

THE ROLE OF SPECIAL ECONOMIC ZONES IN TRANSITIONAL ECONOMIES: A CASE STUDY OF ANDHRA PRADESH

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In

ECONOMICS

By

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DECEMBER 2015

DECLARATION

I hereby declare that the work embodied in this dissertation entitled
***“The Role of Special Economic Zones in Transitional Economies:
A case study of Andhra Pradesh ”*** carried out under the supervision
of Dr. Boppana Nagarjuna is an original work of mine and has not
been submitted for the award of any research degree or diploma of
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CERTIFICATE

This is to certify that **Mr. Dasari Muniswamy** has carried out the research embodied in the present dissertation entitled “***The Role of Special Economic Zones in Transitional Economies: A Case Study of Andhra Pradesh***” for the full period prescribed under PhD ordinances of the University of Hyderabad.

This dissertation is an independent work and does not constitute part of any material submitted for any research degree or diploma here or elsewhere.

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CHAPTER-I

INTRODUCTION

"We need to revise our economic thinking to give full value to our natural resources. This revised economics will stabilize both the theory and the practice of free-market capitalism. It will provide business and public policy with a powerful new tool for economic development, profitability, and the promotion of the public good."

-Paul Hawken

The procedure which facilitate to the essential and comprehensive reformation of an economic system from a centrally planned economy to an effective market economy is defined as transitional (or) transformation of the economies¹. In process of transition, modifications in system especially the ownership structure, the decision-making process and the role of the participants in the economic process according to individuals and institutions are redefining with respect to the requirement of the economy. The decision process is being decentralized, functioning goods and factor markets enabled to generate prices at market oriented, inefficient government-led enterprises had restructured, private enterprises have to be allowed and the institutions of the economic and political system have to be revised to the needs of a contemporary open market economy. The overall role of the government and its institutions has to be redefined.²

The transition process³ take account of massive changes in the manufacture structure, which are mainly lack of operative motivations, dogmatic stimuli and the inadequate

¹ It is a theoretical view describing planned and market economies are an extreme case on a dimension of different possibilities. Pure forms of these views are hypothetical and will never be found in the real world in its abstract form. In reality we could found a mix of both economic structures. Thus, transition can viewed as an extension of markets instrument which decides the outcome of the economic process which establish the prices as co-ordination by combining with the establishment of all those institutions to create a path required for the market economy.

² In view of Howell (1993) the central point of the reform process will be "Inconsistently, the process of transition from knowledge planning to a market economy still requires a central role for the state. At the dogmatic level the government functions to manage new competing and contradictory interests. At the economic level the state steps in to standardize the prospective revolution of market forces. At the same time reform and opening up change the structure and very nature of the state itself." Ahrens and Meyer-Baudeck (1995) analyzed that "At the same time, political and economic competences must be properly assigned in order to maintain the ability of administrative institutions at all centralized levels to act, and to have private economic agents act individually within a stable and enduring established framework."

³ The main elements of the transition process including, liberalization –allowing markets to determine prices, and reducing trade barriers that had stop interaction with the price structure of the world's market economies. Macroeconomic stabilization – to have targeting inflation control over period of

capabilities of the from the past planning system, the manufacture adoptions in the old system did not match with the requirements of the new system. Hence, motivations have to be created which guarantee the individual firms adopt their performance to new enable system. These changes must include on the one hand internal measures like the lessening in subsidies or eliminate of advantaged access to scarce resources. On the other hand, the competition from foreign enterprises which can be increased by opening the country to the outside world, can be used to encourage a rearrangement process. Majority of cases the process of reorganization takes time so that the instantaneous and full abolishment of the shield might be too radical a change for many domestic initiatives. It can therefore be reasonable to have a transition period in which protection is reduced slowly so that the domestic enterprises are protected from too much competition and have time to adapt to the changed situation.

Role of the government controlled economy decreases and private decentralized decision-makers control would have increasing share of the economy in transition. One of the main fundamentals of a planned economy is the government-led institutions and enterprises, which govern the economy. It is essential how government policies will have privileged in practice of protection to create operative incentives for the domestic enterprises to start reform. Encouraging joint ventures with foreign investors are an additional instrument that can help the domestic enterprises to learn about potential ways of reforms. The growth of the private economy as well as the reform of the government led enterprises is mainly due to highly inefficient in order to respond to a market system. In Indian transition process indicates, the reform of the government led enterprises do not necessarily of highest priority at the beginning of the transformation process as long as the private sector gets enough space to develop independently with sufficient access to scarce resources, on the other hand it demonstrates the delay of the reform in government led enterprises might produce even larger problems in later periods. It has of course to be

time by disciplining government budget and growth of money and credit through fiscal and monetary policy and adjustments toward sustainable balance of payments. Reorganization and privatization – permit a realistic financial sector and reforms to extract accomplished enough to feely marketing and transferring their ownership into private hands. Legal and institutional reforms to redefine the role of the state in these economies, establishing the rule of law, and introducing applicable competition policies.

asked in the analysis of the SEZs whether they can support the reform of the government led enterprises in the transition economy and how this could happen.

In any economy, the rapid growth is by no means fortuitous⁴. Economies put great efforts to change the predominant institutions, which are defined as laws, regulations, and imbedded rules governing economic activities. Especially, in the case of India reforms have initiated in the early 1990's to understand the driving forces of the rapid growth witnessed rapid entry of new firms such as special economic zones. SEZs are development tools that in several countries have helped to encourage economic development by inviting local and foreign investment, enhancing competitiveness, and facilitating export-led growth. SEZs are varying in size and scope and operate under different regimes such as Economic and Technical Development Zones, Free Trade Zones, Export Processing Zones and Industrial Zones.

At the beginning the Indian SEZs began by being EPZs with export-led production, normally with minimum-value added products like multiproduct, IT/ITES, Biotech and Energy and free trade warehousing SEZs and started to produce high-value added products by introducing high-technologies and other strategies. For any new firm there are common type of barrier is excessive intervention or regulations after a business endeavor is established, including overly complicated labor regulations, unreasonably tight safety regulations, etc. This study focused on how does an established stakeholder effectively manage those institutional barriers and therefore push for better market oriented establishments through **SEZs**.

In India, SEZ Act enacted in 2005 with the broad objective of providing viable economic atmosphere for the promotion of goods in a quick and hassle free manner. It is more liberal than preceding economic policy with the perceptions of social expansion especially for the expatriate families due to zone set up and the overall growth of the nation as a whole. The SEZ Act was expected to give a big drive to exports and subsequently to the foreign direct investment inflows into India and is

⁴According to Schumpeter (1934), Baumol(1968) and Leibenstein (1968) entrepreneurs are innovators to integrate resources in the production for the market place and promote economic engine for development, which need adequate attention. It can be possible by destroying institutional barriers and establishing market institutions. Yang(2004) argued entrepreneurs may behave arbitragers by taking advantage of the inconsistencies among laws and regulations in a transition period and advance their business interest

considered to be one of the premium issue of legislature that may well represent the imminent of the industrial development strategy in India. With this scenario; the SEZ policy is perhaps one of the most contentious of all government policies in the post liberalization era. This policy envisioned to make SEZs an engine for economic growth supported by quality infrastructure accompanied by an attractive fiscal package, both at the Centre and the State level, with the minimum possible regulations. SEZs in India functioned from 1.11.2000 to 09.02.2006 under the provisions of the Foreign Trade Policy and fiscal incentives were made effective through the provisions of relevant edicts.

With the Government's commitment to a stable SEZ policy regime and with a view to communicate steadiness thereby creating better economic activity and employment through the formation of SEZs, a comprehensive draft SEZ Bill prepared after extensive discussions with the stakeholders has send a signal to confidence in investors. It was expected that this will initiate a huge flow of foreign and domestic investment in SEZs, in infrastructure and productive capacity, leading to generation of additional economic activity and creation of employment opportunities. The SEZ Rules⁵ provide for different minimum land requirement for different types of SEZs. Every SEZ is divided into a processing area where alone the SEZ units would come up and the non-processing area where the supporting infrastructure is to be created. Having said this, at this juncture it requires to study the following objectives:

I.I. Objectives of the Study:

1. To examine whether openness of trade and growth of economy influenced by pre and post liberalization policies and SEZ inception
2. Linkages between Foreign Direct Investments, SEZ exports, Openness of Trade and GDP during the Indian economic transition period.
3. To understand determinants of entrepreneurs and type of SEZ priorities and issues/concerns to function SEZ optimally, at overall level and individual preferences and concerns.

⁵ Rules including Simplified procedures for development, operation, and maintenance of the Special Economic Zones and for setting up units and conducting business in SEZs, Single window clearance for setting up of an SEZ, Single window clearance for setting up a unit in a Special Economic Zone, Single Window clearance on matters relating to Central as well as State Governments and Simplified compliance procedures and documentation with an emphasis on self-certification

4. To evaluate ownership of SEZ with initiations required facilities and problems to make SEZs successfully.
5. To analyze SEZ stake holders assessment on the effect of SEZ, with respect to all the stakeholders including type of SEZ, Ownership of SEZ and stakeholders of the SEZ.

I.II. Hypothesis of the Study:

To evaluate the above said objectives, we have tested the following hypothesis to found statistically whether there is any significant impact on the study.

1. There is no influence of trade liberalization and SEZ's inception on Indian Economy and Openness of Trade
2. Growth of Economy (or) economic stability does not have any relationship with FDI, SEZ exports and Openness of Trade
3. Openness of Trade has not influenced by economic stability, Foreign Direct Investment and SEZ exports
4. GDP, Openness of Trade and FDI does have any impact on SEZ exports
5. The performance of SEZs in India is insignificant.
6. The economic implications of SEZs are socially neutral.

Objectives have studied in two different approaches and models. First two objectives were aimed with the secondary sources and other three objectives are studies based on the primary data source, which was collected with a random sampling method. The relevant data are collected directly from SEZ entrepreneurs and stakeholders through the means of focused group discussions, interviews with the help of a structured questionnaire.

I.III. Methodology for Sample Design:

300 out of 2400 entrepreneurs are selected for the purpose of study. The said respondents are selected from 32 SEZ which includes State owned 186, private developers 114 and the questioner prepared with very cautious to include type of SEZ i.e., multiproduct SEZ, IT/ITES SEZ, Biotechnology SEZ, Energy SEZ and finally Free Trade in Warehouse Zones which helped us to understand to behavior of SEZ during our research study. The above said SEZs are located from various parts of

Andhra Pradesh out of which 8 were selected from Vishakhapatnam known as V-SEZ which has established in 1989 and one of the eldest SEZ in Andhra Pradesh offers state of the art infrastructures attached with substantial package of incentives, concessions and support services. The export friendly administrative set up in this V-SEZ ensures disposal of all approvals and clearances instantly. Secondly, 7 SEZs were selected from Ranga Reddy district, in this category majority of SEZ are started during 2007 to 2009 period, and offerings the services mainly IT/ITES, Biotechnology. Thirdly, 15 SEZs were selected from Hyderabad district majority of the services driven are multiproduct and IT/ITES and established during the year 2000 onwards. Finally, one of the largest districts is Mahaboobnagar in which 89% of the population lived in rural areas and main occupation is agriculture which focused the district is economically backward. Hence the Government of Andhra Pradesh in its development plan introduced SEZ in Mahaboobnagar district assumed a positive impact and shift from agriculture to industrial employment, we have chosen 2 SEZs, to understand the economic behavior of SEZ in Mahaboobnagar district.

Availability of Entrepreneurs data dissemination became the major criteria and also huge expensive for selecting the units of sample. For any successful organization it would require its strong and supportive stakeholders. To understand the stakeholder's perception with SEZ we have collected data from various 250 stake holders. Out of which private developers are 47 with 18.8%, policy makers 45 with 18%, management consultant are 54 with 21.6%, politicians are 39 with 15.6%, NGOs are 38 with 15.2% and business elite are 27 with 10.8%. This information is also collected from the above said 32 SEZ and various parts of the Andhra Pradesh.

LI.V. Sources of the Data:

The present study made use of both primary and secondary sources of data. The secondary sources of data include the annual reports of different SEZs in Andhra Pradesh, Reports from ministry of commerce and industry and www.sezindia.nic.in. The primary data were collected directly from the respondents by administering a pre designed questionnaire/schedule. The period of the study includes the inception period of SEZ to till date.

I.V. Scope and Limitations of the Study:

The present study confined itself to the Transitional economies and not focusing on Legal, Taxation, Unemployment and socio-economic behavior approaches through our study. This study is also not focused on size of SEZ and its impacts. This study strictly confined those who are the major stakeholders in SEZ and their behavior attitudes and functional difficulties in proper function of SEZs. This study considered in concentrated survey their incentives and infrastructure growth to lead economic impact on national growth. The current study focusing on 32 SEZs in Vishakhapatnam, Hyderabad, Rangareddy and Mahabubnagar districts of Andhra Pradesh only and this study not focus on controversy issues related to displacement of farmers by land acquisition, loss of fertile agricultural land, a huge revenue loss to the exchequer and adverse consequences of an even economic growth.

I.VI. Techniques and Methodologies Used in our Study:

The present study made use of two different techniques. First, log-linear models, are specialized models using general linear models (GLM). And for other three objectives, we have used multinomial logistic regressions.

I.VII. Organization of the Thesis:

A brief synopsis of each of the chapters of this thesis is included below:

Chapter I presents, introduction, objectives of the study, methodology of sample collection, limitations of the study and techniques and methodologies used.

Chapter II explores the existing literature to found the research gaps and base for our study.

Chapter III summarized the importance and need of SEZ act in India and its enacted process of implementation.

Chapter IV provides an empirical investigation of transitional economies behavior impact of liberalization on economies individually, but there is a literature gap, to study combined effects with the SEZ inception in economy with respect to pre and

post liberalization policies and also focused on factors influenced on Indian economy during the transition period.

Chapter V focused on identifying important determined factors influencing SEZ to function efficient and optimal, and evaluate SEZ priorities, facilities and concerns raised by the stakeholders of the SEZ, which can help to evaluate overall conditions and behavior of SEZ activities and its functionalities in terms of transitional economies.

And finally, Chapter VI summarized results from previous chapters and given concluding remarks with suggestions.

CHAPTER-II

REVIEW OF LITERATURE

A modest attempt is made to review the earlier studies. It is further attempted to identify the aspects covered in the earlier studies and gaps if any in the said studies.

Abdul Raheem (2011) examined “impact of Special Economic Zone (SEZ) on human development and poverty reduction in India. With the SEZ Act in place, there has been a surge in the establishment of new zones, which is likely to generate huge employment potential in the economy. Much of this will be a net addition to employment as investment relocation/diversion in export oriented production is likely to be limited. Zones have proven to be particularly beneficial to female employment. SEZs have opened up opportunities for wage employment for women in the formal sector, thereby increasing their employability as well as improving their position in the household. This is an important contribution of zones because female employment is crucial for equitable growth. Most critics suggest that employment is feminized in the zones and that these women are young and can easily be exploited”.

Aggarwal (2005) revealed that the SEZ scheme introduced by the Government of India in April 2000 has its genesis in the EPZ scheme which was introduced way back in 1965 when the first zone was set up in Kandla. The SEZ Act is a major step in the direction of providing a long-term comprehensive policy framework and fiscal incentives are very important in determining the attractiveness of the zones. The Act has reinforced the authority of the central government. She further stated that the problem of co-ordination between the center, states and zones will remain and may perhaps aggravate with the creation of different authorities looking after approval and management. The study conducted by Confederation of Indian Industry, Northern Region (2006) analyzed the export performance of SEZs in India. Export from SEZs grew by 16.4 per cent during the period 2000-01 to 2004-05. In the same period, total export in India grew by 12.1 per cent. Electronics and gems & jewelry contributed more than 75 per cent of the exports from SEZs during the year 2002.

Aggarwal (2007) examined “the impact of SEZs on employment, poverty and human development. The empirical findings of the study are based on the primary as well as secondary data sources. The primary data was generated through extensive interviews of entrepreneurs and workers across the three largest SEZs, namely, SEEPZ, Madras and Noida. The analysis reveals that employment generation has been the most important channel through which SEZs affected human development in India. Employment generated by zones is remunerative. The role of SEZs in human capital formation and technology up gradation is found to be rather limited. The study argues that the potential of zones could not be exploited fully in India. The study highlighted that the new SEZ policy has given a major thrust to SEZs. However, the creation of SEZs alone does not ensure the realization of their potential. The government will need to play a more proactive role to get benefits from SEZs”.

Armas and Sadni-Jallab (2002), in their study, analyzed that SEZ investment does not bring the same technology as investment in the rest of the economy. The low skill assembly type operations in the SEZs leave little scope for technology transfer.

Deepak shah (2009) has opined that “the SEZ policy announced by the Government of India in April 2000 aims at promoting exports of goods and services, investments from domestic and foreign sources, creation of employment opportunities, infrastructure facilities with emphasis on generating additional income activity, a long term strategy is yet to be evolved to counter the socio-economic consequences of the scheme. Since, the SEZs in India have been extended wide range of incentives, facilities and tax concessions, it is perceived that some of the companies and many existing manufacturing units in India may shift their base to the SEZs may lead to loss of fertile agriculture land, revenue loss to the exchequer and adverse consequences of uneven growth. The development of SEZs still poses threat to the water and food security. The diversion of water for use within SEZs would result in lack of access to water for people living in the SEZ areas. Similarly, release of untreated effluents from the SEZs may adversely affect health of people residing in the area. The excessive use of water within SEZs may also create problem relating to access to water in the adjoining area and consequently affect irrigation facilities, crop production and development of agriculture”.

Dharminder Singh (2011) has observed that an assessment of different aspects of SEZs in light of the country's experiences over the past few years reveals that SEZs could be used as an important strategic tool to facilitate inflow of investment, promote exports and generate employment. It is evident from the analysis that SEZs play an important role in employment generation, export promotion and attracting investment. As on March 31, 2008, total employment, export and investment in Indian SEZs, were estimated 336235 persons, Rs 99689crores and Rs 77839.22 cores respectively. Although the number of employees in SEZs is growing increasingly in India, but their share in the manufacturing sector employment is marginal. The share of SEZ exports in country's total exports is continuously increasing and it was increased from 4.2% to 11.9% during 2000-01 to 2008-09. During the same period, compound growth of SEZs exports was calculated at 36.66 percent per year. In total investment the share of FDI was only 9.4 percent.

Ge.W (1999b) studied "the implications of Special Economic Zones in China's economic transactions; and attempted to draw some policy lessons for economic liberalization in a more general context. Establishing the zones has been the first and most crucial step that China took to reform and open its economy since 1979. The zones establishment, performance and impact on China's transition are examined in addition to related reform efforts and policy issues. It is argued that the zones may serve as a policy means in facilitating trade and financial liberalization, enhancing resource utilization and promoting economic growth and structural changes. During the period 1980-95, the overall Chinese economy expanded at an annual average rate of 10 per cent, while Shenzhen SEZ has grown at an astonishing 35.5 per cent in real terms".

Jain (2006) analyzed the SEZ scheme in India. The author examined the need of SEZs, minimum area requirement for various types of SEZs in India, incentives and facilities provided to SEZ units and developers, provisions relating to establishment of units in SEZs in India. The author further suggested that the need for development of SEZs can be attributed to various factors, viz. foreign investment, technological and know-how advancement, development of backward regions, employment generation etc.

A study (**Jauch, 2002**) conducted on export processing zones in southern Africa concludes that EPZs are not really successful in achieving self-sufficiency and sustainable development of the region; nor are they able to effectively support the socio-economic growth of the population.

Khan (2010) analyzed that “SEZ is the need of today’s economy to support India’s target of becoming developed nation. The physical exports done in year 2007-08 were Rs. 66637.68 crore from these SEZs. The creation of SEZ provided employment to around 3.5 lakh persons. The manufacturing and research projects are set up in these SEZs. Many large MNCs as well as Indian MNCs set up state of the art plants in these SEZs. This all will continue to contribute India’s GDP. The study suggested that though, SEZ policy adopted by India to support economy in a big way, the conversion of fertile land into industrial land may create food crisis in near future. The use of waste land available in India (around 552692 sq. km.) for SEZ development will ensure that the farmers are not displaced from their farmland, the development not concentrated near cities and the fertile land will continue to be used for agriculture use”.

Madhumita Dutta (2010) has observed that the state of Tamil Nadu has managed to attract some of the biggest players in electronics, IT and Auto mobile in to the state, it has also ensured silencing of any dissent. Using coercion, Non transparent administrative process, the denial of information and legal means, the state has ensured that every piece of land that the public or private corporations desired was acquired and given to them. Murmur of protests were swiftly dealt with using draconian state legislations like the 1997 Tamil Nadu Land acquisition act, high handed state administration, court cases and denial of information. The state’s lopsided vision of development has clashed with the true aspirations of its people, who do not oppose industrialization or economic prosperity of the state, but question the merits of such developments which dispossess and denies them their basic rights to survival.

Mondal (2003) estimated that in Bangladesh, “the growth of employment in the SEZs is much faster than that in the total organized manufacturing sector. It was over

sixteen times than that of the organized manufacturing sector during 1983-84 to 1987-88 and over four times higher during 1988-89 to 1999-2000”.

A study by **Mukhopadhyay and Pradhan (2009)** appears to confirm this global analysis in the Indian context. The study attempted to examine in considerable detail the hypothesis that a majority of the SEZs in India are concentrated within a few states; and within these states, they are located in districts with industrialization and urbanization levels higher than the median for the country. The findings reveal that 183 out of the 247 notified SEZs⁵ (i.e., 74 per cent) are located in 43 districts where the urbanization level is more than the median. The results further reveal that of the 183 SEZs located in highly urbanized districts, 172 are in districts where the industrialization level is also more than the median.

Murayama and Yokata (2009) examined “the historical trajectories and outstanding labour and gender issues of EPZs/SEZ on the basis of the experiences of South Korea, Bangladesh and India. The findings suggest the necessity of enlarging our analytical scope with regard to EPZ/SEZ, which are inextricably connected with external employment structure. Further, the study calls for an immediate and comprehensive review of the labour and gender conditions in Indian SEZs where workers are in a disadvantageous position not only against capital but also in comparison with workers in South Korea and Bangladesh EPZs/SEZs”.

Nareshkumar Sharma (2009) has opined that SEZS can lead to some serious consequences. Struggles on the land issue are already surfacing in different parts of the country. These are also struggles for right to livelihood of one’s choice based on one’s values and vidya (Knowledge). The local responses to these may vary from place to place-the processes of acquisition of land and setting up of SEZs could, for example, be peaceful in some cases. But more often than not conflicts have emerged. There are theoretical grounds and empirical evidence to suggest that at the worst the SEZ policy can lead to serious and adverse consequences including social conflicts, civil strife’s and break down of democratic institutions. It is also likely to lead to increased inequalities, and possibly shrinking economic space for the ordinary people by making their production more remunerative. Thus, the least we need is a thorough study of this phenomena and a vigorous debate. These tasks are becoming urgent as a

large number of SEZs are being approved, notified and set up.

Nazia Khan; P. K. Varshney, (2012) considers that “SEZ is a very firing topic in the midst of economic progress. Basically, govt. sets up SEZ’s to promote FDI(Foreign Direct Investment) and to promote exports from the country .We came to know that SEZ’s are setup both by public players as well as by private players. After some arrangements, they develop some kind of PPP (Public Private Partnership), after which, the public sector starts providing some level of support in order to enable the private sectors to carry out their operations successfully. As there is no restriction regarding the imports and the exports, so particularly the MNC’s (Multi-National Corporations) and the International Businesses find little or no difficulty in setting up their manufacturing units in SEZ’s and carrying out their activities there. They generally have to incur low costs in setting up the units in India, and shell- out huge amounts of profits from the public”.

Ota (2003) analyzed the changing role of SEZs in the context of China’s economic development and some of the emerging problems that SEZs were confronted with at the new stage of development. An attempt is laid here on study of policy and performance of the SEZs in comparison with those of Asian EPZs which managed to shift their industrialization strategy from the import-substitution to the export-orientation at the critical stage of development. The SEZs were in a better position to elicit lessons from the experiences of Asian EPZs, despite various conditions and limitations prevailing in China’s socialist market economy. The study also finds that since the implementation of economic reform policy in 1979, China’s economic development is quite impressive with her average annual rate of economic growth of over 10 per cent between 1980 and 1995, increasing her GDP from 451.8 billion yuan to 5826 billion yuan. SEZs apparently triggered her economic growth.

Panduranga Reddy, A (2009) has noted that “the majority of the IT/ITES are confining to the vicinity of major urban areas since they are capable of overcoming the land limitation by resorting to vertical expansion whereas it is true that the multi-product/services and other Categories of SEZs by virtue of horizontal expansion require large extent of land (82 % total Formal approval land allocated to SEZs). Unlike IT/ITES, they need more land to create housing, education, medical and

recreation facilities. In addition, they require land to develop Green –belt and Effluent Treatment Plants (ETP) as mandatory in the Environmental Protection Acts. But the developers should not be allowed to grab more land out of greed without proper justification, since grain area is shrinking drastically. As far as the extension of incentives to SEZs is concerned, no country has calculated the cost-benefit aspects. There is every possibility of these incentives costing more than the benefits that accrue. Owing to the recent sharp appreciation of the rupee in relation to the dollar there is an incredible affect on the booming Indian IT and the BPO companies. Their growth is mainly induced by the exports. As a result of the rising rupee, particularly, small and medium companies have an adverse affect on their growth performance. This is evident from the first quarter results of the FY 2007-08. Therefore, the positive returns of the export led growth are always not guaranteed”.

Ramakrishnan, P.S (2007) though SEZ has been conceptualized to manufacture goods and render services at internationally competitive rates. While at the same time providing trouble free environment for exports, thereby making the SEZ as engine of economic growth, the entire discussion surrounding SEZ is getting crystallized into a much broader issue of land acquisition. Since the SEZ has to be built from vacant/ agricultural/non-agricultural lands, the issue of acquiring lands from farmers for building SEZ is assuming greater significance’. It should be a matter of fair and equitable justice that the farmers from whom the land is acquired are not given a shabby treatment and that they are adequately compensated while ensuring they part with their land holdings in a peaceful and voluntary manner. It should further be ensured that the areas around SEZ are populated with better educational/medical/communication/municipal/other infrastructure which has direct bearing on the life style of the people inhabiting such areas so that the employees working within the SEZ can share these amenities while at the same time making them viable through cross subsidization. For banks and other institutional lenders as well as private equity funds who would like to participate in the financing of SEZ’ it will be a great opportunity for them to participate in the building up of nation especially at such a time when the all-round economic growth is very positive. However, it will come at a certain cost to the banks in view of the high provisioning and risk weight requirements.

Ravi N.Kadam (2012) made an attempt to study the impact of SEZs on Indian Economy. The impact of SEZs on different sectors is examined in the paper. According to this paper SEZs have great employment potentials for the software engineers and other skilled workers. Hence there is need for social and political awareness among the people to support such schemes for the all-round economic development of the country.

Ray, Sua (2013) has observed that “while land defines social status, for most people in an agrarian economy it is the only means to survive. Land rights are not only important for economic empowerment but also to challenge the social and political inequalities and disparities. Therefore in addition to control or regulation over land transactions, it is pertinent to have policies to protect land rights and prevent acquisition of cultivatable land. Strategies need to be worked out to strengthen the implementation PESA Act 1996, and FRA 2006 to protect customary rights and CPRs. Thus the proposal by the ministry of rural development of land resources decide all issues related to tribal land at gram Sabah to make land acquisition in forest areas and tribal habitation more difficult is critical. It has proposed that the gram sabha should be consulted for sale or lease of the tribal land for maintaining land records; with drawl of cases relating to encroachment and minor forest offences; launching a scheme for homestead rights to provide land for each homeless rural poor; setting up land tribunals or fast track courts for expeditious disposal of appeal cases; surveys to be conducted for better understanding of the status of Bhoodhan land, CPRs in villages, and settlement operations in tribal sub-plan areas; monitoring evasion of ceiling laws through fraudulent transactions by mending the benami transactions (Prohibitions of the right to recover property) Act, 1989”.

Reddy et al. (2010) analyzed employment generated by SEZs in southern India. The data has been drawn from the Ministry of Commerce and Industry, Government of India. The study is confined to notified SEZs only. The study found that of the total current employment generated by notified SEZs in India (370700 persons), about 41 per cent employment has been generated by SEZs of southern-region. Among the states in the southern region Tamil Nadu stands first with about 20 per cent followed by Karnataka and Andhra Pradesh with about 10 per cent each in the total current employment in India as on 31st March 2008.

