

“Special Economic Zone: Perspectives of Inclusive Growth and Social Development in Odisha”

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Abstract

The Government of India enacted the SEZ Act in 2005 with the broad objective of providing sustainable economic environment for the promotion of goods in a quick and hassle free manner. It is more liberal than previous economic policy with the perspectives of social development especially for the displaced families due to zone set up and the overall development of the nation as a whole. The SEZ Act was expected to give a big thrust to exports and consequently to the foreign direct investment inflows into India and is considered to be one of the finest pieces of legislation that may well represent the future of the industrial development strategy in India. Considering the present scenario; the SEZ policy is probably one of the most controversial of all government policies in the post liberalization era. Political parties, senior government officials, ministers, economists, analysts and activists are hotly debating the policy and its effectiveness towards social development through CSR strategies, opportunities for inclusive growth and sustainable social capital formation. This explorative research article is explaining in details about policy planner's visualization regarding the operation of SEZ and its expected outcome in relation to inclusive growth and social development along with also tracing out problems and prospects of the SEZ.

Introduction

Special Economic Zone is a new initiative to recognize the importance of facilitating international trade for sustained growth of economy and increased contribution to the GDP of the nation. Special economic zone consists of a particular area inside the state which acts as foreign territory for tariff and trade. It is more liberal than previous economic policy with the objective of rapid economic growth by using tax free and business incentives to attract foreign investment and advance scientific technology. Indian economy is doing well and is among the fastest growing economies in the world. The

Government of India liberalized its policy towards foreign investment in 1991 to permit automatic approval for foreign investment up to 51 percent equity in 34 industries. The Foreign Investment Promotion Board was also set up to process applications in cases not covered by automatic approval. During 1992-93 several additional measures were taken to encourage direct foreign investment, portfolio investment and NRI investment etc. The recent trends, encompassing a more visible growth and mobility, tend to substantiate the India shining concept and we now have valid reasons not to be skeptical. In January 1997, this limit was raised to 74 per cent in case of foreign investors and 100 per cent for Non-

resident Indians. As a consequence of the measures taken by the Government, during August 1991 and August 1998, the Government approved total foreign investment of the order of Rs.1,73,510 crores, about 137 times the Rs.1,270 crores of foreign investment during the period 1981-1990¹. Most developing countries in the world have recognized the importance of facilitating international trade for the sustained growth of the economy and increased contribution to the GDP of the nation. As part of this continuing commitment to liberalization, the government of India has also, since the last decade, adopted a multi pronged approach to foreign investment in India. The last five years have shown the rates of growth that India could achieve with market oriented development policies and a better integration into the world economy. This is a promising development because the last few decades have shown the extent to which the poor stand to gain from acceleration in growth. The latter widens opportunity, provides the resources needed to invest in human development, and creates the very foundation that will increase returns to human capital — and thus families' willingness to send their children, including girls, to school, have fewer of them, or in multiple other ways, invest in their future. All these measures were taken to promote the inflow of foreign capital by offering a large number of concessions. This is in sharp contrast to the policy followed during the first four decades of planning. Obviously, this indicates that the Government has been quite successful in changing the climate for the entry of foreign investment. There should be no complacency about the policy of foreign collaborations. Foreign collaborations do have a positive role in certain fields like power generation, steel, aluminum, petroleum, cement etc., but they should not be allowed to proliferate in consumer goods, needed by the upper strata of Indian

society. Besides this, the activities of multinationals which increase our dependence on foreigners and drain away our resources should be restricted. But a much bolder and persistent policy has to be followed to get rid of them. The stakes are high because multinationals are even known for toppling government wherever they feel that the regime has become an obstacle to the achievement of their aspirations.

The broad objective of such explorative research is to compare different data about SEZs in various states of India, thus identify its nature and impacts. Attention is also drawn to the issues like regional imbalances in different geographies. The impact of SEZs in relation to inclusive growth and social development has also been discussed. SEZs as economic opportunity set brings out social issues and displacement trauma to few. Its implementation is not free from administrative difficulties. These challenges have been discussed in this article.

