

# Special Economic Zone in Gujarat: An Analysis of Exports Growth

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**Abstract:-** Many developing countries of the world specially China, South Korea, Taiwan, Japan, Hong Kong, Singapore etc. achieved unprecedented growth in its GDP by changing their foreign trade policy with the help of Export Processing Zones (EPZs), Free Trade Zones (FTZs), Special Economic Zones (SEZs) and many more similar zones with different connotation in their respective countries. Though India was the first in Asia to introduce FTZ in Kandla Gujarat in 1965, it could not achieve a desirable outcome from the objectives set by the government of India. In April 2000, India came up with modification in its earlier EPZ policy to new SEZ policy and later passed an Act called Special Economic Zone Act 2005. This policy paper was adopted and implemented with objective of development of sufficient and high-quality infrastructure by private sector, able to attract considerable amount of foreign investment with advance technology, single window clearance, liberal labour laws, lead to increase not only number of SEZs and its units but also value and volume of export and employment in the country. In this perspective, researchers tried to analyze the trend and composition of SEZ exports from Gujarat state with the help of secondary data from 2010-11 to 2019-20. Despite various efforts by the state government, the share of SEZ exports from Gujarat is relatively decreasing compared to all India SEZ exports as well as overall export from the country. SEZ export from Gujarat is volatile because a huge share of export and import of petroleum products comes from Reliance SEZ Jamnagar alone. Export growth performance of private SEZs compared to government SEZ is also found poor in the last 10 years from 2010-11 to 2019-20.

**Keywords:-** Export, Employment, Investment, Growth, Special Economic Zones.

## I. INTRODUCTION

Late 20<sup>th</sup> century witnessed an unprecedented growth of Gross Domestic Products (GDP) of many countries of the world, specially, China, South Korea, Taiwan, Japan, Hong Kong, Singapore etc. Many economists later describe this phenomenon as "Export Led Growth " or export sector became the engine of growth strategy for many developing countries. In India's case, despite the establishment of Free Trade Zone (FTZ) at Kandla, Gujarat in 1965 as first Asian country and 6 other Export Processing Zones (EPZs) in 70s and 80s could not reap the desirable advantage of high export and its reasonable contribution to country's GDP. India started its economic reform process in 90s with liberalization,

privatization and globalization. So far as globalization is concerned, India opted to shift from its earlier import substitution policy to export promotion policy with introduction of various institutional and fiscal measures during reform periods. However, this paradigm shifts in policy resulted in some increase in export and import but the performance of seven EPZs remained moderate or poor till late 90s. Many economists have drawn the conclusion that EPZs in India were not investment friendly in terms of Foreign Direct Investment (FDI) and technology transfer in the export sector. Some of the reasons behind the poor performance of these EPZs were inadequate or low-quality infrastructure, lengthy administrative procedure for export and import, unstable fiscal supports, red-tapism, rigid labour laws etc. After the successful export promotion policy of China and the shortcomings mentioned above under the EPZ regime, the Indian Government decided to announce its Special Economic Zones (SEZ) policy in April 2000 with a much larger and efficient form to its predecessor. This policy intended to make SEZ as an engine for economic growth supported by quality infrastructure, attractive monetary and non-monetary incentives by both central and state governments with minimizing possible regulations. Further in support to strengthen the policy, Government of India enacted it as SEZ Act 2005, and started functioning from February 2006.

Ministry of Commerce, Government of India defined Special Economic Zone (SEZ) as "a delineated duty-free enclave and shall be deemed to be foreign territory for the purpose of trade operations, duties and tariffs. In broad sense, a specially demarcated area of land, owned and operated by private or joint sector developers, deemed to be foreign territory for the purpose of trade, duties and tariffs with the intent of increasing exports, investment and employment. Its objectives also modified and extended compared to its predecessor as under: a) Generation of additional economic activity; b) Promotion of exports of goods and services; c) Promotion of investment from domestic and foreign sources; d) Generation of employment activities; e) Development of infrastructure activities and f) Maintenance of sovereignty and integrity of India, the security of the state and friendly relations with foreign states (gazette copy of SEZ Act 2005, p-8).

