

Studying Influence of Creating Border Markets on Aspects of Permanent Development at Sistan & Balouchestan Province

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Abstract

The purpose research is prepared with the purpose of studying influence of border markets of development of export, per capita income, employment and reduction of import at Sistan & Balouchestan Province that results show there is positive significant relationship between research variables. The present research with respect to goal is regarded as applied and with respect to method is regarded as descriptive and correlation. Statistical society of this research 7 border markets of Sistan & Balouchestan Province that among 280 people the total number of 250 people were selected as statistical sample that were selected by V. KREJCIE. And. DARYLE W .MORGAN on simple random basis. The method for collecting data is standard questionnaire and it was benefit from descriptive statistics method for analyzing information and also single sample T-test and structural model for inferential analysis of data.

Key Words: Border Market, Export, Import, Per Capita, Employment

1) Introduction & Statement of Problem:

At second half of earlier century the most important problem for policy makers and scholars of third world countries was development. At one hand development refers to wishes and dreams of underdeveloped and deprived societies which attempt to be free from null cycle of poverty and literacy and on the other hand it is origin of many failures, self-alienation, instability, dependency, social and cultural contradiction in such countries. Since the Second World War that the entire world attempted to promote communication, public media, transportation, tourism and industrial development, many people had dream of obtaining healthy, wealthy and advanced society and the history of underdeveloped countries during

recent 50 years show attempt for advancement and development. After the Second World War one of the most important topics was economic development. Basically growth theories deals with solving problems of developed countries; meanwhile, development theories deal with underdeveloped countries. Generally development consists of following factors including:

- 1) Increasing capacity of natural economy up to level of annual 5% to 8%; in which, this increase is observed as national gross product and national gross per capita product
- 2) Changing economic structures of traditional agricultural structure into industrial service structure
- 3) Increasing social criterions including: Literacy, number of students, status of health, housing (Haerian 2010, 25)

Analyzing development during recent decade show that the more underdeveloped countries attempt to obtain development, they are more familiar with its higher problems and became hopes for achieving to development. Only a few countries could solve problems and save themselves from this void cycle

2) Basics & Structures of Research:

1-2) Permanent Development

Basically economic development deals with improving domestic factors for capacity and potential of national, provincial and local economy (land, workforce, capital and technology). Government through benefiting its resources and powers attempts to reduce dangers and investment costs of employment at private sector. Generally, government increase different type of occupational opportunities and benefiting from regional, provincial, urban and non-urban resources. Some of the tools under control of government and related strategies on potential basis that may be effective on improvement are including:

- * Workforce (preparing and procuring workforce, available costs)
- * Infrastructure and general facilities (available capacities, basic public service like: transportation and telecommunication)
- * Social business facilities (available capacities and incubatory service for development of newly established companies, industrial and technological parks, schools, educational institutes, universities, sport and tourism)
- * Economic structures
- * Capacity of institutes (leadership, knowledge and skills) to support economic growth and development (Taheri 1997, 62)

Komer (1979) refers to permanent developed society as a type of society that environment is permanently protected and there is continuous growth and finally the weak and strong points are recognized that are followed up by new methods for growth and development

Some of the aspects of permanent development are including: reducing import, increasing export, level of employment and per capita of income. Generally, export is defined as: Selling or offering goods and services of country to another country in return of receiving goods, service, foreign currency, gold, settlement of debits or gratuitous assistance, repair, complete or participation at exhibitions (Walter 2009). Import means entering any type of goods to customs domain of a country through land, aerial or marine borders. In each society some active persons are employed. According to definition, employed is a person that has job and this job is regarded as his specialty and profession (Azimi 1993, 97). If national income of

society is divided into population, the per capita income is obtained based on population (Jerzadeh and Eghbali 2005, 71).

2-3) Border Market:

According to transaction bylaw approved by the state cabinet, border market is an area that is located at zero border line and adjacent to authorized customs for fulfilling formative of discharging goods or is a place that is determined according to agreement between Islamic Republic of Iran and adjacent countries (Motevaseli 2003, 87). Inhabitants of both sides of border are authorized to transact their required goods and products upon observing rules and regulations of export and import stipulated at this article for transaction of goods at border market:

