

# A Study on Export Performance of Special Economic Zones (SEZ's) with Reference to Karnataka State.

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*Abstract:* The SEZ policy has multi-dimensional goal and its success depends on the state governments support. However, the central government giving number of incentives and concessions. without state government support it cannot be reach their proposed goals. In this regard, Karnataka state government given massive support to implement the policy and using as a tool of growth engine for its own. In this way, the present research paper analysing the export performance of Karnataka SEZ's and their contribution to State Gross Domestic Product (SGDP).

*IndexTerms - Incentives, goal, Export, Policy, SGDP.*

## I. Introduction

Special Economic Zone is a specifically delineated duty free enclave considered to be a deemed foreign territory for the purpose of trade operations, duties and tariffs. SEZ, thus, is a geographical region where the fiscal and economic laws are more liberal as compared to the business undertakings in the Domestic Tariff Area (DTA). A large number of SEZ's have come into established in the last two decades after enactment of SEZ Act 2005 in India. The government of India given several incentives and concessions to the developer as well as to unit holders. At the same time given power to prepare the own guidelines within the jurisdiction of main act to the state governments. Many states come forward to grab the opportunity and make use of it as an instrument of growth. Among them Karnataka is one of the major state which is allowed to establish the SEZ in large number. In this regard, in 2009 February 2 Karnataka state passed an amendment in the name "State Policy for Special Economic Zone 2009". With this amendment, Karnataka given massive support to develop SEZ's in the state. The present research paper is going to analyse the export performance of Karnataka SEZ's and their contribution to Karnataka economic development in the state.

## II. OBJECTIVES

The present research work concentrate on the following objectives.

1. To explore the contribution of SEZ's to Karnataka State Gross Domestic Product.
2. To analyse the export contribution of Karnataka SEZ's to India's total exports.

## III. METHODOLOGY

The present research work followed the descriptive research method. Based on secondary data analyse the research objective. The secondary data collected from various source such as ministry of commerce and industry, csez.com, sezindia.com, Karnataka economic survey and Indian economic survey.

### 3.1 Population and Sample

The present research considered the all 29 operational SEZ's of Karnataka State. These 29 SEZ's broadly categorised on the basis of product type and place of establishment. Based on product classified into two major group such as IT/ITES SEZ's and other than IT/ITES SEZ's. Based on place of establishment they are classified into two major groups such as SEZ's located at Bangalore and located other than Bangalore.

### 3.2 Data and Sources of Data

The present research is based on secondary data. The secondary data collected from various source such as ministry of commerce and industry, csez.com, sezindia.com, Karnataka economic survey and Indian economic survey. District-wise SEZ's information prepared based on the available information on official website of Karnataka SEZ's. Further, the research work considered export data and Karnataka state SGDP data to analyse the proposed research objectives.

### 3.3 Statistical tools

The present research work used simple statistical tools to analyse data collected from various sources. Used MS-Excel to present the data in tabulation To calculate the descriptive statistics used JASP application.

#### IV. RESULTS AND DISCUSSION

Improving the standard of living is the ultimate goal for every economy. Through employment opportunities, any state can assure the decent standard of living to its population. In this way to assure the decent standard of living creating employment opportunity will play the crucial role in the economy and the SEZ policy is doing its role to serve this objective. The government of India have multi-dimensional goal in setting up the SEZ model in the country. In fact India was the first Asian country to recognise the importance export processing zone (EPZ). The first EPZ established in 1965 at Kandla, Gujarat State. The government of India has been refining its policies to make strengthen the EPZ's. Ultimately, in 2005 passed an act in the name of "SEZ Act 2005" to give a strategic support to SEZ's. Since that day Karnataka state have been trying its best to support the Act in the state.

##### 4.1. SEZ in Karnataka.

Since the SEZ act enacted there are 63 formal approval SEZ's are there in Karnataka. In that 52 SEZ's are notified and 29 are started their production. Out of 29 operational SEZ's majority of them i.e. 22 are belongs to IT/ITES SEZ's. Other than IT/ITES, there are 2 from engineering sector and Textile, Pharmaceutical, Aerospace, Biotechnology and Multi product SEZ's are one in each sector in Karnataka. SEZ's are not equally established among all the district in Karnataka. Bangalore have major share in attraction of SEZ in Karnataka. It has 22 SEZ's in its boundary. Mysore, Hassan and Mangalore districts have 2 SEZ's respectively and Shimoga and Belagavi have 1 in each district.

