



A comparative analysis of employment generation of SEZs and labour productivity across zones: A case study of Haryana

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Abstract

The Role of SEZ as 'tool of Industrialization' had already widely discussed. Whether SEZs are playing an important role for the socio-economic development through employment generation and skill formation is always controversial issue. What does these zones really beneficial by offering large number of employment opportunities? The present discussion is focused on these issues. The Research question discussed in this paper is whether SEZs have contribution in employment generation. How far these zones have been successful in generating employment? SEZs are regarding as highly effective tools for jobs generation. Hence the paper aims to study the comparative analysis of employment performance of SEZs. The paper makes an assessment on economic aspects of SEZs. The empirical evaluation on the employment effect of SEZs is analyzed through the present research paper.

Keywords: SEZ, NSEZ, DLF

Introduction

While analyzing the employment impact of SEZs, one finds that they have played a significant role with respect to their contribution to employment creation in several countries. Many of the most successful SEZs in terms of employment creation were established in Asia. Some scholars argue that even among those countries where SEZs have experience discusses in terms of generating employment, there are nations (such as Philippines and Indonesia) where the socially explosive unemployment issue has not necessarily been resolved because the annual increase in the size of the labour force in these nations dwarfs such employment as the SEZ may generate (Madani 1999).

But others suggest that the share of EPZs in national employment is an unsatisfactory indicator of the zones' effects on employment and poverty alleviation. The objective is to understand the progress made by the zones and the extent of fulfillment of their objectives. The variables of performance chosen for evaluation are employment values. The present paper has to attempt some of related issue to SEZs.

Objectives

On these aspects, the performance evaluation is carried out under the following heads:

1. To evaluate employment generating capacity of SEZs during 2007-2013
2. To identify labour productivity across zones

Methodology

The study covering the period from 2008-13 include worth employment data of India's SEZs and Haryana SEZs. The

study also provides inter unit difference of SEZs unit s namely DLF Ltd, DLF Cyber City and Gurgaon Infospace Ltd. The present research paper has evaluated simply average growth rate, compound growth rate, and percentage share and percentage increment in employment value of different means. It is possible that the establishment of EPZs benefits disproportionately. The empirical evaluation on the employment effect of SEZs is analyzed through the following two channels.

1. Direct and Indirect Employment Generation.
2. Women Employment Generation

All we know that India is developing country, the availability of workers at low wages have attracted industries to investment in labour intensive field. There is also enlarged demand for unskilled labour. The establishment of SEZs to generate employment for unskilled labour for creating infrastructure like roads, building, hospital, parks etc. As the SEZs grow, there is a shift towards higher value added services, it might increase demand for skilled workers. We are analyzing the employment impact of SEZs in India. Sometimes, it is argued that employment opportunities created within SEZs are not the net addition in worth employment. A lot of research work has been available on this topic which report that the net addition to employment opportunities by SEZs have been positive and SEZ firms contributed significantly to raise in labour participation rates. Now it is important to verify that they had played an important role to generate employment opportunities in India. Employment impact of SEZs in India can be explained with the help of table 1.

Table 1: Employment in SEZs in India (As on April 2013)

Sr. No	Financial year	Employment in SEZs in India	Percentage growth rate of Employment
1	2008-09	3,36,235	19.72percent
2	2009-10	5,03,611	49.77percent
3	2010-11	6,76,608	34.35percent
4	2011-12	8,44,916	24.87percent
5	2012-13	10,19,146	20.62percent

Source: Official website of Ministry of Commerce and Industry, Government of India

Table-1 demonstrates that total employment in the SEZs sector jumped to over 5, 03,611 persons in 2009-10 from 3, 36,235 persons in 2008-09. It has been rapid increment of 49.77 percent in SEZ sector. The number of employed person have been increased to 6,76,608 persons in next financial year 2010-11 with registering increment 34.35 percent over last financial year 2009-10. Further, it has been increased to 8, 44,916 persons in 2011-12 from 6, 76,608 persons in 2010-11. SEZs have generated reasonably satisfactory level of employment which have gone from 3, 36,235 persons in 2008 to 10, 19,146 in 2013. Though the share of SEZ in employment is increasing with average growth rate of employment is 29.86 percent per annum during 2008-09 to 2012-13.

