

# Societal Impact Of Special Industrial Incentives Package: Managerial Perceptions

*\*Rashmi Chaudhary*

## INTRODUCTION

Economic, political and social processes are interwoven inextricably in the course of development. Development economics is sterile without an understanding of the accompanying developmental politics, which involves the interaction of the state with the major actors. At the core of this politico-economic process is the role assigned to industrialization (Bhaduri and Patkar 2009). Industrialization influences the growth of national output and income and thus, improves the entire national life by affecting social, economic, political and cultural pattern of the society. Industrialization brings more equitable distribution of income between different parts of the world by raising income in depressed areas at a higher rate than in rich areas (Rodan, 1943). Industrialization in a particular region not only influences the economic sphere of people's life by raising income and employment opportunities, but also influences the social and cultural life with increased opportunities for education, superior housing, public health and other infrastructural facilities (Prasad, 1957).

The concept of special economic zones is a powerful instrument, which was designed to achieve the rapid growth in manufacturing, employment and export (Chandel, Sharda and Kumar, 2008). Special Economic Zones policy is projected to make these zones an engine for economic growth supported by excellent infrastructure, complemented by an attractive fiscal package, both at the Centre and the State level, with the minimum possible regulations. Fiscal incentives were made effective in India through the provisions of relevant statutes (Singh and Khurana, 2010).

Industrialization is comparatively a recent phenomenon in Himachal Pradesh. Starting with a growth rate lower than that of the national economy, the state reversed this trend during the nineties. In this hilly and industrially backward state, the major bottleneck is the possibility of an industrial unit becoming unviable, mainly because of the high cost of procuring raw materials and reaching markets outside the state. Whenever traditional factors such as availability of raw material, proximity, size of the market and transportation costs are not favourable, tax incentives are necessary to persuade firms to relocate (Sridhar, 2003).

Nobody can deny the fact that effective industrial growth is a major offshoot for successful economic and social development. Economic and social development goes hand in hand. Fully aware of its strengths and constraints, the state is earnest in giving a spurt to socio - economic development. An attempt has been made to study the pros and cons of industrialization on the social order. As the process of development is usually designed at the top, it mostly serves the social and economic interests of the elite and privileged sections of the society at the cost of the poor and downtrodden. There is a wealth of empirical research and policy-related literature on the role of incentives in developing industrially backward areas, but managerial perceptions concerning incentives to the state of Himachal Pradesh has never been clearly stated. In this backdrop, the present paper is an attempt to analyze the socio - economic development that is due in Himachal Pradesh.

## OBJECTIVES OF THE STUDY

The main objectives of the present paper are:

- 1) To elicit the opinion and to analyze the results of the role of industrialization due to SIIP in development of social infrastructure in Himachal Pradesh.
- 2) To critically evaluate the results of opinion survey about the impact of industrialization on the development of economic facilities in Himachal Pradesh.
- 3) To study the managerial perceptions concerning overall development of the state due to Special Industrial Incentives Package (SIIP).

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*\* Assistant Professor, Department of Business Management, College of Horticulture, Dr. Y.S. Parmar University of Horticulture and Forestry, Nauni, Solan - 173230, Himachal Pradesh. E-mail: rashmihpu@gmail.com*

## HYPOTHESIS

Keeping in view the above objectives, an attempt has been made to test the hypothesis that SIIP has resulted in positive societal development in Himachal Pradesh.

## RESEARCH METHODOLOGY

The results of the study are based on the information collected through a detailed and exhaustive questionnaire prepared to carry out an in-depth exploratory and empirical level research during the year 2009-10. In the present work, a sample of 131 industrial units availing benefits of SIIP was selected from different industrial areas of Himachal Pradesh. In order to make the sample representative, proper weightage had been assigned to the units according to their size and product. Primary data was analyzed with the help of factor analysis (Principal Component Analysis) with varimax rotation. Extraction criterion used is eigen value, which should be greater than one.

