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Sociological Study on Residents' Perception of Special Economic Zone Regarding the Consequent Change in the Area; A Case Study of District Faisalabad

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ABSTRACT

CPEC is a hot topic among the entire world and its growth in the Islamic Republic of Pakistan has been fruitful. Special economic zones helped in encouraging foreign and domestic finances, employability, business, and financial stability resulting in infrastructural development; upgraded technology, human capital expansion and fiscal reforms for the host country. This investigation aimed to visualize the socio-economic effect on local people and the way how they perceive the special economic zone beneath the CPEC (China-Pakistan Economic Corridor) initiative. A quantitative research approach was adopted to achieve the goal of this research; to analyze these social and economic levels. The data was acquired through a well-structured interview schedule. The target population was the villagers living near the industrial zone, District Faisalabad. Tehsil Chak Jhumra was selected by using the purposive sampling technique due to the reason for declared Special Economic Zone. The purpose of this investigation was to look at the socio-economic impact of the special economic zone (district Faisalabad) on local people underneath the (China-Pakistan Economic Corridor) CPEC perspective. This study has filled the aperture and examined the direct socio-economic impact of the special economic zone for local citizens of Pakistan. This study has drawn a true picture of the present scenario; to what extent Special Economic Zone has a direct impact on them and their positive or negative thinking over it.

Keywords: Special economic zone, capital economy, wages, gross domestic product, infrastructure, CPEC, quantitative foreign direct investment, social economic benefits.

INTRODUCTION

SEZs in Pakistan are designed to provide a conducive business environment that encourages investment and facilitates trade. They offer a host of benefits such as tax exemptions, streamlined customs procedures, improved infrastructure, and access to essential utilities. The goal is to create clusters of industries that can compete globally, boost exports, generate employment, and contribute to overall economic growth.

One of the primary objectives of SEZs in Pakistan is to attract foreign direct investment (FDI). By offering favourable conditions and incentives, SEZs aim to encourage multinational corporations and international investors to set up their operations within the designated zones. This arrival of FDI can bring in capital, technology, and expertise, leading to job creation, skills development,

and technology transfer.

As the name implies, a Special Economic Zone is a geographical area administered by a single set of economic rules and regulations or any industrial land that is compatible with the World Trade Organization and other trade-free zones. The leased land is arranged by overseas and local investors from the Special Economic Zone Authority, which is either public or private. Economic zones may provide tax breaks and other incentives to industries that are located there (Farole, 2011).

The One Belt one road project is one of the high-budget projects China, in history; the Silk Route was the old name of this trade route to connect Asian countries on the trade route (Irshad et al., 2015). For the One Belt one road project, West Pakistan's geographic and strategic location

is incredibly ideal and suitable for other countries. For instance, West Pakistan and China had a never-ending sincere and friendly association on a reciprocal basis. Pak-China communal connotations started in 1950, currently, their relationship turned into regional connectivity and economic reforms in the form of the CPEC project. CPEC established a powerful bond to own political indications for Asian countries and therefore the whole region has notably specified the measure of the scheduled funds and its association with the One Belt One Road initiative (World Bank, 2015).

CPEC is considered a significant gateway that will resolve the energy crunches of Pakistan; which is suffering from a shortage of capital, and natural and human resources for 70 years. CPEC is going to provide a safe, secure, alternate, cheap, fast and short route to China for the importation and dissemination of oil and other commodities of life, on the other hand for trade purposes. A special economic zone is intended to push regional prosperity among West Pakistan, China and Eurasia (OBOR China report, 2015).

In a global scenario, the industrial sector plays a vital and prominent role in the continuous growth of the associated countries. Since the 19th century, fiscal strategy has been preoccupied with the export-led economy. In favour of this positive determination, expansion of industry nationally or internationally these developed economies have adopted several progressive, innovational and infrastructural strategies through exerting a pull on Foreign Direct Investment. CPEC is a flagship project that will be fruitful for the entire Asian region not only for Pakistan and China (Malik and Khan 2016).