Employment Generation in Haryana

Table-2 has made an enormous impact of SEZs on employment generation in Haryana. It contributes Direct as well as indirect employment in Haryana during last five year. The Indirect employment effect has appeared in SEZs as ancillary employment opportunities whose work supports the main work of institution. These include transport, communication, hospitality, canteen, parks etc. Employment opportunities are generated for both unskilled and skilled labour. The Indirect employment effect of SEZ depends upon forward and backward linkages of SEZs industries. The growth rate of employment generation directly linked with local supply of raw material and other required input. The creation of backward linkages would help to create indirect employment. Table 4.6 demonstrates employment in Notified SEZs in Haryana.

Table 2: Employment in Notified SEZs in Haryana as on April 2013

Financial year	Direct & Indirect Employment in Haryana				Total Employment in Haryana
	Indirect Men and Women	Direct Men	Direct Women	Total Direct Employment	
2008-09	2367	746	0	746	3113
2009-10	1140	867	26	893	2033
2010-11	3268	20637	29	20646	23914
2011-12	5864	25415	3283	28705	34569
2012-13	7555	32992	5452	38444	45999
Total	20194	86109	8790	89434	109628

Source: Data obtained from DC office Noida Special Economic Zones

It is evident from table-4.6 that the employment in Haryana SEZs decreased to 2033 persons in 2010-11 from 3113 persons in 2008-09. Further it jumped to 23914 persons in 2010-11. The total employment rate of Haryana SEZs has been continuously increasing from 2010-11 to 2012-13. Though the share of SEZs employments have been increased from 3113 in 2008-09 to 45999 persons who are 14.77 times more than 2008-09. The comparison between employment in India’s SEZs and Haryana SEZs reveals that there is an increasing trends of employment in India’s SEZs, it has been increased three times from 2008-09. Total employment of Haryana SEZs has been increased fifteen times during last five year 2008-09 to 2012-13. The comparable data on direct and indirect employment of SEZs is not available at national and global level. The comparable data on direct and indirect employment in notified SEZs in Haryana can verify that employment effects of SEZs could be more pronounced in favour of direct employment or indirect employment. Some evident available in table 4.6 verifies that share of indirect employment in total employment has been continuously declining from 2008-09 to 2012-13 and share of direct employment in total employment has been continue rising from 2008-09 to 2012-13. Figure-4.61 presents share of direct

and indirect employment in total employment generated in Haryana notified SEZs.

Percentage Share of Direct and Indirect Employment in Notified SEZs in Haryana

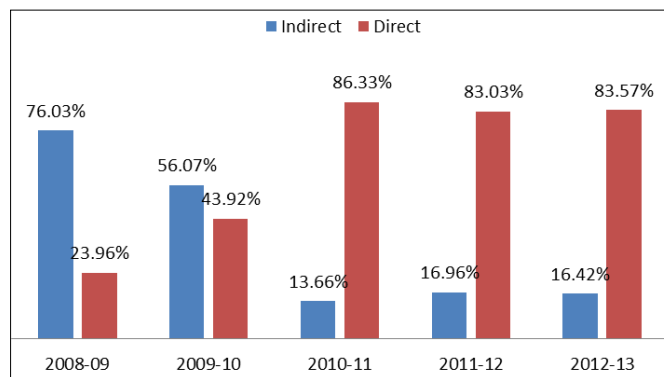


Fig 1

Table-2 presents share of women worker in total employment. The proportion of women worker in total employment has never been substantial in India. We analyze share of women

labour force in total employment, it has been found that the share of women workers in total employment is less than five percent (4.57). It has been observed in table 4.6 that no one single women employed in Haryana SEZs in 2008-09.

Employment Generation in Selected SEZs

Employment generation in notified SEZs in Haryana had been

already discussed. Table 4.6 shows that total employment in Haryana SEZs have been increasing. It does not mean all individual SEZ in Haryana generating employment at increasing rate. In order to find out contribution of selected unit, we analyzed the employment generating performance of selected SEZs individually. Table 3 presents the employment generation performance of DLF Ltd SEZ.