## II. LITERATURE REVIEW

After successful operation of EPZs in Shannon, Ireland and Puerto Rico, many Asian countries also started EPZs, FTZs, SEZs or many more similar connotations in their respective countries. Majority of the market economy countries like India, Philippines, Taiwan, Hongkong, South Korea established EPZs/FTZs or similar zones and socialistic country like China established SEZs. The big difference between EPZs and SEZs in 80s & 90s were size and comprehensive economic policies but objectives were almost similar in all the countries like export growth, earning foreign exchange, attracting foreign direct investment, technology transfer, generating employment etc. But the priority of these objectives of different countries were different with respect to time and political system (Wong & Chu, 1984). Whereas the priority of China was to attract foreign capital and technology by which they wanted to observe and know western management. This would help China to improve expertise in managing industries and they could lead the process of industrialization with higher growth rate. This single objective could manage three things together i.e. foreign trade, industrialization and higher growth rate of its GDP (Philip & Yeh, 1983). Initially, China used SEZs policy as an instrument to open up its economy for the rest of the world called the “Open Door” policy. Being a communist country, this was an attempt to modernize its economy by retaining diplomatic dignity (Chu, 1987). Similar studies were conducted in Taiwan, South Korea and China for factors determining the success and failure of EPZs/SEZs. Mainly, there were three factors i.e. international environment, domestic conditions and role of the state (country). Out of these three, later two especially domestic conditions like location, infrastructure, productive labour force and overall political philosophy and institutional structure of the state were more crucial factors to achieve objective laid down by these countries (Jing-dong Yuan; Lorraine, 1992). Success of any EPZs/SEZs located in developing countries depend upon low-cost labour as a competitive advantage by liberalizing labour laws, favorable long-term goals with flexible objectives of host government. Some of the EPZs/SEZs in the countries such as Mauritius and Bangladesh were highly successful in their principal objectives of export promotion and employment generation. India’s experience with EPZs was quite old, even though its success, however, was limited (EXIM Bank 2000). In India, several factors were responsible for moderate or poor performances of EPZs. These were locational disadvantages, undesirable investment climate, poor physical, social and service infrastructure, rigid labour laws etc. (Ranjan, 2006; Aggarwal, 2006). After realizing this, the Government of India decided to change its earlier EPZ policy and introduced SEZ policy in April 2000 under foreign trade policy and passed SEZ Act in 2005. This policy paper was adopted and implemented with the objective of development of sufficient and high-quality infrastructure by the private sector, able to attract a considerable amount of foreign investment with advanced technology, single window clearance, liberal labour laws, and lead to increased export volume and employment in the country (Govilkar, 2008).

In contrast to this, after SEZ Act 2005, applications for setting up SEZs flooded and the government approved many of them without any deep debate and discussion. SEZ Act and Rule 2006 was not clear on the subject like location of the units, revenue loss due to exemptions and incentives, land acquisition conflict, loss of agricultural land, misuse of land for real estate, uneven growth and regional imbalances etc. (Aggarwal, 2006). Even after implementation of the SEZ Act, comparative study between India and China, India still is in a weak position in infrastructure facilities, labour law flexibility, sufficient skilled manpower and bureaucratic efficiency (Das, 2009). Majority (60%) of the SEZ approved after SEZ Act are IT or IT related units located in or surrounding six mega cities of India and small in size from 10 hectares to 100 hectares (Mukhopadhyaya & Pradhan, 2009). Under this act, monetary and fiscal incentives were given to all SEZs without any discrimination like its location, sector specific, labour oriented and so on. In India some SEZs are more import intensive rather than they should be more export intensive. Government should rethink its uniform incentives policy to different slabs of incentives for different sectors, depending upon its development priority (Tantri, 2010). The Auditor General report, tabled in parliament in 2014 also criticized the tax policy of the government of India related to SEZ units. Taxes like Dividend Distribution Tax (DDT) and Minimum Alternative Tax (MAT) were exempted earlier and were withdrawn in 2011-12 causing more tax liability to zone units compared to outside located units. To measure the performance of Indian SEZs, the audit committee considered variables like FDI, employment, land use, operationalization of SEZs and its units and tax administration during the study periods. None of the objectives achieved even 50 percent performance of what they had claimed or committed to the government during their project approval (CAG Report, Govt. of India, 2014; Sahoo, 2015). When we compare our EPZ policy and SEZ policy implemented after 2000, SEZ policy seems to be quite promising in terms of number of SEZs and its units established, export value and volume but it was found quite ineffective in diversifying export basket, giving employment, and promoting industrial base. Overall, results of the study reveal that Indian SEZ failed not only in the idea behind its policy formulation but also with regards to execution of the policy in comparison with the other Asian countries of the world (Tantri, 2014; Padhi, 2015). However, this study will highlight the overall growth pattern of export from SEZs of Gujarat with respect to the limited time period from 2010-11 to 2019-20 with following objectives.

### ➤ Objectives of Study:

- To analyze the export growth of SEZ of Gujarat.
- To analyze the private sector and govt. sector SEZs export growth of Gujarat.
- To analyze the industry-wise export growth from SEZ of Gujarat.

### III. METHODOLOGY

This study has been designed to know the export growth and various composition of exports from SEZs of Gujarat state and its contribution in overall exports and SEZs export from the country. The reference period for this study has been chosen on the basis of state-wise SEZ data availability i. e. 2010-11 to 2019-20, ten years. For industry-wise analysis, reference period has been considered from 2014-15 to 2019-20 because industry-wise segregated data prior to this period was not available.

Since this is descriptive research using time series secondary data collected from authentic sources like Office of Development Commissioner, KASEZ Gandhidham which is also a headquarter of all SEZs of Gujarat and related government's official website like [sezindia.nic.in](http://sezindia.nic.in), [kasez.gov.in](http://kasez.gov.in) etc. Secondary data such as total export from India, total SEZ export from India and SEZ export from Gujarat are collected from the year 2010-11 to 2019-20 (10 years) and sectoral data were collected from the year 2014-15 to 2019-20 (6 years). Simple arithmetic calculations like average, percentage, compound annual growth rate (CAGR) is used to analyze growth trends and composition of SEZs of Gujarat during the period.

