CHAPTER –II

REVIEW OF LITERATURE

Review of literature is the course of action through which various research studies on a particular field or expertise is surveyed to bring out the gap where there is scope for further research. The review of literature provides the foundation for the furthering of research process. As this research study concentrates on SEZ, the following are the various research studies surveyed related to the SEZs.

Edy L. Wong (1987)\(^1\), conducted a study titled “Recent Developments in China’s Special Economic Zones: Problems and Prognosis”. The study involves the origin of the Shenzhen controversy in China which involves problems such as foreign exchange leakages, cost ineffectiveness and failure to achieve stated objectives. The study supported these problems with the help of statistical data. The problems will have a huge impact on the SEZ policy of the country. The study also outlined the contradictions in the China’s SEZ policy in the form of China’s desire to isolate its SEZs, SEZs reliance on market forces and the capitalistic propensity of the SEZs. The future of the SEZs are however been bright with the large scale promotion of SEZs and it will be testing ground for the innovative financial policies of China. Even though the controversy had made some impact on the SEZ policy of the country, the SEZs are likely to remain at the forefront of economic discussion in the future has been the concluding remarks of the study.

Paul Krugman(1991)\(^2\) in his study titled “The Move Toward Free Trade Zones(FTZs)” has analysed the effects of adopting to the FTZs. The world position of the economic system and multi-trade agreements of the WTO are discussed followed by the trade blocs and trade creation vs. trade diversion. The trading blocs are discussed to a larger extent which enable to strengthen the view that these FTZs are adopted on the basis of the trading blocs. The beggar-thy neighbor effect and the innocent bystander problem are the two important concepts conversed in the study. The trading blocs are indulged to create trade wars and further explanation was

given about its utilization to create world welfare. The study also highlighted the effectiveness of Free Trade Agreements that have paved the way for better economic development.

Karen I. Mckenney (1993)\(^3\) in his study titled “An Assessment of China’s Special Economic Zones” has made an attempt to identify whether the SEZs have achieved the objectives for which it has been established. The study began with the evolution of the SEZs in China followed by various zones that were established across China. The SEZ land area comparison of the four zones has been provided and the development of the electronics industry has been given to point out the raise in the employment opportunities and the gross output value of the SEZs. The entire nation has been classified into 6 regions and the percentage rate of growth has been calculated and the flow of FDI across the four SEZs has been documented. The balance of trade has been measured and also the flow of updated technology has also been differentiated before the introduction of the SEZs. The conclusion of the study revealed that the operationalisation of the SEZs in the country had achieved the objectives for which established as of now but the future of the SEZs lies in the hands of Chinese leadership.

Hooshang Amirahmadi and Weioing Wu (1995)\(^4\), delved in their research article titled “Export Processing Zones in Asia” about the performance of the EPZs in Asia. The study has given the preview of the EPZs that operate all over the world. The attractions of EPZs operating in the Asian countries are listed. The study has utilized the EPZ employment, exports and FDI to study the effectiveness of the EPZs that operate in the Asian countries. The study revealed that the performance of the Asian EPZs in promoting exports is impressive, especially net exports. On the employment front there have been mixed performances and EPZs operating from these areas also managed to attain only limited amounts of FDI. Most EPZs in Asia generated very limited linkage effects on domestic economies except for zones in rather advanced developing economies. The conceptual pitfalls behind such performances are due to poor location choices, insufficient infrastructure and

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bureaucratic administrative procedures. The study concluded emphasizing the simplified rules and regulations and training of the local workforce and in addition, extension of privileges to firms producing exports irrespective of their locations for enhancing trade performance vastly.

Larry Willmore(1995)\textsuperscript{5}, in his research paper titled “Export Processing Zones in the Dominican Republic: A comment on Kaplinsky” examined the operation of EPZs in the country of Dominican Republic. The introduction of the study provides the evolution of the EPZs and number of working EPZs in the Dominican Republic. Even though there were generous tax exemptions provided by the government the EPZ’s have failed to show equivalent growth to that of incentives and the exemptions. The growth of the EPZs has been termed immiserizing. The study revealed that these zones failed to bring out any transfer of technology and also did not create any forward and backward linkages. The strategy of export-processing zones in the Dominican Republic has been an unqualified success. The conclusions provided a view that the EPZs are not the ideal instrument for industrial development and following reforms like simplified customs procedures. Access to material inputs at international prices and access to foreign exchange might be implemented to improve the performance of EPZs in Dominican Republic.

John M. Litwack and Yingyi Qian (1998)\textsuperscript{6} have prepared a study titled “Balanced or Unbalanced Development: Special Economic Zones as Catalysts for Transition”. The study provokes the view that the SEZs can be utilised to create promotion of concentration of the resources and also provide spillover effects based on FDI. These factors will enable the transition economies to face two critical problems to meet social expenditure requirements and also constrain state from expropriation. The study has built a theoretical model to attain equilibrium under the balanced investment strategy. The study discussed Chinese experience with SEZs based on the survey of literature and how the Chinese economy has utilized the strategies to make successful beginning with the operation of the SEZs. The study


also discussed the transition economy of Russia, unable to create such a positive impact that has been created by the Chinese economy. The reasons behind such drawbacks are high, unstable taxation, chronic tax revenue crises, limited resources of the state and political pressures. The study revealed that the Russian economy has to come up with more preferential tax rates and flexible rules on part of attracting FDI that will help the transition economy to successfully run the SEZs.

Takayoshi Kusago and Zafiris Tzannatos (1998)\(^{7}\) in their study titled “Export Processing Zones: A Review in Need of Update” has brought out the need for the review in the existing EPZs system. The study began with the definitions and the growth trends of EPZ in the world countries. The investment and the types of industries that operate in the SEZs are given. The five issues that need to be addressed are incentive schemes, foreign ownership, types of ownership, technology transfers and working conditions in SEZs. There are overall positive economic impacts caused due to the operation of the SEZs but the costs of hosting a SEZ such as infrastructure costs, transportation cost, and provision of utilities are to be addressed through the review in the existing Policy. These policy implications must be carried out to enhance the performance of the existing SEZs and also to bring out a new trend in the operation of SEZs in the world countries that will provide the base for economic development of the world.

Jean Pierre Cling and Gaelle Letlilly(2001)\(^{8}\), in their study titled “Export Processing Zones : A Threatened Instrument for Global Economy Insertion” investigated the effectiveness of the EPZs as an instrument for development in the developing economies. The developing economies are more eager to promote the international trade which is the reason behind the large scale promotion of EPZs. The basic concepts, definitions and the objectives behind the promotion of EPZs are provided in the beginning of the study. The EPZs growth and employment, degree of local integration and conditions for success is given in the next part of the study. The conditions which are necessary for the success of these EPZs has been analysed through cost-benefit analysis. The impact of international agreements and new forms


of globalization on the working of SEZs is explained. The research study reveals that the working of the EPZs proves to be beneficial but the hopes pinned on such zones are excessive.

Enrique Blanco De Armas and Mustapha Sadni- Jallab(2002)⁹, in their article titled “A Review of the Role and Impact of Export Processing Zones in World Trade: The Case of Mexico” has done a case study of Mexico EPZs and their impact on world trade. The introductory part involves the definitions of the EPZs, Benefits that arise due to hosting an EPZ and also economic arguments in favor of operating an EPZ. The variables involved in the study are Exports, FDI, employment opportunities and technology diffusion. The results of the study revealed that in the net exports, FDI has been increasing consistently and even though the employment rate was increasing it was only marginal. The technology up-gradation did not happen at a faster rate which hindered the modernization of the Mexican economy during the study period. The study stressed the need for changes in the labor policies to make them more skilled to create forward linkages.

