

Gender Dimension of Employment in Special Economic Zones: A Study of Gujarat State

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Abstract:- Gender equality and women empowerment is one of the most important agenda in the Sustainable Development Goals of the United Nations. It is very difficult to justify economic development without full participation of women workforce in any economic activities of state or a nation. Women constitute almost 50 percent of the total population and its contribution in the manufacturing sector or overall formal sector of the economy in developing countries of the world is very low to its counterpart male workforce. On the contrary, women employment in SEZs sector (earlier known as Free Trade Zones or Export Processing Zones) in many developing countries witnessed around 70 percent or even higher. India also witnessed high women workforce participation in the EPZs/SEZs sector compared to the overall formal sector of the economy. Giving so much importance to the female employment by EPZs/SEZs, and the contribution of exports through EPZs/SEZs also increasing to overall exports as well as to the country's gross domestic products (GDP). We can fairly say that for last 4/5 decades, many developing countries of the worlds started their exports-oriented industrialization process with less gender discrimination compare to overall formal sector of the economy. Purpose of this study is to describe and explain the degree of feminization of export-oriented industries with special reference to SEZs located in Gujarat state. Time series data of special economic Zones of Gujarat state from 2010-11 to 2019-20, (10 years) reveals that there is a decreasing trend of women's share in employment in SEZs sector of the state.

Keywords:- Gender, Equality, Empowerment, Employment.

I. INTRODUCTION

Gender equality and women empowerment is one of the most important agenda in the Sustainable Development Goals of the United Nations formed in 2015 as well as an important part of Millennium Challenge Goals started in the year 2000. All the member countries in the world started giving attention to gender equality and their empowerment through various paths. Employment is a powerful tool to uplift the status of the women economically which later empowered them socially as well as politically too. It is very difficult to justify economic development without full participation of women workforce in any economic activities of state or a nation. Women constitute

almost 50 percent of total population and its contribution in the manufacturing sector or overall formal sector of any economy in developing countries of the world is very low to its counterpart male workforce. On the contrary, SEZs sector (earlier known as free trade zones or export processing zones) in some developing countries like Shannon SEZ in Ireland, Puerto Rico witnessed even 90 percent women employment. Later in the 70s and 80s, east Asian countries like South Korea, Philippines, Taiwan also witnessed around 70 percent women employment in export import sector whereas India also witnessed high women workforce participation in EPZs era and beginning of SEZs sector compared to overall formal sector of the economy. Evidence suggests that women's share of total employment in SEZs is substantially higher than both the economy as a whole as well as the manufacturing sector outside SEZs (Kusago & Tzannatos, 1998). Giving so much importance to the female employment by EPZs/SEZs, and the contribution of exports through EPZs/SEZs also increasing to overall exports as well as to the country's gross domestic products (GDP). We can fairly say that for last 4/5 decades, many developing countries of the worlds started their exports-oriented industrialization process with less gender discrimination compare to overall formal sector of the economy. Purpose of this study is to describe and explain the degree of feminization of export-oriented industry with special reference to SEZs located in Gujarat state of India during the last 10 years from 2011-12 to 2019-20.

II. BACKGROUND ON TRADE & GENDER

In the 60s and 70s, the relation between trade openness and gender was given priority in an unprecedented way in manufacturing employment in the first EPZ in Shannon Ireland and Puerto Rico. This has been further experimented in east Asian countries as export-led growth in the same period. As these countries promoted light labour-intensive manufacturing industries such as textiles, clothing, leather and footwear in EPZs, female share of employment rose in many cases to well over 70 percent, a much higher working population in the economy as a whole (Tejani & Milberg, 2010). This trend of female labour-oriented industry has spread over many more nations to Southeast Asia, south Asia, Latin America and Eastern Europe etc. Trade expansion and female labour has a direct correlation. In 1980's and 90's Republic of Korea, Malaysia, Mauritius, Philippines and Sri Lanka also showed a high proportion of female employees in the SEZs sector.

Industrialization of low-income countries was characterized as both female dependent and export-led (Joeke, 1999). It is believed that trade liberalization, raising international competition and labour deregulation in EPZs/SEZs may be important reasons for global feminization of labour where women are being substituted to men across the sectors and employment category (Standing 1989, 1999). Number of other studies also supported a positive correlation between greater trade openness and feminization of labour. (Cagatay and Berik 1990, Cagatay and Ozlor 1995, Ozlor 2000, Wood 1991)

What actually are the main reasons for the women-oriented labour force in export-oriented manufacturing activities? One of the reasons may be considered as the gender wage gap where women workers are more demanded than men for raising international competition. Similarly, this has happened in most of the developing countries including India where wage discrimination prevails. There are various other reasons like bargaining powers of workers for issues related to working conditions, overtime, safety and collectivism. A cross-country study showed that gender gap inequality is positively correlated with comparative advantage in labour intensive production or a country with a higher gender wage gap has higher export of such goods (Busse, & Spielman, 2006).

