

The Export Processing Zone and Pioneer Status Enterprises

3rd Quarter 1995

Introduction

This issue of the "Economic Indicators" presents the results of the "Quarterly Survey of Employment" carried out at the end of September 1995. It is to be noted that the survey which, in the past, covered the EPZ sector only, has, since June 1995 been extended to cover the Pioneer Status Enterprises as well. The latter are "small and medium" enterprises engaged mainly in new technology as well as support and service industries.

I. The Export Processing Zone (EPZ)

(i) Number of enterprises

The number of enterprises at the end of September 1995 stood at 477, the same number as for the previous quarter but 25 lower when compared to September 1994. The "Wearing apparel" with 242 enterprises accounts for 51% of the enterprises in the Export Processing Zone.

During the 3rd quarter, there were 9 closures which were totally offset by the coming into operation of 9 new enterprises. The "Wearing apparel" sector had 7 closures and 6 new enterprises.

(ii) Employment evolution - 3rd quarter 1995

At the end of the September 1995, the number of persons employed, inclusive of outworkers* and expatriates, was 80,698: 23,685 males and 57,013 females. During the 3rd quarter, employment fell by 1,125, mostly explained by a decrease of 1,363 in "Wearing apparel" and a net increase of around 240 in the other groups.

The number of outworkers stood at 791 at the end of September 1995, a significant decrease of over 650 compared to June 1995. On the other hand, the number of foreign workers rose by 363 during the 3rd quarter and reached 6,105 (1,721 males and 4,384 females) at the end of September 1995.

(iii) Employment evolution - September 1994 - September 1995

Between September 1994 and September 1995, the workforce in the EPZ decreased by 2,684 from 83,382 to 80,698.

In the "Wearing apparel" sector employment went down by 4,090 or 5.8% from 70,484 to 66,394. Moderate increases were registered in the following sectors: "Food" (+331), "Leather products and footwear" (+283), "Textile yarn and fabrics" (+215), "Toys and carnival articles" (+206), "Optical goods" (+146), and "Jewellery and related articles" (+94).

* persons working at their homes, on materials provided by EPZ enterprises.

(iv) Exports and Imports

EPZ Exports, for the 3rd quarter 1995, reached Rs 4,950 million and totalled Rs 13,291 million for the first nine months of 1995 against Rs 11,964 million for the same period last year. The nominal increase of 11% is explained by a 6% increase in price and another 5% in volume.

Imports, on the other hand, reached Rs 8,045 million for the first nine months of 1995 and represents an increase of nearly 9% compared to the corresponding period of 1994. Imports of "Machinery and transport equipment" accounted for Rs 730 million, at slightly the same level as for 1994. Excluding "Machinery and transport equipment", the increase in imports works out to 10%.

Net EPZ exports, i.e exports minus imports, for the first nine months amounted to Rs 5,246 million in 1995 and represents 39% of EPZ exports, compared to 38% for the corresponding period of 1994.

Total EPZ exports for calendar year 1995 are estimated at 18,100 million compared to Rs 16,545 million in 1994.

II. The Pioneer Status Enterprises (PSE)

(i) Number of enterprises

The PSE sector started in 1991 with only 5 enterprises and has registered a steady expansion over the years with the result that the number of enterprises at the end of 1992, 1993 and 1994 were 24, 45 and 72 respectively. The number of enterprises at the end of September 1995 was 96 compared to 80 at the end of June 1995. The activities in which the PSE's are engaged are shown in Table 2.2.

(ii) Employment, 3rd Quarter 1995

The total workforce in the PSE sector at the end of September 1995 was 1,318, 7.8% above that of June 1995 (1,223). The average number of workers per enterprise in September 13.7. 61 of these enterprises employed less than 10 persons whilst 13 employed more than 25 persons. "Watches and clocks" with only two enterprises is the group with the highest employment (238). Table 2.2 shows employment in the PSE by product group.

The number of expatriates employed in September 1995 was 55 (49 males and 6 females) compared to 39 in June 1995 (36 males and 3 females).

