"Study of exporting units, in special economic zones [SEZ] and outside SEZ, to evaluate factors influencing choice of location of exporting units"

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MEANING OF SEZ

A Special Economic Zone (SEZ) is a geographical region that has economic laws that are more liberal than a country's typical economic laws. Usuallythe goal is an increase in foreign investment.

A Special Economic Zone or SEZ, as it is more prevalently known, is a particularly differentiated zone, holding unique financial and this benefits over the rest and overpowering greater part of the destinations in a given nation, where generation of exchange and administrations happen. It gets exceptionally uncommon and particular treatment from the national government and Thereby is named Special Economic Zone. In this words, a SEZ is an exceptionally divided geographic region inside the domain of a nation where financial exercises of specific sorts are advanced by an arrangement of strategy instruments offering unique motivating forces that are not for the most part pertinent to whatever remains of the nation. The most widely recognized tag to mean the early variations of the SEZ was Export Processing Zone (EPZ). Of around a score of different labels, the this most prominent one is Free Trade Zone or FTZ.

NEED FOR SEZ

To create trade situated enterprises.

To pull in worldwide assembling through outside direct speculation (FDI).

To empower exchange of cutting edge innovation and make motivating forces for foundation.

For the execution of liberal market economy.

To create framework offices alongside the development of SEZ units.

To give openings for work.

To expand the GDP of a nation by opening up the economy.

LOCATION SELECTION FACTORS
It was Alfred Weber (1929) to whom the credit of enunciating the theory of industrial location went when his magnum opus "The Theory of the Location of Industry," was published in German in 1909 and English in 1929.

For a company which operates in a global environment; cost, available infrastructure, labor skill, government policies and environment are very important factors. A right location provides adequate access to customers, skilled labors, transportation, etc. A right location ensures success of the organization in current global competitive environment.

Selection of industrial location is a strategic decision. It is a onetime decision and not be retracted again and again without bearing heavy costs.

there are host of factors but not confined to the following only that influence the selection of the location of an enterprise:Let us discuss some of the factors.

i) Availability of Raw Materials(ii) Proximity to Market(iii) Infrastructural Facilities

(iv) Government Policy(v) Availability of Manpower(vi) Local Laws, Regulations and Taxation

(vii) Ecological and Environmental Factors(viii) Competition (ix) Political conditions

(x) Incentives, Land costs. Subsidies for Backward Areas(xi) Climatic Conditions

RESEARCH METHODOLOGY
PROBLEM OF THE STUDY
Many people argue that SEZ failed because the benefits given to them are very meager, and SEZ fail to attract investors for the same reason. The tax exemptions given to exporters is said to be the only real benefit passed on to SEZ units and that there are no other factors in SEZs which lure or attract the investors. Whereas some feel that there are various plus points with SEZs which are attracting exporters to choose SEZ to setup their business unit.
        So it becomes very important to study the factors which influence the decision regarding where to locate the exporting unit. In this paper I have included only two factors out of many other factors which influence the decision about location.

3.1 Objectives of Research
OBJECTIVES OF STUDY
1.   To know whether concessional rent will affect location of export unit?
2.   To know whether unit location influence your reputation   of your unit?

STATEMENT(S) OF HYPOTHESIS:
The following hypotheses will be tested in relation to the research objectives:
- Ho: THERE IS NO IMPACT OF RENT ON CHOICE OF LOCATIONOF INDUSTRY
- H1: THERE IS AN IMPACT OF RENT ON CHOICE OF LOCATIONOF INDUSTRY

- Ho: THERE IS NO IMPACT OF REPUTATION CONCERNSON CHOICE OF LOCATIONOF INDUSTRY
- H1: THERE IS AN IMPACT REPUTATION ON CHOICE OF LOCATIONOF INDUSTRY

DATA COLLECTION

The   three   methods   of   secondary   data   collection   used   are   as   follows:-
 1) Internet search, using online resources to gather data for research purposes.
2) Library search and indexing, (This technique requires to go through written texts that have already done similar work and utilizing their researches)
 3) News Papers, Magazines and this similar periodicals.

NATURE OF DATA
Preparation of the project report involves collection of Primary Data – Primary data is collected from SEZ and NON SEZ units in Mumbai in the state of Maharashtra by questionnaire and interview method.
Secondary data - Secondary data is collected from different resources, by Qualitative and by Quantitative sources.