A. *Significant of SEZs:*

Basic purposes of establishing SEZs in most of the countries are common and these are generating employment, increasing investment through FDI and expansion of overall exports. Main Attractions for the investment in EPZs/ SEZs are, to eliminate duty for imported goods, may be raw-materials, semi-finished goods or capital goods for export-oriented firms, zero tax on profit in some years, less stringent laws related to environment and labour force. Puerto Rico and Ireland are the first countries to experiment export-led growth through EPZs/SEZs models and employed more women employment despite having a law in Ireland to provide at least 75% male employment in new investment which was dropped later. This experiment was also followed by many developing countries of the world and employed up to 90% female workers in their EPZs/SEZs sector (Tejani, & Milberg, 2010).

B. *Special Economic Zones in India:*

India's journey of Special Economic zones (SEZs) was started in 1965 at Kandla, Gujarat as Free Trade Zone (KAFTZ) and went through different phases of its establishment. The first phase of establishment covered the setting up of 7+1 FTZ/EPZs by the central government during 1965 to 1999. Government took an early start for setting up FTZ/EPZs but the objectives have varied from each FTZ/EPZ established. First FTZ at Kandla was set up in 1965, aimed at ensuring maximum use of Kandla Port and development of the Kutch region which was primarily a remote district of Gujarat. Next was the Santacruz EPZ (SEEPZ) at Mumbai came up as the first EPZ in India, for promoting exports of electronic goods in 1973. The modest success of the first two KAFTZ and SEEPZs, Government of

India decided to set up four more EPZs in Noida (UP), Madras, at present Chennai (Tamil Nadu) Falta (West Bengal) and Cochin (Kerala) in 1983 with the objective of creating nation-wide export consciousness. In 1989 another EPZ was established at Visakhapatnam, Andhra Pradesh which started its function from 1993-94. But overall objectives for Indian EPZs have been summed up by the Ministry of Commerce in reply to C&AG Report (No. 16 of 1989) by stating that "The EPZs are intended to provide an internationally competitive duty-free environment for export production at low cost. The objectives to be achieved include increase in foreign exchange earnings, stimulation of domestic and foreign investment and creation of employment opportunities." Thus, Indian EPZs have commonality of objectives with EPZs in other countries except that stimulating domestic investment also is an additional explicitly stated objective (Kundra 1994). After successful operation of SEZs in east Asian countries, especially by China, during 90s, with respect to achieving its defined objectives like inflow of foreign direct investment, technology transfer, increase in export and employment, Indian government also decided to reemphasize the earlier EPZs into SEZs.

Beginning of new economic policy in 1991, the central government has decided to change its structure of the earlier EPZs policy and allowed state government and private sector participation including joint sector between state government and private sector. In this context, the first private sector EPZ came into existence in 1994 at Sachin, Surat, exclusively for the development and promotion of Diamond exports (Arora, 2003). So far as the new policy was concerned for EPZs, there were two major steps taken by the government; a) Allowing state government, private sector or joint venture in EPZ activities which was earlier operated by central government only. b) All earlier EPZs were multi-product EPZs, now product specific zone i.e. Diamond was allowed. Along with these features, the major transformation in EPZ policy was noticed in the EXIM policy 1997-2002 after visiting China by then Commerce Minister Late Shri Murusoli Maran and his delegates before announcing the policy. This was called the "qualitative transformation" of the conventional EPZs of the country (Tantri, 20010). As a result, the Government of India decided to announce SEZ policy in the year 2000 and brought ordinance to convert the first four EPZs into SEZs are Kandla, Santacruz, Cochin and Surat. In 2003, other four EPZs were converted into SEZs. This was the second phase of India's Special Economic Zones from 2000 to 2005. During this phase, other eleven SEZs were established by state government or private sector participation in India including another Apparel SEZ established in Surat Gujarat. Third phase of India's SEZs began with the enactment of SEZ Act, 2005 followed by SEZ Rule 2006. Beside this, the state government was also allowed to enact SEZ Act and policy. The Gujarat government enacted the SEZ Act in 2004 before the central government's SEZ Act 2005.

After enactment of the SEZ Act, the government approach was not only to achieve stated objectives in policy itself but focused on the institutional arrangement to implementations. This policy intended to make SEZs an engine for economic growth supported by quality infrastructure complemented by an attractive fiscal package both at the Centre and state level, with the minimum possible time. (Sezindia.nic.in).

