“If we could have an entrepreneur in every family, India’s economy would sky rocket, we would then be able to take our rightful place as an economic superpower in the community of nation. Entrepreneur creates jobs they creates wealth they create product and services”

Mr. Rahul Bajaj CMD, Bajaj Auto

2.1.0 Introduction

Over the last two decades entrepreneurship has emerged as arguably the most out-and-out force the world has ever experienced. Entrepreneurship development is a witnessing phenomenon of any country’s growth. Emergence and growth of entrepreneurship not only make country self reliant but also socially developed. Entrepreneur is a spark plug who turns the dull economy into the vibrant one. Whereas Special Economic Zones are the special example of localized industrial development, where special efforts are been initiated to promote and develop entrepreneurial activities as to ensure sustained economic growth of country and to augment foreign exchange reservoirs.

India is first in Asia to recognize the concept of Special Economic Zone in 1965 (kandla). Since then continuous efforts are been kicked off to promote Special Economic Zone in different parts of the country. In a boost to power firms with plans to set up enterprises in Special Economic Zones (SEZ), the Government has exempted them not only from the positive net foreign exchange (NFE) obligation applicable to units but also norms were made little easier to set up special economic zones (SEZs) for select sectors in smaller cities. (Business Standard, 2010)
This paper is going to review the contribution of SEZ in developing Entrepreneurship in India. An intense literature review is done to gather deep and orderly literature about SEZ and Entrepreneurship. Conducting a literature review is an imperative element of the research process. Acquaintance with the previous research and theory in the area of the study would help in conceptualizing the problem, and interpreting the findings. The literature studies that have been conducted reveal the role of Special Economic Zone to develop entrepreneurial activities in India as well as other countries. Entire chapter is segregated into conceptual sequences to broaden the preview of perceptions. logically the chapter is fractioned into two main frameworks first one is entrepreneurship development second is development of entrepreneurship through Special Economic Zones. Following sketch can explain the chapter in better way-

### Development of Entrepreneurship through SEZ

- **Development of Entrepreneurship**
  - Foreign contribution
  - Indian Contribution

- **SEZ and Entrepreneurship**
  - Indian contribution
  - Foreign contribution

#### 2.2.0 Development of Entrepreneurship

India is labour intensive country still unemployment is skyrocketing; the alternative crying need of the hour is to sow the seed of entrepreneurship, especially among the unemployed youth. Dictionary meaning of the word “entrepreneur” is a person “who organizes, operates, and assumes the risk for a business venture” (American
Heritage Dictionary of the English Language, Fourth Edition, 2000) and “one who undertakes an enterprise; one who owns and manages a business; a person who takes the risk of profit or loss” (Oxford English Dictionary)

**Jason Arentz et al. (2013).** An entrepreneur’s prior knowledge and experience play a critical role in his ability to identify and exploit entrepreneurial opportunities. Although entrepreneurship research has acknowledged the role that prior information and prior knowledge play in opportunity recognition.

**Christophe Estay et al (2013)** have identified the logics of action (entrepreneurial projects) associated with each dimension of entrepreneurial motivation. Development objectives and a need for personal independence are identified at the beginning stages of entrepreneurial. They evaluated two dimensions (competences and creativity) are associated with the objective of independence.

**Gayle Tzemach Lemmon (2012)** has recommended that needs of SMEs in fragile states, business-skILLS training should be tailored to the varied skill levels of entrepreneurs. Plan development, smart growth strategies, financial recordkeeping, and identification of market opportunities should be indoctrinated to increase their ability to access capital and markets.

**Esuh ossai Igwe lucky (2011)** The entrepreneurship approaches are important aspect or components of entrepreneurship development as well as entrepreneurial environment which should be considered, they contribute significantly to the entrepreneurial development success and as well as that of the success of the entrepreneurs. These approaches once again include; ethnicity, location, women, religious, socio-cultural, and youths. Therefore, if these entrepreneurial approaches are being given urgent consideration, they are capable of changing the entrepreneurial scenario of any country and thereby serving as a driver and motivating force in achieving entrepreneurial success.

