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SPECIAL ECONOMIC ZONES: LAND ACQUISITION AND EMPLOYMENT GENERATION

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ABSTRACT

India opened up its economy in 1991 and intensified its move towards export-led growth. In 2000, the government replaced the old EPZ regime by a new scheme of “Special Economic Zones” (SEZs) with several lucrative incentives / benefits that were not available in the earlier scheme. In 2005, it enacted the SEZs Act and the SEZs Rules were notified in February, 2006. The policy is expected to give a big push to exports, employment and investment in SEZs. Many of them occupy hundreds of acres of land each and often the land is acquired by the government from unwilling farmers. The present paper studies the impacts of SEZ on land acquisition, displacement of farmers, employment generation etc.

The SEZ Act in 2005 marks the acquisitions of land by the state for “public purpose” and the transfer of the ownership of this land to private developers to set up their enterprise in the SEZs. The farm land has been acquired without adequate compensation to the farmers by the government. On the basis of the Land Acquisition (Amendment) Bill, 1998, wishes of landowners could be ignored. Those people, who are not landowners but depend on agriculture for their livelihood are not compensated by the government or the SEZs. The size of employment per unit in Indian SEZs is the smaller as compared to Bangladesh and another feature is that the proportion of women workers in Indian SEZs is lower than that in Bangladesh SEZs, and lower than in the SEZs of many other countries.

Key Words: SEZ; Land Acquisition; Farmers Displacement; Employment Generation



Introduction:-

The first Export Processing Zone (EPZ) was set up in Ireland in 1959, while first Asian Zone was the Kandla (EPZ) in Gujarat established by the Indian Government in 1965. India opened up its economy in 1991 and intensified its move towards export-led growth. In 2000, the government replaced the old EPZ regime by a new scheme of “Special Economic Zones” (SEZs) with several lucrative incentives / benefits that were not available in the earlier scheme. In 2005, it enacted the SEZs Act and the SEZs Rules were notified in February, 2006. The policy is expected to give a big push to exports, employment and investment in SEZs. The SEZs are extremely attractive to exporters, industrialists and entrepreneurs because of differential application of laws and favorable tax concessions. A large number of SEZs have come into existence in the last five-six years. Many of them occupy hundreds of acres of land each and often the land is acquired by the government from unwilling farmers.

The SEZ policy has become one of the most hotly debated issues in recent years. The present paper studies the impacts of SEZ on land acquisition, displacement of farmers, employment generation etc.

Land Acquisition for the SEZs:

Land is one of the most important assets of farmers and sometimes the only asset that they have. They derive their livelihood, identity and their sense of security from land. Further, with an increase in population, and lack of other employment opportunities, the stress on land has increased in India. In reality, in most cases, the land does not give him a very high quality of life, but it helps him to survive and be somewhat “food assured”. This is the income function of land. Ownership of land does not make him “Jobless”, the way a person can be jobless in the urban areas in the industrial system. Since the change in milieu is in some ways related to the highlighted economic activity, we can think of two phases. The first is the “traditional phase” starting from the first plan till the opening up of the economy in 1991. The second is the “civil society phase” which was characterized by increased activism and consciousness about the importance of land. In recent years, we find that the non-agriculture sector wants this appropriate



land and the farmers are unwilling to part with it due to various reasons, leading some of the most violent disputes the country has seen.

According to the SEZ Act, SEZs are interpreted as “public facility or infrastructure” where in fact they are enclaves for translation all capital to flourish in the “free market” competition inherently by the state for development projects and deemed the property of state, hence public, the shift that the SEZ Act in 2005 marks is the acquisition of land by the state for “public purpose” and the transfer of the ownership of this land of this land to private developers. The trajectory of neoliberal corporate growth through accumulation by dispossession thus becomes clear in this land-acquisition process.

State across the country has developed different modes through which land can be acquired. There can be the SEZs mode; the government acquiring the land and handing it over to the private developer; a partnership between the government and the private industry etc. Under the current law, the Supreme Court has upheld the right of the government to acquire land for public purpose (Mehta 2010) and lower amounts can be paid for such land. The areas where the SEZs are located are usually chosen by some global enterprise or a fraction of global capital or domestic enterprise. The concerned state government then acquires the land from the farmers against payment of some meager compensation. In the context of land acquisition, the ministry of Rural Areas and Employment of India has reviewed the law (Land Acquisition Act 1894 (LAA)) and promulgated a draft Land Acquisition (Amendment) Bill, 1998. The land acquisition legislation in force today is a relic of the colonial era when the wishes of landowners could be ignored (Asif 1999). In the context of land acquisition many investors for their projects have used their political power to get land free or at a negligible price (e.g. land acquired by Reliance Energy Generation in the Hapur Subdivision of Ghaziabad) (Pai 2010). It is also interesting to see that in some cases, politicians have almost threatened the agitating farmers with declaring those areas which the farmers do not want to give up as “green belts”, thereby foreclosing any opportunity for the farmers to sell their land for non-agricultural purpose in the future.



The land acquisition by the government is just the beginning of the new phase of capitalist expansion. Critics of this government policy argue that the compensation being offered is not “adequate” that those who are not landowners but depend on agriculture for their livelihood are not compensated; that agricultural production will go down as the proposed SEZs are largely located on prime agricultural land; that those enterprise located in SEZs are offered the best tributes in terms of tax exemption, subsidized electricity supply and the SEZ policy is seen as a part of larger objective of grabbing control of natural resources.