## EMPIRICAL RESULTS

❖ **Overall Development Of The Area :** The perceptions of the respondents regarding the statement that industrial development in the area has ultimately led to overall development is given in the Table 1. Nearly half (48.9 percent) of the respondents either agreed or strongly agreed, whereas 32.1 percent either disagreed or strongly disagreed with the statement. The aggregate mean score of the responses is 2.79, which reveals that majority of the responses fall between disagreed and strongly disagreed. The value of skewness (0.289) and standard deviation (1.39) also support the above findings. So, it can be summed up that SIIP has not led to the overall development of the area.

❖ **Enhanced Income Level :** The perception of the respondents for the statement that income level of the people in the area has gone up is supplemented by 93.1 percent respondents. Working at low wages while residing in the home town is obviously a better option than staying completely unemployed. Beneficiaries are mainly shopkeepers, unemployed youth and transporters. By and large, directly or indirectly, income level of the local people has increased. The aggregate mean score of 1.48, with high positive value of skewness (1.94) and standard deviation (0.74) indicates that a vast majority of respondents either agreed or strongly agreed with the statement. Chi-square test of goodness of fit is also highly significant.

❖ **Employment Opportunities :** The perceptions of the respondents for the statement that both direct as well as indirect employment of the local people has increased after the announcement of a package was endorsed by a vast majority of the respondents (90.1 percent) who either agreed or strongly agreed with this statement. Low mean score of 1.58 with high positive value of skewness (2.27) and standard deviation of 1.11 also supports the statement that a large majority of respondents are of the view that direct as well as indirect employment of local people has increased after the announcement of the industrial package incentives. The positive and high value of kurtosis (4.31) also supports the above findings. Chi-square test of goodness of fit is significant at 1 and 5 percent level of significance.

❖ **Better Prospects :** Having employment is one thing and under-employment is another. Earlier, people of the area were either unemployed or were under-employed, but now, better employment opportunities have come to their doorstep. More than three-fifth (66.2 percent) of the respondents either agreed or strongly agreed with the statement that better employment opportunities exist due to the package of incentives and concessions introduced by the Government. Mean score of 2.31 with 0.738 value of skewness and 1.30 of standard deviation indicates that the responses are evenly distributed, but the majority of the respondents either agreed or strongly agreed with the statement. Highly significant value of chi-square also supports the above results.

❖ **Improvement In The Living Standard :** Index of standard of living is a dimension of development. The responses to the statement that the standard of living of the people has improved was acknowledged by 48.1 percent of the respondents, who either agreed or strongly agreed with this statement, whereas 35.9 percent of the respondents either disagreed or strongly disagreed with the statement. Undoubtedly, the standard of living of the people has gone up, but it is concentrated to a few pockets. With the advent of the special package in 2003, hopes filled in the minds of many local people, as they wished to sell their real estate to industrialists at heavy prices; some people succeeded in this endeavor, whereas the optimism of others proved to be futile. The mean score of aggregate responses, skewness and standard deviation are 2.77, 0.217 and 1.57 respectively. Value of chi-square is significant at the 5 percent level. It is