**“Dr N. Santhi (2011)** (Most entrepreneurs) simply got tired of working for others, had a great idea they wanted to commercialize, or woke up one day with an urgent desire to build wealth before they retired. So they took the big leap.” The country’s
economic policy environment must be favourable for organizations to achieve efficiencies in today’s global market. It should enable the entrepreneurs to provide a magical touch to an organization, whether in public or private or joint sector, in achieving speed, flexibility, innovativeness, and a strong sense of self-determination. They bring a new vision to the forefront of economic growth of a country.

**Esuh Ossai-Igwe Lucky (2011)** has rightly observed that Countries such as Japan, Indian, China etc have recognized the role of entrepreneurship approaches which include ethnicity, location, women, religious, socio-cultural, and youths, as the most effective strategies and means to nurture, enhance and improve entrepreneurship development. They contribute significantly to the entrepreneurial development success and as well as that of the success of the entrepreneurs.

**Naveed Iftikhar (2011)** It has been found that a piecemeal approach will not help further to develop entrepreneurship. There is a need for an integrated model to promote entrepreneurship. Multi agency cooperation is required to address the underlying constraints.

**Cyril Awogbenle (2010)** If the bottom-line of creating the entrepreneurship development centres in the country is to reduce poverty, then there is need to ensure that soft loans are accessible by the people within a reasonable time frame. To this end, the creation of the micro-finance banks all over the federation is to buttress the preparedness of EDP creator to serve the purposes of the micro-lenders into whose group the youths fall.

**Wim Naudé, et al. (2009)** In this paper they use data from a developing country, South Africa, to empirically identify the determinants of start-up rates across different sub-national regions and in particular to investigate the role of access to finance on a regional (sub-national) level on start-ups. We find that the most important determinants of start-up rates across South Africa's magisterial districts are profit rates, educational levels, agglomeration as measured by the economic size of a district, and access to formal bank finance. An unexpected finding which may imply the existence of ‘congesting'
factors such as increased competition, tougher barriers to entry, monopolistic behavior, and a greater difficulty to be innovative and novel.

Shamika Ravi (2009) suggested that perhaps the government should play a facilitator role and improve access to finance by encouraging more banks and other financial institutions to enter the local market, instead of becoming an active player itself. The results also suggest the core competence of the government in certain roles, example creating a facilitating environment such as improved connectivity by roads, railways and airways, improved availability of electricity and water supply.

Sameeksha Desai et al. (2008) they promoted knowledge spillovers (entrepreneurship spillover) that positively impudence the total level of entrepreneurial activity. The basic idea of such entrepreneurship spillovers is that exporting new ventures have preferential access to knowledge related to foreign markets and technologies that may generate novel insights into unexploited opportunities for new businesses. The findings also provide some support that a country’s proportion of export-oriented new ventures functions as a catalyst for new business creation within its borders.

André van Stel et al. (2004) The results also suggest that the comparative rate of entrepreneurship is to some extent governed by underlying 'laws' related to the level of economic development. Cultural values the availability of entrepreneurial role models, the incentive structure of the economic system and innovation policy provide additional structural influences on entrepreneurship. The combined impact of these structural variables suggests that the comparative rate of nascent entrepreneurship may be quite stable and path-dependent.

Recent studies confirm that during the last two decades, the development of new technologies and emergence of new business models has enabled the shift from large corporations to small and new ventures (Acs and Audretsch, 1988; Jorgenson, 2001; Audretsch and Thurik, 2001; Thurow, 2003).

Cohen and Klepper (1992), who discuss the role of firm size and diversity in technological progress, The role of small firm in the job creation process remains controversial.
Entrepreneurship is “at the heart of national advantage” (Porter, 1990, 125). Concerning the role of entrepreneurship in stimulating economic growth, many links have been discussed. It is of the utmost importance in carrying out innovations and enhancing rivalry.