Rizwana, A. and C. Dheeraja (2011) have explained that “land given to Brandix India Apparel City Ltd (BIAC) a SEZ located in Visakhapatnam, is predominantly (85%) agriculture land which has resulted in the displacement of about 600 families in two villages and one hamlet from two mandals. The acquisition was more beneficial to the large farmers than the small farmers. All these families have lost farming/ agriculture labor as their livelihood. Though the cash compensation was much higher than the then prevailing market rate. Apparel and textiles industries are women friendly and offer good potential for employment to women but only 10 percent of women are taken from displaced families. The pros and cons have to be evaluated also keeping in view the objectives of the SEZs and its employment potential both directly and indirectly”.

Singh, Dharminder (2011) has observed that the role of SEZs in employment generation in India and it is a fact that SEZs have a positive impact on employment generation. It is evident from the analysis that SEZs are providing direct employment, indirect employment and employment to women workforce in India. As on 31 March 2008, total employment in SEZs was 3, 36,235, out of which 33.1 percent were women. Although the number of employees in SEZs is increasing in India, but their share in manufacturing sector employment is marginal. Even though their contribution to national employment is rather limited, they have contributed significantly to employment generation at regional level. So SEZs are proving to be a good source of employment generation in India.

Santosh Kumar Pradhan (2013) opines that “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. The author explained 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”.

Sivaramakrishnan (2009) focused on implication of SEZ policy for urban growth and the governance of the SEZs. It has been argued in the paper that the SEZ is conceptual not only as a production center but it is also an urban center. However, the existing policy is unclear about both urban growth implications and their management. The emerging model of governance promoted by different states and also encouraged by the center appears to be 'non-municipal'. The paper presents the views of various stakeholders such as government departments and individuals expressed in the hearings of the Parliament's Committee on SEZs. Nevertheless, the 'non-municipal' approach, enabling an SEZ to become a private 'fiefdom' rather than a part of the country subject to the Constitution and the laws of the land appears to be prevailing. The paper also critically examines how a constitutional loophole, namely, the Proviso to Article 243Q, is being exploited for this purpose.

SubbaiahSingala et al, (2011) in their paper seeks to make is that "the SEZ policy should be reviewed and re-visited keeping in view the following factors: (i) land under use for livelihoods should not be acquired for the purpose of establishing SEZs, and that the question of livelihoods of communities facing displacement be looked at holistically and not in a narrow cash/one job-for-land framework; (ii) state governments should neither acquire land for establishing SEZs, nor should they use the Land Acquisition Act for this purpose; (iii) there has to be a thorough review of the existing tax and other incentives being offered to the units in SEZs and to the promoters of SEZs; (iv) the real estate and corruption dimensions of SEZs require to be urgently addressed; and (v) there ought be re-thinking on the location of SEZs in the context of prevailing regional imbalances and sector bias".

V K L Srivastava and Anil Kumar Srivastava (2008) have observed that if the SEZs work properly as per ascertained objectives then export promotion, imports substitution, infrastructure development, employment generation would certainly takes place in the economy and it would boost real economic growth in the country. However, the government should keep in mind that an honest mode of distribution of national product should be evolved otherwise imbalanced economic development cannot fulfill the cherished goals of the government. In addition, the government should also strictly follow the norms of land acquisition per SEZs so that industrialists could not take possession of excess land in the name of industrial development.

Wall, David (1993) “gave an account of introductory survey of the opening-up process in China since the economic reforms began in 1978 and of the role played by the Special Economic Zones. It has shown how the process was a gradual one with few reforms being introduced on a national basis; rather, each reform went through an experimental phase, which was initially limited to specific geographic areas. This included the opening-up process itself, which was initially restricted to the Special Economic Zones but was quickly extended to other areas which have been added to continuously since 1978. This opening-up, or windows and bridges, function of the Special Economic Zones and other areas has had a remarkable effect on the integration of the Chinese economy into the world economy. Trade and investment flows have grown almost exponentially, the Special Economic Zones themselves accounting for a large share of both. while doubts can be, and have been, expressed about the efficiency of these developments' no one can deny that real incomes for most people in China have risen since the reforms and opening-up Programme began. If we add in the benefits from the application of the results of experiments with market reforms which were tried out in the Zones, and which might not have been introduced had it not been possible to limit their initial testing to the Zones, the benefit cost ratio is enhanced. These experiments have been tried out on a wide range of sectors, only a few of which are commented”.

According to **Zheng (1999)**, while development zones have been successful in attaining the economic goals for which they were initially established, there are doubts over the sustainability of these zones due to the growing developmental imbalances among the regions.

The above studies focused on different aspects like land procurement is one of the major problems in the country for development of SEZ because land for many people in agrarian economy is the only means to survive. Land rights are not only important for economic empowerment but also to challenge the social and political inequalities and disparities. SEZs have a positive impact on employment generation and they providing direct and indirect employment and mainly women workforce also crated. Over the last six to seven years investment, employment and exports are increased with positively particularly employment generation in notifies SEZ is 41% in Sothern-region. Some of the studies explaining that SEZ policies are promoting urban growth

in different states because majority of IT/ITES SEZs are confirming to vicinity of major urban areas.

The SEZ have been focusing on manufacturing goods and providing services with global competitive rates and providing the same time providing trouble free environment for exports. But the SEZs are not able to mobile human capital and physical capital according to requirement

II.II. ASPECTS COVERED IN THE EARLIER STUDIES:

- Differential implications of SEZs
- The role of SEZs in the context of China's economic reforms
- The distinction between pre requisites of IT/ITES and other categories of SEZs
- Employment generation through SEZs
- Social inequalities attributable to SEZs
- Impact of SEZ on local economy development
- Women employment in SEZs
- The performance of SEZs in India
- Adverse implications of SEZs
- Denial of people's rights through SEZs
- Redistribution of income in a fair manner to complement the economic processes through SEZs

II.III. GAPS IN THE EARLIER STUDIES:

- Majority of studies have focused on transitional economies behavior impact of liberalization on economies individually, but there is a literature gap, to study combined effects with the SEZ inception in economy with respect to pre and post liberalization policies.
- Students have not focused on factors influenced on Indian economy during the transition period.
- Studies focused on land acquisition legal concepts, employment and gender equal opportunities, whereas missed out important determined factors

influencing SEZ to function efficient and optimal.

- Studies focused on taxation, socio-economic approaches, size of SEZs and its impacts, but there is a wide gap to study SEZ priorities, facilities and concerns raised by the stakeholders of the SEZ, which can help to evaluate overall conditions and behavior of SEZ activities and its functionalities in terms of transitional economies.

In order to fill the said gaps, the following study entitled “**THE ROLE OF SPECIAL ECONOMIC ZONES IN TRANSITIONAL ECONOMIES: A CASE OF ANDHRA PRADESH**” is initiated.

CHAPTER-III

SPECIAL ECONOMIC ZONE ACT 2005 AND ITS IMPLICATIONS: A CRITICAL ANALYSIS

Special Economic Zones (SEZs) are pronounced as engine of growth of the economy, received prime theme of discussions ever since it acknowledged constitutional approval in 2005. The argument in favor of SEZs is channeled the ability to create cascade effects on the domestic economy specifically by creating employment opportunities, attracting FDI, promoting a strong industrial base, improving the social and physical infrastructure of the region and as economic units empowering the economy to extent sophisticated production through optimum utilization of resources and deterioration of incompetence. It is worth noting that SEZs evolution of Export Processing Zones (EPZs) to SEZs are the transformation since the 1960s, with respect to the following causes, including, imperfections in the idea overdue promotion of EPZs and subsequently in enunciating the EPZs policy and its failure in the achievement of the EPZ policy. Having said this context, the chapter debates the issues relating to SEZ policy outlines through evolution of the SEZ policy in India.

III.I. The Evolution of SEZ Policy in India:

The evolution of the SEZ policy in India can be illuminated in twofold in almost 50 years. The recommendations of the initial phase ascended while framing the EPZs system from the 1960s to 2000. It can be reviewed as the pre-SEZs regime since the earlier EPZs converted into SEZs, provided by the Ministry of Commerce, in the present context, precisely from 2000 onwards, could be perceived as the succeeding phase. The rest of the SEZ policy analysis is structured as follows:

I. Initial Phase - Development of EPZs Structure in India

- 1) Sub Phase I of EPZs Expansion (1960s to 1990)
- 2) Sub Phase II of EPZs Expansion (1990s to 2000)

II. Succeeding Phase - Existence of SEZs Regime in India (2000 onwards)

III.I.I. Initial Phase - Development of the EPZs Structure in India during in the period 1960-1990:

Indian economy chosen for an internally criticism to reflect in the industrial as well as the trade policy, which was mostly prejudiced by the colonial experience and the pessimism that conquered all over the world, regarding the imaginable role of trade in the process of economic development. Conversely, during 1960s industrial and trade policies across the world and developing countries, favored export promotion measures had an impact on the Indian economy. Subsequently, Mudaliar Committee (1964) was appointed to review the national trade policy, based on committee's recommendations and considering the need of export promotion procedures were introduced on an investigational basis. One such policy extent led to the development of the EPZs era through the set country's first FTZ at Kandla (1965) with multiple objectives:

- (a) Developing Kandla port as a substitute to Karachi port
- (a) Promoting 100 per cent export-focused on industries and
- (b) Promoting industrial development in the region.

Thus, trade promotion was not the exclusive purpose behind promotion of FTZ at Kandla, but inception a number of fiscal and non-fiscal incentives were opened to appeal investors by assuring continuous supply of infrastructure including electricity and water at very reasonable prices and guarantee to provide important facilities offered. Within a span of 10 years, policy makers decided to set up similar zones in other parts of the country with a relevant prudent approach was followed. Later this was emphasized by the Tandon Committee (1980) to examine conflict with benevolent policy initiatives requires to promote these different types of zones.

Up to the mid-Eighties there were only two operational economic zones in the country. Nevertheless, there were huge amount of demand aroused to establish similar zones in other states. The GoI appointed a Cabinet Committee on Economic Policy and Co-ordination to consider these demands. The miserable performance of these economic zones stimulated the committee to reject these demands. In the subsequent years, the government appointed a numerous committees to review the trade policy of the country and to evaluate the performance of these zones in particular. The

Alexander Committee on Import and Export Policies (1978), the Review Committee on Electronics (1979), the Dagli Committee on Controls and Subsidies (1979), and the Committee on FTZs and 100 per cent EOUs (1982) were set up. All committees elevated the need to restructure the trade policy of the country in favor of export promotion procedures.

On the whole, this period witnessed a very cautious approach to the promotion of EPZs and, accordingly, a few EPZs came into existence. Moreover, the issue of ownership, administration, red tapism and other organizational problems acknowledged very insignificant attention on the policy view. Consequently, all EPZs were owned and managed by the union government and it becomes one more form of a public sector unit, which hardly challenged any competition from other performers. The failure to provide better institutional arrangements to EPZs could be explained in terms of the loopholes in the economic policy of the country in the pre-reform period.

III.I.II. Succeeding Sub-Period of EPZs Development during 1990 to 2000:

Our economy has proficient substantial policy changes since the 1990s because of the cautiousness exercised by policy makers to adverse the failure of initial policies, it exposed macroeconomic failures of precautionary trade practices and under the pressure from international organizations committed to promote liberalization. New economic policy was not only to tackle the problems associated with the external sector however besides to address the structural rigidities of the economy, which were cited as being responsible for the inefficiency of several sectors of the economy. This conscious effort had an impact and the Indian economy started to show signs of revival. The most important among them includes gradual improvement in country's trade balance and improvement in private participation in various economic sphere of influence that eventually boosted capital formation in the country and increased inflow of FDI. The process of reformation of economic structure introduced in the 1990s known as the Structural Adjustment Programme and also had an impact on the operation and working of EPZs and a good number of initiatives were taken on the policy front.

III.I.III. Second Phase: Development of SEZs Regime in India since 2000:

To improve its performance, policy makers aimed to have reliable policy intrusions to address ambiguities in the economy. One such policy intervention led to the beginning of the second phase of the evolution of the SEZ policy in India with the EXIM policy statement of 1997-2002. Accordingly, the SEZ policy was put in place on April 1, 2000, as a 'qualitative transformation' of the earlier EPZs structure, was envisaged through cent per cent FDI inflows from involuntary channels, exclusion from regular custom inspection of export and import cargo, allowing import on self-certification basis and other measures. Through this, an attempt made to admit and rectify the long cumbersome procedures hurting the EPZs structure in the country with a legal framework for SEZ Act in 2005, was enacted shadowed by the SEZ Rules, 2006. Moreover every State in India enacted this act and its policies to push forward specific requests through SEZs.

III.II. Present Legal Framework of SEZs:

As a parliament act of SEZs Act 2005, was enacted for the formation, expansion and administration of the SEZs in India with a view to promote exports and other matters connected therewith. The Act came into effect on June 23, 2005 and has clearly laid down legal backup for establishment of SEZs and constitutes of approval and administrative⁶ machineries like Board of Approval (BoA), Development Commissioner and SEZs authority, etc. Act ensured and intended to make SEZs an engine for economic growth reinforced by quality infrastructure complemented by an attractive fiscal package, both at the union and the State level, with the minimum possible regulations.

The main objectives of the SEZ Act are including, Generation of additional economic activity; Promotion of exports of goods and services; Promotion of investment from domestic and foreign sources; Creation of employment opportunities; and Development of infrastructure of facilities. The SEZs rules enacted from February 10,

⁶Constitution of Administrative Authorities and Bodies for Regulating the SEZs and SEZ Units are as follows a)Board of Approval b)Development Commissioner c) Approval Committee and finally d) SEZ Authority

2006⁷. An SEZ could be jointly or severally developed by the Central or State Government or a private party, (a) for manufacturing⁸ goods, (b) for rendering services⁹, or (c) as a free trade and warehousing zone.

Criteria and Procedure¹⁰ for setting up SEZ is through application to the union or state government either the public or the private sector including a foreign company or jointly in the form of a consortium before the Board once area is identified, to get recommendations within 45 days or the Board may grant approval subject to the applicant obtaining the concurrence of the state government. Supplementary, the Central Government can directly notify the SEZ, without any application¹¹ being made to the Board or reference to the State Government. Subsequently the Board of Approval will scrutinize the application and forwards back to the union government,

⁷These rules deal with the procedures to be registered for formation of SEZs, nature of units in the SEZs, terms and conditions for the developers and the entrepreneurs in the SEZs, the movement of goods from/to Domestic Tariff Area (DTA), monitoring by the authorities, etc. The provisions under the SEZ Act and the SEZ rules, inter alia, cover the following aspects including constitution of authorities and bodies for regulating the SEZs and SEZ units, permissible services and manufacturing activities in SEZs, criteria and procedure for setting up of SEZs, obligations on the part of SEZs and dispute resolution, facilities and Incentives to the Developer of SEZs.

⁸“Manufacture” means to make, produce, fabricate, assemble, process or bring into existence, by hand or by machine, a new product having a distinctive name, character or use and shall include processes such as refrigeration, cutting, polishing, blending, repair, remaking, re-engineering and includes agriculture, aquaculture, animal husbandry, floriculture, horticulture, poultry, sericulture, viticulture and mining.

⁹“Services” means tradable services which (a) are covered under the General Agreement on Trade in Services, (b) may be prescribed by the Central Government for the purpose of SEZ Act, and (c) earn foreign exchange. The “Services” as prescribed by the Central Government include: trading, warehousing, research and development services, computer software services and ITES, call centers, data processing, engineering and design, insurance claim processing, legal databases, medical transcription, support centers and webs site services, off-shore banking services, professional services (excluding legal services and accounting), rental /leasing services without operators, and other business services, courier services, audio-visual services, construction and related services, distribution services (excluding retail), educational services, environmental services, financial services, hospital services, tourism and travel related services, recreational, cultural , entertainment services, transport services transport auxiliary services.

¹⁰Criteria for approval of SEZ for Proposals for setting up SEZ would be governed by the following criteria: Generation of additional economic activity, Promotion of export of goods and services, Promotion of investments from domestic and foreign sources, Creation of employment opportunities, Development of infrastructural facilities and maintenance of sovereignty and integrity of India and security of the States. The Board may approve, reject or modify the proposal for the establishment of the SEZ. The Board also has the power to cancel the approval, provided the applicant is given an opportunity to be heard before cancellation.

¹¹The application submitted to the Board by the Developer should contain the following details: name, address and status of the Developer (whether individual/private company/State Government/NRIs, etc.), and should be accompanied by a project report covering the following particulars: Location of the proposed SEZ with details of existing infrastructure and infrastructure proposed to be established, Its area and distance from the nearest seaport / airport / rail / road etc, Financial details, including proposed investment, mode of financing and viability of the project, Details of foreign equity and repatriation of dividends, etc., if any and Whether the SEZ will allow only certain specific industries or will be a multi-product SEZ

which reviews it and grants a Letter of Approval, if the application is found acceptable for validity of 3 years within which the applicant has to effectuate the proposal and start operations.

III.III. SEZ Act and Implementation:

SEZ were established in 2000 and Government of India announced SEZ policy in 2000. SEZs in functioned from 2000 to 2006 under the provision of the Foreign Trade Policy and Fiscal incentives were made effective through the provisions of relevant statutes. As a major step forward means to instill confidence in investors and signal the government's commitment to a stable SEZ policy regime, a comprehensive Special Economic Zones Act, 2005 (Detailed discussion on SEZ act can be seen in Annexure III) was approval both houses of Parliament and the bill was assent by President on June 23rd, 2005 and this act came into force on February 10, 2006. With the following objectives in the SEZ act came to existence, including Generation of additional economic activities, Creation of employment opportunities, Promotion exports of both goods and services, Promotion of domestic and foreign Investment, Development of world class infrastructure , Introduce new Technology or innovation, Earn foreign exchange, Develop the backward regions by developing infrastructure in backward regions. And also, stimulate the sectors such as electronics, information technology, R &B, tourism, infrastructure and Human Resource Development which are playing important role in economic development. Create Backward and Forward linkages to increase the output. And finally, raise the standard of local entrepreneurs

III.IV. Facilities and Incentives to stakeholders/Developers of SEZ:

Incentives and facilities to SEZ developers provided thorough Act 2005 including exemption from customs duty, excise duty etc on import/domestic procurement of goods for the development, operation and maintenance of SEZs and the units therein for authorized operations approved by the BOA, 100% income tax exemption for 5 years, 50% for the next 5 years and 50% of ploughed back export profits for 5 years thereafter for SEZ units under Section 10AA, 100% income tax exemption to SEZ developers for a block of 10 years in 15 years under Section 80-IAB of the Income Tax Act, Exemption to SEZ developer and units from Minimum Alternative Tax under Section 115JB of the Income Tax Act, Exemption from capital gains on transfer

of an undertaking from an urban area to SEZs, Exemption from dividend distribution tax under Section 115O of the Income Tax Act, Central sales tax exemption to SEZ developer and units on interstate purchase of goods. US \$ 500 million in a year can be allowed External Commercial borrowing without any restriction through recognized financial institutions. Exemption of service tax under section 7, 26.

In our study, we have thoroughly examined and identified the facilities and incentives impacts on stakeholders to have optimal functionality and its uses to align the goals of SEZs.

III.V. Current Status of Approvals for Setting up of Special Economic Zones:

III.V.I. State-Wise SEZs: While, one of the significant objectives of establishing an SEZ is to achieve balanced growth across all regions of the country. However it is noted that 5 States, Maharashtra, Telangana, Karnataka, Tamil Nadu, Andhra Pradesh collectively constitute 58.89 per cent of the total formal approvals 61.82 per cent of the notified SEZs and around 54.555 per cent of In-principle approvals by the government as of 9th August 2015. While, 27 per cent of the notified SEZs are in other States of India viz. Gujarat, Haryana, Kerala, Uttar Pradesh (Table – 3.1).

Table - 3.1: State-wise Distribution of Approved and Notified SEZs in India

States/UTs	Formal Approvals	Formal Approvals In %	In-principle approvals	In-principle Approvals In %	Notified SEZs	Notified SEZs In %	Exporting SEZs*
Andhra Pradesh	30	7.21	4	12.12	26	7.88	19
Chandigarh	2	0.48	0	0.00	2	0.61	2
Chhattisgarh	2	0.48	1	3.03	1	0.30	1
Delhi	2	0.48	0	0.00	0	0.00	0
Goa	7	1.68	0	0.00	3	0.91	0
Gujarat	32	7.69	4	12.12	27	8.18	18
Haryana	22	5.29	3	9.09	19	5.76	6
Jharkhand	1	0.24	0	0.00	1	0.30	0
Karnataka	60	14.42	0	0.00	39	11.82	26
Kerala	32	7.69	0	0.00	25	7.58	15
Madhya Pradesh	12	2.88	1	3.03	8	2.42	2
Maharashtra	60	14.42	9	27.27	52	15.76	25
Manipur	1	0.24	0	0.00	1	0.30	0
Nagaland	2	0.48	0	0.00	2	0.61	0
Odisha	8	1.92	1	3.03	4	1.21	2
Puducherry	1	0.24	1	3.03	0	0.00	0
Punjab	4	0.96	0	0.00	2	0.61	2
Rajasthan	9	2.16	1	3.03	8	2.42	4
Tamil Nadu	47	11.30	4	12.12	45	13.64	36
Telangana	48	11.54	1	3.03	42	12.73	26
Uttar Pradesh	22	5.29	1	3.03	18	5.45	11
West Bengal	12	2.88	2	6.06	5	1.52	7
Grand Total	416	100.00	33	100.00	330	100.00	202

Source: Data (As on 09.07.2015) collected from www.sezindia.nic.in * Central Govt. + State Govt./Pvt. SEZs + notified SEZs under the SEZ Act, 2005

The spread of SEZs within the State is also in specific locations. To illustrate, in Telangana most of its SEZs are situated to vicinity of Capital city Hyderabad. This scenario is similar in other States as well. This might have been because of the States could not be fully involved in the SEZs scheme and have not even framed their respective SEZs Act/Policy. Therefore, almost all the states need to take preemptive steps in order to encourage investors to promote in states gross capital formation. Considered measures are: Performing of State SEZs Act/Policy in line with Central SEZs Act providing benefits to investors' by single window facility, proper screening procedure for granting states' recommendations to SEZs proposals and also grievance addressable appliance for investors.

III.V.II. Sector - wise SEZs:

The sector-wise distribution of Approved and Notified SEZs in India are presented in the tables 3.2;

Table-3.2: Sector-wise Distribution of Approved and Notified SEZs

Sectors	Formal Approvals	Formal Approvals in %	In-principle approvals	In-principle Approvals %	Notified SEZs	Notified SEZ in %	Exporting SEZs
Agro	5	1.20	2	6.06	5	1.52	1
Airport based multiproduct	3	0.72	0	0.00	0	0.00	0
Auto and related	1	0.24	1	3.03	1	0.30	1
Aviation/Aerospace/ Animation & Gaming/ Copper	6	1.44	1	3.03	5	1.52	5
Beach & mineral/ metals	3	0.72	0	0.00	3	0.91	0
Biotechnology	23	5.53	0	0.00	16	4.85	2
Building prod./mal./ transport equipment's / ceramic and glass	2	0.48	2	6.06	2	0.61	2
Electronic product/Industries	2	0.48	0	0.00	2	0.61	2
Engineering	15	3.61	1	3.03	15	4.55	13
Footwear/Leather	5	1.20	0	0.00	4	1.21	3
Food Processing	4	0.96	0	0.00	3	0.91	3
FTWZ	10	2.40	4	12.12	7	2.12	3
Gems and Jewelry	8	1.92	3	9.09	5	1.52	3
Handicrafts & Carpets	3	0.72	0	0.00	2	0.61	2
IT/ITES/Electronic Hardware/Semiconductor/Service	256	61.54	1	3.03	202	61.21	114
Metal/Stain. Steel/Alum/Foundry	3	0.72	0	0.00	3	0.91	0
Light Engineering/Metallurgical Engineering /Automotive Components	1	0.24	0	0.00	0	0.00	0
Multi-Product	20	4.81	11	33.33	16	4.85	20
Multi-Services	6	1.44	1	3.03	6	1.82	2
Non-Conventional Energy	2	0.48	0	0.00	2	0.61	2
Petrochemicals & petro./oil and gas	2	0.48	1	3.03	0	0.00	0
Pharmaceuticals/chemicals	17	4.09	2	6.06	17	5.15	12
Port-based multi-product	5	1.20	1	3.03	3	0.91	2
Power/alternate energy/ solar	4	0.96	1	3.03	3	0.91	3
Textiles/Apparel/Wool	6	1.44	1	3.03	6	1.82	7
Writing and printing paper mills	2	0.48	0	0.00	1	0.30	0
Granite processing Industries and other allied machinery/ manufacturing	2	0.48	0	0.00	1	0.30	0
Grand Total	416	100.00	33	100.00	330	100.00	202

Source: Data (As on 09.07.2015) collected from www.sezindia.nic.in

The sector wise distribution shows that majority of the formal approvals granted in IT/ITES sector constitutes 61.54 per cent of the total approvals till date (Table 3.2)., which certainly provide an evidence that India's growing competence in the IT/ITES sector and availability of trained manpower to improve outsourcing activities. Other prominent sectors include; Biotech, Textiles, Pharma, Engineering etc., in addition to 21 formally approved multi-product SEZs. In terms of in-principle approvals, large multi-product SEZs have a share of more than 50per cent followed by textile/ biotech sectors. The SEZs BoA is not granting any in-principle approval to proposals for IT/ITES Sector. It is diagrammatically presented in chart 3.2.

III.VI. Performance of SEZs and Socio-economic impact:

With three major objectives SEZ act were measured in terms of to generate employment opportunities, encourage investments and increase India's exports. According to the Fact Sheet on SEZs employment, investment and exports registered a growth of 46.92%, 16.79per cent and 12.76per cent respectively between 2006 and 2012. However, this does not reflect the complete picture of the performance of the SEZs in the country. To illustrate, 17 SEZs contribute to 14.16per cent of employment, 40.49per cent of investments and 51.10per cent of exports in the country and at the same time the macro indicators show no variation in the trend growth for the last 7-8 years. While, DGFT (Directorate General of Foreign Trade) highlighted that SEZs scheme was introduced in April 2000 with a view to provide an internationally competitive environment for exports and for continuity and stability of scheme. The scheme has shown a tremendous growth in infrastructure investment, employment and exports. Exports have touched Rs. 425000 crore in 2014 *vis-a-vis* Rs. 22000 crore in 2005; similarly investment was Rs. 284000 crore in 2014 in comparison to Rs. 4000 crore in 2005.

III.VII. Employment:

Incremental employment has been observed increasing significantly from 25per cent in the FY 2009 to around 47% in the FY 2011. However, incremental growth rate registered a decline to 32% in the FY 2013 on account of continuous de-notification of number of SEZs as a result of several adverse market dynamics .Corresponding to the incremental employment growth rate, cumulative employment growth rate has marked a positive growth from 15% in the FY 2009 to 27% FY 2013 (Table -3.3).

Table -3.3: Employment Generation through SEZs in India

Year	Incremental Employment	Growth (%)	Cumulative Employment	Growth (%)
FY2008	201531	-	336235	-
FY2009	252735	25.41	387439	15.23
FY2010	368907	45.97	503611	29.98
FY2011	541904	46.89	676608	34.35
FY2012	710212	31.06	844916	24.88
FY2013	940200	32.38	1074904	27.22
FY2014*	1105141	17.54	1239845	15.34

Source: Data collected from www.sezindia.nic.in, * Data as on 31st December, 2014.

In nutshell, SEZs has witnessed four-fold generation of employment from around 3 lakh persons in the FY2008 to around 12 lakh persons in the FY2014. However, it could not generate expected rate of employment on account of several legal and market changes.

III.VIII. Investments:

Investments are incremental have shown a positive growth rate over a period of time barring few years. On an average, incremental investments were increased by 40% from FY 2009 to FY2011. However, FY 2012 posted a negative growth rate of (-) 0.47 per cent (Table - 3.4). This steep fall was attributed to several legal and market dynamics in the domestic as well as international economy including rising cost of operations, global slowdown, fall in market demand, imposition of MAT and DDT in 2011, lack of skilled man power etc. These factors eroded the viability of setting up industrial projects within the SEZs and thus negatively impacted the investors' sentiments.