| Table 1: Social Audit of Industrial Incentives Package |                |           |                            |           |                   |                                                |                |          |          |            |         |
|--------------------------------------------------------|----------------|-----------|----------------------------|-----------|-------------------|------------------------------------------------|----------------|----------|----------|------------|---------|
| Responses / Variables                                  | Strongly Agree | Agree     | Neither agree nor Disagree | Disagree  | Strongly Disagree | Mean                                           | Std. Deviation | Skewness | Kurtosis | Chi-Square | P Value |
| Overall Development.                                   | 28 (21.4)      | 36 (27.5) | 25 (19.1)                  | 19 (14.5) | 23 (17.6)         | 2.7939                                         | 1.39           | .289     | -1.186   | 6.214      | .184    |
| Increase in the Income level of the People.            | 81 (61.8)      | 41 (31.3) | 5 (3.8)                    | 3 (2.3)   | 1(0.8)            | 1.4885                                         | .74            | 1.944    | 4.776    | 184.916    | .000    |
| Increased Employment Opportunities for Locals.         | 89 (67.9)      | 29 (22.1) | 2 (1.5)                    | 1 (0.8)   | 10 (7.6)          | 1.5802                                         | 1.11           | 2.274    | 4.310    | 207.435    | .000    |
| Better Employment Opportunities.                       | 44 (33.6)      | 43 (32.6) | 14 (10.7)                  | 19 (14.5) | 11 (8.4)          | 2.3130                                         | 1.30           | .738     | -.651    | 39.344     | .000    |
| Improved Living Standard.                              | 43 (32.8)      | 20 (15.3) | 21 (16.0)                  | 17 (13.0) | 30 (22.9)         | 2.7786                                         | 1.57           | .217     | -1.493   | 17.053     | .002    |
| Improved Housing Infrastructure.                       | 65 (49.6)      | 31 (23.7) | 21 (16.0)                  | 5 (3.8)   | 9 (6.9)           | 1.9466                                         | 1.19           | 1.221    | .640     | 87.817     | .000    |
| Housing infrastructure is Adequate.                    | 18 (13.7)      | 20 (15.3) | 16 (12.2)                  | 29 (22.1) | 48 (36.6)         | 3.5267                                         | 1.45           | -.522    | -1.165   | 26.443     | .000    |
| Tremendous improvement in Basic Amenities.             | 44 (33.6)      | 30 (22.9) | 17 (13.0)                  | 25 (19.1) | 15 (11.5)         | 2.5191                                         | 1.41           | .423     | -1.216   | 20.718     | .000    |
| Improved Educational Facilities.                       | 28 (21.4)      | 39 (29.8) | 20 (15.3)                  | 23 (17.6) | 21 (16.0)         | 2.7710                                         | 1.38           | .297     | -1.214   | 9.267      | .055    |
| Improved Banking Network.                              | 88 (67.2)      | 23 (17.6) | 12 (9.2)                   | 6 (4.6)   | 2 (1.5)           | 1.5573                                         | .94            | 1.771    | 2.523    | 191.786    | .000    |
| Adequate Water Supply.                                 | 40 (30.5)      | 29 (22.1) | 18 (13.7)                  | 22 (16.8) | 22 (16.8)         | 2.6718                                         | 1.48           | .323     | -1.337   | 11.481     | .022    |
| Satisfactory Shopping Facilities.                      | 10 (7.6)       | 19 (14.5) | 22 (16.8)                  | 42 (32.1) | 38 (29.0)         | 3.6031                                         | 1.25           | -.603    | -.703    | 27.511     | .000    |
| Significant Improvement in Hotels and Restaurants.     | 82 (62.6)      | 18 (13.7) | 7 (5.3)                    | 18 (13.7) | 6 (4.6)           | 1.8397                                         | 1.27           | 1.254    | .103     | 153.618    | .000    |
| Setting Up of More Parks and Picnic Spots.             | 14 (10.7)      | 25 (19.1) | 19 (14.5)                  | 47 (35.9) | 26 (19.8)         | 3.3511                                         | 1.28           | -.420    | -.990    | 24.229     | .000    |
| Improved Road Network.                                 | 31 (23.7)      | 24 (18.3) | 8 (6.1)                    | 32 (24.4) | 36 (27.5)         | 3.1374                                         | 1.57           | -.170    | -1.572   | 18.656     | .001    |
| Modernized Infrastructural Facilities.                 | 72 (55.0)      | 14 (10.7) | 14 (10.7)                  | 17 (13.0) | 14 (10.7)         | 2.1374                                         | 1.46           | .855     | -.820    | 100.336    | .000    |
| Pollution in the Area has Increased.                   | 68 (51.9)      | 38 (29.0) | 6 (4.6)                    | 18 (13.7) | 1 (0.8)           | 1.8244                                         | 1.07           | 1.181    | .202     | 114.382    | .000    |
| Ecological Affect .                                    | 66 (50.4)      | 52 (39.7) | 9 (6.9)                    | 3 (2.3)   | 1 (0.8)           | 1.6336                                         | .77            | 1.445    | 2.807    | 141.939    | .000    |
| Easy Availability of Local Conveyance.                 | 6 (4.6)        | 9 (6.9)   | 14 (10.7)                  | 30 (22.9) | 71 (54.2)         | 4.1298                                         | 1.20           | -1.405   | 1.189    | 155.489    | .000    |
| Revenue Loss to Government.                            | 34 (26.0)      | 38 (29.0) | 22 (16.0)                  | 9 (6.9)   | 28 (21.4)         | 2.8473                                         | 1.47           | .469     | -1.169   | 19.725     | .001    |
| Source : Primary Probe                                 |                |           |                            |           |                   | Note : Figure in parentheses denote percentage |                |          |          |            |         |

clear from the statistical analysis that the responses are concentrated towards the higher side of the mean score. Hence, the standard of living of the people has surely been boosted through the package, albeit to some extent.