Brock and Evans (1989) argue that the shift away from large firms is not confined to manufacturing industries. They provide four more reasons why this shift has occurred: (1) the increase in labor supply, leading to lower real wages and coinciding with an increasing level of education; (2) changes in consumer tastes; (3) relaxation

McClelland (1961) has rightly hypothesized that the need for achievement in individuals’ i.e. entrepreneurial potential is the psychological factor which engenders economic growth. The sense of high need achievement motivation introduced by entrepreneurs brings about the required necessities in a class of society which transform the perception of the economic thinking, which is necessary to bring about economic development. Thus entrepreneurs are dynamic individuals to promote economic and social progress of a country through active participation in business. Joseph Schumpeter’s (1952, p 72) vision on entrepreneurs is as follows:

“The function of the entrepreneur is to reform or revolutionise the pattern of production by exploiting an invention or, more generally, an untried technological method of producing a new commodity or producing an old one in new way, opening a new source of supply of materials or a new outlet for products, by organizing a new industry.”

Schame pointed out that entrepreneurship is a part of the company management processes which focus on investment into new ventures, creating a new venture, building new organization departments, and supplying new products and services Wang, 1991. Low and MacMillan (1988) thought that entrepreneurship means to build a new venture

Peter J. Boettke at el. has demonstrated that entrepreneurship is a consequence of a country’s development specifically the adoption and development of institutions that encourage the entrepreneurial aspect of human action. Stimulating entrepreneurial action will in turn spur economic development and growth. Therefore, if economic growth is
the goal, attention should be paid to achieving the institutional mix that encourages the entrepreneurial aspect of human action.

Delivering the presidential address at the 76th annual general meeting of the Federation of Indian Chambers of Commerce and Industry (FICCI), President APJ Abdul Kalam has asked India Inc to encourage small entrepreneurs and thus help the country achieve 10% economic growth and eliminate unemployment and poverty. He added: "We have to graduate to 10% gross domestic product (GDP) growth, and only then will the number of people living below the poverty line come down to zero from 260 million now. As part of his 'Integrated Action Plan for A Developed India by 2020', Kalam said school syllabi needed to be changed to foster an entrepreneurial spirit among children. The President also asked financial institutions to offer easy venture capital funding to micro enterprises.

2.3.0 Special Economic Zone and Entrepreneurship

SEZ in India seeks to promote the value addition components in export, industrial developments as well as to mobilize the pace of Indian economy. After enactment of SEZ policy in 2005 number of SEZ were established to accelerate the growth by means of rapid industrialization process. The reason to float SEZ was not only to promote export but also to make domestic enterprises and manufacturers globally competitive in open market. SEZ is reserved free from the gambit of local laws and regulation and is treated as foreign territory where taxes and duties are exempted and hassle free environment is endowed with for the balanced development of trade, services and enterprises. India is Agro based country where industrialization is an urgent need to struggle with the global competition. SEZ is a remedial measure to encourage entrepreneurial activities. Due to the constraints of in-depth literature in related topic, there was a need to open up the area under discussion with new dimension. In this sequence Present collection is an honest attempt which was organized in chronological perception.

It was a clear indication in the SEZ India guidelines that priority should be given to Small Scale Units in SEZ under the Micro, Small and Medium Enterprises Development Act, 2006. Accordingly the SEZ developers should make a conscious
attempt to bring small scale units in the SEZs. Development Commissioners of the Central Government SEZs should ensure that preference is given to the small scale units while allotting space in the SEZs. Similarly in respect of other SEZs also the SEZ developer should give a preference to the SSI units while allotting space in the SEZs. DCs of the IT/ITES SEZs may ensure that the IT/ITES SEZs are advised to set up incubators of size of minimum 200 seats.