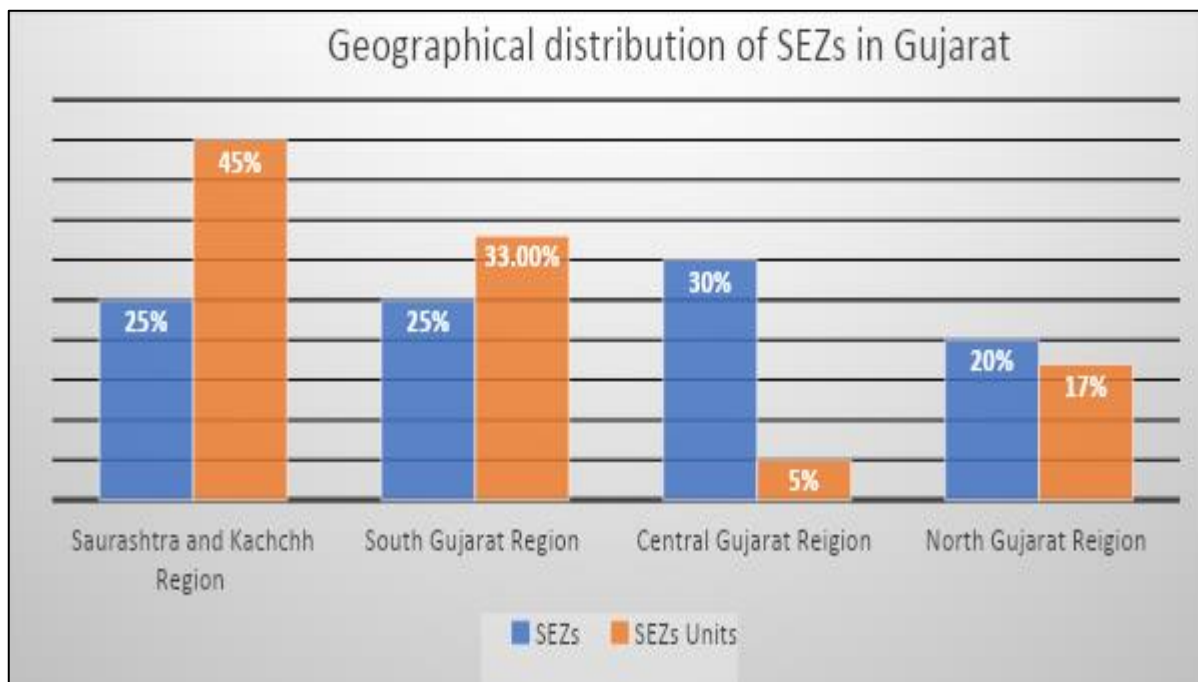
#### ➤ *Special Economic Zones in Gujarat:*

Special Economic Zone and Labour Welfare in Gujarat has the distinction of being the first state in the country to enact the Special Economic Zone (SEZ) Act 2004, prior to central SEZ Act 2005. As per the Gujarat state, Ministry of Commerce & Industry, believes that SEZs are the growth engine that 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. State Government frame (<http://www.ic.gujarat.gov.in>). After the central government announcement of the SEZ Act in 2005, Rule 2006, the objectives of state SEZ Act were automatically incorporated in it. But certain exemptions and incentives by the state government are also applicable to SEZ units operated in the state like electricity duty exemption, Stamp duty exemption for registration of land etc. are extra benefit given by state government to attract investors in the state. Till March 2020, 57 SEZs were formally and in-principally approved in Gujarat in different categories including de-notified SEZs. At present, 22 SEZs are notified and 20 among them are functional including SEZs working prior to SEZ Act and 676 units are working within it. These SEZs of Gujarat are involved in several sectors such as, Pharma, chemicals & allied, IT, Garment, Gems & Jewelry and Port based multi-products SEZs.

#### ➤ *Geographical Distribution of SEZs in Gujarat:*

SEZs are mainly created for increasing additional economic activities like increasing exports, investment and employment generation in the country and its various regions. Many countries have accepted this strategy as removal of regional imbalances by establishing such zones in backward regions and boost the investment and employment in the region. Even in India, when it established its first free trade zone in Kandla Gujarat, the main objective of the zone was to promote economic development of the backward/remote district of Kachchh and use of newly constructed Kandla Port, now known as Deen Dayal Port at Kandla Gujarat. After the SEZ Act, at least not at state level decided to have such an objective in mind to approve the SEZs in Gujarat. Figure-3 represents the distribution of operational SEZs and its units region-wise. Operational SEZs are distributed almost equally in the state if you see the distribution region-wise. Saurashtra and Kachchh region have 25% (5) SEZs, South Gujarat has 25% (5) SEZs, central Gujarat has 30% (6) SEZs and North Gujarat has 20% (4) SEZs in the state. But if you see it district-wise, in Saurashtra and Kachchh, there are 12 districts and all the 5 SEZs are located in Kachchh, Jamnagar and Amreli only. In South Gujarat there are 7 districts and all 5 SEZs are located in Surat and Bharuch district only. In North Gujarat, there are 6 districts and all the 4 SEZs are located in Gandhinagar district only. In the central region, there are 8 districts and all 6 SEZs are located in Ahmedabad and Vadodara districts only.