✿ **Improved Housing Infrastructure** : It is generally believed that the development of industries in a particular area gives impetus for the faster development of housing infrastructure in the catchment area. The views of the respondents for the statement that housing infrastructure has improved was supported by 73.3 percent respondents, who either agreed or strongly agreed with the statement. The mean score of 1.94, with high positive value of skewness of 1.22 and standard deviation of 1.19 depicts that a vast majority of the respondents were of the view that

industrialization has given a fillip to the development of housing infrastructure in the nearby areas. Chi-square is significant at the 1 and 5 percent levels of significance.

✿ **Adequate Accommodation :** Though the housing infrastructure has improved, but still, it is not adequate. The main problem is faced by the employees who are paid low wages, as they cannot afford to live in rented rooms. Most of the low paid workers who are from the remote areas of Himachal Pradesh, Bihar, Chhattisgarh, Jharkhand and Uttar Pradesh share the accommodation (one room is shared by 6-7 people), which is inhuman. More than half (58.7 percent) of the respondents agreed with the fact that housing infrastructure is inadequate. The mean score of aggregate responses is 3.52, with negative value of skewness (0.522). Thus, it can be concluded that the industrialised areas of Solan district are facing the problem of shortage of accommodation. The high and negative value of kurtosis (-1.16), with value of standard deviation of 1.45 depicts the concentration towards disagreement responses. The highly significant value of chi-square statistically brings out the fact that there is a significant difference in the opinion of the respondents at 1 and 5 percent levels.

✿ **Improvement In Civic Amenities :** Being called *Himachal's hope*, industrial areas of Solan district had been turning into despair over poor infrastructure, bumpy roads, waterless taps, and fickle power. The opinion of the respondents about the contribution of industrialization in improving the basic amenities like electricity, water supply etc. was supported by 56.5 percent respondents. The mean score of overall responses is 2.51, with positive value of skewness (0.42) and standard deviation of 1.41, which supports the findings. Highly significant value of chi-square also supports the fact that with the advent of the incentives package, basic amenities have improved. Therefore, it can be said that industrial package has resulted in the development of civic amenities.

✿ **Improvement In Educational Facilities :** The perceptions of the respondents on the impact of special package in improving the educational facilities reveals that industrialization has not made a significant contribution in improving educational facilities, which is evident from the mean score of 2.77, with skewness of 0.297, and standard deviation of 1.38. Responses are evenly distributed as nearly half (51.2 percent) of the respondents either agreed or strongly agreed with this statement whereas, 33.6 percent respondents either disagreed or strongly disagreed, and another 15.3 percent respondents were found to be indifferent. The aggregate mean score of responses for the statement is concentrated towards the higher side of the mean score. Hence, it is concluded that industrialization has not contributed in improving the educational facilities in the area.

✿ **Improvement In The Banking Network :** The perceptions of the respondents regarding the impact of industrialization on the banking network shows that nearly four out of every five (84.8 percent) respondents either agreed or strongly agreed with this statement. The mean score of overall responses, which is 1.55 with high positive skewness (1.77) and value of standard deviation (0.94) indicates maximum concentration of the opinion of the respondents towards the lower side of the mean score. Value of chi-square is highly significant at 1 and 5 percent levels of significance. Thus, it is clear from statistical analysis that a large number of respondents agreed with the statement that industrialization has given impetus to the development of the banking network.

✿ **Adequate Water Supply :** Nearly half (52.6 percent) of the respondents either agreed or strongly agreed with the statement that industrial incentives package has improved the water supply, whereas 33.6 percent respondents either disagreed or strongly disagreed with the statement. Aggregate mean score of the responses is 2.67, with standard deviation of 1.48. So, it can be concluded that a significant number of respondents both agreed as well as disagreed with the statement, though the responses are slightly concentrated towards the higher side of the mean score.

