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SPECIAL ECONOMIC ZONE (SEZ): ITS ROLE IN ECONOMIC DEVELOPMENT IN INDIA

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ABSTRACT

Background: The goal of Special Economic Zones (SEZs), which are designated regions with eased economic laws, is to draw in foreign investment, increase exports, and promote industrial development. India offers benefits like tax breaks and streamlined clearance processes. These areas have been vital in boosting the economy, establishing jobs, and developing infrastructure; other emerging countries have been inspired by their achievements. **Method:** This study analyses the significance and export success of SEZs in India using secondary data from reputable sources such as the Ministry of Commerce and Industry, SEZ in India, and the Economic Survey of India. State-wise and sector-wise data are examined with descriptive and inferential statistics, such as paired t-tests; findings are deemed statistically significant if $p < 0.05$. **Result:** By 2023–2024, India's 295 active SEZs—with a focus on southern states (184) and IT/ITES (169)—generated ₹6, 69,980 Cr in investments and ₹1,355,220 Cr in exports, producing 29.8 million jobs. On the other hand, sectoral and regional disparities underscore the importance of well-rounded policies. **Discussion:** Findings show Exports, employment, and investment growth have all been significantly impacted by SEZs. A significant surge in investment and job creation in India's Special Economic Zones. **Conclusion:** In order to address sectoral imbalances and encourage balanced, long-term growth, the paper looks at the role of Special Economic Zones (SEZs) in India and demonstrates their significant contributions to employment, investment, and exports. It focuses on manufacturing sectors and fostering an environment that is advantageous to investment.

Keywords: *Special Economic Zones; Export; Investment; Employment; Sector*

INTRODUCTION

The SEZ has been existing for decades, but in recent years, the globalization of financial commerce and markets has given it new attention on a global level. SEZs belong to areas with relaxed economic regulations intended to bring in foreign capital and increase industrial and export-oriented output. For trade purposes, these zones are considered as foreign territories and provide developers with reductions in taxes on imports and raw inputs. China, India, Jordan, and Russia are among the nations that have SEZs, which are designed to alleviate the strain on

metropolitan infrastructure, create jobs, and encourage holistic development. SEZs have recently become a crucial component of development plans in a growing number of less developed nations. Other least developed nations have been inspired to build their own SEZs by the success of China's in the 1980s. At present there are 295 operational SEZs across India ([World Bank Group, 2017](#)).

Under the SEZ Act of 2005, private organizations, international corporations, and the Central or State Government of India may all create SEZs. The State Government or the Board of Approval directly must obtain the SEZ proposal. A three-tier system is used to oversee SEZ operations- **Board of Approval:** The Central Government's highest body formed to oversee SEZ operations and authorize important choices. **Unit Approval Committee:** supervises zone-level development issues, approves new units, and conducts periodic performance reviews. **Development Commissioner:** Acts as the point of contact, managing the Unit Approval Committee and solving operational challenges ([Thakur, 2021](#)).

In 1965, India created the first Export Processing Zone (EPZ) in Asia in Kandla, Gujarat. Santa Cruz EPZ was eventually established in Mumbai. The effectiveness of these zones was hindered by strict regulations, unappealing incentives, and regulatory obstacles. By the late 1970s, four more EPZs had been established in Noida, Falta, Cochin, and Chennai, in addition to policy liberalizations, to increase exports in the face of economic difficulties. To encourage foreign investment and establish a competitive export environment, the government implemented the Special Economic Zones (SEZs) policy in 2000. SEZs provided enhanced facilities, simplified procedures, and reduced regulations. Under the SEZ Act of 2005, India has 100 notified SEZs by 2007, and this number continues to rise ([Aggarwal, 2004](#)).