The Special Economic Zone would boost the industrial sector in multiple segments, by consuming local resources; it will, enough sure strengthen the strong partnership, and innovational abilities and enhance employment opportunities. Special economic zone will also result in generating economic opportunities for residents across the border and local people will benefit from it and secure their jobs at their doorstep. It would facilitate minimizing rural-urban migration and sorting out the issues of inhabited cities on a regular and permanent basis (Ramay, 2015).

The Special Economic Zone holds the advancement of numerous projects; it includes railway lines, nuclear reactors installation, construction of big dams, and building network roads which will benefit the local

people directly in various phases of life, such as employability and people can take possession of these ongoing upcoming projects wholeheartedly. These economic zones shall prove the living standards of the poor people and their quality of life will be upgraded with the development of well-equipped hospitals; vocational training and technical skills enhancement institutes, availability of clean potable drinking water and the availability of these basic needs of life is the core objective of these zones (Abid et al, 2015).

Pakistan seeks to create an economically dense, socio-economically noticeable and possibly fruitful industry to open up a turning point of industrial development that contains, in conjunction with Chinese manufacturers operating in Special Economic Zones, high-end textile industries, telephone company information technology, educational research, mineral fuels and advanced warehouses for fruit and vegetables. Pakistan has numerous problems that have, too far, reduced enterprises to the achievement of their capabilities for expansion despite embarking on industrialization. It also contains low incentive to invest, the scattering of industries across the country, poor infrastructure, sub-standard human resources, poor instrumentation because the vocational skill sets are insufficient, technological advancement is lacking, industry costs are too high, brain drain, the hard and soft infrastructure of low value (Xudong, 2015).

The positive impact of the SEZ is reflected as additional job possibilities created in aspects of the economy affected by the SEZ's activities. Transportation, telecommunications, automobiles, airports, cargo, entertainment, accommodation, bank, and insurance are among these industries. As a result, job possibilities both for trained and untrained labor are being created. In addition, SEZs have a positive influence on job creation via three further avenues. Firstly, SEZs generated foreign exchange revenues, easing the rest of the economy's foreign exchange limits and accelerating capital investments. As a result, SEZs have created development money that assists in the creation of economic activity and jobs. Secondly, the transformation of investment funds towards fixed assets and the procurement of goods and services from the rest of the economy produce economic activity beyond the zone (Jaleel et al, 2019).

Institutions inside Special Economic Zone play a major part in fostering the inner and outer variables leading to sustained growth. In certain locations, this ratio is 50-

90% of GDP growth. Special Economic Zone is a major contributor to GDP, technical advancement and innovational creativity. The overall technology marketing in China is about 10%, but in industrial parks, it is 60%. In agriculture, the average technical growth is 55.2%, and even in showcase agricultural zones and agro-technology parks, this is approximately 70%. Foreign direct investment produced by four Special Economic Zone amounted to \$4.1 billion and by the end of the 1980s, foreign direct investment in exported products amounted to \$10 billion. Special Economic Zone has improved accessibility via transportation, technology change and worldwide research and development operations. According to statistics, over 3,000 areas functional in 135 countries engaged about 68 million employees and immediate business ventures worth \$500 billion. Special Economic Zones (Special Economic Zone) are provided across many developing countries to stimulate the usage of foreign direct investments in certain state-owned pockets and clusters (Pakdeenurit *et al.*, 2014).

Special Economic Zone-related investment in Pakistan will expand infrastructure and energy sectors, with the establishment of these segments will generate approximately 1 million jobs. In addition, it will also enhance the country's annual income by up to 2% to 2.5% from 2015 to 2030. Besides that, it would conjointly influence the securities of the market, on the other hand, it led to energy, transportation, and infrastructural development would enable easy and inexpensive access to open direct markets at the national or international level (Hamid and Hayat, 2012). The stock exchange market would additionally be influenced by foreign investment; due to heavy construction, their revenue and prices of raw materials correspondingly steel and cement would increase rapidly. The production of the manufacturers shall be increased just because of the balance between the demand and supply of energy. Then customers will get edges and financial gain that will meet the high demands of production (Aqeel, 2016).

