

ROLE OF THE SPECIAL ECONOMIC ZONE ON EXPORTS OF TEXTILE PRODUCTS IN JAIPUR

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Abstract: This research paper aims to find the role of special economic zone in the exporting activities of textile products in India, Jaipur. The Special Economic Zone (SEZ) is referred as an engine that renders economic growth and supporter infrastructure of high quality. This economic growth is also complemented with the fiscal package of both state as well as central level where regulations is kept to the minimum level. In this research paper, some objectives have been set which are effectively achieved by the researcher during the proceeding of the research paper. Further, a null and an alternate hypothesis has been formed which were also tested. In order to provide an in-depth review on the issue, the researcher has formed research hypotheses and has adopted primary quantitative research methodology. Based on the statistical analysis of obtained primary data, the alternative research hypothesis was established, implying that SEZ certainly helps Indian textile industry in terms of boosting export activities.

Key Words: Special economic zone, Textile industry, Export activities.

1. INTRODUCTION:

The sector of Indian textile industry is in a need of proper infrastructure of good quality from a long time. Irrespective of up gradation of other structural perspectives the need of special economic zone has resulted in certain policy generation and government actions. Further it has also enabled scale economies, consolidation and other higher efficiencies as well. The Special Economic Zone (SEZ) is referred as an engine that renders economic growth and supporter infrastructure of high quality⁽ⁱ⁾. This economic growth is also complemented with the fiscal package of both state as well as central level where regulations is kept to the minimum level.

2. LITERATURE REVIEW:

Introduction: The history of SEZ on the exporting practices of textile industry in India implies the fact that SEZ were rendered to as the Export processing zone. The government took many attempts to promote the SSEZ as a platform of export with the help of various economic incentives that include tax exemptions, and free provision for service infrastructures.

SEZ policy in India: The Special Economic Zone policies in India are complemented with various provisional rules and acts of SEZ. These industries that operate in that zone like textile industry are mostly referred to be outsider from the customs territory of the country⁽ⁱⁱ⁾. Thus, there industries are benefited to have a huge flexibility in their business operations. In order to improve the quality of the governance in these sectors of special economic zone various measures are being adopted. In Rajasthan, it was permitted that SEZs can be set by the joint sector or private or public sectors. Furthermore, the SSEZ can also be set by the State government of Rajasthan as well whoever the minimum size of the special economic Zone was scheduled to be a minimum of 1000 hector⁽ⁱⁱⁱ⁾.

Export Promotion Policy: The Indian Government has taken various promotional policies as well for the exporting of textile products in an effective manner. The efforts of export promotion that is being taken up by the government of India can be observed form EXIM Policy 2002-2007 and Foreign Trade Policy 2009- 2014^[iv]. In order to implement these measures of policy, the schemes of export Promotion are introduced separately under the Export Promotion Councils. The implication of theses promotional strategies has benefited the textile industry to prevail its business effectively in India^[v]. There has also been technological up gradation as well with the help of EPCG scheme. As a result of this the textile industry gets the benefit of Zero degree and they can sell their production of 90% under DTA^[vi].

SEZ Act 2005: In addition to GATT and WTO, special economic zone has also taken a in central position for the business performance of the textile industry in India. The ministry of Commerce introduced the SEZ Act 2005 with the prime objective of generating and promoting additional economic activities that includes factors like exporting of textile products and investing from foreign as well as domestic sources^[vii]. As a result of this implementation of the SEZ act vast opportunities of new jobs was being created as well. In accordance of this act the sectors of special

Economic zone will be duty free henceforth that will help to deem the foreign territories of trade tariffs and duty and operations of trade. Further the textile products that are exported from the SEZ area into the DTA are treated as the products which are being imported from the foreign trade sectors ^[viii].

Summary: Thus it can be the textile industry has been hugely benefited with the introduction of special economic zones. The SEZ Act which passed by the Parliament in the year 2005, May and helps in the export business proceeding for the textile industry. Due to the introduction of SEZ in Jaipur, Rajasthan the textile industry was benefited in receiving foreign investments in lowest amounts ^[ix]. This also helped in making the export of textile industry expensive in the Post- MFA worlds. Thus, for the occurrence of such circumstances the introduction of SEZ has become more imperative and on a long term basis has not only increased the international competition but has also expanded the domestic market as well.

