

## SEZs and Land Diversifications: Need for an Alternative Model

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### Abstract

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This paper argues that some transfer of land presently under agriculture to non- agricultural uses will take place in India whether Special Economic Zones (SEZs) are developed or not. But, the present policy of the government on land acquisition falters on a number of counts including livelihood of the displaced, compensation to the owners and non owners of land, sharing of the rise in value of land in the long run, limited employment for the displaced, poor record of rehabilitation and unacceptable mode and formulae of compensation. By delineating SEZs as foreign territories for governance with non- application of the common laws and judicial system, the workers are deprived of their right to collective bargaining, thus making this model discriminatory in nature by promoting exclusionary growth. Hence, it is socially undesirable. The most contentious issue relating to SEZs is land acquisition. After land acquisition and establishment of SEZs and other infrastructure development the area becomes industrially semi-organized or organized. The key issues involved are fixation of compensation for acquisition of land from the farmers, displacement of families and their rehabilitation at secured place, employment of farmers in case of loss of land. These are the issues which are still hanging for proper settlement. As per the existing findings of various studies it has been observed that farmers do not wish to give land and oppose the SEZs. The reason of opposition is land is their bread provider. It has also been observed that adequate compensation has not been given to farmers. It is alleged that SEZs model of industrialization reduces more jobs than it creates. A few people got low scale class fourth jobs. There is a need to work out an alternative model for inclusive growth making people partners in development while invoking their consent for socio-economic change. The glimpse of this alternative can be deciphered from the present debate and in the present paper an attempt would be made to examine the diversification of agricultural land into industrial.

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### Introduction

A Special Economic Zone (SEZ) covers a broad range of more specific zone types, like Free Trade Zones (FTZ), Export Processing Zones (EPZ), Free Zones (FZ), Industrial Estates (IE), Free Ports, Urban Enterprise Zones and others. A single SEZ can contain multiple 'specific' zones within its boundaries. SEZs have been implemented using a variety of institutional structures across the world ranging from fully public (government operator, government developer, government regulator) to 'fully' private (private operator, private developer, public regulator). The world first known instance of SEZ have been found in an industrial park set up in Puerto Rico in 1947. In the 1960s, Ireland and Taiwan followed suit, but in the 1980s China made the SEZs under Deng Xiaoping which help them gain heavy global currency. The most successful Special Economic Zone in China, Shenzhen, has developed from a small village into a city with a population over 10 million within 20 years.

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Following the Chinese examples, Special Economic Zones have been established in several countries, including Brazil, India, Iran, Jordan, Kazakhstan, Pakistan, the Philippines, Poland, Russia, and Ukraine. According to World Bank estimates, as of 2007 there are more than 3,000 projects taking place in SEZs in 120 countries world-wide.

Considering the need to enhance foreign investment and to promote exports the Government of India had announced the introduction of Special Economic Zones Policy in April 2000 in India, when Murasoli Maran, then Commerce Minister, made a tour to the southern provinces of China. After returning from the visit, he incorporated the SEZs into the Exim Policy of India. Five year later, SEZ Act (2005) was passed and in 2006 SEZ Rules were formulated. Currently, India has 1022 units in operations in 9 functional SEZs, each an average size of 200 acres (0.81 km<sup>2</sup>). 8 Export Processing Zones (EPZs) have been converted into SEZs. These are fully functional. All these SEZs are in various parts of the country in the private/joint sectors or by the State Government.

The main objectives of the SEZ Act in India are:

- (a) Generation of additional economic activity;
- (b) Promotion of exports of goods and services;
- (c) Promotion of investment from domestic and foreign sources;
- (d) Creation of employment opportunities; (20 lakh more jobs by end of 2009)
- (e) Development of infrastructure facilities.

