CHAPTER-VII
Test of Hypothesis and Conclusion

7.1.0 Introduction

On the basis of the primary data collected through questionnaire administered on the entrepreneurs and data collected from the different resources, detail analysis have been done in the previous chapters (chapter v and vi) of the present study. Researcher has drawn some conclusion on the basis of her study. Through this chapter researcher is presenting her findings in the fulfillment of her research objectives, hypothesis have been tested. For the conclusion to be drawn from the present study it is necessary to take the hypothesis testing. Hypothesis is prediction that can be tested empirically for the internal consistency in a systematic and controlled way. These are basic tools of descriptive research that aims to explain phenomenon. From the analytical study of the respondent and the empirical study of the secondary data following conclusions are drawn-

7.2.0 Test of Hypothesis

- H01: There is a relative growth of industrial units in Madhya Pradesh are due to Special economic zone.

Testing of Hypothesis:

It has been revealed from the present study that Madhya Pradesh government has various schemes to uphold the industrial scenario in the state. Various incentives and benefits are provided to the industries to intensify the pace of growth at large scale. Madhya Pradesh Special Economic Zone is a part of this promotion. So Special Economic Zone cannot be appreciated solely for the growing industries in the state. In the view of above fact it is quite clear that hypothesis (H01) is not been accepted and hence we can say that there is no relationship between the growth of industrial units in Madhya Pradesh and Special economic zone in Madhya Pradesh.
➢ **H02: Entrepreneur’s units are getting various benefits and incentives.**

*Testing of Hypothesis:*

On the basis of analysis shown in chapter six of the responses by the entrepreneur for the motivating factor to set up units at SEZ shows that more than 75% of them have inclined to both incentives and benefits where as only few percent have supported to any alone factor.

Even questionnaire administered on respondents the majority of responses have shown positivity for the provision of incentives such as income Tax benefit for any block of 10 years in 15 years, Duty free import/domestic procurement of goods for development, operation and maintenance of SEZs, Exemption from Service Tax /CST, exempt from Income Tax After quoting the responses of entrepreneurs, it can be proved that are getting benefits and incentives by the government. Hence H02 is accepted.

➢ **H03: Entrepreneur’s are provided basic amenities in processing zone of special economic zone.**

*Testing of Hypothesis:*

On the basis of Analysis done by the researcher in the chapter six of the study it had been revealed that individual units have their individual perception with basic amenities provision at the processing Special Economic Zone. Some of the facilities such as protecting wall for in skirting the SEZ area is given 100% positive responses where as rain water harvesting is not provided at the zone and responses are 2% only. Indore SEZ was established in the year 2003 with the motto of promoting industrialization.

Initially main focus was to bring more and more companies in the peripheral of the Special Economic Zone and to build Madhya Pradesh as export oriented state. No concentration was sought towards zone in respect of facilities provision. But basic attraction for entrepreneurs to enter into SEZ was hassle free and non botheration of infrastructure development such as road communication security and
protection but as data suggest that only 5.95% units are happy with basic medical provision and 80.4% have shown disagreement for the power back up arrangement within the zone. But overall percentage of amenities provision is appreciated by the respondents so the hypothesis is been proved and it is found that Entrepreneurs are happy with basic amenities in special economic zone.

- **H04: Entrepreneur’s are provided basic amenities in non processing zone of special economic zone**

**Testing of Hypothesis:**

The Analysis shows that almost Special Economic Zone established in Pithampur is the only operational zone. But still that works on the model of EPZ. Non processing area is still not developed. Facilities such as hospital, hotel and residential area are the provisions for the people who work in the units established in the premises of the SEZ. 50% of SEZ area is kept free from operation to develop as non processing area. After analyzing the arrangement of the Pithampur SEZ it can be revealed that hypothesis which is been developed by the researcher has been discarded.

