

“A Study of Significance and Development of Special Economic Zones in Aurangabad Industrial Area”

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Introduction:

India was one of the first in Asia to recognize the effectiveness of the Export Processing Zone (EPZ) model in promoting exports, with Asia's first EPZ set up in Kandla in 1965. With a view to overcome the shortcomings experienced on account of the multiplicity of controls and clearances; absence of world-class infrastructure, and an unstable fiscal regime and with a view to attract larger foreign investments in India, the Special Economic Zones (SEZs) Policy was announced in April 2000. This policy intended to make SEZs an engine for economic growth supported by quality infrastructure complemented by an attractive fiscal package, both at the Centre and the State level, with the minimum possible regulations. SEZs in India functioned from 1.11.2000 to 09.02.2006 under the provisions of the Foreign Trade Policy and fiscal incentives were made effective through the provisions of relevant statutes.

What are special economic Zones?

Special Economic means a geographical area declared and notified as Special Economic Zones by government of India was announced since dated 31/August, 2004 to policy announced from 2004-2009 Foreign trade Policy in Chapter VII mention of Definition of special Economic Zones these are following.

Definition

“SEZ is a specifically delineated duty free enclave and shall be deemed to be foreign territory for purposes of trade operations and duties and tariffs”.

Processing and non-processing areas

The areas falling within the Special Economic Zones may be demarcated by the Central Government or any authority specified by it as:

- (a) The processing area for setting up Units for activities, being the manufacture of goods, or rendering services;
- (b) The area exclusively for trading or warehousing purposes; or
- (c) The non-processing areas for activities other than those specified under clause (a) or clause (b).

SEZs and Land Acquisition

SEZs and Land Acquisition are interconnected for in the setting up of SEZs huge amounts of land are required. Land Acquisition and SEZs have picked up speed in India since the Indian government has encouraged the setting up of SEZs in the country. SEZs and Land Acquisition has been taking place in India in a very fast pace over the last few years. The government of India must make sure that Land Acquisition and SEZs must prove beneficial for the people of the country and not harmful.

Table No. 1.1

Minimum Contagious Area Requirements for Certain Types of SEZs

Multi Sector SEZ	1000 hect.
Sector Specific SEZ	100 hect.
Free Trade and Warehousing Zones	40 hect.
IT/ITES/handicraft SEZ Bio-technology/ non-Conventional energy/ gems and Jewellery Sector	10 hect.

(Source: INCE-2009 & sezindia.nic.in)

The objectives of SEZs Policy

1. To generate the additional economic activity
2. To promote the exports of goods and services
3. To promote the investment from domestic and foreign sources
4. To generate employment opportunities
5. To development infrastructure facilities

Indian Special Economic Zones – Benefits

Besides offering high end infrastructure and availability to a large skilled workforce, SEZ also offers attractive incentives and advantages to firms and developers. Mentioned below are some of the benefits of Indian Special Economic Zones: (a) Full Income tax exemption for a period of 5 years and an extra 50% tax relief for additional two years.(b)Manufacturing industry is allowed an FDI influx of 100% via automatic channels excluding few industries. (c)No import authorization obligations. (d)Services to sustain foreign exchange proof of payments of up to 100% in Exchange Earners' Foreign Currency Account. (e)Tax relief from Central Excise tariff on acquirement of merchandize, raw products, spare parts etc from the local market.(f) No regular assessments by Customs for export and import freight and Revenues permitted to be repatriated sans any dividend assessment needs (g)Authorization for Employment prospects on behalf of local exporters for direct export.

Present Fact Sheet of SEZs in India

In India, at present , current fact sheet on Special Economic Zones are following: No. of Formal approvals -574, and Number of notified SEZs (As on 26th February, 2010) – 350 (out of 573) + (7 Central Govt. + 12 State/Pvt. SEZs), Number of valid In-Principle Approvals 151, Operational SEZs (As on 31st December, 2009) - 105 (Out of this 15 are multi product SEZs, remaining are IT/ITES, Engineering, electronic hardware, textiles, Biotechnology, Gem& Jewellery SEZs and other sector specific SEZs), Units approved in SEZs (As on 31st December, 2009)- 2,761.