- 1) Establishing customs at entrance and exit gateway of market and applying export, import and supervision rules by Customs Departments
- 2) Export goods at border market should be possible without requiring to offer foreign currency obligation
- 3) Entering and discharging goods at border market is only permissible through offering sale invoice of pavilion at border markets of Iran and there is no requirement to offer other documents including: pro forma invoice and bill of lading. Statistical registration each market is performed by agent of Ministry of Commerce
- 4) Under cases that it is impossible to supply goods from border market of second party country without offering sale invoice, the price of imported goods is determined by the Customs Department
- 5) Ministry of commerce determines and announces share of transactions and related changes, list of transacted goods at each market with respect to level of activities, facilities and requirements of border provinces and mutual agreements, rules and regulations of export and import
- 6) Import authorized goods shall be permissible by submitting certificate of foreign currency through border market in compliance with rules of import and with respect to foreign currency certificate in addition to maximum limit of markets
- 7) Rules related to "import before export" is cancelled at border markets
- 8) All real persons residing at legal areas shall be permissible to operate at border market
- 9) Transactions at border market shall be permissible upon establishing agents of Ministry of Commerce, customs, police force and upon applying related rules about amount and type of import and export goods and receiving commission of government
- 10) All authorized persons operating at border market shall be permissible to import and discharge goods that are purchased at border market through customs, free trading and industrial zone upon paying commercial profit and customs tax in return of export goods. The documents that are approved at customs offices of Iran shall remain valid for removing foreign currency obligations due to export through market and the Customs Department of Iran shall offer enough budget to eliminate foreign currency obligation due to export goods from market in all border customs and face trading and industrial zones to prevent from carrying excess goods (Nazari 2006, 44)

Regarding the main purpose of establishing border market strongly influenced on border line and some of the positive effects of having border market are including

* Permanent security of borders: Establishing border market at border lines of Iran could gradually solve the problem of security at border lines adjacent to border market; since, if

transportation is high in border lines, the smugglers of narcotics and the insecurity factors and feel more endangered

* Developing non-oil export: Rules related to border markets led to increase non-oil export of Iran. The positive point of border market is adjacency to countries that strongly require import which increased non-oil export of Iran

* Increasing production of industrial and productive units at cities around border line: For cost of effectiveness of exporters, some factors manufacture their productive facilities near border area which led to this fact that productive units at border area are prosperous

* Healthy economy border and increasing transaction of border inhabitants: Border markets could prevent from informal transactions; since, informal transactions has high risk and finally people by spending low price may meet their trading requirements through border markets

* Increasing employment and healthy income for border inhabitants: Establishing border markets leads to directly and indirectly employment of thousands of people at border; which, leads to preventing from many crimes and social chaos either inside of Iran or at border areas

* Prevention of smuggling goods at border: As it was mentioned, smuggling goods has high income for smugglers, the risk of such activity is very high. Establishment of border market encourages border inhabitants to perform transaction at border market

* Prevention from immigration of border inhabitants and establishing borders of Iran: Bad climate, absence of income and appropriate job are among reasons of immigration of border inhabitants into borders of Iran which faced borders of Iran with several threats. Consequently, creation of border market could prevent from immigration of several border inhabitants to Iran.

Improving political, cultural and economic relationship of neighbor countries and border markets led to promote trading, cultural and social relationship and being more familiar with view point of neighbor countries (Abunouri 2010).

3-3) Research Background:

1) Normohammadi (1992) in his article studied the advantages of creating specific economic zone in Iran. Some of the results of his research are including: Reducing smuggling, increasing employment and reducing immigration from border points into Iran

2) Dr. Pahlevani offered his article with title of "studying problems of common border market of Sistan and Balouchestan province" in the year 2000 at conference of recognizing commercial-economic talents of Sistan and Balouchestan province. The method for collecting data is library and field. In this research the researcher studies Sistan and Balouchestan province in short and then studied goals of creating border market Sistan and Balouchestan province and performance of such markets and in continuation it refers to advantages and disadvantages of creating border market in Sistan and Balouchestan province and some problems related to border markets are offered and finally some recommendations are offered for solving this problem

* Preparing clear rules for commercial activities at border lines so that fulfillment and of them is obvious and comprehensible

* In order to prevent from informal transactions and smuggling to import and export goods to border market through authorized means

* Export fuels by free price through border market at Sistan and Balouchestan province