According to the government, the primary goals of the SEZs are: **a)** Generating more economic activity; **b)** Fostering the export of goods and services; **c)** Attracting both international and domestic investment; **d)** Providing job opportunities; **e)** Constructing infrastructure; **f)** Acquiring single window permission for the establishment of a SEZ and a unit within a SEZ. In order attract investments, SEZ units are offered with the following incentives and facilities-- **Several taxes are exempt:** state sales tax, minimum alternate tax (MAT), central tax on interstate transactions for manufacturing purposes, and service tax. **Benefits associated with income taxes:** export income is 100% free for ten years and 50% for the next five. **Simplified approvals:** Central and state approvals are processed through a single portal. State-level advantages include exemptions from power, stamp, and local taxes. **Infrastructure help:** providing utility networks, roads, bridges, and water. Based on the Industrial Disputes Act of 1947, SEZs are considered public utility services. These advantages are meant to foster industrial development and draw capital to SEZs.

Special Economic Zones (SEZs) are essential for bringing industries, boosting exports, and encouraging economic growth in developing nations, especially when it comes to resolving issues like insufficient amenities and job possibilities. They encourage industrial growth by providing units with educated labour, strong infrastructure, and easy accessibility to inputs, allowing them to realize economies of scale. The expansion of both the domestic and international markets is made easier by SEZs, which encourage industrial growth within as well as outside of the zones. The use of modern technologies is promoted by exposure to international markets, which enhances marketing and production procedures. In addition to SEZ units, this technology advancement helps external industries and supports overall growth in the economy.

OBJECTIVE OF THE STUDY

- To study the nature and significance of Special Economic Zone in India.
- To analyse the performance of SEZ and in India.
- To interpret the significance of several variables collected from secondary data using statistical hypothesis test.
- To analyse the growth of SEZ.
- To analyse how the effects of export from SEZ contributes to Growth rate in India using statistical hypothesis t-test.

LITERATURE REVIEW

A brief review of this research studies in India as well as global context is noted here to highlight the role of SEZs in the economic transaction and growth of nations. The 2005 SEZ Act, which introduced Special Economic Zones (SEZs) in India, aims to boost employment, investment, and exports. However, it has been criticized for a number of reasons, notably poor farmer rehabilitation, tax-driven incentives, insufficient purchase of land laws, and environmental hazards. Despite the fact that SEZs have the potential to increase exports from manufacturing, the Comptroller and Auditor General points out that their social and economic efficiency is limited and advocates for a revision of the current policy ([Bhardwaj & Patnaik, 2015](#)). The socio-economic consequences of Special Economic Zones (SEZs) across the world, highlighting the way Indian SEZ perform in fostering foreign investment and industrial growth in spite of barriers including land acquisition and bureaucracy. For sustainable development, it places a strong emphasis on inclusive governance, regulatory compliance, and involvement of stakeholders ([Salman et al., 2024](#)). In India, the emergence of Special Economic Zones (SEZs) boosted employment in local industry and services, with spill overs extending 10 km outside the zones. This development was marked by a decrease in agricultural work, especially among women, which suggests a shift in the economy. A variety of SEZ shapes, including both public and private zones and different industrial groups, showed rises in employment ([Gallé et al., 2024](#)). In accordance with urban development, Special Economic Zones (SEZs) have transformed from remote outposts to tech-driven, integrated centres (Economic Zone 5.0). They serve as instruments for globalization and industrialization, enhancing international economic regulations while having opposite impacts on the economy. A strong, business-friendly constitutional framework, market insight, strategic location, and alignment with growth objectives are all important success elements ([Zeng, 2021](#)). The national economy could experience an enormous rise in employment potential as an outcome of new investments in SEZs ([Aggarwal, 2007](#)). According to a micro-level analyse of the zones' role in India's industrialization efforts, EPZs served as a catalyst for the growth of new production sectors, the export of new goods, and the enhancement of the nation's reputation in particular foreign markets ([Aggarwal, 2005](#)). Human capacities might be improved through SEZs. However, in order for this potential to be realized, the government must come up with plans that safeguard the interests of SEZ workers, create interconnections between SEZs and the domestic economy, and enhance the possibilities that are expected to emerge ([Pradhan, 2012](#)). An important factor in India's export-led growth was the nation's shift from Export Processing Zones (1965) to SEZs. By functioning 1525 units, SEZs raised employment rates and contributed to a 92% growth in exports from 2006–07 to 2007–08. Economic life was improved by the policy's drawing of a variety of investments. The results highlight the importance of SEZs in creating a strong and

flourishing economy, which is in accordance with India's Vision 2020 (Sahu *et al.*, 2024). In contrast to privately-owned SEZs, which indicated enhancements in productivity, firms in publicly owned SEZs saw lesser productivity growth and higher director salary rise. In public SEZs, managers' rent-seeking skews the execution of programs (Görg & Mulyukova, 2024).