Though incremental investments growth rate turned positive at 18per cent in FY 2013 and 22% in FY 2014, yet could not achieve the earlier levels of around 40% achieved during FY 2009- FY 2011. Corresponding to the incremental investments growth rate, cumulative investments growth rate also depicted the same trends. In nutshell, though investments in the SEZs increased threefold from Rs. 77,000 cr. in FY2008 to Rs.288,000 cr. in FY 2014.

Table - 3.4: Year Wise Investments on SEZs in India

(Rs. Crores)

Year	Incremental Investment	Growth (%)	Cumulative Investment	Growth (%)
FY2008	73174	-	77210	-
FY2009	104867	43.31	108903	41.05
FY2010	144453	37.75	148489	36.35
FY2011	198774	37.60	202810	36.58
FY2012	197839	-0.47	201875	-0.46
FY2013	232681	17.61	236717	17.26
FY2014*	284441	22.25	288477	21.87

Source: Data collected from www.sezindia.nic.in * Data as on 31st December, 2014.

III.IX. Exports:

Exports from SEZs have shown a positive growth rate during the last many years. However, the exports growth remained extremely volatile from 52 per cent in FY 2007 to 121 per cent in FY 2010 and to 43 per cent in FY 2011. The following years also registered the declining growth rate from 15 per cent in FY 2013 to 4 per cent in FY 2014 (Table-3.5).

Table - 3.5: Year Wise Trends in the Exports of SEZs

Years	Exports from SEZs (in Rs. Crores)	Growth Y-o-Y (in %)
2005-2006	22840	-
2006-2007	34615	52%
2007-2008	66638	93%
2008-2009	99689	50%
2009-2010	220711	121%
2010-2011	315868	43%
2011-2012	364478	15%
2012-2013	476159	31%
2013-2014*	494077	4%

Source: Data collected from www.sezindia.nic.in * Data as on 31st December, 2014.

Though exports growth of SEZs in India remained fluctuating over the period of time, yet exports from SEZs have witnessed a significant rise of around 22 fold from Rs. 22000 crores in 2005-2006 to Rs. 5 lakh crores in 2013-14.

Conclusion:

The commencement of the SEZs has positively assisted to upsurge the capacity of Indian in international trade with massive amount of foreign investment has originated its way not only into the export trade, but also to edifice infrastructure and

commerce. Foreign enterprises manifested growth in the regions by which export industry has grown by allowing foreign technology with the inflow of foreign investment. All these factors have promoted to the economic growth in India. The depiction of the SEZ Act and its execution enabled the economy to fulfill its agenda of reforms as the multiplier effect on the economic activities stimulated by SEZ materializes. To quantify those economic reforms through SEZ, needs to investigate whether any influence has made in terms of cost advantage and huge knowledge base and break the hold of China in manufacturing by making India the preferred destination for doing business.

CHAPTER-IV

ROLE SEZ'S IN THE TRANSITION THROUGH EXPORT-LED AND OPENNESS OF TRADE ON GROWTH OF ECONOMY

The decision on opening its markets to international trade has been transmitted as a motive for its phenomenal growth for India. An important aspect in theory of International Trade is comparative advantage¹² and influential factor for economies of scale, that is, the fortitude of trade patterns. Ricardo absorbed on relative cost transformations based on technology, whereas the orthodox Heckscher-Ohlin demonstrate that even with undistinguishable technologies and constant returns, relative costs can differ if factor proportions differs.

Pragmatic research studies support the belief that there exists encouraging relationship between international trade and economic development, and findings of a number of explorations provide some evidence to support the ELGH (Export Led Growth hypothesis)¹³. As Van den Berg (2001) records: “The pragmatic confirmation on the source of economic growth tremendously suggests that there is an affirmative relationship between international trade and economic growth.” Numerous high-profile studies have been accompanied on the influence of international trade on economic development. One such study was undertaken by the World Bank for the

¹²Adam Smith (1776) and David Ricardo (1817) were the first classical economists to raise consciousness and importance of international trade in any country's economic development. In their view, country possibly will benefit significantly if it specialized in any kind of production and then export to foreign countries that required of those produce. Similarly the country should import the commodities in which its trading partners had an absolute advantage. David Ricardo further expounded on the conception of absolute advantage.

¹³Developing nations have identified Export-led growth is policy to discovery a utility in the world economy for a convinced international trade. Those industries aimed to export may receive governmental subsidies and enhanced access to the local markets, will gain adequate foreign currency, used to import commodities available at lesser rate. They are also allowed abridged tariff barriers, a floating exchange rate, and government support for exporting sectors are specimen of strategies adopted to encourage export orientation, eventually, economic development. Export-oriented was particularly distinguishing of the development of the national economies of the Asian Tigers in the post-World War II period. Export-led growth is important for mainly two reasons. The primary is that export-led growth can generate profit, permitting a country to balance their finances, as well as surpass their debts as long as the facilities and ingredients for the export exist. The subsequent arguable reason is augmented export growth can elicit greater productivity, thus generating more exports in a rising spiral cycle., by grasping overall growth of countries can be generated not only by aggregate the amounts of labour and capital within the economy, but also by expanding exports.

period 1973–1985, in which, developing nations were categorized into four clusters: (1) strongly outward-oriented countries, (2) moderately outward-oriented countries, (3) moderately inward-oriented countries, and (4) strongly inward-oriented countries. The learning from this study established that strongly outward oriented countries had enjoyed the highest economic growth among the four groups. By dissimilarity, strongly inward-oriented countries had experienced most severe economic recessions (World Bank 1987). Similar study was done by noticeable economists Jeffrey Sachs and Andrew Warner (1995) who investigated the relationship between globalization and economic performance. The conclusions of their research favor the promotion of international trade as a means of economic development.

Many economics believes that economic growth is an enormously multifaceted process, which be determined by on several variables such as capital accretion (both physical and human), trade, price instabilities, political conditions and income distribution, and even more on terrestrial characteristics. Empirical studies highlighted the nexus between trade and growth, they emphasized that trade is only one of the variables that enter the growth equation by concerning the relationship between trade and growth is also the consequence of the many changes that have took place in the grounds of development economics and international trade policy. Those finding are allowed to equipped changes in the incredible adjustment from inward oriented policies to export elevation strategy.

One of the relevant notions with international trade acknowledged very little attention from theorists is that of the degree of openness¹⁴ of an economy, with increasing market size on specialization and therefore on volumes exchanged. Which suggests that trade to GDP ratios are market resolute variables subject to conservative theoretical analysis and empirical confirmation, which can be debate over the complex relationship between a country's economic performance and its exports can be traced back to the modern economic thought. Nevertheless various investigators would agree that promoting exports and accomplishing export spreading out are advantageous for many explanations, including the following (i) they generate a

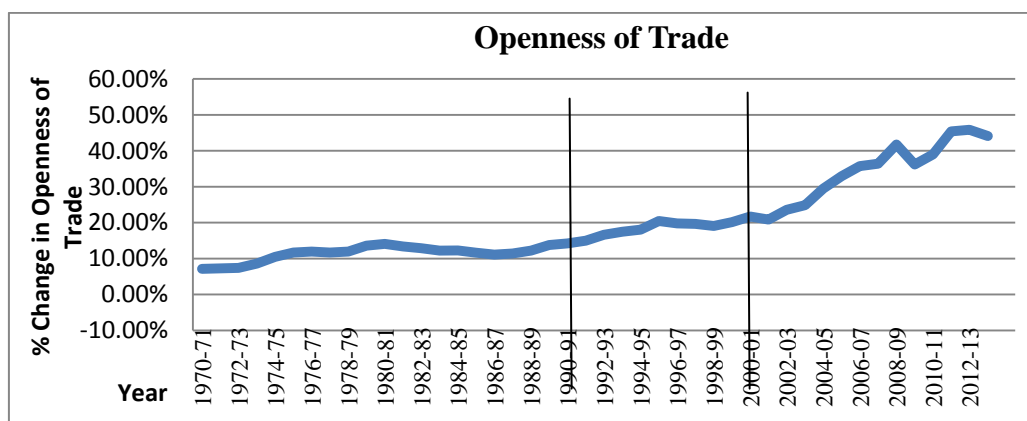
¹⁴The Openness is a metric calculated as the ratio of country's total trade with respect to GDP. The higher the openness the larger the influence of trade on domestic activities, and the stronger that country's economy.

superior ability utilization; (ii) they take improvement of economies of scale; (iii) they fetch about technological progress; (iv) they generate employment and increase labour productivity; (v) they increase allocation of scarce resources throughout the frugality; (vi) they diminish the current account pressures for foreign capital goods by increasing the country's external earnings and attracting foreign investment; and (vii) they upsurge the TFP and accordingly the well-being of the country (World Bank, 1993).

Having set the context above, it was expected that there is a positive correlation between the openness of an economy and its economic growth, comprising the growth of the export sectors and backward linkage effects to other parts of the domestic economy.

Figure 1 depicts that there is a significant change in openness of trade in first liberalization during 1990-91 and second liberalization i.e., inception of SEZ's in 2000-01, by 2012 our economy is opened up to 48%, which is an evidence that India allowed export promotion policy, focused on the dynamic reinforcement of industrial production for export markets, linking an increasing market mechanism with a robust industrial policy. Part of the policy India was allowed trade barriers were pull down by opening for foreign competition so that the domestic enterprises are integrated into the international markets. At the same time, the dogmatic decision-makers inclined the economic process in much astonishment. Following which evidenced for realizations and the positive influence of the export promotion strategy on the domestic development of India's economy.

Figure1. Openness Trade of India



Having said the above, we have intended to identify Role SEZ's in the transition through Export-Led and Openness of Trade on Growth of Economy. India over the few years has gradually opened up its economy to effectively appearance new challenges and opportunities in 21st Century. India made comprehensive vicissitudes in its policies from a license-quota- permit raj to LPG (Liberalization, Privatization, and Globalization) policy. The transformed trade and industrial policy jettisoned licensing requirements for private domestic and foreign investment in certain industries and tranquil the precincts under the Monopolies and Restrictive Trade Practices Act on expansion, diversification, mergers and acquisitions by large firms and industrial firms, for which high priority given to export promotion policy.

As we have identified majority of studies have focused on transitional economies behavior impact of liberalization on economies individually, but there is a literature gap, to study combined effects with the SEZ commencement in economy with respect to pre and post liberalization policies. Studies have not focused on factors (openness of trade, FDI, SEZ exports) influenced on Indian economy during the transition period. To evaluate the above improvements and transition from planned to market policies and promotion of export approach we analyzed the following objectives and hypothesis.

IV.I. Objective 1:

To examine whether openness of trade and growth of economy influenced by pre and post liberalization policies and SEZ inception

IV.II. Hypothesis:

Null Hypothesis:

There is no influence of trade liberalization and SEZ's inception on Indian Economy and Openness of Trade

Alternative Hypothesis:

Otherwise

Keeping the objective, we have constructed a Log-Linear and Lin-Log Models, to examine significant changes in GDP and Openness. Since openness trade is a derived ratio, we have not converted it as a logarithmic form. In regression analysis the dependent variables is influenced not only by quantified variables but also with qualitative variables usually indicates the presence or absence of a dichotomous variable such as Pre and Post liberalization. To quantify this dichotomous variables, need to construct a variables that take on values of 0 or 1, 0 indicating the absence of an attribute and 1 indicating the presence (or possession) of that attribute called as dummy variable, which we denote by the symbol D rather than by the usual symbol X to emphasize that we are dealing with a qualitative variable. Dummy variables can be used in regression analysis just as voluntarily as quantitative variables. As a matter of fact, a regression model may contain only dummy explanatory variables. In our model we have used two dummy variables, for that matter considered the general rule to avoid dummy variable trap, to avoid the situation of perfect collinearity or multicollinearity, if there is more than one perfect relationship among the variables.

$$OT = \beta_0 + \beta_1 \ln GDP + \beta_2 D1 + \beta_3 D2 + \epsilon \text{ --- Equation(1)}$$

$$\ln GDP = \beta_0 + \beta_1 OT + \beta_2 D1 + \beta_3 D2 + \epsilon \text{ --- Equation(2)}$$

Where

OT = Openness of Trade

LnGDP = Natural Log of Gross Domestic Product (GDP)

D1 = 0 if pre liberalization (1979-1990); 1 if post liberalization (1990-2014)

D2 = 0 if pre SEZ inception (1979-2000); 1 if pose SEZ inception (2001-2014)

To attain the above said objective, we have collected data from RBI (Reserve Bank of India) official website and the scope of the study explores from 1979 to 2014.

Table-4.1: Results for equation (1) and equation (2)

	<i>Coefficients (Equation1)</i>	<i>Coefficients (Equation2)</i>
Intercept	-0.3203***	6.2653***
Dummy1- First Liberalization (1990-91)	-0.0574***	1.5112***
Dummy2 – Second SEZ (2000-01)	0.0718***	0.2496*
LnGDP	0.0605***	
Openness		7.7942***
R ²	0.88	0.93
Adjusted R ²	0.88	0.92

Source: Author's Calculations; Note: *, **, *** indicates 10%, 5% and 1% significance level

Table 1 depicts results from both the above said equations, which evidenced to reject null hypothesis in both the cases i.e., there is a significant change in the post liberalization policies and post commencement of SEZ's on economic growth and openness of Trade. Our study is at par with a number of empirical studies have documented a strong and positive relationship between export and economic growth including Michaely (1977), Balassa (1978), Tyler (1981), Balassa (1985), Chow (1987), Darrat (1987), Khan and Saqib (1993), Singupta and Espana (1994), McCarville and Nnadozie (1995), Thornton (1996), Panas and Vamvoukas (2002), Abual-Foul (2004) and Awokuse (2004) among others. The results reveal evidence in support of the export-led growth hypothesis for India.

Results are depicting that trade patterns to comparative advantage, and suggests that for nations that participate in trade more with if it has a comparative advantage. Usually, comparative advantage is assumed to be derived from either exogenous technological differences or different factor endowments. Opening up for trade between India with other countries implies that there are more varieties available for consumption, which is a source of gain for consumers and, the augmented competition pull down the equilibrium prices as the increased size of the market countenances firms to realize economies of scale. An impending advantage of this approach is that it is directly informative about the role of trade policy for growth.

With the above evidence that liberalization policies were helped India to open it's economy more and with SEZ's commencement which provides strong competent upgrading and efficient in trade policies. The openness of trade overwhelmed few complications such as nontariff barriers to trade, average tariff rates, a black market premium, whether the economy is planned, and government monopolies on exports. In our results, we found evidence that openness had a significant and positive influence on growth between 1991 and 2001 and 2001-2014 through more liberalized policies with the commencement of special economic zones. And established policy modifications to a enable higher liberalized economy to acknowledge inception of SEZ¹⁵ output.

¹⁵Special economic zones (SEZs) are localities with tax and business incentives, mainly set up to attract foreign investment and achieve technology transfer. There are different types of special economic zones: customs-bonded warehouse, customs-bonded factories, export processing zones, special economic zones and free trade zones, in ascending order of comprehensiveness and area. Despite the

Figure2: Exports Growth Comparison Overall Vs SEZ



Figure 2 depicts that SEZ Exports Growth is higher than the overall India's Export Growth, where as it declined from 2009-10 and finally resuming its growth back from 2013-14 onwards. In sharp contrast to the slowdown in India's external trade last fiscal, exports from special economic zones (SEZs) grew by a whopping 121.4 per cent. Shipments from SEZs increased by 121% to Rs 2,20,711 crore in 2009-10 over the corresponding period last year, whereas India's total exports during the same period were down moreover negative percent. For the first time, India's exports crossed US \$100 billion in 2005-06, and recorded US \$103.09 billion; and later reached a record level of US \$185.3 billion in 2008-09 (13.6% growth rate). It declined and turned negative in 2009-10 at (-)3.6%., in view of the global meltdown. The deceleration started from September 2008 and negative growth was recorded from October 2008 up to September 2009 (twelve consecutive months). The year 2009-10 is also identified for global financial crisis, US \$ exchange rate reduced at a nominal level, according to WTO world services exports growth was negative at (-)12% the decline was with most of India's best trade partners and finally services exports were negative (-)9.6% during the crisis period.

varieties of SEZs, they all share certain similar characteristics. Specifically, the main objectives of SEZs are to:(1) stimulate economic growth through promotion of exports, (2) attract foreign investment and increase foreign exchange earnings, (3) increase employment and (4) achieve a transfer of technology and management skills.

Nevertheless, the earlier reform period (1991-2000) did not result in a sustainable growth in manufacturing and there was a significant slowdown in the second-half of the 1990s with limitations including bureaucratic red tape, rigid labor laws and poor infrastructure are believed to have affected the investment climate adversely in the manufacturing sector. During 1991-2000, wide-ranging measures were initiated by the GoI for restoring and reorganization of EPZs, to have progressive liberalization by change in policy requirements, relaxation in the severity of controls and simplification of procedures. Which motivated to allocating powers to zone authorities, providing additional fiscal incentives, simplifying policy provisions and providing superior facilities.

To recognize of the trade growth link, it is enlightening to consider the particular channels through which openness may affect country's growth rate. Openness may affected both GDP per capita and capital accumulation by open international funds of capital and productivity growth through faster technological progress. Empirical facts suggested that capital accumulations such as FDI are not the primary source of growth and openness (Halland Jones 1999, Kelnowand Rodrigues-Clarie 1997) which is also evident with our results and (ii). Growth effects of trade work primarily through productivity (Frankel and Romer 1999). Therefore, we focused on the effects of international trade on productivity growth.

It is important to identify link between economic growth, openness of trade; Liberalization policies initiated flow of foreign investments and funds in trade, services through FDI and FII, which might lead through more liberalization policies through SEZ commencements in Indian economy to attract more investment to promote export led growth by surpass imports. The main ingredients of the transition¹⁶ process are including Liberalization¹⁷, Macroeconomic stabilization¹⁸

¹⁶In transition, economies undergo a set of structural transformations intended to develop market-based institutions. These include economic liberalization including allowing market forces to set prices, removing trade barriers and push to privatize state-owned enterprises and resources, and a financial sector is created to facilitate macroeconomic stabilization and the movement of private capital. In essence, one transition mode is the functional restructuring of state institutions from being a provider of growth to an enabler, with the private sector its engine. Another transition mode is change the way that economy grows and practice mode. The relationships between these two transition modes are micro and macro, partial and whole. The truly transition economics should include both the micro transition and macro transition. Due to the different initial conditions during the emerging process of the transition from planned economics to market economics, countries uses different transition model.

¹⁷Allowing prices to be determined in free markets and lowering trade barriers

Restructuring and privatization.¹⁹ Since, we have identified through objective 1 (refer objective1) there are significant changes with post liberalization policies and SEZ's. To evaluate the above said linkages, we have tested the following objectives and hypothesis.

IV.III. Objective2:

Linkages between Foreign Direct Investments, SEZ exports, Openness of Trade and GDP during the Indian economic transition period.
To identify those linkages, we have framed the below hypothesis

IV.IV. Hypothesis

Null Hypothesis1:

Growth of Economy (or) economic stability does not have any relationship with FDI, SEZ exports and Openness of Trade

Alternative Hypothesis1:

Otherwise

Null Hypothesis2:

Openness of Trade has not influenced by economic stability, Foreign Direct Investment and SEZ exports

Alternative Hypothesis2:

Otherwise

Null Hypothesis3:

GDP, Openness of Trade and FDI does have any impact on SEZ exports

Alternative Hypothesis3:

Otherwise

¹⁸Bringing inflation under control and lowering it over time by targeting to discipline fiscal and monetary policiesto have sustainable balance of payments.

¹⁹Initiate to create viable financial sector to render them capable of producing goods that could be sold in free markets and transferring their ownership into private hands. Legal and institutional reforms – redefining the role of the state in these economies, establishing the rule of law, and introducing appropriate competition policies.

$$\ln GDP = \beta_0 + \beta_1 \ln FDI + \beta_2 OT + \beta_3 \ln SEZE + \epsilon \text{ --- Equation(3)}$$

$$OT = \beta_0 + \beta_1 \ln GDP + \beta_2 \ln FDI + \beta_3 \ln SEZE + \epsilon \text{ --- Equation(4)}$$

$$\ln SEZE = \beta_0 + \beta_1 \ln GDP + \beta_2 FDI + \beta_3 OT + \epsilon \text{ --- Equation(5)}$$

Where

LnGDP = Natural Log of Gross Domestic Product

LnFDI = Natural Log of Foreign Direct Investments

LnSEZE = Natural Log of SEZ's Exports

OT = Openness of Trade

For the equation 3, it is assumed to be a positive association between economic stability and independent variables;

Table 4.2: Results from the models

	Coefficients (Eq.3)	Coefficients (Eq.4)	Coefficients (Eq.5)
Constant	8.0272***	-1.342***	18.9993
LnGDP		0.1635***	-2.6851
LnFDI	0.2112***	-0.0160	1.11478
LnSEZ Exports	0.0068*	0.0039*	
Openness	3.9919***		38.06126*
R ²	0.94	0.92	0.65
Adjusted R ²	0.93	0.89	0.48

Source: Author's Calculations; Note: *, **, *** indicates 10%, 5% and 1% significance level

equation 4 is an important because openness trade is an indicator for liberalization of the economic policies and its impact, hence we assume positive relationship with GDP, FDI and SEZ exports and finally in equation 5, impact of SEZ exports on those independent variables assumed to be positive, but not at a significant values. Table 2 depicts that equation 3 results showing economic stability is having a positive relationship with FDI, SEZ exports and openness of trade, by which we can reject null hypothesis.

We assumed that in the second hypothesis, Openness trade does have a significant impact on other factors in the transition period. To test the hypothesis, our model equation 4, depicts that, there is a significant impact on economic stability, FDI and SEZ exports and we shall reject our null hypothesis and accept alternative. Openness of trade may affect the growth rate of productivity through allowing access to foreign intermediate inputs or, implicitly, technologies; it expands the

market size for new product varieties; and it facilitates the international diffusion of general knowledge and capital, can be referred to as a level effect because it raises the productivity level in manufacturing permanently but it does not change the innovation rate of new products. These greater incentives may ensure a faster innovation rate and faster economic growth. If that is the case, then the stock of general knowledge available locally increases as a result of trade which raises the productivity, thereby speeding up the innovation rate.

For the model 5 or the equation 5 illustrates the implications of SEZ exports on GDP, FDI and Openness of Trade and assumed to be a significant impact, but our results indicate that there is no much evidence is provided, Hence we accept null hypothesis, with a significant impact of openness of trade induced India to specialize in the production of goods with relatively low growth potential (Grossman and Helpman& Young 1991; Matsuyama 1992; Galor and Mountford 2006). Since productivity of the traditional manufacturing sector is constant while productivity of high-tech manufacturing increases with product development through inception of SEZ and growth in its exports follows that the country experiences a trade-induced improvement in the growth rate of openness of trade.

Our results are evidenced that LPG have made a dramatic impact on growth of the economy and also set a path for the more transformation of the economy. By opening economy for reforms to make our economy fastest developing economy to compete enough with developed economies. Hence, our economy makes necessary reforms in capital markets to record and control all the mediators in the capital market, stable exchange rate policy to boost international trade with having sustainable balance of payments.

In 1992, the equity markets of the country were made available for investment through overseas corporate investors. The companies were allowed to raise funds from overseas markets through issuance of GDRs or Global Depository Receipts. Promoting FDI (Foreign Direct Investment) by means of raising the highest cap on the contribution of international capital in business ventures or partnerships to 51 per cent from 40 per cent. In high priority industries, 100 per cent international

equity was allowed, reducing duties from a mean level of 85 per cent to 25 per cent, and withdrawing quantitative regulations. The rupee or the official Indian currency was turned into an exchangeable currency on trading account. The boundaries for international investment and involvement were determined, which allowed FDI flows into the Indian markets and SEZs. In LPG process in India, involvement such as Foreign Technology Agreements, Foreign Investment, MRTP Act, 1969 (Amended), Industrial Licensing, Deregulation, Beginning of privatization, Opportunities for overseas trade, Steps to regulate inflation Tax reforms, Abolition of License -Permit Raj are highlighted and made significant impact on Indian economy.

By initiating exports through Special Economic zones, they are assumed to play key role, since exports are used to improve the growth potential of a country occupies the important stage in especially in development process where export promotion and increased openness gradually have replaced import substitution to enhance growth. This shift from import substitution to export promotion and increased openness implies as well a shift in the trade and industry policy from being highly import substituting and government controlled to become more liberalized and deregulated. This policy shift allowed to potential economic growth, increased openness to trade will enhance competition for firms producing for the international market. Furthermore, an increased openness to trade provide a platform to have negotiations about trade and tariff barriers where trade theory suggests that all parties on aggregate will enhance their welfare position in relation to their autarky situation.

CHAPTER –V

DETERMINED AND INFLUENCING FACTORS OF SEZs: AN EMPIRICAL INVESTIGATION FROM ANDHRA PRADESH SEZs

It is demonstrated from the previous chapter, SEZ's have made a significant influence in the growth of the economy in terms of pre and post liberalization period, which have motivated the export-led growth. And also found there is significant impact on SEZ's commencement in the economy made a difference in the openness of trade and hence led a contribution in the economic growth. We have also found research gaps in the literature including that studies have focused on land acquisition, legal concepts, employment and gender equal opportunities, whereas missed out important determined factors influencing SEZ to function efficient and optimal, studies also focused on taxation, socio-economic approaches, size of SEZs and its impacts, but there is a wide gap to study SEZ priorities, facilities and concerns raised by the stakeholders of the SEZ, which can help to evaluate overall conditions and behavior of SEZ activities and its functionalities in terms of transitional economies.

Hence, in this chapter we are focusing on the three influential stakeholders from SEZs for all categories including type of SEZ, Ownership of SEZ and stakeholders who are actively participate in the growth and efficient functioning of SEZs and four influential factors including determinants which influence on the enterprise management and these question are collected on the 1-5 scale, facilities which can enhance the growth of the SEZs optimally and these questions are collected on the 1-3 scale, we have also focused on problems encountered by the entrepreneurs which will enable us to identify major consensus raised by the various stakeholders as a barriers for efficient growth of the SEZs, in which we have collected data on the 1-3 scale, Finally, we have also focused our study on stakeholder's views and effects of SEZs during the study period and hence we can infer their intentions and their major views hence it would help us to derive and offer necessary policy options to through the policy makers, and these data is collected through 1-2 scale (for more details please refer table 1).

To bridge the literature gap and provide the empirical evidence for those, we have identified the objectives to work with are as follows:

1. To understand determinants of entrepreneurs and type of SEZ priorities and issues/concerns to function SEZ optimally, at overall level and individual preferences and concerns.
2. To evaluate ownership of SEZ with initiations required facilities and problems to make SEZs successfully.
3. To analyze SEZ stake holders assessment on the effect of SEZ, with respect to all the stakeholders including type of SEZ, Ownership of SEZ and stakeholders of the SEZ.

We have collected primary data to test empirically the objectives and the sample data including 300 out of 2400 entrepreneurs are selected for the purpose of study. The said resonance are selected from 32 SEZ which includes State owned 186, private developers 114 and the questioner prepared with very cautious to include type of SEZ i.e., multiproduct SEZ, IT/ITES SEZ, Biotechnology SEZ, Energy SEZ and finally Free Trade in Warehouse Zones which helped us to understand to behavior of SEZ during our research study. The above said SEZ are located from various parts of Andhra Pradesh out of which 8 were selected from Vishakhapatnam known as V-SEZ which has established in 1989 and one of the eldest SEZ in Andhra Pradesh offers state of the art infrastructures attached with substantial package of incentives, concessions and support services. The export friendly administrative set up in this V-SEZ ensures disposal of all approvals and clearances instantly. Secondly, 7 SEZs were selected from Ranga Reddy district, in this category majority of SEZ are started during 2007 to 2009 period, and offerings the services mainly IT/ITES, Biotechnology. Thirdly, 15 SEZs were selected from Hyderabad district majority of the services driven are multiproduct and IT/ITES and established during the year 2000 onwards. Finally, one of the largest districts is Mahaboobnagar in which 89% of the population lived in rural areas and main occupation is agriculture which focused the district is economically backward. Hence the Government of Andhra Pradesh in its development plan introduced SEZ in Mahaboobnagar district assumed a positive impact and shift from agriculture to industrial employment, we have chosen 2 SEZs, to understand the economic behavior of SEZ in Mahaboobnagar district.