Herbert Jauch(2002)¹⁰, investigated in his study titled “Export Processing Zones and the Quest for Sustainable Development: A Southern African Perspective” about the EPZs and their little prospects that address the South Africa’s Economic problems. The introduction of the study produced various stages of evolution of EPZs and the monetary agreements that paved way for the EPZs in South Africa. The study has provided global experience of EPZs where various countries have yielded benefits from the operation of the SEZs. The South Africa has suspended the national labor laws in order to attract the investors which deteriorated the condition posed problems in the form of Cheap unskilled labor. It also produced poor-quality of products, lower productivity and no longer viable to compete on the basis of cheap labor. This yielded sharp criticism from the operating labor unions in that country. There were various rules and regulations relaxed in order to bring the necessary attraction for the foreign investors. The study revealed

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that the lack of alternative programmes for effective economic development and job creation places the government in a weak position to negotiate adherence to labor, social and environmental standards with foreign investors. The study concluded with the remarks that the EPZs certainly hold little prospect of solving the region’s socio economic problems and they are threaten to diminish labor standards.

Kankesu Jayanthakumaran(2002)\textsuperscript{11}, in his study titled “An overview of Export Processing Zones: Selected Asian Countries” has measured the working of the EPZs in selected Asian Countries with the help of Benefit-Cost Framework. The study has built the framework based on the survey of the literature. This resulted in the enclave model for the EPZ which utilized four variables to measure the operational efficiency of the EPZs. Based on the enclave model, anticipated benefits and anticipated costs are calculated on hosting EPZs. The economic performance of the selected Asian Countries were measured using the profile, EPZs’ Exports to National exports, EPZs’ FDI to National FDI and EPZs’ employment to National employment. The results of the conventional benefit-cost analysis by quantifying cost and computation of the net benefits showed that Indonesia, South Korea and Malaysia had positive NPV whereas the Philippines had negative NPV. The study provided a list of WTO measures which will have an impact on the working of the EPZs in the selected Asian countries. The study found that there is a strong correlation among the EPZs and the Multi-Fibre Agreement (MFA) of WTO. The WTO has currently involved in the reduction of MFA which will result in absence of guaranteed markets and lower rates return which will be a possible threat to the existing and new EPZs is the conclusion of the study.

Mauricio Jenkins (2005)\textsuperscript{12}, made a research study titled “Economic and Social Effects of Export Processing Zones in Costa Rica”. The study provided the origin and development of the EPZ in Costa Rica followed by the EPZ legislation and various regional impacts of EPZ in that region. The factors involved in the study are FDI, Destination markets, Tax structure, Industry Composition, Nationality of the firms operating from EPZs, Local intermediate inputs, Employment and EPZ

\textsuperscript{11} Kankesu Jayanthakumaran, “An overview of Export Processing Zones: Selected Asian Countries”, Economic Working Papers, wp.02-03, School of Economics, University of Wollongong, NSW, Australia.
linkages. The empirical results of the study were the factors that have backward linkages indicating purchase of smaller share of intermediaries in the local market. The concluding part of the study stressed the need for diversification of nation’s exports, revision in the FDI policy to attract more FDI, need for capital-intensive industries and also the need for the domestic capital formation enhancing the working of the EPZs in Costa Rica.

Kankesu Jayanthakumaran (2003) conducted a study titled “Benefit Cost Appraisals of Export Processing Zones: A Survey of Literature”. The study has built a Benefit-Cost Appraisal Framework for analyzing the efficiency of EPZs. The model has been constructed on the basis data from select countries viz., Malaysia, Indonesia, South Korea, Sri Lanka, China and Philippines. The enclave model of the study helps to measure the expected benefits and expected costs due to hosting an EPZ. The shadow price estimates have been utilized to minimize the effects of market prices on the opportunity costs. The variables included in the study are Net Exports, Employment, Foreign Direct Investment (FDI) and Domestic share of raw materials. The study results were:

1. The static benefits accruing out of the EPZ are raised in foreign exchange reserve, achievement of economies of scale and developing infrastructural facilities.
2. The dynamic benefits are industrialization, linkage effects and updated technology.

The majority of the statistical analysis also provides the necessary justification for the above points even though advantages of working EPZ even though it is not equal in all the select countries. The conclusion of the study provided the view that the reduction in the Multi-Fibre Arrangement (MFAs) of the World Trade Organisation (WTO) creates absence of guaranteed markets which might lead to lower returns and threats to working of EPZ.

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Robert J. Rolfe, Douglas P. Woodward and Bernard Kagira (2004)\textsuperscript{14} in their study titled “Footloose and Tax Free: Incentive Preferences in Kenyan Export Processing Zones” had given the role of investor incentive preferences for investing in a EPZs. The study has given the benefits of EPZs and the survey of literature provides the related studies carried out in the developing economies. The study’s opening remark reveal that the Kenya’s EPZs programme have got only limited success. The incentives provided in the African SEZs were Profit taxation, Quality of infrastructure, Sales to local market and Zone location. The study classified and developed four incentives to assess the responsiveness of the investors towards investing in the EPZs. The empirical results were the investors gave more importance to profit taxation and quality of infrastructure. The study suggested that along with the working of EPZs, the regional free trade pacts will also help more in the long-term development by opening new market investment opportunities in Kenya.

Chang Woon Nam and Doina Maria Radulescu (2004)\textsuperscript{15} delved on the topic “Types of Tax Concessions for Attracting Foreign Direct Investment in Free Economic Zones (FEZs)”. The introduction explains the importance and benefits that accrue due to operation of FEZs. The Study explains how the FEZs act as an instrument of economic growth and transformation with the support of the survey of literature. The effects on the various tax concession measures on investment decision is measured using Net Present Value (NPV) method and concepts such as accelerated depreciation, fictitious profit and inflation losses is given due care in eliminating its effect from the model simulation. The quantitative analysis enable to conclude that the ranking of investment promotion effects differentiate one measure to another in the investigated range of statutory corporate taxes.

Aradhna Aggarwal, Mombert Hoppe and Peter Walkenhorst(2004)\textsuperscript{16}, have prepared a research paper titled “Special Economic Zones in South Asia: Industrial


Islands or Vehicles for Diversification”. The introduction of the study explains the importance of SEZs on the pathways to export diversification and creating productive linkages. The survey of literature reveals that the SEZ attract inward FDI that act as catalysts for initiating the process of economic advancement and product diversification. The Study has taken India, Sri Lanka and Bangladesh as the select countries to empirically test the theoretical framework. The comparative analyses for these countries were provided on the factors of General and specific sector incentives, Treatment of profits and dividends, Infrastructure regime, Regulatory regime and Labor regulations. The analyses of the study disclose the fact that the EPZs play a supportive role in the export performance of the country. The study concluded with the note that the EPZs helpfulness on diversification varies by sector and type of activity carried out.

Edward M. Graham (2004)\textsuperscript{17} conducted a study on the topic “Do Export Processing Zones attract FDI and its benefits: The Experience from China” presents the background of SEZs and summary of foreign investment during the 1980s. The reforms brought out by the Chinese government in 1991 and the aftermath of those policies had been explained in the study. Only after this period the various restrictions were limited that does not allow the flow of FDI in SEZs. The reasons behind China’s huge successes in attracting FDI are many. One of those is the early success of the SEZs, but this does not explain the continuing surge of FDI that has flown into the country. The concluding remarks of the study was that SEZs might indeed achieve catalytic effects in nations other than China but this will happen only if the other necessary elements are put into place.