**Press Trust of India (New Delhi July 23, 2013)** According to sources, to boost investors confidence in these zones, the government is planning incentives for developers who want to set up SEZs in remote and undeveloped areas. The government may relax minimum land area requirement for different categories of SEZ, besides extending the benefits of export schemes to SEZ units that are already available to entities outside the zone.

**NC Rajagopalan July 8, 2013** Clamping down on the delays in repatriating foreign exchange earnings, the Reserve Bank of India (RBI) has tightened norms for special economic zones (SEZs), asking them to realize and bring back full value of goods and services to India within a year from the date of export. The sudden slide of the rupee prompted the regulator to notify the norm on June 11. The new directive would build pressure not only on SEZ units, but also on their clients abroad to make faster payments.

**(August 3, 2013) The commerce ministry** has made it a little easier to set up special economic zones (SEZs) for select sectors in smaller cities. The minimum built-up processing area requirement has been reduced for SEZs proposed to be set up in cities designated as B-1 and B-2 cities exclusively for electronics hardware and software (including information technology-enabled services) biotechnology, non-conventional energy (including solar energy equipment/cell) and gem and jewellery sectors. The merit in the latest decision to allow SEZs with less built-up processing area for select sectors in smaller cities is that it may help smaller entrepreneurs also turn SEZ developers and help in providing employment in smaller cities. (Business Standard Saturday,

**(April 2013) Government** has decided to reduce the Minimum Land Area Requirement by half for different categories of SEZs. SEZ, once a major attraction for
investors, lost the sheen following imposition of MAT and DDT, certain provisions in the proposed direct tax regime (DTC) besides the global slowdown. (Business Standard

**Dilasha Seth, ET Bureau Jun (2013)** The Union government has allowed companies having operations in one special economic zone (SEZ) to expand operations into another one seamlessly, making these exports enclaves more attractive for investors.

**Claudia Astarita, (2013)** has found that one reason to develop entrepreneurs in SEZ as its development model is to provide national and international investors industrial platform equipped with the social and economic infrastructures, offering fiscal benefits as well as raw material and skilled labour force.

**Abbas Karimi, (2013)** policy makers, SEZ top managers and officials would be better to pay attention to and focus on FDI policies, Trade & industry, and Private sector factors as the 3 most important ones. The results can be useful for the region’s policymakers and managers in order to compile suitable development strategies and policies, to improve the business environment for ease of doing business and to attract more investors.

**Dr. Roopali Sharma et al. (2012)** A positive linkage is observed with phenomenal growth in basic parameters of sustainable economic development i.e. employment generation, infrastructure development, contribution to exports and capital investment from local and foreign investors. The development in these core area has also facilitated development in other areas of socio-economic importance like; education, transportation, telecommunication, etc. As a strategic planning vision the promotion of SEZs should be encouraged.

**L. Ratha krishanan et al. (2012),** has emphasized on more and more participation of private sector and labour intensive industries to develop SEZ. So that simultaneous efforts can be done to generate employment.

**Deepak, Shah (2012)** The papers attempts to analyse potential benefits of establishing Special Economic Zones (SEZs), their current status in terms of employment, investment and exports, bottlenecks in their functioning, adverse affects,
and likely threats to the farming community in particular and agricultural sector in general. 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 to reap the benefits. The subsidies extended to SEZ industries have already been criticized by the IMF and ADB. The lack of infrastructure and other bottlenecks are the main reasons for the promotion of SEZ policy. The SEZs, therefore, need to be promoted but not at the expense of farming community and development of agricultural sector in the country.