Availability of Entrepreneurs data dissemination became the major criteria and also huge expensive for selecting the units of sample. For any successful organization it would require its strong and supportive stakeholders. To understand the stakeholder's perception with SEZ we have collected data from various 250 stake holders. Out of which private developers are 47 with 18.8%, policy makers 45 with 18%, management consultant are 54 with 21.6%, politicians are 39 with 15.6%, NGOs are 38 with 15.2% and business elite are 27 with 10.8%. This information is also collected from the above said 32 SEZ (refer annexure I for all 32 SEZs information) and various parts of the Andhra Pradesh. The relevant data are collected directly from SEZ entrepreneurs and stakeholders through the means of focused group discussions, interviews with the help of a structured questionnaire. A pre designed questionnaire/schedule is administered among the sample project affected persons drawn from SEZs located in Jedcherla, Mahabubnagar district. The criteria for the selection of project affected persons are social status and occupation (please refer the annexure II for the specified questionnaire).

Table 5.1: Master List of Questionnaires' For the Analysis

Stakeholders Influential	Type of SEZ				Ownership of SEZ		stakeholders					
	A	B	C	D	E	F	G	H	I	J	K	L
Determinants (1-12) – with 1-5 scale												
Facilities (13-22) with 1-3 scale												
Problems encountered (23-32) with 1-3 scale												
Stakeholders views on the effects of the SEZs (33-68) with 1-2 scale												

Type of SEZ:(A)Multiproduct SEZ, B) IT/ITES SEZ, (C) Biotech and Energy SEZ, and (D) Free Trade Warehousing Zones of SEZ

Ownership of SEZ:(E) State Ownership SEZ and (F) Private Ownership SEZ
Stakeholders of SEZ: (G) Private Builders,(H) Policy Makers, (I) Management Consultants, (J) Politicians, (K) NGO's, and (L) Business Elite

Influential Factors Including:

- A) Determinants of enterprise management through SEZs contain 12 questions (please see annexure – questionnaire section A for more details), for all questions being 1-5 scale, where 1 considered to be a strongly disagree and 5 is considered as strongly agree.
- B) Facilities Owning to SEZ contains 10 questions (please see annexure – questionnaire section B for more details), for all questions being 1-3 scale, where 1 considered as a not advantageous and 3 is considered as a Highly advantageous
- C) Problems encounter by the entrepreneurs of the SEZs contain 10 questions (please see annexure – questionnaire section C for more details), for all questions being 1-3 scale, where 1 considered to be a problems are Low intensity and 3 considered to be High intensity.
- D) Stakeholders views on the effects of the SEZs contains 35 questions (please see annexure – questionnaire section D for more details), for all questions being are 1-2 scale, where 1 considered positive response, say Yes, otherwise, negative response, say No.

For the empirical analysis, we have deployed multinomial logistic regression models can be used to model unordered categorical response variables, it can be understood as a simple extension of binary logistic regression that allows each category of an unordered response variable to be compared to an arbitrary reference category providing a number of logit regression models. Binary logistic regression model compares one dichotomy whereas the multinomial logistic regression model compares a number of dichotomies. This procedure outputs a number of logistic regression models that make specific comparisons of the response categories. When there are j categories of the response variable, the model consists of $j-1$ logit equations which are fit simultaneously. Multinomial logistic regression is a technique that basically fits multiple logistic regressions on a multi-category unordered response variable that has been dummy coded.

Multinomial logistic regression permits each category of an unordered response variable to be compared to a reference category, providing a number of logistic regression models. For example, to model which of type of SEZs i.e., multiproduct, IT/ITES, Biotech and Energy & Free Trade warehousing Zones (there are four categories in the unordered response variable) is likely to be chosen by a type of SEZ, two logit models are computed; one comparing type of SEZ A with the reference category (type of SEZ C) and one comparing type of SEZ B with the reference

category (type of SEZ C). The model of choice behavior between three type of SEZ can therefore be represented using two (i.e., j -1) logit models and similarly with all other categories.

$$\log \frac{pr(MP)}{pr(IT, BE, FTW)} = \alpha_0 + \beta_1 D_1 + \beta_2 D_2 + \dots + \beta_{12} D_{12}$$

$$\log \frac{pr(MP)}{pr(IT, BE, FTW)} = \alpha_0 + \beta_1 F_1 + \beta_2 F_2 + \dots + \beta_9 F_9$$

$$\log \frac{pr(MP)}{pr(IT, BE, FTW)} = \alpha_0 + \beta_1 PE_1 + \beta_2 PE_2 + \dots + \beta_{10} PE_{10}$$

$$\log \frac{pr(MP)}{pr(IT, BE, FTW)} = \alpha_0 + \beta_1 SVES_1 + \beta_2 SVES_2 + \dots + \beta_{36} SVES_{36}$$

Where

Pr= probability

MP= Multi Product

IT= IT/ITES

BE=Biotechnology and Energy

FTW= Free Trade Ware Housing Zone

D= Determinants

F= Facilities

PE=Problems Encountered

SVES= Stakeholders View on the Effects of SEZs

Similarly, methodology used for all other models, including, if IT/ITES being a control variable, BE being a control variable and FTW being an control variable and other are being response variables to explain and identify the important factors influenced with combination and individually with reference to each category and its response, if one of them are in control.

To understand the dynamic relationships and its impacts of ownership of SEZ, we have followed the following equations to derive the exact impact, where state developers are being control, private developers are being response and vice versa.

$$\log \frac{pr(SD)}{pr(PD)} = \alpha_0 + \beta_1 D_1 + \beta_2 D_2 + \dots + \beta_{12} D_{12}$$

$$\log \frac{pr(SD)}{pr(PD)} = \alpha_0 + \beta_1 F_1 + \beta_2 F_2 + \dots + \beta_9 F_9$$

$$\log \frac{pr(SD)}{pr(PD)} = \alpha_0 + \beta_1 PE_1 + \beta_2 PE_2 + \dots + \beta_{10} PE_{10}$$

$$\log \frac{pr(SD)}{pr(PD)} = \alpha_0 + \beta_1 SVES_1 + \beta_2 SVES_2 + \dots + \beta_{36} SVES_{36}$$

Where Pr= probability
SD= State Developers
PD= Private Developers
D= Determinants
F= Facilities
PE=Problems Encountered
SVES= Stakeholders View on the Effects of SEZs

To analyze stakeholder's views and consensus, we have followed the multinomial logistic regression, as given below

$$\log \frac{pr(PD)}{pr(PM, Mg.Con, Pol, NGO, BE)} = \alpha_0 + \beta_1 D_1 + \beta_2 D_2 + \dots + \beta_{12} D_{12}$$

$$\log \frac{pr(PD)}{pr(PM, Mg.Con, Pol, NGO, BE)} = \alpha_0 + \beta_1 F_1 + \beta_2 F_2 + \dots + \beta_9 F_9$$

$$\log \frac{pr(PD)}{pr(PM, Mg.Con, Pol, NGO, BE)} = \alpha_0 + \beta_1 PE_1 + \beta_2 PE_2 + \dots + \beta_{10} PE_{10}$$

$$\log \frac{pr(PD)}{pr(PM, Mg.Con, Pol, NGO, BE)} = \alpha_0 + \beta_1 SVES_1 + \beta_2 SVES_2 + \dots + \beta_{36} SVES_{36}$$

Where Pr= probability
PD= Private Developers
PM=Policy Makers
Mg.Con=Management Consultancies
Pol= Politicians
NGOs= Non-Governmental Organizations
BE=Business Elites
D=Determinants
F= Facilities
PE=Problems Encountered
SVES= Stakeholders View on the Effects of SEZs

Table 1a, 1b and 1c depicts the multinomial model to identify the influential determinants for types of SEZ on determinants of enterprise management through is

statistically fitted, with a likelihood Ratio tests are significant (0.009), and overall results indicate through table 1b likelihood ratio tests, we found Fiscal incentives, Financial incentives and Size of the market potential are to be major influential factors.

Table 5.1a: Model 1 Fitting Information

Model	Model Fitting Criteria			Likelihood Ratio Tests		
	AIC	BIC	-2 Log Likelihood	Chi-Square	df.	Sig.
Intercept Only	824.320	835.432	818.320			
Final	925.009	1469.465	631.009	187.312	144	.009

Table 5.1b: Likelihood Ratio Tests

Effect	Model Fitting Criteria			Likelihood Ratio Tests		
	AIC of Reduced Model	BIC of Reduced Model	-2 Log Likelihood of Reduced Model	Chi-Square	df	Sig.
Intercept	925.009	1469.465	631.009 ^a	0.000	0	
Fiscal incentives	930.490	1430.501	660.490	29.482	12	.003
Economies of scale	912.972	1412.983	642.972	11.964	12	.449
Business autonomy	910.260	1410.270	640.260	9.251	12	.681
Free from regime of controls	916.019	1416.029	646.019	15.010	12	.241
Vital business opportunity	908.150	1408.161	638.150	7.141	12	.848
Financial incentives	917.277	1417.288	647.277	16.269	12	.179
States initiatives	913.886	1413.897	643.886	12.878	12	.378
Size of the market potential	942.170	1442.181	672.170	41.162	12	.000
Free from societal controls	919.230	1419.241	649.230	18.222	12	.109
Free from rigid labor laws	913.461	1413.472	643.461	12.452	12	.410
World class infrastructure	909.095	1409.105	639.095	8.086	12	.778
Land acquisition to state	905.464	1405.474	635.464	4.455	12	.974

The chi-square statistic is the difference in -2 log-likelihoods between the final model and a reduced model. The reduced model is formed by omitting an effect from the final model. The null hypothesis is that all parameters of that effect are 0.

a. This reduced model is equivalent to the final model because omitting the effect does not increase the degrees of freedom.

Table 5.1c: Type of SEZ and Parameter Estimates

Type of SEZ	Model1		Model2		Model3		Model4	
	Significant factors	p-value	Significant factors	p-value	Significant factors	p-value	Significant factors	p-value
Multiproduct	Control		var02=1.00	.105	var02=4.00	.054	var02=1.00	.075
			var02=2.00	.080	var11=4.00	.072	var05=1.00	.076
			var02=4.00	.103	var12=1.00	.025	var05=2.00	.071
			var06=2.00	.102	var13=1.00	.096	var05=3.00	.036
			var07=4.00	.121			var08=1.00	.049
			var13=1.00	.099			var08=2.00	.078
							var09=1.00	.128
							var09=2.00	.066
							var09=3.00	.149
							var09=4.00	.007
							var10=1.00	.047
							var10=4.00	.015
IT/ITES	var02=1.00	.105	Control		var02=2.00	.009	var02=1.00	.001
	var02=2.00	.080			var03=1.00	.044	var02=2.00	.057
	var02=4.00	.103			var04=4.00	.120	var02=3.00	.125
	var06=2.00	.102			var09=4.00	.044	var02=4.00	.013
	var07=4.00	.121			var11=1.00	.071	var05=1.00	.112
	var13=1.00	.099			var11=2.00	.041	var05=2.00	.075
					var11=3.00	.089	var05=3.00	.013
					var11=4.00	.014	var05=4.00	.012
					var12=1.00	.095	var07=4.00	.018
							var08=1.00	.035
							var08=2.00	.055
							var09=2.00	.018
							var09=4.00	.040
							var10=1.00	.007
							var10=2.00	.018
							var10=3.00	.038
							var11=2.00	.030
Biotech and Energy	var02=4.00	.054	var02=2.00	.009	Control		var02=1.00	.027
	var11=4.00	.072	var03=1.00	.044			var02=3.00	.079
	var12=1.00	.025	var04=4.00	.120			var02=4.00	.005
	var13=1.00	.096	var09=4.00	.044			var05=1.00	.015
			var11=1.00	.071			var05=2.00	.131
			var11=2.00	.041			var05=3.00	.082
			var11=3.00	.089			var05=4.00	.026
			var11=4.00	.014			var07=4.00	.103
			var12=1.00	.095			var08=1.00	.069
							var08=2.00	.137
							var08=4.00	.071
							var09=2.00	.094
							var09=4.00	.001
							var10=1.00	.028
							var10=2.00	.071
							var10=3.00	.125
							var10=4.00	.084
Free trade Warehousing	var02=1.00	.075	var02=1.00	.001	var02=1.00	.027	Control	
	var05=1.00	.076	var02=2.00	.057	var02=3.00	.079		
	var05=2.00	.071	var02=3.00	.125	var02=4.00	.005		
	var05=3.00	.036	var02=4.00	.013	var05=1.00	.015		
	var08=1.00	.049	var05=1.00	.112	var05=2.00	.131		
	var08=2.00	.078	var05=2.00	.075	var05=3.00	.082		
	var09=1.00	.128	var05=3.00	.013	var05=4.00	.026		
	var09=2.00	.066	var05=4.00	.012	var07=4.00	.103		
	var09=3.00	.149	var07=4.00	.018	var08=1.00	.069		
	var09=4.00	.007	var08=1.00	.035	var08=2.00	.137		
	var10=4.00	.047	var08=2.00	.055	var08=4.00	.071		
		.015	var09=2.00	.018	var09=2.00	.094		
			var09=4.00	.040	var09=4.00	.001		
			var10=1.00	.007	var10=1.00	.028		
			var10=2.00	.018	var10=2.00	.071		
			var10=3.00	.038	var10=3.00	.125		
			var11=2.00	.030	var10=4.00	.084		

From table 5.1c depicts, if Multi product type of SEZ as a control variable, IT/ITES opinion is through SEZ economy of scale is a mixed impact, financial incentives is not a barrier, state initiatives should be proactive hence implementation will be efficient and land acquisition through state is not a concern. Biotechnology and Energy opinion is fiscal incentives should be given to biotechnology and energy SEZs, it is agreeable and major impact if it can be free from rigid labour loss, it is not necessarily to have world class infrastructure and they also strongly disagree land acquisition through states. Free Trade and Ware Housing Zone opinion is they strongly disagree with fiscal incentives, there is a mixed impact that determination of free from resume of controls, state initiatives also mixed impact, size of market potential also mixed impact and them looking for free from societal control.

If, IT/ITES type of SEZ as a control variable Multi product opinion is that they are disagree fiscal incentives, vital business opportunities and land acquisition through states, they are agree in financial incentives as determinants. Biotechnology and Energy opinion is that they are disagree financial incentives, economics of scale and world class infrastructure, they agreed business autonomy and size of market potential, and they have mixed impact on free from rigid labour laws. Free Trade Ware Housing Zone opinion is mixed impact with fiscal incentives, free from regime of controls, state initiatives, size of market potential and free from societal controls.

And if, Biotechnology and Energy type of SEZ as a control variable, Multi product opinion is that they agree fiscal incentives and free from rigid labour laws, and they disagree with world class infrastructure and land acquisition through state. IT/ITES opinion is fiscal incentives and atomics of scale are not major determinants, business autonomy and size of market potential are highly determining factors for SEZs, free from rigid labour laws will have mixed responses whereas world class infrastructure is not considered as determinates as a SEZ. Free Trade Ware Housing Zone opinion is fiscal incentives is not determents of SEZ but it should have economics of scale and financial incentives. Mixed impact with free from regime of controls, state initiatives and free from societal controls. Whereas size of the market potential is a greater determinant factor. Whereas, free Trade Ware Housing Zone type of SEZ as a control variable, the Multi product opinion is mixed effect on free from regime control and state initiatives. Fiscal incentives are not major determinants. Whereas size of market

potential and free from societal control are major determinants. IT.ITES opinion is fiscal and financial incentives and free from regime of controls are major determinates but world class infrastructure is not a determinants. Biotechnology and Energy opinion is fiscal incentives, free from regime controls, financial incentives, state initiatives, and size of market potential and free from societal are determining factors of SEZ.

From table 2a, b and c depicts, ownership of SEZ determinants, There are two types of ownership of SEZs, namely (A) is State developers and (B) is private developers. The Model is fitted and has significance at 15% level. And state initiatives and free from rigid laws have a significant factors at Ownership level (table 2b).

Table 5.2a: Model Fitting Information

Model	Model Fitting Criteria			Likelihood Ratio Tests		
	AIC	BIC	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	400.438	404.142	398.438			
Final	438.028	619.513	340.028	58.411	48	.144

Table 5.2b: Likelihood Ratio Tests

Effect	Model Fitting Criteria			Likelihood Ratio Tests		
	AIC of Reduced Model	BIC of Reduced Model	-2 Log Likelihood of Reduced Model	Chi-Square	df	Sig.
Intercept	438.028	619.513	340.028 ^a	0.000	0	
Fiscal incentives	433.260	599.930	343.260	3.232	4	.520
Economies of scale	435.599	602.269	345.599	5.572	4	.234
Business autonomy	434.234	600.904	344.234	4.206	4	.379
Free from regime of controls	435.819	602.489	345.819	5.791	4	.215
Vital business opportunity	435.365	602.035	345.365	5.338	4	.254
Financial incentives	435.735	602.405	345.735	5.707	4	.222
States initiatives	438.484	605.154	348.484	8.456	4	.076
Size of the market potential	433.438	600.108	343.438	3.410	4	.492
Free from societal controls	432.186	598.856	342.186	2.158	4	.707
Free from rigid labor laws	436.789	603.459	346.789	6.761	4	.149
World class infrastructure	434.538	601.208	344.538	4.510	4	.341
Land acquisition to state	433.767	600.437	343.767	3.739	4	.442

The chi-square statistic is the difference in -2 log-likelihoods between the final model and a reduced model. The reduced model is formed by omitting an effect from the final model. The null hypothesis is that all parameters of that effect are 0.

a. This reduced model is equivalent to the final model because omitting the effect does not increase the degrees of freedom.

Table 5.2c: Ownership of SEZ Parameter Estimates

Ownership of SEZ	Model1		Model2	
	Significant factors	p-value	Significant factors	p-value
State Owners	Control		var03=1.00 var05=4.00 var06=1.00 var06=2.00 var06=3.00 var07=1.00 var07=2.00 var08=2.00 var11=4.00 var12=1.00 var12=3.00 var13=3.00	.078 .052 .144 .051 .054 .133 .023 .114 .055 .083 .086 .143
Private Owners	var03=1.00 var05=4.00 var06=1.00 var06=2.00 var06=3.00 var07=1.00 var07=2.00 var08=2.00 var11=4.00 var12=1.00 var12=3.00 var13=3.00	.078 .052 .144 .051 .054 .133 .023 .114 .055 .083 .086 .143	Control	

Where, State developers are control variable then private developers are saying that economics of scale is strongly disagree, free from regime of control is determinant factors, financial incentives are mixed impact, vital business opportunities is a mixed impact, state initiation not strongly agreed, free from rigid labour laws is strongly agreed, world class infrastructure and land acquisition through state are moderately agreed. Private developers are control variable then state developers are saying that economics of scale is strongly disagree, free from regime of control is determinant factors, financial incentives are mixed impact, vital business opportunities is a mixed impact, state initiation not strongly agreed, free from rigid labour laws is strongly agreed, world class infrastructure and land acquisition through state are moderately agreed.

From table 3a, 3b and 3c depicts, Stake holders of SEZ and their views on determinants for entrepreneur's influence factors, there are six type of stake holders considered in this study they are including, Private developers, and Policy makers, Management Consultancy, Politicians, NGOs and Business Elites. Table 3a depicts the model fitting information likelihood ratio test indicate that the model is properly fitted and can be useful for the inference purpose. Table 3b depicts that, according stakeholders the following are the major determinants factor of SEZ majority of the

determinants which we are interested in are highly significant factors, including Economics of Scale, Business autonomy, Free from regime of controls, Fiscal incentives, State initiatives, Size of the market potential, Free from societal controls, Free from rigid labour laws, World class infrastructure, Land acquisition through state and Financial incentives.

Table 5.3a: Model Fitting Information

Model	Model Fitting Criteria			Likelihood Ratio Tests		
	AIC	BIC	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	895.217	912.824	885.217			
Final	1060.708	1923.466	570.708	314.509	240	.001

Table 5.3b: Likelihood Ratio Tests

Effect	Model Fitting Criteria			Likelihood Ratio Tests		
	AIC of Reduced Model	BIC of Reduced Model	-2 Log Likelihood of Reduced Model	Chi-Square	df	Sig.
Intercept	1060.708	1923.466	570.708 ^a	0.000	0	
Fiscal incentives	1035.227	1827.555	585.227	14.518	20	.803
Economies of scale	1066.169	1858.498	616.169	45.461	20	.001
Business autonomy	1067.714	1860.042	617.714	47.005	20	.001
Free from regime of controls	1048.264	1840.593	598.264	27.556	20	.120
Vital business opportunity	1046.577	1838.906	596.577	25.869	20	.170
Financial incentives	1057.814	1850.143	607.814	37.106	20	.011
States initiatives	1053.869	1846.197	603.869	33.160	20	.032
Size of the market potential	1047.238	1839.567	597.238	26.530	20	.149
Free from societal controls	1060.536	1852.865	610.536	39.828	20	.005
Free from rigid labor loss	1057.070	1849.399	607.070	36.362	20	.014
World class infrastructure	1047.610	1839.939	597.610	26.902	20	.138
Land acquisition to state	1066.183	1858.512	616.183	45.475	20	.001

The chi-square statistic is the difference in -2 log-likelihoods between the final model and a reduced model. The reduced model is formed by omitting an effect from the final model. The null hypothesis is that all parameters of that effect are 0.

a. This reduced model is equivalent to the final model because omitting the effect does not increase the degrees of freedom.

Table 5.3c (A): Stakeholders of SEZ Parameter Estimates

Stakeholders SEZ	Model1		Model2		Model3		Model4		Model5		Model6	
	Significant factors	p- value	Significant factors	p- value	Significant factors	p- value	Significant factors	p- value	Significant factors	p- value	Significant factors	p- value
Private Builders			var02=4.00	.054	var02=2.00	.121	var02=4.00	.133	Intercept	.067	Intercept	.000
			var03=1.00	.030	var03=2.00	.038	var03=1.00	.010	var02=1.00	.115	var03=1.00	.004
			var03=2.00	.001	var04=2.00	.056	var03=2.00	.001	var02=4.00	.049	var03=2.00	.017
			var05=2.00	.035	var04=3.00	.014	var03=3.00	.080	var03=1.00	.009	var03=3.00	.055
			var05=3.00	.011	var05=2.00	.132	var03=4.00	.029	var03=2.00	.004	var03=4.00	.044
			var06=2.00	.141	var05=3.00	.132	var06=1.00	.086	var03=3.00	.002	var05=3.00	.098
			var08=1.00	.061	var06=2.00	.106	var06=2.00	.021	var03=4.00	.029	var05=4.00	.150
			var08=2.00	.028	var07=1.00	.134	var07=2.00	.018	var04=4.00	.150	var06=4.00	.082
			var08=3.00	.059	var07=4.00	.060	var07=4.00	.005	var05=1.00	.140	var10=4.00	.036
			var09=1.00	.026	var09=2.00	.044	var08=3.00	.145	var07=4.00	.003	var11=1.00	.000
			var09=3.00	.003	var09=3.00	.087	var09=2.00	.121	var08=3.00	.036	var11=2.00	.000
			var10=2.00	.003	var13=4.00	.008	var09=3.00	.002	var09=3.00	.110	var11=3.00	.000
			var12=2.00	.142		.113	var13=1.00	.003	var12=1.00	.122	var11=4.00	.000
			var13=4.00	.112			var13=2.00	.125	var12=3.00	.034	var13=3.00	.041
							var13=3.00	.012	var13=2.00	.085		
							var13=4.00	.002				
Policy Makers	var02=4.00	.054			var03=2.00	.033	Intercept	.129	Intercept	.054	Intercept	.000
	var03=1.00	.030			var04=2.00	.001	var03=4.00	.018	var03=3.00	.023	var03=4.00	.029
	var03=2.00	.001			var07=1.00	.010	var04=2.00	.016	var03=4.00	.025	var05=2.00	.079
	var05=2.00	.035			var07=2.00	.076	var05=2.00	.126	var04=1.00	.146	var06=2.00	.093
	var05=3.00	.011			var07=3.00	.082	var05=3.00	.019	var04=2.00	.069	var06=3.00	.102
	var06=2.00	.141			var07=4.00	.112	var06=1.00	.039	var04=4.00	.068	var06=4.00	.090
	var08=1.00	.061			var08=1.00	.017	var07=1.00	.075	var05=1.00	.012	var08=1.00	.113
	var08=2.00	.028			var08=2.00	.043	var07=2.00	.005	var05=2.00	.043	var08=3.00	.050
	var08=3.00	.059			var10=2.00	.017	var07=3.00	.032	var05=3.00	.004	var09=1.00	.100
	var09=1.00	.026					var07=4.00	.013	var07=3.00	.137	var09=3.00	.031
	var09=3.00	.003					var08=1.00	.103	var07=4.00	.009	var10=1.00	.042
	var10=2.00	.003					var10=2.00	.086	var08=1.00	.014	var10=2.00	.004
	var12=2.00	.142					var11=4.00	.129	var08=2.00	.044	var10=4.00	.137
	var13=4.00	.112					var13=1.00	.002	var09=1.00	.116	var11=1.00	.000
							var13=2.00	.076	var10=2.00	.005	var11=2.00	.000
							var13=3.00	.023	var11=2.00	.109	var11=3.00	.000
									var12=1.00	.090	var11=4.00	.000
									var12=3.00	.038	var12=4.00	.101
									var13=2.00	.063	var13=3.00	.067
Magt Consultants	var02=2.00	.121	var03=2.00	.033			var02=2.00	.125	Intercept	.113	Intercept	.000
	var03=1.00	.038	var04=2.00	.001			var03=2.00	.077	var03=3.00	.006	var03=1.00	.135
	var03=2.00	.056	var07=1.00	.010			var04=3.00	.054	var04=2.00	.087	var03=3.00	.124
	var04=2.00	.014	var07=2.00	.076			var04=4.00	.103	var05=1.00	.046	var04=2.00	.053
	var04=3.00	.132	var07=3.00	.082			var13=1.00	.015	var05=3.00	.034	var06=1.00	.086
	var05=2.00	.132	var07=4.00	.112			var13=3.00	.149	var06=3.00	.075	var06=2.00	.091
	var05=3.00	.106	var08=1.00	.017			var13=4.00	.076	var07=2.00	.136	var06=3.00	.014
	var06=2.00	.134	var08=2.00	.043					var07=4.00	.117	var06=4.00	.026
	var07=1.00	.060	var10=2.00	.017					var08=3.00	.132	var09=3.00	.079
	var07=4.00	.044							var10=3.00	.142	var10=1.00	.091
	var09=2.00	.087							var12=3.00	.079	var10=4.00	.073
	var09=3.00	.008							var13=2.00	.134	var11=1.00	.000
	var13=4.00	.113									var11=2.00	.000
											var11=3.00	.000
											var11=4.00	.000
											var12=1.00	.112
											var12=4.00	.090
											var13=2.00	.138

