. LITERATURE REVIEW

Bethany Anne Zimmerman et al. (2013) studied Sustainable Operation of Special Economic Zones in India: A Comparative Study of Maharashtra and Goa. In 2005, the Government of India (GoI) introduced the Special Economic Zone (SEZ) Act, which changed the way India attracted foreign investors who wanted to utilize the country’s natural and human capital. Considerable scholarly literature has examined why investment has been located in particular areas of India and described the factors that contribute to initiating economic growth. Yet the observation inspiring this research was that some states have operational SEZs, while other states with approved SEZ plans see investors retreat from their commitments. Why do some states have operational SEZs and other states do not?

Focusing on the states of Maharashtra and Goa, this study explored information about the de-notification of zones in both states, leading to an examination of whether the factors that contributed to de-notification in Maharashtra were similar to those keeping Goa from having operational SEZs. I hypothesized that land acquisition practices, lack of physical infrastructure, and poor social infrastructure were key factors contributing to Maharashtra’s de-notification and to Goa’s struggle to create operational zones. The findings suggest that in order for SEZs to remain operational, comprehensive legislation must be put in place that addresses land rights, job training, and general education. Such a change would allow the residents in each state to participate more in the SEZ development scheme while mitigating India's endemic poverty.

Sourav Mukherjee et al. (2014), studied Special Economic Zone (SEZ)- Problems, Promises and Prospects. We have used the primary as well as secondary data for conducting the study and analysis of our project work. Primary data mainly composed of the Impact of SEZ on Rural India part, where we have talked with persons from different field and collected their views and information, which helped us a lot to broaden our outlook on the topic. The opinion of poor people who have lost their land for SEZ has also greatly enhanced our views. Secondary data analysis is commonly known as second-hand analysis. Government to impart greater administrative autonomy; and designate special courts and single enforcement agency to ensure speedy trial and investigation of notified offences committed in Special Economic Zones.
Aradhna Aggarwal(2007) worked on Impact of Special Economic Zones on Employment, Poverty and Human Development, The number of Special Economic Zones (SEZs) globally continues to expand. SEZs account for an increasing share of international trade flows and employ a growing number of workers world-wide. In the global economy, EPZs are viewed as an important if a second best policy instrument to promote industrialisation, generate employment, and for regional development. However, costs and benefits of SEZs have generated an intense debate, touching on almost every possible aspect of SEZs. Therefore, whether SEZs are beneficial for development remains a subject of controversy. The present study has focused on one aspect of this debate, namely the human development effects of SEZs. This is a relatively under-researched theme. Although labour standards, labour relations and employment effects have been the most critical and controversial elements of SEZs, a comprehensive analysis on these aspects is scarce in the Indian context.

A. Abdul Raheem et al.(2011), studied on impact of special economic zone (spz) on human development and poverty reduction: an Indian experience. SEZs in India seek to promote the value addition component in exports, generate employment as well as mobilise foreign exchange. Globally, many countries initiated Free Trade Agreements (FTAs) which eventually led to a spurt in investments in infrastructure developments for Free Trade Zones (FTZs) and SEZs. A close examination of the evolution of SEZs in countries with similar economies as India eg; China, Iran, UAE and Jordan, will help us to understand their success stories and thereby implement those factors, in order to curb the SEZ bottlenecks faced by India today. The Shenzhen SEZ in China is a perfect example of a SEZ success story. In India, the government has been proactive in the development of SEZs. They have formulated policies, reviewed them occasionally and also ensured that ample facilities are provided to the SEZ developers as well as the companies setting up units in SEZs. These favourable conditions resulted in the biggest ever corporate rush for the development of SEZs in India. Over 234 companies received formal approval, 162 companies received in-principle approval and 100 companies received notification to set up SEZs. The Indian government is expecting an investment to the tune of Rs.53, 561 crore (USD 13274 million) and an additional job creation for 15,75,452 individuals in SEZs by December 2009. Therefore, this paper aims to examine impact of Special Economic Zone (SEZ) on human development and poverty reduction in India.
Santosh Kumar Pradhan, (2012) Special Economic Zone: A New Arena of Development, Central government has approved five SEZs in Odisha, which would attract investments of Rs.12000 crore in manufacturing, IT and ITES sector and would create 28000 jobs in the state. Vedanta Alumina Ltd’s proposal to set up an SEZ for aluminium and aluminium products including downstream industries, this SEZ is to come up in Jharsuguda.