Special Economic Zone: An Overview

The SEZs in India are the outcome of the present government's industrial policy which emphasizes deregulation of Indian industry and to allow the industries to flexibly respond to the market forces. All undertakings other than the small scale industrial undertakings engaged in the manufacture of items reserved for manufacture in the small scale sector are required to obtain an industrial license and undertake an export obligation of 50% of the annual production. This condition of licensing is, however, not applicable to those undertakings operating under 100% Export Oriented Undertakings Scheme, the Export Processing Zone (EPZ) or the Special Economic Zone Schemes (SEZs). The SEZ policy was first introduced in India in April 2000 as part of the export import policy of India. To provide

stable economic environment for the promotion of export import goods in a quick, efficient and hassle free manner, the Government of India enacted the SEZ Act, which received the assent of the President of India on June 23, 2005. The SEZ Act and rules 2006 were notified on February 10, 2006. The SEZ Act was expected to give a big thrust to exports and consequently to the foreign direct investment inflows into India and is considered to be one of the finest pieces of legislation that may well represent the future of the industrial development strategy in India. The total direct foreign investment approvals till 2004 to India was 2,90,654 crores, out of which the actual inflow to the country was 1,51,124 crores. Considering the figure it is found that nearly 49% of FDI inflows are in high priority areas like electrical equipment, transportation, telecommunication, fuel (power and refinery), metallurgical industries and cement². India foreign exchange reserves stood at \$179.052 billion on January 26, 2007. Compared to this with the situation that we had some 15 years back, India's forex reserves stood at \$5.8 billion in March 1991, a few months before the ratio of PV Narasimha Rao, Manmohan Singh and P. Chidambaram sincerely set out Indian economy. It reached to \$25.2 billion by March 1995 and was \$ 38.0 billion by March 2000³. Simply put, the current reserves are higher than our external debt. But, unfortunately, India seems to shine only on one side and it is dark on the other. There are enough indications that the economic growth is lopsided and the benefits are not trickling down to the deprived section of the society. Our economic policies seem to focus more on the upper echelons society. That is the feeling one gets if one goes by the growing opposition to the SEZ policy of the Indian government that came into effect on April 1, 2000. SEZ, for instance, may pour capital bank but the results can be far disappointing, as it can widen the gap of inequality.

The SEZ policy is probably one of the most controversial of all government policies in the post liberalization era. Political parties, senior government officials, ministers, economists, analysts and activists are hotly debating the policy and opinions are sharply divided. There was not much opposition to the SEZ policy when the previous government first mooted it and when the SEZ Act was finally passed. Instead it was widely seen as an attempt, though belated, to catch up with China and emerge as a major manufacturing location. The controversies started when a large number of proposals for new SEZ were made to the government and some of these promoters, including politically well connected business houses were granted land to set up SEZs at amazing speed. The Commerce Ministry successfully attempt to remove the cap on the number of SEZs by arguing that the policy would lead to large revenue losses because of tax exemptions. The Ministry of Commerce has estimated a revenue loss on account of exemption on taxes, customs and excises on raw materials and finished products at around Rs.140,000 crore at a time when there was an urgent need to widen the tax base.

India has witnessed a huge rush from private sector companies keen to set up special economic zones. The new SEZ Act was approved in February 2006 and the government has already received hundreds of applications before the new legislation came into effect. So what makes SEZ an attractive proposition is the array of facilities and incentives of that come with the zone ? SEZ is deemed to be a foreign territory for the purposes of trade operations, duties and tariffs. Facilities and incentives offered to a SEZ developer include:

- 100 percent foreign direct investment allowed for developing townships with residential areas, markets, play grounds, clubs

recreation centers etc besides franchises for basic telephone service in the zone.

- Wide ranging income tax benefits.
- Duty exemption on import as well as domestic procurement of goods for the development, operation and maintenance of SEZ.
- Exemption from service tax.
- Permission to the developer to transfer infrastructure facilities for operation and maintenance.
- Permission to generate, transmit and distribute power within the SEZ.
- Permission to provide and maintain services like water, electricity, security, restaurants, recreation centres etc on commercial lines.
- Freedom to allocate the space and built up area to approved SEZ units on purely commercial basis.