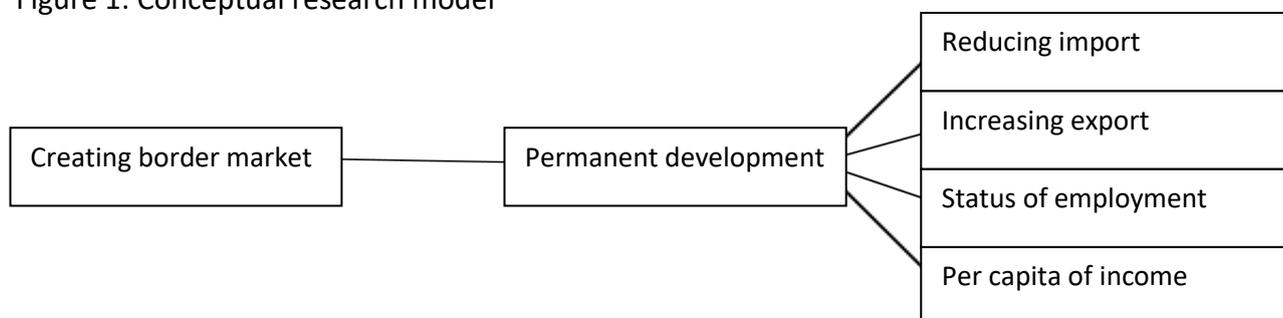
* Attention to completion of Zahedan-Bam railway and finally Zahedan- Chabahr railway

* Article of Dr. Dehmordeh (2000) with title of "Necessity of turning Zabol border market into free economic zone is a type of field and library research that deals with performance of Milak

border market and its effect on social, political, economic, cultural and security issues of this area. Finally researcher by using statistics and data concludes that Milak border market should be turned into specific economic zone

3) Conceptual Framework of Research

Figure 1: Conceptual research model



4) Main & Subsidiary Research Hypothesis:

Main Hypothesis: There is relationship between creating border market at Sistan and Balouchestan province with permanent development at this province

Subsidiary Hypothesis:

- 1) There is relationship between creating border market and developing export at this province
- 2) There is relationship between creating border market and increasing per capita of income for people of this province
- 3) There is relationship between creating border market and growth of employment index at this province
- 4) There is relationship between creating border market and reducing import at this province

5) Research Methodology:

The most important section of each research is selecting suitable research methodology based on conceptual model, variables and their relationship that shows level of validity and reliability of results of research. This research with respect to its topic and based on objective is regarded as applied research and with respect to methodology is regarded as descriptive and correlation research.

1-7- Statistical Society, Volume Sample & Sampling Method:

Statistical society of this research is border market of Sistan and Balouchestan province that consists of following markets: Milak, Mirjaveh, Pishin, Gomshad, Jaligh, Rimdan and Kohak. The volume sample of this research according to its statistical society and 7 border markets is 250 statistical samples that were selected by V. KREJCIE. And. DARYLE W .MORGAN on simple random basis. Data was collected through standard questionnaire including: 20 questions for border markets and 20 questions for development

2-7- Validity and Reliability:

In this research in order to assess validity of questionnaire it was benefit from comment of experts and university professors. A test is valid when the observed grades and real grades have high level of correlation. Several factors are effective on validity and reliability including:

1) Not defining terms 2) Not justifying persons asking question 3) Incompatibility of respondents 4) Changing conditions and opportunity of asking question 5) Appearance of tools 6) Incompatibility of different stages of research (Ranji Jifroudi 2010). In order to assess validity of research it was benefit from Alpha Cronbach test that its results are offered in table 1

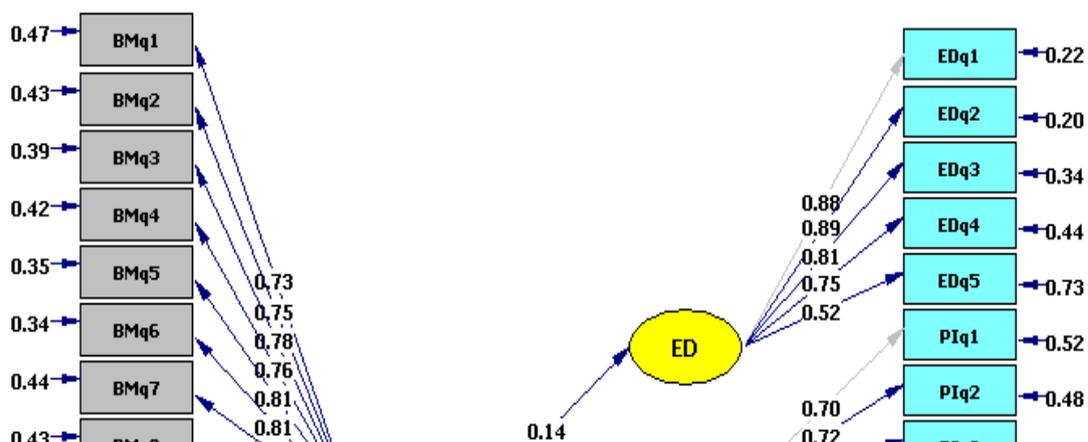
Table 1: Alpha Cronbach coefficient for research variables