Out of a total 33 districts, only 8 districts have all the SEZs and the rest 25 districts have no SEZs at all. Except Saurashtra and Kachchh, all the SEZs are also located in predominantly industrial zones of Gujarat from Gandhinagar to Ahmedabad, Vadodara, Bharuch and Surat. It certainly raises the question of the regional development programme of the state of Gujarat. Similarly, so far as the SEZs units are concern, 45% of the SEZs units are registered in Saurashtra and Kachchh, 33% of the units are registered in south Gujarat zone, 17% units are with the SEZs of north Gujarat and the least 5% of the units are registered with central region which has the highest percentage (30%) of SEZs. In the global economy, SEZs are viewed as a tool to promote investment, employment and push forward the process of industrialization for regional development as well as overall development of the country (Aggarwal, 2007). In India as well as in Gujarat, after the implementation of SEZ Act in 2005, applications for setting up SEZs flooded and the government approved many of them without any deep debate and discussions. Central/state Government have not even made enough provisions to handle the situation like uneven growth and regional imbalances, relocation of units etc. in the name of SEZ (Aggarwal, 2006)



**Fig 1 Geographical Distribution of SEZs in Gujarat as on 2020.**

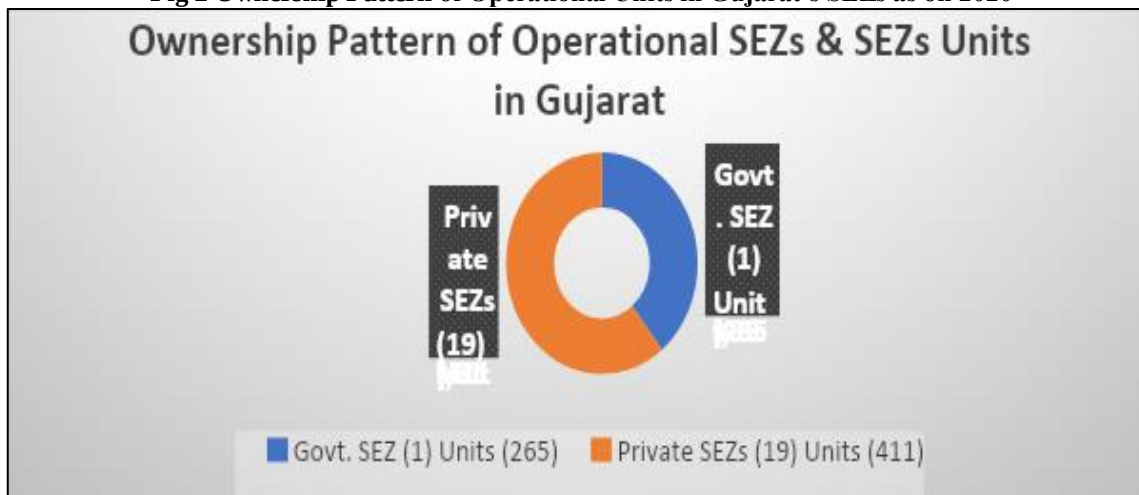
Source: Compilation of data from D.C. Office KASEZ, Gandhidham, & own estimation.

➤ **Ownership Pattern of Operational SEZ Units in Gujarat:**

The first SEZ, not only India but also first in Asia, Kandla Special Economic Zone (earlier known as Kandla Free Trade Zone) was established in 1965 at Kandla Gujarat. Even the first private SEZ, Surat Special Economic Zone (SSEZ) was also established in Surat Gujarat. Before SEZ Act 2005, there were three SEZs operational in Gujarat among 19

in India. In the first phase, all the 7 EPZs were established, owned and operated by the central government. In the second phase, 12 SEZs were established and most of them were owned and operated by private sectors. After enactment of SEZs, all the SEZs are owned and managed by private sectors.

**Fig 2 Ownership Pattern of Operational Units in Gujarat's SEZs as on 2020**



Source: Compilation of data from D.C. Office KASEZ, Gandhidham,

As on Oct, 2020, there were 20 operational SEZs in Gujarat in which KASEZ is central government owned and managed SEZ which is only 5% of total SEZs in the state and all other 19 SEZs are privately owned and managed consist 95% of the total SEZs. As far as operational units are concerned, 265 units are registered in government SEZ i.e KASEZ which is 39% and the rest 411 units are registered in 19 private SEZs consisting 61% of total SEZs units.

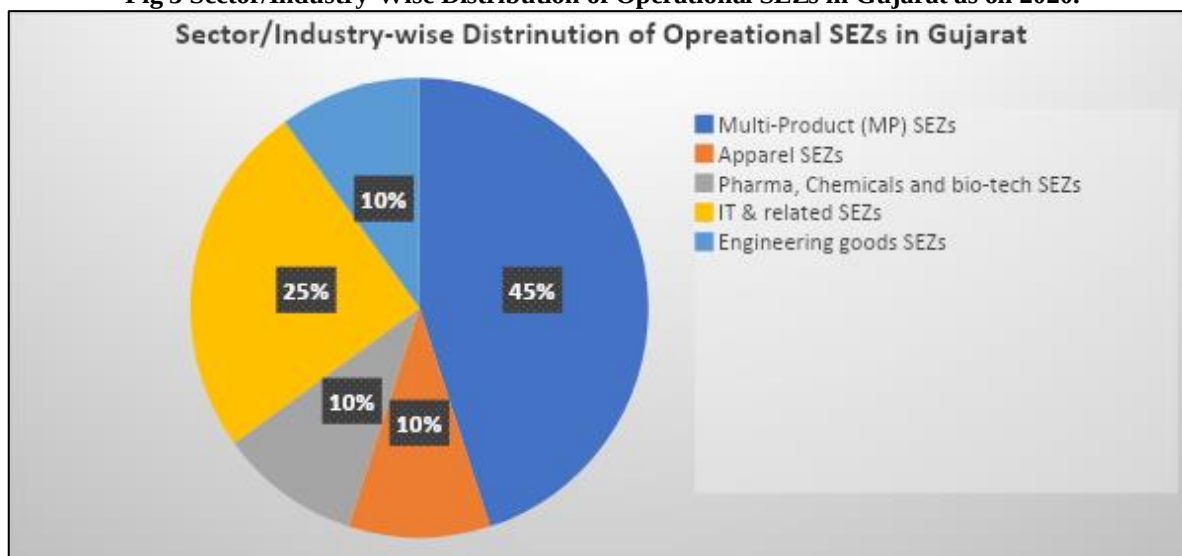
➤ **Sector/Industry-wise Distribution of Operational SEZs in Gujarat:**