**Ebba MÅYrtensson et al. (2012)** had observed that To attract foreign investors and stimulate growth, overall business environment, physical infrastructure and access to a skilled workforce are more important than tax incentives. India’s Under the Act, the SEZ Board has formally approved 584 new zones, in addition to the 143 currently operational. The SEZ share of total

**CMA Ashok B. Nawal (2011)** Setting up of small scale units in Central Government SEZ. This instruction clarifies about the preference should given to SSI Units while allotting space in Central Government SEZ’s as well as space reservation for SSI Units 10% of the space in the SEZ may be reserved for SSI IT/ITES units; and for all other 10% space will be allotted. In respect of supply of Restricted Items by a DTA unit to SEZ Developer/Unit, the DTA unit can supply such items to a SEZ Developer or unit for setting up infrastructure facility or for setting up of a unit. It can also supply raw material to SEZ unit for undertaking a manufacturing operation except refrigeration, cutting, polishing and blending.

Exports rose to 28 percent in 2011, exceeding that seen in China. Further It could adapt its approval process to attract more foreign investors and manufacturing companies by changing either the SEZ fiscal incentive structure or the directives of the SEZ Board. The creation of National Manufacturing and Investment Zones (NMIZ) could be seen as productive SEZ policy adaptation.

**Gokhan Akinci et al. (2011)** achieving success with SEZ programs in the future will require adopting a more flexible approach to using the instruments of economic
zones in the most effective way to leverage a country’s sources of comparative advantage, and to ensure flexibility to allow for evolution of the zone program over time. Most fundamentally, this will require a change in mind-set away from the traditional reliance on fiscal incentives and wage restraint, and instead focusing on facilitating a more effective business environment to foster firm-level competitiveness, local economic integration, innovation, and social and environmental sustainability.

**Farole, Thomas (2011)** has investigated that SEZ programs require proactive, flexible, and innovative policy approaches to address the significant macroeconomic challenges that will impact SEZs in the near future to focus on facilitating a more effective business environment that fosters firm-level competitiveness, local economic integration, innovation, and social and environmental sustainability.

**Madhya Pradesh Development Commissioner (Wednesday, Apr 6, 2011)** has claimed that Special economic zone in Madhya Pradesh has gained new heights with exports growing by over 150% in 2010-11 Rs 1242-cr as against 494-cr the last fiscal. Also, the total turnover of the zone has touched Rs1911 crore this FY as against Rs 726 cr in previous year, recording a growth of 160%. Though there was one SEZ also set up at Jabalpur which is not functional at this moment, but MP's Indore SEZ attracted investors and entrepreneurs due to its better single window facilities, fiscal incentives and non-bureaucratic atmosphere, Indore SEZ is the only operational SEZ in MP and is spread over in area of 1,113 hectares of land. So far, 153 hectares land has been notified as processing areas in the zone, including 222 hectares land notified in last quarter of the current FY for upcoming entrepreneurs in the zone.

**Michael Levien (2011)** this is to be noted here that SEZ developer is a state-appointed renter and receives its land via dispossession rather than the market, which makes its land artificially cheap. What the SEZs represent is thus the ascendancy of renter finance (the developers) and high-tech services (the producing units) over heavy industry and irrigation projects will cause to restrict small and medium entrepreneurial activity into the country.
Lorraine Kennedy, (2010) noticed in his article that SEZs are not creating a new manufacturing base since almost 70% of total SEZs are in the information technology and services sector, where India’s specialization was already confirmed. Although the IT sector is performing very well, it does not absorb large quantities of labour, whereas creating new employment is perhaps India’s most crucial challenge if it is to realize a peaceful transition from agrarian-based to industrial and service economy.

The government announced (2010) other measures aimed at improving the business climate in the Madhya Pradesh State, including a new labour policy (2006), simplification of procedures for starting an industry, and relaxing regulations on existing factories. The key novelty in the Labour Policy is a schedule stipulating the maximum time given to various categories of employees (inspectors, conciliation officers, deputy labour commissioners) to dispose of cases under various labour laws. The measures are intended make administration more efficient and more accountable, since a party has recourse in case of a delay. More importantly, they contribute to the central goal, i.e., to avoid conflict between labour and management and quickly resolve grievances in order to avoid strikes. Industrial organizations, especially the Confederation of Indian Industry

Jin Wang Hong (2010) has observed that SEZ could be an effective tool to develop and enhance the region by way of increasing physical capital economy and other is via boosting total factor productivity.