Land for SEZs

Notified SEZs-42,888Ha, Formal Approvals (FA) incl. notified SEZs-74,883 Ha, Valid In-Principles approvals (IP)- 1,26,963 Ha, Total area for proposed SEZs (FA+IP)- 2,01,845 Ha, Total area for the notified SEZs would not be more than 0.014% of the total land area of India. Land is a state subject. Land for SEZs is procured as per the policy and procedures of the respective State Govt.

Investment

As on 31December, 2009 SEZs notified under the Act Incremental Investment Rs. 1,15,603.78/- Crore.

State/Pvt. SEZs set up before 2006; Incremental Investment Rs. 5,043.39 crore, Rs 6,799.70 crore,

Central Government SEZs

Incremental Investment Rs. 3,707.76/- crore, Rs. 5,986.96/- crore **Total** Incremental Investment Rs. 1,24,354.93/- crore, Rs. 1,28,390.44/- crore.

Employment

As on 31st December, 2009 SEZs Notified under the Act Incremental Employment- 2,27,669 persons, Total Employment-2,27,669 persons; State/Pvt. SEZs set up before 2006: Incremental Employment 48,787 persons, Total Employment:61,255 persons; Central Government SEZs: Incremental Employment-78,671 persons, Total Employment-2,00,907 persons. **Total:-** Incremental Employment-2,27,946 persons, Total Employment-3,62,650 persons; **Exports in 2008-09:** Rs. 99,689 crore (Growth of 50% over 2007-08) Overall growth of exports of 620% in five years (2004-2009) **Exports in 2009-10 (As on 31st December,2009):** Rs. 1,52,092.685 crore (Growth of 127% over the corresponding period of Financial Year 2008-09).

OBJECTIVE OF THE STUDY

Broad objectives of the present study are as follows:

- To study the Special economic zones (SEZs) Perspectives and development aspects.
- To analysis the Performance of Special economic zones (SEZs) in general and Aurangabad District in particular.
- To know the policy of Govt. behind the Special Economic Zones (SEZs) and its effective implementation.
- To know the Problems and prospects of Special economic zones (SEZs) and its impact's on Aurangabad Industrial area.
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SIGNIFICANCE OF STUDY

The deal with Special Economic Zones (SEZs) in Aurangabad district as on basis of collection of regarding information above SEZs and progress of current industries in Aurangabad city ,that shows Chikalthana MIDC, Waluj MIDC, Station Road MIDC, Shendra (Five star)MIDC, industrial units and total investment of Area wise and major industrial Enterprise with foreign Direct Investment and Export orient products, this are Auto Industry, Pharmaceutical industry and other industrial performance of during 2003-2010, and industrial investment in Aurangabad and other information SEZs projects and it' infrastructure development and generation of employment capacity which is benefited in industrial sector rapidly growth in highly SEZs performance in Aurangabad district.

RESEARCH METHODOLOGY

To complete this study Primary as well as Secondary Source of information is used.

Primary Data

Primary data is collected from the selected respondents of the Aurangabad Industrial area. For the purpose two questionnaires were issued to entrepreneurs, workers, Land owners and other factors.

Secondary Data

The Secondary data is gathered from books, journals, magazines, different published thesis, Govt. Committee reports, Govt. annual reports and web sites.

SCOPE AND LIMITATIONS OF THE STUDY

This study is limited to Aurangabad district Industrial Area with special emphasis given to Shendra Five Star Industrial Special Economic Zones (SEZs). During the field survey of MIDC area an effort has been made to assess the awareness about Entrepreneurs, Condition workers, Input-output, Import-Export, and Govt. excise duties etc.