SOURCES OF DATA
PRIMARY DATA
Primary data is gathered from SEZ and NON SEZ units in Mumbai in the condition of Maharashtra to discover answers postured by research scolar.
SECONDARY DATA
The Secondary data is gathered from various sources like, Annual reports released from Ministry of Commerce and Industry, Various Publications, Several this books, magazines and Search motors like Google, Msn Statistics from government sources, Research papers, Press Releases and so on,

POPULATION UNDER STUDY: Population includes Exporting companies located in Maharashtra .

SAMPLING DESIGN

The sampling design considered was cluster random sampling method where SEEPZ was considered as a prominent clusters of the total population of exporting firms.Prominent graphs and diagrams were used to explain each item in questionnaire.

SIZE OF THE SAMPLE: The add up to test estimate chose by researcher was 538 crosswise over Mumbai city. Researcher has made an endeavor that the specimen size was satisfactory, delegate and estimator with adequately high exactness.
Testing UNIT: The examining unit was distinguished by the researcher before choice of a specimen. An examining Unit might be a characteristic topographical unit such as an express, an area, a town and so forth. It might be a social substance

such as a family or a school. It might likewise be a person. Along these lines for the particular reason sending out units from Mumbai and Pune were chosen for study.

SCOPE OF STUDY and LIMITATIONS

Study area is limited to Mumbai and pune in condition of Maharashtra.

3.6 TESTING OF HYPOTHESES

For the primary objectives which are considered by the researcher and the corresponding hypotheses, the statistical technique used to test the hypothesis was non parametric test called chi square test which is also known as test of independence. Also ANOVA was used to find the prominent factors which are responsible for location choice for setting up an export unit.

DATA ANALYSIS AND INFERENCES

The process of evaluating data using analytical and logical reasoning to examine each component of the data provided. This paper includes analysis of responses to the questions asked by way of questionnaire to achieve the objectives of the study.

Q.1 Do you have to pay less rent for location in SEZ than Normal rent outside sez?

Table 4.1 Summary of responses to the question on Rent expenses.

	Responses	
	Percent	**Actual**
SEZ - Pay less	87	322
SEZ - pay more	13	50
Total		372
NON SEZ - Pay less	31	51
NON SEZ - Pay more	69	115
Total		166
Grand Total		538
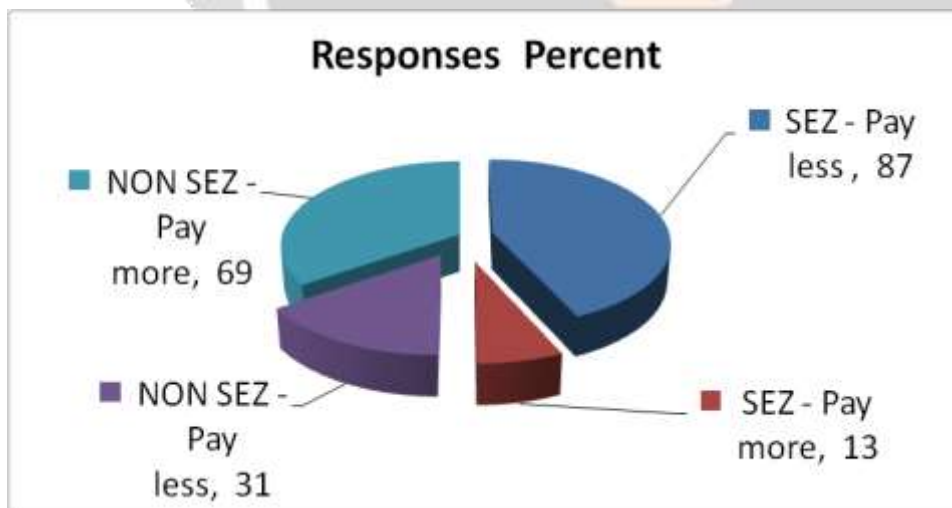
Inference

From the above data we infer that 322 respondents say that they pay less rent in SEZ area that normal rent they would have paid outside SEZ ie 87% of people in SEZ area are paying less rent than normal rate prevailing in that area and 69% of the non sez area say that the pay more rent 115 units in non sez area are paying rent more that rent prevailing in SEZ area.

Testing the following hypothesis by using Chi-Square test.