- **H05: The export from SEZ grows with the growth of state gross domestic product (SGDP) of Madhya Pradesh**

**Testing of Hypothesis**

The most successful development area of Indian Industries is Special Economic Zones (SEZ). The SEZ Policy was implemented from 1.11.2000 to 9.2.2006 under the provisions of Foreign Trade Policy (FTP), intends to make SEZs as a powerhouse and export engines for economic growth. These SEZ are supported with world class infrastructure along with attractive fiscal incentives and tax rebates, both the union and the state level. Further Indian SEZ attracts the FDI, results in foreign earnings.

The present SEZ scenario proved that they are performing well. Therefore, both the central government and the state government have to continue the
encouragement for more exports and constant support for the developer to reach the position of industrial sustainability in order to generate more employment opportunities. But when this is been compared with Madhya Pradesh SGDP this was completely wrong assumption that export of the state has grown with the growth of the state gross domestic product. But this assumption has been proved failed and it is proved that the export from SEZ doesn’t grow with the growth of state gross domestic product (SGDP) of Madhya Pradesh.

### 7.3.0. Conclusion drawn from the study

The analysis reveals that promotion of SEZs in Madhya Pradesh has yielded positive results in strategically planned sectors of economic growth. Specifically, a significant value addition is observed in exports, foreign investment. In Addition, the study argues that the creation of SEZs alone cannot ensure the realization of their potential, the government as a nodal agency need to play a proactive role for effective realization of the full range of benefits from SEZs.

Entrepreneurship is “at the heart of national advantage” (Porter, 1990, 125). Concerning the role of entrepreneurship in stimulating economic growth, it is of the utmost importance in carrying out innovations and enhancing rivalry. An entrepreneur’s prior knowledge and experience play a critical role in his ability to identify and exploit entrepreneurial opportunities. 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. There is a need for an integrated model to promote entrepreneurship. Multi agency cooperation is required to address the underlying constraints. (Naveed Iftikhar 2011) In this connection, 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 through export generated activities.
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. After the analyzing the data testing of the hypothesis the researcher has reached to the following conclusions-

1. Most of the industries at Indore SEZ are either public companies or giant private companies very few have the sole ownership. The reason for this that setting unit should be net foreign exchange earner and it is obvious that indulging in export business requires heavy expenditure and it is quite difficult to manage for sole trader ship.

2. Indore SEZ is either a multi product zone or the IT based zone. Biotech, Gems and jewellery, engineering, electronic hardware zone are some specific zone which are formally approved in different parts of the state such as Jabalpur, Gwalior, Satna. But they are still not in operation. Once operation starts in these SEZs Madhya Pradesh would be able to occupy admirable position as foreign exchange earner in the country.

3. Most of the industries are Pharma industries and they contributes maximum share in export promotion. Expect some industries most of them have established their unit for the first time. Only few of them have their arrangement in SEZ as an expansion plan.

4. As units those are set up at SEZ, companies which require longer procedure to establish and in promotion even at the non SEZ area. Even respondents demonstrated that more than 75% unit took more than one year for establishment which shows the normal phenomenon.

5. There is no arrangement for Research and Development department in SEZ. So there is no point for the R&D department to provide sufficient help to upgrade unit’s product or services. Developer has responded in unenthusiastic manner and suggested entrepreneurs to have their own setup in this regard as this arrangement requires heavy infrastructure and expenditure.
6. Study revealed that developer do not help units to import technology. Technology imports have been the most important factor in explaining the rapid economic growth of Japan, Taiwan, South Korea, and other newly industrialized countries. While examining the importance of technology imports in the zones, we asked firms whether developer helps in importing technology. None of industries have nodded in favour. Companies have their own association with other countries to import technology.

7. Some analysis reveals that Even though some basic facilities such as well developed roads, water supply, petrol pump and sewage are provided in the Special economic zone or around but there is also need to have some other facilities such as telecom facilities, power back up and basic medical facilities which are not made available at Special Economic Zone. Even the car parking space and security system which is prerequisite are not up to date. The reason to support this is that developer had provided basics to set up industries at zone some amenities requires heavy expenditure such rain water harvesting plant and intercom facilities within the zone and those where left at the discretion of the unit itself for their own installation and management.