Vidya Bhushan Rawat et al (2011), The Impact of Special Economic Zones in India: A Caste Study of Polepally SEZ. The case of the Polepally SEZ contains lessons for the Indian context, and indeed for global debates on commercial pressures on land. An effect of increasing commercial pressures on land, in whatever context, if often that the state acts as an agent to facilitate to acquisition of land resources by private or state-backed enterprises. Such acquisitions are often justified in the name of economic development, and accompanied by the claim that they will benefit local communities through the creation of jobs, amenities, and so on. They may be claimed to involve only “idle” (or in the case of Polepally “alienated”) lands. It may be claimed that the land acquisition process is consensual, and compensation and rehabilitation adequate.

Suhas Avhad et al, (2011) Impact of SEZs on Agricultural Sector in India. They indicate that the loopholes, flaws and drawbacks in the present SEZs policy should be effectively and urgently removed for the welfare and development of farmers. The backbone of Indian Economy i.e. agriculture should be saved, if India want to be a supper power in 2020. Thus acquisition of prime or fertile land producing two or three crops a year at concessional government rates will cause conflicts. The landless farmers will have to work as peons or securities at the mercy of the factory owners.

R. Shashi kumar, (2008) SEZs in India: concept, objectives and strategies. The SEZ policy in India underwent gradual relaxation of procedural and operational rigidities. The changes effected in this policy since 1991 have been far reaching and significant. It is believed that the overall and EPZ investment climate has an overwhelming bearing on the SEZ performance. In India, however, a conducive policy framework has had only a limited impact on the zone performance. Though the gross exports, foreign exchange earning and employment increased phenomenally in
absolute terms, their growth rates declined substantially. Growth in exports per unit of employment also slowed down indicating deterioration in the export performance. Net value addition performance compares favourably with other Asian countries but it has not been consistent and the trend growth rate in value addition had not been statistically different from zero. Furthermore, zones also failed to promote non-traditional exports. Traditional sectors namely electronics and gems and jewellery dominate the zones. This could be due to the piecemeal nature of the policy changes. Various committees were set up to examine the performance of the zones. These committees made far reaching recommendations regarding incentive package, development of infrastructure and improvement in governance.

**Devadas, V. et al.(2011),** Planning for Special Economic Zone: A Regional Perspective. They studied the study the policy of Special Economic Zones and its role in the development process as these zones are responsible for employment generation through industrial development along with other objectives of reviving ancillary industries, resolving housing problems, accelerate economic growth, infrastructural development, etc. Systems dynamics approach is employed to understand the nexus between the system and the zone. Finally, tools for delineation of SEZ are discussed to have balanced development in the system by considering the Special Economic Zone as a ‘catalyst’ for integrated development.

**Sara Curran et al.(2009),** the Impacts of Special Economic Zones. This paper offers an overview for a special issue on agro industrialization, globalization, and international development. It sets out a conceptual framework for understanding the links among these three broad phenomena and then discusses emerging issues and evidence concerning the factors conditioning agro industrialization in developing countries and the subsequent effects on employment, poverty, and the natural environment. We conclude with a research agenda.

**A. Rizwana et al.(2011),** employment opportunities For women under sezs - A study in AP. The State of Andhra Pradesh (AP) has the maximum number of formally approved SEZs in the country (101), and a sizeable number (14) is promoted by the government itself. Brandix India Apparel City Ltd. (BIAC) is one of the eight SEZs in AP which have started exporting. Brandix
Apparel India Ltd. (BAIL) is the first unit to come up in the Apparel City and has a predominantly women employment force. BIAC was allotted 1,000 acres of land in 2006 in Visakhapatnam district. As per the MoU, BIAC has to create 60,000 jobs by 2012. The study reveals that the land acquired by the APIIC about four years ago is mainly agricultural (85.38 per cent), which displaced about 600 families. The compensation package was more beneficial to the larger farmers than the smaller. About 20 per cent of the women from these displaced families could get employment in BAIL. As part of the ‘decent employment’ provisions, BAIL offers all basic amenities to its employees plus incentives. However, the wages paid to do not seem to be the ‘minimum wages’ applicable to this kind of skilled work, currently in vogue in the State of AP. The women who got employment are able to feel a positive difference in their lives.