Table 3: Employment Generation in DLF Ltd (As on April 2013)

Financial Year	Employment Generation in DLF Ltd			Total Employment in DLF Ltd
	Indirect	Direct		
		Men	women	
2008-09	526	50	0	576
2009-10	325	41	0	366
2010-11	177	4295	0	4472
2011-12	281	6144	0	6425
2012-13	170	6959	0	7129
Total	1479	17489	0	18968

Source: Data obtained from DC Office Noida Special Economic Zones.

Table 3 demonstrates that total employment in DLF Ltd SEZ has been decreased to 366 persons in 2009-10 from 576 persons in 2008-09. Total employment in DLF Ltd jumped to 4472 persons in next financial year 2010-11 which is thirteen times more than last financial year. Further it has been increased to 6425 persons in 2011-12. The employment generated from DLF Ltd has gone from 576 in 2008-09 persons to 7129 in 2012-13. Whenever we analyse share of women labour force in total employment it has been found that share of women workers in total employment is continuously zero. No one woman was engaged in DLF Ltd SEZ during last five year. Table 4 verifies that the share of

indirect employment in total employment is continuously declining. It has been decreased to 170 persons in 2012-13 from 526 persons in 2008-09. In opposite share of direct employment in total employment has been a rapid increment from 50 persons in 2008-09 to 6959 persons in 2012-13. Now we analysed employment generation performance of DLF Cyber City SEZ. Table 4.8 presents that total employment in DLF Cyber City SEZ has been remain same from 2008-09 to 2009-10. Total employment of DLF Cyber City has been increased to 9770 persons in next financial year 2010-11. Further it has been increased to 11934 persons and 12748 persons in 2012-13.

Table 4: Employment generation in DLF Cyber City (As on April 2013)

Financial Year	Employment Generation in DLF Cyber City			Total Employment in DLF Ltd
	Indirect	Direct		
		Men	women	
2008-09	330	40	0	370
2009-10	330	40	0	370
2010-11	683	9087	0	9770
2011-12	865	11069	0	11934
2012-13	1048	11510	190	12748
Total	3256	31746	190	35193

Source: Data obtained from DC Office Noida Special Economic Zones

During the four financial years 2008-09 to 2012-13 share of women labour in total employment across zone remains zero. It has been increased 190 persons in last financial year 2012-13. In this chapter we have already studied about employment generation performance of SEZs at national level, State level and DLF Ltd SEZ unit respectively. However it was first time when share of indirect employment and direct employment in total employment has been rising side by side. Then we take an empirical analysis on employment generation performance of Gurgaon Infospace Ltd SEZ. Table 5 presents that total employment in Gurgaon Infospace Ltd SEZ has been increased to 275 persons in 2009-10 from 155 persons in

2008-09 and it's jumped to 7459 persons in next financial year 2010-11. Further it has been increased to 17738 persons in last financial year. It has been increased during last five financial years from 155 persons to 17738 persons with registering increment more than 114 times. The share of women labour has been zero during first three financial year from 2008-09 to 2010-11. Later it has been increased and become 18.82 percent of total employment. It is evident from table 6 that Gurgaon Infospace Ltd SEZ has been generating relatively higher employment opportunities than rest of other two namely DLF Ltd and DLF Cyber City. Table 5 presents employment generation report of Gurgaon Infospace Ltd.

Table 5: Employment Generation in Gurgaon Infospace Ltd (As on April 2013)

Financial Year	Employment Generation in Gurgaon Infospace Ltd			Total Employment in DLF Ltd
	Indirect	Direct		
		Men	women	
2008-09	100	55	0	155
2009-10	175	100	0	275
2010-11	781	6678	0	7459
2011-12	2319	7693	3255	14265
2012-13	2863	10622	4253	17738
Total	6238	25148	7508	39892

Source: Data obtained from DC Office Noida Special Economic Zones

The above description cannot provide clear picture about the status of better performing zones. It cannot provide any indication on the state of productivity of these zones. The trade of between volume of export and productivity may be great interest. In order to find out productivity of these zones, one of the conventional methods for assessing the efficiency of a production unit is the estimate labour productivity. These are simply a ratio of output to the number of laborers and explain output per unit of employment. Considering export as

an output, we have estimated labour productivity of these enclaves (results are presented in Table 6). The labour productivity of India’s zones ranges from 0.29 crore Rupees to 0.46 crore Rupees over the last five years. There is a significant increase observed of it over the years. However, we have noticed substantial fluctuation in labour productivity of Haryana SEZs. For instance, its labour productivity ranges 0.79 Rs crore for the year 2008-09 which is higher than labour productivity of India’s SEZs.