### **Is It Conversion of Fertile Land Into Industrial Land?**

The land acquisition for the SEZ development is conversion of fertile land into cement structures. This conversion is affecting the farmer's livelihood and the farming products of India. Dr. Budhajirao Mulik, Chairman, Bhumata (NGO) argues that the Government should not acquire agricultural land from farmers which is fertile and irrigated. As per him, the Government should create SEZ on non-agricultural land e.g. the land in Nanded where Government movements large tracts of uncultivable land. Dr. N.A. Mujumdar, Editor, Indian Journal of Agricultural Economics opines that world commodity prices are going up and India as a nation needs huge amounts of foodgrains and other agricultural products. So, the uncultivable barren land should be picked for SEZ developments by the Government, The same views are shared by Dr. D.M. Nachane, Director of Indira Gandhi Institute of Development Research.

### **Statement of the Problem**

The process of planning and development of SEZs are under question, as the states in which the SEZs have been approved are facing intense protests, from the farming community, accusing the Government of forcibly snatching fertile land from them, at heavily discounted prices as against the prevailing prices in the commercial real estate industry. Hence, this paper is focusing on the land acquisition, diversification and related issues of SEZs.

### **Administrative set up of SEZs**

The functioning of the SEZs is governed by a three tier administrative set up. The Board of Approval (Bo A) is the apex body and is headed by the Secretary, Department of Commerce. The Approval Committee at the Zone level deals with approval of units in the SEZs and other related issues. Each Zone is headed by a Development Commissioner, who is ex-officio chairperson of the Approval Committee. Once an SEZ has been approved by the Board of Approval and Central Government has notified the area of the SEZ, units are allowed to be set up in the SEZ. All the proposals for setting up of units in the SEZ are approved at the Zone level by the Approval Committee consisting of Development Commissioner, Customs Authorities and representatives of State Government.

All post approval clearances including grant of importer-exporter code number, change in the name of the company or implementing agency, broad-banding diversification, etc.

Are given at the Zone level by the Development Commissioner. The performance of the SEZ units are periodically monitored by the Approval Committee and units are liable for penal action under the provision of Foreign Trade (Development and Regulation) Act, in case of violation of the conditions of the approval.

### Land Requirements for Approved Special Economic Zones

The total land requirement for the formal approvals granted till date is approximately 67772 hectares out of which about 109 approvals are for State Industrial Development Corporations/State Government Ventures which account for over 20893 hectares. In these cases, the land already available with the State Governments or SIDCs or with private companies has been utilized for setting up SEZ. The land for the 260 notified SEZs where operations have since commenced involved is approximately over 29953 hectares. Out of the total land area of 2973190 sq km in India, total agricultural land is of the order of 1620388 sq km (54.5 per cent). Out of this total land area, the land in possession of the 260 SEZs notified amounts to approximately over 299 sq km only. The formal approvals granted also works out to only around 677 sq km. Tables 1&2 shows the scenario of the land requirement for various classes of SEZs.

**Tables 1: Present Scenario of the Land Requirement for Various Classes of Sezs is as Follows**

Type	Area	Area for Special States / UTs
Multi- product	1000 hectares	200 hectares
Multi services	100 hectares	100 hectares
Sector specific	100 hectares	50 hectares
Handicraft	10 hectares	10 hectares
IT	10 hectares & min. built up area as per SEZ rules.	10 hectares & min. built up area as per SEZ rules.
Gems and Jewellery	10 hectares & min. built up area as per SEZ rules.	10 hectares & min. built up area as per SEZ rules.
Bio-tech and Non-conventional energy (including solar energy equipments/cell but excluding SEZs for non-conventional energy production and manufacturing)	10 hectares & min. built up area as per SEZ rules.	10 hectares & min. built up area as per SEZ rules.
FTWZ	40 hectares & min. built up area as per SEZ rules.	40 hectares & min. built up area as per SEZ rules.