Table 1- District-wise operational SEZ's in Karnataka.

	IT	BT	Pharmaceutical (Drug)	Textile	Hi-tec Engineering	Multi Product	Aerospace	Precision Engg Products	Total SEZ
Bangalore	18	1					1		20
Mysore	2								2
Hassan			1	1					2
Mangalore	1					1			2
Shimoga	1								1
Belgum							1		1
Udupi					1				1
<b>Total</b>	<b>22</b>	<b>1</b>	<b>1</b>		<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>29</b>

Source: <https://csez.com/rti>

##### 4.2. Export Performance of Karnataka SEZ's.

Table 2 Export Performance of Karnataka SEZ's

Year	India's Total Export	India total Export from SEZ	% of Share of SEZ in total Export	Karnataka SEZ contribution to India's Total Export	% of Share of karnataka SEZ's in India's total SEZ's export
2007-08	655864	66638.00	10.16	1214.74	1.82
2008-09	840755	99689.00	11.86	8010.82	8.04
2009-10	845534	220712.00	26.10	11279.15	5.11
2010-11	1136964	315868.00	27.78	17221.02	5.45
2011-12	1465959	364478.00	24.86	24661.01	6.77
2012-13	1634319	476159.00	29.14	35817.71	7.52
2013-14	1905011	494077.00	25.94	78052.23	15.80
2014-15	1896348	463770.00	24.46	51310.16	11.06
2015-16	1716384	467337.00	27.23	66345.18	14.20
2016-17	1849434	523637.00	28.31	75102	14.34
2017-18	1956515	581033.00	29.70	52314.32	9.00
2018-19	2307726	701179.00	30.38	92041.44	13.13
<b>Total</b>	<b>18210813</b>	<b>4774577</b>	<b>26.22</b>	<b>513369.78</b>	<b>10.75</b>

Source: Source: <https://csez.com/rti>, Indian Economic Survey-2019-20

##### Inferences

The above table gives a picture about the performance of Karnataka SEZ's in terms of export to India's total export. In India, SEZ's are contributing around 26 percent of share to total export. Further Karnataka SEZ's are contributing around 10 percent to India's SEZ export. From a single state 10 percent of contribution is a considerable amount in terms of export. In this regard Karnataka SEZ's are performing up to their expectation in terms of export performance.

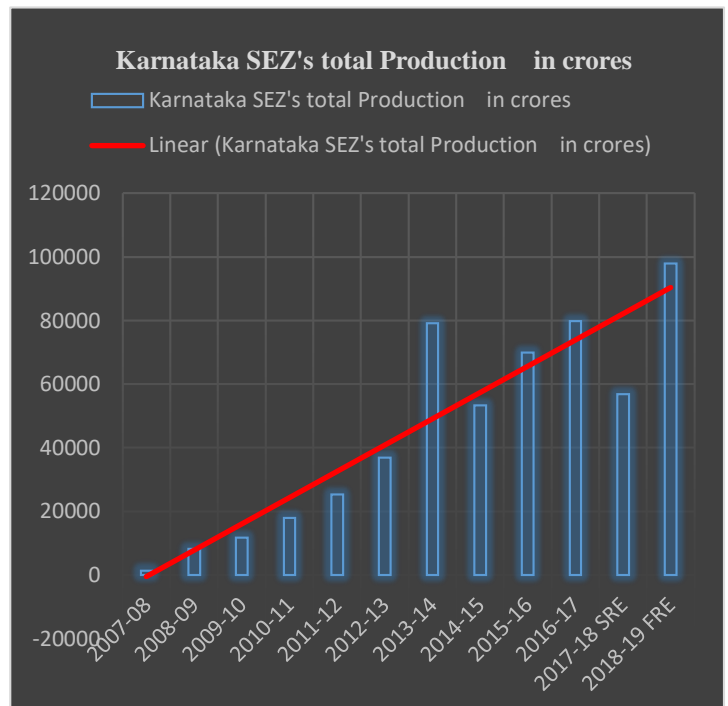
### 4.3.Karnataka SEZ Contribution to SGDP.