2. MATERIALS:

This research paper identifies the role of SEZ in exporting products of textile industry in Jaipur, India through the following hypothesis. The null hypothesis is considered to be H₀ and the alternative hypothesis is H₁.

H₀- SEZ has no considerable role in exporting textile products in Jaipur

H₁- SEZ has a significant role on the textile industry for exporting the products in Jaipur.

3. METHOD:

The information used in this research paper was obtained from a sample of 30 people who are selected on a random basis who are working in export department of different textile organization in Jaipur. The analysis has been done using inferential statistics and descriptive approach. Descriptive approach has been selected as it helps in providing a proper description of the data that has been collected. The central tendency measures like mean and standard deviation have also been used which will help in getting a defined conclusion. Furthermore inferential statistics has also been used in order to reach to the proper conclusion by studying the resource of the selected sample. In this research paper, a significance level of 5% is used by the researcher for analysing the data in a proper manner. This has been conceded that 5% significance will be appropriate for thesis research paper. This will also reduce the chances of having type I or type II error. Furthermore Chi-Square is preferred for inferential statistical analysis for normal distribution.

4. DISCUSSION:

In accordance to the observation it has been noticed that Special economic zone has a very effective and profound role on the exporting of textile products in the Indian sector. The P value is found to be more than 0.05. Thus it can be stated that the value of critical value is high than the value of Chi- Square. As a reason of this, the null hypotheses H₀ has been rejected which said SEZ has no impact in the export of textile products in Jaipur. Thus, in this research paper, the alternate hypothesis has been selected. The observations of this research are listed below-

- i) The implementation of SEZ has helped in boosting the productivity of Indian Textile industry which has further help to practice exporting operations effectively.
- ii) the complexity of licensing and bureaucratic has also reduced by operating business operations in SEZ which helps the manufacturer's to be more engaged in the exports activities more easily.
- iii) The opportunities of employment have also increased with the implication of SEZ Act 2005 which has further boosted the production and rate of export quantity return.
- iv) The business performance in special economic zones has further resulted in regulatory relaxations which have allowed the Indian textile industry to be more focused on the factors like quality enhancement thus boosting the activities of export in the Indian textile industry.

5. ANALYSIS:

In this research paper, the researcher has analyses the null hypothesis by applying the Chi- Square. It is being observed that if the SEZ are not being properly implemented then the set null hypothesis will become valid. This fact can be established using the formula of Chi-Square. The P value obtained is less than the significance level 0.05 which was being set in the initial section of this research paper. Since the p value is less than the significance level thus we can reject the H₀ that is null hypothesis which said that SEZ have no significant role in exporting the textile product in Jaipur. Thus, based on the result of hypothesis testing it can be said that the null hypothesis is failed to be accepted and is rejected and the alternate hypothesis H₁ is accepted.

6. FINDINGS:

The prime objective of this research paper is to evaluate the role of Special economic zone for exporting textile products in India, Jaipur. The secondary objectives set for this research paper includes:

- To test whether SEZ is beneficial for the Indian textile sector for exporting their products

- To evaluate governmental provision for SEZ with reference to textile export practices
- To identify the advantage of SEZ for exporting textile products from Jaipur
- To check where the textile industry can be upgrade their stature by performing their business in Special Economic Zones

7. RESULT:

Descriptive statistics

Categories	Classification	Number of participants	Percentage %
Age	25-34 years	8	21
	35-44 years	16	44
	45-54 years	9	25
	55 and above	4	10
Gender	Male	22	59
	Female	15	41
Professional experience	1-3 years	7	20
	3-5 years	15	40
	5-7 years	11	29
	More than 7 years	4	11
Total		37	100

Table 1: Respondent Description
(Source: Given by Researcher)

In accordance of the above given table the sample of responses are primarily distributed in four sections. The first section is of 25 to 30 years under which 21% of the respondents belonged. Maximum respondents (44%) belong from the age group of 35 to 45. Under the age group of 45 to 55 years 25% of the respondents were found and 10% of the respondents were of 55 and more age group. In the same manner, among the 37 respondents 59% respondents were male while the rest of the respondents (41%) were female. In addition to this, the maximum number of respondents (15%) has an experience of 1 to 2 years and the second more category of experience holders (11%) have an experience of 5-10 years. The respondents of 1 to 2 years and 10 years are respectively 7% and 4 %. This implies the fact that all the respondents have sufficient knowledge about the export of textile products and the impact of SEZ on the export business operation of textile industry in Jaipur.