METHODOLOGY

This paper is mainly based on secondary data collected from Ministry of Commerce and Industry, SEZ in India, GOI, Economic survey of India (various issues), working papers on SEZ, other journals and various websites. The sources have been used because they are reliable and give accurate information regarding the study.

- Data has been presented in the form of tables by applying computer packages like MS – Word and MS – Excel. Descriptive statistics have been made to examine the significance of Special Economic Zone in India. An inferential statistical hypothesis has been used to interpret the significance of several data (State-wise and Sector –wise) of SEZs in India and the export performance of SEZs using paired t-test hypothesis. Some statistical tests have been performed to validate the model.
- If the probability value of the paired two tailed test is less than that 0.05 ($p < 0.05$) indicates the hypothesis result statistically significantly predicts the outcome variable.

RESULTS

Table 1: State wise distribution of operational SEZs (December 2023)

State / Union Territory	Operational SEZs
Andhra Pradesh	25
Chandigarh	02
Chhattisgarh	01
Gujarat	21
Haryana	08
Jharkhand	01
Karnataka	36
Kerala	20
Madhya Pradesh	06
Maharashtra	37
Manipur	20
Odisha	05
Punjab	03
Rajasthan	03
Tamil Nadu	49
Telangana	37
Uttar Pradesh	14
West Bengal	07
Total	295

Source: <https://www.statista.com>

There are total of 295 operational SEZs across India. Tamil Nadu has the highest number of operational SEZs with 49, followed by Telangana and Maharashtra with 37 and 36 SEZs, respectively. Several states have very low number of operational SEZs like Chandigarh,

Chhattisgarh, Jharkhand, and Manipur having only 1 each. The southern states of Tamil Nadu, Telangana, Karnataka, Kerala, and Andhra Pradesh have a considerable share of operational SEZs taking up 184 out of the 295 total SEZs. The western states of Maharashtra and Gujarat also have a substantial presence with 37 and 21 SEZs respectively. The northern and eastern states have a comparatively lower number of operational SEZs.

Table 2: State-Wise Distribution of Approved Special Economic Zones (SEZs) as on 30.04.2024

State / Union Territory	Formal Approvals granted under the SEZs Act, 2005	In-Principle Approvals granted under the SEZs Act, 2005	Total Notified SEZ	Total Operational SEZs
Andhra Pradesh	34	4	30	25
Arunachal Pradesh	1	0	0	0
Chandigarh	2	0	2	2
Chhattisgarh	2	1	1	1
Delhi	2	0	0	0
Goa	7	0	3	0
Gujarat	25	5	24	21
Haryana	25	3	22	8
Jharkhand	2	0	2	1
Karnataka	61	0	50	37
Kerala	26	0	23	20
Madhya Pradesh	12	0	8	6
Maharashtra	50	12	45	38
Manipur	1	0	1	0
Nagaland	2	0	2	0
Odisha	7	0	5	5
Pondicherry	1	1	0	0
Punjab	5	0	3	3
Rajasthan	5	1	6	3
Sikkim	1	0	0	0
Tamil Nadu	57	5	59	51
Telangana	63	0	57	38
Tripura	1	0	1	0
Uttar Pradesh	24	1	23	14
West Bengal	7	2	8	7
Total	423	35	357	280

Source: <https://sezindia.gov.in>

The above Table enlightens the distribution of SEZs is uneven across states. Some states have a higher concentration, while others have very few. Out of total 423 formal approvals the selected State was Andhra Pradesh, Gujarat, Karnataka, Haryana, Kerala, Tamil Nadu, Telangana, have contributed maximum approvals. Karnataka has the highest number of formal and notified SEZs with 61 formal approvals and 50 notified SEZs. Tamil Nadu follows closely with 57 formal approvals and 59 notified SEZs. States like Sikkim, Manipur, Nagaland, and Arunachal Pradesh

have the least number of approved SEZs. There is a notable gap between the number of formally approved SEZs and those that are actually operational.

