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## A CRITICAL STUDY OF SPECIAL ECONOMIC ZONES IN INDIA

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### ABSTRACT

The Government of India has introduced policy for SEZ's in 2000 in view to attract the foreign investment into the Indian territory for export and import competitiveness.

Various modes of application were brought in for setting up of SEZ. The main and important issues regarding the land acquisition have to be criticized for forceful acquisition of land by the corporate in live of meager compensation from the land owner. After independence Bhudan movement was carried by Vinoba Bhave but now nobody can restrict to the corporate and capitalist from land grabbing movement. Even Government machinery has closed its eyes for this and is helping them by lawful grabbing. Keshvanand Bharti's decision on the right to property held that SEZ is made for the public purpose therefore acquisition of land is valid

**KEYWORDS :** Special Economic Zone- Acquisition, Rehabilitation, Migration,

### INTRODUCTION

Land is an important source of livelihood for population in every country. Even socialized waste lands are not wastes but part of common property resource which fulfill many needs of local people. Taking away this land means disproving local population and destroying their life support system. Thus displacement is unjust, whether it is from highly fertile land of coastal areas or in hilly forest inhabited by the tribal.<sup>1</sup> Further the rehabilitation policies may be very good on paper but they are never implemented properly. Further contention is that the very purpose of displacement is one a redistribution of limited natural resources in favor of big corporations and two, creation of a reserve army of labour.

It is impractical to think that acquisition of Agricultural land can always be avoided. For the left parties the crucial issue would be to what extent and by what means the decline in agriculture could be stalled and now soon industrialization would be able to create permanent alternative means of livelihood.<sup>2</sup> This mantra of growth is a mirage of prosperity. Even though they induce more employment opportunities but the net result is less employment. In fact, establishment of SEZ reduces employment opportunity in two ways. One it takes away the agriculture land, the pastures, the forest with common water resources and destroys the earlier livelihood. The number of new jobs provided by industry is much less than the number of person whose livelihood is destroyed fully or partially. Moreover, new jobs demand new skill and therefore mostly go to outsiders, mainly to trained urban middle class personal.

Two the newly highly mechanized system of production displaces labour intensive production units creating another series of displacement. A large number of farmers, agricultural labour, fisher folk, and allied workers are getting displaced from land and livelihood that is leading to fierce resistance movements in different parts of the country and resultant state atrocities and violence. SEZ and displacement are interlinked since no effective resettlement and rehabilitation is available in its place.<sup>3</sup> SEZ policy is nothing but colonization, and illusion of being important and necessary condition for modern industrial development. It seems to be the capitalism because of imperialism is the first and for most stage of capitalize. In capitalism and colonization there was direct exploitation of workers within a factory of farms colonial exploitation plunder, loot and destruction of natural resources the land grabbing movement carryout by the millionaires and billionaires with the helping state conniving and collaborating with them. Reasons for this are availability of land at cheap rate, tax exemption and exempt from and environmental regulation. SEZ is one of the growth engine but creates various problems.

### Land Acquisition :

Acquisition of land has surfaced as the biggest problem for setting up of special economic zones. Sumit Sarkar, a historian has called the SEZ policy the biggest land growth movement in the History of Modern India. Bureaucrats and politicians are aware of the soaring value of the land, and want to grab it by announcing a permitted land use<sup>4</sup>.

The acquisition for SEZ has turned into a Gordian knot problem like forcible acquisition of land for the project adverse impact on agriculture, inadequate compensation to farmers and displacement and rehabilitation of large number of people involved in this complex issue. The political patronage is continuous to be in the influential section of India. Since independence, cultivable land has been acquired for the purpose of expanding town/cities by converting agricultural land. This has been going on and still goes on at a same pace. In the name of Industrialization a large portion of land has been acquired from the people for public purpose and was later handed over to private companies.<sup>5</sup>

With the enactment of SEZ the political parties and industrialization global agents of privatization and liberalization come together to acquire the land and alliance people from their own natural resources. The entire process of establishing SEZ in India needs to be seen as essentially a classic unfolding of the process of "accumulation by dispossession" the recent strategy of the global capital to overcome the chronic problem of over accumulation.

The SEZ legislation is an arbitrary act against the people of India which can play havoc with their livelihood, food security and environmental safety, justice to workers, fiscal health and balanced development of economy. There is urgent need that the Government seriously revisit and rethink these two anti-people and un-democratic legislation.<sup>6</sup>

### Acquisition of Agricultural Land:

The next problem regarding the land Acquisition is that the huge blocks of agricultural lands have been acquired for those displaced. This has prompted the Government to issue guidelines to the effect that follow and uncultivated land alone should be acquired for SEZs and that if fertile land is involved, it should not be more than 1% of the total area with a rider of providing adequate compensation and rehabilitation for those displaced. Government should enact reasonable legislation in the interest of Justice social harmony equitable development for human and Natural Rights over their land and livelihood.

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social harmony equitable development for human and Natural Rights over their land and livelihood.