The Special Economic Zone holds the growth of multiple projects; it includes railway lines, nuclear reactors installation, construction of big dams, and building network roads which will benefit the local people directly in various phases of life, such as employability and people can take possession of these ongoing upcoming projects wholeheartedly. (Abid *et al.*, 2015). These economic zones shall prove the living standards of the poor people and their quality of life will be upgraded with the

development of well-equipped hospitals; vocational training and technical skills enhancement institutes, availability of clean potable drinking water and the availability of these basic needs of life is the core objective of these zones. Industrialization in the CPEC's 'Special Economic Zone' can help in the rehabilitation of Pakistan's deteriorating industrial units, whereas Toseef and Yong (2020) predicted that job creation would come primarily from the local population rather than from China or any particular region of the nation.

OBJECTIVES

- To analyze the perception of local people regarding special economic zone
- To evaluate the impact of SEZ on the livelihood of resident
- To suggest recommendations to all stakeholders

REVIEW OF LITERATURE

Aggarwal (2007) discovered the influence of Special Economic Zones in India on people's betterment and poverty alleviation. Which highlighted three ways in which SEZs tackle the following problems: employment creation, increasing human skills and technological and intellectual improvement. Their factual findings during the investigation were grounded on both secondary and secondary data. A comprehensive discussion with employers and people from the top three SEZs, SEEPZ, Madras and Noida, collected the key facts in this report. The research revealed that 'employment generation was the major way for SEZs to deal with human development in India. Zonal jobs were compensating. Wages did not fall below those outside of the zones. Moreover, in the small formal segment, in particular, labor standards were higher than those that prevail outside the zone, as well as non-monetary advantages such as transportation, health and food, incentive and social protection regimes. The relevance of SEZs in human capital generation and technical improvement was rarely demonstrated.

Gilbert and Nilanjan (2012) considered that efficient infrastructure had increased the GDP of all South Asian nations. The greatest increase in Nepal was 14.8%, while Bangladesh accounted for 4.10% and Sri Lanka for 4.6%. The net profit in India exceeded 4.3 billion dollars and Pakistan could exceed 2.6 billion dollars. If regional expenses were to be lowered, it could affect domestic welfare with obvious effects on the region's poor. The effects of the housing situation on Pakistan and the

countries of South Asia were beneficial, implying a decline in wealth disparity.

Wang (2013) claimed that most SEZs were mostly the key drivers of the adjacent areas' economic progress. In Chinese communities near SEZs, they showed an overall boost of foreign direct investment per capita of 58%. Chinese SEZs had not stockpiled capital formation and equity. They had shown with China's statistics that, based on the type of zone, the establishment of large areas boosted GDP from 6% to 10%. This influence of SEZs was largely due to physical capital buildup.

Ramay (2015) Special Economic zone expansion in Pakistan could also lead to further foreign investments and a shift in Pakistan's image as far as security is concerned, including its networks for infrastructure support. Due to Pakistan's investment mindset, CPEC was expected in 2015 to increase GDP by 1.5% over the next three years. The CPEC generated exponential development of approximately \$17 billion in commodities trading in the government budget year. But for so many observers, this project had larger economic benefits to China and had been seen as a reflection of China.

Warr and Menon (2016) assessed the SEZ of Cambodia that had convinced and motivated foreign investors in their country that had not ever invested in history. Presently, 29 SEZs have been inaugurated; from which 9 economic zones were operational while 20 SEZs need authorization to be operational. These SEZs had raised the living standards of domestic labor along with the creation of 68000 jobs approximately. These small-sized SEZs employed 1% out of the entire, besides 3.7% from the manufacturing sectors of Cambodia. The most prominent feature that needs to be noted here is their garment factory, which employed 60000 labourers.