Aradhna Aggarwal (2005)\textsuperscript{18} has made a research paper titled “Performance of Export Processing Zones: A Comparative Analysis of India, Sri Lanka and Bangladesh”. The research paper has given the estimates of number of EPZs working all over the world countries and the employment provided by those zones. The study focuses on the performance of EPZs in South Asia covers only three countries i.e., India, Sri Lanka and Bangladesh. The various motives and the theories


behind the establishment of the EPZs have been explained. The comparative analysis of the evolution of the EPZs in these three countries has been given to understand the period of working of EPZs. The various factors such as administrative setup, quality of governance, incentives provided, provision of infrastructure have also been involved in the comparative analysis across the select countries to know the better place to host a EPZs. On the part of economic performances the variables included were employment, investment, total exports and sector-wise exports. The economic performances were measured in each of the select countries and also across selected variables. It also tests the determinants of the variations in investment and export performance across countries and zones empirically within the theoretical framework provided by the new growth theories. The overall export growth has been good both in Sri Lanka and Bangladesh when compared to India. The important aspects that are considered for the working of the EPZs are location, facilities and incentives. The empirical analysis expels that the comparative advantages enjoyed by the firms operating in the EPZs tend to attract more investments. The study emphasized the need for the Zones to promote industrial clusters of horizontally and vertically integrated industries which will improve the export competitiveness with great return.

Changwon Lee (2005) in his research article titled “Development of Free Economic Zones and Labor Standards: A Case Study of Free Economic Zones in Korea” gives introductory remarks about the provision of the development of the EPZs throughout the world countries. It is followed by the list of statutory provisions related to the labor standards that are to be implemented in the working industries as well as by the Free Economic Zones in Korea. The study has provided some recommendations that would raise the labor standards and the performance of the labor in productivity. It has also emphasized the need for the innovative measures to stabilize industrial relations and increase the labor market flexibility.

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Siu-Wai Wong and Bo-sin Tang (2005) in their study titled “Challenges to the Sustainability of Development Zones: A Case Study of Guangzhou Development District, China” analysed the effect of establishment of the SEZs on the development of the Guangzhou district. The introductory part reveals the characteristics of the SEZs and also the challenges that are to be faced in successful running of SEZs. The study provides a detailed account of the various zones that has been established across China. This study involves only the Guangzhou as a case study which provides the timeline development of the district from the 1980s. The Study points out that there are development problems in the form of inadequate urban facilities, Deficiencies in infrastructural investment and inappropriate land use management. The study revealed that many development zones across the country however do not possess the institutional structure and establishment to tackle the problems associated with the rapid urbanisation. The problems are due to land resource allocation, environmental degradation and inability to provide social welfare and security. The study has put forth a new dimension that the objectives of planning and management of the development zones are not confined to the attraction of the foreign investments but also to cope with the increasing dynamics and uncertainties created due to spatial and social transformation within the development zones.

Andrzej Sztando (2007) in his research article titled “Regional public Assistance in Special Economic Zones in Poland” attempted to measure the effect of income tax exemption and regional assistance provided for the creation of employment opportunities on the functioning of the SEZs. The study is based on certain assumptions and classification of investment outlays. The investment classification helps to ascertain the investment that is eligible for the regional assistance and the investment that is disqualified from regional assistance. The next variant is the creation of employment opportunities based on the criteria fixed in the region which also attracts regional assistance. The study also provided a list of costs for entering a Polish SEZs such as proprietary costs, cost of lease, compensation for

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transferring SEZ and cost of legal procedures. The assistances that turns out to be an attractive form of public support for investors is grounded by the statistics of the functioning Polish SEZs which formed the concluding part of the study.

Kalim U. Shah and Jorge E. Rivera (2007)22, in their research study titled “Export Processing Zones and Corporate Environmental Performance in Emerging Economies: The case of the Oil, Gas and Chemical Sectors of Trinidad and Tobago” investigated the relationship between working of EPZs and degradation of the environment. The economic development policies pave way for the establishment of the EPZs in the country. Trinidad and Tobago have a major industrial sector in the form of Oil, Gas and Chemicals. The working of the EPZs has both positive and negative environmental effects which are supported by the survey of the literature in the study. The study has two hypotheses linking the firms in EPZs and Higher Corporate Environmental Performance Ratings of the firms located outside the EPZs and also the private EPZs. The regression findings enable to establish the fact that the firms in EPZs are more likely to show higher corporate environmental performance.

Mayumi Murayama and Nobuko Yokota (2008)23, have made a study titled “Revisiting Labor and Gender Issues in Export Processing Zones: The Cases of South Korea, Bangladesh and India”. The introduction of the study deals with the evolution of the EPZs throughout the world and phase-wise expansion of the EPZs in the world countries. The study raised various labor issues with the survey of literature. The study furthered in the form various labor and gender issues that are prevalent in the select countries of Korea, Bangladesh and India. The study concluded with the note that world-wide experience of EPZ operation in a wide variety of countries indicate an alarming absence of serious initiatives to redress the labor and gender issues which also added that there is alarming degree of negligence on the part of EPZs in management of the gender issues.

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Peter Zashev (2008)\textsuperscript{24} has done a study titled “Current State and Development potential of Russian Special Economic Zones – Case Study on the example of Saint Petersburg SEZ”. The study explains the list out seven principles that govern the SEZs in Russia. The development of the Russian SEZs all over the country in a phased manner from the 1990s is explained which is followed by the recent developments of these SEZs in the form of industrial manufacturing and technological innovation. The advantages of the Saint Petersburg SEZ, administrative setup, land lease details, tax regime and companies that operate are given in the study. The study concluded with the note that the policy makers have to refine the strategy and put it into more concrete dimensions in order to prohibit another failure in Russian SEZ.

Takao Tsuneishi (2008)\textsuperscript{25} has conducted a study titled “Development of Border Economic Zones in Thailand: Expansion of Border Trade and Formation of Border Economic Zones”. The research study attempted to measure the growing interdependence of the Thailand and the neighboring countries based on the Ayeyawady- Chao Phraya- Mekong Economic Cooperation Strategy (ACMECS). The movement of people and goods across the borders are examined along with the development proceedings and the future perspective policies in relation to trade with the neighboring countries. The findings laid down certain facts that the ACMECS enabled to achieve economic cooperation with the neighboring countries and development of border areas due to cross border trade. The study also stressed the need for the development of infrastructural facilities to further improve the economic cooperation. The policy initiatives can be continued as it does benefits Thailand in facilitation and promotion of border economic zones.

William Milberg and Matthew Amengual (2008)\textsuperscript{26} conducted a study titled “Economic Development and Working Conditions in Export Processing Zones: A Survey Trends”. The factors that stressed the need for establishment of EPZs are given followed by the industrial up-gradation and employment provided by the

\textsuperscript{24} Peter Zashev (2008)\textsuperscript{24}, “Current State and Development potential of Russian Special Economic Zones – Case Study on the example of Saint Petersburg SEZ”, Turku School of Economics.


\textsuperscript{26} William Milberg and Matthew Amengual (2008)\textsuperscript{26}, “Economic Development and Working Conditions in Export Processing Zones: A Survey Trends”.