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Table 1.1:- EPZ Sector: Main economic indicators, 1984 - 1994

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994 ¹
1. No of enterprises as at December	195	290	408	531	591	563	568	586	558	536	494
- New	55	101	139	114	95	79	62	52	33	38	27
- Closures	6	6	21	18	35	107	57	34	61	60	69
2. Employment as at December	37,522	53,951	74,015	87,905	89,080	88,658	89,906	90,861	86,937	85,621	82,176
- Net change	+11,996	+16,429	+20,064	+13,890	+1,175	-422	+1,248	+955	-3,924	-1,316	-3,445
- Growth rate (%)	+47.0	+43.8	+37.2	+18.8	+1.3	-1.0	+1.4	+1.1	-4.3	-1.5	-4.0
3. Exports (f.o.b, Rs Million)	2,151	3,283	4,951	6,567	8,176	9,057	11,474	12,136	13,081	15,821	16,545
4. Imports (c.i.f, Rs Million) :	1,651	2,530	3,863	4,801	5,890	7,502	7,348	7,067	7,133	9,326	10,134
- Raw materials	(1,491)	(2,280)	(3,427)	(4,296)	(5,056)	(6,539)	(6,554)	(6,348)	(6,456)	(8,221)	(9,024)
- Machinery & spare parts	(160)	(250)	(436)	(505)	(834)	(963)	(794)	(719)	(677)	(1,105)	(1,110)
5. Net Exports (Rs Million)	500	753	1,088	1,766	2,286	1,555	4,126	5,069	5,948	6,495	6,411
6. Net Exports to Exports (%)	23.2	22.9	22.0	26.9	28.0	17.2	36.0	41.8	45.5	41.1	39.0
7. Value added at current prices (Rs Million) ²	865	1,333	1,860	2,585	3,125	3,400	3,975	4,406	5,011	5,702	6,226
- Share in Manufacturing(%)	39.6	46.5	48.6	51.9	53.4	51.1	51.1	50.3	50.4	50.9	49.9
- Share in GDP(%)	7.2	9.6	11.3	13.1	13.5	12.7	12.5	12.2	11.8	11.9	11.5
8. Value added at constant '82 prices (Rs Million) ²	650	844	1,139	1,390	1,557	1,650	1,766	1,854	1,965	2,083	2,166
- Growth rate (%)	+32.9	+30.0	+34.9	+22.0	+12.0	+6.0	+7.0	+5.0	+6.0	+6.0	+4.0
9. Productivity Index (1982 = 100) ²	98	85	85	87	91	98	105	110	117	129	138
10. Investment (Rs Million)	210	340	560	655	870	900	690	648	560	900	900
- Machinery	(165)	(260)	(450)	(530)	(730)	(840)	(640)	(610)	(540)	(875)	(880)

¹ provisional

² revised

Table 1.2:- EPZ employment , September 1994 - September 1995

Enterprise		Employment ¹											
		Number as at			September 94			June 95			September 95		
		Sep. 94	Jun. 95	Sep. 95	Male	Female	Total	Male	Female	Total	Male	Female	Total
Large	402	386	390	23,328	57,957	81,285	23,046	56,854	79,900	23,224	56,223	79,447	
Small (<10)	100	91	87	339	205	544	276	202	478	259	201	460	
Outworkers	-	-	-	89	1,464	1,553	73	1,372	1,445	202	589	791	
TOTAL	502	477	477	23,756	59,626	83,382	23,395	58,428	81,823	23,685	57,013	80,698	

¹ includes expatriates: No. as at
 - Sep. 94 : 5,337 (1,531 males ; 3,806 females)
 - Jun. 95 : 5,742 (1,614 males ; 4,128 females)
 - Sep. 95 : 6,105 (1,721 males ; 4,384 females)

Table 1.3 :- Employment by product group and sex - EPZ Sector: Sept. 94 - Sept. 95

Product group	September 1994			September 1995				
	No of Enterprises	Employment		No of Enterprises	Employment			
		Male	Female		Total	Male	Female	Total
1. Food	9	540	847	1,387	12	742	976	1,718
2. Flowers	50	302	319	621	48	291	311	602
3. Textile yarn and fabrics	32	2,518	1,080	3,598	32	2,750	1,063	3,813
4. Wearing apparel :	262	17,661	52,823	70,484	242	16,984	49,410	66,394
Pullovers	(34)	(3,846)	(17,038)	(20,884)	(32)	(3,755)	(16,153)	(19,908)
Other garments	(228)	(13,815)	(35,785)	(49,600)	(210)	(13,229)	(33,257)	(46,486)
5. Leather products and footwear	8	271	1,004	1,275	8	285	1,273	1,558
6. Wood and paper products	27	364	154	518	26	414	186	600
7. Optical goods	6	237	214	451	6	293	304	597
8. Electronic watches and clocks	4	150	438	588	3	128	399	527
9. Electric and electronic products	10	160	245	405	9	191	279	470
10. Jewellery and related articles	20	622	608	1,230	19	670	654	1,324
11. Toys and carnival articles	7	96	849	945	8	115	1,036	1,151
12. Other	67	835	1,045	1,880	64	822	1,122	1,944
TOTAL	502	23,756	59,626	83,382	477	23,685	57,013	80,698