Those who hold a different view on acquisition of farmland say that it is a micro-economic problem pertaining to those who are losing their livelihood. It concerns the tiller of the soil and others who depend for their daily bread on appropriate land, those owner cultivators, sharecropper, landless agricultural labors and even small local traders whose existence had so far been rooted in the plots of land that are proposal to be handed over to the SEZ developers. Giving away prime agricultural land for the sake of industrialization does not necessarily result in equi- table development. Disposing poor framers therefore is an un- conscionable social policy. The aim should be to minimize large scale displacement as far as possible. Only the minimum area of a land commensurate with the purpose of the project may be acquired, project may be set up on wasteland, degraded land or unirrigated land. Acquisition of agricultural land for non ag- ricultural purpose in the project may be kept to the minimum; multi cropped land may be avoided to the extent possible for such purposes and acquisition of irrigated land if unavoidable may kept to the minimum.<sup>7</sup> In India too, against a background of pervasive agrarian crisis conversion of farm land into SEZ will clearly aggravate the problems of declining food grains availability. Already with a sharp decline in the public investment rates and public development expenditure in the primary sector, the consumption of the poor in the country is sacrificed. The agrarian crisis is getting manifested through a sharp increase in the number of landless rural households and the large number of fanner suicides underlying which is a steep fall in the profitability of production engineer by new liberal polices. The special economic zones Act, 2005 is enacted for the establishment, development and for the promotion of exports matters connected therewith of incidental there to. Above all intention clearly shows that there will be no other regulation beside the Act and will be whole and sole supreme law within the premises.

#### Labour Law's dilution

Tie criticisms regarding the labor issues came before the labor legislation. The important section for the noncompliance of the labor laws to the SEZ i.e. section 49 of the Act the reading section are as follows See 49-(1) the central government may be notification direct that any or the provisions of this Act (other than sec 54, and 56) or any other central Act or any rules regulations made there under or any notification or order issued of direction given there under (other than the provisions relation to making of the rules of regulations specified in the notification:

1.a) Shall not apply to a special economic zone or a class of special economic zone or all special economic zones or

1.b) Shall apply to a special economic zone or class of special economic zones only with such exceptions, modifications and adaptation as may be specified in the notification. Provided that nothing contained in this section shall apply to any slump in demand for their product.

As a matter of fact India is competing for foreign direct investment in flow on the strength of progressive policies. State like Maharashtra and Andhra Pradesh has already relaxed rules on employing contract workers. The latter state have already declared strikes in the export oriented units illegal.

There is however a great resentment among the workers. Apprehending that the labor laws would be diluted within SEZs the centre of Indian Trade Unions (ITU) has reminded the Government of the National common minimum programmed commitment to project labor rights in the industrial manufacturing regions. In this regard it is pertinent to note that the policy of hire and fire will

attract stiff opposition from workers and their organization. Although China has been following this policy with a fair degree of success, the socio economic scenario in India is different. China has a surplus labor available at cheap rates. Its economy has shown a perceptible tilt towards opening

up and capitalism after the 1980's but still remains a country with communist roots.

They have the means of subsistence with help from the State which follows socialist polices regarding worker. In India's there is not such help and the fired labor immediately face starvation. Even the much helped National Rural employment Guarantee Scheme provides employment only to one person in a family and that to for only 100 days in a year.

Modifications of any central Act or any rules or regulations made there under or any notification or order issued or direction given or scheme made there under so far as such modification, rule , regulation , notification order of direction of scheme relates to the matters relating to trade unions, industrial and labor disputes, welfare of labor including conditions of work, provident funds employers liability workmen's compensation, invalidity and old age pensions and maternity benefits applicable in any special economic zones). A copy of every notification proposed to be issued under sub section (1) shall be laid in draft before each house of parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions and if before the expiry of the session immediately following successive sessions aforesaid both the houses agree in disapproving the issue of the notification, the notification shall not issue or shall be issued as may be agreed upon by both the houses.

The special economic zones have been made free from labour laws. Perhaps the appeal of the SEZs lies in the fact that the units would be free from the outdated, pernicious rules including India's labor laws the state has even been given option to repeal chapter V-B of the Industrial Disputes Act, 1947 which stipulates that companies employing more than 100 workers must obtain government approval before firing people or closing down. Needless to say, permission has never granted and the opinion has divided the issue. In absence to sorting of labor laws the employers are reluctant to hire workers because they won't be able to dismiss if required. Moreover, the scheme is operational in only 330 district of the country the projection of labor is thus necessary to avoid social tension.

Further India is a country with wide socioeconomic disparities, we need policies and laws which might remove this disparities instead of perpetuation them. What India needs is a balance development and in a manner which reduces the inequalities of income and wealth between people as stipulated in the directive principle of state policy. The Government must therefore reconsider applicability of laws which provide protection and job security to the labor.

Another drawback in changing scenario is to empower the employers to retrench the worker will bring a sense of insecurity among the labour, they may not want to work with such companies from the outset and may seek employment at some other place where there is job security.

## CONCLUSION

Even though the commerce ministry is claiming that more opportunities will be created for employment. However

serious doubts have been raised over this claim. Since the SEZ units shall work with latest machinery and technology they may not actually generate much employment. They will hire only people with technological skills who have the ability to get employment anyway. Their numbers may not be as large as anticipated by the ministry. Moreover the number of people farmers and others who are displaced due to setting up of the proposed projects may actually be more than the employment created by these SEZ's. Since most of these displaced people are illiterate and unskilled, they may not get any advantage of setting up of SEZs so far as the issue of employment is concerned.

Establishing SEZs will help the corporate sector directly by providing land and resources in bulk and open up the possibility of having a huge army of cheap labor. Survey shows that workers in SEZs work 5.3% more than those in non SEZ and at hourly

wages that are 34% lower.<sup>8</sup> Obviously labor power is available at a "competitive price" in the global production system. To facilitate this SEZs may be declared as "public utility services" with several exemptions from the labor laws including the minimum wages Act and the Contract Labor (Regulation and Abolition) Act and where strikes will also be made illegal.

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