Sector/Industry-wise distribution of SEZs in Gujarat is different from national scenarios. In Gujarat, most of the SEZs or 45% SEZs are multi-products SEZs having maximum numbers of units (627) registered in it. IT/computer's software/hardware related SEZs are 25% in which 17 units are registered. Whereas in other SEZs like

apparel (13 units), pharma/chemical (14 units) and engineering (5 units) are at 10% each. Maybe, because of the strong industrial base in Gujarat, multi-product zones are

more conducive than any other sector/industry SEZs in the state.

**Fig 3 Sector/Industry-Wise Distribution of Operational SEZs in Gujarat as on 2020.**



Source: Compilation of Data from D.C. Office KASEZ, Gandhidham.

➤ **Types of Business Activities of SEZ Units in Gujarat:**

When we classified types of business activities within SEZs of Gujarat, in manufacturing sector and services sector which includes Trading, logistic, ITs, Finance and Insurance etc., majority of the activities are from manufacturing sector i.e., 491 units (73%) and rest 185 (27%) activities are from service sector. In the first phase and second phase, there were hardly any service sector related SEZs or units registered in Gujarat or in India. After realizing the importance of the service sector in export business, the Government encouraged

to set up service sector SEZs and units all over India in the third phase i.e., after enactment of SEZ Act, 2005. IT and ITs related industries were encouraged through software/hardware technology Park, IT SEZs, financial sector activities through GIFT city, and even allow single product SEZ to register service-oriented activity like warehousing, logistic, trading etc. In 2018, there were 103 service-related units in Gujarat which increased to 185 units in 2020, 44% in just 2 years.

**Fig 6 Types of Business Activity of SEZs Units in Gujarat as on 2020.**



Source: Compilation of Data from D.C. Office KASEZ, Gandhidham,

➤ **India's Total Export, India's Total SEZ Export and Gujarat's SEZ export:**

India's overall exports was Rs. 11,36,964 crores in 2010-11 and increased to 22,19,854 crores in 2019-2020 which was almost double with volatiles in these 10 years. If we calculate the compound annual growth rate (CAGR) of overall exports from India, it grew by 7.72% in these years.

After enactment of SEZ Act 2005 and Rule 2006, Ministry of Commerce received a lot of proposals to set up SEZ in many states mostly from western and southern part of India specially Gujarat, Maharashtra, Andhra Pradesh, Karnataka and Tamil Nadu etc. Total SEZ exports in India during the same period grew by 3,15,868 crores to 7,96,669 crores with 10.83% CAGR which is higher than India's overall exports.

Gujarat state, first in the country to have SEZ or its predecessor called Free Trade Zone and also highest number of SEZs (Three) in Gujarat before enactment of SEZ Act 2005, its exports grown from 1,61,095 crores to 2,00,303 crores with CAGR of merely 2.45% during 2010-11 to 2019-20. It indicates that export performance of other states during the period increased at a higher rate than the SEZs exports of Gujarat state. Above table-1 clearly indicates that the share of SEZ exports to overall exports in India increased from 27.78% in 2010-11 to 35.89 percent in 2019-20. Whereas share of SEZs export from Gujarat to overall export from

India decreased from 14.17 percent in 2010-11 to 9.02 percent in 2019. It also indicates that the share of SEZ exports from Gujarat to total SEZ exports from India reduced to 51 percent to 25.14 percent during 2010-11 to 2019-20. However, it is important to analyses following factors to understand why share of exports of Gujarat is decreasing compare to other states in India; a) Growth trends of SEZs and its units, b) Sectoral composition of units registered in SEZs and c) amount of investment in Gujarat and all other states of the country.