Haq and Farooq (2016) claimed that the short-term social welfare impact of the special economic zone's changes had anticipated the three components of education, medicine and housing for the region and city of Pakistan. The vigour of this mega-growth project indicated that social welfare was set to grow by 5.21% in Pakistan by 2020. In Balochistan, 6.4% of the population, Sindh 6.31, KP 5.19% and Punjab 3.5% of the population were the most affected provinces. Three social welfare aspects of the relative impact are to be highlighted: In addition, 8.6% of families reported a substantial rise in quality of living. Academic 3.85%, healthcare 4.74%. Poverty and inequality regions could significantly improve the quality

of life in comparison with other districts. The project's gradual execution showed that Pakistan's public welfare could increase by 5.21% by 2020. Balochistan had 6.4%, Sindh 6.31%, KP 5.19% and Punjab 3.0%, respectively, the province level with the greatest growth in social welfare. The effect of 3-dimensional social welfare could be shown; 3.85%, 4.7% and 8.6% indicated considerable development of housing in educational institutions. In addition, its three approaches indicated a significant improvement in their well-being proportions.

Zia *et al.* (2017) identified the number of staff engaged by Chinese and Pakistan in several of these projects. The coordinators of six highway projects obtained the key data through a questionnaire. Local individuals were involved in such efforts; local workers improved their skills. The figures show that in 6 SEZ projects and associated road-building projects, approximately 40,000 direct jobs were generated. The rate of labor participation from China to Pakistan is 1:18%. Obtained figures showed that just 5% of the whole work was performed by China, while 95% was employed by Pakistan. The Chinese citizens' resistance to the deportations of labor and resources generally based on preconceptions and political observations should be discarded and the long-term and effective integration, prosperity and safety of Pakistan could be explored.

Pakistan Bureau of Statistics (2017) stated that underpinning competitive advantages in the SEZ regions of Pakistan and offering future manufacturing industries an opportunity for continuous governing systems, an improved marketplace of skill sets, the interchange of information, creativity and economic effects, leading to advanced manufacturing development and commercial endorsing in Pakistan. The effective meant to boost the economy was to utilize the comparative advantages underpinning Pakistan's textiles, electricity, pharmaceuticals, food processing and Agri-product collaborations. However, several problems must be addressed if collaborations are established and supported in the long term. The creation of harmony between the staff at the same site may reduce cultural issues.

Kanwal *et al.* (2019) claimed that under the assistance of SEZ, multiple educational and specialized technical training projects had been launched and are working effectively in these regions. The construction of road networks could lead to the excellence of education and higher educational institutes, and people of

underdeveloped cities could be able to have access to these institutes.

Toseef *et al.* (2020) concentrated on the main aspects of public acceptance under the SEZ. The project produced social and behavioural services for stakeholders in the international economic context which led to the research on public acceptance in the progressive regions under the umbrella of the CPEC in Pakistan's Dera Ismail Khan District (KPK). Results showed that employee understanding, and cooperation were key to public behaviour in carrying out a socially effective megaproject. The experimental findings showed the role of awareness in generating public behaviour to promote a financial development project like the SEZ and the social benefit of the population had accomplished all the purposes of this research. The survey showed major areas of popular interest, which completely embrace, while simultaneously waiting, the SEZ in terms of financial development and economic growth.

Mahmood *et al.* (2020) retrieved the rural, especially among the local communities concerned, who had declared the participation of investors in SEZ projects in Pakistan. The program was randomly selected for its implementation and its flexibility, two Khyber Pakhtunkhwa and Punjab Provinces and eight municipalities. The results suggested that the level of discontent between land acquisition and disappointment with an SEZ project is 2.45 times greater when the land was seized by force or earth compensation is judged to be inadequate by the local population. SEZ projects were likely to lead to financial suffering and significant discontent and unrest among these local communities. To reduce dissatisfaction, the performance of SEZ projects had to be strongly encouraged. A small number of villagers who were willingly surveyed sold their grounds to the SEZ project and purchased property readily regardless of whether or not an equivalent ground could be bought. This pleasure was very much dependent on work opportunities in economic areas and energy projects since their town's specific economic zones and solar energy projects had been designated to provide respectable jobs for locals.