Table 1.4 :- Analysis of net change in employment, 3rd quarter 1995, EPZ Sector

	Evolution 3rd Quarter 1995	
	Enterprises	Employment
A. Total employment creation :	...	2,843
Expansion in existing enterprises ¹	15	1,663
New enterprises	9	1,180
B. Total employment lost :	...	3,968
Reduction in existing enterprises ¹	26	2,714
Closures	9	1,254
C. Net change (A-B)	0	- 1,125
Male	...	290
Female	...	- 1415

¹ No. of enterprises relates to those reporting expansion/reduction in their workforce by more than 25 while employment is total expansion/reduction

Table 1.5: - Net change in number of enterprises by product group, 1994 - 1995, EPZ Sector

Product group	No. of enterprises			Net change	
	Sep. 94	Jun. 95	Sep. 95	Sep.95-Jun.95	Sep.95-Sep.94
1. Food	9	12	12	0	3
2. Flowers	50	48	48	0	-2
3. Textile yarn and fabrics	32	33	32	-1	0
4. Wearing apparel :	262	243	242	-1	-20
Pullovers	(34)	(32)	(32)	(0)	(-2)
Other garments	(228)	(211)	(210)	(-1)	(-18)
5. Leather products and footwear	8	8	8	0	0
6. Wood and paper products	27	26	26	0	-1
7. Optical goods	6	6	6	0	0
8. Electronic watches and clocks	4	3	3	0	-1
9. Electric and electronic products	10	9	9	0	-1
10. Jewellery and related articles	20	19	19	0	-1
11. Toys and carnival articles	7	7	8	1	1
12. Other	67	63	64	1	-3
TOTAL	502	477	477	0	-25

Table 1.6:- Net change in employment by product group, 1994 - 1995, EPZ Sector

Product group	Employment			Net change	
	Sep. 94	Jun. 95	Sep. 95	Sep.95-Jun.95	Sep.95-Sep.94
1. Food	1,387	1,709	1,718	9	331
2. Flowers	621	604	602	-2	-19
3. Textile yarn and fabrics	3,598	3,688	3,813	125	215
4. Wearing apparel :	70,484	67,757	66,394	-1,363	-4,090
Pullovers	(20,884)	(20,287)	(19,908)	(-379)	(-976)
Other garments	(49,600)	(47,470)	(46,486)	(-984)	(-3,114)
5. Leather products and footwear	1,275	1,565	1,558	-7	283
6. Wood and paper products	518	581	600	19	82
7. Optical goods	451	595	597	2	146
8. Electronic watches and clocks	588	557	527	-30	-61
9. Electric and electronic products	405	460	470	10	65
10. Jewellery and related articles	1,230	1,346	1,324	-22	94
11. Toys and carnival articles	945	1,098	1,151	53	206
12. Other	1,880	1,863	1,944	81	64
TOTAL	83,382	81,823	80,698	-1,125	-2,684

Table 1.7:- New and Closures: 2nd and 3rd Quarter 1995 , EPZ Sector

Product group	2nd Quarter 1995						3rd Quarter 1995					
	New projects			Closures			New projects			Closures		
	Enterprise	Employment		Enterprise	Employment		Enterprise	Employment		Enterprise	Employment	
1. Food	-	-	-	-	-	-	-	-	-	-	-	-
2. Flowers	-	-	1	1	10	-	-	-	-	-	-	-
3. Textile yarn and fabrics	-	-	-	-	-	-	-	-	1	4	-	-
4. Wearing apparel :	3	367	12	12	953	6	1,027	7	7	1,244	-	-
Pullovers	(-)	(-)	(1)	(1)	(119)	(-)	(-)	(-)	(-)	(-)	-	-
Other garments	(3)	(367)	(11)	(11)	(834)	(6)	(1,027)	(7)	(7)	(1,244)	-	-
5. Leather products and footwear	-	-	-	-	-	-	-	-	-	-	-	-
6. Wood and paper products	-	-	-	-	-	-	-	-	-	-	-	-
7. Optical goods	-	-	-	-	-	-	-	-	-	-	-	-
8. Electronic watches and clocks	-	-	1	1	73	-	-	-	-	-	-	-
9. Electric and electronic products	-	-	-	-	-	-	-	-	-	-	-	-
10. Jewellery and related articles	-	-	1	1	7	1	14	1	1	6	-	-
11. Toys and carnival articles	-	-	-	-	-	1	55	-	-	-	-	-
12. Other	-	-	1	1	11	1	84	-	-	-	-	-
TOTAL	3	367	16	16	1,054	9	1,180	9	9	1,254		