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EPZs in the world countries. The EPZ intensity and the foreign exchange accumulation due to the operation of EPZs are also given. A Static Cost benefit analysis is utilized to measure the impact of export, FDI and employment. The study also provides hawk –eye view of the backward linkages, structural challenges to EPZs, Implication of WTO in the form of regional trade agreements, Export subsidies. The labor standards and the working conditions are measured on the basis of working time, health, safety, wages and benefits. There are seven countries selected for the study i.e., Bangladesh, Cambodia, Costa Rica, Dominican Republic, Honduras, Madagascar and Sri Lanka. Even though the economic goals have been achieved to an extent, the variables that measured the working conditions did have some deficiencies. The analysis on working conditions reveal that workers tend to work more hours, worse health and safety conditions and violations of freedom of associations. The EPZs have to look forward to leverage the global and local resources to address the working conditions and compliance with labor standards of the EPZs worldwide.

Kari Liuhto(2009)\textsuperscript{27}, delved in his research article titled “Russia’s Innovation Reform – The Current State of the Special Economic Zones” about the current working status of the twenty SEZs established in Russia. The study provided the detailed account about the places of establishment, Nature of these SEZs and the number of operational SEZs. The SWOT analysis has been utilized to bring out the areas like weak innovation system, low-tech image, lack of R&D related finance and immaterial rights that are to be concentrated more to increase the number of SEZs operating in the country. The study suggested that the operation of SEZ will be questioned in 2025 if there is no innovation –related activities are carried out.

Liu, Bih Jane and Yu- Yin Wu (2009)\textsuperscript{28} made a research paper titled “Development Zones in China: Are Science and Technological Parks (STIPs) a Substitute for or a Complement to Economic Technological Development Zones (ETDZs)?” gives the profile of the STIPs and ETDZs which is followed by the statistical data for the development of both the STIPs and ETDZs over the years.

\textsuperscript{28} Liu, Bih Jane and Yu- Yin Wu (2009)\textsuperscript{28}, “Development Zones in China: Are Science and Technological Parks (STIPs) a Substitute for or a Complement to Economic Technological Development Zones (ETDZs)?”
The output value and the export value of the goods from these zones have been provided to measure the performance of these zones. The spillover effects of the FDI from the various studies of the literature are given. An empirical model is built using the economic variables such as GDP, Export, Employment and FDI which is tested using the panel regression. The regression analysis helped to conclude that the STIPs are a complement to the ETDZs.

A. Sivananthiran (2009)\(^29\), in his study titled “Promoting decent work in Export Processing Zones (EPZs) in Sri Lanka” made an attempt to assess labor market scenario of the country in relation to the working of EPZ in the country. The evolution of the Free Trade Zones (FTZs) in the country is explained followed by the recent investment trend, employment and Linkage with the domestic industry. The findings of the study envisages the major labor issues such as freedom of association, improving the working conditions, establishing a Compliance Unit, Tripartite action plan, facilitating the entry of labor inspectors, Computerising data and promoting social dialogue. The recommendations suggest that there should be review in the labor laws enforcing stringent rules and heavy fines in order to safeguard the labor resources of the country.

Stephen Creskoff and Peter Walkenhorst (2009)\(^30\), in their working paper titled “Implications of World Trade Organisation (WTO) Disciplines for Special Economic Zones in Developing Countries” have made an attempt to bring out the impacts of the WTO on SEZs. The paper has given the basic elements of WTO, nature and prevalence of SEZs in the world countries. The multilateral legal frameworks that are framed by WTO like Subsidies, Countervailing measures, Dispute Settlement, Differential treatment for developing countries, Most favored nation treatment Transparency and elimination of quantitative restrictions, General Agreement on Trade-related Investment Measures(TRIMs) and General Agreement on Trade in services have an considerable effects on the operation of SEZs. A matrix has been constructed using the SEZs measures that are Green light measures i.e., in accordance with the WTO measures and Red light measures i.e., against or


prohibited by the WTO measures. The study concluded that the measures that are prohibited must be identified, promptly reported to WTO, development of plan to phase-out WTO inconsistent measure and implementation of the plan will further reduce the impact of WTO disciplines on the working of the SEZs.

Takao Tsuneishi (2009)\textsuperscript{31}, has carried out a study titled “Border Trade and Economic Zones on North-South Economic Corridor: Focussing on the Connecting Points between Four Countries”. The study has chosen four countries i.e., China, Myanmar, Laos and Thailand. The study also clarified five nodal border points and over three routes across these countries where the border trade takes place. The study attempts to measure the impact on trade due to the working of these border economic zones. The major finding is the border trade and investments in the four countries are increasing steadily with China and Thailand acting as the core. The study also points out some of the bottlenecks that can be addressed in the form of environmental degradation and the lack of infrastructural facilities. The study concluded with the note that the intention of each country differs concerning the North-South Economic Corridor but these countries carry on to achieve mutual benefits due to cross border trade across these routes.

Yue-Man Yueng, Joanna Lee and Gordon Lee (2009)\textsuperscript{32}, delved in their article titled “China’s Special Economic Zones at 30” about the working of SEZs in China after its introduction before 30 years. The study has chosen the five SEZs established in China i.e., Shenzhen, Zhuhai, Shantou, Xiamen and Hainan. The variables chosen for the study are GDP, Exports and FDI. A comparison has been made between the variables over the past thirty years to establish relationship across these zones about the interdependence on the working of the SEZs. The five SEZs acts as laboratories to test new and innovative policy measures. The only concern that hurts the working of the SEZs are the prospect of unemployment due to which thousand of factories have closed for variety of reasons since early 2008. The study

\textsuperscript{31} Takao Tsuneishi (2009), “Border Trade and Economic Zones on North-South Economic Corridor: Focussing on the Connecting Points between Four Countries”, Institute of Developing Economies, Discussion paper No. 205 , China.

concluded that the SEZs may again act as the seedbed for a reform not only to economic trade but also to arrest the growing fall out factories.

Andrew Lang (2010)\textsuperscript{33}, made an attempt in his study titled “Trade Agreements, Business and Human rights: The Case of Export Processing Zones” about the relationship between the business and the human rights set forth by the United Nations Human rights Council. The concept of State Duty is to take appropriate steps to prevent corporate-related interference with human rights. The introduction of the study evolves the policy objectives behind the introduction of EPZs and their connection with the trade law and policy. The study provides the growth of EPZs over the years and explains the impacts of business operations on human rights in the EPZs. The study has questioned the various labor rights and the employment issues that arose due to the operation EPZs which are not in accordance with the International Labor standards. The study explains the evidence of emerging human rights issues relating to the trend towards the private management and operation of EPZs. It stressed the need for additional monitoring and assessment in order to safeguard the human rights as well as the interest of the labors working in the EPZs. There should be proper legislative policies formed to address the various other kinds of labor and non-labor human rights issues. The study concluded on the note that the governance and oversight capacity of the public administration has to be enhanced to protect the affected populations.

Jin Wang (2010)\textsuperscript{34} conducted a study on the topic “The Economic Impact of Special Economic Zones: Evidence from Chinese Municipalities”. The study has three hypotheses that are to be tested empirically based on which a conceptual framework has been made. The three hypotheses were based on the ability of the SEZs to attract the FDI, domestic capital formation and total factor productivity growth. The data set used to test the hypothesis was collected from Chinese municipalities for a period from 1978 to 2007. The empirical results of the study were:


1. SEZ have attracted FDI, increased exports and industrial output.
2. The SEZ do not have any influence on the domestically owned capital stock.
3. The Total Factor productivity growth has been increased by 23% due to the working of SEZ.

The operational SEZ acts as an effective apparatus in enhancing the regional Development is the conclusion of the study.