Aurangabad -An Expanding Industrial City and its contribution in the field of industry

During the last three decades Aurangabad city has emerged as a major industrial hub, perhaps, only after Mumbai and Pune. Today we talk about Mumbai-Pune-Aurangabad-Nasik-belt. This clearly explains the growing contribution of this city in Industrial development of Maharashtra State. A brief review of the industrial development of Aurangabad city would be quite useful.

During the earlier period, there were some centers in Aurangabad, which were well known for their specialized item of production. For example, the Himroo and Mushru shawls and Tapestry were famous in national and international markets. Even to-day, these products are popular among tourists. There were two other large scale manufacturing units in Aurangabad city; they were, the Aurangabad Textile Mill and Deccan Flour Mill.

In 1991, the Govt. of India declared its New Industrial policy, under which the provision for “location of industry” was abolished. Now the private sector was permitted to locate their units anywhere in India. This was a kind of a set back to the industrial development of back ward areas. However, taking into account this new policy stance, the Govt. of Maharashtra took appropriate policy decisions in 1993,1995,-2001,and now2007 and offered various types of incentives on the basis of the level of development of each taluka, i.e. A,B,C,D,D+ and No-industry district.

The role played by the following institutions has led to the rapid industrialization of Aurangabad city, during the last 30 years. They are- District Industries Centre (DIC) Aurangabad; The Maharashtra Industrial Development Corporation (MIDC); Maharashtra pollution Control Board; Maharashtra Entrepreneur Development Centre (MECD, whose Head office is located In Aurangabad)Maharashtra State Small-scale industries Development Corporation (MSSIDC); Maharashtra State Electricity Distribution Co. Ltd, MITCON; Indo-German Tool room; and about 78 branches of the numerous nationalized banks etc.

Progress of Industries in Aurangabad City:

The following table indicates the development of industrial areas in Aurangabad city by the MIDC, up to 2010. The MIDC set up industrial areas in 1970 at Chikalthana; in 1983 at Waluj and in 1998 at Shendra (which is a five star area) there are acquire total Area in Chikalthana MIDC 719.68 (Hcat) and total no of plots 758 and Waluj MIDC total area 1521.99 ha and total no of plots in 1595, and remaining Shendra (Five star) MIDC total area of 902.88 and total no of plots 435, overall area acquired by using from progress of Industrial development in Aurangabad.

Position Special Economic Zones (SEZs) in Aurangabad District

As per the Central Government SEZ Policy there are 5 special economic Zones are approved and work is in progress in Aurangabad district which are as follows:

1. Aluminum SEZ (MIDC SENDRA) The MIDC has allotted 110.31 Hectors Land in MIDC Shendra Aurangabad to M/s. Hindalco Almex Aurospace Ltd. for Aluminum SEZ & the work is in Progress.

2. Wockhardt Pharmaceutical SEZ (MIDC SENDRA) The MIDC has allotted 107 Hectors Land in MIDC Shendra Aurangabad to M/s. Wockhardt Ltd. for Pharmaceutical SEZ & the work is in Progress.

3. Ajantha Project India. SEZ (MIDC SENDRA) The MIDC has allotted 100 Hectors Land in MIDC Shendra Aurangabad to M/s. Ajantha Projects India Ltd. for Pharmaceuticals SEZ & the work is in Progress.

4. Glen mark Pharma Ltd. SEZ (MIDC SENDRA) The MIDC has allotted 11.89 Hectors Land in MIDC Shendra Aurangabad to M/s. Glen mark Pharma Ltd. for Pharmaceuticals SEZ & the work is in Progress.

5. Bajaj Auto Ltd. SEZ (MIDC SENDRA) The MIDC has allotted 100 Hectors Land in MIDC Waluj Aurangabad to M/s. Bajaj Ltd. for Automobile SEZ & the work is in Progress.

6. Rajiv Gandhi IT Park Cooperative Society Ltd. The MIDC has Allotted 10.21 Hectors Land in MIDC Aurangabad Survey No. 27, Girner, Paithan Road, Tal Aurangabad, for IT/ITES SEZ & the work is in Progress.