✿ **Shopping Facilities :** The opinion of the respondents regarding the impact of industrialization on improvement in shopping facility reveals that shopping facilities in the areas have not improved substantially, which is evident from the high mean score (3.60), negative value of skewness (-0.603) and standard deviation (1.25). More than sixty percent (61.1 percent) of the respondents either disagreed or strongly disagreed with the statement. Value of chi-square is highly significant at the 1 and 5 percent levels of significance. Hence, it can be summed up that incentives package has had a positive impact on the development of the shopping facilities.

✿ **Improvement In The Hospitality Sector :** Generally, the industrial growth also spurts up the development of hotels and restaurants. The perceptions of the respondents to know the impact of industrialization on the development of hotels and restaurants reveals that, by and large, respondents agreed with the statement. An overwhelming number of

respondents (76.3 percent) either agreed or strongly agreed with this statement. Overall mean score of aggregate responses is 1.83, with high positive value of skewness (1.25). Thus, the hotels and restaurants have shown significant improvement, both in quantity and quality, after the introduction of the industrial incentives package.

✿ **Development of Parks And Picnic Spots** : Opinion of the respondents regarding development of parks and picnic spots, as shown in the Table 1 reveals that more than half (55.7 percent) of respondents either disagreed or strongly disagreed with the statement. Mean score of 3.35 with negative value of skewness of -0.420 and standard deviation of 1.28 signifies that majority of the respondents either disagreed or strongly disagreed with the statement. Thus, it can be concluded that industrialization has not given a momentum for the development of parks and picnic spots.

✿ **Improvement In Road Network** : The perceptions of the respondents regarding the impact of industrialization in the development of road network reveals that though industrialization has made tremendous improvement in development of road networks, but still, it is not adequate. Nearly half (51.9 percent) of the respondents either disagreed or strongly disagreed with this statement. Mean score of 3.13 with skewness of -0.170 and standard deviation of 1.57 indicates that majority of the respondents either disagreed or strongly disagreed with the statement. The value of chi-square is significant at the 5 percent level. Hence, it is concluded that road network has not adequately improved in the area, even after the introduction of the industrial incentives package.

✿ **Modernization of Infrastructural Facilities** : The opinion of the respondents regarding the impact of industrialization on modernization of the infrastructural facilities reveals that almost two-third (65.7 percent) of the respondents either agreed or strongly agreed with the statement that industrialization has resulted in modernization of the infrastructural facilities. The mean score of aggregate responses, which is 2.13 with positive skewness of 0.85 and standard deviation of 1.46 indicates that the distribution of respondents is skewed towards the lower side of the mean and reflects that a large number of respondents agree with the statement. Value of chi-square is highly significant at 1 and 5 percent levels of significance. Thus, it can be said that the industrial package has contributed a lot in the development and modernization of the infrastructural facilities.

✿ **Increased Pollution Levels** : One of the ill-effects of industrialization is that it leads to increase in all kinds of pollution i.e. air pollution, noise pollution, water pollution, soil pollution, etc. Four out of every five respondents (80.9 percent) felt that the pollution in the area had increased. The mean score of aggregate responses and value of skewness are 1.82 and 1.18 respectively. Low value of mean and high positive value of skewness are evident of the fact that respondents either agreed or strongly agreed with the fact that pollution in the area had increased. The standard deviation of 1.07 also supports the findings. Chi-square, which is highly significant at the 1 and 5 percent level of significance, also supports the results.

✿ **Ecological Affect** : If the pollution level increases, it leads to imbalance in the ecology. As the pollution in the area is increasing, so it is badly affecting the ecology of the area. It is no secret that industrialization has drastically affected the environment. An overwhelming number (90.1 percent) of the respondents either agreed or strongly agreed that industrialization has badly affected the ecological balance. Low value of mean score (1.63) and high positive value of skewness (1.44) depicts that a large chunk of respondents either agreed or strongly agreed with the statement, which is also supported by the value of standard deviation (0.77). Chi-square test of goodness of fit is highly significant at the 1 and 5 percent level of significance. Therefore, it can be concluded that industrialization has adversely affected the ecological balance in the area under study.