**Table 1**

| <b>India's Total Export, Total SEZ Export, Gujarat's SEZ export and its Ratio During 2010-11 to 2019-20 (Value are In Rs. Crore)</b> |                              |                                 |                                                |                                      |                                                        |                                                    |
|--------------------------------------------------------------------------------------------------------------------------------------|------------------------------|---------------------------------|------------------------------------------------|--------------------------------------|--------------------------------------------------------|----------------------------------------------------|
| <b>Year</b>                                                                                                                          | <b>India's Total Exports</b> | <b>India's Total SEZ Export</b> | <b>Share of SEZ Exports to overall Exports</b> | <b>Total SEZ Export from Gujarat</b> | <b>Share of Gujarat SEZ Export to Total SEZ export</b> | <b>Share of Gujarat SEZ Export to Total export</b> |
| 2010-11                                                                                                                              | 1136964                      | 315868                          | 27.78%                                         | 161095                               | 51.00%                                                 | 14.17%                                             |
| 2011-12                                                                                                                              | 1465959                      | 364478                          | 24.86%                                         | 144890                               | 39.75%                                                 | 9.88%                                              |
| 2012-13                                                                                                                              | 1634318                      | 476159                          | 29.14%                                         | 234200                               | 49.19%                                                 | 14.33%                                             |
| 2013-14                                                                                                                              | 1905011                      | 494077                          | 25.94%                                         | 243220                               | 49.23%                                                 | 12.77%                                             |
| 2014-15                                                                                                                              | 1896348                      | 463770                          | 24.46%                                         | 195202                               | 42.09%                                                 | 10.29%                                             |
| 2015-16                                                                                                                              | 1716384                      | 467337                          | 27.23%                                         | 146895                               | 31.43%                                                 | 8.56%                                              |
| 2016-17                                                                                                                              | 1849434                      | 523637                          | 28.31%                                         | 152745                               | 29.17%                                                 | 8.26%                                              |
| 2017-18                                                                                                                              | 1956515                      | 581033                          | 29.70%                                         | 167364                               | 28.80%                                                 | 8.55%                                              |
| 2018-19                                                                                                                              | 2307726                      | 667322                          | 28.92%                                         | 198109                               | 29.69%                                                 | 8.58%                                              |
| 2019-20                                                                                                                              | 2219854                      | 796669                          | 35.89%                                         | 200303                               | 25.14%                                                 | 9.02%                                              |
| <b>CAGR</b>                                                                                                                          | <b>7.72%</b>                 | <b>10.83%</b>                   |                                                | <b>2.45%</b>                         |                                                        |                                                    |

Sources: Compilation of data from DC Office Gandhidham, [sezindia.in/gov.nic.in](http://sezindia.in/gov.nic.in)

➤ *Total Export, Total Import & Net foreign exchange (NFE) of SEZs from Gujarat:*

From the beginning of the EPZs era to SEZs, one of the most important objectives of the policy is to increase exports and earn foreign exchange for the development of the country.

**Table: 2**

| <b>Total Export, Import &amp; Net foreign exchange (NFE) of SEZs from Gujarat During 2010-11 to 2019-20</b> |                                       |                 |                                       |                 |                                   |                 |
|-------------------------------------------------------------------------------------------------------------|---------------------------------------|-----------------|---------------------------------------|-----------------|-----------------------------------|-----------------|
| <b>Year</b>                                                                                                 | <b>Total SEZs Export from Gujarat</b> |                 | <b>Total SEZs Import from Gujarat</b> |                 | <b>Net Foreign Exchange (NFE)</b> |                 |
|                                                                                                             | <b>Value (₹ Crores)</b>               | <b>% Growth</b> | <b>Value (₹ Crores)</b>               | <b>% Growth</b> | <b>Value (₹ Crores)</b>           | <b>% Growth</b> |
| 2010-11                                                                                                     | 1,61,095.41                           | -               | 1,45,681.87                           | -               | 15,413.54                         | -               |
| 2011-12                                                                                                     | 1,44,890.49                           | -10.06          | 1,27,612.31                           | -12.40          | 17,278.18                         | 12.10           |
| 2012-13                                                                                                     | 2,34,200.48                           | 61.64           | 1,99,386.53                           | 56.24           | 34,813.95                         | 101.49          |
| 2013-14                                                                                                     | 2,43,220.05                           | 3.85            | 1,94,335.25                           | -2.53           | 48,884.8                          | 40.42           |
| 2014-15                                                                                                     | 1,95,202.06                           | -19.74          | 1,63,819.55                           | -15.70          | 31,382.51                         | -35.80          |
| 2015-16                                                                                                     | 1,46,895.14                           | -24.75          | 1,09,284.88                           | -33.29          | 37,610.26                         | 19.84           |

|             |              |          |              |           |              |           |
|-------------|--------------|----------|--------------|-----------|--------------|-----------|
| 2016-17     | 1,52,745.36  | 3.98     | 1,16,817.46  | 6.89      | 35,927.9     | -4.47     |
| 2017-18     | 1,67,364.09  | 9.57     | 1,27,761.87  | 9.37      | 39,602.22    | 10.23     |
| 2018-19     | 1,98,109.43  | 18.37    | 1,61,107.63  | 26.10     | 37,001.8     | -6.57     |
| 2019-20     | 2,00,303.08  | 1.11     | 1,62,412.66  | 0.81      | 37,890.42    | 2.40      |
| <b>CAGR</b> | <b>2.45%</b> | <b>-</b> | <b>1.22%</b> | <b>--</b> | <b>10.51</b> | <b>--</b> |