Rationalization of Special Economic Zone

India was one of the earliest Asian countries to establish a manufacturing oriented SEZ. The first SEZ India was developed by the central government of India under the Export Processing Zone (EPZ) scheme in the port of Kandla in Gujarat 1965. Since then it is expected that SEZs have been an integral part of India's export promotion policy. In India the first special economic zones (SEZ) policy came in to existence because of bringing economic reform. The economic reform policy in early 1990 did not produce desired results in economic growth due to various reasons like; lengthy administrative procedure, rigid labour laws, poor investment, low quality of infrastructure. When the country was in financial crisis during early 1990, the then Union Commerce Minister Murasoli Maran visited the

high tech SEZs in China and got impressed by their contribution to the rapid growth of GDP of the country. He then thought about taking measures to do the same in India. However by that time India was already introduced with the first Export Processing Zone (EPZ) in Kandala. But the main difference that it was not SEZ but EPZ. India was not deemed to be very happy with the EPZs because they were falling short due to various reasons. As a result the expectation rose high and the SEZs were conceived to be far efficient, calculated and modernized than the EPZs. In the light of the experiences drawn from international level it is evident these centres have added tremendously in the growth of employment and foreign direct investment or FDI. Their role has been evaluated as very significant in the growth of the economy of the host country.

Most of the developed countries follow the SEZ policy, to improve growth rate of the country as a whole. Considering all; the Govt. of India enacted Special Economic Zones (SEZ) Act 2005 and SEZ rules 2006 were notified on February 10, 2006. The basic purpose to introduce this system is to provide sustainable economic environment for promotion of exports and imports of goods at the quickest. Due to implementation of such policies some adverse impact still exists in the process of development path. It helps to raise the level of investment along with ensuring to use aid for stabilizing food prices and import raw materials, enlargement of irrigation and power potentials, improving transport facilities, expand technical resource and so on.

Expected Outcome of Special Economic Zone

Since countrywide development of infrastructure is expensive and implementation of structural reforms would require time, due to socio-economic and political institutions the

development of SEZ is seen as an important strategic tool for expediting the process of industrialization. Despite the recent pick up India's share in world goods export has been very small at 0.9 percent for 2005. Improving the business environment on a nationwide basis and providing a competitive platform to India's entrepreneur will take time. SEZs however can quickly help create high quality infrastructure in pockets. In other way it would help to strengthen a liberal and supportive business environment and thus kick start the much-needed push for manufacturing exports. They allow the government to experiment with the liberalization of labor laws, administrative procedure and eco-friendly business environment. SEZ can be practically helpful for small and medium scale entities that cannot afford to set up captive infrastructure facilities but can share the costs in a large group. However; the country can attract foreign capital and technology through providing ample facilities for the establishment of business environment.

Special Economic Zones denote geographical areas which enjoys privileges as compared with non SEZ areas in the country. The main motivating force for setting up SEZ came from the Ministry of Commerce with a view to boosting exports by attracting both Indian and foreign corporate to undertake investment in the areas. Earlier Exports Processing Zones are now also being converted into Special Economic Zones. Accordingly, the Government of India has converted Export Processing Zones in different places especially in western and south-east region over period of time of specified location of respective states into SEZs.

Critical Estimation of SEZ Policy

Under Special Economic Zone Act it has clearly mentioned about minimum land

requirement to set up various types of industries, nowhere it has not been written that how much maximum land is required. In this context, the developers may be tempted to acquire more land than Actual. As per the study report conducted by National Institute of Public Finance and Policy (NIPFP) the Government will lose a sum of rupees 97,000 crores in tax revenue during 2005-10 as a consequence of the tax concession to the SEZ units. Meanwhile the chief economist of International Monetary Fund (IMF) estimates that the loss of revenue to the public exchequer will be to the order of Rs.1,75,000 crores. In regard to this the small sector provided exports of the order of Rs.1,24,146 crores during 2004-05 financial year. In fact, the country should look into the matter for the development of Small and Medium Enterprises (SME). It is clearly visible that SEZ will not create adverse business environment for the SME sector. The country like India requires lot of efforts for the up-gradation of SME at any cost. The basic issue in regard to this is that the assumption of the closer links between the sectors benefiting from the globalization and rest of the economy has not been validated by international experiences. Followed by the other issues which still in top priority to discuss are; to acquiring huge tracts of prime agricultural land for SEZ units, to stipulate only 25% land for export related industrial purpose and rest for infrastructure, housing, parks, golf courses appears to be unjustified and finally the questions related to exemption of labour laws is completely unjustified. In order to attract industrialist- Indian as well as foreign; state govt. are over bending to promise SEZs from exemption of labour laws. In spite of such, there are other certain major issues behind it which pulls down to come up the industries rapidly. These are :