Table 5.3c (B): Parameter Estimates

Stakeholders SEZ	Model1		Model2		Model3		Model4		Model5		Model6	
	Significant factors	p- value	Significant factors	p- value	Significant factors	p- value	Significant factors	p- value	Significant factors	p- value	Significant factors	p- value
Politicians	var02=4.00	.133	Intercept	.129	var02=2.00	.125			var03=3.00	.117	Intercept	.000
	var03=1.00	.010	var03=4.00	.018	var03=2.00	.077			var04=4.00	.034	var05=3.00	.140
	var03=2.00	.001	var04=2.00	.016	var04=3.00	.054			var05=1.00	.126	var06=1.00	.019
	var03=3.00	.080	var05=2.00	.126	var04=4.00	.103			var06=1.00	.096	var06=2.00	.012
	var03=4.00	.029	var05=3.00	.019	var13=1.00	.015			var06=2.00	.079	var06=3.00	.028
	var06=1.00	.086	var06=1.00	.039	var13=3.00	.149			var06=3.00	.147	var06=4.00	.024
	var06=2.00	.021	var07=1.00	.075	var13=4.00	.076			var07=2.00	.011	var07=2.00	.031
	var07=2.00	.018	var07=2.00	.005					var09=3.00	.132	var07=3.00	.083
	var07=4.00	.005	var07=3.00	.032					var11=2.00	.032	var08=3.00	.097
	var08=3.00	.145	var07=4.00	.013					var12=1.00	.030	var09=3.00	.023
	var09=2.00	.121	var08=1.00	.103					var12=3.00	.105	var10=1.00	.049
	var09=3.00	.002	var10=2.00	.086					var13=1.00	.003	var10=4.00	.025
	var13=1.00	.003	var11=4.00	.129					var13=3.00	.074	var11=1.00	.000
	var13=2.00	.125	var13=1.00	.002					var13=4.00	.034	var11=2.00	.000
	var13=3.00	.012	var13=2.00	.076							var11=3.00	.000
	var13=4.00	.002	var13=3.00	.023							var11=4.00	.000
											var12=4.00	.045
											var13=1.00	.120
											var13=2.00	.018
											var13=4.00	.016
NGOs	Intercept	.067	Intercept	.054	Intercept	.113	var03=3.00	.117			Intercept	.000
	var02=1.00	.115	var03=3.00	.023	var03=3.00	.006	var04=4.00	.034			var05=3.00	.039
	var02=4.00	.049	var03=4.00	.025	var04=2.00	.087	var05=1.00	.126			var06=4.00	.016
	var03=1.00	.009	var04=1.00	.146	var05=1.00	.046	var06=1.00	.096			var08=3.00	.037
	var03=2.00	.004	var04=2.00	.069	var05=3.00	.034	var06=2.00	.079			var10=1.00	.066
	var03=3.00	.002	var04=4.00	.068	var06=3.00	.075	var06=3.00	.147			var11=1.00	.000
	var03=4.00	.029	var05=1.00	.012	var07=2.00	.136	var07=2.00	.011			var11=2.00	.000
	var04=4.00	.150	var05=2.00	.043	var07=4.00	.117	var09=3.00	.132			var11=3.00	.000
	var05=1.00	.140	var05=3.00	.004	var08=3.00	.132	var11=2.00	.032			var12=1.00	.031
	var07=4.00	.003	var07=3.00	.137	var10=3.00	.142	var12=1.00	.030			var13=2.00	.020
	var08=3.00	.036	var07=4.00	.009	var12=3.00	.079	var12=3.00	.105			var13=3.00	.143
	var09=3.00	.110	var08=1.00	.014	var13=2.00	.134	var13=1.00	.003				
	var12=1.00	.122	var08=2.00	.044			var13=3.00	.074				
	var12=3.00	.034	var09=1.00	.116			var13=4.00	.034				
	var13=2.00	.085	var10=2.00	.005								
			var11=2.00	.109								
			var12=1.00	.090								
			var12=3.00	.038								
			var13=2.00	.063								
Business Elite	Intercept	.000	Intercept	.000	Intercept	.000	Intercept	.000	Intercept	.000		
	var03=1.00	.004	var03=4.00	.029	var03=1.00	.135	var05=3.00	.140	var05=3.00	.039		
	var03=2.00	.017	var05=2.00	.079	var03=3.00	.124	var06=1.00	.019	var06=4.00	.016		
	var03=3.00	.055	var06=2.00	.093	var04=2.00	.053	var06=2.00	.012	var08=3.00	.037		
	var03=4.00	.044	var06=3.00	.102	var06=1.00	.086	var06=3.00	.028	var10=1.00	.066		
	var05=3.00	.098	var06=4.00	.090	var06=2.00	.091	var06=4.00	.024	var11=1.00	.000		
	var05=4.00	.150	var08=1.00	.113	var06=3.00	.014	var07=2.00	.031	var11=2.00	.000		
	var06=4.00	.082	var08=3.00	.050	var06=4.00	.026	var07=3.00	.083	var11=3.00	.000		
	var10=4.00	.036	var09=1.00	.100	var09=3.00	.079	var08=3.00	.097	var12=1.00	.031		
	var11=1.00	.000	var09=3.00	.031	var10=1.00	.091	var09=3.00	.023	var13=2.00	.020		
	var11=2.00	.000	var10=1.00	.042	var10=4.00	.073	var10=1.00	.049	var13=3.00	.143		
	var11=3.00	.000	var10=2.00	.004	var11=1.00	.000	var10=4.00	.025				
	var13=3.00	.041	var10=4.00	.137	var11=2.00	.000	var11=1.00	.000				
			var11=1.00	.000	var11=3.00	.000	var11=2.00	.000				
			var11=2.00	.000	var12=1.00	.112	var11=3.00	.000				
			var11=3.00	.000	var12=4.00	.090	var12=4.00	.045				
			var12=4.00	.101	var13=2.00	.138	var13=1.00	.120				
			var13=3.00	.067			var13=2.00	.018				
							var13=4.00	.016				

From table 3c, depicts, if Private Developers as a control variable, Policy makers: fiscal incentives, free from regime of controls and land acquisition through state agreed in SEZ, state initiatives and economics of scale are mixed impact, size of market potential is moderate and free from societal controls and free from rigid labour

laws are disagree for SEZs. Management Consultancy: Land acquisition through state and financial incentives are strongly agreed. Fiscal incentives are disagree. Economics of scale, business autonomy, free from regime controls and size of market potential are having mixed impact. Politicians: economics of scale, fiscal incentives, financial incentives, land acquisition through state are determinates factors of SEZ, state initiatives and size of market potential are moderately agreed, vital business opportunities mixed impact. NGOs: economics of scale, business autonomy, fiscal incentives and financial incentive are strongly agreed but free from regime of controls are strongly disagreed, state initiatives and world class infrastructure are mixed impact and size of market potential moderately agree. Business Elites: free from regime of controls and vital business opportunities are major determinates of SEZ. Economics of scale and free from rigid labour laws are having mixed impact, land acquisition through state is moderately agreed.

If, Policy Makers as control variable Private developers: fiscal incentives and land acquisition through states strongly agreed. Economics of scales, state initiatives, size of the market potential and free from societal controls having with mixed impact and world class infrastructure moderately agreed. Management consultancies: financial incentives are only determinates, economics of scale, business autonomy and state initiates are mixed impact. Free from societal controls moderately agreed. Politicians: economics of scale, financial incentives and free from rigid labour laws are determinates of SEZ. Business autonomy, free form regime of controls and land acquisition through states are mixed impact. State initiatives are strongly disagree. NGOs: economics of scale, financial incentives and business autonomy are strongly agreed in SEZ. Free from regime of controls, state initiatives, size of market potentials and world class infrastructure are with mixed impact on SEZ. Free from societal control completely disagree in SEZ. Business Elites: economics of scale and vital business opportunities, free from societal controls and world class infrastructure are major determinates factors of SEZ. State initiatives, size of market potentials, free from societal controls and free from rigid labour laws are mixed impact in SEZ. Land acquisition through state moderately agreed.

If, Management Consultancies as control variable, private developers: financial incentives and land acquisition through state strongly agree in SEZ. Economics of

scale, business autonomy, free from regime of controls, fiscal incentives and size of market potentials are mixed impact on SEZ. Policy makers: financial incentives and business autonomy are determinates factors. Economics of scale, state initiatives are mixed impact in SEZ. Free from societal controls disagree in SEZ. Politicians: business autonomy, land acquisition through state determinates in SEZ. Economics of scale, business autonomy and fiscal incentives are mixed impact in SEZ. NGOs: financial incentives are strongly agree in SEZ. Economics of scale, business autonomy, fiscal incentives, state initiatives and free from societal controls are mixed impact on SEZ. World class infrastructure and land acquisition through state moderately agree in SEZ. Business Elites: free from societal controls, world class infrastructure, vital business opportunities are strongly agreed in SEZ. Fiscal incentives and free from rigid labour laws mixed impact. Business autonomy and land acquisition through state disagreed on SEZ.

And when, Politicians as control variable, private developers: economics of scale, fiscal incentives, financial incentives and land acquisition through state are determinates factors of SEZ. State initiatives are moderately agreed. Size of market potential is disagree in SEZ. Policy makers: economics of scale and financial incentives are strongly agree in SEZ. Business autonomy, free from regime of controls and land acquisition through state are mixed impact in SEZ. Free from societal controls disagree in SEZ. Management consultancies: business autonomy and land acquisition through state are determinates and economics of scale and fiscal incentives are disagree in SEZ. NGOs: business autonomy and land acquisition through state are determinates factor of SEZ. Economics of scale, size of the market potential, vital business opportunities and world class infrastructure moderately agreed. Business Elites: financial incentives, free from societal controls, world class infrastructure and land acquisition through state are strongly agreed and vital business opportunities, state initiatives, size of the market potential and free from rigid labour laws are moderately agreed.

When NGOs as control variable, private developers: economics of scale, business autonomy, fiscal incentives and financial incentives are strongly agreed. World class infrastructure and land acquisition through moderately agreed and free from regime of controls are disagree in SEZ. Policy Makers: economics of scale and financial

incentives are major determinates of SEZ and business autonomy, free from regime of controls, state initiatives, size of market potential and land acquisition through state are mixed impact with SEZ., Management Consultancies: financial incentives is strongly agreed, land acquisition through state is mixed impact, world class infrastructure disagreed and economics of scale, free from regime of controls, state initiatives and free from societal control are moderately agreed in SEZ. Politicians: business autonomy and land acquisition through state strongly agreed. Economics of scale, vital business opportunities, size of market potential and world class infrastructure are moderately agreed and state initiatives disagree in SEZ. Business Elites: state initiatives is strongly agreed. Free from regime of controls, size of market potential, free from rigid labour laws moderately agreed. World class infrastructures strongly disagree in SEZ.

And if, Business Elites as control variable, private developers: economics of scale, free from regime of controls, free from societal control, free from rigid labour laws and vital business opportunities strongly agreed. Land acquisition through state moderately agreed. Policy makers: economics of scale, free from societal control, free from rigid labour laws, world class infrastructure, land acquisition through state and vital business opportunities are major determinates factors of SEZ. Free from regime of controls, state initiatives and size of the market potential mixed impact on SEZ. Management Consultancies: free from regime of controls, free from societal control and world class infrastructures are determinates factors of SEZ. Economics of scale and land acquisition through state moderately agreed. Politicians: free from societal controls, free from rigid labour laws, world class infrastructure, land acquisition through state and vital business opportunities are strongly agreed. Free from regime of controls, size of market potentials and financial incentives are mixed impact on SEZ. NGOs: vital business opportunities are determining factors of SEZ. Free from regime of controls, state initiatives, free from rigid labour laws and land acquisition through state is moderately agreed. Free from societal controls disagree in SEZ.

Since we establish fiscal incentives is one of the important determinant for the entrepreneurs and key stakeholders, the following would be the anticipations from the stakeholders in SEZs for attracting investments, including foreign investment, duty free import/domestic procurement of goods for development. If Government fulfills

its objectives towards SEZ act will automatically provide fiscal incentives, hence policy should operationalize to reap the desired fruits out of it.

Another important determined factor is Economies of scale, they are two types, and one internal and other external economies of scale. As Alfred Marshall made dissimilarity between internal and external economies of scale. When a business reduces costs and upsurges production, internal economies of scale have been achieved. External economies of scale occur outside of a firm, within an industry. Thus, when an industry's scope of maneuvers magnifies due to, for example, the creation of a better conveyance network, resulting in a consequent shrinkage in cost for a company working within that industry, external economies of scale are said to have been accomplished. With external economies of scale, all firms within the industry will be advantage. In many cases, a large firm find it economical to have a number of operations accomplished mechanically rather than manually. These economies will be the paramount in firms where the product is multifaceted and the manufacturing practices are capable of being sub-divided. Since SEZs are inception in Indian economy to make an effectual export led growth and over and done with them there should proper economies of scale, so that it can achieve the aim. Economies of scale can operate at the level of the individual firm but can also operate at an industry level. There is an external economy if an increase in output permits the creation of more specialized techniques and a greater effort in R&D is made to lower costs. Thus, if an increase in output increases the development of specialized machine tools and other production inputs, an external economy will be present.

In the case of SEZs, a lot of discussion and debate takes place before a site is confirmed. Even if finalized, these SEZs are situated in specific areas appropriate perfectly for providing conducive environment of industries such as outskirts of the city, coastal areas and areas with large sizes with the land that has been identified as usually waste land so as to achieve economies of scale. Also, these SEZs having huge areas have own power houses, roads, rail systems, and other infrastructure facilities thereby bringing the economies of scale in an effective manner. Both Manufacturing industries and new economy industries such as IT/ITES are the units who need these kinds of facilities badly in order to achieve large scales and reduce costs. Specially, industries in which production takes place in various stages and in different

production houses, such an area with high level of infrastructure becomes imperative. Also, manufacturing sector provides employment to the grass root level of the society and invites other related industries to get established along with itself as it is depended on raw materials, and other services such as logistics and transportation. Thus in many countries and especially in India efforts are being made build SEZ clusters for Manufacturing Industries, IT/ITES and other SME's. According to spatial-economic analysts' view, cities are considered to be engines of economic growth. Agglomeration of economic activities is desired for the economies of scale, technological development, and employment generation and growth centers. SEZs can also provide scale-related advantages via the creation of clusters, reducing manufacturing costs. Another factor of determinants on the SEZs is Business self-sufficiency, resulting in superior financial flexibility for these tax-free enclaves. This move will help these zones compete with the private sector SEZs, which are attracting investment from companies. Tapan Sangal pointed out, "With the private zones coming in to operation, a sovereign government zone will be in a better position to face competition. Many government zones need to complaint up their infrastructure and the proposed self-sufficiency will help them in doing so." Few specialists and experts also point out that the sovereign zones will be able to take many decisions on their own, which cannot be taken now.

Free from regime of controls is another factor of determinant, to enhance foreign investment and provide an internationally competitive and hassle free environment for exports. The idea was to encourage exports from the country and realizing the need that level in performance field must be made available to the domestic enterprises and manufacturers to be competitive globally. A legislature has been passed permitting SEZs to offer tax breaks to foreign investors. Over half a decade has passed since its commencement, but the SEZ Bill has certain drawbacks due to the omission of key provisions that would have relaxed rigid rules. This has lessened India's chance of compete with the success of the Chinese SEZ model, through foreign direct investment (FDI) in export-oriented manufacturing.

Vital business opportunities is one of other important factor for SEZ, according to Economic Survey, 2013-2014, to enhancement the slack industrial growth, it is imperious to revive private sector investment through special economic zones

(SEZs). The Survey indicates the decline in industrial growth provides an opportunity to push the government's reform agenda by removing obstructions to infrastructure development. "In view of the ongoing industrial slowdown, the policy focus now needs to target key growth drivers in the short term. One of the crucial drivers can be revival of private corporate-sector investment. SEZ activity has come to a standstill, following the government's move to impose minimum alternate tax (MAT) on these zones. It added to rejuvenate small businesses, the government's industrial policy should have better motivation on labor-intensive and resource-based manufacturing in the informal sector. In the long run, upgrading from low-technology areas to high-technology ones would be a challenge for the manufacturing sector".

States initiatives is being another important determinant for SEZ, which should be deliberated as a trade capacity expansion tool with an objective to reassure economic growth by proposing incentives to domestic as well as foreign business investors (NRIs/PIOs/OCBs). By providing privileged terms, SEZ helps to spur employment, attract foreign investment and enhances infrastructure of the country by offering a platform wherein it not only encourages local businesses to enhance their export via an right channel but it also attracts foreign players looking for efficient industrial place to establish their offshore business.

Size of the market potential in the SEZs will be another major determinant. It will be beneficial, if the policies can be consequential to magnify the market potential and open up to the markets to derive their own demand and supply forces. On a more constructive note they are also indicators of the opportunity that be present to build on the substantial accomplishments of the sector through suitable reform. The key trends are as follows: 1. Geographical Concentration of SEZs: Six States, Andhra Pradesh, Kerala, Maharashtra, Gujarat, Karnataka and Tamil Nadu, account for a major proportion of SEZs and 92% of total exports from them. 2. Urban centric growth of SEZs – Even within these six States, SEZs are largely strenuous around existing urban agglomerates, leaving the vicinity virtually unharmed. 3. Sectorial Distribution of SEZs: There is a pre-dominance of IT SEZs in the sector, and multi sector SEZs are few and far between. Of the 143 operational SEZs, only 17 are multi product SEZs. 4. Skewed Export Pattern: IT/ITES SEZs and Petroleum sector contribute to the roughly two-thirds of SEZ exports. Non-petroleum manufacturing contributes the balance

minority share. 5. Inadequate progress of manufacturing activity: As reflected in 3 and 4 above, the SEZ sector has not fully addressed the concern of boosting the manufacturing sector in India. 6. Limited number of Operational SEZs: While 583 SEZs have been formally approved as on 31st Oct 2011, only 381 have been notified, of which only 143 SEZs are exporting i.e. only 24.53 % of the approved SEZs.

Free from societal controls and rigid labor laws are also another determinant, when SEZs promote their growth and expertise, they should allow to work uniquely and independently, to be provide an environment to work free from societal controls. Rendering to UPA policy, it will not permit them any relaxation in labour laws in special economic zones, petrochemical hubs and industrial parks such as easing norms for hiring and firing and employment of women and restricting union activity, among others. This will create prevention to SEZ to work efficiently. But Governments to come will need to look over these policy options to provide labour law flexibility, which is considered a major obstacle to economic reforms. Facilitation labour laws in SEZs and other such duty-free zones were considered a key means of attracting more investors, especially foreign investors, who have been suspicious of rigid rules governing reduction of expenditure and so on. "The special zones tend to be casual about deal with labour issues" for which they require government intervention to smoothen rigid labour laws to flexible.

Another factor of determinant is world class infrastructure; SEZs provide facilities to help support production units which can match the international level in quality. The SEZ exports can reach a staggering high, boosting a country's exports tremendously. They promote economic activity through backward and forward linkages with domestic economies and aid in development of technological and learning spillovers. They are one way of ensuring infrastructure and other facilities come up across the country—a difficult thing to ensure otherwise. The world-class infrastructure set up will cut down the cost of conducting business and render the industry competitive globally. The infrastructure will include electricity availability at competitive rates, capital availability at internationally benchmarked rates, good transport links to check shipment delays and flexible labour laws. The SEZs are duty-free enclaves and deemed foreign territories where trade operations, duties and tariffs are concerned.

The exemptions given to SEZs mean that infrastructure facilities are available at lower cost. SEZs are also seen as good attractions of FDI.

SEZs and Land Acquisition are interrelated for in the setting up of SEZs huge amounts of land are required. Land Acquisition and SEZs have picked up speed in India since the Indian government has encouraged the setting up of SEZs in the country. According to the government of India's policy a SEZ in the country has to be built on at least 1 thousand hectares or more of land. And so Land Acquisition on a enormous scale is taking place in India so that more and more SEZs can be set up in the country. SEZs and Land Acquisition is taking place mainly in agricultural lands and the central and state governments are acquiring the land from the farmers, which is prime concern to them. Across India, the total amount of land, which will be acquired, is around 150,000 hectares and this amount of land is capable of producing around 1 million tons of agricultural produce. Although there are several advantages of SEZs and Land Acquisition in India are that it has helped to bring in huge amounts of foreign currency into the country, increased the number of jobs for the people of the country, and has also helped to bring in highly technologically advanced machines into the country. The various cons of SEZs and Land Acquisition in India are that it is estimated that more than 10 lakh people who are dependent upon agricultural lands will be evicted from their lands, it is estimated that the farming families will have to face loss of around Rs.212 crores each year in total income, and it will also lead to putting the food security of India at risk. SEZs and Land Acquisition in India has now resulted in dissent, uproar, and opposition from the farmers, for their livelihood has been put at stake. Even if, agitations from farmers, NGOs and other stakeholders, Land acquisition is very fast face since few years. The government must make sure that Land Acquisition and SEZs must prove beneficial for the people of the country and not harmful. Hence land acquisition should be at a very cautious otherwise, it will lead a lot of complexities in both policy and SEZ expansions.

Stakeholders are anticipating the facilities should be provided to the SEZs for the proper function and efficient allocation of its resources optimally. Hence, we have used multinomial logistic regression to identify the anticipated facilities by the type of SEZs, Owners of SEZ and stakeholders including all active participants. Table 4a, 4b and 4c depicts the model fitting information, likelihood ratio tests and 4c depicts all

four models by keeping one of the type of SEZ is control variable in each model and others are being response variables. Table 4a explains that the model is good fit at 0.14% level, hence we have use the results for the inference.

Table 5.4a: Model Fitting Information for Facilities and Type of SEZ

Model	Model Fitting Criteria	Likelihood Ratio Tests		
	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	811.964			
Final	750.232	61.733	60	.014

Table 5.4b: Likelihood Ratio Tests

Effect	Model Fitting Criteria	Likelihood Ratio Tests		
	-2 Log Likelihood of Reduced Model	Chi-Square	df	Sig.
Intercept	750.232 ^a	0.000	0	
Self-certification basis	754.392	4.160	6	.655
Non stipulation of export performance	750.646	.414	6	.999
Free to import	757.438	7.206	6	.302
IT exemption for a block of ten years out of fifteen years	762.391	12.159	6	.059
Full freedom to allocate developed plots	763.798	13.566	6	.035
Services on commercial basis	753.043	2.812	6	.832
No bar on foreign investment	754.369	4.137	6	.658
High risk category of credit to SEZ by RBI	758.484	8.252	6	.220
Simplified procedures	757.532	7.300	6	.294

The chi-square statistic is the difference in -2 log-likelihoods between the final model and a reduced model. The reduced model is formed by omitting an effect from the final model. The null hypothesis is that all parameters of that effect are 0.

a. This reduced model is equivalent to the final model because omitting the effect does not increase the degrees of freedom

From table 4b depicts that IT exemption for a block of ten years out of fifteen years and Full freedom to allocate developed plots are the facilities they would anticipate overall level.

Table 5.4c: Type of SEZ Parameter Estimates

Type of SEZ	Model1		Model2		Model3		Model4	
	Significant factors	p-value	Significant factors	p-value	Significant factors	p-value	Significant factors	p-value
Multiproduct			var23=2.00	.086	var19=1.00	.131	var16=1.00	.126
			var24=2.00	.032	var20=2.00	.033	var19=1.00	.059
					var23=2.00	.139	var19=2.00	.098
					var24=1.00	.039	var20=1.00	.014
					var24=2.00	.057	var20=2.00	.134
					var25=2.00	.105		
IT/ITES	var23=2.00	.086			var19=1.00	.088	var18=1.00	.036
	var24=2.00	.032			var19=2.00	.033	var18=2.00	.136
					var20=2.00	.059	var19=1.00	.036
					var25=2.00	.017	var19=2.00	.003
Biotech and Energy							var20=1.00	.024
	var19=1.00	.131	var19=1.00	.088			var18=1.00	.091
	var20=2.00	.033	var19=2.00	.033			var18=2.00	.138
	var23=2.00	.139	var20=2.00	.059			var20=1.00	.068
	var24=1.00	.039	var25=2.00	.017			var24=1.00	.138
	var24=2.00	.057					var25=2.00	.142
Free Trade Warehousing	var25=2.00	.105						
	var16=1.00	.126	var18=1.00	.036	var18=1.00	.091		
	var19=1.00	.059	var18=2.00	.136	var18=2.00	.138		
	var19=2.00	.098	var19=1.00	.036	var20=1.00	.068		
	var20=1.00	.014	var19=2.00	.003	var24=1.00	.138		
	var20=2.00	.134	var20=1.00	.024	var25=2.00	.142		

For the type of SEZs we have considered Multiproduct SEZ, IT/ITES SEZ, Biotechnology and Energy SEZ and Free Trade Ware Housing Zone. So when we use one of the above type of SEZ as a control variable in the Multinomial Logistic Regression. We have found the following results with respect to Multiproduct SEZs as control variable. For IT/ITES service and commercial basis is an advantageous facility. It encountered down turn in the economy at higher rate which is influenced on the SEZ negatively. Whereas if the process has simplified which will create a high advantageous to the IT/ITES SEZ. Though IT/ITES SEZs are encountered social tensions in the SEZ areas at moderate level. For Biotechnology and Energy type SEZ result are indicating that it is advantageous for them to make the services on the commercial basis. Whereas the facility of free flow of Foreign Investments would be beneficial to them. Even Biotechnology and Energy SEZ are facing social tensions at moderate level which causing a negative impact on smooth processes of SEZ. In Biotechnology and Energy SEZ there is political opposition by Left Parties is a major concern. For free trade Ware Housing Zone they wanted to free flow of Foreign Investments in their SEZ which create unanimous advantageous and free processes of SEZs to make them efficient and proper productivity.

Keeping Biotechnology and Energy as a response Variable Multiproduct SEZ have advantageous with free flow of Foreign Investments. So they have encountered moderately when there was an economy down turn during the period 2007-09 and also global meltdown. Social tensions in SEZ areas are not predominantly make suffering to these SEZ type. Whereas they have suffered/encountered moderate opposition by the political parties. IT/ITES advantageous of Foreign Investments, free flow of Foreign Investments they are also suffering by the political parties. Though free trade Ware Housing Zone they have seen a mixed impact by providing services on commercial basis. Whether controlling any of the SEZ, no bar on Foreign Investments is a major determinant of enterprise management which is a prime objective to initiate SEZs in India. For the Ownership of SEZ (both private developers and state developers) have advantage with free flow of Foreign Investment and mixed response on providing services on commercial basis.

Table 5.5a: Model Fitting information Ownership of SEZs on Facilities

Model	Model Fitting Criteria	Likelihood Ratio Tests		
	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	395.666			
Final	350.222	45.444	20	.001

Table 5.5b: Likelihood Ratio Tests

Effect	Model Fitting Criteria	Likelihood Ratio Tests		
	-2 Log Likelihood of Reduced Model	Chi-Square	df	Sig.
Intercept	350.222 ^a	0.000	0	
Self-certification basis	351.757	1.535	2	.464
Non stipulation of export performance	351.168	.947	2	.623
Free to import	360.911	10.689	2	.005
IT exemption for a block of ten years out of fifteen years	364.205	13.984	2	.001
Full freedom to allocate developed plots	353.447	3.225	2	.199
Services on commercial basis	351.678	1.457	2	.483
No bar on foreign investment	352.843	2.622	2	.270
High risk category of credit to SEZ by RBI	352.168	1.946	2	.378
Simplified procedures	351.778	1.557	2	.459

The chi-square statistic is the difference in -2 log-likelihoods between the final model and a reduced model. The reduced model is formed by omitting an effect from the final model. The null hypothesis is that all parameters of that effect are 0.

- a. This reduced model is equivalent to the final model because omitting the effect does not increase the degrees of freedom.

Table 5.5c: Parameter Estimates

Ownership of SEZ	Model1		Model2	
	Significant factors	p-value	Significant factors	p-value
State Owners	Control		Intercept var18=1.00 var18=2.00 var19=1.00 var20=2.00	.014 .005 .007 .005 .138
Private Owners	Intercept var18=1.00 var18=2.00 var19=1.00 var20=2.00	.014 .005 .007 .005 .138	Control	

Table 5a, 5b and 5c depicts, the ownership anticipated facilities, unlike other stakeholders, and both owners are anticipating same facilities. Model fitting information explains, the model is best fitted and they are mostly anticipating free import, IT exemption for a block of ten years out of fifteen years would enhance their activities. For the Ownership of SEZ (both private developers and state developers) have advantage with free flow of Foreign Investment and mixed response on providing services on commercial basis.