**Source:** Compilation of data from D.C. Office KASEZ Gandhidham and own calculation.

Above table represents that the SEZs sector is substantially sensitive to external fluctuation in the economy. Specially, SEZs exports from Gujarat including imports and net foreign earnings evidenced huge volatility from 2010-11 to 2019-20. One of the reasons for volatility may be export of Petroleum-products and import of crude oil by Reliance SEZ which has a significant contribution (around 80 per cent in the SEZs of Gujarat) in export receipts and import payment over the years. Prices of these products have had huge volatility because of international demand and supply factors. Total export in 2010-11 was ₹ 1,61,095 crores and reached ₹ 2,00,303 crores in 2019-20 with huge volatility. Similarly imports also increased from ₹ 1,45,682 crores to ₹ 1,62,413 crores in the same period. If we see the compound annual average growth from 2010-11 to 2019-20 in the last 10 years, at constant prices, exports increased merely 2.45%, and imports by 1.22%. In 2010-11, net foreign exchange earnings from Gujarat were ₹ 15,414 crores which increased to ₹ 37,890 crores in 2019-20 with huge volatility. Highest YoY growth in NFE was 101.49 percent in 2012-13 and lowest was -35.80 percent in 2014-15. Though, CAGR of net foreign exchange of exports and imports has increased at a higher rate than export and import is 10.51% in the reference year. But these data are nominal data without factoring the actual inflation rate in the country.

If we segregate the Reliance SEZ export data, overall export from Gujarat SEZs seems to be even less than one fourth of Reliance total export. In 2010-11, exports from the SEZs of Gujarat was 1,61,095.41 crores in which Reliance alone contributed 1,17,394.81 crores. This is almost 72 percent of the SEZ export from Reliance SEZ only. In 2019-20, SEZ exports from Gujarat increased to Rs. 2,00,303.8

crores and Reliance SEZ export also increased to 1,54,624.16 crores. The share of Reliance export also increased and reached to 77.2 percent of total SEZ export from Gujarat.

➤ *Export from Govt. SEZ and Private SEZs in Gujarat:*

If we segregate the export data from government SEZ and private SEZ, even more interesting results may come out from the analysis.

As mentioned in table-10, total SEZ exports from Gujarat increased from 1,61,095 to 200,303 Crores during 2010-11 to 2019-20 but its CAGR increased merely by 2.45% during the same period. At present, there are 20 SEZs operational in Gujarat in which KASEZ is central Government owned and operated SEZ and rest 19 SEZs are privately owned and operated SEZs and notified after SEZ Act 2005 except Surat SEZ and Apparel SEZ at Surat are jointly operated by state government and private sector. Central govt. operated KASEZ export grew from 2,672 crores to 6,365 crores at 10.13 percent CAGR during 2010-11 to 2019-20 which is much higher than overall growth of SEZ export from Gujarat. Whereas private sector SEZ export grown from 1,58,423 crores to 1,93,938 crores with 2.27 percent CAGR which is less than four and half than central government operated SEZ i.e. KASEZ. Share of KASEZ in total SEZ exports increased from 1.66 percent in 2010-11 to 3.17 percent in 2019-20, almost double in 10 years. Share of the private sector decreased from 98.34 percent to 96.82 percent during the same period, showing declining trends. This is a surprising result that performance of government sector SEZs with respect to export increased at a higher rate than private sector SEZ in Gujarat.

**Table-3**

| <b>Share of Government and Private SEZ Export to total SEZ export of Gujarat During 2010-11 to 2019-20 (Value are In Rs. Crore)</b> |                                      |                                                    |                                            |                                                   |                                                  |
|-------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------------------|---------------------------------------------------|--------------------------------------------------|
| <b>Year</b>                                                                                                                         | <b>Total SEZ Export from Gujarat</b> | <b>Total Govt. SEZ Export (KASEZ) from Gujarat</b> | <b>Total Pvt. SEZ Exports from Gujarat</b> | <b>Share of Govt. SEZ to Total SEZ of Gujarat</b> | <b>Share of Pvt. SEZ to Total SEZ of Gujarat</b> |
| 2010-11                                                                                                                             | 161095                               | 2672                                               | 158423                                     | 1.66%                                             | 98.34%                                           |
| 2011-12                                                                                                                             | 144890                               | 2242                                               | 142648                                     | 1.56%                                             | 98.45%                                           |
| 2012-13                                                                                                                             | 234200                               | 2970                                               | 231231                                     | 1.27%                                             | 98.73%                                           |

|             |              |               |              |       |        |
|-------------|--------------|---------------|--------------|-------|--------|
| 2013-14     | 243220       | 3639          | 239581       | 1.50% | 98.50% |
| 2014-15     | 195202       | 3840          | 191362       | 1.97% | 98.03% |
| 2015-16     | 146895       | 4237          | 142658       | 2.88% | 97.12% |
| 2016-17     | 152745       | 4418          | 148328       | 2.89% | 97.11% |
| 2017-18     | 167364       | 4859          | 162505       | 2.90% | 97.10% |
| 2018-19     | 198109       | 7592          | 190518       | 3.83% | 96.17% |
| 2019-20     | 200303       | 6365          | 193938       | 3.17% | 96.82% |
| <b>CAGR</b> | <b>2.45%</b> | <b>10.12%</b> | <b>2.27%</b> |       |        |

**Source:** kasez.gov.in, Compilation of data from D.C. Office KASEZ G'dham & own calculation.

➤ *Sector-Wise Growth of Export of SEZs Units in Gujarat:*

Total SEZs exports from Gujarat are divided into 9 categories including unspecified/miscellaneous categories. Total exports including deemed exports from SEZs in Gujarat has increased merely from ₹ 1,95,202.1 crores to ₹ 2,00,303.1 crores in last five years from 2014-15 to 2019-20. CAGR increased just at 0.52% in this period. Despite a negligible growth rate of export from SEZs of Gujarat, some of the industries have shown magnificent growth during 2014-15 to 2019-20. Food and Agro-industry have shown highest CAGR during the year at 45.85% followed by Trading & Services (especially because of GIFT City), computer software/hardware/IT related sector and Plastic & rubber at 38.38%, 22.80% and 15.67% respectively. Few sectors like Gems & Jewellery, chemicals & pharma sectors have shown negative CAGR during 2014-15 to 2019-20. Since deemed exports are part of total exports, but separate data for sector/industry-wise during the period were not available.

