1.1.0. Historical Background:

After taking a long sign of political relief in 1947, the Government of India tried to spell out the priorities to devise schemes to settle down the problems such as unemployment, balanced economic growth and balance of trade and payment. They were coupled in the country due to the trauma that took place during the pre-independence. For this purpose, the Government came forward with the first Industrial Policy, 1948 in which the Government in her various identified the responsibility of the State to promote, assist and develop industries in the national interest. So that country can pace up with the world economy. A problem which country is facing severely at the front, prominently one, is unemployment. Unemployment is the mother of countless ills. There is some truth in the fact that jobs have not grown as much as expected as the economy has grown,” Ashok Lahiri, chief economic adviser to the government, told Reuters, “We have to expand employment. There is no doubt about that.

There are two ways to get rid the unemployment problem, either provide job opportunity to unemployed persons or create the avenues for entrepreneurial activities. As per Jobs are concern it is shrinking in India at an alarming rate. Slow industrialization, globalization and privatization have further aggravated the problem. Eventually the other measure to face the unemployment problem is to provide the opportunity to create different entrepreneurial avenues at ground level.

In this regards, India has explicitly recognized the vital role of the private sector in accelerating industrial development and for this; enough field was reserved for the private sector. Across the country in our top universities, entrepreneurship cells have becoming popular, as students have realized the benefits of pursuing their entrepreneurial pursuits early-on. Entrepreneurship development centre such as CEDMP, it helps the unemployed people to opt for self-employment and entrepreneurial as a career. Several programmes like National Rural
Employment Programme (NREP), Integrated Rural Development Programme (IRDP) etc. are in operation in India to help the potential entrepreneurs.

Another problem which India is encountering is foreign trade and balance of payment. Every year Government has to face the challenges such as money laundering and tax evasion in foreign trade. From many decades it was found an urgent need of strict rule and regulation at national level not only to enhance foreign exchange earning but also to prevent problem related to foreign transaction.

If we closely look to the problems discussed above it could be realized that problems were severe and sensitive which require immediate solution from the part of government. So the government decided to bring some solution not only to curb the problem of unemployment but also to fight with the problem of foreign trade and balance of payment and to accelerate the growth of Indian economy.

In introduction of Special Economic Zone (SEZ) concept, a new era of growth and development was witnessed in the country. After the successful experiment by the China government, Indian also assured to taste the success through new economic policy (SEZ). By changing patterns of both foreign and domestic investment in India, proponents of Special Economic Zones (SEZ) claim they will create new islands of infrastructure and export promotion, all the while generating lakhs of jobs. Special Economic Zones (SEZ) will be the driving force towards a new era of high growth, a new formula for solving the 'gaps' in economic reforms.

SEZ in India basically seeks to promote the value addition component in export. It also generates employment, boost up entrepreneurial activities as well as mobilize foreign exchange and also for the opening up of the economy. Government of India introduced the concept of Special Economic Zones (SEZ) in the years 2000 through revision in the export – import policy 1997-2002. Considering the need to enhance the foreign investment and promote export from India. Nation also realizes the need that level playing field must be made available to the domestic enterprises and manufacturers to the competition.

Precisely, Special Economic Zones (SEZs) are designated duty free enclaves which are considered as deemed foreign territories for the purpose of trade operations, duties and tariffs.
Several exemption and concessions to SEZ developers and SEZ units from various taxes and duties have been granted by the Government with a view to boost exports and investments. Tax benefits promised to SEZs by the Government has never been free from ambiguities. Special Economic Zone Act has been introduced in the year 2005. It is an act to provide for the establishment, development and management of the Special Economic Zones for the promotion of exports and for matters connected therewith or incidental thereto.

Globally, establishment of SEZs have revolved around achieving the following basic objectives:

- Economic growth and development – through exports and backward integration
- Foreign Investment
- Infrastructure development
- Employment generation
- Up-gradation of managerial and technical skills

Achievement of the above objectives through SEZs is typically facilitated through the following:

- Income tax Holidays
- Hassle Free Environment
- Exemption from Indirect duties and taxes
- No currency restrictions
- Relaxed foreign investment norms
- Excellent infrastructure facilities

In this framework present study is related to the entrepreneurs’ development through Special Economic zone in Madhya Pradesh. Researcher tries to find out the relevance of Special Economic zone in growth and perception of the entrepreneurship. In the era globalization and competitiveness environment, innovation and specific strategic policy can bring only sustains growth and economic development. In this context government of Madhya Pradesh has started many special projects. They not only provide growth to the local economy but also boost up entrepreneur’s activity in the state, such as Food Park, stone park, Agri-zone, SEZ and so on. But in the year 2000 Govt. of India announced a Scheme on Special Economic Zones in the EXIM
Policy with a view to enhance the exports base of the country, has changed the complete scenario in entrepreneurs growth and prospects.