Those owners of the enterprise do not consider the land which is whether fertile or non-fertile they try to acquire the land using their political power. For example; the Tata’s have reached on agreement with the Leftist government in West Bengal to set up a car manufacturing unit at a place called Singur. The land earmarked for the projects was very fertile and produces multiple crops. Conversion of multiple crop land to non-agriculture land has violated the State Governments own announced policy, but that is a separate issue. The farmers were, by plan to acquire their lands for handing over to the Tata’s. Unfortunately, Tata’s car-manufacturing unit imposed the shift from Singur to another place by strong resistance of farmers. The farmers are resisting such virtual eviction in many places, but the state governments are using or threatening to use a Colonial Land Acquisition Act, which allows the government to acquire “for public purpose” any land, on payment of compensation even through the owner may not be willing to part with the plot.

Considering that these SEZs acquired hundreds hectors land with little regard to land ceiling provisions. Only 50 percent of the land reserved for a multiproduct and sector specific SEZs is to be used for productive purpose. The rest can be used for “development” of real estate, potentially creating speculative real estate bubbles effectively for “absorption of surplus value” (Harvey 2007).

From above discussion we see that the increasing role of the state as the promoter of corporate – led economic growth is underlined by the acquisition of land for SEZ and the transfer of ownership of this land to “developers”. Thus, the displacement farmers gets pushed to private



arena with compensation potentially negotiated by the market and without the state's responsibility for rehabilitation. We know that the characteristic of factory is to produce manufactures. The bearer of this characteristic is the labourer engaged in the factory. The characteristic of agricultural land is to produce agricultural crops. That is why when the government takes over agricultural land for constriction of industry or SEZs project the farmers oppose such moves. We think that the government should play important role in the process of land acquisition and the setting the SEZs projects, as far as possible, projects may be set up on wasteland, degraded land or unirrigated land. Acquisition of agricultural land for non-agricultural use in the project may be kept to the minimum; multi-cropped land may be avoided to the extent possible for such purposes.

The large numbers of farmers and agriculture workers in many places in India are displaced by the set up SEZs. But the estimates of numbers of people to be displaced by the approved SEZs are as yet unavailable. People's struggles against displacement to be caused by SEZs however, are already intense and in some cases, violent. The violence with in Nandigram in the state of West Bengal (that time Communist Party of India (marxist) ruled state) is a case in point. In March 2007, 14 people died in police firing when protesting notification of land acquisitions of 25,000 acres of land under the LAA 1894 for an SEZs towards a chemical hub slated for the Salim group of Indonesia. Fairness demand by the some farmers that all – land loser should be given an equal compensation (land for land), but in practice, it did not find such happen. The compensation offered by the government or concerned SEZs project for all – land loser, which is inadequate, and those people, who are not landowners but depend on agriculture, the SEZ Act is nothing strong provision for compensation to them. At one's level, no compensation can be adequate as displacement means the loss of a particular way of living. In this case, the farmers are expected to shift from income certainty to low or high uncertainty.

Employment Generation:

The SEZ Act 2005 sets creation of employment opportunities as one the guidelines for notifying SEZs. At that time, the commerce minister claimed that the SEZs will create 5 lakh



new employment opportunities in coming 5 years. The studies show that status of workers engaged in SEZ projects is a matter of concern. According to International Confederation of Free Trade Union (ICFTU), the workers in the all SEZs in world are exploited by the authority. Another study, the Human Right Commission of Kenya, in their book, namely “The manufacturers of Poverty: the Untold Story of Kenya”, said that the SEZs do not improve the status of workers; it is the factory of manufacturers of poverty. Here we review the performance of the seven central EPZ – turned – SEZ on the basis of the available literature. The employment generation of the SEZs and share of women workers in the SEZs in India and Bangladesh are expressed in the table 01.

The table indicates, in March 2008, SEZs in India, and Bangladesh provided employment for about 1,93,474 and 2,11,839 people respectively in each country. The number of units in India is greater than the numbers of units of Bangladesh, the size of employment per unit in Indian SEZs is the smaller as compared to Bangladesh.

Table 01
Employment Generation of SEZs in India and Bangladesh

(As on March 2008)

Country	No. of Units	Employment (Persons)	Share of women workers (%)
India	1,122	1,93,474	37
Bangladesh	276	2,11,829	64

Notes:

- 1) The figures for India covers only seven central government EPZ – turned SEZs.
- 2) For India, the figure is the number of approved units while for Bangladesh, it is the number of operating units

Source: BEPZA presentation, May 2008; <http://sezindia.nic.in/welcome.htm>



Another feature is that the proportion of women workers in Indian SEZs is markedly lower than in Bangladesh SEZs and lower than in the SEZs of many other countries. The low concentration of female workers in Indian SEZs is attributable to the availability of male workers willing to work under the conditions offered by investors and also reflects regional socio cultural gender norms which act as a deterrent against female employment (Neeta and Varma 2004, 26). Another possible reason for decline in female employment in the SEZs could be that an increasing number of women are employed as casual or contract workers and they do not appear on company records (Pratap 2009). The proportion of female workers varies among the seven SEZs, between the 57% of Madras SEZ (the highest) and the 18% of Nodia SEZ (the lowest) of the seven SEZs only in two, Madras SEZ and Falta SEZ (West Bengal) do women outnumber men.

Conclusions:-

The SEZs are extremely attractive to exporters, industrialists and entrepreneurs because of differential application of laws and favorable tax concessions. The SEZ Act in 2005 marks the acquisitions of land by the state for “public purpose” and the transfer of the ownership of this land to private developers to set up their enterprise in the SEZs. The farm land has been acquired without adequate compensation to the farmers by the government. On the basis of the Land Acquisition (Amendment) Bill, 1998, wishes of landowners could be ignored. Those people, who are not landowners but depend on agriculture for their livelihood are not compensated by the government or the SEZs.

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