Variable	No of Questions	Alpha Cronbach Coefficient
Border market	20	0.96
Developing export	5	0.78
Per capita of income	5	0.91
Status of employment	5	0.99
Reducing import	5	0.86

8) Data Analysis

8-1) Hypothesis Test

In this section we study hypothesis test by using Lisrol software



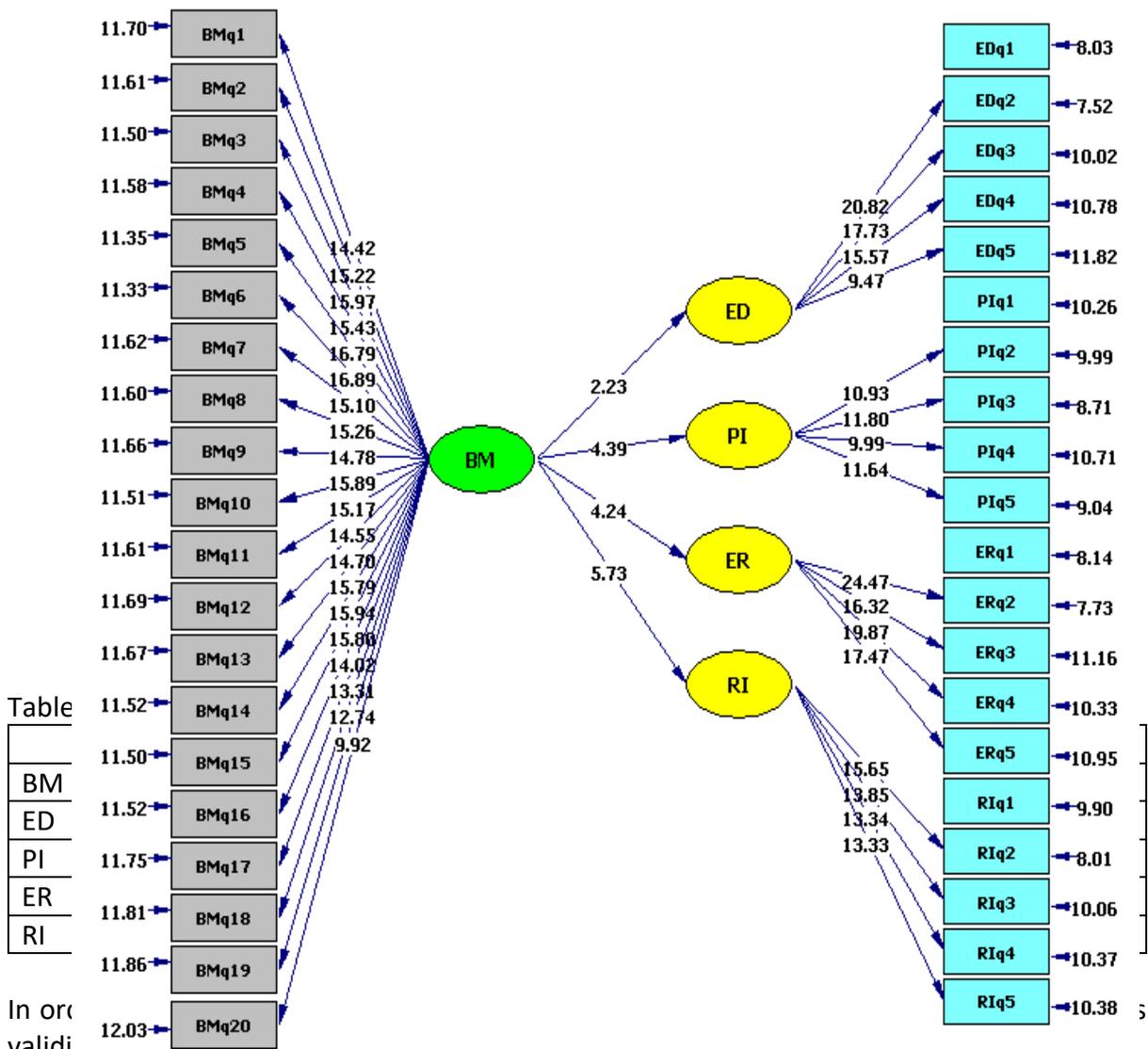


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Chi-Square=1700.16, df=736, P-value=0.00000, RMSEA=0.038