Steven C. Mckay (2010)\textsuperscript{35}, has conducted a study titled “Zones of Regulation: Restructuring Labor Control in Privatised Export Zones”. The article explored the work organisation in advanced electronics manufacturing in Philippine EPZ. The study involves three multinational electronics firms located both in public and privatized EPZs. The analysis demonstrated that the complex demands of high tech production have led to diverse forms of work organisation and an extension of labor control outside the factory, making local conditions more important. The study concluded that the national government should provide improved training and education, better housing and more community investment for the welfare of the labors if this do not happen there is considerable threat that the labors might relocate themselves to China.

Avraham Ebenstein (2011)\textsuperscript{36} has made a research paper titled “Winners and Losers of Multinational Firm Entry into Developing Countries: Evidence from the Special Economic Zones of the People’s Republic of China”. The research paper has provided the evolution of SEZs in China. The study is aimed at examining the effect of the SEZs on the composition of firms, their productivity and the wages of the workers in the local labor markets. The empirical analysis reveals that SEZs status had a strong impact on the foreign firm openings but a very small effect on domestic firm entry and also did not generate a large number of new domestic firms in these areas. As far as the wages are concerned the operation of the SEZs increased the scale of industry and employment rates but it had very modest impact on the compensation rate for the workers. This study concluded that the foreign


multinationals raise the levels of manufacturing, productivity and profitability but there has been no evidence on the high paying jobs for workers and no growth in real wages. The future policy implications should be more concerned on the worker compensation and real wages to improve the standard of living of the labors working in the SEZs.

Deborah Brautigam and Tang Xiaoyang(2011)\textsuperscript{37}, in their study titled “African Shenzhen : China’s Special Economic Zones in Africa” investigated the working of Chinese SEZs in Africa. These SEZs are established as part of the mutual benefit for both the Africa and China. The study examines the Chinese efforts to establish more number of SEZs in Africa. The study has given a overview of the China’s Economic Cooperation Zones in Africa. It has selected seven countries i.e., Algeria, Egypt, Ethiopia, Mauritius, Nigeria( Two) and Zambia that have expressed interest in hosting zones. As of the study suggests Zambia and Nigeria SEZ has become operational and all the other has been under construction during the study period. The mutual understanding is clearly laid down in the form of rules and regulations that are to be followed by both the countries in-order to reap mutual benefits due to the operation of SEZs. The strategic issues that are raised was ‘Will these zones be limited to only Chinese companies? Use of Chinese labor, involvement of local communities, infrastructure development, environment and labor standards, Technology and knowledge transfer. The study emphasized that if the zones are successful the Chinese economy will gather number of strategic benefits. The African counterparts will also benefit from the Chinese zone developers in the form of future –oriented design, high-standard infrastructure and world-class professional management.

Indian Studies

V.M. Manoharan (1996) has done a case study on the working of the Cochin Export Processing Zone in his Ph. D thesis titled “An Evaluation of the Working of the Export Processing Zones in India – A Case Study with Reference to Cochin Export Processing Zone”. A detailed explanation of the international trade theories and also the genesis of the EPZ has been provided. The objective was to evaluate the working of the Cochin Export Processing Zones. The study explained the working of the EPZ in India, various benefits available to an EPZ, different sectors that can operate from an EPZ and the organisational set up of EPZ. The export performance of all the EPZs have been analysed. The study provides the history, special features, facilities available and authorities of Cochin Export Processing Zones. The details of the number of units in operation, export performance, net foreign exchange earnings and sector-wise exports of the Cochin Export Processing Zones have been analysed. Social Cost Benefit Analysis has been used to evaluate the working of the Cochin Export Processing Zones. The study concluded that the Cochin Export Processing Zone works to a satisfactory level and enables the country to earn foreign exchange reserves.

Vijaya Ramachandran and Rachel Cleetus (1999), analysed in their research article titled “Export Processing Zones: The Chinese Experience and the Lessons for Tamil Nadu” which compared the working of the Chinese SEZs with the Madras Export Processing Zone (MEPZ). The profile of the MEPZ, exports from the MEPZ and sector wise export value is provided in the beginning of the study. The working of Chinese SEZs has revealed variables such as GNP, FDI, Exports and Imports. The selected Economic indicators of the China’s four SEZs namely Shenzhen, Zhuhai, Shantou and Xiamen are examined to determine the performance of these zones. Based on the analysis the study has given list of key policies that play vital role in the success of Chinese SEZs. The commodity composition of exports and major countries that invest in these Chinese SEZs has been identified.

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through the study. The concluding remarks were that China has greatly benefitted from the clear direction from the political and economic reforms for the development of the SEZs in their country.

Aradhna Aggarwal (2004)\(^{40}\) propelled a study on the topic “Export Processing Zones in India: Analysis of the Export Performance”. The estimates of the EPZs working and employment provided by the EPZs all over the world countries are given in the beginning of the study. The economic rationale behind the better export performance of these zones is listed out before proceeding to the history of the EPZ policy in India. The fiscal and the non-fiscal incentives that are provided to boost the performance of these zones are explained. The variables for analyzing the export performance are gross exports, gross exports per unit of employment, net exports and value addition. The results reveal that there were no significant trends towards strengthening backward linkages with the domestic markets, convergence in the export growth rates of EPZs and the overall economy, declination growth rate of exports per employee. The EPZs in India do exhibit the potential of to earn foreign exchange but it was insignificant due to poor export performance, the impact of incentives on FDI is perceptible and less satisfactory infrastructural facilities is less than satisfactory. The SEZ should invoke dynamism in the export performance by eliminating the barriers that exists in the EPZs in the form of excessive bureaucracy, missing infrastructure, corporate tax system and other tariff barriers have been highlighted as the concluding remarks of the study.

Aradhna Aggarwal (2006)\(^{41}\) in her research article titled “Special Economic Zones: Revisiting the Policy Debate” made a brief explanation on the merits and demerits of the SEZ policy introduced by the Government of India. The study outlines the various drawbacks in the then existing Export Processing Zones (EPZ) and the reasons behind conversion of EPZ to SEZ in India. It has stated the merits in enactment of the SEZ Act, 2005. The SEZs introduced will provide various tax concessions, employment opportunities and infrastructural developments which will promote the development of the foreign trade of the country. The study presented a


debate which constitutes the arguments for and against the working of SEZ. The overview of the employment opportunities and investment made in the major SEZ in the year 2007 is also provided in the study. The working of SEZ can be useful in the short-term on provision of cost minimization and attraction of FDIs but on the long-term the SEZ would be useful only if the economy wide FDI is attracted and not on this SEZs alone.

Aradhna Aggarwal (2007)\(^2\) has done a study titled “Impact of Special Economic Zones on Employment, Poverty and Human Development”. The study identifies three channels i.e., Skill formation, Employment generation and technology and knowledge up-gradation of the labors involved in the SEZs to measure Human Development. The study examines the sectoral distribution of the workers in SEZs by the nature of economic activity. The study measures the total employment provided by SEZs in the country, their share in manufacturing sector in India and also the employment elasticity of SEZs. The study has also taken into account the female employment provided by SEZs. The study is based on various monetary and non-monetary benefits, working conditions and role of technology that accrue to the labors of the SEZs that have been accounted to know the real status of Human Development. The role of SEZs in human capital formation and human development appears to be relatively limited and the government has to devise strategies to explore the untapped potentials of the SEZs to enhance Human Development.