**Michael Levien,** *(2011)* *Special Economic Zones and Accumulation by Dispossession in India.* He seeks to reconstruct David Harvey’s theory of accumulation by dispossession (ABD) through ethnography of a Special Economic Zone in Rajasthan, India. While Harvey sees ABD as an economic process of over-accumulated capital finding new outlets, I argue that it is an extra-economic process of coercive expropriation typically exercised by states to help capitalist overcome barriers to accumulation – in this case, the absence of fully capitalist rural land markets. In India’s privately developed SEZs, the accumulation generated by this dispossession – which represents the disaccumulation of the peasantry – occurs through capitalist rentiers who develop rural land for mainly IT companies and luxury real estate, and profit from the appreciation of artificially cheap land acquired by the state. While such development has only minimally and precariously absorbed the labour of dispossessed farmers, it has generated a peculiar agrarian transformation through land speculation that has enlisted fractions of the rural elite into a chain of rentiership, drastically amplified existing class and caste inequalities, undermined food security and, surprisingly, fuelled non-productive economic activity and pre-capitalist forms of exploitation.

**Rob Jenkins,** *(2007)* *The Politics of India’s Special Economic Zones.* India’s Special Economic Zone Act, 2005 received the President’s assent on June 23, 2005. Well before the
detailed regulations that would govern its implementation came into force in February 2006, various government agencies and private-sector actors had begun responding to the Act’s provisions. As of
this writing (in August 2007), very little actual construction in those areas officially designated as Special Economic Zones (SEZs) has taken place, and the policy’s economic and political effects are still a matter of conjecture. Even so, there is more than two years of fairly robust policy and implementation history to examine; more than seven years if we include the precursor measures
Contained within the Exim Policy introduced in 2000. Policy regimes have been formulated in various states pursuant to the central SEZ Act, and these (as well as the Government of India’s own SEZ guidelines) have been revised in several respects on a number of occasions. Moreover, ‘implementation’ (in the form of approvals for the creation of SEZs) has moved forward rapidly.

Singh et al.(1964) long back had expressed extreme discontent towards the performance of external sector and condemned import substitution policy followed by India. The policy of import substitution turned out to be biased against promotion of exports and restricted India’s entry in the global market. He suggested variety of reforms in the export sector but unfortunately its implementation came much later after India experienced historic economic crisis in 1991.

Bhagwati and Srinivasan(1975) the industrialization policies pursued by India in pre-reform period protected domestic industries from foreign competition but led to excessive or inappropriate state intervention in the market resulting in high cost and low growth in Indian economy. According to Jalan (1991) the year 1990-1991 was the cruelest year in Indian history and the export performance of Indian economy since independence was despondent when compared with other developing countries.

Ahluwalia et al.(1994) while rejecting the arguments of the critics of economic reforms considered India’s efforts of liberalising its economy since 1991 as an ‘economic revolution’. He however, suggested a cautious approach towards opening up of route to foreign capital since it brings in the elements of volatility.
Bhagwati and Srinivasan (1993) argued that the crisis of 1991 was not governed by external factors rather was only an outcome of internal causes of weak policy regimes of 1980’s. In an in-depth analysis of India’s economic reform package Patnaik and Chandrasekhar (1995) considered the crisis of 1991 purely ‘speculative in nature’ caused by speculative outflows from Indian economy that continued the pressure on balance of payments despite reduction in trade deficit. A very vital, daring and worrisome feature of India’s economic reform according to them was that, there was no urgent need of bringing about structural changes in 1991 since the condition could have come under control by low conditionality of IMF loans. It was the ‘liberalisation lobby’ that consisted of Fund, Bank, government elements and Indian business class that made use of this unprecedented economic crisis by introducing ‘liberalisation’. They suggested combination of three measures to control financial flows volatility in India namely direct regulations, an overall sound balance of payments and above all, a development strategy which ensured economic advancement with social stability.