Table 5.6a: Model Fitting Information

Model	Model Fitting Criteria	Likelihood Ratio Tests		
	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	876.088			
Final	775.051	101.038	100	.0452

Table 5.6b: Likelihood Ratio Tests

Effect	Model Fitting Criteria	Likelihood Ratio Tests		
	-2 Log Likelihood of Reduced Model	Chi-Square	df	Sig.
Intercept	775.051 ^a	0.000	0	
Self-certification basis	790.825	15.774	10	.106
Non stipulation of export performance	782.600	7.549	10	.673
Free to import	782.378	7.328	10	.694
IT exemption for a block of ten years out of fifteen years	788.220	13.170	10	.214
Full freedom to allocate developed plots	789.555	14.504	10	.151
Services on commercial basis	782.857	7.807	10	.648
No bar on foreign investment	786.411	11.360	10	.330
High risk category of credit to SEZ by RBI	787.989	12.939	10	.227
Simplified Procedures	785.436	10.386	10	.407

Table 5.6c: Parameter Estimates

Stakeholders SEZ	Model1		Model2		Model3		Model4		Model5		Model6	
	Significant factors	p-value	Significant factors	p-value	Significant factors	p-value	Significant factors	p-value	Significant factors	p-value	Significant factors	p-value
Private Developers			Intercept var16=1.00 var19=1.00 var20=2.00 var22=2.00 var25=1.00 var25=2.00	.006 .059 .026 .004 .115 .142 .114	Intercept var16=1.00 var18=1.00 var20=2.00 var21=1.00 var22=1.00 var24=1.00 var25=1.00	.057 .012 .142 .127 .112 .105 .116 .111	var16=1.00 var20=2.00	.107 .044	var16=1.00 var16=2.00 var19=1.00	.053 .135 .128	Intercept var16=1.00 var18=1.00 var19=1.00 var24=1.00	.097 .060 .112 .131 .131
Policy Makers	Intercept var16=1.00 var19=1.00 var20=2.00 var22=2.00 var25=1.00 var25=2.00	.006 .059 .026 .004 .115 .142 .114			var19=1.00 var19=2.00 var20=2.00 var21=1.00 var23=2.00 var24=1.00	.117 .062 .130 .095 .048 .135	Intercept var19=1.00 var19=2.00	.115 .041 .010	Intercept var16=2.00 var20=2.00 var23=2.00 var25=1.00	.095 .100 .141 .040 .140	var20=2.00 var22=2.00 var24=1.00	.117 .060 .149
Management Consultants	Intercept var16=1.00 var18=1.00 var20=2.00 var21=1.00 var22=1.00 var24=1.00 var25=1.00	.057 .012 .142 .127 .112 .105 .116 .111	var19=1.00 var19=2.00 var20=2.00 var21=1.00 var23=2.00 var24=1.00	.117 .062 .130 .095 .048 .135			var17=1.00 var21=2.00 var22=1.00 var23=2.00 var24=1.00	.047 .148 .109 .078 .087	var16=2.00 var24=2.00 var25=1.00	.014 .136 .112	var21=1.00 var22=2.00 var24=2.00	.146 .097 .130
Politicians	var16=1.00 var20=2.00	.107 .044	Intercept var19=1.00 var19=2.00	.115 .041 .010	var17=1.00 var21=2.00 var22=1.00 var23=2.00 var24=1.00	.047 .148 .109 .078 .087			var16=2.00 var19=2.00 var23=2.00	.049 .091 .067	var18=1.00 var24=1.00	.140 .100
NGO's	var16=1.00 var16=2.00 var19=1.00	.053 .135 .128	Intercept var16=2.00 var20=2.00 var23=2.00 var25=1.00	.095 .100 .141 .040 .140	var16=2.00 var24=2.00 var25=1.00	.014 .136 .112	var16=2.00 var19=2.00 var23=2.00	.049 .091 .067			var16=2.00 var23=1.00	.094 .104
Business Elite	Intercept var16=1.00 var18=1.00 var19=1.00 var24=1.00	.097 .060 .112 .131 .131	var20=2.00 var22=2.00 var24=1.00	.117 .060 .149	var21=1.00 var22=2.00 var24=2.00	.146 .097 .130	var18=1.00 var24=1.00	.140 .100	var16=2.00 var23=1.00	.094 .104		

Table 6a, 6b and 6c depicts the all stakeholder's anticipated facilities in SEZs. In the study six type of Stakeholders are taken for analyzing the role of SEZ in the economy, which included, Private Developers, Policy makers, Management consultants, Politicians, N.G.Os, Business elites. Table 6a shows model is properly fitted and having 0.045 significance level. When we are taking Private developers as a control variables other stakeholders opinions are opinions are like this. The policy makers opinion is Income Tax exemption for Block of 10 years out of 15 years is not advantageous, no bar on Foreign Investments is advantageous and political opposition is not a concern but need to take cautious steps to control or not exaggerating their opposition in the SEZ areas. Management consultation opinion is Income Tax exemption, making service and commercial basis is not advantageous, high risk

category of credit of RBI to SEZ and simplified processor not advantageous and social tension and political opposition is very low but no bar Foreign Investment is advantageous. Politician's opinion is no bar Foreign Investment is advantageous but Income Tax exemption for 10 years for the block of 15 years is not advantageous.

NGO opinions are no bar on Foreign Investment not advantageous but about Income Tax exemption they mixed response. Business elite opinion is Income Tax exemption and service on commercial basis is not advantageous and social tensions are low in SEZ areas. If policy makers are a responsible variable then different stakeholders opinions are as follows. Private developers saying that Income Tax exemption is not advantageous but no bar on Foreign Investment is advantage and political parties' opposition is low and moderate. Management consultancies are saying that no bar on Foreign Investment is advantage but high risk category of credit not advantage in SEZ and they have suffered with down turn in the economy was moderate and social tensions are negligible in SEZ areas. Business elite opinion is no bar on Foreign Investment and simplified processor is advantage in SEZ and social tensions are minimal in SEZ areas.

Management consultancies considered as responsible variable then private developers opinion is Income Tax exemption, services on commercial basis, high risk category of credit and no bar on Foreign Investment in not advantageous in SEZs and according them no effect of down turn economy and social tensions and political parties' oppositions are very low. Policy makers are saying that no bar Foreign Investment is advantage but high risk category credit is not advantageous in SEZ and they have also suffered with down turn economy and social tensions are very low in SEZ areas. Politicians opinion is full of freedom to allocate developed plots and simplified processor are not advantageous in SEZ but high risk category of credit is advantage according them down turn economy moderately suffered and social tensions are low in SEZ areas. According to NGOs Income Tax exemption is advantage and social tensions in SEZ areas are moderate. Business elites are saying that high risk category of credit is not advantage but simplified processor are advantage for SEZ and social tension is moderate in SEZ areas. If we considered Politicians are control variable then private developers opinion is Income Tax exemption supported but no bar on Foreign Investment is not supported by these group. Policy makers are opposing full

freedom to allocate developed plots. According to management consultancy full freedom to allocate developed plots and simplified processor are not advantageous but high risk category of credit is advantage and social tensions in SEZ areas low. NGO supported Income Tax exemption they opinioned that down turn in the economy is moderate. According to business elites services on commercial basis not advantageous and social tensions are very low in SEZ areas.

When NGOs are control variables then private developers saying mixed response about Income Tax exemption. According to policy makers Income Tax exemption and no bar on Foreign Investments are advantageous and down turn in the economy is moderate and political parties opposition are low in SEZ areas. Management consultancies saying that Income Tax exemption is not required for SEZs, social tensions are moderate in SEZ areas and political parties' opposition is low. Politicians are supported Income Tax exemption and down turn economy in the economy is moderate. Business elite also supported Income Tax exemption and down turn in the economy are low. Finally, Business Elites are considered are control variables then private developers are not supporting Income Tax exemption and services on commercial basis and they opined that social tensions are very low in SEZs areas. Policy makers supported no bar on Foreign Investments and simplified processors and they are saying that social tensions are low in SEZs areas. According to management consultancies high risk category of credit is not advantage but simplified processor are advantage and social tensions are moderate in SEZs areas. Politicians are saying that services on commercial basis not necessary and social tensions are low in SEZs areas. NGOs are supported Income Tax exemption and they opinioned that down turn in the economy is low.

Facilities like Self certification basis might help SEZs to promote themselves in the market structured economies, hence it will be easy to expand further. Free to import facility in SEZ units may export goods and services including agro-products, partly processed goods, sub-assemblies and components except prohibited items of exports in ITC (HS). The units may also export by-products, rejects, waste scrap arising out of the production process. Export of Special Chemicals, Organisms, Materials, Equipment and Technologies (SCOMET) shall be subject to fulfillment of the conditions indicated in the ITC (HS) Classification of Export and Import Items. SEZ

unit may import/procure from the DTA without payment of duty all types of goods and services, including capital goods, whether new or second hand, required by it for its activities or in connection therewith, provided they are not prohibited items of imports in the ITC(HS). However, any permission required for import beneath any other law shall be applicable.

IT exemption for a block of ten years out of fifteen years facility from 80-IAB facility will enable any profits and gains derived by an undertaking or an enterprise from any business of developing a Special Economic Zones, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assesses, a deduction of an amount equal to one hundred per cent of the profits and gains derived from such business for ten consecutive assessment years. The deduction specified in sub-section (1) may, at the option of the assesses, be claimed for any ten consecutive assessment years out of fifteen years beginning from the year in which a SEZ has been notified by the Central Government: Income Tax exemption on income derived from the business of development.

Full freedom to allocate developed plots facility in SEZ scheme allows private individuals or firms to participate creating infrastructure in the zones. The developer of infrastructure is allowed duty free import and obtaining of goods for development operations and maintenance of SEZ. Facility to develop township within SEZ with residential areas, markets playgrounds, clubs, recreation center etc. Services on commercial basis and streamlined procedures will set up SEZ Unit in India has been simplified for the Indian government wants the number of SEZ to increase in the country.

Table 7a, 7b and 7c to 9a, 9b and 9c depicts the model information of views and effects of stakeholders on SEZs which contains, Discriminating fields of opportunity. Revenue loss is inbuilt, Prioritization of SEZ activities is absent, Exports targets are open end, Aggravation of regional imbalances, Engine of economic growth, Institutional setup is not geared up, Distortions in land market, Threat to arable land, Severe casualization of employment, Land reforms in reverse process, Employment is short lived, Phenomenal speculation in property markets, SEZs became real estate zones, Low work participation rate, Loss of livelihood opportunities, People with non-farm skills suffered a lot, Chronic unemployment and poverty, Further

marginalization of deprived sections, Fail to mainstream the excluded sections, The promise of employment is a big disappointment, Linkages with nonfarm sector growth is insignificant, Skewed spatial planning, Credit to SEZ is categorized as high risk, Social tensions, Corporatized development program, Threat to local industry, Mismatch between imports and exports by SEZ, Generation of exploitative employment opportunities and working conditions, SEZs are foreign Islands, Destruction of agro based economy, No space for popular consultations, Sustainability of the growth, Replacement of farming with private industrial enclaves and Indecent employment conditions.

Table 7a, 8a and 9a depicts the models fitted based on type of SEZ, ownership of SEZ and stakeholders of SEZ on the above effects, which explains the fitted information of 0.015, 0.082 and 0.059 respectively, hence models can be useful for the inference purpose.

Table 5.7a: Model Fitting Information

Model	Model Fitting Criteria	Likelihood Ratio Tests		
	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	679.542			
Final	537.045	142.496	108	.015

Tables 7b, 8b and 9b depicts, the important effects which were expected to be happened/ happening in the SEZs. In type of SEZ views on the effect of SEZs have been analyzed based on the Multinomial Logistic Regression. The overall effects have been identified based on the Likelihood Ratio Tests and its significations levels for all these effects we have opted significant level up to 15% level. Major important effects are as follows. Institutional set up are not geared up, Phenomenal speculation in property markets, Failed to Mainstream excluded sections, The promise of employment is a big disappointment, Credit to SEZ is categorized as high risk, Mismatch between imports and exports by SEZ, SEZ are foreign lands and Replacement of farming with private Industrial enclaves. And for ownership, there are few effects, they could anticipated, which are Exports Targets are open end, The promise of employment is a big disappointment, Distortions in land market, Land Reforms are in reverse process. And Stakeholders views on the effect of SEZs have been analyzed based on the Multinomial Logistic Regression. The overall effects have been identified based on the Likelihood Ratio Tests and its significations levels for all

these effects we have opted significant level up to 15% level. Major important effects are as follows. Exports Targets are open end, Institutional set up are not geared up, Threats to Arable land, Phenomenal speculation in property markets, Failed to Mainstream excluded sections, The promise of employment is a big disappointment, Credit to SEZ is categorized as high risk, Mismatch between imports and exports by SEZ, SEZ are foreign lands, Replacement of farming with private Industrial enclaves.

Table 5.7b: Likelihood Ratio Test Results

Effect	Model Fitting Criteria	Likelihood Ratio Tests		
	-2 Log Likelihood of Reduced Model	Chi-Square	df	Sig.
Intercept	537.045 ^a	0.000	0	
Discriminating fields of opportunity	537.633	.587	3	.899
Revenue loss is inbuilt	538.061	1.015	3	.798
Prioritization of SEZ activities is absent	539.483	2.437	3	.487
Exports targets are open end	541.774	4.729	3	.193
Aggravation of regional imbalances	538.636	1.591	3	.661
Engine of economic growth	537.781	.735	3	.865
Institutional setup is not geared up	543.313	6.268	3	.099
Distortions in land market	539.238	2.192	3	.533
Threat to arable land	542.248	5.202	3	.158
Severe casualization of employment	539.425	2.380	3	.497
Land reforms in reverse process	539.163	2.117	3	.548
Employment is short lived	540.738	3.693	3	.297
Phenomenal speculation in property markets	542.676	5.631	3	.131
SEZs became real estate zones	538.046	1.000	3	.801
Low work participation rate	540.923	3.878	3	.275
Loss of livelihood opportunities	538.087	1.042	3	.791
People with non-nonfarm skills suffered a lot	541.475	4.429	3	.219
Chronic unemployment and poverty	541.103	4.057	3	.255
Further marginalization of deprived sections	540.192	3.147	3	.370
Fail to mainstream the excluded sections	543.928	6.882	3	.076
The promise of employment is a big disappointment	542.675	5.630	3	.131
Linkages with nonfarm sector growth is insignificant	537.358	.313	3	.958
Skewed spatial planning	539.362	2.316	3	.509
Credit to SEZ is categorized as high risk	550.627	13.582	3	.004
Social tensions	539.568	2.523	3	.471
Corporatized development program	540.493	3.447	3	.328
Threat to local industry	540.129	3.083	3	.379
Mismatch between imports and exports by SEZ	544.504	7.459	3	.059
Generation of exploitative employment opportunities and working conditions	540.237	3.191	3	.363
SEZs are foreign islands	542.970	5.925	3	.115
Destruction of agro based economy	540.559	3.513	3	.319
No space for popular consultations	539.173	2.128	3	.546
Sustainability of the growth	538.455	1.409	3	.703
Replacement of farming with private industrial enclaves	543.199	6.154	3	.104
Indecent employment conditions	539.803	2.758	3	.431

The chi-square statistic is the difference in -2 log-likelihoods between the final model and a reduced model. The reduced model is formed by omitting an effect from the final model. The null hypothesis is that all parameters of that effect are 0.

a. This reduced model is equivalent to the final model because omitting the effect does not increase the degrees of freedom.

Table 5.7c: Model Parameter Significance Variable values

Type of SEZ	Model1		Model2		Model3		Model4	
	Significant factors	p-value	Significant factors	p-value	Significant factors	p-value	Significant factors	p-value
Multiproduct			Intercept var06=1.00 var16=1.00 var18=1.00	.077 .078 .104 .120	Intercept var21=1.00 var23=1.00 var24=1.00 var30=1.00 var37=1.00	.004 .140 .066 .035 .091 .023	Intercept var09=1.00 var12=1.00 var27=1.00 var29=1.00 var31=1.00 var32=1.00	.115 .107 .146 .020 .127 .088 .086
IT/ITES	Intercept var06=1.00 var16=1.00 var18=1.00	.077 .078 .104 .120			Intercept var15=1.00 var16=1.00 var21=1.00 var23=1.00 var24=1.00 var27=1.00 var28=1.00 var34=1.00 var37=1.00	.000 .095 .072 .073 .015 .067 .036 .142 .094 .084	Intercept var06=1.00 var09=1.00 var12=1.00 var15=1.00 var16=1.00 var18=1.00 var20=1.00 var22=1.00 var27=1.00 var31=1.00 var33=1.00	.003 .112 .015 .026 .146 .038 .093 .058 .135 .000 .008 .047
Biotech and Energy	Intercept var21=1.00 var23=1.00 var24=1.00 var30=1.00 var37=1.00	.004 .140 .066 .035 .091 .023	Intercept var15=1.00 var16=1.00 var21=1.00 var23=1.00 var24=1.00 var27=1.00 var28=1.00 var34=1.00 var37=1.00	.000 .095 .072 .073 .015 .067 .036 .142 .094 .084			var09=1.00 var27=1.00 var31=1.00 var33=1.00	.076 .063 .078 .023
Free trade warehousing zones	Intercept var09=1.00 var12=1.00 var27=1.00 var29=1.00 var31=1.00 var32=1.00	.115 .107 .146 .020 .127 .088 .086	Intercept var06=1.00 var09=1.00 var12=1.00 var15=1.00 var16=1.00 var18=1.00 var20=1.00 var22=1.00 var27=1.00 var31=1.00 var33=1.00	.003 .112 .015 .026 .146 .038 .093 .058 .135 .000 .008 .047	var09=1.00 var27=1.00 var31=1.00 var33=1.00	.076 .063 .078 .023		

Table 5.8a: Model Fitting Information

Model	Model Fitting Criteria	Likelihood Ratio Tests		
	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	332.994			
Final	284.650	48.344	36	.082

Table 5.8b: Likelihood Ratio Test Results

Effect	Model Fitting Criteria	Likelihood Ratio Tests		
	-2 Log Likelihood of Reduced Model	Chi-Square	df	Sig.
Intercept	284.650 ^a	0.000	0	
Discriminating fields of opportunity	285.628	.977	1	.323
Revenue loss is inbuilt	284.654	.004	1	.950
Prioritization of SEZ activities is absent	284.653	.003	1	.958
Exports targets are open end	287.093	2.443	1	.118
Aggravation of regional imbalances	285.689	1.039	1	.308
Engine of economic growth	285.087	.437	1	.509
Institutional setup is not geared up	286.115	1.464	1	.226
Distortions in land market	290.196	5.546	1	.019
Threat to arable land	285.009	.358	1	.549
Severe casualization of employment	285.391	.741	1	.389
Land reforms in reverse process	294.723	10.073	1	.002
Employment is short lived	285.726	1.076	1	.300
Phenomenal speculation in property markets	285.500	.849	1	.357
SEZs became real estate zones	285.365	.715	1	.398
Low work participation rate	284.803	.152	1	.696
Loss of livelihood opportunities	285.237	.587	1	.444
People with non-nonfarm skills suffered a lot	284.894	.243	1	.622
Chronic unemployment and poverty	285.551	.900	1	.343
Further marginalization of deprived sections	284.871	.221	1	.638
Fail to mainstream the excluded sections	284.835	.185	1	.667
The promise of employment is a big disappointment	290.301	5.651	1	.017
Linkages with nonfarm sector growth is insignificant	284.953	.303	1	.582
Skewed spatial planning	288.296	3.645	1	.056
Credit to SEZ is categorized as high risk	284.713	.063	1	.802
Social tensions	284.805	.154	1	.694
Corporatized development program	285.414	.764	1	.382
Threat to local industry	285.616	.966	1	.326
Mismatch between imports and exports by SEZ	284.774	.124	1	.725
Generation of exploitative employment opportunities and working conditions	284.779	.128	1	.720
SEZs are foreign Islands	284.737	.087	1	.768
Destruction of agro based economy	284.926	.275	1	.600
No space for popular consultations	284.658	.007	1	.933
Sustainability of the growth	284.920	.270	1	.604
Replacement of farming with private industrial enclaves	285.799	1.149	1	.284
Indecent employment conditions	284.685	.034	1	.853

The chi-square statistic is the difference in -2 log-likelihoods between the final model and a reduced model. The reduced model is formed by omitting an effect from the final model. The null hypothesis is that all parameters of that effect are 0.

a. This reduced model is equivalent to the final model because omitting the effect does not increase the degrees of freedom.

Table 5.8c: Parameter Estimates

Ownership of SEZ	Model1		Model2	
	Significant factors	p-value	Significant factors	p-value
State Owners	Control		var06=1.00 var10=1.00 var11=1.00 var14=1.00 var24=1.00 var26=1.00	.120 .088 .020 .002 .019 .058
Private Owners	var06=1.00 var10=1.00 var11=1.00 var14=1.00 var24=1.00 var26=1.00	.120 .088 .020 .002 .019 .058	Control	

Table 5.9a: Model Fitting Information

Model	Model Fitting Criteria	Likelihood Ratio Tests		
	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	885.217			
Final	718.870	166.347	180	.059

Table 5.9b: Likelihood Ratio Test Results

Effect	Model Fitting Criteria	Likelihood Ratio Tests		
	-2 Log Likelihood of Reduced Model	Chi-Square	df	Sig.
Intercept	718.870 ^a	0.000	0	
Discriminating fields of opportunity	721.266	2.396	5	.792
Revenue loss is inbuilt	720.982	2.112	5	.833
Prioritization of SEZ activities is absent	732.989	14.119	5	.015
Exports targets are open end	731.551	12.681	5	.027
Aggravation of regional imbalances	724.178	5.308	5	.379
Engine of economic growth	723.641	4.772	5	.444
Institutional setup is not geared up	724.475	5.605	5	.347
Distortions in land market	723.475	4.605	5	.466
Threat to arable land	720.438	1.568	5	.905
Severe casualization of employment	724.667	5.798	5	.326
Land reforms in reverse process	724.884	6.014	5	.305
Employment is short lived	728.092	9.222	5	.101
Phenomenal speculation in property markets	724.694	5.824	5	.324
SEZs became real estate zones	731.341	12.471	5	.029
Low work participation rate	721.339	2.470	5	.781
Loss of livelihood opportunities	723.300	4.431	5	.489
People with non-nonfarm skills suffered a lot	722.538	3.668	5	.598
Chronic unemployment and poverty	726.438	7.569	5	.182
Further marginalization of deprived sections	721.658	2.788	5	.733
Fail to mainstream the excluded sections	722.050	3.180	5	.672
The promise of employment is a big disappointment	722.877	4.007	5	.548
Linkages with nonfarm sector growth is insignificant	727.452	8.583	5	.127
Skewed spatial planning	725.454	6.584	5	.253
Credit to SEZ is categorized as high risk	730.427	11.557	5	.041
Social tensions	725.938	7.068	5	.216
Corporatized development program	725.855	6.985	5	.222
Threat to local industry	722.598	3.729	5	.589
Mismatch between imports and exports by SEZ	725.153	6.283	5	.280
Generation of exploitative employment opportunities and working conditions	726.889	8.019	5	.155
SEZs are foreign Islands	721.936	3.066	5	.690
Destruction of agro based economy	724.422	5.552	5	.352
No space for popular consultations	722.692	3.822	5	.575
Sustainability of the growth	719.925	1.055	5	.958
Replacement of farming with private industrial enclaves	720.195	1.326	5	.932
Indecent employment conditions	723.987	5.117	5	.402

The chi-square statistic is the difference in -2 log-likelihoods between the final model and a reduced model. The reduced model is formed by omitting an effect from the final model. The null hypothesis is that all parameters of that effect are 0.

a. This reduced model is equivalent to the final model because omitting the effect does not increase the degrees of freedom.

Table 5.9c: Parameter Estimates

Stakeholders SEZ	Model1		Model2		Model3		Model4		Model5		Model6	
	Significant factors	p-value	Significant factors	p-value	Significant factors	p-value	Significant factors	p-value	Significant factors	p-value	Significant factors	p-value
Private Developers			var05=1.00	.010	Intercept	.123	var05=1.00	.028	var05=1.00	.077	var06=1.00	.006
			var10=1.00	.094	var16=1.00	.035	var10=1.00	.132	var06=1.00	.055	var17=1.00	.032
			var14=1.00	.055	var17=1.00	.096	var11=1.00	.043	var13=1.00	.019	var25=1.00	.145
			var21=1.00	.051	var30=1.00	.100	var14=1.00	.143	var17=1.00	.071	var28=1.00	.081
			var25=1.00	.103			var16=1.00	.090	var31=1.00	.100		
			var30=1.00	.101			var17=1.00	.016				
			var34=1.00	.034			var26=1.00	.116				
Policy Makers	var05=1.00	.010			var05=1.00	.005	var15=1.00	.017	var08=1.00	.082	var06=1.00	.023
	var10=1.00	.094			var10=1.00	.129	var17=1.00	.014	var17=1.00	.067	var17=1.00	.032
	var14=1.00	.055			var14=1.00	.086	var23=1.00	.119	var21=1.00	.071	var21=1.00	.032
	var21=1.00	.051			var15=1.00	.027	var24=1.00	.074	var24=1.00	.147	var25=1.00	.007
	var25=1.00	.103			var17=1.00	.092	var32=1.00	.038	var29=1.00	.040	var26=1.00	.089
	var30=1.00	.101			var20=1.00	.136			var31=1.00	.085	var27=1.00	.105
	var34=1.00	.034			var34=1.00	.087					var28=1.00	.066
Management Consultants	var38=1.00	.064			var38=1.00	.105					var32=1.00	.078
	Intercept	.123	var05=1.00	.005			var05=1.00	.016	Intercept	.091	var06=1.00	.006
	var16=1.00	.035	var10=1.00	.129			var09=1.00	.062	var05=1.00	.056	var15=1.00	.105
	var17=1.00	.096	var14=1.00	.086			var19=1.00	.095	var06=1.00	.055	var21=1.00	.116
	var30=1.00	.100	var15=1.00	.027			var27=1.00	.025	var07=1.00	.057	var25=1.00	.080
			var17=1.00	.092			var32=1.00	.049	var09=1.00	.143	var28=1.00	.099
			var20=1.00	.136					var29=1.00	.100	var32=1.00	.090
Politicians			var34=1.00	.087					var31=1.00	.058		
			var38=1.00	.105					var35=1.00	.142		
	var05=1.00	.028	var15=1.00	.017	var05=1.00	.016			var08=1.00	.113	var06=1.00	.100
	var10=1.00	.132	var17=1.00	.014	var09=1.00	.062			var11=1.00	.146	var09=1.00	.084
	var11=1.00	.043	var23=1.00	.119	var19=1.00	.095			var19=1.00	.126	var15=1.00	.059
	var14=1.00	.143	var24=1.00	.074	var27=1.00	.025			var23=1.00	.142	var25=1.00	.033
	var16=1.00	.090	var32=1.00	.038	var32=1.00	.049			var27=1.00	.008	var26=1.00	.033
NGO's	var17=1.00	.016							var28=1.00	.096	var27=1.00	.006
	var26=1.00	.116							var29=1.00	.018		
	var27=1.00	.034							var31=1.00	.022		
	var05=1.00	.077	var08=1.00	.082	Intercept	.091	var08=1.00	.113			var07=1.00	.060
	var06=1.00	.055	var17=1.00	.067	var05=1.00	.056	var11=1.00	.146			var25=1.00	.075
	var13=1.00	.019	var21=1.00	.071	var06=1.00	.055	var19=1.00	.126			var26=1.00	.067
	var17=1.00	.071	var24=1.00	.147	var07=1.00	.057	var23=1.00	.142			var28=1.00	.025
Business Elite	var31=1.00	.100	var29=1.00	.040	var09=1.00	.143	var27=1.00	.008			var33=1.00	.121
			var31=1.00	.085	var29=1.00	.100	var28=1.00	.096			var35=1.00	.146
					var31=1.00	.058	var29=1.00	.018				
					var35=1.00	.142	var31=1.00	.022				
	var06=1.00	.006	var06=1.00	.023	var06=1.00	.006	var06=1.00	.100	var07=1.00	.060		
	var17=1.00	.032	var17=1.00	.032	var15=1.00	.105	var09=1.00	.084	var25=1.00	.075		
	var25=1.00	.145	var21=1.00	.032	var21=1.00	.116	var15=1.00	.059	var26=1.00	.067		
	var28=1.00	.081	var25=1.00	.007	var25=1.00	.080	var25=1.00	.033	var28=1.00	.025		
			var26=1.00	.089	var28=1.00	.099	var26=1.00	.033	var33=1.00	.121		
			var27=1.00	.105	var32=1.00	.090	var27=1.00	.006	var35=1.00	.146		
			var28=1.00	.066								
			var32=1.00	.078								

From tables 7c, 8c and 9c depicted as follows: for the type of SEZs, Multi product as a control variable, IT/ITES type of SEZs opinion is exports targets are open end, phenomenal speculation property markets and there is a low work participation rate.

Biotechnology and energy opinion chronic unemployment and poverty in the SEZ, failed to mainstream the excluded sections, the promise of employment is a big disappointment, threat to local industries and replacement of farming with private industrial enclaves. Free trade ware housing zone opinion is industrial set up not geared up, threat to arable land, SEZ became real estate zones, loss of livelihood opportunities, threat to local industries and mismatch between imports and exports by SEZ. If, IT/ITES as a control variable, Multi product opinion is exports targets are open end, phenomenal speculation property markets and there is a low work participation rate. Biotechnology and Energy opinion is employment is short lived, phenomenal speculation in property markets, chronic unemployment and poverty, failed to mainstream the excluded sections, promise of unemployment is big disappointment, credit to SEZ is categorized as high risk, social tensions, destructions of agro based economy and replacement of farming with private industrial enclave. Free trade ware housing zone opinion is exports targets are open end, industrial set up is not geared up, threat arable land, employment short lived, phenomenal speculation in property market, low work participation rate, threat to local industries, people with no non-farm skills suffered a lot, further marginalization of deprived sections, credit to SEZ categorized as a high risk and SEZ are foreign lands.