In the Indian EPZs/SEZs sector, women employment is higher than the overall manufacturing sector of the formal sector of the economy but not as encouraging rate in other similar developing countries in the world. In 1990's, Indian EPZs/SEZs were providing 48 percent of the employment to women which is almost half and much greater than overall manufacturing sector employment. If we see it EPZ-wise, Madras EPZ provided 58 percent and lowest women employment i.e. 18 percent was provided by Noida EPZ. There are a number of reasons behind low women employment in Indian EPZs/SEZs are, male workers are ready to accept even lower wages offered by investors, socio-cultural barriers for females to work in industrial enclaves (Mayumi Muryama Nobuko Yokota 2009). Another reasons for reduction in women employment in SEZs may be that women are employed in casual or contract basis and they are not appearing in the company record (Pratap, 2009).

C. SEZs and Gujarat:

The Special Economic Zone has the distinction of being the first state in the country to enact the Special Economic Zone (SEZ) Act, 2004 prior to SEZ Act 2005 & Rule 2006 by the central government. As per the Ministry of Commerce & Industry, Gujarat state, believes that SEZs are the growth engine which can boost manufacturing, augment export and generate employment in the state. At the same time, it may provide a hassle-free operational regime and encompassing state of the art infrastructure and support services (<http://www.ic.gujarat.gov.in>). Gujarat enacted SEZ Act in 2004 prior to central government SEZ Act in 2005. The Specific objectives of Gujarat SEZs Act 2004 were; a) To boost manufacturing activities, b) Infrastructure development, c) Export promotion and, d) Generate employment. After the central government announcement of the SEZ Act in 2005, Rule 2006, these objectives were automatically incorporated in the SEZ Act 2005. But certain exemptions and incentives by the state government are also applicable to SEZ units operated in the state like electricity duty exemption for the first ten years, Stamp duty exemption for registration of land etc.

Due to SEZ Act, almost 57 SEZs and more than 700 units were formally and in-principally approved in Gujarat till today in different categories including some of the SEZs and units were de-notified. At present, there are 20 SEZs and 676 units within SEZs are functional including SEZs and its units working prior to SEZ Act.

If we see the geographical distribution of SEZs in Gujarat, they are more or less equally distributed in four regions like Saurashtra and Kutch 25%, North Gujarat 20%, central Gujarat 25% and South Gujarat 30% but if we see the location as districts, all the SEZs are established in 8 districts out of 33 districts. As far as ownership of the SEZs are concerned, there is only one central government owned SEZ, two SEZs have state partnership and the rest 17 operational SEZs are from private sectors. All the units within SEZs are owned and operated by the private sector. On the basis of business activity, 73% are manufacturing sector SEZs and 27 % service sector SEZs. Industry-wise distribution of SEZs indicates that multi-products SEZs are highest (45%) followed by IT/ITes related SEZs (25%), apparel (10%), Pharma/chemicals (10%) and engineering (10%). After 2010-11, no fresh proposals of SEZs have come forward or been notified by the Board of Approval committee but some of the notified SEZs have de-notified during these periods.

D. Objectives of the Study:

- To study the trend of employment in SEZs of Gujarat State.
- To study the trend of women employment in SEZs of Gujarat State.

III. METHODOLOGY

This is purely Secondary database research on employment provided by various SEZs located in Gujarat State. All the data has been collected from the Office of Development Commissioner, Special Economic Zone (SEZ) Kandla, which is also a headquarters of all the SEZs of Gujarat. Since these are the time series data from 2010-11 to 2019-20, the trend analysis has been done with the help of simple arithmetic calculations like average, percentage and compound annual growth rate (CAGR).

A. Growth of Direct & Indirect Employment Trends of SEZs in Gujarat:

As far as the global economy is concerned, SEZs are considered as an instrument to promote industrialization, creation of employment and regional development through domestic and foreign investment, technology transfer, efficient management (Aggarwal, 2007). Any economic activity generates employment directly or indirectly. Here, direct employment means employment provided by SEZs or SEZ units on roll or may be on contractual basis who directly contributes to the firms involved in exports. Whereas indirect employment means, any activity which has been created to facilitate exporting firms through backward and forward linkages of goods and services. Suppose a SEZ unit has a canteen facility available nearby or within the premises of a firm or within the campus of any SEZ where all the staff are getting refreshment, food etc. Now this canteen also provides employment to the people around called indirect employment of the SEZ firms. In this way many more services are indirectly involved in the SEZs and its units. Data available for indirect