Table 1.8 :- Net EPZ exports, 1993 - 1995

	Million rupees											
	Year		1994				1995 ¹					
	1993	1994	1st Qr	2nd Qr	3rd Qr	4th Qr	Jan - Sept	1st Qr	2nd Qr	3rd Qr	Jan - Sept	
A. Total exports (f.o.b. value)	15,821	16,545	3,162	4,196	4,606	11,964	4,581	3,498	4,843	4,950	13,291	
B. Total imports (c.i.f. value)	9,326	10,125	2,294	2,536	2,552	7,382	2,743	2,482	2,676	2,887	8,045	
- Raw Materials	(8,221)	(9,015)	(2,081)	(2,293)	(2,265)	(6,639)	(2,376)	(2,292)	(2,391)	(2,632)	(7,315)	
- Machinery	(1,105)	(1,110)	(213)	(243)	(287)	(743)	(367)	(190)	(285)	(255)	(730)	
Net Exports (A - B)	6,495	6,420	868	1,660	2,054	4,582	1,838	1,016	2,167	2,063	5,246	
Net Exports as % of Total Exports	41	39	27	40	45	38	40	29	45	42	39	

¹ Provisional

Table 1.9 - EPZ exports by section / commodity, 1993 - 1995

Description	Year		1994					1995 ¹			
	1993	1994	1st Qr	2nd Qr	3rd Qr	Jan - Sept	4th Qr	1st Qr	2nd Qr	3rd Qr	Jan - Sept
	Total exports	15,821	16,545	3,162	4,196	4,606	11,964	4,581	3,498	4,843	4,950
Food and live animals of which:	542	838	205	204	197	606	232	218	255	295	768
Fish & fish preparations	(384)	(514)	(120)	(123)	(124)	(367)	(147)	(128)	(170)	(191)	(489)
Crude mats, inedible exc., fuels	14	20	4	5	4	13	7	5	9	4	18
Chemicals	58	54	11	11	13	35	19	9	15	17	41
Manufactured goods classified chiefly by materials of which:	1,089	1,279	282	313	367	962	317	351	406	423	1,180
Text, yarn, fabrics, made up articles	(574)	(702)	(145)	(167)	(220)	(532)	(170)	(218)	(243)	(264)	(725)
Pearls & precious stones	(409)	(452)	(109)	(116)	(114)	(339)	(113)	(119)	(126)	(116)	(361)
Machinery and transport equipment	70	47	7	5	12	24	23	13	10	27	50
Miscellaneous manufactured articles of which:	14,047	14,305	2,653	3,658	4,013	10,324	3,981	2,902	4,148	4,182	11,232
Articles of apparel and clothing	(12,719)	(12,876)	(2,389)	(3,299)	(3,634)	(9,322)	(3,554)	(2,529)	(3,695)	(3,755)	(9,979)
Optical goods	(176)	(188)	(40)	(44)	(42)	(126)	(62)	(56)	(56)	(60)	(172)
Watches and clocks	(612)	(512)	(125)	(146)	(105)	(376)	(136)	(108)	(135)	(99)	(342)
Toys, games and sporting goods	(166)	(162)	(23)	(46)	(51)	(120)	(42)	(37)	(54)	(63)	(154)
Jewellery, golds. & silversmiths wares	(171)	(193)	(29)	(54)	(57)	(140)	(53)	(46)	(60)	(58)	(164)