8. Indore Special Economic Zone is the only operational SEZ in Madhya Pradesh. After the study this was notified that SEZ in working on the EPZ model where only concentration is focused on export facilitation. In the contrast non processing area is not been developed except some basic facilities like canteen and ATM. This is hampering entrepreneur’s growth in the state. But this is been presumed that sooner Indore SEZ non processing area will be developed at the concept of China model.

9. Apart from the above arrangement some small scale industries in the SEZ help large industries as ancillaries in the zone so they do not contribute directly to the export growth.

10. Respondents agree on the backward linkage of the SEZ with the DTA which helps in the growth and development of industrialization which is promoted by SEZ indirectly in the Madhya Pradesh. There is a cluster of large sized industries in the Indore SEZ such as pratibha sintex, Ranbaxy, Maan industry Innovative clad solution and Cipla
industries which help to promote export from the Zone tremendously, and resultant growth of export was 150% in 2011-12 in comparison to previous year. (dnindia 2011).

11. The present study well examined the role of SEZs in attaining the sustainable economic development in Madhya Pradesh through secondary sources. 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.

12. As a strategic planning vision the promotion of SEZs should be encouraged, even though export from SEZ has not shown any positive linkage but this can be further study as the net earner for the state. Any way Investment done for the development of SEZ units predicts the positive correlation with the investment done for large and medium sized industries by the state government.

13. Lengthy legal procedure to establish unit made entrepreneur reluctant in initial years of SEZ establishment but later single window system and easy procedure for setting up units have made the entrepreneur positive for SEZ.

14. The concept of the Special economic zone is brought in the country from the China. But experience from our own implementation was bitter in some cases. The changing policies which are done frequently to make SEZ more effective and lucrative, are sometime irritating and create unwelcome attitude from the side of the entrepreneur. The study reveals that units get affected by the frequent updating laws and amendments.

15. The study disclosed that responses on whether Special economic zone is beneficial for small and medium sized industries were overwhelmed with positivity. Entrepreneurs were confident that units will be advantageous if opened by the small and medium sized industries as units gets all the incentives and facilities in the zone.
16. Madhya Pradesh is centrally located and rich in mineral as well flora and fauna. States ideally suited for the industries as it is logistically connected with the most of the cities and state of the country. The present study revealed that Madhya Pradesh is been chosen as favorite destination for setting up units or as expansion of the units by the entrepreneurs.

17. Facts have been demonstrated by many researchers that entrepreneurship is a consequence of a country’s development. Stimulating entrepreneurial action will in turn spur economic development and growth. When the same question was raised to make it confirmed most of the entrepreneurs agreed with same thoughts and perception.

18. At least government and the developer should take a sigh of relief that none of the industry showed their interest for withdrawing their setup from the Special Economic Zone. Developer does not have to make an effort to retain the industry but keep its most of energy to bring new industry in peripheral of the Special Economic Zone.

19. Varied questions relevant to respondents’ level of satisfaction and dissatisfaction were asked to the unit ranging from labour, laws, taxation procedure, theft and crime, security and incentives and benefits have given mixed responses. Among them Labour and Transport availability, Taxation and Legal Procedure are appreciated by most of the entrepreneurs and weighted as first satisfactory factor.

**Conclusion**

From the above study it is evolved that perception of the entrepreneurs towards special economic zone is combined some what they are happy with the incentives and the benefits but many a place they showed their disapproval for the management and system. The main purpose of the government for promoting Special economic zone will not be fruitful until or unless industries growth and development is secured.
In this regard awareness about the special economic zone should be done at large scale the entrepreneurs should be given proper knowledge and guidance before they entered in the SEZ. The government and the developer should work together as the catalyzer for the promotion and development of the special economic zone.