**Table-4**  
**Sector wise Growth in Exports of SEZs of Gujarat During 2014-15 to 2019-20**  
**(Rs. In Crore)**

| Year    | Various Industries of SEZs in Gujarat  |             |                  |                   |                  |                      |                    |                    |        |                        |                              |               |
|---------|----------------------------------------|-------------|------------------|-------------------|------------------|----------------------|--------------------|--------------------|--------|------------------------|------------------------------|---------------|
|         | Computer electronic hardware, software | Engineering | Gems & Jewellery | Chemical & Pharma | Plastic & Rubber | Food & Agro-Industry | Textiles & Garment | Trading & Services | Misc.  | Total Physical Exports | Deemed export of all sectors | Total Exports |
| 2014-15 | 1270.5                                 | 1146.5      | 12601.6          | 159745.8          | 821.3            | 177.3                | 1509.4             | 1236.6             | 1298.5 | 17980.8                | 15394.6                      | 19520.2       |
| 2015-16 | 1630.3                                 | 845.4       | 14146.3          | 113772.2          | 692.3            | 310                  | 1442.6             | 781.8              | 2013   | 13563.2                | 11262.3                      | 14689.5       |
| 2016-17 | 1749.83                                | 734.83      | 19233.44         | 113639.9          | 733.48           | 602.75               | 1384.2             | 1343.29            | 1754.3 | 14117.6                | 11569.3                      | 15274.5       |
| 2017-18 | 2202.46                                | 1150.3      | 14855.79         | 131024.9          | 1109.2           | 739.24               | 1493.5             | 2217.58            | 2251.7 | 15704.5                | 10319.4                      | 16736.4       |
| 2018-19 | 3099.96                                | 1242.1      | 5407.82          | 162578            | 1940.2           | 1195.3               | 1660.3             | 5498.73            | 2743   | 18536.5                | 12744.4                      | 19810.9       |
| 2019-20 | 3548.06                                | 2157.3      | 11578.8          | 155522.2          | 1700.7           | 1170                 | 1628               | 6218.83            | 3435.9 | 18696.0                | 13343.3                      | 20030.3       |
| Mean    | 2250                                   | 1213        | 12971            | 139380            | 1166             | 699                  | 1520               | 2883               | 2249   | 16433.1                | 12439                        | 17677.0       |
| Maxi    | 3548                                   | 2157        | 19233            | 162578            | 1940             | 1195                 | 1660               | 6219               | 3436   | 18696.0                | 15395                        | 20030.3       |
| Mini    | 1270.51                                | 734.83      | 5407.82          | 113639.9          | 692.3            | 177.3                | 1384.2             | 781.8              | 1298.5 | 13563.2                | 10319.4                      | 14689.5       |
| CAGR %  | 22.8                                   | 13.48       | -1.68            | -0.53             | 15.67            | 45.85                | 1.52               | 38.13              | 21.48  | 0.78                   | -2.82                        | 0.52          |

**Source:** Compilation of data from D.C. Office KASEZ Gandhidham and own calculation.

#### IV. CONCLUSION

Country's overall GDP growth rate is some-how responsible for poor performance of the export sector along with other sectors. India's GDP during 2010-11 was around 7% and above despite the world-wide recession of 2008-09. India's GDP growth during 2019-20 has come down to 4.1% (Economic Survey 2020-21). It shows that the contribution of export in country's GDP play vital role to lift the economy at higher rate and vice-versa. That is why, after 80s & 90s, many developing countries of the world realized the importance of the export-import sector and called it an engine of growth for the country. This leads to many countries in the world to change their existing export import policy and open their doors for the global economy. Total Export from all the SEZs of India increased from 3,15,868 crores in 2010-11 to 7,96,669 crores in 2019-20. In the same period, its share increased from 27.78 percent to 35.89 percent in total exports from India. At the same time, if we compare the performance of Gujarat's SEZs exports with all India SEZs exports, it has continuously reduced its share from 51% in 2010-11 to 25.14% in 2019-20. Its performance against overall export from the country also reduced to 14.17 percent in 2010-11 to 9.02 percent in 2019-20. Private sector SEZs of Gujarat has also shown a dismal growth of merely a 2.27 % of CAGR compare to 10.12% CAGR of government sector SEZ i. e. KASEZ. The above data clearly indicate the dismal performance of SEZs and its units in Gujarat. It shows that even being an industrially developed state, other states' performance in the SEZ sector is far better than Gujarat. SEZ authority and Ministry of Commerce & Industry of Gujarat state has to revisit its policy framework as well as implementation role of the stakeholders for its betterment in future.

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