If Biotechnology and energy as a control variable Multi Products opinion is chronic unemployment and poverty, failed to mainstream excluded sections, promised employment is big disappointment, threat to local industry, replacement of farming with private industrial enclaves. IT/ITES opinion is employment is short lived, phenomenal speculation in property market, chronic unemployment and poverty, failed to mainstream excluded sections, the promise of employment is a big disappointment, credit to SEZ categorized as high risk, destructions of agro based economy and replacement of farming with private industrial enclaves. Free trade ware housing zone opinion is industrial set up is not geared up, credit to SEZ categorized as high risk, mismatch between imports and exports by SEZ and SEZ are foreign Islands. And when, Free Trade Ware Hosing Zone as a control variable, Multi Product opinion is industrial set up is not geared up, threat to arable land, credit to SEZ categorized as high risk, corporatized development Programme, mismatch between imports and exports by SEZ, generation of exploitative employment opportunities and working conditions. IT/ITES opinion is exports targets are open

end, industrial set up is not geared up, threats to arable land, employment is shot lived, phenomenal speculation of property markets, no work participation rate, people with no non-farm skills suffered a lot, further marginalization of deprived sections, credit to SEZ is categorized as a high risk, mismatch between imports and exports by SEZ and SEZ are foreign Islands. Biotechnology and Energy opinion is industrial set up is not geared up, credit to SEZ categorized as high risk, mismatch between imports and exports by SEZ and SEZ are foreign lands.

For the ownership of SEZ, State Developers as a control variable then private developers opinion is exports targets are open end distortion in land markets, land reforms in reverse process, the promise of employment is a big disappointment and skewed spatial planning and if Private Developers as a control variables then State Developers opinion is exports targets are open end distortion in land markets, land reforms in reverse process, the promise of employment is a big disappointment and skewed spatial planning.

For Stakeholders such as Private Developers, Policy Makers, Management Consultancy, Politicians, NGOs and Business Elites. If, Private Developers as control variable, Policy Makers opinion is prioritization of SEZ activities are absent, Land Reforms are reverse process, chronic unemployment and poverty, linkages with non-farm sector growth is in significant, threat to local industry, destruction of agro based industry, indecent employment conditions. Management Consultancy opinion is phenomenal speculation in property market, SEZ became real estate zone, threat to local industries and no space for popular consultation. Politicians opinion is prioritization of SEZ activities is absent, destruction in land market, land reforms in reverse process, phenomenal speculation in property market, SEZ became real estate zone, skewed in spatial planning and credit to SEZ categorization as high risk. NGOs opinion is prioritization of SEZ activities is absent, exports targets are open end, severe casualization of employment and mismatch between imports and exports by SEZ. Biotechnology and Energy opinion is exports targets are open end, SEZ became real estate zone, linkages with non-farm sector growth is insignificant and social tensions are more.

If, Policy Makers as control variables, Private developers opinion is prioritization of SEZ activities are absent, land reforms are in reverse process, chronic unemployment and poverty, linkages with non-farm sector growth is insignificant, threats to local industries, destruction of agro based economy and indecent employment conditions. Management Consultancies opinion is prioritization of SEZ activities is absent, land reforms is in reverse process, employment is short lived, SEZ became is real estate zones, people with no non-farm skills suffered a lot, destruction of agro based economy and indecent employment conditions. Politicians' opinion is employment is short lived, SEZ became real estate zones, and chronic unemployment and poverty, the promise of employment is big disappointment, corporatized development programmes and mismatch between imports and exports by SEZ. NGOs opinion is SEZs are engine to economic growth, SEZ became real estate zones, chronic unemployment and poverty, corporatized developed programme and mismatch between imports and exports by SEZ. Business Elites opinion is exports targets are open end, SEZ became real estate zones, chronic unemployment and poverty, linkages with non-farm sector growth is insignificant, skewed spatial planning, credit to SEZ categorized as high risk, social tensions are more and generation of exploitative employment opportunities and working conditions.

And when, Management Consultancy as control variables Private developers' opinion is phenomenal speculation in property market, SEZ became real estate zones and threat to local industries. Policy makers opinion is prioritization of SEZ activities are absent, land reforms are in reverse process, employment is short lived, SEZ became real estate zone, people with no non-farm skills suffered a lot, and destruction of agro based economy and indecent employment conditions. Politicians opinion is prioritization of SEZ activities are absent, industrial set up is not geared up, loss of livelihood opportunities, credit to SEZ categorized as high risk and generation of exploitative employment opportunities and working conditions. NGOs opinion is prioritization of SEZ activities are absent, exports targets are open end, and aggravation of regional imbalances, institutional set up not geared up, corporatized development programmes, mismatch between imports and exports by SEZ and no space for popular consultancies. Business Elites opinion is exports targets are open end, employment is short lived, chronic unemployment and poverty, social tensions

are more and generation of exploitative employment opportunities and working conditions.

When Politicians as control variable, Private developers opinions is prioritization of SEZ activities are absent, destruction of land market, land reforms are absent, phenomenal speculation in property market, SEZ became real estate zone, skewed spatial planning and credit to SEZ categorized as high risk. Policy makers opinion is employment is short lived, SEZ became real estate zone, failed to mainstream excluded sections, promise of employment is big disappointment, generation of exploitative employment opportunities and working conditions. Management Consultancies opinion is prioritization of SEZ activities are absent, institutional setup is not geared up, loss of livelihood opportunities, credit to SEZ categorized as a high risk, generation of exploitative employment opportunities and working conditions. NGO s opinion is SEZs are engine to economic growth, destruction of land market, loss of livelihood opportunities, failed to mainstream the excluded sections, credit to SEZ is categorized as a high risk, social tensions are more and mismatch between imports and exports by SEZ. Business Elites opinion is exports targets are open end, institutional set up is not geared up, employment is short lived, linkages with non-farm sectors growth is insignificant, credit to SEZ is categorized as high risk and skewed spatial planning. And also, if, NGOs as control variables Private developers opinion is prioritization of SEZ is absent, exports targets are open end, severe casualization of employment, SEZ became real estate zone and mismatch between imports and exports by SEZ. Policy makers' opinion is SEZs are engine of economic growth, SEZ became real estate zones, chronic employment and poverty, promise of employment is a big disappointment, corporatized developed programmes and mismatch between imports and exports by SEZ. Management Consultancies opinion is prioritization of SEZ activities is absent, exports targets are open end, and aggravation of regional imbalance, institutional set up is not a geared up, corporatized developed programmes, mismatch between imports and exports by SEZ and no space for popular consultations. Politician's opinion is SEZs are engine of economic growth, destruction in land markets, loss of livelihood opportunities, failed to mainstream the excluded sections, credit to SEZ categorized as high risk, social tensions, corporatized development programmes and mismatch between imports and exports by SEZ. Business Elites opinion is aggravation of regional imbalances,

linkages with non-farm sector growth is insignificant, skewed spatial planning, social tensions SEZ are foreign Islands and no space for popular consultancies.

And finally, Business Elites as control variable, Private developers opinion is exports targets are open end, SEZ became real Estate zone, linkages with non-farm sector growth is insignificant and social tension are more. Policy makers opinion is exports targets are open end, SEZ became real estate zones, chronic unemployment and poverty, linkages with non-farm sector growth is insignificant, skewed spatial planning, credit to SEZ categorized as high risk, social tensions are more and generation of employment opportunities and working conditions. Management Consultancies opinion is exports targets are open end, employment is short lived, chronic unemployment and poverty, linkages with non-farm sector growth is insignificant, social tensions are more, generation of exploitative employment opportunities and working conditions. Politicians opinion is exports targets are open end, institutional setup are geared up, employment is short lived, linkages with non-farm sector growth is insignificant, skewed spatial planning and credit to SEZ categorized as high risk. NGOs opinion is aggravation of regional imbalances, linkages with non-farm sector growth is insignificant, skewed spatial planning, social tensions SEZ are foreign Islands and no space for popular consultations.

Effects including discriminating fields of opportunity, SEZs create discriminating fields of opportunity, not merely between economic producers but across regions. By its very definition, the Act encourages the relocation of existing and new investments (and jobs) to the "designated duty-free enclave." Discriminating tax-breaks, blindly followed by the backward States to woo investments, hurt higher tax States. Historically, the context for discriminatory policies is past as the various arms of government search together for answers to the three main obstacles impeding economic growth poor infrastructure, the lack of a fiscal regime that is transparent and non-competitive between regions and the absence of an empowering bureaucracy for every level of productive activity.

Effect on like Exports targets are open end, there are certain aspects of concern that need to be addressed before they assume serious proportions. In particular, India's Balance of Trade is in deficit, which is a fairly high proportion of GDP, indicates that

while exports have shown impressive growth over the past decade, imports have also risen sharply, resulting in a growing adverse balance of trade position. This gap is financed in part through net services income and net remittances. However, the Current Account remains in deficit, notwithstanding these inflows, and the remaining gap is covered through net inflows on the Capital Account. Given India's dependence on petroleum imports in very significant volume, its foreseeable import scenario would continue to put severe pressure on the Balance of Trade. The high proportion of very mobile and somewhat transient FII inflows on the Capital Account, adds to these concerns. Given this scenario there is no option for India other than promoting enhanced export and FDI growth. Given the very encouraging performance over the last five years, the SEZ program is a promising instrument for achieving both these objectives. As it was high anticipated effect through SEZs is Engine of economic growth this policy intended to make SEZs an engine for economic growth supported by quality infrastructure complemented by an attractive fiscal package, both at the Centre and the State level, with the minimum possible regulations.

The effects like Institutional setup is not geared up are very common in SEZs, because export oriented Units can 50% of their production domestically at a concessional rate (a duty exemption of 25%). Firms from the EPZ can sell goods to the domestic market as long as they have "positive net foreign exchange earnings" over 5 years but have to pay the full import duty on these sales. Sub-contracting outside the EPZ has been allowed under certain circumstances for a while but data other than the number of contracts are difficult to obtain. Threat to arable land is perhaps the biggest concern about India's SEZs is the potential for real estate speculation and loss of agricultural land. The Chinese experience on this is both instructive and frightening. Though land in China is state property, by the late 1980s efforts were on to create the legal foundations for trade in use rights and leases, especially in SEZs [Huang and Yang 1996]. Under China's 1987 Land Administration Law, use rights were created and provincial governments, municipalities and SEZs were also empowered to create their own land regulations [Cartier 2001]. As a result, by 1991 administrative allocation of land gradually gave way to property markets, with SEZs leading the way [Huang and Yang 1996]. These markets are, in some respects, uncannily similar to those in India.

On the effect Severe Casualization of employment, literature on the impact of policies of trade on employment situations subsequent to economic reforms in India essentially evidences the expansion of atypical employment. There have been sizeable restructuring of production organization and dismantling of labour regulations with the introduction of trade liberalization and export promotion policies in India that facilitated the progression of informalisation of labour and atypical employment. There is a growing literature, which links economic reforms and trade policies with the processes of flexibilisation and informalisation of labour in India. Studies, analyzing disinvestment, privatization and the downsizing of the public sector enterprises and informal sector in India underpinned that policies like deregulation of labour markets, dismantling of labour legislations led to sizeable informalisation of labour and casualization of workforce. Gupta (1995) estimated that casual employment in India fell by 1.1 percent per annum between 1983 and 1990-91 and rose by 3.3 percent per annum in the period 1990-91 to 1996-97. Based on this evidence, he argued that policies of export promotion, trade liberalization and deregulation of labour market have led to increased casualization of labour in the post reform period. Nath (1994) accounted that trade policy reforms had implications on flexibilisation of labour market and it rearranged the formal employment relations, over and above, thrived a major shift from formal to informal employment in manufacturing and service sectors in India. Mahadevia (2001) in the context of the industrial decline in Ahmedabad city noted that all through latter half of eighties, continuing in the nineties, there had been a gradual decrease of employment in the formal sector and an increase in the informal sector. In line with the trends shown in the initial years of reforms, increase of employment in the informal sector and informalisation in the formal sector is found to be on an upward flight in India. As per the estimations of National Sample Survey (NSS), informal sector employment¹⁴ in India increased to 394 million in 2004-05 from 342.6 in 1999-2000 (Table, 3.1). Likewise, informal employment in the formal sector increased to 29.1 million in 2004-05 from 20.5 in 1999-2000 with an increase.

On the account of Land reforms in reverse process the effect is entirely different process, Of 700 acres acquired in Polepally, nearly 300 acres were ceiling lands assigned to Dalits, Tribals and Backward Castes during the regime of Indira Gandhi. The State government initiated use of its power to reacquire “alienated” assigned

lands under an amendment made in 2006 to the A.P Assigned Lands (Prohibition of Transfers) Act, 1977. But in this particular case none of the lands were alienated. All the assigned lands were cultivated by the beneficiary households and in fact they formed the prime source of livelihood for these poor farmers. The acquisition of these lands must thus be regarded as illegal. West Bengal has witnessed possibly the greatest violence and the biggest political turmoil over implementation of SEZ than anywhere else in India. This turmoil over SEZ would appear particularly remarkable when seen in the background of the almost unchallenged Left rule in the state for more than 30 years. In fact, just before the happenings of Singur and Nandigram, the Left Front registered a landslide victory in the 2006 assembly elections with a record three-fourth majority for a record seventh consecutive term. More striking is the fact that the Left Front won the 2006 assembly elections principally on the plank of industrialization. The left leaders of the state floated the slogan 'Agriculture is our base and industry our future' during the election campaigns and naturally considered the unprecedented electoral victory as a sign of people's support for the government's drive for industrialization. So immediately after the elections the Chief Minister of the state announced a number of industrial projects to be set up in the state requiring around one lakh acres of land. Among these one lakh acres of land required for industrial projects, around 30, 000 acres were then earmarked for SEZ projects. At that time none could predict the upcoming storm over the implementation of these projects. It should be noted here that SEZ was not at the centre of controversy that broke out in the state immediately after the elections, since the first stir up occurred in Singur over a Tata project, which was not a SEZ. Moreover, SEZ was not new in the state at that time and three SEZs were operating in West Bengal for years without much recognizable hassles. The principal opposition parties in the state had not come out in opposition of SEZs and no movement as such took place over the implementation of SEZ projects till then. More interesting may be the fact that the state SEZ Act was passed in the state assembly in 2003 without much noise from any quarter though even the smaller Left Front partners had come out with their strong opposition to SEZs in the later period (we shall deal them in details after a while). So the crucial question seems to be why the state political parties were so reluctant towards SEZ at the initial stage of its implementation in West Bengal and became so vocal only at the later stage.

The effect of Employment is short lived, since land acquisition has resulted in the disruption of the livelihoods of affected households, lasting several years. Unemployment was a direct result of loss of land, and also of the absence of wage labour in neighbors' farms. Between 2004 and 2007 there was great uncertainty and regular protests. There was very little non-farm activity in the village. Increased unemployment was also due to The large scale conversion of farmland into non-farmland also reduced the scope for work in common lands such as the collection of fruits and fodder for domestic as well as commercial ends. Construction work within the SEZ became a major source of labour locally, but only during the early phase of construction. SEZ managers discriminated against those who took part in the resistance and protest agitation and preferred outside labour who are not concerned with the problems of displacement. And phenomenal speculation in property markets, these trends led to widespread concern. In 1994, a prominent Chinese academic called for the abolition of SEZs [cited in Reardon 1996]. In 1996, Li Peng announced that, within five years, foreign and domestic investors would no longer be able to import materials duty free nor enjoy such unusually low tax rates [Reardon 1996]. This announcement was understood by Reardon (1996) as “taking the ‘special’ out of special economic zones”.

And it was evident that SEZs became real estate zones, according to a clause in the SEZ Act (Section 5(2)), as much as 75% of the area under large SEZs (above 1000 hectares) can be used for non-industrial purposes. What will the remainder of the land be used for? This lacuna in the law is likely to become a loophole for the accumulation of land banks by private developers and property dealers for the purposes of real estate speculation. (This explains why so many of them have been buying areas for SEZs.) In fact, it may well be the case that the rationale for the above clause in the SEZ Act is the uncertainty surrounding the economic attractiveness (and ultimate viability) of SEZs. If adequate productive investment is not forthcoming, the SEZ developer can at least cash in on the land value. Conglomerates like Reliance already own upwards of 100,000 acres of land in the countryside. Furthermore, the government has enabled foreign direct investment (FDI) in real estate as of January, 2007, leaving the door wide open to massive amounts of international speculative investment in property. Far from giving “land to the tiller”, as the original idea of land reform had promised, the present tendency of the Indian governments is to remove all

ceiling on the ownership and use of land – serving thereby the interests of big business. It is noteworthy that there is no legal upper limit on the size of land area under an SEZ.

Low work participation rate, have a significant change. The employment effect of SEZs operates through three channels: one, SEZs generates direct employment for skilled and unskilled labour; two, they also generate indirect employment; and three, they generate employment for women workers. It is believed that employment creation generates incomes, creates non pecuniary benefits, improves the quality of life of labour and enhances their productivity. These, in turn, have poverty reduction effect. Shift towards higher value added activities as SEZs grow, might increase demand for skilled labour also. SEZs also generate employment for unskilled labour by creating demand for physical infrastructure within the zone. This stimulates the local construction industry giving employment to unskilled labour. Sivalingam (1994) reports that in cities surrounding the Malaysian SEZs, there is even labour shortage in this industry. Demand for utilities such as water, electricity, communication, and administration also rises. Finally, there has been increasing demand for various support services such as, hotels and restaurants, and transport, which is expected to have a substantial impact on employment generation.

Loss of livelihood opportunities, idea of ‘private companies’ directly buying land from the farmers would spell a disaster for agriculture. Land mafia will rule the prices and force the farmers to sell land to big companies at throw-away prices. The SEZ policy as the “biggest land grab movement in the history of modern India. Where earlier movements were led by the poor to acquire land, this time round it is the rich that want to ‘grab’ land belonging to poor farmers. It is likely that the policy may be misused for real estate development rather than for industry and generating exports.” Developers and promoters of SEZs get land cheaply—almost one-fourth or less than that of the market price. With the minimum required processing area being 35 per cent, the rest will be used for residential, recreational facilities and the promoters will make their fortune out of real estate development and speculation indiscriminately. The boom in real estate sector too is fuelling the fire. In the name of SEZs developers hope to acquire land easily at nominal prices, put up basic infrastructure incurring minimum cost and sell it at huge profit margins. Rather than promoting overall

economic development, SEZs will result into clusters of heightened economic activity widening the already existing chasm between selective areas witnessing rapid development vis-à-vis the impoverished surroundings.

Critics term SEZs as ‘islands of affluence’ amidst the sea of deprivation. Noted columnist Swaminathan Aiyar warned that this is a “real estate scam” in the making. The vast tracts of land sanctioned to these private parties would be developed into towns. But many of the envisaged SEZs may simply become ‘property deals’. In sum, taking away prime source of income of hapless farmers to create huge profitable enterprises for the capitalists by the state is ‘anti-people’ and ‘unethical’. The state abets prospering large business houses like the Ambanis, Mahindras and the Tatas and perpetuating pauperization of the local populace. Chronic unemployment and poverty Loss of livelihoods within the village and growing interaction with labour contractors as well as information and assistance from the colleagues who have migrated outside has been leading to more people seeking labour outside.

Effect of Further marginalization of deprived sections is more, finally, the Central government perhaps believes that the economic gains will dilute the opposition over time. It expects these SEZs to be the nucleus of new investment, jobs and greater exports. Thus, it is propagating the SEZs as the solution to the country’s problems. The critics worry about food security being jeopardized and in response, it is argued that less than 0.1 per cent of the arable land will be involved in the proposed SEZs so this will hardly effect total food production. Another argument is that SEZs will accelerate development and create a large number of jobs. The critics argue that it will also destroy lots of low skill jobs in agriculture and forestry. Further, the adverse impact on small scales sector will reduce jobs. So in the net it is not clear that it will lead to more employment. It is suggested that there are backward and forward linkages of industry so it will promote development.

Fail to mainstream the excluded sections is important effect which is raised by the majority of the stakeholders. The socially excluded sections of the society are the worst victims of much-hyped Special Economic Zones [SEZs] and the resultant consequent process of forced displacement (Ahlawat 2008; Palit 2008; Partha 2008; Kumar 2007; Gill 2007; Shankar 2007; Shankar 2008; Sampat 2008; Sharma 2009; and Sarma 2007). This has led to further perpetuation and deepening of the social and

economic inequities, which in turn seriously diminish the values and principle of social justice in the society. In other words, it deepens the perennial evil of social exclusion through its much advertised project of new economic reforms, which in effect is less about 'reforms, and more about 'exclusion'.

When we approached, key stakeholders to know, their views and concerns in the preview of issues they are facing in terms of achievement of their goals and objectives including melting down of the economy such as global crisis in 2007-09 and its impacts, social tensions, opposition raised by the political leaders and parties, fears of likelihood of shifting policies when change in the government based on their political aims which is very apprehend to smoothen their functional activities, since, SEZs are realized to be export led growth and its ideal to have everything will complete at one go, but they have limitations and all those expectations couldn't meet in the time prescribed, functioning of the SEZs are having a wide range of controls informally by society, various stake holders, policy makers etc., created barriers to them; as we have studied above there is only supply side of economic activity in SEZs, government should allow them, as says law said, supply creates its own demand, it should promote demand mechanisms so that SEZ function in the long term. Redtapism, corruption, land pooling, political apprehensions, administrative stages to get permission to complete their goals and social attitudes made them highly discourage.

Table 10 depicts a cross tabulation, where it was used to know intensity of the problems raised by types of SEZ in terms of low, medium and high. Down turn in the economy Multi product high with 41.1%, IT/ITES high with 44.1%, Biotechnology and Energy high with 50.0%, Free Trade Ware Housing Zone high with 36.5%, No matter which type of SEZ they are all suffering with melt down of the economics which might cause inefficient of working conditions in SEZ.

Table 5.10: Issues/Problems have raised by the type of SEZs

Issues/Problems Raised by the SEZ's	Type of SEZ											
	Multiproduct			IT/ITES			BioTech, Energy			Trade In Warehousing Zone		
	Low	Medium	High	Low	Medium	High	Low	Medium	High	Low	Medium	High
Down turn in the economy	30.4%	28.6%	41.1%	21.5%	34.4%	44.1%	23.9%	26.1%	50.0%	34.9%	28.6%	36.5%
Social tensions in the SEZ areas	30.4%	35.7%	33.9%	24.7%	37.6%	37.6%	31.8%	45.5%	22.7%	30.2%	38.1%	31.7%
Political opposition	33.9%	30.4%	35.7%	32.3%	49.5%	18.3%	31.8%	42.0%	26.1%	34.9%	27.0%	38.1%
Apprehensions about likely policy shift	37.5%	28.6%	33.9%	22.6%	32.3%	45.2%	20.5%	38.6%	40.9%	34.9%	30.2%	34.9%
Expectations from SEZ are more	32.1%	39.3%	28.6%	22.6%	35.5%	41.9%	20.5%	35.2%	44.3%	30.2%	33.3%	36.5%
Informal controls	26.8%	51.8%	21.4%	23.7%	47.3%	29.0%	30.7%	47.7%	21.6%	23.8%	30.2%	46.0%
Supply side economics only	33.9%	32.1%	33.9%	23.7%	28.0%	48.4%	25.0%	34.1%	40.9%	27.0%	38.1%	34.9%
Discouraging social attitudes	33.9%	33.9%	32.1%	23.7%	46.2%	30.1%	22.7%	42.0%	35.2%	36.5%	34.9%	28.6%
Administrative approach to the SEZ management may pose challenges	28.6%	37.5%	33.9%	20.4%	46.2%	33.3%	21.6%	43.2%	35.2%	20.6%	44.4%	34.9%

Social tension in the SEZ areas, Multi product medium with 35.7%, IT/ITES medium with 37.6%, Biotechnology and Energy medium with 45.5%, Free Trade Ware Housing Zone medium with 38.1%, All the type of SEZ are treating social tensions can be maintained with proper allocation resources. Political opposition in SEZ areas, Multi product high with 35.7%, IT/ITES medium with 49.5%, Biotechnology and Energy medium with 42.0%, Free Trade Ware Housing Zone high with 38.1%, Which is a major concern for all kinds of SEZ which attains a proper and delicate management systems which can enable to manage political opposition. Apprehension about likelihood policy shift -Multi product low with 37.5%, IT/ITES high with 45.2%, Biotechnology and Energy high with 40.9%, Free Trade Ware Housing Zone high with 34.9%. All type of SEZs having lot more consensuses about apprehensions about likelihood policy shift which means it has to be an institutional policy which makes them laid upon. So that they may continue to efficiently work at the improvement in SEZs.

Expectation from SEZ are more- Multi product medium with 39.3%, IT/ITES high with 41.9%, Biotechnology and Energy high with 44.3%, Free Trade Ware Housing Zone high with 36.5%, IT/ITES, Biotechnology and Energy and Free Trade Ware Housing Zone are treated as a upcoming SEZs obviously there will be a higher expectations on these SEZ government should initiatives to provide a necessary infrastructure which enable them to meet expectations. Informal controls- Multi product medium with 51.8%, IT/ITES medium with 47.3%, Biotechnology and Energy medium with 47.7%, Free Trade Ware Housing Zone high with 46.0%, Except Free Trade Ware Housing Zone informs controls are medium in other type of SEZ. Supply side economics only-Multi product high with 33.9%, IT/ITES high with 48.4%, Biotechnology and Energy high with 40.9%, Free Trade Ware Housing Zone medium with 38.1%. There is a huge gap between demand and supply in the SEZ as it was expected SEZ are promoting output without demand sources. So it needs to be create a demand side of economy which can reduce the gap between supply and demand.

Discouraging social attitudes- Multi product medium with 33.9%, IT/ITES medium with 46.2%, Biotechnology and Energy medium with 42.0%, Free Trade Ware Housing Zone medium with 34.9%. Administrative approach to the SEZ management

may pose challenges- Multi product high with 41.1%, IT/ITES high with 44.1%, Biotechnology and Energy high with 50.0%, Free Trade Ware Housing Zone high with 36.5%.

Table 5.11: Issues/Problems have raised by the Ownership of SEZs

Issues / Problems Raised by the SEZ's	Ownership of SEZ					
	State Owner			Private Owner		
	Low	Medium	High	Low	Medium	High
Down turn in the economy	25.3%	26.3%	48.4%	28.9%	35.1%	36.0%
Social tension in the SEZ areas	26.9%	39.8%	33.3%	32.5%	39.5%	28.1%
Political opposition	29.6%	45.7%	24.7%	38.6%	28.1%	33.3%
Apprehensions about likely policy shift	24.7%	31.7%	43.5%	31.6%	35.1%	33.3%
Expectations from SEZ are more	24.7%	32.8%	42.5%	26.3%	40.4%	33.3%
Informal Controls	23.1%	46.8%	30.1%	31.6%	41.2%	27.2%
Supply side economics only	24.7%	32.8%	42.5%	29.8%	32.5%	37.7%
Discouraging social attitudes	24.2%	44.6%	31.2%	34.2%	33.3%	32.5%
Administrative approach to the SEZ management may pose challenges	21.5%	43.5%	34.9%	23.7%	43.0%	33.3%

Table 11 depicts a cross tabulation, where it was used to know intensity of the problems raised by ownership of SEZ in terms of low, medium and high. Down turn in the economy for both ownership it matters at high priority with 48.4% and 36.0%. Whereas, Social tension in the SEZ areas treated as private developers at high priority with 36.0%, medium priority with state developers at 38.8%. Political opposition in SEZ is high with private and medium with state developers at 38.6% and 45.7% respectively. An apprehension about likelihood shift is a major concern for both the owners high at 43.5%, 35.1% state and private owners. Expectations from SEZ are more in both the owners and majority of the owners found it is a high and being a cause for working pressure.

Informal controls are medium and supply side behavior of SEZs are very high, their government initiation will help them to promote the demand side economics as well. Discouragement of social attitudes are medium in the state developers with 44.6% and low with private developers at 37.7%. Whereas administrative approach to the SEZ management may pose challenges are medium by both the owners at 43.5%, 43.0% in state developers and private developers respectively.