Indore SEZ has emerged as the first Greenfield SEZ which has become operational after declaration of the Policy in 2000. The Govt. of M.P. took initiative to develop SEZ Indore & approved MP SEZ Policy in July 2002. The State Govt. has passed the Madhya Pradesh Special Economic Zone Act, 2008. At present there are only 2 SEZs in operation. Indore multiproduct zone and crystal IT park. Indore SEZ has not only created employment to thousands of people directly and indirectly but export is promoted extraordinarily in the state of Madhya Pradesh during the span of establishment of SEZ. On the bases of the layout of the study following objectives and hypotheses were designed.

1.2.0. Objective of the Study

This research approaches Special Economic Zones with this point as its fundamental premise. Researcher attempt to explore Special Economic Zones as economic policy measures occurring within a political context for the fundamental benefit to the entrepreneurs and also positive impact on Madhya Pradesh economy as a whole.

The main objective of the researcher is to judge that the “Special Economic Zone has been instrumental or not for the development of Entrepreneurship.” For the fulfillment of this primary object following objectives are chalked down-

✓ To study the entrepreneurship development in M.P. in broad prospective.
✓ To understand the concept of Special Economic Zone
✓ To identify the Entrepreneurs perceptive for Special Economic zone establishment.
✓ To compare the growth in number of entrepreneurs (medium and large) in Madhya Pradesh with the Special Economic Zone after the Establishment of SEZ.
✓ To study the contribution of SEZ in economic development of Madhya Pradesh in three broad prospective-
  • Percentage contribution of Special economic zone export in Madhya Pradesh state GDP
• Comparison of Investment in Madhya Pradesh large and medium industries and Investment in Special Economic Zone
• Contribution of Special economic zone Employment in total Employment of the Madhya Pradesh after establishment

1.3.0. Hypothesis

A hypothesis is the main aspect that is to be proved in an experiment. Without a hypothesis the data which is collected, is just the data. For the present thesis following hypothesis are developed-

➢ H₀₁: There is a relative growth of industrial units in Madhya Pradesh are due to Special economic zone.
➢ H₀₂: Entrepreneur’s units are getting various benefits and incentives in Special Economic Zone
➢ H₀₃: Entrepreneur’s are provided basic amenities in processing and non processing zone of special economic zone
➢ H₀₄: The export from SEZ grows with the growth of state gross domestic product (SGDP) of Madhya Pradesh
➢ H₀₅: There is a contribution of SEZ in Employment generation of Madhya Pradesh medium and large industries.

1.4.0. Rationale of the Subject

Entrepreneurs are the backbone of any country. Entrepreneur not only generates employment to huge masses but also they are catalyst to research development and innovation. Even government also lends its hand to this phenomenon with different novel and concrete ideas. In this context very lucrative and prospective initiative is taken by the government by way of special economic zone. So the researcher chose entrepreneurship to analyze and correlate the conceptual as well as realistic findings with Special Economic zone. SEZ is recently very popular instrument in developing countries for pursuing not only export led growth strategies but also a useful tool for promoting industrialisation. Now this is intense curiosity of the researcher to find out the growth and development scenario of industries through Special Economic Zone in Madhya Pradesh perceptive with following bases-
1. Basic motive of establishing Special Economic zone is to promote export is materialized during the five years of span (2007-2012) with lucrative manner.

2. Madhya Pradesh government has invested huge amount in establishment of SEZ and large infrastructure is built near Pithampur to boost up not only export but also employment. Now it is also interested to judge the compared consequences of employment, investment and export of Special economic zone with Madhya Pradesh economy.

3. The layout of Special Economic Zone is based on China model where processing and non-processing areas are clearly defined and grown accordingly. Madhya Pradesh SEZ is stood on the matching model.

4. Special Economic Zone is a heavy expenditure scheme which can be substituted with other central or state schemes to promote industrialisation. The SEZ is rewarded above all or not.

5. Even though the concept of SEZ is brought by the central government still popularity and attraction among new entrepreneurs is limited at ground level.

1.5.0 Research Methodology

Research is “Systematized effort to gain new knowledge”. Where problems are redefined, hypotheses are formulated with suggested solution; collecting, organizing and evaluating data to draw some conclusion and finally to determine whether they fit for verifying the knowledge. The subject matter chosen by the researcher not only shows the in-depth perception of the entrepreneurs to set up their unit in Special Economic Zone but also it gives the qualitative measurement for the progress and development of zone within the premise. For the purpose of intense study researcher has selected two traditions to collect information, primary source and secondary source. For Primary data elaborated and structured questionnaire was constructed with variety of interrelated questions such as financial position, employment, export labour laws security and safety benefits and subsidies facilities and exemptions. Secondary data have been collected through research papers. Reports published in journals and different sites related to entrepreneur and special Economic zone. Books and magazines and news papers were also referred to update the knowledge.
1.5.1 Research Design

Research design constitutes the blueprint for the collection, measurement and analysis of data. For the smooth working of various operation such as measurement, analysis, and interpretation research design is needed. Research design is customized according to the purpose and need of the individual researcher. The research design proceeds in certain steps which includes selection of research problems, presentation of the problems, formation of hypothesis, methodology, surveys literature and documentation, they are present in certain steps.