**Table 3- Karnataka SEZ Contribution to SGDP**

Year	Karnataka SGDP In Crores	Karnataka SEZ's total Production (In Crores)	Share of SEZ in total SGDP in %
2006-07	146270	173.36	0.12
2007-08	228202	1261.6	0.55
2008-09	244421	8142.97	3.33
2009-10	247562	11732.8	4.74
2010-11	271485	17865.9	6.58
2011-12	552214	25365.9	4.59
2012-13	585124	36920.2	6.31
2013-14	642007	79157.7	12.33
2014-15	683944	53263.2	7.79
2015-16	755314	69962.9	9.26
2016-17	845647	79872.1	9.45
2017-18	918493 SRE	56823.9	6.19
2018-19	987321 FRE	97889.8	9.91

SRE: Second Revision Estimates, FRE: First Revision estimates

Source: Karnataka Economic Survey, <https://csez.com/rti>



#### Inference

The table. 3 table shows that the SEZ's are giving significant contribution to Karnataka SGDP. The share of SEZ's contribution to SGDP gradually increasing since 2006-07, and their contribution is around 10 percent after 2014-15. Karnataka have 29 operational SEZ's in its boundary, from these 10 percent of contribution to its SGDP is recognisable and also the growth of their production linear. This can be seen from diagram. Till 2018-19 total 47367 direct employment created from these SEZ's. in that 30739 are male employees and remaining 16628 are female employees. Apart from this lots of indirect employment created from these zones.

**Table 4-Export performance of IT/ITES and other than IT/ITES SEZ's in Karnataka.**

Year	IT/ITES Export	% of Share in total Export	Other than IT/ITES Export	% of Share in total Export	Total Exports
2006-07	136.70	78.85	36.66	21.15	173.36
2007-08	822.30	67.69	392.44	32.31	1214.74
2008-09	5503.80	68.70	2507.02	31.30	8010.82
2009-10	9291.56	82.38	1987.59	17.62	11279.15
2010-11	15503.05	90.02	1717.97	9.98	17221.02
2011-12	23122.80	93.76	1538.21	6.24	24661.01
2012-13	33417.75	93.30	2399.96	6.70	35817.71
2013-14	49003.33	62.78	29048.90	37.22	78052.23
2014-15	45518.76	88.71	5791.40	11.29	51310.16
2015-16	56654.77	85.39	9690.41	14.61	66345.18
2016-17	64968.30	86.51	10133.70	13.49	75102.00
2017-18	40632.76	77.16	12025.06	22.84	52657.82
2018-19	77392.45	82.42	16512.58	17.58	93905.03
<b>Total</b>	<b>421968.33</b>	<b>81.82</b>	<b>93781.90</b>	<b>18.18</b>	<b>515750.23</b>

Source: <https://csez.com/rti>

#### Inferences

The table 4 shows that the IT/ITES SEZ's have significant share in total export from Karnataka state. Till 2018-19 Karnataka SEZ's have exported 515750.23 Cr. Out of that IT/ITES SEZ's have exported 421968.33crore rupees and it is marked around 81 percent in total export from Karnataka SEZ's. Apart from that other than IT/ITES SEZ's have 18 percent of share from total export from Karnataka SEZ's. They have exported 93781.90 Crore rupees till the end of 2018-19 financial year.

Table- 5 Region-wise Export Performance of Karnataka SEZ's

Year	Total Export from SEZ's located at Bangalore	% of share in total Export	Total Export from SEZ's located at Other than Bangalore	% of share in total Export	Total Export
2006-07	173.36	100.00	0.00	0.00	173.36
2007-08	1128.38	92.89	86.36	7.11	1214.74
2008-09	5827.07	72.74	2183.75	27.26	8010.82
2009-10	9734.84	86.31	1544.31	13.69	11279.15
2010-11	15708.15	91.21	1512.87	8.79	17221.02
2011-12	23024.18	93.36	1636.83	6.64	24661.01
2012-13	33146.52	92.54	2671.19	7.46	35817.71
2013-14	74514.21	95.47	3538.02	4.53	78052.23
2014-15	45147.58	87.99	6162.58	12.01	51310.16
2015-16	56397.49	85.01	9947.69	14.99	66345.18
2016-17	63862.32	85.03	11239.68	14.97	75102.00
2017-18	39309.00	74.65	13348.82	25.35	52657.82
2018-19	74546.03	79.38	19359.00	20.62	93905.03
<b>Total</b>	<b>442519.13</b>	<b>85.80</b>	<b>73231.10</b>	<b>14.20</b>	<b>515750.23</b>

Sources: www.csez.com/rti/index

### Inferences

The above table shows that the SEZ's located at Bangalore have 85.80 percent of share in total export from Karnataka SEZ's. they have exported 442519.13 crore rupees till the end of 2018-19 financial year. SEZ's which are located at other than Bangalore district have exported 73231.10 rupees till 2018-19.