Jaivir Singh (2008)\(^3\) in his working paper titled “Labor Law and Special Economic Zones in India” assessed the status of the labor working in SEZs. The paper has given detailed explanations on all those legislations that govern labor and working conditions in India. It concentrated on examining the role of development commissioner of a SEZ in maintaining the labor standards and also provided a view that labor commissioner has to be appointed in a SEZ with autonomous powers. The labor standards are to be maintained strictly in-order to promote harmonious

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working environment was the observation of the study. The difference between the labor laws that exist within SEZ and outside of SEZ is not much. However the implementation of labor laws in India remains poor is the concluding remarks of the working paper.

Jona Aravind Dohrmann (2008)\(^{44}\) has made a comprehensive study on the various mandatory measures that are to be satisfied to establish SEZ in India in his research paper titled “Special Economic Zones in India – An Introduction”. The study is based on the theoretical and legal aspects of the SEZ. Moreover it has compared various aspects of policy formulation made by China and India to facilitate the working of SEZ. This study provided the salient features of SEZ and legal frameworks for operating a SEZ. It has also provided the administrative structure of SEZ and thorough explanation on the process of approval mechanism for SEZ in India. The study also provided the list of commercial activities that can be carried out in a SEZ. The study wrapped up with the note that SEZs can become still valuable if the suggestions made by the study is implemented.

Tarun Dhingra, Ambalika Sinha and Tripti Singh (2008)\(^{45}\), analysed in their research article titled “Location Strategy for Competitiveness of Special Economic Zones in India – A Generic Framework” regarding the location of the SEZ that provide an edge for competitiveness. The study has compared the location of SEZ in the world countries and incentives that have been provided for these SEZ across the world. It has also provided an account of success factors for these SEZ in world countries and the factors that affect the location of a SEZ like government incentives, transportation costs, availability of utilities and tax structure. The variables that are involved in the study are investment in competitive resources and capabilities, linkages, entrepreneurial ability, government and institutional support and factors of production. It has taken into account a vast survey of literature that has measured the operational performance of SEZ with the help of the above variables in different world countries. Based on survey of the literature the study has

\(^{45}\)Tarun Dhingra, Ambalika Sinha and Tripti Singh (2008), analysed in their research article titled “Location Strategy for Competitiveness of Special Economic Zones in India – A Generic Framework”, Indian Institute of Technology, Kanpur.
constructed a sequential framework utilizing the variables that affect the location of the SEZs.

Ch. Panduranga Reddy, A. Prasad and M. Sampath Kumar (2009)\footnote{Ch. Panduranga Reddy, A. Prasad and M. Sampath Kumar (2009), “Balanced Regional Development of India through Special Economic Zones: An Empirical Study”, Journal of Social Sciences, Vol. 20(1), pp.1-13.} in their research article titled “Balanced Regional Development of India through Special Economic Zones: An Empirical Study” delved into the aspect whether these SEZ promoted by the government help in the export promotion and balanced regional development of the country. The overview of the SEZ working at various countries and the benefits given by the SEZ are listed out. The export performance of the major SEZ are analysed and the objectives of the study aimed at approvals given for SEZ, whether these SEZ give balanced regional development and also suggested measures to improve the balanced regional development through SEZ. The region-wise, state-wise and sector-wise approvals of SEZ are given and the land allotted to them has also been mentioned. It has also explained the major states and sectors that attract more number of approvals for SEZ. The study utilised the overall per capita industrial income to analyse the effectiveness of the working of SEZ. The research article also stressed the need for stringent policies against the conversion of agricultural lands for unproductive purposes unless the SEZ provided equivalent earnings. The recommendations are SEZ approvals should be equally distributed all over the country and Special Agricultural Zones (SAZs) are to be developed on agricultural lands.

Deepak Shah (2009)\footnote{Deepak Shah (2009), “Special Economic Zones in India: A Review of Assessment, Trade, Employment Generation and Impact Assessment”, Indian Journal of Agricultural Economics, Vol. 64(3), pp. 433–441.} in his research article titled “Special Economic Zones in India: A Review of Investment, Trade, Employment Generation and Impact Assessment” has done a macro study at national level on the working of SEZ in India. This study has considered the total volume of exports, investment and employment provided by SEZs in India. It has concentrated mainly on providing an overview about the various aspects of the SEZs like benefits, status, process of land acquisition, bottlenecks and threats. The benefits and status of SEZs in India revealed various tariff and non-tariff exemptions available to a SEZ and level of
exports, investment and employment made by all the SEZs working in India. This article also provided detailed account on various problems that rose due to the acquisition of land and also the threats that will affect SEZ in the future. The study concluded with stressing a need for long-term strategy to minimize the socio-economic consequences that arise due to the working of the SEZ.

R. Ganapathi and Anbu Malar(2009) investigated the impact of conversion from EPZs to SEZs for the customers in the research paper titled “Special Economic Zone – Is it User –Friendly”. The study has given a brief account of evolution of SEZs in India followed by the overview of Madras Export Processing Zones (MEPZs) where the study is conducted. The incentives and the facilities offered to the SEZs units are explained before the statement of the problem which questions about the customer’s nature, role played by state government in setting up a SEZ and growth of SEZs. The objectives of the study are to find out the level of customer satisfaction, infrastructure facility available, policies, schemes and incentives available to SEZs. The study works with five hypotheses and 137 customers of SEZs. The study found out that the majority of the respondents are satisfied with the facilities and incentives. The study concluded with the note that the players and regulators have to co-ordinate well to improve the performance of the SEZs.

Aradhna Aggarwal(2010) has conducted a study titled “Economic Impacts of SEZs: Theoretical Approaches and Analysis of Newly Notified SEZs in India”. The growth of the SEZs in world countries is examined. The study has chosen ten states out of sixteen states where there are operational SEZs. The various types of zones such as FTZs, EPZ, Hybrid, SEZ, Enterprise Zone, Sector Specific and High Tech Parks and Country Specific zones are elucidated with their features. The year-wise, stage-wise and current status about the evolution of the SEZs all over the world countries is provided in the tabulated form. The theoretical background such as Neo-Classical Approach, Political Economy Approach, The Heterodox Approach, Global Value Chain Approach and Agglomeration Economies Approach behind the setting up of SEZs were discussed in the study.

49 Aradhna Aggarwal(2010), has conducted a study titled “Economic Impacts of SEZs: Theoretical Approaches and Analysis of Newly Notified SEZs in India”, MPRA Paper No. 20902, pp.1-61, Retrieved from - http://mpra.ub.uni-muenchen.de/20902/
Malini L Tantri (2010)\textsuperscript{50} has made a comparison about the working of SEZ structure with the EPZ in India in her research paper titled “Effectiveness of SEZs over the EPZs Structure: The Performance at the Aggregate Level”. It explains the evolution of the SEZ in India which explains the introduction of the EPZs, the growth of the EPZs and finally conversion of the EPZs into the SEZs. The structural changes, implementation of the SEZ Act (2005) and the status of SEZs in India are briefly examined in the research paper. The state-wise and the sector-wise distribution of SEZ approval is presented before proceeding to the performance analysis. It classified the performance analysis into two as before (EPZ) and after the introduction of the SEZ policy in the year 2000. The study utilised the dummy variable regression and found that during the SEZ period the exports increased and positive balance of trade has been noticed throughout the study period which is lacking in the EPZ structure. It has also further analysed the sector-wise exports and directions of the SEZ exports at national level. The research paper concluded with the summary of the paper explaining the growth and performance of SEZ and also stressed the need for disaggregated study to find out the real performance of each zones and if there are any poor performing zones only disaggregated studies will provide the measures to improve those performances.