Saad *et al.* (2020) conducted a study to uncover the attitudes of rural women about SEZ. Rural women viewed new prospects in a major way through SEZ but believed that SEZ had to affect not openly their quality of life and self-improvement but on the growth of these rural regions. The relationship between SEZ development and

perceived possibilities is somewhat mediated by countryside progress, whereas the connections within the Advancement of SEZ, quality of life, development and improvement of SEZ. However, the opportunities did not immediately touch the rural women since they were indirectly effective through rural development. They found that rural women were directly aware of new opportunities via the SEZ. In particular, the SEZ did not impact directly their quality of life and self-improvement. However, it first developed rural infrastructure (e.g., Houses, hospitals, schools, roads and power, etc.), resulting in quality of life and self-improving conditions. Rural development intervened partly in the link between SEZ and a perceived possibility while fully mediating the relationships between SEZ development with quality of life and SEZ occurrence and self-improvement. Their research encouraged stakeholders to focus on the betterment of the rural regions which might improve livelihoods in the neglected parts of Pakistan with impoverished populations.

METHODOLOGY

The study population comprises males and females living in the rural areas of the selected adjacent villages of the Special Economic Zone, District Faisalabad. This study was quantitative. The researcher used this research design to analyze the socio-economic influence on the local people of the Special Economic Zone regarding the changes taking place in the Faisalabad District, Tehsil Chak Jhumra. A quantitative research design was used for data collection and systematic interpretation of data by the provided population data. This helped the researcher to find out the demographic characteristics of the given population. A quantitative research approach was adopted to achieve the goal of this research; to analyze these social and economic levels. The data was acquired through a well-structured interview schedule. The target population was the villagers living near the industrial zone, District Faisalabad. Tehsil Chak Jhumra was selected by using the purposive sampling technique due to the reason for declared Special Economic Zone. A purposive sampling technique was used to collect data from rural areas of a specified population. In this procedure, there were two rural Union councils selected conveniently out of which five villages were selected conveniently. This research was conducted in the district of Faisalabad, Tehsil Chak Jhumra. Union council-06, 1- (152/RB Ghunna) 2- (159/RB Suba-chak) 3- (161/RB

Nipalka) 4- (160/RB Banga chak) and Union council-10, 5-(153/RB Bharoki) were selected conveniently. A total of 150 participants were involved in the study, with an equal representation of 30 respondents selected from

each village. However, a well-structured interview guide was prepared in simple English language later on it was translated into their local language due to the low literacy rate of the rural people.

RESULTS AND DISCUSSION

The relationship between income and employment opportunities for the residents near the economic zone is shown in Table 1. The research findings revealed that a significant proportion of participants, specifically 74.0% of those earning a monthly income ranging from 20000 to above 40000, acknowledged a considerable increase in their income as a result of the presence of the special economic zone. In contrast, 14.6% of respondents earning between 20000 and 40000 stated a more modest opinion regarding their income growth. Furthermore, a prominent 17.7% of participants indicated having no

opinion on the extent to which their income had increased. A chi-square analysis was conducted to observe the relationship between income and employment opportunities for residents living near the economic zone. The chi-square value of 10.187 and the p-value was 0.037, indicating a significant relationship between income and employment opportunities. Furthermore, the gamma value was calculated to be -0.066, signifying a weak negative association between these variables. These results showed valuable insights into the impact of the economic zone on income levels and employment opportunities for nearby residents.

Table 1. Perceived Extent of Employment Opportunities Formed by SEZ According to Monthly Income Levels.

Monthly income	Employment Opportunities Formed by SEZ			
	To great extent	To some extent	Don't know	Total
Up to 20000	47 31.3%	15 10.0%	4 2.6%	66 44.0%
20000 to 40000	45 30.0%	4 2.6%	11 7.3%	60 40.0%
Above 40000	19 12.6%	3 2.0%	2 1.3%	24 16.0%
Total	111 74.0%	22 14.6%	17 11.3%	150

Chi-square value 10.187 df 4 P value .037 Gamma -.066.

Table 2. Perceived Improvement in Quality of Life of Residents Due to SEZs According to Monthly Income Levels.