**Source:** Ministry of Commerce and Industry, Government of India, New Delhi

**Table 2: State -Wise approval (Formal 'F', and in- Principle, 'I-P') of SEZs and Land allotted to them Category -Wise, in India**

S.N.	State	Category of SEZs	No. of SEZs Land			Allotment to SEZs		
			F	I-P	Total	F	I-P	Total
1.	Maharashtra	IT/ITES	44	1	45	1427	10	1437
		Pharma /Bio-Tech.	14	2	16	906	150	1056
		Multi product	7	21	28	5537	33824	39361
		Others	19	15	34	3434	1934	5368
		Total	84	39	123	11304	35923	47227
2.	Andhra Pradesh	IT/ITES	43	-	43	1335	-	1335
		Pharma /Bio-Tech.	6	2	8	605	215	820
		Multi product	4	2	6	4364	2050	6414
		Others	12	1	13	1748	100	1848
		Total	65	5	70	8052	2365	10417
3.	Tamil Nadu	IT/ITES	37	1	38	1228	10	1238
		Pharma /Bio-Tech.	-	1	1	-	365	365
		Multi product	3	5	8	2313	5137	7450
		Others	15	5	20	1471	600	2071
		Total	55	12	67	5012	6112	11124
4.	Karnataka	IT/ITES	29	3	32	767	579	1346
		Pharma /Bio-Tech.	3	1	4	354	16	370
		Multi product	-	2	2	-	6012	6012
		Others	7	9	16	1526	1576	3102
		Total	39	15	54	2647	8177	10824
5.	Haryana	IT/ITES	24	3	27	503	234	737
		Pharma /Bio-Tech.	2	-	2	59	-	59
		Multi product	3	9	12	717	25446	26163
		Others	3	6	10	317	776	1093
		Total	32	18	51	1596	26456	28052
6.	Gujarat	IT/ITES	10	-	10	423	-	423
		Pharma /Bio-Tech.	3	2	5	264	299	563
		Multi product	9	2	11	14614	2311	16925
		Others	14	8	22	1966	1923	3889
		Total	36	12	48	17267	4533	21800
7.	West Bengal	IT/ITES	13	2	15	326	240	566
		Pharma /Bio-Tech.	1	1	2	10	24	34
		Multi product	-	3	3	-	7080	7080
		Others	2	10	12	56	5076	5076
		Total	16	16	32	392	12420	12812
8.	Uttar Pradesh	IT/ITES	9	1	10	161	132	293
		Pharma /Bio-Tech.	-	1	1	-	100	100
		Multi product	-	2	2	322	5310	5310
		Others	4	5	9	-	484	806
		Total	13	9	22	4483	6026	6509
9.	Madhya Pradesh	IT/ITES	10	1	11	331	20	351
		Pharma /Bio-Tech.	-	-	-	-	-	-
		Multi product	-	5	5	-	9264	-
		Others	-	1	1	-	2025	9264
		Total	10	7	17	331	11305	2025
10.	Orissa	IT/ITES	4	1	5	221	10	231
		Pharma /Bio-Tech.	-	-	-	-	-	-
		Multi product	1	2	3	1173	2695	3868
		Others	4	3	7	906	1184	2090
		Total	9	6	15	2300	3899	6199
11.	Rajasthan	IT/ITES	4	-	4	99	-	99
		Pharma /Bio-Tech.	-	-	-	-	-	-
		Multi product	-	8	8	-	15442	15442
		Others	1	2	3	131	147	278
		Total	5	10	15	230	15589	15819
12.	Kerala	IT/ITES	6	2	8	127	414	541
		Pharma /Bio-Tech.	1	-	1	12	-	12
		Multi product	-	-	-	-	-	-
		Others	4	-	4	424	-	424
		Total	11	2	13	563	414	977
13.	Punjab	IT/ITES	3	1	4	42	20	62
		Pharma /Bio-Tech.	1	-	1	32	-	32
		Multi product	-	1	1	-	1011	1011
		Others	2	5	7	200	540	740
		Total	6	7	13	274	1571	1845
14.	Major Indian States	IT/ITES	236	13	249	6990	1435	8425

		Pharma /Bio-Tech.	31	10	41	2242	1169	3411
		Multi product	27	56	83	28718	95166	123884
		Others	87	65	152	12501	15709	28210
		Total	381	144	525	50451	113479	163930
15.	Total (Including All States and Union Territories in India)	IT/ITES	246	17	263	7177	1683	8860
		Pharma /Bio-Tech.	34	10	44	2434	1169	3603
		Multi product	30	66	96	29904	122612	152516
		Others	93	72	165	12793	16514	29307
		Total	403	165	568	52308	141978	196656

**Source:** This table is compiled using the data available from the Ministry of Commerce and Industry, SEZ section, Government of India

### Special Economic Zones and Rights of Rural People

The onset of globalization and the opening up of the world markets meant that now there were more demands on resources. India's liberalization policy and open market reforms meant on the one hand a growth opportunity and on the other a cause for greater marginalization of the poor. The so called "Economic development projects" like setting up of industries, mines, dams, and shopping malls have induced large scale displacement not only in India, but also all over the world. Thousands of acres of land have been taken away, in the name of "development", from people who are totally dependent on it for their livelihood.