Bhattacharya, Mukhopadhyay and Panda (1996) examined the position of Indian trade sector in post 1991 period through Net Export Specialization Indices and intra-industry trade. The study found a marginal change in the position of trade sector in post 1991 period and a rise in intra-industry trade calling for further liberalization of foreign trade of India.

Prasad et al. (1997) examined the impact of economic reforms on exports of India and came to the conclusion that during 1990-1991 to 1994-1995, India experienced a high growth compared to growth rates of world exports. The study also revealed that the growth in the values of exports from India was mainly due to growth in quantity of exports and not due to real increase in unit values. This showed that Indian exports were becoming more competitive in terms of prices.

Ramaswamy et al. (1999) discussed issue of India’s external sector and attributed its neglect to the limited international linkages of industrial firms and production. Accordingly a significant way of gaining entry into global market was through incorporation of Indian firms into international networks of trade and production.
Nayyer et al. (2000) studied the impact of external sector reforms in India on capital account liberalisation. Mexican Crisis of 1994 was considered by the author as an important reason for discouraging India for moving ahead with capital account liberalisation in post reform period.

Panagriya et al. (2001) commended the impact of economic reforms on India’s external sector but called for further reforms particularly in trade sector. Virmani (2001) viewed external sector reforms in India since 1991 as the most successful reforms. It had disclaimed the fear of ballooning of imports in post reform period, while the performance of current account and capital account, had improved significantly.

Srinivasan and Tendulkar et al. (2003) called attention towards limited capital account liberalization in India in post reform period and listed the fear against the reliability of private debt flows and the pressure of Indian industrialists who found themselves not competitive enough to face foreign industries as the main reason for it. They suggested for corrections in India’s financial sector and recommended greater involvements of the private sector (particularly foreign based firms) in banking.

Bhasin et al. (2005) argued that economic reforms strengthened the external sector in India but the export potentials were not fully utilized due to reservation of small scale industries, high transaction cost and low level of factor productivity. India has liberalized its FDI regime but the inflow has been limited due to wrong government policies and their regulatory framework. The reduction in tariff in India when compared to pre-reform period has been significant in the post-reform period but when compared to other developing countries it remains high.

Mathur et al. (2005) expressed concern over the utilization of potentials of international trade in India. As compared to other East Asian countries, India’s share in world trade remained low.
Basu and Maertens (2007) hailed the surge in exports particularly of Software and IT and, felt that in order to fully analyse the benefits of an open economy India should try to overcome some of the constraints: infrastructure, rampant corruption, labour and bankruptcy regulation.

Tendulkar and Bhavani (2007) have suggested exchange rate adjustment as a better option than import controls to manage balance of payments deficits. It does not lead to any type of distortion in resource allocation nor does it require any complex administrative mechanism to implement. Yet exchange rate adjustment was never used as an instrument to manage the repeated balance of payment crisis under the presumed non-responsiveness of exports to prices. The exchange rate therefore, remained overvalued for most part of pre-reform period. An overvalued rupee made 15 imports cheaper and exports unprofitable and further contributed to current account imbalances. Taking a holistic perspective of economic reforms and their impacts on the solutions of our economic problems.

Patil et al. (2010) was critical of the measures/models adopted by our reformers. He asserted that India needs different sets of solutions. All those who talk of totally free markets do not recognize that we need broad-based industrialization and infrastructure development to tackle poverty in the country. Patil insisted that “any reforms that we intend to bring about should not be guided by the policy of reforms for their own sake but by the impact such reforms have on the rest of the economy and in particular the real sector”. Patil asserted that we must not ignore the basic proposition that finance is a facilitator and not an end in itself. The financial sector is one of the components of the services sector which should generate its income by providing efficiency enhancing services to other sectors and not by appropriating their wealth/income as happened in the USA. An artificially bloated and lopsided growth of the financial sector, cannot be sustained for too long and it would eventually fall by its own weight. The failure of financial sector is likely to damage the rest of the economy very badly as happened by the worldwide slump of economic activity in 2008 leading to very high unemployment levels in many developed countries.
Subrahmanian and Mohanan (1978) analyzed the central idea behind the setting up of EPZs in underdeveloped countries to motivate Multinational Corporations (MNCs). In their paper the authors studied the Santa Cruz Electronics Export Processing Zone (SEEPZ) and brought out that operations of the MNCs have not achieved the expected results. First, the overall production and export, as well as the proportion of value added, by units in the SEEPZ have been far below the targets. Second, the proportion of the value added has varied inversely with the degree of foreign control, with Indian owned units using Indian technology performing far better than units controlled by the MNCs.