Devadas and Vaibhav Gupta (2011)\textsuperscript{51} conducted a study on the topic “Planning for Special Economic Zone: A Regional Perspective”. The introduction of the study deals with the spatio-economists view towards the working of SEZs. The concept of SEZs is elucidated in detail including the various benefits that accrue to the local community. The dynamics of SEZ in regional development is explained theoretically involving various factors such as Growth, Exports, FDI, Employment, Feasibility, Scale, Type and Connectivity of SEZs. The study has provided various criteria that are to be followed while selecting a location for the establishment of SEZs. The study presented a view that the SEZs should be set up all over the country rather than in developed cities which will help to achieve balanced economic growth.


Malini L. Tantri and C Nalin Kumar (2011)\textsuperscript{52} in their research article titled “Export Diversification, Trade Facilitation and Special Economic Zones: The Indian Experience” explored the areas that are to be facilitating trade and diversification due to the operation of the SEZs. The research article began with the India’s Foreign Trade Policy with regard to the Export diversification and necessity for such measures to improve the India’s trade performance. The study gives a preview of the South Asian countries i.e., Sri Lanka, Pakistan, India, Bangladesh, Bhutan and Nepal with variables like Doing business ranks, Trading across borders, Documents to export, Time to export, Cost to export, Documents to import and Cost to import. The percentage of the SEZ exports to the national exports is given to know the contribution of the SEZ. The sectoral distribution of SEZs and sectoral concentration index provides the sectors exports and also zone wise sectoral contribution towards the exports. Revealed Comparative Advantage Index (RCA) measures the zone-wise competitiveness of the sectors in trading of the produced goods. The SEZ policy is failure when it comes to promote industrial base and promote export diversification. The government should also take corrective measures in-order to strengthen the SEZ policy and diversifying the exports has formed part of the concluding remarks of the research article.

Michael Levien (2011)\textsuperscript{53} in his research article titled “Special Economic Zones and Accumulation by Dispossession in India” has made an ethnographic study on the village of Rajpura where majority of the land were acquired for the establishment of SEZ. It has utilised an important concept namely “Accumulation by Dispossession” introduced by David Harvey. The concept explained the dispossession of public wealth in a strategic manner that results in the centralisation of power and wealth which were utilised by the capitalist people. This enabled the capitalist to accumulate more of public wealth into their portfolio which increased the private ownership. This study made an account of all the elements that are involved in the land acquisition for SEZ in India in general and particularly in the


village of Rajpura. A detailed investigation has been carried out by the author about the land acquisition and as mentioned in the article an example is the Mahindra World City while acquiring the land for the SEZ has paid US$ 22, 679 per acre as administrative fees to the government and they are providing the same land for the long-term lease at a cost of US$ 2, 23,000 per acre. The study explained how the land acquisition for the SEZ in that area has affected the ethnography of the people. The agrarian activity had been affected completely due to this land acquisition which has disaccumulated the productive assets in the villages and also commodification of the land acquired for the SEZ. The number of SEZs approved will make a huge impact on land acquisition, dispossession and will also lead to commodification of the land are illustrated in the concluding part of the study.

Subbaiah Singala, Yamini Atmavilas and Ekta Singh (2011) have conducted a study titled “Special Economic Zones in India: Policies, Performance and Problems”. The study analysed the major reason responsible for evolution of SEZs in India followed by the benefits and various monetary and non-monetary exemptions available to SEZs while in operation. It consists of literature survey which ended with choosing three attributes to measure the performance of SEZ i.e., Exports, Employment and investment. Besides this the study has also assessed the level of regional development, process involved in land acquisition and related social concerns. The study gives a note on how the land acquisitions have affected local communities in the form of displacement and also the compensation and rehabilitation process given to the local communities. The issues that are to be reviewed for the improved performance of the SEZs as mentioned in the study are Direct Tax Code (DTC) impact, power generation and distribution and coordination issues between the SEZs and the government. The share of farm land that has been converted into SEZs, corruptions, fiscal costs of operating a SEZs and legal violations in the implementation of the labor laws are also discussed in the later part of the study. The land under use for livelihoods should not be acquired for the establishment of SEZs and the location of the SEZs in the prevailing context have

significant impact on unbalanced regional development are the concluding remarks of the study.

Vinit Kumar and Anshu Singh (2011)\textsuperscript{55}, delved in their article titled “Employment and Exports through SEZs in India” about the impact of SEZs on exports and employment. It has provided the brief note on SEZs policy which evolved in the year 2000 and the SEZ act, 2005 followed by the main objectives of the SEZs as mentioned in the Act that governs the SEZ. The article mainly concerns about the exports and employment provided by the SEZs at the national level. The analysis revealed the growth of the exports to 52.5 percent over a period of 10 years and the employment opportunities provided stood at 4,89,831 persons in the year 2009-2010. The study concluded that SEZs are vehicles of growth and development for the developing economies.

Nazia Khan and P.K. Varshney(2012)\textsuperscript{56} in their research article titled “Future Prospects of Special Economic Zones in India in Industrial Sector” made an attempt to measure role played by SEZs in the development of industrial sector. The article has given the reasons behind the establishment of SEZs in India. The tangible and intangible benefits of hosting a SEZ are given. The study revealed that the working of SEZs help in rapid economic development of the country, focal point for foreign investments, to maintain regional balanced development and bringing advanced technology. The study emphasized that there is a need for reviewing the policy framework which will further enhance the SEZ’s role in economic development of the country.

Ravi N. Kadam(2012)\textsuperscript{57} in his research article titled “A Big Bang of Special Economic Zones (SEZs) on Indian Economy: Issues and Facts” aimed at assessing the impact of SEZs on the Indian economy. The article provides brief note about the evolution of the SEZs in India. The objectives behind the working of SEZs are generation of additional economic activity, creation of employment opportunity, promotion of investment and development of infrastructure. The state-wise list about

the working of the SEZs and the approvals given by the government for new establishment of SEZs are given in the study. The exports from the working of SEZs at the national level for a period of seven years are analysed. The article provides the technological impact and the impact of SEZs on the agricultural economy briefly. The problems faced by the SEZs as given in the study are small in size, inadequate infrastructure, restrictive policies, lengthy procedures and locational disadvantages. The article stressed the need for creating awareness among the business community and people about the SEZs which will help in enhancing the balanced regional development of the country.

Rina Dave (2012)\textsuperscript{58} has done a research paper titled “Growth and Contribution of Special Economic Zones in India’s Export”. This paper explained in detail about the development of the SEZs in India and incentives available for the working SEZs. It analysed the export performance from the country from 2001-2002 to 2007-2008. The research paper explained in brief about the investment and employment provided by the SEZs in India. The research paper concluded with the note that the working of SEZs will enhance the economic development resulting in spillover effects which will provide opportunities for internal development of the country.

Santosh Kumar Pradhan(2012)\textsuperscript{59} analysed in his research article titled “Special Economic Zone : A New Arena for Development” about one of the major developmental issue of operating a SEZs. The SEZ policy in India is explained before discussing about the state of SEZs in Odisha. It has given the number of SEZs that are operational in SEZs and the various advantages that arise due to SEZs. The article examines the local economy and the sources of livelihood in Odisha followed by the issue of land acquisition and the rehabilitation and the resettlement process provided by the government. The study stressed the need for the reviewing the policy framework when it comes to environmental sustainability, community displacement and grievance redressal mechanism. The SEZs should be used as a


policy instrument in upgrading the skills and building the human capital was the view explained in the conclusion of the study.