Table 3: Sector-Wise Distribution of Approved Special Economic Zones (SEZs) as on 30.04.2024

Sectors	Formal approvals	In Principle approval	Total Notified SEZ	Total Operational SEZs
Agro Processing	4	2	4	2
Airport based multiproduct	2	0	0	0
Alumina / Aluminium	2	0	2	2
Auto and related	2	1	3	2
Aviation/Aerospace/Animation & Gaming/Copper	5	1	4	3
Beach & mineral/ metals	2	0	2	1
Biotechnology	21	1	14	7
Building products/transport equipments/ceramic and glass	2	2	2	2
Electronic product/Industries	3	0	5	5
Engineering	14	1	13	13
Footwear/Leather	4	0	4	4
Food Processing	3	0	2	2
FTWZ	13	5	9	5
Gems and Jewellery	4	3	4	4
Handicrafts & Carpets	2	0	2	1
IT/ITES/Electronic Hardware/Semiconductor/Services	272	0	234	169
Multi-Product	22	10	27	25
Multi-Services	7	3	7	3
Non-Conventional Energy	2	0	2	2
Petrochemicals & petroleum products/oil and gas	2	1	0	0
Pharmaceuticals/chemicals	17	2	17	14
Port-based multi-product	4	1	3	3
Power/alternate energy/solar	4	1	4	4
Textiles/Apparel/Wool	7	1	9	7
Writing and printing paper mills	1	0	1	0
Granite processing industries and other allied machinery/ manufacturing	2	0	1	0
Total	423	35	375	280

Source: <https://sezindia.gov.in>

The above table shows the Sector-wise Distribution of approved SEZs. IT/ITES/Electronic Hardware/Semiconductor/Services sector secured the first rank in formal approvals, notified SEZs and operational SEZs with 272, 234, 169 SEZs respectively. The multi-product is most important sector accounting for 10 out of the total 35 in-principle approvals followed by FTWZ with 5 and other sectors. Food Processing sector has a low number of formal approvals and

notified SEZs, but a relatively high number of operational SEZs. Poor approvals are shown in the industry of Auto and related, Airport based multiproduct, Alumina, Beach & mineral/ metals etc. sectors.

Table 4: Export performance of Special Economic Zone (SEZs) in India

Financial Year	Total SEZ Exports (Rs. in Crores)	Growth Rate (over previous year)	Total exports of the Country (Rs. in Crores)	% share of SEZ exports in the total exports
2005-2006	22840	-	456418	5%
2006-2007	34615	52%	571779	6.05%
2007-2008	66638	93%	655864	10.16%
2008-2009	99689	50%	840755	11.86%
2009-2010	220711	121.40%	845534	26.10%
2010-2011	315868	43.11%	1142922	27.64%
2011-2012	364478	15.39%	1465959	24.86%
2012-2013	476159	90.64%	1634318	29.14%
2013-2014	494077	4%	1905011	25.94%
2014-2015	463770	-6.13%	1896445	24.45%
2015-2016	467337	0.77%	1716384	27.23%
2016-2017	523637	12.05%	1849434	28.31%
2017-2018	581033	10.96%	1956541	29.71%
2018-2019	701179	21%	2307726	38.38%
2019-2020	796669	13.62%	2219854	35.88%
2020-2021	759524	-4.66%	2159043	35.17%
2021-2022	990747	30%	3147021	31.48%
2022-2023	1263578	28%	3621550	34.89%
2023-2024	1355220	7%	3618952	37.48%