✿ **Easy Availability of Local Conveyance** : Industrial areas of the state are facing a major problem of non availability of local conveyance. Four out of every five respondents either disagreed or strongly disagreed with the statement that local conveyance is easily available. High mean score of 4.12 with negative value of skewness (-1.40) and positive kurtosis depicts that a large majority of the respondents either disagreed or strongly disagreed with the statement. The highly significant value of chi-square statistically brings out the fact that there is a significant difference in the opinion of the respondents, with the fact that local conveyance is not easily available.

✿ **Revenue Loss To The Government** : Whenever any kind of incentives and concessions are announced, it means some or the other kind of revenue loss to the Government. However, these kinds of packages are the life and blood of developing economies. More than half (55 percent) of the respondents felt that developments from such packages overshadow the revenue loss to the Government. The aggregate mean score of overall responses is 2.84, with positive

value of skewness of 0.469, and standard deviation of 1.47. Chi-square is also significant at the 5 percent level of significance. Statistical analysis reveals that respondents have mixed views on the statement, but responses are slightly skewed towards disagreement responses. Thus, it can be concluded that loss from such packages are higher as compared to the benefits.

## FACTOR ANALYSIS OF SOCIETAL IMPACTS

Role of SIIP in socio- economic development of the state depends on the interplay of other independent traits that can be best explained by appropriate biometrical tools. Correlation reveals the different traits that contribute to socio-economic development due to the special industrial incentives package, while principal component analysis is used to show diversity in the variable pool. As indicated by Table 2, Kaiser-Meyer-Olkin measure of sampling adequacy in the present data is 0.692, which reveals adequacy of the data. Bartlett's test of sphericity tests the null hypothesis that the correlation matrix is an identity matrix and is significant at the 1 percent level. The study under consideration significantly satisfies both the tests.

| Table 2 : KMO and Bartlett's Test                  |                    |         |
|----------------------------------------------------|--------------------|---------|
| Kaiser- Meyer -Olkin Measure of Sampling Adequacy. |                    | 0.692   |
| Bartlett's Test of Sphericity                      | Approx. Chi-Square | 946.975 |
| df                                                 |                    | 190     |
| Sig.                                               |                    | .000    |
| Source: Primary Probe                              |                    |         |

Since it was difficult to conceive twenty variables, principal component analysis (Table 3) was employed for the data reduction. Eight out of twenty components have eigen values greater than one, and together they account for 68.13 percent of the variation of the original variables. The first component has explained variance of 14.81 percent of total variation, second - 10.21, third - 9.73, fourth - 8.92, fifth - 7.53, sixth - 5.90, seventh - 5.61 percent and the eighth component has explained variance of 5.39 percent of the total variation. The Kaiser criterion stopped at 8 components, but sometimes, scree plot criterion may be used, which would result in the selection of 5 or 7 variables. The Table 4 contains the rotated factor loadings, which show correlations between the variable and the factors. Rotation sums of squared loadings represent the distribution of the variance after varimax rotation. Varimax rotation tries to maximize the variance of each of the factors so that the total amount of variance accounted for is redistributed over the six extracted factors. The first factor extracted was the combination of *'improved housing infrastructure and increase in both direct as well as indirect employment of the local people.'* The second factor extracted was the combination of *'better employment opportunities and industrialization have adversely affected the ecology.'* The third factor signifies the combination of *'improvement in the hospitality sector, satisfactory shopping facilities, tremendous improvement in road network and improvement in the standard of living of the people.'* The fourth factor indicates the blend of *'increase in the income level of the people of the area and easy availability of local conveyance.'* The fifth factor extracted was a combination of *'revenue loss to the government and overall development of the area.'* The sixth factor extracted was a combination of *'adequate housing infrastructure and modernization of infrastructural facilities.'* The seventh factor indicates the blend of *'adequate water supply, improved banking network and setting up of more parks and picnic spots.'* The eighth factor signifies the combination of *'improved educational facilities, increased pollution and improvement in civic amenities.'*