- The key issue on land acquisition, land use and future of existing exports oriented units.
- Free for foreign direct investment.
- Free of all types of taxes up to final production and 10 years after the settlement of the Industry.
- Prime agricultural land should not normally be diverted to non-agricultural uses. Industries must require land but this must be done without jeopardizing agricultural prospects.
- As per the SEZ Act-2005 that the minimum 50 percent of land must be used for processing unit, whereas in almost SEZ area hardly 25 percent of land is being used for it and rest of the land were used for infrastructure, park, hotel, restaurant, house etc. which is completely unjustified.
- There is no concrete mechanism in this act for transparency and accountability.
- The Act and rule has been designed in such a way where the working labour group could not raise work related demand against the company.
- Uses of agricultural land and low productivity along with loss of revenue and forest land.
- Loss of livelihoods as well as inappropriate rehabilitation and resettlement policy.

Status of SEZ in Odisha

The Odisha Government plans to set up 14 Special Economic Zones (SEZ) to promote industrial activity in the state. These centres will come up at Lapanga in Sambalpur, Burkhamunda in Jharsuguda, Chhatrapur in Ganjam,

Goudakashipur and Mancheswar in Khurda, Kalinga Nagar and Manoharpur in Jajpur, Gopalpur in Ganjam, Ramdaspur in Cuttack, Tulasideipur in Chandaka under Khurda, Belar in Nuagaon of Kendrapara, Paradip in Jagatsinghpur and Choudwar in Cuttack. The Government of Odisha have notified four SEZs in the state- the sector specific IT/ITES SEZ at Chandaka Industrial Estate in Bhubaneswar developed by IDCO, sector specific SEZ for stainless steel and ancillary downstream industries at the Kalinga Nagar Industrial Complex being developed by Jindal Steel Limited, aluminium and aluminium products SEZ at Lapanga near Sambalpur being developed by Hindalco Industries and another aluminium SEZ with Captive Power Plant being developed by Vedanta Aluminium Limited at Jharsuguda. The Government of Odisha has signed MoU with Pohang Steel Company Ltd. (POSCO) in the year 2005, the proposed investment budget of 52000 crore aims to acquire 4000 acres of land to set up steel plant and in other way the condition is, the area must have to be declared as special economic zone with subject to providing all types of facilities as required based on SEZ Act 2006. Meanwhile the people's struggle and strong opposition is going on in three Panchayats namely; Kujanga, Dinkia and Nauagaon from the date of MoU signed. The project says that both the people and government will be benefited a lot in terms of financial, social, increase GDP rate, creating more employment opportunity and optimum utilization of available resources towards sustainable development whereas the people and other eminent groups are not in favour of this project. Therefore, if the project is for the improvement of the people and nation as a whole then why strong opposition is coming into front.

Distribution of SEZ in India (As on 17th July 2013)

Category	India	Odisha	Top States		
			Andhra Pradesh	Maharashtra	Tamilnadu
Formal Approval	576	10	109	102	67
In Principle Approval	49	01	6	16	06
Notified SEZ	392	05	78	65	53
Exporting SEZ (Central Govt. + State govt. / Pvt. SEZ+ Notified SEZs under SEZ Act, 2005	173	01	39	20	33

Source: Ministry of Commerce and Industry; Govt. of India

If we consider the distribution of SEZs we find that Odisha has less than 1 percent of the total number in India. Whereas Andhra Pradesh, and Maharashtra have around 19% of the total, Tamil Nadu has 12% of the total. Thus Odisha does not have the proportionate distribution even considering the geographical or population proportion of India. In case of exporting SEZs,

Odisha does not have a comparable number in its share.