Source: <https://www.statista.com>

The above data exhibits the Export performance of SEZ in India. The data shows a notable increase in exports from SEZ from 2005-2006 to 2023-2024, with some fluctuations along the way. The year 2009-10 showed a highest annual growth of 121.40% as compared to the year 2008-2009 while the two years 2014-2015 and 2020-2021 shows negative growth. The percentage of SEZ exports in total exports has also generally increased over the period, reaching a high of 38.38% in 2018-2019. The most recent years 2022-2023 and 2023-2024 have seen significant growth in SEZ exports, contributing to a larger share of total exports (Rs. in Crores) with 1263578 and 1355220 (Rs. in Crores) respectively. It also exhibits that the percentage of share of SEZs shares in total exports of the Country (Rs. in Crores) shows a positive growth during the study period.

Table: 5 Investment and Employment in Special Economic Zones (SEZs) as on 19.02.2024

INVESTMENT	Investment (As on February, 2006) (in Rs)	Incremental Investment (in Rs)	Total Investment (As on 30th September, 2023) (in Rs)
Central Government SEZs	2,279.20 cr.	28,064.80 cr.	30,344 cr.
State/Pvt. SEZs set up before 2006	1,756.31 cr.	11,365.69 cr.	13,122 cr.
SEZs Notified under the Act	0	6,26,514 cr.	626,514 cr.
Total	4,035.51 cr.	6,65,944.49 cr.	6,69,980 cr.
EMPLOYMENT	Employment (As on February, 2006) (in persons)	Incremental Employment (in persons)	Total Employment (As on 30th September, 2023) (in persons)
Central Government SEZs	1,22,236	73,748	1,95,984
State/Pvt. SEZs set up before 2006	12,468	1,06,283	1,18,751
SEZs Notified under the Act	0	26,69,942	26,69,942
Total	1,34,704	28,49,973	29,84,677

Source: www.sezindia.nic.in

Table 5 exhibits Investment and Employment in SEZs as on 19.02.2024 in India. Total investments in SEZs as on 30th September, 2023 is Rs. 6, 69,980 cr. And total employment in SEZs as on 30th September, 2023 is 29, 84,677 persons. Incremental investment and employment are 6, 65,944.49 (Rs in Crores) and 28, 49,973 persons respectively.

Table: 6 Result of Hypothesis – Paired Samples t -Test

Pairs and Variables Mean		Sig. (2 tailed)	Result of Hypothesis
Pair 1	Variable1 – variable2	0.000557	Significant Difference
Pair 2	Variable1 – variable3	0.001811	Significant Difference

Pair 3	Variable1 – variable4	0.000465	Significant Difference
Pair 4	Variable2 – variable3	0.000893	Significant Difference
Pair 5	Variable3 – variable4	0.001113	Significant Difference
Pair 6	Variable5 – variable6	0.160941	No Significant Difference
Pair 7	Variable5 – variable7	0.230618	No Significant Difference
Pair 8	Variable5 – variable8	0.176162	No Significant Difference
Pair 9	Variable6 – variable7	0.15361	No Significant Difference
Pair 10	Variable7 – variable8	0.152558	No Significant Difference
Pair 11	Variable9 – variable10	0.586699	No Significant Difference
<u>Variables used for T test</u>		<u>Variables used for T test</u>	
Variable1 – State-Wise Distribution of Formal Approval SEZs as on 30.04.2024		Variable6 – Sector-Wise Distribution of In- Principle Approval SEZs as on 30.04.2024	
Variable2 – State-Wise Distribution of In- Principle Approval SEZs as on 30.04.2024		Variable7 – Sector-Wise Distribution of Notified SEZs as on 30.04.2024	
Variable3 – State-Wise Distribution of Notified SEZs as on 30.04.2024		Variable8 – Sector-Wise Distribution of Operational SEZs as on 30.04.2024	
Variable4 – State-Wise Distribution of Operational SEZs as on 30.04.2024		Variable9 – % Growth rate (over Previous year)	
Variable5 – Sector-Wise Distribution of Formal Approval SEZs as on 30.04.2024		Variable10 – % share of SEZ exports in the total exports of the country.	