Monthly income	Improvement in the Quality of Life of the residents			
	To great extent	To some extent	Don't know	Total
Up to 20000	26 17.3%	35 23.3%	5 3.3%	66 44.0%
20000 to 40000	21 14.9%	23 15.3%	16 16.6%	60 40.0%
Above 40000	7 4.6%	13 8.6%	4 2.6%	24 16.0%
Total	54 36.0%	71 47.3%	25 16.6%	150 100.0%

Chi-square value 9.128 df 4 P value .058 Gamma .188.

Table 2 shows a highly significant association between dependent and independent variables. Here, for people who are earning up to 20000 to 40000, respondents 47.3% (71) agreed that their living standard has

enhanced just because of the special economic zone in their territory. Whereas 36.0% of people who live in the 20000 to 40000 range of monthly income less agreed with the statement their living quality of life has

improved because most of them were doing other business and jobs. So, it is clear that the majority of the people approved that they don't have any opinion. The Chi-square value is 9.128 which shows that the majority of the people accepted their overall quality of life is improved and that there is a strong association

between the variables, monthly income, and the living standard of the people. P value is .058 means that its significant relation. The gamma value is .188 which indicates positive relation, which means that their quality of life has changed to a drastic level.

Table 3. Perceived Impact of Special Economic Zone on the Family of Residents by Monthly Income Levels in SEZ.

Monthly income	Impact of Special Economic Zone on the Family of Residents			Total
	To great extent	To some extent	Don't know	
Up to 20000	39 26.0%	24 16.0%	3 2.0%	66 44.0%
20000 to 40000	44 29.3%	9 6.0%	7 4.6%	60 40.0%
Above 40000	15 10.3%	5 3.3%	4 2.6%	24 16.0%
Total	98 65.3%	38 25.3%	14 9.3%	150 100.0%

Chi-square 10.255 df 4 p-value .036 Gamma -.067.

A significant majority of 65.3% strongly agreed that the presence of a special economic zone has a strong impact on their family. Remarkably, even participants with lower earnings, as low as 20,000, agreed with this statement. In contrast, 25.3% of the participants held a more moderate view of the subject. The analysis conducted in this study chi-square value of 10.255, along with a p-value of .036, which indicates a statistically significant relationship between the variables under study. Additionally, the gamma value of -.067 suggested a negative association

between the dependent and independent variables. These findings suggest that the establishment of a special economic zone influences the respondents' perception of the impact on their families. The majority of respondents strongly agreed with the conception that the special economic zone affects their family, regardless of their income level. The negative association further suggests that as the presence of the special economic zone increases, the perceived impact on their family becomes more pronounced (Table 3).

Table 4. Perceived Impact of Education on Poverty Reduction According to Education Levels in Special Economic Zone.

Education level	Impact of Education on Poverty Reduction			Total
	To great extent	To some extent	Don't know	
Primary	9 6.0%	6 4.0%	0 0.0%	15 10.0%
Matric	17 11.33%	3 2.0%	2 1.33%	22 14.7%
Intermediate	14 9.3%	20 13.3%	4 2.6%	38 25.3%
Graduation & above	37 24.6%	24 45.3%	14 70.0%	75 50.0%
Total	77 51.33%	53 35.3%	20 13.3%	150 100.0%

Chi-square value 15.315 df 6 P value .018 Gamma .207.

Table 4 depicts the majority (51.33% out of 77) agreed with the statement that the establishment of Special Economic Zones has led to a reduction in poverty in their respective areas. These conclusions highlight the importance of education in driving poverty reduction in villages near special economic zones. The results support the concept that increased education levels contribute to improved socioeconomic conditions and a decrease in poverty rates.

A chi-square analysis was performed to investigate the relationship between education level and poverty reduction in villages located near a special economic

zone. The results revealed a significant association, as indicated by a chi-square value of 15.315 and a p-value of .018. The strong positive association between education level and poverty reduction is supported by a gamma value of .207. This finding suggests that there is a considerable relationship between the independent variable (education level) and the dependent variable (poverty reduction).

Raheem (2011) conducted a study to investigate the effects of special economic zones on poverty and human development.

Table 5. Perceived Quality of Education According to Education Levels of Residents in the Special Economic Zone.