Formal approval in case of Odisha has the data from IDCO (Industrial Development Corporation of Odisha) only, whereas POSCO India has got the in principle approval. Of the notified ones, 4 out of 5 are in IT/ITES category.

Statewise formal Approval of different types of Industry

Type	India	Odisha	Top States		
			Andhra Pradesh	Maharashtra	Tamilnadu
IT /ITES	353	04	54	48	35
Metallurgical and ancillary downstream industry	01	01	Nil	Nil	01
Manufacture and Export of aluminium and mineral based industry	09	03	02	01	01
Multi Product	25	01	04	06	02
Solar	03	01	Nil	01	01
Total	391	10	60	56	40

Source: Ministry of Commerce and Industry; Govt. of India

The table compares the number of Special Economic Zone (SEZ) with formal approval status among Odisha and states like Andhra Pradesh, Maharashtra and Tamil Nadu. Andhra Pradesh, Maharashtra and Tamil Nadu occupy top 3 positions according to the number of formal approvals of SEZ. In Odisha; there are 10 different industries such as; IT/ITES, Metallurgical/ ancillary downstream industry, Manufacture and Export of aluminum and mineral based industry, Multi Product and solar industries have been notified to be set up under SEZ Act. In fact, the number of SEZs for IT / ITES in Andhra Pradesh (AP), Maharashtra (MH) and Tamil Nadu (TN) are 54, 48 and 35 respectively. Meanwhile, the next highest 3 number of industries in Odisha has been notified under Manufacture and export of aluminium and mineral based industry against 09 in India; followed by the status of AP, MH and TN shows 02, 01 and 01 respectively. In this context, it is assumed that Odisha is the state where mineral based industry establishment opportunity is high than other states and it is also expected that the employment opportunity for the average literate person in rural area is comparatively good. However; in case of IT / ITES based industry the high skilled people in urban area would get more benefits from it.

Socio-Economic Dimensions of SEZ in Odisha

A strategy which considers and includes in its beneficiaries, the poorest of the poor, disadvantage of groups is known as inclusive growth. The eleventh five year plan approaches paper according to which a key element of the strategy for inclusive growth must be “to provide the mass of our people access to basic facilities such as health, education, drinking water etc and that government at different levels have to ensure the level of provisions of these services”, growth

in a competitive economy is and will always be inclusive. Inclusive growth by its very definition implies an equitable allocation of resources with benefits acquiring to every section of society. But the allocation of resources must be focused on the indented short and long terms benefits and economic linkages at large and not just equitable mathematically on some regional and population criteria.

The biggest lacunae in India as well as Odisha are; lack of sufficient data related to employment. In fact; the employment status in organized sector is almost clear but in case of unorganized sector the data is not available annually. The total employment in public and organized sector has been declined slightly over the period 2001-2011. While the share of private sectors in employment have been steadily increasing. For Odisha, human resources are always a great strength. Keeping in view the Govt. of Odisha has launched various employment generation programmes such as Mahatma Gandhi National Rural Employment Generation Scheme (MNREGS), Swarna Jyanti Gram Swarojgar Yojana (SGSY), Swarna Jayanti Sahari Rozgar Yojana (SJSRY), Prime Minister Employment Generation Programme and self employment shemes like Odisha State Employment Mission Society (OSEMS) in order to assist skill development. As a part of new initiative, State Employment Mission has entered into Memorandum of Understandings (Mou) with nine selected training partners under the National Skill Development Corporation for conducting placement linked programme as a Private Public Partnership (PPP) undertaking in the first phase. Under this programme the training patterns are to ensure at least 75% placement of trained youth after the completion of the training programme⁴. When India became independent the poverty level

was very high. It was thought that if the economy is on the growth, the benefits will trickle down to the poor. When this did not happen, then some has to take Action for the development of the poor. So the state has to take the responsibilities of developing the status of the poor and implement the measures required for the same and it has to include poorest of the poor as well as disadvantage groups in all measures and schemes. Though the inclusive growth was and will always be one of its objectives of Indian planning, it lacked in action mainly because Indian economy was not growing enough to cater to the social sector.