The table shows the statistical result of hypothesis testing used by paired sample t – test. There is total 10 variables used for t- test and 11 hypotheses tested. Out of those 11 tested hypotheses 6 hypothesis shows there is no significant difference between the variables and the remaining 5 hypothesis shows that there is significant difference between the variable.

DISCUSSION

Special Economic Zones (SEZs) are designated areas with some special privileges to promote exports and attract both Indian and foreign investments. The India's 11th Five-Year Plan (2006) identified SEZs as instrumental in stimulating trade and investment, infrastructure creation, employment generation, regional development, and foreign exchange earnings. They also promote export competitiveness and facilitate the transfer of skills and technology. Two key

priorities include ensuring a balanced regional distribution of SEZs for equitable development and encouraging the establishment of manufacturing, agro-based, and low-skill-oriented units within SEZs. ([Honrao Parmeshwar, 2015](#)). India's journey from the 1965 Export Processing Zone to modern SEZs, revealing a significant rise in exports and investment, along with job creation. It emphasizes the need for balanced regional development, effective administration, and land compensation strategies and also calls for a holistic approach to industrial and agricultural development to ensure sustainable growth ([Sahu et al., 2024](#)).

In this paper the performance of SEZ and in India and the relationship between the percentage share of SEZ exports in the total exports in India and the growth rate of India (over previous year) has been done using the annual data over the financial year of 2005-2006 to 2023-2024. It is very often argued that the share of exports in an economy impacts the economic growth of a country. The total SEZ Exports (Rs. in Crores) in India has a notable share in the total exports of the country (Rs. in Crores) with the percentage of SEZ exports in total exports reaching a high of 38.38% in 2018-2019 and 37.48% in recent years.

SEZs contributed over 25% of India's total exports, fostering positive growth in international trade. SEZs have significantly impacted investments, employment, and export growth and the distribution by approvals states, and sectors, as well as their contribution to investments and employment as of January 2019, it finds that Telangana, Karnataka, and Maharashtra host the majority of SEZs, with the IT, Electronic Hardware, and Telecom sectors dominating ([Govindan, 2018](#)).

The prior studies and this study using the collected secondary data as on 19th February, 2024 exhibits that SEZs have exerted a significant influence on the growth on investment and employment and also on exports. With 61 formal and 50 recognized SEZs, Karnataka leads the pack, followed by Tamil Nadu with 57 formal and 59 notified SEZs. States such as Manipur and Sikkim have only a few approvals. Total investment in SEZs as on February, 2006 is Rs.4, 035.51 cr. And the total employment as on February, 2006 is 1, 34,704 persons. Whereas the incremental investment is Rs. 6,69,980 cr. as on 30th September, 2023 and incremental employment is 29,84,677 persons. As on 30th September, 2023, which is showing a significant growth in investment and employment generation in SEZs in India.

This paper also enlightens the SEZs distribution by approvals state wise and sector wise as of 30th April 2024. State and Sector wise distribution of approvals indicates formal approvals, in-principle approvals, notified and operational SEZs in India. Andhra Pradesh, Gujarat, Karnataka, Haryana, Kerala, Tamil Nadu, Telangana these states have contributed maximum approvals. Whereas like Sikkim, Manipur, Nagaland, Arunachal Pradesh have contributed least approval. Sector wise distribution, ITES/Electronic Hardware/Semiconductor/Services and multi-product have secured majority SEZs in India during the study period. The importance for equitable regional development is highlighted by the disparate distribution of SEZs. The dominance of the IT/ITES sector emphasizes the need to diversify SEZ industries while also proposing governmental interest. SEZ export performance is a vital component of India's trade, yet erratic growth requires further investigation. SEZ success is demonstrated by rising investments and employment, but for long-term growth, sectorial disparities and operational imbalances must be rectified.