C.S. Balasubramaniam(2013)\textsuperscript{60} has done a study titled “Special Economic Zones(SEZs): Progress, Policy and Problems in Indian Economy” aimed at analyzing the theoretical aspects of the SEZs in India. The introduction part of this study provides the details about the phase wise development of SEZs in India followed by various policies and legislation formed for the purpose of working of SEZs. The administrative structure is given in picturised form and the main objectives behind the establishment of the SEZs are also elucidated. The working of SEZ has been facilitated with various fiscal benefits and incentives which involve income tax exemption, CST exemption and exemption from custom duties. The process behind the allocation of land and their use are explained in this study. The emphasis of the SEZ is laid in the form of enhancing the exports. The labor laws, work conditions and the problems with the working of SEZs such as fiscal revenue laws, tax related controversy and dilution in land acquisition rules are explained briefly in the study. The study concluded by comparing the SEZ features in neighboring countries of Sri Lanka, Bangladesh and China to assess the stand of SEZs in India.

S. Chandrachud and N. Gajalakshmi (2013)\textsuperscript{61} propelled a study on the topic “The Current Status of SEZ, India”. The study examined the presence of the SEZs all over the world and in India. The reasons for the setting up of SEZs in India were explained and the salient features of the SEZ Act are also listed out. The state-wise and sector-wise breakup of the working SEZs in India is given to understand the growing presence of SEZs in India. The study concluded with the presentation of aggregate of exports, investment and employment of all the SEZs working in the country.

S. Chandrachud and N. Gajalakshmi (2013)\textsuperscript{62}, delved in their article titled “A Study on Role of FDI in SEZ – Special Reference to MEPZ, Chennai” about the impact of FDI on SEZs. The preview of the SEZs operation in the world countries is given followed by the number of SEZs operating in India. It has elucidated in brief about the policy that govern the working of SEZs in the country. The article provides the investment details made in the SEZs and the sector-wise exports from the MEPZ, Chennai. It has also given the employment opportunities provided by both the government SEZs and private SEZs. The article wound up with the view that the legislations should encourage public-private partnership to develop world-class infrastructure and attract investment which will enhance the economic growth.

B.S. Khurud(2013)\textsuperscript{63}, in his study titled “Export Performance of SEZs in India” made an attempt to measure the performance of SEZs. The study was based on the secondary data for a period of ten years from 2000-2001 to 2010-2011. It made a comparison between the SEZs exports and the country’s total export. The annual growth rate and the percent growth of SEZs exports to total exports are measured. It has also differentiated the exports from the new SEZs and the old SEZs. The state-wise and sector-wise exports from the SEZs are presented in a form of tabulation. The problems identified through the study are land acquisition, related tax norms, location of SEZs and sufficient infrastructure. The export performance of the SEZs play important role in promoting export of the country. The concluding part of the study stressed the need for the conducive atmosphere and sufficient administrative support to SEZs which will enable the SEZs to perform better than the existing performance.

Kanwar Singh (2013)\textsuperscript{64}, investigated in his research article titled “Overview of Special Economic Zones (SEZs) with a Special Reference to Haryana” about the state of SEZs in Haryana. The notified SEZs in Haryana account to 124. It has listed out the various operational SEZs and projects involved with it. The state has also 67 approved SEZs that are to become operational in the state in near future. The SEZs


\textsuperscript{64} Kanwar Singh (2013), “Overview of Special Economic Zones(SEZs) with a Special Reference to Haryana”, Global Journal of Management and Business Studies, Vol. 3(11), pp. 1235-1240
helped to boost the international trade and attracted foreign investment which contributed towards the growth of Indian economy was the concluding part of the study.

A. Elangovan and S.K.P.Palanisamy(2013)\textsuperscript{65} conducted a study titled "Performance Evaluation of Special Economic Zones(SEZs)". It is a case study which is related to the performance of MEPZ, Chennai. The importance of the international trade is explained briefly followed by the statement of the problem which discussed about the importance to measure the performances of the SEZs. The importance of the study examined the various exemptions that are availed by the SEZs in India. The objectives are to analyse the export performance, contribution towards the balance of trade, examine the sector-wise contribution and also measure the contribution of the MEPZ towards the state exports. The study was conducted for a period of 10 years from 2001-2002 to 2010-2011. The major findings of the study are steady increase in exports, electronics and software topping the sector-wise exports and MEPZ contribution towards state’s balance of trade. Some of the suggestions of the study highlights tariff concessions on the problems faced and stiff rules regarding FDI to avoid decline in exports. The study also stressed in the implementation of the above-mentioned suggestions to improve the efficiency and performance of the SEZs.

Research Gap

The review of literature surveyed for this study has enabled to narrow down on the research gap. There are many research studies carried out in the field of SEZ at the world level and in India. There are studies conducted on the performance evaluation of EPZ. The EPZ are now giving way for the SEZs where all the EPZ are converted into SEZs in world countries. These EPZs operate with different set of rules when compared to the SEZs. As such, these studies are losing its importance in the current context of SEZs. Some of the conceptualization utilized in those studies are useful in measuring the performance of the SEZs. The EPZs studies also have

certain limitations on the part of measuring variables as most of the studies used only exports and employments to measure their effectiveness.

The studies conducted predominantly have their focus on the theoretical aspects of the SEZ which involves introduction and the features of the SEZs. The process involved in establishment of the SEZs is explained by many studies. Some of the studies focus on reviewing the policies of SEZ for its spread throughout the country and the main objectives for the introduction of the SEZs as laid down by most of the studies are:

1. Generation of additional economic activity.
2. Attraction of Foreign Direct Investment
3. Provision of employment opportunities.

The tangible and the intangible benefits that may arise due to the operation of the SEZs are examined. The incentives and the exemptions available to the working SEZs are numerous which can be found in both international and national studies. The SEZs established all over the world face some problems particularly in the form of Land acquisition and the implementation of labor laws. Some of the studies shed light on problems of socio-economic impact in the establishment of SEZ. Few studies speak about accumulation of wealth by dispossession which helps for the rich to concentrate wealth further. The problem of land acquisition in particular has got the attraction of researchers all over the world where lots of studies have been conducted.

After the conversion of the EPZ to SEZ, there are less studies focusing on the evaluation of the performance of SEZs. The studies conducted on the line of performance evaluation focussed only on exports and investments at the summative level. Those studies involved total performance of all the SEZs operating in the country and not on a particular SEZ or a group of SEZ involving more performance indicators like imports, employments etc. Most of these summative level studies conducted provide only overall picture of SEZs. These types of studies will not help in measuring the real performance of the SEZs in the country.

Therefore in the current context, there is a need to evaluate the performance of the SEZs or a group of SEZs to assess the real benefits that arise due to the working of SEZs. As noted earlier, the objectives behind the introduction of the
SEZs has not been measured collectively with the performance of the SEZs. Moreover research studies are to be conducted with more performance indicators which will enable to analyse the real working of SEZ and also find out problems that affect the performance of the SEZ. Hardly research studies are conducted aiming at the performance evaluation of SEZ at detached level involving a SEZ or a group of SEZ with more number of performance indicators that will help the policy makers to revisit the framework for the establishment and performance of SEZ in our country and this will be a new addition to the existing literature which will help the future researchers. The present attempt is to fulfill this research gap.

Overview of the Chapter:

This chapter deals with review of literature that makes a collection of various research studies that are carry out on this field of research. This research has reviewed 65 research works on the theme of SEZs. There are 37 international studies that have been appraised and 28 national studies that have been reviewed in relation to the operation of SEZ to arrive at the research gap of this study. The research gap charts the path for furthering of the research process.