Rituparna bhuyan (Financial Express 2010) to help special economic zones (SEZs) absorb global economic shocks, the government plans to allow them to make available their excess installed capacities for the use of industrial consumers in the domestic tariff area (DTA). The idea is to ensure that industrial capacities built up in SEZs don’t remain idle in case another global slowdown occurs and dry up export demand. The move follows the reports that several SEZ developers are planning to exit due to weak demand in overseas markets consequent to the economic crisis. a steel SEZ at Hazira, is among those who want to shed the SEZ tag. Experts believe that the move will give domestic companies access to state-of-the-art machinery in the zones “The present amendment has been proposed with a view to effectively utilise the installed
capacities in the SEZs, especially in times of economic downturn, and also to help the DTA units to get the benefit of value addition as would have obtained from overseas.”

Pandit, Nirali (2010) explained that in could be concluded that in India, the industrialization pattern is much skewed right from the legacy of British rule to the post industrialization era. However, the establishment of SEZs shows a different pattern. The states that are not industrialized have got larger SEZ units but even the agrarian states of India like Haryana, Kerala and Nagaland have large number of SEZs.

The focus of industrial activities has changed in these states. Out of the entire industrial activities only textile, plastic processing, writing and printing paper services remains unchanged. While activities like software development, IT and ITES, engineering, pharmaceuticals and biotechnology, gems and jewellery, agro and food processing have seen a changed industrial focus through SEZs.

D. Gopinath (2009) there is a reduced role for central government intervention in economic development as a result of shifts from an earlier central government-directed policy mechanism to this contemporary approach in SEZ policy where state governments as well as private investors are increasingly seen as important partners in economic development.

Ch. Panduranga Reddy et al. (2009) The researchers have suggested that land to be allotted to units taking into consideration their actual requirement to curb private SEZ developer’s extraneous tendencies. The governments must lay down detailed guidelines for developers of SEZs to develop social infrastructure such as schools, hospitals, shopping areas, recreational and sports facilities, air ports, banks etc. in the areas earmarked for SEZs and for rehabilitation of project affected person’s. The developer should be allotted only Non-Agri land in order to avoid food grain shortage. Unemployment problem can be reduced by setting up Agri Export Zones (AEZs) on the lines of Special Economic Zones.
Kamla-Raj (2009) has viewed that to curb the extraneous tendencies of private SEZ developers the governments may develop SEZs and allot land to units taking into consideration their actual requirement. Instead of directly allotting land to the private SEZ developers; This is in vogue in other developing countries like China. The governments must lay down detailed guidelines for developers of SEZs to develop social infrastructure such as schools, hospitals, shopping areas, recreational and sports facilities, airports, banks etc.

Neeraj Sharma (2008) has shown doubt for promotion of export and development of enterprises As 75 per cent of the SEZ area can be used for non-core activities, including development of residential or commercial properties, shopping malls and hospitals. Developers will surely use this to make money via the real estate route rather through export promotion. This represents a potentially humongous urban property racket of incalculable dimensions. India will see a multiplication of “Gurgaon-style” development, under the aegis of big builders such as DLF, Marathon, Rahejas, Unitech, City Parks and Dewan A new politics of citizenship is emerging in the context of SEZs

The World Bank Group (2008) Foreign Special Economic Zones such as Korean, Malaysian, and Philippines zones were successful in developing significant backward supply linkages and sub-contracting relationships with domestic firms, particularly in footwear operations and there is great scope for supply and development of other linkages. Local enterprises are also benefited as there is a greater incentive for them to sell goods and services to zone-based enterprises because such sales are (typically) “deemed” exports and therefore are eligible for duty drawback and other export incentives