However, the growing economy of Odisha in recent years made the government spend more and more in the social sector. The state that has grown rapidly over a decade but has not seen substantial reduction in poverty rates may need to focus specifically on the inclusiveness of its growth strategy, on the equality of the opportunity for individuals and firms. Sustained, high growth rates and poverty reduction, however, can be realized only when the sources of growth are expanding, and an increasing share of labour force is included in the growth process in an efficient way. Rapid and sustain poverty reduction requires inclusive growth that allows people to

contribute to and benefit for economic growth. The inclusive growth approach takes a longer term perspective as the focus is on productive employment rather than on direct income redistribution, as a means of increasing incomes for excluded groups.

In spite of economic growth through industrialization in Odisha there are opportunities in social sector where the growth as well as development is possible as compared to the industrial growth. The development approaches for Odisha are mainly focusing on improvement of agriculture and allied sector in all parts of the state in general and rain-fed and drought prone areas in particular. Special attention has also given to depressed regions and marginalised class across the state. In addition to this focused efforts are required to improve employable skills, education and other soft skills of youth to harness opportunities that may come up for them in and outside of Odisha. Finally the most important approaches which have been given priority to improve human development indicators including quality education, affordable health care facilities, food security, improved nutrition facilities and safe drinking water. The Government is also trying to formulate policy and institutional measures to promote private sector investment.

Status of land allotment in various sectors in Odisha

Status	Sector	Number	Land in hectare
Formal	IT /ITES	4	208.986
Approval	Metalurgical and ancillary downstream industry	1	101.5
	Manufacture and Export of aluminum and mineral based industry	3	463.94
	Multi Product	1	1173
	Solar	1	101
Total			2048.426

In Principle	Manufacture and Export of aluminium and mineral based industry	1	1620
Grand Total			3668.426

Source: Ministry of Commerce and Industry, Government of India

IT/ITES requires a much less area of 52 hectare than compared to Manufacturing sector. Thus the service sector intensive SEZs will have more manpower engagements for less area required. The land acquisition, displacement related issues are expected to be much less compared to other sectors. However these industries (IT/ITES, Multiproduct and solar) are situated in urban areas than the manufacturing SEZs. The manufacturing SEZs in the rural areas are more likely to have automation and less employment opportunities for the local workers. This fact in a way is not helping much to the intention of creation of more job opportunities in rural areas.

The table indicates that the coastal districts of Odisha have more share in terms of formal and in principle approved SEZs. It being an economic decision to set up in a specific location, does not give due emphasis on the regional disparity that has become an issue in the recent years. However SEZs being an opportunity to ameliorate such regional imbalances, the western and hinterland areas should be more connected with such SEZs. The impact and the size of the SEZs could be more pronounced if those are in economically backward less dense areas.

Efficacy of SEZ towards Sustainable Development and Inclusive Growth

Inclusive growth focuses on both the pace and pattern of growth. How growth is

Indicators of SEZ (formal approval) districts in Odisha

Status	District	Land allotment in hectare	Literacy	Density of population
Formal Approval	Khurda	208.986	86.88	800
	Jajpur	101.5	80.13	630
	Jharsuguda	242.81	78.86	274
	Ganjam	1278.19	71.09	430
	Sambalpur	115.94	76.22	157
	Cuttack	101	85.50	667
In principle	Jagatsinghpur	1620	86.59	682

Source: Ministry of commerce and Industry, Government of India & Directorate of Economics and Statistics, Bhubaneswar.

generated is critical for poverty reduction, and any inclusive growth strategy must be tailored to country specific circumstances. Inclusive growth focuses on productive employment rather than income redistribution. Hence the focus is not only on employment growth but also on productive growth. Inclusive growth is not only related with the farm but also the individual as the subject of analysis. Inclusive growth is in line with the absolute definition pro poor growth, not the relative one. Inclusive growth is not defined in terms of specific targets such as employment generation or income distribution. These are potential outcomes not specific goals. Inclusive growth is typically fueled by market driven sources of growth with the government playing a facilitating role. Reducing the gender inequality among the poor requires a determined effort to focus on improved health care for women, maternal health care in particular, combined with basic education. India's health system needs to put a new emphasis on basic care. Doing so will improve not only the life span and well-being of poor women and their ability to determine what family size they want, but it will also contribute to the economic health of their families, and consequently of India's society and poverty is not the only source of India's gender disparities, a determined government effort to eradicate such disparities is urgently needed.