7. Gitanjali Gems Limited Aurangabad, The MIDC has Allotted 102 Hectors Land for Gems and Jewellery SEZ & the work is in Progress.

Investment Position and Employment Generation under SEZs Area

Investment status and Employment Generation under SEZs Areas can be studied by analyzing types of products, total investment and employment opportunities for skilled and unskilled people given in the following table. Major industrial units includes Hindalco Almex, Ajanta Pharma, Wockhart, Bajaj, Vedocon, IT park and Bio Tech. Park etc.

Table No. 1.2
Investment Position and Employment Generation under SEZs Area

Sr. No	Name of Plant/ area	Production	Total Investment	Employment People	
				Skilled	Un-Skilled
1	Hindalco Almex Aerospace Limited Pvt Ltd (Shendra)	Alumium and Aluminium related	114.79 crore	16	40
2	Ajanta Pharma Limited	Pharmaceutical	258.25 crore	80	400
3	Ajanta Pharma Limited	Biotechnology Non-conventional Energy including Solar Energy equipment	200 crore	60	500
4	Wockhard ltd (Chikalthana)	Pharmaceutical	323.20 crore	180	500
5	Bajaj Electronic(MIDC Waluj)	Automobile and Automobile components	700 crore	800	2700
6	Vedocon (Chitegao)	Multi Product	600 Crore	350	2250
7	I.T Park (Paithan)	IT/ITES	75 crore	10	20
8	BioTech.Plant Gandhili (Satra Parisar)	Gedms and Jewellery	110 crore	25	150
	Total		2381.24	1521	6560

Source: sezindia.nic.in

(Central excise office of Aurangabad 2009-10)

The detail analysis of the above data, provided by Central Excise Office, explores some facts about SEZs in Aurangabad district. Hinduja Almex Aerospace Pvt. Ltd. in Shendra produced Aluminum products out of total investment of 114.79 cr. rupees in the year 2009-10. This Unit deployed 16 skilled and 40 unskilled employees. Ajanta Pharma Ltd. produces Pharmaceutical products with worth investments of 258.25 cr. rupees. In the Unit total 480 workers are deployed, out of them 80 are skilled and rest are unskilled employees.

Ajanta Pharma Ltd., produces biotechnology, Non-conventional energy i.e. Solar Energy equipments out of total project cost Rs. 200 cr. The Unit deployed total 560 workers, out of them 60 are skilled and rest are unskilled. Workhardt Ltd. Produces Pharmaceuticals with the total investment cost of RS.323.20 cr. The skilled worker deployed in the units is about 200 and 500 unskilled workers. Bjaja Electronics, which produces automobiles and automobile component, has investment of Rs. 700 cr., and there are 800 skilled and 2700 unskilled workers. Videocon, with its counterpart, believes in multi-production, has invested Rs. 60 cr. and has 350 skilled and 2250 unskilled employees. At Paithan, there exists IT Park which produces IT/ITES with worth investment of Rs. 75 cr. by employing only 30 people, 10 skilled and 20 unskilled. Biotech plant at Gandheli produces Gem and Jewellery for which 110 cr. have been invested; wherein 25 skilled and 150 unskilled people work. Thus, the afore said major eight SEZs plants have total investment of Rs.2381.24 cr. and total skilled employees are 1521 and total unskilled employees are 6560.

CONCLUSION

The study deals with the economic condition and growth of Aurangabad industrial area and the significant impacts of SEZs on growth and development. In general the study consists- general base of the special economic zone processing and non processing area, Exemption granted by government like taxes and duties, land acquisition for SEZ, benefits of SEZ, government policy related to SEZ and its impacts on industrial and economic growth and its contribution. After this short introduction of Special Economic Zones the chapter discusses objectives of the study. Through detail analyses of data efforts have been made to assess the significance and find solution to questions such- What is SEZs? How it helps to reduce the unemployment by growth in Aurangabad Industrial Area? What is the procedure of development of SEZs? How much land required? How does its infrastructure development process take place? What are the problems of Enterprise and Farmer? How the employment opportunities are created? etc.

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