Table 6: Labour productivity of India’s SEZs and Haryana SEZs (As on April 2013)

Financial Year	Labour Productivity of India’s SEZs	Labour Productivity of Haryana SEZs
2008-09	0.29	0.79
2009-10	0.43	0.50
2010-11	0.46	0.11
2011-12	0.43	0.03
2012-13	0.46	0.04
Average	0.41	0.29

Source: Calculation based on Data obtained from Noida Special Economic Zones

Table 7: Labour Productivity across Three Selected SEZ in Gurgaon (As on April 2013)

Sr No	Financial year	DLF Cyber City Gurgaon	DLF Ltd Gurgaon	Gurgaon Infospace Ltd
1	2008-09	0.31	0	0.72
2	2009-10	1.53	0.24	1.24
3	2010-11	0.15	0.07	0.02
4	2011-12	0.03	0.03	0.03
5	2012-13	0.05	0.05	0.05
6	Average	0.41	0.07	0.41

Source: Calculations based on Data Obtained from Noida Special Economic Zones

However, Haryana SEZs is found to have witnessed a fall in its labour productivity in the past 2008-09 and then it has been continue decline from 0.79 Rs. crore in 2008-09 to 0.04 Rs crore in 2012-13. In opposite side, labour productivity of India’s SEZs has shown sign of improvement over the years. Table-7 presents labour productivity of three selected SEZs namely DLF Ltd, DLF Cyber City and Gurgaon Infospace Ltd. First of all we analysed labour productivity of DLF Ltd. It is found that the average labour productivity of DLF Ltd SEZ is very low as compare to labour productivity of India’s SEZs, but it does not have uniform pattern at all. For instance, labour productivity of this zone is near about zero during 2008-09 financial years. It has been very marginal during 2011-12 and in 2012-13. Further we analysed labour productivity of DLF Cyber City. It is found that average labour productivity of DLF Cyber City is equal to labour productivity of India’s SEZs. Then we analysed the labour productivity of Gurgaon Infospace Ltd. It is found that average labour productivity of

this zone is equal to labour productivity of India’s SEZs as similar as DLF Ltd, but labour productivity of rest of four financial years is near to zero. Figure 4.11 shows that labour productivity of India’s SEZ, Haryana SEZs and average productivity of selected SEZs.



Fig 2: Labour Productivity of India’s SEZ, Haryana SEZ and average productivity of Selected SEZs

Conclusion

SEZs have generated reasonably satisfactory level of employment which have gone from 3, 36,235 persons in 2008 to 10, 19,146 in 2013. Though the share of SEZ in employment is increasing with average growth rate of employment is 29.86 percent per annum during 2008-09 to 2012-13. The comparable data on direct and indirect employment in notified SEZs in Haryana can verify that employment effects of SEZs could be more pronounced in favour of direct employment or indirect employment. The above description cannot provide clear picture of individual unit about the status of better performing zones. It cannot provide any indication on the state of productivity of these zones. So, First of all we analysed labour productivity of DLF Ltd. It is found that the average labour productivity of DLF Ltd SEZ is very low as compare to labour productivity of India's SEZs. Then we analysed the labour productivity of Gurgaon Infospace Ltd. It is found that average labour productivity of this zone is equal to labour productivity of India's SEZs as similar as DLF Ltd, but labour productivity of rest of four financial years is near to zero. So, the employment impact of SEZs on average is marginal and labour productivity can be quite substantial of selected SEZs. It has been resulted that situation is not satisfactory in case of Haryana SEZs units.

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