Descriptive Statistics

	N	Mean		Std. Deviation
	Statistic	Statistic	Std. Error	Statistic
Age	37	2.24	.152	.925
Gender	37	1.41	.082	.498
Professional_exp	37	2.32	.150	.915
Valid N (listwise)	37			

Table 2: descriptive statistics
(Source: Given by Researcher)

It is being observed from the descriptive table that the standard deviation of Age is 0.925 (nearly 1) and mean is 2.24. Thus it implies the fact that it is a heterogeneous distribution. Future in case of Gender the mean is 1.41 and standard deviation is 4.98. It is also thus a heterogeneous distribution. The professional experience is also found to be heterogeneous distribution thus the responses obtained are scared.

Hypothesis testing

Chi-Square Test

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	38.804 ^a	4	.000
Likelihood Ratio	31.691	4	.000
Linear-by-Linear Association	21.650	1	.000
N of Valid Cases	37		

a. 7 cells (77.8%) have expected count less than 5. The minimum expected count is .16.

Table 3: Chi-Square test
 (Source: Given by Researcher)

In this research paper, the researcher has analysed the null hypothesis by applying the Chi-Square. It is being observed that if the SEZ are not being properly implemented then the set null hypothesis will become valid. This fact can be established using the formula of Chi-Square. The P value obtained is less than the significance level 0.05 which was being set in the initial section of this research paper. Since the p value is less than the significance level thus we can reject the H₀ that is null hypothesis which said that SEZ have no significant role in exporting the textile product in Jaipur. Thus, based on the result of hypothesis testing it can be said that the null hypothesis is failed to be accepted and is rejected and the alternate hypothesis H₁ is accepted.

8. CONCLUSION:

Thus, from the observed information it can be concluded that SEZ has an effective role on the exporting textile product in India, Jaipur. This research paper was premised on analysing the role of special economic zone (SEZ) on export activity of Indian Textile industry, with special reference to Jaipur. In order to provide an in-depth review on the issue, the researcher has formed research hypotheses and has adopted primary quantitative research methodology. Based on the statistical analysis of obtained primary data, the alternative research hypothesis was established, implying that SEZ certainly helps Indian textile industry in terms of boosting export activities. Furthermore, the research also highlights that SEZ also allow textile companies to focus more on their quality control procedures, courtesy lack of bureaucratic complexity. Since SEZ provides relaxation of regulatory norms and reduces complexities associated with licensing activities, textile companies could focus more on production activities by employing more labors, which can ultimately boost export activities. In this current paper has provided an in-depth yet holistic review on selected research theme.

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Appendix

Appendix 1: Survey Questionnaire

Block 1: Demographic Block

1. Age group
 - a) 25-34
 - b) 35-44
 - c) 45-54
 - d) Above 55
2. Tenure of service in this organisation
 - a) 1-3 years
 - b) 3-5 years
 - c) 5-7 years
 - d) More than 7 years

PLEASE RATE YOUR RESPONSE IN THE FOLLOWING SCALE-

Block 2: Identification relationship

3. **SEZ facilitates in boosting productivity of Indian textile industry**
 - Agree 25
 - Disagree 10
 - No response 2
4. **SEZ reduces bureaucratic complexity of licensing and hence manufacturers can easily engage in export activities**
 - Agree 18
 - Disagree 16
 - No response 3
5. **SEZ is creates greater employment opportunities, thus boosting production and export quantity in return**
 - Agree 28
 - Disagree 9
 - No response 0
6. **Regulatory relaxations in SEZ allow textile industry to focus more on quality enhancement, which boost export activity**
 - Agree 24
 - Disagree 12
 - No response 1

- ⁱ Chakraborty, T., Gundimeda, H. and Kathuria, V., 2017. Have the Special Economic Zones Succeeded in Attracting FDI?— Analysis for India. *Theoretical Economics Letters*, 7(03), p.623. [Online]. Available:http://file.scirp.org/pdf/TEL_2017042715501117.pdf [Accessed May 3, 2018]
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