1.5.2 Research Title and Area

The research title reflects the basic concept and idea of any research. It should be accurately worded to provide sufficient information and flow of research even to a layman. The present title “Development of entrepreneurship through special economic zone” (with special reference to Madhya Pradesh), is selected after extreme securitization of words. State of Madhya Pradesh is selected for the study deliberately. As researcher studied and brought up in M.P. so it is always a first preference for the study. Moreover M.P. is strategically located in the heart of the country. It is always aspired alternative for the entrepreneurs. Government liberal and business oriented policy creates enthusiasm among entrepreneur for setting their unit in M.P.

1.5.3 Statement of Problem

The deliberated explanation of the research title is statement of problem. Entrepreneur plays a key role in country’s economy. Whereas Special economic zone is special geographic territories which not only nurture but also protect the interest of the entrepreneurs. Development of entrepreneurship through Special Economic Zone has fascinated researcher to be chosen for research work. Special Economic zone is comparatively a recent area of discussion and awareness for this beneficial concept is not broadened. In this comprehensive research, researcher will be studying future prospect of entrepreneurs in SEZ. Another impression of
economic growth is been measured through wider perception viz. – Employment generation, infrastructure development and export promotion.

1.5.4 Data Collection

Collection of data is most pragmatic and valuable step in any research. Careful authenticated and systematic collection of data makes the work half done. Researcher has followed two sources for collecting data in her research-

**Primary source**

To collect first hand information a set of structured questions are prepared after careful analysis. Well designed set of 32 questions with sub division have been put up before 51 entrepreneurs, who established their units in Special Economic Zone. Personal interviews were also administered to fill the gap and to get answers of unobserved questions in questionnaire. As SEZ is restricted area, written approval has been taken from the development commissioner for seeking permission to enter in SEZ.

Unit heads were contacted through phone and prior appointment is fixed before administering written interview.

**Secondary source**

Secondary data for the study was collected from wide sources which includes- Special economic Zone act 2005 and amendments of 2006, reports of different amendments, various newspapers, such as Business standard, Economic times, Financial express, web sites of MP industry TRIFAC CEDMAP, SEZ etc. Press releases, magazines articles journals published and unpublished, research papers and renowned books on SEZ and entrepreneurship. Various websites related to entrepreneurship and Special Economic zone were also been a part of research work.
1.5.5 Data Analysis

After collecting data from different reliable sources it has been arranged and processed to draw some valid conclusions. For present study, the data collected are classified and tabulated, and findings are presented in systematic manner. Different statistical tools such as T test, factor analysis, graphs and charts are used as statistical measure in the context of sampling analysis for comparing a variance to a theoretical variance. Tables have also been used whenever and wherever they required comparing and testing the adequacy.

1.6.0 Limitations of study

Researcher has faced certain limitations while gathering data for present study-

- First and foremost limitation is that data have been collected from the units, which are already existed in the Madhya Pradesh Special economic zone (Indore SEZ is only operational zone) for knowing their perception about Special Economic Zone. This sample size may not be adequate for representing the gross state population.

- Special Economic Zone is restricted area where prior permission is obtained from development commissioner for entering in the zone. The whole process is lengthier and cumbersome

- Unit head of different companies were reluctant to provide information and filling the questionnaire. Even some of them were not ready to cooperate and entertain in this regard.

- Websites related to SEZ is not updated and took many follow ups.

- Secondly MPAKVN and SEZ officer were not cooperative for providing information for the study.

- Comprehensive export data was difficult to obtain.
Although this study examined the degree of relatedness of the items pertaining to each characteristic via Cronbach alpha coefficients, it was possible to confirm that these items were Uni-dimensional via Factor Analysis. Factor Analysis confirms whether or not the items measuring each characteristic have been assigned to the appropriate dimension within the instrument. However, the sample size used in this study (\(N = 51\)) was not sufficient to conduct Factor Analysis (cf. Comrey & Lee, 1992).

**Interpretation of study**

Interpretation of the study is done two folded. First from the data collected through secondary source and second the data collected through questionnaire via primary source. The goal of analysis is to judge SEZ’s growth and development model which suit best in the perception of entrepreneurs. The clear and sensible findings have been gathered after application of statistical tools and they have made sense to the objectives of the present study and hypothesis design.

**Future prospects of the study**

This study directly related to the entrepreneur’s development with special Economic Zone in Madhya Pradesh. The comparative study can be accomplished on precisely related to the additionally developed model such as Gujarat SEZ or the Tamilnadu SEZ.

Other than this problem and difficulties faced by the entrepreneur or employees inside the Special Economic Zone can be a part of study. This can be a comparative study with entrepreneur outside the Special Economic Zone.