¹ provisional

Table 1.10 - EPZ imports by section / commodity, 1993-1995

Description	Value (c.i.f): Million rupees										
	1993	1994	1994					1995 ¹			
			1st Qr.	2nd Qr.	3rd Qr.	Jan - Sept	4th Qr.	1st Qr.	2nd Qr.	3rd Qr.	Jan - Sept
Total imports	9,326	10,125	2,294	2,536	2,552	7,382	2,743	2,482	2,676	2,887	8,045
Food and live animals	171	267	74	60	62	196	71	82	38	106	226
Crude mats, inedible exc fuels	485	548	137	129	182	448	100	173	160	223	556
- synt. fibres suit. for spinning	(12)	(15)	(3)	(4)	(2)	(9)	(6)	(4)	(6)	(8)	(18)
- cotton	(151)	(175)	(42)	(44)	(44)	(130)	(45)	(50)	(70)	(113)	(233)
- wool and other animal hair	(282)	(307)	(74)	(83)	(86)	(243)	(64)	(109)	(77)	(73)	(259)
Chemicals	318	326	70	71	90	231	95	82	95	136	313
Man. goods classified											
chiefly by material	6,102	6,697	1,543	1,762	1,631	4,936	1,761	1,651	1,774	1,885	5,310
- leather	(148)	(115)	(22)	(26)	(29)	(77)	(38)	(38)	(44)	(45)	(127)
- textile yarn and fabrics	(5,214)	(5,767)	(1,345)	(1,531)	(1,409)	(4,285)	(1,482)	(1,399)	(1,499)	(1,608)	(4,506)
- pearls and precious stones	(434)	(455)	(105)	(124)	(98)	(327)	(128)	(124)	(128)	(102)	(354)
Machinery & transport equip.	1,105	1,110	213	243	287	743	367	190	285	255	730
Misc. manufactured goods	1,025	1,050	226	247	256	729	321	268	268	246	782
- optical goods, watches etc.	(423)	(400)	(80)	(94)	(91)	(265)	(135)	(102)	(102)	(81)	(285)
Other comm. and transactions	120	127	29	34	39	102	25	7	52	34	93

Table 2.1 :- Employment by size and sex , June 95 - September 95, Pioneer Status Enterprises

Employment size	No. of enterprises		Employment ¹					
	Jun. 95	Sep. 95	June 95			September 95		
			Male	Female	Total	Male	Female	Total
25 and above	13	13	440	282	722	455	285	740
10 to < 25	21	22	200	79	279	210	83	293
less than 10	46	61	165	57	222	230	55	285
TOTAL	80	96	805	418	1,223	895	423	1,318

¹ includes expatriates : No. as at - June 95 : 39 (36 males, 3 females)

- Sep. 95 : 55 (49 males, 6 females)

Table 2.2 :- Employment by product group and sex : 1995 , Pioneer Status Enterprises

Product group	June 1995			September 1995				
	No of enterprises	Employment		No of enterprises	Employment			
		Male	Female		Total	Male	Female	Total
1. Watches and clocks	2	44	194	238	2	44	194	238
2. Informatics	11	118	54	172	14	130	57	187
3. Electric and Electronic products	17	117	40	157	24	131	47	178
4. Light engineering	15	176	33	209	17	208	29	237
5. Support to jewellery	4	21	19	40	4	21	19	40
6. Support to printing and publishing	6	37	39	76	7	49	37	86
7. Services	13	142	24	166	13	145	22	167
8. Plastic and rubber products	8	103	8	111	10	114	9	123
9. Other	4	47	7	54	5	53	9	62
TOTAL	80	805	418	1,223	96	895	423	1,318

Table 2.3 :- Analysis of net change in employment, 3rd quarter 1995, Pioneer Status Enterprises

	Net change June 95 - September 95	
	Enterprises	Employment
A. Total employment creation :	...	119
Expansion in existing enterprises	14	52
New enterprises	16	67
B. Total employment lost :	...	24
Reduction in existing enterprises	11	24
Closures	0	0
C. Net change (A-B)	16	95
Male	...	90
Female	...	5

Table 2.4 : -Net change in number of enterprises by product group, June 95 - Sept. 95: Pioneer Status Enterprises

Product group	No of enterprises		Net change
	June 95	Sept. 95	Sept.95 - June 95
1. Watches and clocks	2	2	0
2. Informatics	11	14	3
3. Electric and electronic products	17	24	7
4. Light engineering	15	17	2
5. Support to jewellery	4	4	0
6. Support to printing and publishing	6	7	1
7. Services	13	13	0
8. Plastic and rubber product	8	10	2
9. Other	4	5	1
TOTAL	80	96	16

Table 2.5 :- Net change in employment by product group, June 95 - Sept. 95: Pioneer Status Enterprises

Product group	Employment		Net change
	June 95	Sept. 95	Sept.95 - June 95
1. Watches and clocks	238	238	0
2. Informatics	172	187	15
3. Electronic and electronic products	157	178	21
4. Light engineering	209	237	28
5. Support to jewellery	40	40	0
6. Support to printing and publishing	76	86	10
7. Services	166	167	1
8. Plastic and rubber products	111	123	12
9. Other	54	62	8
TOTAL	1,223	1,318	95