Bhatta et al. (2003) highlighted the importance of SEZs, provided an overview of the rules, regulations and incentives, the possible implications for the environment of the region, and the importance of ensuring transparency in conducting an environmental impact analysis. The study emphasized that maintenance of ecological balance along with industrial development is required.

Aggarwal et al. (2004) analysed 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.

Aggarwal et al. (2005) in his research paper revealed that the SEZ scheme introduced by the Government of India in April 2000 has its genesis in the EPZ scheme which was introduced way back in 1965 when the first zone was set up in Kandla. The SEZ Act is a major step in the direction of providing a long-term comprehensive policy framework and fiscal incentives are very important in determining the attractiveness of the zones. The Act has reinforced the authority of the central government. She further stated that the problem of co-ordination between the centre, states and zones will remain and may perhaps aggravate with the creation of different authorities looking after approval and management.
Curtis et al. (2006) compared China’s experience using SEZs to promote regional export-oriented economic growth with the experience of Post-Soviet Russia, Mexico and the Dominican Republic, and found that SEZs will only succeed in countries with a strong central government, geographic ties and cultural ties to developed markets and competitively low-wage labour.

Jain et al. (2006) analyzed the SEZ scheme in India. The author examined the need of SEZs, minimum area requirement for various types of SEZs in India, incentives and facilities provided to SEZ units and developers, provisions relating to establishment of units in SEZs in India. The author further suggested that the need for development of SEZs can be attributed to various factors, viz. foreign investment, technological and know-how advancement, development of backward regions, employment generation etc.

Viswanadhan et al. (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 just one such zone, SEEPZ, the most successful zone among the early zones.

Aggarwal et al. (2007) examined the impact of SEZs on employment, poverty and human development. The empirical findings of the study are based on the primary as well as secondary data sources. The primary data was generated through extensive interviews of entrepreneurs and workers across the three largest SEZs, namely, SEEPZ, Madras and Noida. The analysis reveals that employment generation has been the most important channel through which SEZs affected human development in India.

Bloodgood et al. (2007) analyzed the role of government in attracting foreign investment. The author examined that like many other countries, Government of India has offered certain incentives to attract foreign investment, many of which are concentrated in Special Economic Zones. Due to this, net foreign direct investment (FDI) flows into India reached at $ 15.7 billion in 2006-07.
Datt et al. (2007), in his article titled, “Development, Displacement and Rehabilitation” stated that the Central government should formulate a socially balanced policy on SEZs. It is no use blindly following China which has only five such Special Economic Zones, but in India there is a plan to have 285 SEZs. Unlike China, in a democratic country like India, it is not possible to ruthlessly muzzle the voice of the displaced people in favour of generating profits for the industrial and business classes, and developers.

Dogra et al. (2007), in his article, criticized the SEZ policy in India. He stated that the SEZ legislation is an arbitrary act of economic violence against the people of India which can play havoc with livelihood, food security, environment, justice to workers, fiscal health and balanced development of the economy. The sooner it is scrapped, the better will it be for the country, its people, its peace, its justice and its democracy.

Gopalakrishnan et al (2007) attempted to examine SEZs as a part of larger pattern of change in the Indian policy and economy. SEZ should not be seen and evaluated on the basis of their stated policy goods alone; these goals have little relationship to the actual structure of SEZ policy. Rather, the approach will be to examine some of the more unusual features of the SEZ policy, using them as indicators to explore the policy from other angles.

Grasset and Landy (2007) studied and compared the evolution of the Indian economic policy vis-a-vis the adoption of the SEZ policy, and found that the SEZs as a peculiar device wherein a segregated territory within a country is meant to be a part of the globalization process. Such a measure represents on a part, two evolving tendencies in the industrial and export scenario of post-independence India. First, the individual states more as a critical factor in spending up the industrialization process and second, multinational corporations are acquiring a greater role to play in India’s overall economy. For that matter, the success of SEZs is contingent upon the favourable policies and investment climate of individual states and their impact would be more regional than national.