Table 6 Product-wise Export Performance of Karnataka SEZ's

Years	IT/ITES	Aerospace	Pharmaceuticals	Text tile	Hi-tec Engeneering	Multi Product	Precision Engg Prouducts	Bio-technology
2006-07	136.7	0	0	0	0	0	0	36.66
2007-08	822.3	0	0	75.14	0	0	0	317.3
2008-09	5503.8	0	0	266.32	1819.6	0	0	421.1
2009-10	9291.56	0	0	355.29	962.76	0	0.06	669.48
2010-11	15503.05	0	0	361.35	724.63	0	19.64	612.35
2011-12	23122.8	0	0	526.24	206.2	0	49.68	756.09
2012-13	33417.75	0	2.25	609.6	659.69	0	90.86	1037.56
2013-14	49003.33	26000.29	12.05	898.29	676.23	14.98	142.44	1304.62
2014-15	45518.76	3.48	19.11	863.16	298	2856.64	198.78	1552.23
2015-16	56654.77	17.54	17.12	106.26	70.59	7289.94	267.64	1921.32
2016-17	64968.3	38.95	47.15	124.7	2	7763.92	436.32	1720.66
2017-18	40632.76	114.98	98.96	139.53	0	9280.92	552.55	1838.12
2018-19	77392.45	153.63	86.11	144.77	0.66	14428.5	623.6	1075.31
<b>Total Export</b>	<b>421968.3</b>	<b>26328.87</b>	<b>282.75</b>	<b>4470.65</b>	<b>5420.36</b>	<b>41634.9</b>	<b>2381.57</b>	<b>13262.8</b>
<b>% of Share in Total Export</b>	<b>81.82</b>	<b>5.10</b>	<b>0.05</b>	<b>0.87</b>	<b>1.05</b>	<b>8.07</b>	<b>0.46</b>	<b>2.57</b>

Sources: www.csez.com/rti/index

Descriptive Statistics								
	IT/ITES	Aerospace	Pharmaceuticals	Text tile	Hi-tec Engineering	Multi Product	Precision Engg Prouducts	Bio-technology
Valid	13	13	13	13	13	13	13	13
Missing	10	10	10	10	10	10	10	10
Mean	32459.102	2025.298	21.750	343.896	416.951	3202.685	183.198	1020.215
Std. Deviation	25587.921	7203.760	34.266	297.730	542.502	4852.456	221.887	613.622
Minimum	136.700	0.000	0.000	0.000	0.000	0.000	0.000	36.660
Maximum	77392.450	26000.290	98.960	898.290	1819.600	14428.500	623.600	1921.320

Calculated in JASP

## Inferences

The table 6 explain the product-wise export performance of SEZ's in Karnataka. There are eight type of products setting up the SEZ's in Karnataka. In that, IT/ITES sector has the major share in number of SEZ's as well as in export performance. Out of 515750.2 Cr rupees of export IT/ITES has a 81.82 percent of share in total export. After IT/ITES SEZ's major contribution coming from the multi product SEZ and Aerospace SEZ. They have 8.07 of share 5.10 percent respectively. Around 94 percent of share is coming from these three sectors. Remaining 5 products contributing 6 percent of share to the total export.

## V. CONCLUSION

Special Economic Zones have a tremendous contribution to the economic development in terms of export performance in India. Earning a net foreign exchange is one of the prime goal behind the rationality of SEZ act in India. Any developing economy like India requires huge capital to develop the economy. It must import essential technology and capital goods to supplement the production process. For this purpose it requires huge forex reserve. Being a agriculture based economy and exporting high elasticity product we are logging behind in earning forex reserve. To fulfil this gap policy like SEZ working efficiently at present.

Karnataka, especially Bangalore recognised as a silicon city of India. It has many IT/ITES parks and contributing nearly 40 percent of export share to India's IT/ITES sector. When the Government of India enacted the SEZ act Karnataka state has been using the benefits and advantages of this act by providing necessary basic needs to set up the SEZ's in the state. This kind of business friendly environment helping Karnataka economy to increase its production capacity and improving the economy.

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