- **Ho: THERE IS NO IMPACT OF RENT ON CHOICE OF LOCATIONOF INDUSTRY**
- **H1: THERE IS AN IMPACT OF RENT ON CHOICE OF LOCATIONOF INDUSTRY**

Table 4.2

Count

		PAYMENT_FOR_RENT		
		YES	NO	Total
INDUSTRY	SEZ	322	50	372
	NON SEZ	51	115	166
Total		373	165	538

SOURCE : PRIMARY DATA

Chi-Square Tests Table 4.3

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	168.296a	1	.000		
Continuity Correctionb	165.680	1	.000		
Likelihood Ratio	164.833	1	.000		
Fishis's Exact Test				.000	.000
Linear-by-Linear Association	167.983	1	.000		
N of Valid Cases	538				

SOURCE : SPSS

b. Computed only for a 2x2 table

p value = 0.000
The above hypothesis is tested at 5% LOS
Since p < 0.05
We Reject H0
THUS WE ACCEPT H1 SO IT IS PROVED THAT THERE IS AN IMPACT OF RENT ON CHOICE OF LOCATIONOF BUSINESS UNIT

Q 2 Does your unit location influence your reputation?

Table 4.4 Summary of responses to the question on reputation

	Responses	
	Percent	Actual
SEZ - Enhances reputation	67	250
SEZ - Does not	33	122
Total		372
NON SEZ - - Enhances reputation	39	64
NON SEZ - Does not	61	102
Total		166
Grand Total		538
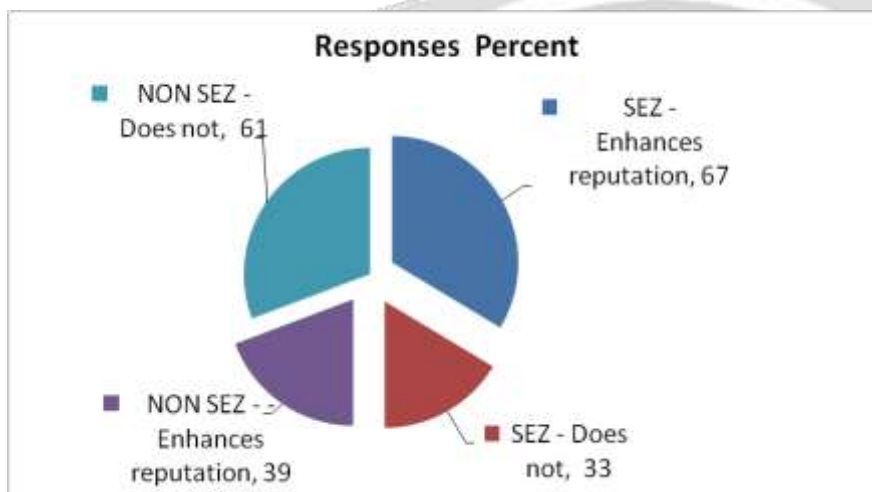
Inference

From the above data and pie diagram we infer that 250 respondents from the sez area say that the location in sez area enhances the reputation of unit than the location outside SEZ ie 67% of people in SEZ area say that location enhances the reputation of the unit then he prevailing in non sez area whereas 122 respondents i.e 33% in sez area say that the location does not enhance the reputation of the unit.

64 respondents i.e. 39%say that the location in non sez area enhances the reputation of the unit whereas 102 respondents i.e. 61% in non sez area say that their location does not enhance the reputation of the unit

- **Ho: THERE IS NO IMPACT OF REPUTATION CONCERNSON CHOICE OF LOCATIONOF INDUSTRY**
- **H1: THERE IS AN IMPACT REPUTATIONON CHOICE OF LOCATIONOF INDUSTRY**

TABLE NO.4.5
Count

		REPUTATION		
		YES	NO	Total
INDUSTRY	SEZ	250	122	372
	NON SEZ	64	102	166
Total		314	224	538

SOURCE : PRIMARY DATA

Chi-Square Tests
TABLE NO 4.6

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	38.771[a]	1	.000		
Continuity Correction[b]	37.601	1	.000		
Likelihood Ratio	38.606	1	.000		
Fishis's Exact Test				.000	.000
Linear-by-Linear Association	38.699	1	.000		
N of Valid Cases	538				

SOURCE : SPSS

p value = 0.000
The above hypothesis is tested at 5% LOS
Since p < 0.05
We Reject H0
THUS WE ACCEPT THAT THERE IS AN IMPACT OF LOCATION ON REPUTATION OF INDUSTRY

Conclusion

After observing the result of chi square test and graphical as well as tabular analysis I conclude that Rent of the premises influences decision of the exporter to locate his business unit in SEZ area. Similarly Location within SEZ area enhances reputation of the export units.

Sites visited
www.wikipedia.org