 - Foundation of assigned courts and a solitary implementation organization to guarantee expedient preliminary and examination of offenses committed in SEZs.
- Consolation to State Legislatures to change State regulations and agent their powers to the advancement magistrates of the SEZ to work with single window leeway.

Government Drives to Urge Unfamiliar Financial Backers to Contribute in Special Economic Zones (SEZ):

- The accessibility of streamlined commerce zones has drawn in NRIs who need to set up their organizations in SEZ without confronting long methodology and permit bothers. The vast majority of the distribution is done as a single window framework which works with exceptionally straightforward methods.
- Unfamiliar Direct Speculation (FDI) of up to 100% under programmed course is permitted for SEZ for all assembling exercises aside from protection Types of gear, nuclear substance, dangerous synthetic compounds, produced tobacco substitutes, cigarettes/stogies, preparing of cocktails, explosives, arms, and ammo.
- 100% FDI is permitted in SEZ for the improvement of municipality projects including sporting, business, and lodging projects on a case-to-case premise. Unfamiliar organizations are likewise permitted to lay out assembling units in Indian SEZ as a branch activity on an independent premise without taking earlier endorsement from the Save Bank of India.

- The Indian government has sanctioned the SEZ Act to offer a stable business climate to homegrown and unfamiliar financial backers. The Demonstration likewise helped organizations to trade/import their products in a very proficient, speedy, and bother-free way.
- As of late, the Indian Trade Service has taken a group of delegates from SEZ engineers and State Legislatures to the US, Europe, Taiwan, Korea, and Japan to produce revenue of financial backers from these nations in Exceptional Monetary Zones of India.
- The duty impetus bundles for unfamiliar financial backers are very liberal in India. It is at standard with bundles proposed to existing Commodity Handling Zones (EPZs). Repayment of Focal Deals Expense, charge occasion for distinct periods, obligation-free import of unrefined substances and capital merchandise, and 100 percent bringing home of benefits or pay for subcontracting offices are additionally permitted in India.

Ideas for the Successful Operation of Special Economic Zones (SEZs)

The possibilities for suggesting policies are described below. To reach the desired goals and balance the effects of adding more SEZs to the country, some of the following opinions might be important prerequisites:

- SEZs must be located in areas that encourage exports of manufactured goods. When designing the SEZs, connectivity to ports and airports should be taken into account. It may not be required to place the SEZs particularly close to the ports or airports if there is a well-developed transportation infrastructure because it will likely boost the performance of the SEZs even if they are somewhat removed from these locations.
- Supporting modern SEZs such as free ports, free coastal zones, and the establishment of growth poles and clusters is important.
- Free ports might be much larger than SEZs and ought to provide a top-notch environment in terms of the regulatory framework, infrastructure, production facilities, and ease of access.
- More flexibility offered to businesses over where to locate their plants within the zone would promote investor engagement.
- A key factor in the success of SEZs with flexible labor rules would be the enforcement of good governance.
- The development of successful forward and backward links is a natural byproduct of SEZs operating well. It should be highlighted that creating an SEZ alone does not ensure increased investment interest, industrial activity, or exports like those seen in African nations.

Impetuses and Offices to SEZ Designer:

The motivations and offices proposed to the units in SEZs for drawing interest into the SEZs, including unfamiliar ventures, incorporate:-

- Obligation-free import/homegrown obtainment of products for improvement, activity, and support of SEZ units.
- 100 percent Personal Duty exclusion on sending out pay for SEZ units under Area 10AA of the Annual Expense Represent initial 5 years, half for the next 5 years from that point and half of the furrowed back trade benefit for the next 5 years.
- Exception from least substitute duty under segment 115JB of the Personal Assessment Act,
- Exception from Focal Deals Duty, Administration Expense.
- Single window leeway for Focal and State level endorsements.

- Exception from State deals charge and different duties as stretched out by the individual State Legislatures.

The following are some of the key reasons and resources available to SEZ engineers:

- Exclusion from customs/extract obligations for the advancement of SEZs for approved tasks endorsed by the BOA.
- Exception from least substitutes assessment under Area 115 JB of the Personal Expense Act.
- Exception from profit appropriation charge under Area 115O of the Personal Duty Act.
- Exception from Administration Duty (Segment 7, 26, and Second Timetable of the SEZ Act).

Future Related to SEZ (Special Economic Zone):

- An SEZ is an exchange limit improvement device, with the objective to advance fast financial development by utilizing duty and business impetuses to draw in unfamiliar speculation and innovation. Today, SEZs draw in speculation and unfamiliar trade, spike business and support the advancement of further developed innovations and foundations.
- Besides SEZs give a medium wherein it not just draws in unfamiliar organizations searching for less expensive and productive areas to arrange their seaward business, however, it moreover permits the neighborhood enterprises to work on their commodity through a legitimate channel and with the help of the new unfamiliar accomplices to the rest of the world at an extremely serious cost.
- The primary concern in this way is expanded product and FDI (Unfamiliar Direct Speculations) empowering expanded Public-private organizations and eventually bringing about a turn of events of the elite framework, support monetary development, commodities, and work.
- SEZs set out gigantic work open doors. Then there are loads of circuitous vocations produced wherein individuals begin financial planning around SEZ. In addition SEZ's work on the country's unfamiliar product. On account of the expanded FDI and Confidential Value presence, the neighborhood makers get to restrict with these large names and commodities their items that presently convey superior brand esteem.
- SEZ's assistance in making a fair financial development in a nation in the event that they are appropriately found and executed prompting tapping of nearby ability and adding to expanded monetary action nearby.

Challenges Related to SEZ (Special Economic Zone):

- The greatest difficulties looked at by SEZs in the present situation are the removal of horticultural land from the ranchers. The ranchers are being paid lopsided cash which isn't in lieu of the ongoing area costs.
- However it might assist with supporting it in alternate ways by expanding products of nearby merchandise, both handled and non-handled). An ever-increasing number of ranchers are moving towards the worthwhile assembling side looking for more prominent financial security.
- In addition, the best issue that is by all accounts arising out is that arable land is being utilized for the non farming reason which could prompt food emergencies and misfortune of self-food in the future. Yet, FDI could likewise help in giving our ranchers to get sufficiently close to mechanical better-cultivating strategies.
- This model was supported at first on the grounds that the unfamiliar financial backers were given the influence to prepare the laborers and even fire them if inept.
- Pondering the Future and Potential Misrepresentations: The Hold Bank of India says that huge duty motivators can be legitimate provided that SEZ units lay areas of strength for out

- In reverse and forward linkages with the homegrown economy which is a far-fetched suggestion.

CONCLUSION:

The SEZs could definitely work on the financial activities in the country, the reason for setting up SEZs in numerous nations is the commodity advancement, innovation move, and subsequently age of greater work and development. Under the WTO system, the worldwide economies are better coordinated and changed to confront the arising contest under the deregulation system. Nonetheless, a large number of the EMEs need to advance products and yet they are obliged to protect their homegrown industry from modest imports. Consequently, supporting the SEZ improvement and consequently increment sends out in the serious climate must be a central part of the advancement plan, particularly in non-industrial nations.

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