Table 12: Issues/Problems raised by the stakeholders of SEZs

Issues/Problems Raised by the SEZ's	Stakeholders																	
	Private Developers			Policy Makers			Mangt. Consultants			Politicians			NGO's			Bussiness Elite		
	Low	Medium	High	Low	Medium	High	Low	Medium	High	Low	Medium	High	Low	Medium	High	Low	Medium	High
Down turn in the economy	17.0%	19.1%	63.8%	28.9%	33.3%	37.8%	37.0%	25.9%	37.0%	15.4%	43.6%	41.0%	21.1%	36.8%	42.1%	40.7%	14.8%	44.4%
Social tensions in the SEZ areas	34.0%	40.4%	25.5%	26.7%	44.4%	28.9%	24.1%	42.6%	33.3%	23.1%	41.0%	35.9%	34.2%	39.5%	26.3%	33.3%	37.0%	29.6%
Political opposition	21.3%	46.8%	31.9%	40.0%	35.6%	24.4%	38.9%	37.0%	24.1%	33.3%	33.3%	33.3%	39.5%	36.8%	23.7%	37.0%	44.4%	18.5%
Apprehensions about likely plicy shift	29.8%	27.7%	42.6%	24.4%	40.0%	35.6%	20.4%	31.5%	48.1%	20.5%	43.6%	35.9%	28.9%	34.2%	36.8%	33.3%	22.2%	44.4%
Expectations from SEZ are more	19.1%	31.9%	48.9%	24.4%	44.4%	31.1%	24.1%	33.3%	42.6%	28.2%	33.3%	38.5%	31.6%	28.9%	39.5%	11.1%	37.0%	51.9%
Informal controls	17.0%	48.9%	34.0%	33.3%	48.9%	17.8%	24.1%	57.4%	18.5%	33.3%	38.5%	28.2%	10.5%	50.0%	39.5%	29.6%	40.7%	29.6%
Supply side economics only	25.5%	23.4%	51.1%	22.2%	37.8%	40.0%	25.9%	38.9%	35.2%	23.1%	38.5%	38.5%	28.9%	23.7%	47.4%	33.3%	29.6%	37.0%
Discouraging social attitudes	19.1%	51.1%	29.8%	33.3%	37.8%	28.9%	24.1%	44.4%	31.5%	30.8%	38.5%	30.8%	26.3%	42.1%	31.6%	33.3%	40.7%	25.9%
Administrative approach to the SEZ management	17.0%	44.7%	38.3%	31.1%	31.1%	37.8%	22.2%	51.9%	25.9%	23.1%	46.2%	30.8%	23.7%	44.7%	31.6%	22.2%	44.4%	33.3%

Table 11 depicts a cross tabulation, where it was used to know intensity of the problems raised by stakeholders of SEZ in terms of low, medium and high. For all stakeholders such as private developers, policy makers, management consultants, politicians, NGOs and Business elite, the intensity of facing the problems of each category differs at their own phase and it also varies with respect to each problem. For Down turn in the economy, Private developers high with 63.8%, Policy makers high with 37.8%, Management Consultancies high with 37.0%, Politician medium with 43.6%, NGOs high with 42.1% and Business Elite high with 44.4%. For all stakeholders melting down the economy is a major concern and in such scenario they won't do optimal functionalities due to lowering the business opportunities.

Social tension in the SEZ areas - Private developers' medium with 40.4%, Policy makers medium with 44.4%, Management Consultancies medium with 42.6%, Politician medium with 41.0%, NGOs high with 39.5%, Business Elite high with 37.0%. Except NGOs and Business elite all other stakeholders treating this as a medium problem, whereas NGOs and Business elite view, it might cause a denial part from the societal attitudes and they behavior towards SEZs.

Political opposition in SEZ areas Private developers medium with 46.8%, Policy makers low with 40.0%, Management Consultancies medium with 38.9%, Politician medium with 33.3%, NGOs high with 39.5%, Business Elite high with 44.5%. Apprehension about likelihood policy shift - Private developers high with 42.6%, Policy makers' medium with 40.0%, Management Consultancies high with 48.1%, Politician medium with 43.6%, NGOs high with 36.8% and Business Elite high with 44.4%. Expectation from SEZ are more -Private developers high with 48.9%, Policy makers medium with 44.4%, Management Consultancies high with 42.60%, Politician medium with 38.5%, NGOs high with 39.5%, Business Elite high with 51.9%.

Informal controls- Private developers medium with 48.9%, Policy makers medium with 48.9%, Management Consultancies medium with 57.4%, Politician medium with 38.5%, NGOs medium with 50.0%, Business Elite medium with 40.7%. Supply side economics only- Private developers high with 51.1%, Policy makers high with 40.0%, Management Consultancies medium with 38.9%, Politician medium with 38.5%, NGOs high with 47.4% and Business Elite high with 37.0%. Discouraging social

attitudes- Private developers medium with 51.1%, Policy maker's medium with 37.8%, Management Consultancies medium with 44.4%, Politician medium with 38.5%, NGOs medium with 42.1% and Business Elite medium with 40.7%.Administrative approach to the SEZ management may pose challenges - Private developers medium with 44.7%, Policy makers high with 37.8%, Management Consultancies medium with 51.9%, Politician medium with 46.2%, NGOs medium with 44.7% and Business Elite medium with 44.4%.

Down turn in the economy, according to commerce ministry provides incentives to exporters outside SEZs through the duty drawback scheme, and focus market and focus product schemes, among others. The duty drawback scheme allows manufacturers to seek a refund of duty paid on imported materials used in the manufacture of goods which are exported; the focus market and focus product schemes incentivize exports to specific geographical regions and specific products. Mukherjee said ideally such benefits should also have been extended to SEZs to ensure a level playing field. “The situation further aggravated with the global economic downturn of 2008-09 when demand for Indian goods fell drastically and duty-free sale of SEZ products within the country was not allowed,” she said. Since the SEZ policy was announced in 2000, 576 formal approvals have been granted for setting up of such enclaves, out of which 392 SEZs have been notified. Only 170 are operational. One of the most common refrains against the SEZs has been that they failed to achieve their intended objective of encouraging manufacturing exports from India and instead became attractive centers for information technology firms to avail of tax incentives by shifting to the zones from domestic tariff areas. To be sure, SEZs have access to duty-free imports of manufacturing inputs because technically they are considered to be outside of the country’s domestic tariff area. But, with India signing free-trade agreements with countries where duties on many products are eliminated or reduced substantially, the advantage accruing to SEZs was negated, Mukherjee said. “Such a situation does not arise in other countries since their differential tariff rates are much lower than India,” she said.

Social tensions in the SEZ areas refer to an alteration in the social order of a society. It may refer to the notion of social progress. Social change builds community-based responses that address underlying social problems on an individual, institutional,

community, on a national and international level. Social change can change attitudes, behaviors, laws, policies and institutions to better reflect, values of inclusion, fairness, diversity and opportunity. Social change involves a collective action of individuals, who are closest to the social problems, to develop solutions that address social issues (Fund for Southern Communities; 2000). Political opposition by left parties, this dichotomy of left politics regarding SEZs in India can be explicitly found from a study of their rhetoric and practices on this issue and also from a comparative of the central and state SEZ Acts. The essential basis of the Left Front rule, namely land reforms and decentralization, seems to have been reversed by the way the state government tried to implement SEZs ignoring the opinions and interests of the rural people, particularly in the process of land acquisition. Thus, the very issue of land that was once instrumental in bringing the left in power and consolidating its rule in West Bengal has helped the revival of opposition politics. The effort to implement SEZ, particularly in Nandigram, has changed the face of the state politics like never before and jeopardized the very prospect of industrial rejuvenation of the state.

Apprehensions about likely policy shift, is argued that the promotion of SEZs is an attempt to deal with infrastructural deficiencies, procedural complexities, bureaucratic hassles and barriers raised by monetary, trade, fiscal, taxation, tariff and labor policies. These structural bottlenecks affect the investment climate adversely by increasing production and transaction costs. Since country-wide development of infrastructure is expensive and implementation of structural reforms would require time, due to given socio-economic and political institutions, the establishment of industrial enclaves (SEZs/EPZs) is seen as an important strategic tool for expediting the process of industrialization. On the other hand dissenters contend that the policy would be misused for real estate development rather than for generating exports. Concerns have also been expressed on the displacement of farmers by land acquisition, loss of fertile agricultural land, a huge revenue loss to the exchequer and adverse consequences of uneven growth. Even the Economic Survey 2006-07 mentions that the recent debate about Special Economic Zones (SEZ) illustrates the kind of considerations that have to be taken into account in the formulation of policies. Some of the apprehensions against the SEZs are (a) generation of little new activity as there may be relocation of industries to take.

Expectations from SEZ are more is a concern by the SEZs because more than 25% of India's exports come from SEZs. However, the year on year growth of exports from SEZs, has declined from a healthy 121% in 2009-10 to a mere 4% in 2013-14. SEZs can be the game changer for the success of the "Make in India" drive. While the Government has already taken some measures to boost investments in SEZs viz reducing the area requirements for developing SEZs, sharing of common infrastructure with non-SEZ businesses, roll back/ rationalization of Minimum Alternative Tax imposed on SEZ units (currently pegged at 21%), is a strong expectation of the industry. MAT has been considered to be one of the primary reasons of slow off take of SEZs in the recent times. Roll back of MAT on SEZ units will assist in making India more competitive in the global market. An informal control refers to the reactions of individuals and groups that bring about conformity to norms and laws. Supply side economics only is just like influence aggregate demand to help the economy and increase the number of jobs, you can also increase aggregate supply. In other words, instead of demand-side economics, you can use supply-side economics. Supply-side economics is the viewpoint that the best way to improve economic growth and create jobs is by increasing the production of goods and services. Sometimes referred to as 'trickle-down' economics, it is a viewpoint that lowering taxes and limiting government removes barriers to investment. With fewer barriers like these, it is believed, consumer spending, economic growth, and employment are all greater, with lower inflation. Supply-siders believe that when businesses do well, they will hire more workers, and the added earnings in workers' pockets will lead to higher consumer demand as well as a stronger economy. Why is increasing consumer demand important? Because consumer spending is the main driver of the economy; it accounts for around 70% of economic growth. Supply-side policies theoretically lead to an increase in the aggregate supply curve as incentives for suppliers are increased. Supply-siders believe that the incentive to work is kept artificially low because of high taxes but will increase when taxes are reduced. They believe that lower taxes create an incentive for people to work harder, and when they work more, this increases the amount of taxes collected by the government.

Discouraging social attitudes, The concept of SEZ is alien to the society are in pursuance of these policies, the government shall actively encourage, promote, induce and accelerate a sound and balanced industrial, economic and social development of

the country in order to provide jobs to the people especially those in the rural areas, increase their productivity and their individual and family income, and thereby improve the level and quality of their living condition through the establishment, among others, of special economic zones in suitable and strategic locations in the country and through measures that shall effectively attract legitimate and productive foreign investments. Administrative approach to the SEZ management may pose challenges, SEZs is governed by a three tier administrative set up one is The Board of Approval is the apex body in the Department, second is The Unit Approval Committee at the Zonal level dealing with approval of units in the SEZs and other related issues and thirdly Each Zone is headed by a Development Commissioner, who also heads the Unit Approval Committee. APPROVAL MECHANISM OF SEZS: Any proposal for setting up of SEZ in the Private/Joint/State Sector is routed through the concerned State government who in turn forwards the same to the Department of Commerce with its recommendations for consideration of the Board of Approval. On the other hand, any proposals for setting up of units in the SEZ are approved at the Zonal level by the Approval Committee consisting of Development Commissioner, Customs Authorities and representatives of State Government.

Chapter VI

CONCLUDING REMARKS AND SUGGESTIONS

In India, SEZ Act enacted in 2005 with the broad objective of providing viable economic atmosphere for the promotion of goods in a quick and hassle free manner. It is more liberal than preceding economic policy with the perceptions of social expansion especially for the expatriate families due to zone set up and the overall growth of the nation as a whole. The SEZ Act was expected to give a big drive to exports and subsequently to the foreign direct investment inflows into India and is considered to be one of the premium issue of legislature that may well represent the imminent of the industrial development strategy in India. This study focused on how does an established stakeholder effectively manage those institutional barriers and therefore push for better market oriented establishments through SEZs. As we have identified majority of studies have focused on transitional economies behavior impact of liberalization on economies individually, but there is a literature gap, to study combined effects with the SEZ commencement in economy with respect to pre and post liberalization policies. Studies have not focused on factors (openness of trade, FDI, SEZ exports) influenced on Indian economy during the transition period.

The policy by India to open markets to international trade has been transmitted as a motive for its phenomenal growth. Our study was assumed that there is a positive correlation between the openness of an economy and its economic growth, including the growth of the export sectors and backward linkage effects to other parts of the domestic economy. Role SEZ's in the transition through Export-Led and Openness of Trade on Growth of Economy, the policy by India to open markets to international trade has been routed as a reason for its phenomenal growth. Empirical research studies support the notion that there exists a positive relationship between international trade and economic development, and findings of a number of inquiries provide some evidence to support the ELGH (Export Led Growth hypothesis). International trade and export are presently regarded as engines of economic growth.

We found that there is a significant change in openness of trade in first liberalization during 1990-91 and second liberalization i.e, inception of SEZ's in 2000-01, which is

an indication for India followed an export promotion policy, focusing on the active reinforcement of industrial production for export markets, combining an increasing market mechanism with a strong industrial policy. The reformed trade and industrial policy eliminated licensing requirements for private domestic and foreign investment in certain industries and relaxed the restrictions under the Monopolies and Restrictive Trade Practices Act on expansion, diversification, mergers and acquisitions by large firms and industrial firms.

We examined whether openness of trade and growth of economy influenced by pre and post liberalization policies and SEZ commencement, we reject null hypothesis with 5% level significance, that there is a statistically confirmation found there is a significant influence of SEZ inception and post-liberalization policies on openness of trade, which shows an direction of Export Led Growth Hypothesis (ELGH), there is a significant change in the post liberalization policies and post inception of SEZ's on economic growth and openness of trade. Results relates trade patterns to comparative advantage, and suggests that for nations that participate in trade, each will specialize in the production of goods in which it has a comparative advantage, i.e., in production processes with lower opportunity costs prior to trade than the other country. Even though the size and distribution of the welfare gains from trade may be disputed, there is strong consensus within the economics profession of a positive relationship between international trade and aggregate national income. With this evidence of liberalization policies were helped India to open its economy more with SEZ's inception which provides strong efficient improvement and efficient in trade policies. The openness of trade overcome few difficulties such as nontariff barriers to trade, average tariff rates, a black market premium, whether the economy is socialist, and government monopolies on exports. We found evidence that openness had a significant and positive influence on growth between 1991 and 2001 and 2001-2014 through more liberalized policies with the inception of special economic zones.

Although India has liberalized its trade since 1991, it was only on April 2000 that the Government of India announced the introduction of the special economic zones policy in the country. The number of SEZs is staggering and doubts about the efficacy of these SEZs in promoting economic growth and the economic feasibility of such a large number of SEZs have been raised with an indication that export and FDI growth

have positive effects on economic growth in India, SEZ Exports Growth is higher than the overall India's Export Growth, where as it declined from 2009-10 and finally resuming its growth back from 2013-14 onwards. To understand of the trade growth link, it is useful to consider the particular channels through which openness may affect a country's growth rate. It is important to identify link between economic growth, openness of trade; Liberalization policies initiated flow of foreign investments and funds in trade, services through FDI and FII, which might lead through more liberalization policies through SEZ inceptions in Indian economy to attract more investment to promote export led growth by surpass imports.

To identify the above said growth linkages between Foreign Direct Investments, SEZ exports, Openness of Trade and GDP during the Indian economic transition period, were hypothesized that economic stability does not have any relationship with FDI, SEZ exports and Openness of Trade, Openness of Trade has not influenced by economic stability, Foreign Direct Investment and SEZ exports and finally GDP, Openness of Trade and FDI does have any impact on SEZ exports. For it is assumed to be a positive association between economic stability and independent variables; an important because openness trade is an indicator for liberalization of the economic policies and its impact, hence we assume positive relationship with GDP, FDI and SEZ exports and finally in to have impact of SEZ exports on those independent variables assumed to be positive, but not at a significant values. Results shown economic stability is having a positive relationship with FDI, SEZ exports and openness of trade, by which we have rejected null hypothesis. The implications of SEZ exports on GDP, FDI and Openness of Trade and assumed to be a significant impact, but our results indicate that there is no much evidence is provided, Hence we accept null hypothesis, with a significant impact of openness of trade, where international trade induces some countries to specialize in the production of goods with relatively low growth potential (Grossman and Helpman 1991; Matsuyama 1992; Young 1991; Galor and Mountford 2006). Since productivity of the traditional manufacturing sector is constant while productivity of high-tech manufacturing increases with product development through inception of SEZ and growth in its exports follows that the country with the lower amount of general knowledge experiences a trade-induced improvement in the growth rate of openness of trade. By initiating exports through Special Economic zones, it has assumed to be a very key

role, because export to improve the growth potential of a country occupies the centre stage in especially in development process where export promotion and increased openness gradually have replaced import substitution to enhance growth. Furthermore, an increased openness to trade is also central in international negotiations about trade and tariff barriers where trade theory suggests that all parties on aggregate will enhance their welfare position in relation to their autarky situation.

To identify our core determined and influencing factors of SEZs: An empirical investigation from Andhra Pradesh SEZs and also found research gaps in the literature including that studies have focused on land acquisition, legal concepts, employment and gender equal opportunities, whereas missed out important determined factors influencing SEZ to function efficient and optimal, studies also focused on taxation, socio-economic approaches, size of SEZs and its impacts, but there is a wide gap to study SEZ priorities, facilities and concerns raised by the stakeholders of the SEZ, which can help to evaluate overall conditions and behavior of SEZ activities and its functionalities in terms of transitional economies.

Hence, in this chapter we are focusing on the three influential stakeholders from SEZs for all categories including type of SEZ, Ownership of SEZ and stakeholders who are actively participate in the growth and efficient functioning of SEZs and four influential factors including determinants which influence on the enterprise management and these question are collected on the 1-5 scale, facilities which can enhancethe growth of the SEZs optimally and these questions are collected on the 1-3 scale, we have also focused on problems encountered by the entrepreneurs which will enable us to identify major consensus raised by the various stakeholders as a barriers for efficient growth of the SEZs, in which we have collected data on the 1-3 scale, Finally, we have also focused our study on stakeholder's views and effects of SEZs during the study period and hence we can infer their intentions and their major views hence it would help us to derive and offer necessary policy options to through the policy makers, and these data is collected through 1-2 scale.

Table 6.1 summarized information depicts multinomial logistic regression results overall from the preceding chapter. As we have seen, it provides mutual determinants, facilities, focused problems and major consensus raised by all the stakeholders

including type of SEZ, Ownership of SEZ and various stakeholders who are actively participated in SEZ, for detailed discussion of the results please refer previous chapter.

Table 6.1: Multinomial Logistic Models Summarized significant variable information from preceding chapter

		Determinants ²⁰	Facilities ²¹	Effects ²²	Problems/Issues Raised by SEZs ²³
Type of SEZ	Multiproduct	12,6	7	4,14,16,19,22,28	1,7
	IT/ITES	6,12, 2-mixed	7	4,14,13,19,22	1,7
	Biotech & Energy	1,10,11,6 and 12-no	1,6	7,14,19,22,25	1,7
	Free trade Warehousing Zones	9 and 1-no	7	4,10,29,28,25,14	1,7
Ownership of SEZ	State	4,10,11,12,6	6,7	4,22,9,12	
	Private	4,10,11,12,6	6,7	4,22,9,12	
Stakeholders of SEZs	Private developers	1,2,3,4,7,8,9	7, 4-no	4,7,10,14,21,25,31 and 35	2,
	Policy Makers	1,2,3,4,7,8,9	7, 4-no	4,7,10,14,21,25,31 and 35	3,2,1
	Management Consultancy	1,2,3,4,7,8,9	4,7 & 8,9-no	4,7,10,14,21,25,31 and 35	3,2,1
	Politicians	1,2,3,4,7,8,9	4 mixed,7-no	4,7,10,14,21,25,31 and 35	3,2,1
	NGOs	1,2,3,4,7,8,9	7, 4-no	4,7,10,14,21,25,31 and 35	3,4,
	Business Elite	1,2,3,4,7,8,9	9, 4,6-no	4,7,10,14,21,25,31 and 35	4,5,2,3

²⁰Determinants Represents:1.Fiscal incentives,2.Economies of scale, 3.Business autonomy, 4.Free from regime of controls, 5.Vital business opportunity, 6.Financial incentives, 7.States initiatives, 8.Size of the market potential, 9.Free from societal controls, 10.Free from rigid labor laws, 11.World class infrastructure and 12.Land acquisition through state

²¹Facilities Represents:1.Self certification basis,2.Non stipulation of export performance, 3.Free to import, 4.IT exemption for a block of ten years out of fifteen years, 5.Full freedom to allocate developed plots, 6.Services on commercial basis, 7.No bar on foreign investment, 8.High risk category of credit to SEZ by RBI and 9.Simplified procedures

²²Effects Represents:1. Discriminating fields of opportunities, 2.Revenue loss is inbuilt, 3. Prioritization of SEZ activities is absent, 4.Exports targets are open end, 5.Aggravation of regional imbalances, 6.Engine of economic growth, 7.Institutional setup is not geared up, 9.Distortions in land market, 10.Threat to arable land, 11.Severe Casualization of employment, 12.Land reforms in reverse process, 13.Employment is short lived, 14.Phenomenal speculation in property markets, 15.SEZs became real estate zones, 16.Low work participation rate, 17.Loss of livelihood opportunities, 18.People with no non-farm skills suffered a lot, 19.Chronic unemployment and poverty, 20.Further marginalization of deprived sections, 21.Fail to mainstream the excluded sections 22.The promise of employment is a big disappointment, 23.Linkages with non-farm sector growth is insignificant, 24.Skewed spatial planning, 25.Credit to SEZ is categorized as high risk, 26.Social tensions, 27.Corporatized development program, 28.Threat to local industry, 29.Mismatch between imports and exports by SEZ, 30.Generation of exploitative employment opportunities and working conditions, 31.SEZs are foreign Islands, 32.Destruction of agro based economy, 33.No space for popular consultations, 34.Sustainability of the growth is doubted, 35.Replacement of farming with private industrial enclaves, and 36.Indecent employment conditions

²³Problems/Issues raised by Stakeholders:1. Down turn in the economy, 2.Social tensions in the SEZ areas, 3.Political opposition by left parties, 4.Apprehensions about likely policy shift, 5.Expectations from SEZ are more, 6.Informal controls, 7.Supply side economics only, 8.Discouraging social attitudes, 9.The concept of SEZ is alien to the society and 10.Administrative approach to the SEZ management may pose challenges

We deployed the multinomial model to identify the influential determinants for types of SEZ on determinants of enterprise management through are statistically fitted. Our results revealed an extensive important issues related to SEZs in Andhra Pradesh through primary research. It revealed within type of SEZ determinants including fiscal incentives, financial incentives, economies of scale and land acquisition through state, whereas ownership of SEZ have free from regime of controls, freedom from rigid and labor laws, world-class infrastructure, land acquisition through state and financial incentives are their determinants, Nevertheless, for stakeholders they have a different and complete set of determinants including fiscal incentives, economies of scales, business autonomy, free from regime of controls, state initiatives, size of the market potential and free from societal controls.

Our results on facilities that should be provided to SEZs to function more efficient are including mutually among all stake holders are there should have mechanism that government should allow them to access maximum foreign investment without having no bar, the services which SEZs offer should be on commercial basis. And they all are focusing to have income tax exemption for a block of ten years out of fifteen years.

Results have emphasized and revealed a variety of effects from each group of stakeholders, which are mutual and some are very specific to nature and business involved. Within type of SEZ they have seen that exports targets are open end, there is a huge phenomenal speculation in the property markets which ruins the objective of commencement of SEZs, low work participation rate, chronic unemployment and poverty, they have seen that the promise of employment as a big disappointment. And it was evident that SEZs became real estate zones, according to a clause in the SEZ Act (Section 5(2)), as much as 75% of the area under large SEZs (above 1000 hectares) can be used for non-industrial purposes. The employment effect of SEZs operates through three channels one, SEZs generate direct employment for skilled and unskilled labour; two, they also generate indirect employment; and three, they generate employment for women workers. Threat to local industry and in their view, RBI should stop think funding SEZs are high risk. But Ownership of SEZ has different effects including exports are open end, distortions in land market, land reforms are in reverse process and the employment promise was not as it was expected. Nevertheless, stakeholders have seen entirely different effects SEZs

including decimating fields of opportunities, prioritization of SEZ activities are absent, export targets are open end, institutional setup is not geared up, threat to arable land, phenomenal speculation in property markets, fail to streamline to excluded sections, replacement of farming with private industrial enclaves. To reduce these impacts, our study suggests that government should initiate proper mechanisms and effective strategies by which SEZs minimized these risks and get encouragement to deploy their resources effectively and efficiently.

SEZs commencement with the broad objective of providing viable economic atmosphere for the promotion of goods in a quick and hassle free manner. It is more liberal than preceding economic policy with the perceptions of social expansion especially for the expatriate families due to zone set up and the overall growth of the nation as a whole. If any stake holders of SEZ are facing problems and issues, government should enable policy which can encourage in their difficult situations. For instance, global meltdown during 2007-09 made a drastic impact on SEZ on their business activities, in such scenarios state should take dynamic policy options by introducing fiscal and financial incentives, majority of SEZs are facing supply side but by allowing markets to create its own demand or government should create demand for SEZ produce either by allowing them to have commercial basis or create new overseas market. When it arouse political oppositions and social tensions in SEZ areas, government should protect the property of SEZs and also their objectives to participate in economic growth. And one of their major consensus is likely shift apprehensions of policies, in such unpredictable conditions they might not perform efficiently, to reduce these issues, government should create a stable policy hence no other political parties or other governments have less accessible to amend the policy. Government should also promote SEZs more proactively to nullify the concept of SEZs are aliens to the society. Discouraging social attitudes, the concept of SEZ is alien to the society are in pursuance of these policies, the government shall actively encourage, promote, induce and accelerate a sound and balanced industrial, economic and social development of the country in order to provide jobs to the people especially those in the rural areas, increase their productivity and their individual and family income, and thereby improve the level and quality of their living condition through the establishment, among others, of special economic zones in suitable and strategic

locations in the country and through measures that shall effectively attract legitimate and productive foreign investments.

To keep the above factors in mind, It must be ensured that in the Letter of Approval (LoA) issued to the SEZ unit by the Development Commissioner(DC) of the SEZ, the provisions pertaining to the goods / services supplied by the SEZ unit to the DTA unit and for payment in foreign exchange for the same should be mentioned. As it was high anticipated effect through SEZs is Engine of economic growth this policy intended to make SEZs an engine for economic growth supported by quality infrastructure complemented by an attractive fiscal package, both at the Centre and the State level, with the minimum possible regulations. To inculcate confidence in investors and signal the Government's commitment to a stable SEZ policy regime and with a view to impart stability to the SEZ regime thereby generating greater economic activity and employment through the establishment of SEZs, a comprehensive draft SEZ Bill revisit after extensive discussions with the stakeholders.

On the basis of the above maintained conclusion the following recommendations' are made to strength then the role of SEZ's in transitional economies. Then include:

1. Like in China, SEZ land ownership must rest with the government concerned so that speculation in property markets can be reduced.
2. Activity Portfolio of SEZs must be prioritized so that differential incentives packages can be formulated.
3. The parameters of SEZ performance must be measurably fixed so as to examine whether SEZs could live up to the expectations of a nation.
4. Loss of revenue to the government must be minimized due to SEZs.
5. Social tensions in SEZ areas must be minimized so as to draw the attention of investors in a manner to get more funds invested in SEZs.
6. Social obligations of SEZs must be minimized to enable them to focus only on economic aspects like productivity and global competition.
7. SEZ's must aim at inclusive growth of industry with a focus on small and medium enterprises.
8. SEZ's should strive to became growth engines of Indian economy besides export promotion targets.

9. First priority should be accorded first priority to new entrepreneurs in SEZ's, rather the existing entrepreneurs.
10. Government should view the SEZ's as reallocations of resource units in a manner to lay.
11. SEZ's must strive to establish second supply chains in Indian economy.
12. A second and robust policy frame must be enunciated regardless of the political changes in the country.

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Appendix:



IT SEZ at Rushikonda hill in Visakhapatnam, Andhra Pradesh.



Glochem Industries Limited, Jadcherla, Mahabubnagar District, Telangana.



Gachibowli IT hub located in Hyderabad, Telangana.