Validity Research	Acceptable Range	Amount	Result
x ² /df	<3	2.31	Appropriate
CFI	>0.9	0.95	Appropriate
GFI	>0.9	0.97	Appropriate
AGFI	>0.9	0.96	Appropriate
NFI	>0.9	0.96	Appropriate
NNFI	>0.9	0.98	Appropriate
RMSEA	<0.05	0.038	Appropriate

Results of table show that this model has appropriate validity; since, level of RMSEA less than 0.05 shows acceptable structural validity and in addition amounts of NNFI, NFI, AGFI, GFI, GFI are all more than 0.9. The following table shows route coefficient and sig amounts of variables and as it is observed, route coefficient for 14 relations at 0.05 level (t larger than 1.96 and t smaller than -1.96)

Table 4: Results of direct relationship and sig coefficient for research hypothesis

Route	Emblem	Route Coefficient	Sig	Result of Test
Border market- developing export	ED-BM	0.14	2.23	Acceptable
Border market- Per capita of income	PI-BM	0.29	4.39	Acceptable
Border market- status of employment	ER-BM	0.26	4.24	Acceptable
Border market- reducing import	RI-BM	0.36	5.73	Acceptable

Main Hypothesis: There is relationship between creating border market at Sistan and Balouchestan province and permanent development at this province

There is positive significant relationship between creating border market and developing export, increasing per capita income, creating job opportunity and reducing import. According to this relationship, having border market leads to increasing export and per capita income at this province and according to previous researches related to title of this research, creating border markets at Sistan and Balouchestan province leads to creating job opportunity and reducing export

Hypothesis 1: There is significant relationship between border market of Sistan and Balouchestan province and developing export at this province

According to table 4, the route coefficient for border market and developing export is 0.14. T-statistics for this coefficient is 2.23; therefore, the first subsidiary research hypothesis i.e. there is positive significant relationship between creating border market at Sistan and Balouchestan province and developing export at this province, is confirmed

Hypothesis 2: There is significant relationship between border market of Sistan and increasing per capita income of people of this province

According to aforesaid table, the route coefficient for border market and per capita of income is 0.29. T-statistics for this coefficient is 4.39 and its level is higher than threshold of significant; therefore, there is positive significant relationship between creating border market at Sistan and increasing per capita of income and the second research subsidiary hypothesis is confirmed

Hypothesis 3: There is significant relationship between border market of Sistan and Balouchestan province and growing occupation index of this province

According to assessment model, the route coefficient for border market and level of occupation index is 0.26. T-statistics for this coefficient is 4.24; therefore, i.e. there is positive significant relationship between creating border market at Sistan and Balouchestan province and growing occupation index of this province at this province

Hypothesis 4: There is significant relationship between border market of Sistan and Balouchestan province and reducing import to this province

According to table 4, the route coefficient for border market and reducing import is 0.36. T-statistics for this coefficient is 5.73; therefore, there is positive significant relationship between creating border market at Sistan and Balouchestan province and reducing import to this province.

9) Conclusion & Recommendations:

There is positive significant relationship between creating border market and developing export, per capita of income, growth of employment, reducing import at Sistan and Balouchestan province i.e. improving border markets leads to economic development at this province and in addition per capita income of border inhabitants are improved and more job opportunities are created for inhabitants of this area and level import is reduced due to support of government from domestic production and export sector that these events play key role on permanent development. In addition other results of this research, result of other related researches have proved this claim and therefore the following recommendations are offered:

1) According to influence of creating border market on developing export at this research, it is recommended to recognize other important areas at borders of this province that are able to establish border market

2) Whereas second subsidiary hypothesis and influence of border market and per capita of income and approving this hypothesis, it is recommended that authorizes take due action for topology and establishing required facilities for establishing specific economic zone

3) Whereas influence of border market on employment of border inhabitants, it is recommended for managers to enact binding rules and develop quality of market, increasing export items and recognizing other border abilities with attitude of creating job opportunity and support persons employed at this market

4) Whereas economic affluence and increasing export at border market that leads to reducing import, it is recommended that authorities take due action for eliminating export limits and offering facilities for importers including reducing import tariffs

5) Whereas main production of this province and key role of export at border market that unfortunately export goods is not among production of this province and border market play key role between main producers and end purchaser and in this way the end profit is not achieved by border inhabitants of this province. Therefore, according to the available potentials of this province it is recommended that there is requirement for serious attention to new industries and investment on production so that in addition to create job opportunity it leads to increasing income in return of selling production, it assists to other sectors of this province

5) One of the solutions for developing foreign trade is having required infrastructures. It is obvious that absence of having required infrastructures, suitable solutions withdraws

exporter from continuing export. Thus, investment on this field assists for growth of province and this zone

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