The first component may be interpreted as *'infrastructure and employment'*. The second component may be termed as *'employment and ecology'*; the third as *'improved standard of living and infrastructural facilities'*; the fourth as *'improved income level and conveyance'*; the fifth as *'fruitful cost-effective development of the area'*; the sixth as *'improvement in housing and modernized infrastructural facilities'*; the seventh as *'better water supply, improved banking network and development of parks and picnic spots after the package'* and the eighth may be interpreted as *'increased pollution, but improved educational facilities and civic amenities.'*

| Table 3 : Total Variance Explained For Social Audit of Industrial Incentives Package |                      |               |              |                                     |               |              |                                   |               |              |
|--------------------------------------------------------------------------------------|----------------------|---------------|--------------|-------------------------------------|---------------|--------------|-----------------------------------|---------------|--------------|
| Component                                                                            | Initial Eigen values |               |              | Extraction Sums of Squared Loadings |               |              | Rotation Sums of Squared Loadings |               |              |
|                                                                                      | Total                | % of Variance | Cumulative % | Total                               | % of Variance | Cumulative % | Total                             | % of Variance | Cumulative % |
| 1                                                                                    | 2.963                | 14.815        | 14.815       | 2.963                               | 14.815        | 14.815       | 2.543                             | 12.714        | 12.714       |
| 2                                                                                    | 2.043                | 10.214        | 25.029       | 2.043                               | 10.214        | 25.029       | 1.971                             | 9.857         | 22.572       |
| 3                                                                                    | 1.946                | 9.732         | 34.761       | 1.946                               | 9.732         | 34.761       | 1.689                             | 8.446         | 31.018       |
| 4                                                                                    | 1.785                | 8.926         | 43.687       | 1.785                               | 8.926         | 43.687       | 1.618                             | 8.090         | 39.108       |
| 5                                                                                    | 1.507                | 7.535         | 51.222       | 1.507                               | 7.535         | 51.222       | 1.546                             | 7.729         | 46.837       |
| 6                                                                                    | 1.181                | 5.907         | 57.129       | 1.181                               | 5.907         | 57.129       | 1.485                             | 7.427         | 54.263       |
| 7                                                                                    | 1.122                | 5.612         | 62.741       | 1.122                               | 5.612         | 62.741       | 1.409                             | 7.046         | 61.309       |
| 8                                                                                    | 1.079                | 5.397         | 68.138       | 1.079                               | 5.397         | 68.138       | 1.366                             | 6.828         | 68.138       |
| 9                                                                                    | .919                 | 4.594         | 72.731       |                                     |               |              |                                   |               |              |
| 10                                                                                   | .825                 | 4.125         | 76.856       |                                     |               |              |                                   |               |              |
| 11                                                                                   | .756                 | 3.778         | 80.634       |                                     |               |              |                                   |               |              |
| 12                                                                                   | .627                 | 3.133         | 83.767       |                                     |               |              |                                   |               |              |
| 13                                                                                   | .565                 | 2.823         | 86.590       |                                     |               |              |                                   |               |              |
| 14                                                                                   | .529                 | 2.643         | 89.232       |                                     |               |              |                                   |               |              |
| 15                                                                                   | .472                 | 2.361         | 91.593       |                                     |               |              |                                   |               |              |
| 16                                                                                   | .407                 | 2.034         | 93.627       |                                     |               |              |                                   |               |              |
| 17                                                                                   | .377                 | 1.884         | 95.511       |                                     |               |              |                                   |               |              |
| 18                                                                                   | .371                 | 1.855         | 97.366       |                                     |               |              |                                   |               |              |
| 19                                                                                   | .283                 | 1.413         | 98.779       |                                     |               |              |                                   |               |              |
| 20                                                                                   | .244                 | 1.221         | 100.000      |                                     |               |              |                                   |               |              |
| Extraction Method : Principal Component Analysis.                                    |                      |               |              |                                     |               |              |                                   |               |              |
| Source : Primary Probe                                                               |                      |               |              |                                     |               |              |                                   |               |              |

## CONCLUSION

It can be generalized on the basis of the above discussion that the special industrial incentives package has proven to be a major offshoot in the social and economic development of Himachal Pradesh. With the advent of industrial incentives package, infrastructural facilities like - shopping facilities, power, roads, transportation, communication, banking and insurance have improved tremendously.