The services relating to access to quality health care and education, particularly in the rural areas and for girls, minorities, scheduled castes and scheduled Tribes, backward classes and below poverty line families, and also the employment under the rural employment guarantee act and access to clean and good quality water, sanitation, housing and electricities are delivered at the local level. This calls for both empowerment and accountability of the relevant

authorities and effective monitoring of service delivery, particularly for low income groups. There is a heavy reliance on a dynamic private sector to expand investment and create new employment opportunities. This requires developing a business friendly environment, enabling setting of and expansion of business and promoting efficiency, matching world standards. Adequate space to the voluntary organization is important for developing citizen initiatives, acting as a watchdog on govt. system and strengthening the group initiatives. This can only be done if full transparency is assumed. Finally, it is necessary to tackle the problems of corruption which is widely perceived as a major source of complaint about the quality of governance.

A central feature of good governance is the constitutionally protected right to elect govt. at various levels in a fair manner, with effective participation by all sections of the population. Government at all levels must be accountable and transparent. Closely related to accountability is the need to eliminate corruption, which is widely seen as a major deficiency in governance. Transparency is also critical both to ensure accountability and also to enable genuine participation. Government must be effective and efficient in delivering the social and economic public services which are its primary responsibility. The responsibility for delivery of key services such as primary education and health is at the local level. This calls for special attention to ensure the effectiveness and efficiency of local government.

The Eleventh Plan seeks to substantially empower and use the PRIs as the primary means of delivery of the essential services that are critical to inclusive growth, so as to improve the delivery mechanism of essential social services at the grassroots level. There are about 2.5 lakhs elected institutions of local self govt. of which 2.38 lakh

are in the rural areas. There are about 3.2 million elected representatives in the PRIs of which 1.2 million are women. These large numbers of elected representatives in the PRIs are involved in the planning, implementation and supervision of the delivery of essential public services to ensure inclusiveness of growth.

The twelfth five year plan, aims at faster and more inclusive growth. It targets faster growth in all productive sectors like agriculture, industry and services with suitable intervention in policy. It seeks to achieve inclusiveness through significant improvements in literacy/ education and health, greater employment opportunities and more focus on various socio-economic groups. Inclusive growth connotes a growth process, which yields broad based benefits and ensure equality of opportunities for all. The measure of inclusive growth articulated in the eleventh plan is primarily meant to sufficiently spread the benefits of growth by way of renewed emphasis on education, health and other basic public facilities determining the levels of welfare of large sections of the population. The vision of inclusiveness encompasses equality of opportunity, as well as economic and social mobility for all sections of the society with affirmative action from the marginalized groups of the population, which are the scheduled castes, the scheduled tribes, Other Backward Classes, minorities and women. Empowerment of disadvantaged and hitherto marginalized groups is an essential component of inclusive growth.

Conclusion

Both the Government of India and the state government like Odisha are trying to implement SEZ policies effectively with the objectives of increasing economic growth at the national perspectives, creating both direct and

indirect employment opportunity for the rural educated masses and proper utilization of natural resources. Meanwhile, it should be very clear that growth as well as development is possible only when we can give equal priority to the agriculture and industries. Development is not possible with the cost of poor people in terms of sacrificing land and sustainable livelihoods, so we need inclusive growth in a sustained way where everyone can get equal opportunities to improve and maintain their life in a dignified manner. However, considering the sustainable livelihoods and inclusive growth rapid economy is an essential requirement to reduce poverty since growth is an instrument for achieving a steady expansion in employment and incomes for large number of people. The growth should also be better balanced to rapidly create jobs in the industrial and service sectors, because it is necessary to shift a significant portion of the labour force from agriculture in which people are engaged in low productivity employment, into non agricultural activity which is capable of providing higher real income per head.

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