Education level	Quality of Education According to Education Levels			
	To great extent	To some extent	Don't know	Total
Primary	6 4.0%	9 6.0%	0 0.0%	15 10.0%
Matric	12 8.0%	6 4.0%	4 2.7%	22 14.7%
Intermediate	11 7.3%	20 13.4%	7 4.6%	38 25.3%
Graduation & above	35 23.4%	20 13.4%	20 13.4%	75 50.0%
Total	64 42.6%	55 36.7%	31 20.7%	150 100.0%

Chi-square value 14.719 df 6 p-value .023. gamma value .067.

Table 5 illustrates Education that reflects the socio-economic status of any society. This table shows that 42.6% (out of 64) of the respondents have approved that their educational level has increased due to the Special Economic Zone in their area. The research showed that 23.4 percent of the participants accepted the statement. The chi-square value is 14.719 which shows a significant relationship between the dependent and independent variables. The p-value of the chi-square is .023 which shows a strong relationship between the level of education in their area and the quality of education of the respondents. The gamma value is .067 which is positive and shows there is a strong association between the education level and the quality of education.

CONCLUSION

Special Economic Zones (SEZs) have emerged as a global phenomenon, gaining acceptance and driving economic growth in various countries. Pakistan's experience with

SEZs demonstrates their potential to raise living standards and develop infrastructure, particularly in rural areas. While SEZs have contributed significantly to the economy, this research suggests that their impact on improving the lives of rural communities may be limited. Although SEZs have strong and positive socio-economic effects, there is still untouched potential to fully influence their benefits. To maximize financial and social gains, it is crucial to prioritize SEZs on a serious basis and explore ways to enhance their effectiveness. By strategically harnessing the transformative power of SEZs, greater advancements can be made in uplifting the lives of rural populations and achieving sustainable socio-economic development. This research highlights the need for continuous evaluation and optimization of SEZ policies and practices. Efforts should be directed towards ensuring that SEZs not only drive economic growth but also lead to direct improvements in the well-being of rural communities. By recognizing the significance of

SEZs and adopting a comprehensive approach, countries can unleash their full potential for inclusive development and create a more prosperous and unbiased society. This research highlights the importance of recognizing SEZs as a valuable tool for socio-economic development and underscores the need for strategic considerations to ensure their effective utilization for the betterment of society as a whole.

RECOMMENDATIONS

- **Enhance rural integration:** To bridge the gap between SEZs and rural communities, it is crucial to develop effective mechanisms for integrating local populations into the economic activities and opportunities generated by the zones. This can be achieved through targeted skill development programs, entrepreneurship support, and job creation initiatives specifically tailored for rural residents.
- **Strengthen social infrastructure:** In addition to focusing on economic development, attention should be given to improving social infrastructure in and around SEZs. This includes investing in healthcare facilities, educational institutions, housing, and other essential services to uplift the quality of life for both SEZ workers and nearby rural communities.
- **Foster inclusive growth:** SEZ policies and incentives should be designed to promote inclusive growth by ensuring that the benefits extend beyond the boundaries of the zones. This can be achieved by encouraging linkages between SEZs and local suppliers, facilitating technology transfer, and creating opportunities for small and medium-sized enterprises (SMEs) to participate in the value chains associated with the zones.
- **Promote sustainable practices:** SEZs should be developed and operated with a strong emphasis on sustainability. This includes adopting environmentally friendly practices, promoting renewable energy sources, implementing waste management systems, and integrating social responsibility measures to minimize the negative impact on the environment and communities.
- **Strengthen monitoring and evaluation:** Regular monitoring and evaluation mechanisms should be put in place to assess the performance and impact of SEZs. This will help identify areas of improvement, measure the effectiveness of policies, and ensure that the

intended goals of poverty reduction and socio-economic development are being achieved.

- **Stakeholder engagement and collaboration:** Effective governance structures should be established to encourage active participation and collaboration among various stakeholders, including government agencies, local communities, private sector entities, and civil society organizations. This will ensure that diverse perspectives are considered and incorporated into decision-making processes related to SEZ development and management.

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