employment may not be accurate as these data are roughly estimated. But direct employment data are actual data and submitted by SEZ units every year to SEZ authority. In below table-1, Compound Annual Growth Rate (CAGR) of direct employment during 2010-11 to 2019-20 grew by 8.6% from 40,128 employees to 91,630 employees. Whereas, CAGR of indirect employment has grown by 4.18% which is almost half of direct employment. Some of the SEZs like KASEZ (except 2016-17 & 17-18) and Reliance SEZs indirect employment

were not estimated or available for calculation. As far as total employment (direct plus indirect) is concerned, it was 81,445 in 2010-11 and reached 1,53,879 in 2019-20. The CAGR of total SEZ employment was 6.57% in this period. If you see the employment growth in year-to-year change rate, there is huge volatility, especially in indirect employment compared to direct employment due to estimated figures submitted by units. Export-import sector in India is always facing volatility due to internal as well as external shocks in the economy.

Table-1 Growth of Direct & Indirect Employment Trends of SEZs in Gujarat (2010-11 to 2019-20).

Year	Direct Employment		Indirect Employment		Total Employment	
	Number of Persons	% Growth	Number of Persons	% Growth	Number of Persons	% Growth
2010-11	40128	--	41319	--	81445	--
2011-12	43283	7.29	45412	9.01	88511	7.98
2012-13	51269	15.58	46989	3.36	98169	9.84
2013-14	75533	32.12	39014	-20.44	114600	14.34
2014-15	65475	-15.36	42246	7.65	105721	-8.40
2015-16	68190	3.98	34901	-21.05	103091	-2.55
2016-17	72426	5.85	53660	34.96	124869	17.44
2017-18	79658	9.08	57130	6.07	136788	8.71
2018-19	88750	10.24	51842	-10.20	140592	2.71
2019-20	91630	3.14	62251	16.72	153879	8.63
CAGR	8.61%		4.18%		6.57%	

Source: Compiled data from D. C. Office KASEZ Gandhidham & Authors' own calculation.

Note: Indirect employment of KASEZ except 2016-17 & 17-18, and Reliance SEZ) is not estimated or given.

B. Growth & Composition of Direct employment (Male/Female) in SEZs of Gujarat:

Table 2 represents the growth & composition of Direct employment i.e. male and female in SEZs and its units of Gujarat During the last 10 years from 2010-11 to 2019-20.

Table-2 Direct employment (Male/Female) in SEZs & its Units in Gujarat (2010-11 to 2019-20)

Year	Total Mele Employment (Direct)	Total Female Employment (Direct)	Total Employment (Direct)	% Share of Female Employment
2010-11	27753	12373	40126	31%
2011-12	30578	12521	43099	29%
2012-13	36694	14486	51180	28%
2013-14	59297	16289	75586	22%
2014-15	47332	16143	63475	25%
2015-16	51308	16882	68190	25%
2016-17	54213	16996	71209	24%
2017-18	59932	19726	79658	25%
2018-19	67816	20934	88750	24%
2019-20	69994	21634	91628	24%
CAGR	9.69%	6.23%	8.61%	-

Sources: Compiled data from D. C. Office KASEZ Gandhidham & authors' own calculation.

Direct employment provided by the SEZs of Gujarat has increased from 40126 persons to 91,628 persons. Male employment increased from 27,753 to 69,994 persons and female employment increased from 12,373 to 21,634 persons. In these years, CAGR of total direct employment in the SEZs

of Gujarat has increased to 8.61 percent. If we compare the CAGR of male and female, male employment in the same years increased by 9.69 percent, whereas, the CAGR of female employment increased by 6.23 percent which is less than the male employment. Percentage share of female employment to

total employment over the years in SEZs and its units of Gujarat state has continuously reduced from 31% in 2011-12 to 24% in the year 2019-20 except the year 2014-15 and 2017-18. Although, women share in SEZ sector employment is higher than formal sector employment in Gujarat as well as in India.

IV. CONCLUSION

Employment generation in the economy is one of the important objectives led-down by the state and central government before setting up SEZ in the country. Though, there is a limited contribution of direct and indirect employment at national level, it has been rather providing employment to regional and local level. Evidence found in literature shows that the SEZ sector in many developing countries including India provided higher employment to women compared to its counterpart men. Several factors are responsible for the high rate of women employment in special economic zones including earlier versions with different connotations all over the world compared to the formal sector and economy as a whole. To fight against international competition, most of the developing countries using gender tool for cost effective export products due to wage discrimination, discipline workers, low bargaining power etc. between male and female. But the recent study reveals that the proportion of female employees during the last few years is decreasing. SEZs located in Gujarat state also evidence the same trend of women employment in the last decade from 2011-12 to 2019-20.

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