In terms of social audit of industrial incentives package, the factors in order of variance extracted in factor analysis can be put as, infrastructure and employment ; employment and ecology; improved standard of living and infrastructural facilities ; improved income level and conveyance ; fruitful cost-effective development of the area ; improvement in housing and modernized infrastructural facilities; better water supply ; a good banking network ; development of parks and picnic spots after the package ; increased pollution levels, but improved educational facilities and civic amenities.

To sum up, the impact of incentives package in the development of different infrastructure facilities in Himachal Pradesh has been positive. The process of industrialization has made significant improvement in the social and economic infrastructural facilities in nearby villages of industrial areas. It has resulted in an increase in the number of education imparting facilities, medical facilities, roads network, housing infrastructure, shopping facilities, banking network, insurance facilities, hotels and restaurants, parks and picnic spots, and shopping facilities. However, these areas are still lagging behind with respect to pollution control and availability of local conveyance. Hence, there is a strong need to improve the availability of local conveyance and check the increasing pollution levels in the study state.

| <b>Table 4: Rotated Component Matrix For Social Audit of Industrial Incentives Package</b>                                        |          |          |          |          |          |          |          |          |
|-----------------------------------------------------------------------------------------------------------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|
| <b>Components \ Variables</b>                                                                                                     | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> | <b>6</b> | <b>7</b> | <b>8</b> |
| Improved Housing Infrastructure.                                                                                                  | .823     | -.077    | .099     | .169     | .001     | .158     | .107     | .131     |
| Increased Employment Opportunities for Locals.                                                                                    | .801     | -.049    | .063     | -.074    | .067     | -.134    | .055     | -.021    |
| Better Employment Opportunities.                                                                                                  | -.679    | .018     | .201     | -.030    | .425     | .018     | .136     | .237     |
| Ecology Affected.                                                                                                                 | -.623    | .098     | .364     | .071     | .225     | .034     | .189     | -.134    |
| Improvement in Hotels and Restaurants.                                                                                            | .142     | -.801    | -.095    | .109     | .154     | -.109    | .007     | .011     |
| Satisfactory Shopping Facilities.                                                                                                 | -.188    | .673     | -.084    | -.113    | .025     | -.292    | .063     | -.066    |
| Tremendous Improvement in Road Network.                                                                                           | .168     | .655     | .054     | .130     | .162     | -.149    | .065     | .128     |
| Improved Standard of Living.                                                                                                      | .184     | .037     | -.722    | .262     | .082     | -.030    | .157     | .148     |
| Increased Income Level .                                                                                                          | .045     | -.023    | .682     | .081     | .120     | .066     | .218     | .399     |
| Easy Availability of Local Conveyance.                                                                                            | -.092    | -.316    | -.469    | -.279    | .225     | .098     | .222     | -.002    |
| Revenue Loss to the Government.                                                                                                   | .079     | -.129    | .140     | .829     | .032     | .044     | -.049    | .031     |
| Overall Development.                                                                                                              | .094     | -.051    | .335     | -.765    | .210     | .156     | .076     | .039     |
| Adequate Housing Infrastructure                                                                                                   | -.127    | .072     | -.182    | -.186    | .729     | .007     | .009     | -.073    |
| Modernization of Infrastructural Facilities.                                                                                      | -.042    | -.079    | .212     | .107     | .702     | -.137    | -.395    | -.213    |
| Adequate Water Supply.                                                                                                            | .094     | -.273    | .102     | .002     | .032     | .767     | -.071    | .028     |
| Improved Banking Network .                                                                                                        | .114     | .005     | .016     | .085     | .248     | -.681    | -.430    | .072     |
| Setting Up of More Parks and Picnic Spots.                                                                                        | -.208    | .420     | -.204    | -.101    | .126     | .442     | -.201    | .050     |
| Improved Educational Facilities.                                                                                                  | .004     | .038     | -.015    | -.082    | -.091    | .005     | .858     | -.048    |
| Increased Pollution.                                                                                                              | .219     | .097     | -.110    | .140     | .164     | .089     | .247     | -.756    |
| Improved Basic Amenities.                                                                                                         | .317     | .187     | -.066    | .146     | -.072    | .083     | .135     | .661     |
| Extraction Method : Principal Component Analysis<br>Rotation Method : Varimax with Kaiser Normalization<br>Source : Primary Probe |          |          |          |          |          |          |          |          |

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