Despite this, SEZs have underperformed compared to previous years, with employability and exportability declining since 2006. The underperformance may be due to inefficient use of SEZ facilities or excess government investment. ([Millath & Thowseaf, 2016](#)). The introduction of the Goods and Services Tax (GST) and other policy changes has raised concerns about the future of SEZs. The government is considering revisions, including a sunset clause on tax benefits and changes to direct tax exemptions. ([TK & Arul, 2016](#)). SEZs have significantly contributed to financial management, single-window clearance, and support for small and cottage industries. The findings emphasize the critical role of SEZs in driving industrial development. ([Bhadauria, 2017](#)). Indian SEZs outperform their global counterparts in policy implementation and operational efficiency, with significantly higher mean scores (3.488 vs. 2.940). Regression analysis shows a strong positive correlation (Beta value of 0.707) between SEZs and socio-economic development in nearby communities. Despite these successes, challenges like bureaucratic inefficiencies and land acquisition remain ([Salman et al., 2024](#)).

India introduced its first EPZ in 1965 and launched the SEZ policy in 2000 to overcome challenges like regulatory complexity, poor infrastructure, and attract foreign investment. SEZs have helped India earn foreign revenue and encouraged technological advancements. They face criticism over excessive incentives and unequal regional distribution. Despite these issues, SEZs have contributed positively to industrial development, employment, and FDI ([Das, 2017](#)). SEZs offer incentives like tax concessions, single window clearance, and exemptions from duties, fostering a business-friendly environment. The success of SEZs hinges on the provision of modern infrastructure and flexible policies. Critics argue against SEZs, but they are essential for financial development, job creation, and regional growth, particularly in backward areas. SEZs should prioritize sustainable growth and equitable distribution of benefits. Proper implementation of policies and infrastructure is key to maximizing SEZ potential. ([Jindal, 2019](#)).

LIMITATIONS

In this paper has been made on secondary data using statistical analysis of hypothesis testing taking several variables. It is important to acknowledge certain limitations faced while conducting the study. There are few unavoidable problems in collecting data like year wise Investment and Employment generation in SEZs in India, which are required for the study. Further studies may expand to a larger context and dataset.

CONCLUSION

This paper is mainly focused on assessing the role of SEZs in generation of employment opportunity, attraction of investment and contribution of export from SEZs in Indian export. The study concluded that Tamil Nadu has the most SEZs (49), with the majority of India's 295 operating SEZs being in southern states (184). With 169 active SEZs, IT/ITES dominates, emphasizing the significance of sectorial diversification. SEZs experienced an important effect on exports, which peaked in 2018–19 and exceeded ₹1,355,220 Cr in 2023–24. By September 2023, they also created 29, 84,677 employment and ₹6, 69,980 Cr in investments. Despite achievements, policy intervention is necessary to address sectoral imbalances and unequal distribution in order to achieve balanced and long-term growth. The SEZs have considerably contributed to the employment opportunity, investment and export. The inferential statistical hypothesis shows the significance and the non-significance between the variables collected from secondary data. India was the first country in Asia to set up an EPZ. However, as the

government's EPZ strategy did not generate meaningful results, it was replaced by SEZs. This move led to a significant improvement in economic activity in the country. This study reveals some facts like a bulk of facilities and incentives given to the developers of SEZs, most of the SEZs being developed in the southern states and interestingly away from the coastal regions, majority of SEZs relating to IT and hardware. SEZs have resulted in positive outcomes in the country in terms of employment, exports and investment etc. but on the positive front the SEZs have proved to be a foreign revenue earner for the India economy and have an implication on the developmental impacts of the local population mainly on the employment opportunities. Land acquisition from farmers, with compensation through shares and jobs, is suggested for balanced development. To sustain growth, the government should focus on promoting manufacturing sectors within SEZs. This study mainly suggested that the states should offer incentives and create a conducive environment to attract SEZs and also should introduce policies to support investor- friendly environment.

FUTURE SCOPE

The focus of this paper is hence on the role of SEZs in Indian Export and the state and sector wise distribution of SEZs, leaving the analysis of the growth of employment generation over the years. The future area of this research is to study the growth pattern of employment generation by SEZ and factors influencing investment attraction in SEZs over time.

Conflict of Interest

The author declares that they have no conflict of interests.

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