A Special Economic Zone (SEZ) is an especially demarcated area of land, owned and operated by a private company, which is deemed to be foreign territory for the purpose of trade, duties and tariffs.

SEZs will enjoy exemptions from customs duties, income tax, sales tax, service tax. After the passing of the SEZ Act by the Parliament in June 2005, the law came into effect in February 2006, though some states, like Gujarat, had passed provincial SEZ legislation in 2004 itself. The stated purpose of creating SEZs across India is to promote the exports. The Commerce and Industries Minister Shri Kamal Nath claims that exports will ultimately grow five times, GDP will rise 2% and that 30 lakh jobs will be generated by SEZs across India. It is also claimed by the government that SEZs will attract global manufacturing through foreign direct investment (FDI), enable transfer of modern technology and will also create incentives for infrastructure.

Rehabilitation plans (on paper) are shown to the displaced people. Policies are there to provide agricultural land or replace the livelihoods of those displaced by large projects. However, these policies are meant to ensure the large-scale transfer of lands to private companies and corporate bodies. The policies are the means to legitimize this resource alienation and to strengthen corporate control over land. While the policy grapples with and articulates these most germane issues of the displacement and rehabilitation process, it does not provide any appropriate mechanism or framework for either the assessment of the necessity of displacement, or the identification or compensation of the ousted with livelihoods. What is the reality of the compensation framework? Does it ensure that the ousted will actually receive agricultural land? Or is the concern about the non-viability of cash as a compensation instrument merely rhetorical? The Okhamandal block of Jamnagar District, Gujarat, is surrounded by saline water. It has a total of 72 villages and five urban centres. Of these 72 villages, only 40 are inhabited. 40 per cent of the population stays in rural areas and the Vaghers are the dominant community. The problems of this block can be summarized as: lack of sufficient rainfall, salinity ingress in soil and water, soil inundation, and lack of tree cover. Around the 1960s, the Indian government gave a boost to industrialization. In that period, two big companies installed their chemical plants in Dwarka. When one moves in the field one can see the effect of industrialization on the people's lives. The big factory of TATA Chemicals Ltd. in Mithapur may have given a few hundred outsiders a livelihood option but it also took away the one square meal from thousands of local people. The company purchased cultivable land for a negligible amount and used it for salt production.

Until recently, it pumped out two crore rupees worth of water everyday making the tube wells in surrounding areas useless. People now face water scarcity. They are not able to cultivate even one crop. Saline ingress is common everywhere.

The cultivable land has turned infertile. Farmers have lost their livelihood source. The existing situation has forced cynicism and inertia in them. On 31 March 2000, the Government passed an order to develop Poshitra Port and thirty-three villages from Okhamandal block as a Special Economic Zone (SEZ). It was decided to establish 16 industries in the first phase and 17 industries in the second phase. All farmlands and properties were to be acquired from the people without any plan for their rehabilitation and resettlement. The Government in view of the enforcement of the SEZ banned all developmental activities and also banned purchase and sale of land in Okhamandal. The government also planned to evacuate 15 villages in the first phase, 30 in the second phase and 42 in the third phase. This was not all. At first 15,000 hectares of land would have been used for this scheme and later hundreds of additional hectares would have been utilized. The process of displacement was planned to continue. The Indian real estate market is being packaged for global buyers (like investment banks and private equity firms) looking to hold large portfolios from single sellers in India. Merrill Lynch forecasts that the Indian realty sector will grow from \$12 billion in 2005 to \$90 billion by 2015.

