

EXPORT PROCESSING ZONE (EPZ)

An Export Processing Zone (EPZ) is a specific type of economic zone designated by the government to promote export-oriented businesses. These zones offer a number of incentives to companies that set up operations within them, including tax breaks and exemption from certain labour laws and to encourage exports.

Export Processing Zone, shortly known as EPZ is a special economic zone where Export and Import of goods are allowed without any restrictions. EPZ offers Export-Import oriented units many facilities and incentives for promoting exports from country. It was established in the year 1980 under Export Processing Zones Authority Ordinance, 1980.

History of EPZ

- The Export Processing Zone (EPZ) is a special economic zone designated by the government of a country for the promotion of export-oriented businesses. The full form of EPZ is Export Processing Zone.
- The first EPZ was established in Shannon, Ireland in 1959 by the Irish government. The zones were created in response to the needs of businesses for special economic conditions and infrastructure to promote exports.
- In subsequent years, EPZs were established in other countries, including the United States and Japan. The first EPZ in Asia was established in 1965 in the Export Processing Zone of Kandla in Gujarat.
- EPZs have been criticized for their negative effects on the local communities in which they are located. Critics argue that the zones provide preferential treatment to foreign businesses, which leads to a loss of jobs for local workers.
- EPZs continue to be an important part of the global economy, and their role is likely to continue to grow in the future. Businesses seeking to take advantage of the benefits offered by EPZs should be aware of the full form of EPZ and the various benefits it offers.

Objectives of EPZ

There are several objectives of EPZ. They are mentioned below for your understanding.

1. The main objective of establishing EPZs is to promote export-oriented industrialisation and to provide an environment that is conducive to the establishment and growth of Export Processing Enterprises.
2. The other objectives include creating employment opportunities, generating foreign exchange earnings, promoting technological up-gradation and improving productivity in EPZs.
3. In addition, EPZs are also seen as a means of achieving balanced regional development by attracting industries to less developed areas.
4. EPZs also play an important role in the economic development of a country by providing employment opportunities and contributing to foreign exchange earnings.
5. They also help to promote technological up-gradation and improve productivity in Export Processing Enterprises.
6. EPZs are seen as a means of achieving balanced regional development by attracting industries to less developed areas.

Advantages

1. Export Processing Zones provide a hassle-free environment for the companies.
2. Export Processing Zones are specially designed areas that offer certain fiscal and non-fiscal incentives to the industries located therein.
3. Export Processing Zones help in generating employment opportunities.
4. Export Processing Zones promote exports and the economic development of a country.
5. Export Processing Zones offer world-class infrastructure and facilities.
6. Export Processing Zones are equipped with best-in-class security arrangements.

Thus, Export Processing Zones prove to be a boon for the companies looking to set up their businesses abroad in a hassle-free environment with excellent incentives and world-class infrastructure.

Drawbacks

1. EPZs are often used by MNCs to relocate production to low-wage countries, undermining local economies and labour standards.
2. The workers in EPZs are usually not protected by the same labour rights as other workers in the country.
3. Many women working in EPZs face gender discrimination and sexual harassment.

Despite these drawbacks, Export Processing Zones continue to be popular in many developing countries as a way to attract foreign investment and create jobs.

Management Systems

- The management system of EPZ is completely different from that of the rest of the country. In an Export Processing Zone, industries are set up for the exclusive purpose of export. These industries are given special tax holidays and other incentives to promote exports.
- The government has also set up Export Processing Zones in order to attract foreign investment. Export Processing Zones are usually located in areas where there is a concentration of Export-Oriented Units.
- The Export Processing Zone Authority is the agency responsible for the administration of Export Processing Zones.

The Export Processing Zone is an important part of the global economy and offers many opportunities for businesses to thrive. If you're looking to start or expand your business, an EPZ may be a great option for you. We hope this article has answered all of your questions about Export Processing Zones and given you a better understanding of what they are and how they work.