Banajyotsna Baruah et al. (2008) It is evident that the SEZs have plunged far short of meeting the stated objectives for which they were set up. There are many units in all the SEZs which deal with several hazardous processes and substances. The industries which were functioning in different areas of the city as small units, where cutting, molding, polishing etc were done at different sub-units.
The industries were also exporting from their previous place but the SEZ threw up many new problems with regard to the legal framework for export. Equally evident is that the entire concept of private enterprise being promoted by the state to conform to social and environmental objectives, with heavy subsidies from the public treasury, is false and has to give way to the clearly demonstrated capacity of public entities alone to meet these objectives.

**Neeraj Mishra (2008)** The SEZ’s could drastically improve the economic activity in the country, make the country’s export competitive and globally noticeable, be net foreign exchange earner and provide immense employment opportunity. But this should not be done at the cost of bringing down the agricultural activities, Land grabbing and real estate mafia should be properly regulated so that the common man is not the net sufferer to get the net foreign exchange earner up and running.

As compared to china where majority of the SEZ’s were setup by the government, similar should be adopted in India, if not fully it should be a public-private partnership and regulatory bodies should be properly managed to weed out fallacies. To be economically viable SEZ’s should be approved over a particular land area (greater than 1000 acres) for rapid economic growth in the area and for it to be profitable and self sustainable. Relaxed Tax norms, Labor laws and DTA regulations will surely attract foreign investment and major industries to setup industries in the SEZ’s making it profitable and meeting its desired results

**Aseem Shrivastava (2008)** argues that SEZs will soon become private city-states. He argues “… that instead of mitigating the excesses of market/ corporate capitalism as the (welfare) state has done everywhere in the world since at least World War II, the state (as in most parts of the world) is now hiding behind myths of ‘trickle-down’ growth to give itself license to strengthen the hand of corporate elites, thereby contributing at once to accelerated growth for the already enriched and growing poverty for the impoverished. It is thus contributing to rapidly rising economic inequality. The state is now effectively corporate, no matter what rhetoric is deployed to camouflage the obstinate fact”
Rahul Mukherji (2007) Indian SEZs are poised for consolidation and growth. India has been able to attract foreign investment in areas such as hardware, shoes and apparel manufacturing, which would have earlier gone to other Asian countries. This constitutes the real success of India’s SEZ policy and Indian investment climate as being attractive to boost the morale of state governments.

Main stream (2007) the success story of industries set up in the SEZs of China is explained not just by the incentive schemes or due to the hidden subsidies offered to industry in terms of the cheap and easily available infrastructure facilities but Indian state is still far behind in offering these facilities. India’s drive towards industrialization by setting up a large number of SEZs in different parts of the country needs a rethinking. Unconditional benefits to capital as are offered to these privileged Zones along with the sanctions to expropriate labour on a legal basis while making space for these huge landscapes by displacing the agrarian community open up the need to revisit India’s current industrialization policy.

Dasgupta, B. (2007) was contrasting that India’s drive towards industrialization by setting up a large number of SEZs in different parts of the country needs a rethinking. Unconditional benefits to capital as are offered to these privileged Zones along with the sanctions to expropriate labour on a legal basis while making space for these huge landscapes by displacing the agrarian community open up the need to revisit India’s current industrialization policy.

Aradhna Aggarwal (2007) has suggested that if SEZ wants to grow It is therefore important for the government to play a pro active role in strengthening the missing linkages between the various actors (government, university, industry) necessary to stimulate a culture of learning and innovation, especially where individual R&D capabilities are lacking. Effective measures need to be taken to create R&D infrastructure, forge linkages between institutions, universities, and the SEZ units and to promote R&D funding.
Janki Abheywardne, et. al. (1994) have emphasized on the backward linkage of the EPZs in Sri Lanka to boost the total trade and export. This could be a positive suggestion for all developing countries like Srilanka.