"India is the most exciting real estate market in Asia," says Michael Smith, head of Asian real estate investment banking at Goldman Sachs. "It's one of the last major countries in Asia with an improving market." An entire arsenal of methods are being deployed by different state governments across the country to acquire land, water, forests and rangeland for purposes of mining, industrialization and construction of infrastructure. SEZs constitute one among many such species of land acquisition. However, it would be wrong to see land acquisitions for SEZs as a mere continuation of the process by which so much land has been acquired for non-agricultural use in the past. Given that SEZs will be governed by a special set of laws and rules created for the purpose and that incomparable autonomy will be granted to the (unelected) SEZ Authorities, there are fresh issues of governance that arise. Around 237 SEZs in 19 states (occupying 86,107 hectares) have been approved by the Central government, 63 of these SEZs have already been notified, 23 SEZs are operational and 18 are in IT sector. Total amount of land to be acquired across India: 150,000 hectares (the area of National Capital Region). This land predominantly agricultural and typically multi-cropped – is capable of producing close to 1 million tons of food grains. If SEZs are seen to be successful in the future and more cultivated land is acquired, they will endanger the food security of the country.

Estimates show that close to 14,000 farming households (each household on an average comprising five members) and an additional 82,000 farm worker families who are dependent upon these farms for their livelihoods, will be displaced. In other words, at least 10 lakh (1,000,000) people who primarily depend upon agriculture for their survival will face eviction. Experts calculate that the total loss of income to the farming and the farm worker families is at least Rs. 212 crores a year. This does not include other income lost (for instance of artisans) due to the demise of local rural economies. The government promises 'humane' displacement followed by relief and rehabilitation. However, the historical record does not offer any room for hope on this count: an estimated 40 million people (of which nearly 40% are adivasis and 25% Dalits) have lost their land since 1950 on account of displacement due to large development projects. At least 75% of them still await rehabilitation. Almost 80% of the agricultural population owns only about 17% of the total agriculture land, making them near landless farmers. Far more families and communities depend on a piece of land (for work, grazing) than those who simply own it. However, compensation is being discussed only for those who hold titles to land. No compensation has been planned for those who don't.

The jobs that modern industry has been generating in India are not large in number (less than a few million net jobs have been added in the organized sector since 1991).

Nor are the skills required for them readily available in India (because we have not bothered about proper education). The growth of employment in the entire organized sector since the inception of the reforms in 1991 has been negligible. The total employment in the organized sector is still less than 3 crores. Even in IT and ITES, the boom areas of the economy, employment is less than 0.15 crores. (60% SEZ sare for IT .) The Indian labor force is estimated at 45-55 crores. SEZs will attract modern industry and services in order to succeed. To that extent they are unlikely to generate too many jobs. Moreover, the few jobs that will be generated will be for highly skilled labor, usually not available in the countryside – from where working people are being is placed to make room for SEZs. Kamal Nath' s claim that SEZs will create 30 lakh jobs within a few years is fraught with fantasy: those many jobs have not been created in total since the inception of the reforms in 1991! The government does not provide information on jobs lost, only on jobs created.

Furthermore, if the experience of existing SEZs in places like Noida (or Shenzhen, China) is anything to go by, the working conditions – poor wages, non-existent benefits, long working hours, occupational hazards, discrimination and so on – under which people will be employed will inevitably violate human rights apart from keeping the benefits of growth away from the poor. There is a strong possibility that SEZs will be set up in states where there is already a strong tradition of manufacturing and exports. This will aggravate regional disparities. The trend is already seen in the initial approvals. The share of the four most industrialized states (TN, Karnataka, Gujarat and Maharashtra) in total approvals is 49.5 per cent. Andhra Pradesh, Kerala and Haryana account for another 31.1 per cent of total approvals. Thus seven states account for 80.6 per cent of approvals. Their share of in-principle approvals is 63.8 per cent. On the other hand, industrially backward states of Bihar, north-east and J and K do not have a single approval.

It must also be understood that industry wants land precisely in areas of fertile agriculture because that is where - unsurprisingly infrastructure like power, roads and irrigation are most developed. This lowers the costs for industry, as against setting projects in the middle of wastelands and deserts. SEZs will be exempted from customs duties, income tax, sales tax, excise duties and service tax (even on luxury hotel facilities, shopping malls, health clubs and recreation centres)given to SEZs, the Finance ministry estimates a loss ofRs.1,60,000 crore till 2010 in revenue. (The Ministry has also asked for capping the number of SEZs at 100. Finance Minister P. Chidambaram wrote to Cabinet colleagues saying: "SEZs per se will distort land, capital, and labor cost, which will encourage relocation or shifting of industries in clever ways that can't be stopped. This will be further aggravated by the proliferation of a large number of SEZs in and around metros.") The foregone tax revenue every year is five times the annual allocation for the National Rural Employment Guarantee Scheme and is enough to feed each year 55 million people who go to bed hungry every day. Furthermore, given the concessions on import duties (not merely for the investors who will produce exportable items but also for the developer, who will not), there are likely to be foreign exchange losses (rather than gains). For the five year period ending 1996-97 the foreign exchange outgo on imports made by units in SEZs and the customs duty forgone amounted to Rs.16461.58 crore against which exports of only Rs.13563.87 crore were reported.

### **Displacement of People**

On the other hand the disadvantages are that it is estimated that more than ten lakh people who are dependent upon agricultural land will be evicted from their lands. It is estimated that the farming families will have to face loss of around Rs. 212 crores each year in total income, and it will also lead to putting the food security of India to risk. Land acquisition in India has now resulted in dissent, uproar and opposition from farmers for the livelihood has been put to stake.

Whether it is Nandigram, Singur, Koodankulam, Jagatsinghpur (POSCO), Kannamangal or Bastar, the issues are the same. In the name of development, land acquisition is being done forcibly without due respect to basic human rights- the right to life and personal liberty. The Government promises 'humane' displacement followed by relief and rehabilitation. However, historical records shows that an estimated 40 million people have lost their land since 1950 on account of displacement due to large development projects. At least 75 per cent of them still await rehabilitation. Moreover, compensation is being discussed only for those who hold titles to land. No compensation has been planned for those who don't. The present system of payment of compensation to the farmers is perceived to be totally unfair. If the land is being acquired for a commercial purpose under the garb of public purpose then let the market decide the price of the land as free markets are not about corporate entities or even industrialisation, they are about freedom. Then why restrict freedom of the farmers to sell their land at the market price. (Mutual negotiation, with the prospect of reverting to Land Acquisition only after 90 per cent of the land has been bought by negotiation, may become necessary).

### **Advantages of the SEZs and Land Acquisition / Diversification**

The various advantages of the SEZ's and land acquisition in India are that it has helped in bringing in huge amounts of foreign currency into the country, increased the number of jobs for the people and has helped to bring technological advances to Indian industry, and make it a cost-effective producer. No doubt for development to take place land has to be acquired by the Government. There are a few success stories of land acquisition as well, which has been very smooth, resulting in the development of the area. Market forces have awakened rural India as well. The government will have to have new mechanisms in place so that the farmers become partners in the process of development.

The acquisition of farmland at low prices is hurting farmers' interests, which shows our current rural land acquisition system has not adjusted to the demands of the times, there must be reform. A fresh look needs to be taken at the land acquisition policy, including legislation, packages for compensation and advance plans for rehabilitation. Contestants in the essay competition are expected to examine the various aspects of land acquisition, particularly the Land Acquisition Act 1894 and the subsequent amendments and the situations and circumstances when the state should intervene to acquire land if at all. The economic rationale behind land acquisition and the socio-political implications of the process needs to be critically evaluated highlighting the role and the inter-play of the institutions of governance, specially the government, legislature and the judiciary in land acquisition. The acquisition of land by the government for "public purpose" and its transfer to private industrial houses and the nexus between the stakeholders needs to be brought out. The participants can illustrate their arguments by focusing on various protest movements against land acquisition which has led to loss of life and property. The challenges of compensation, displacement and rehabilitation also need to be brought into the larger debate of land acquisition. The essays should reflect a deep understanding of the issues in land acquisition and the challenges they pose.

### **Problem of Relocation**

It is possible that some industrialists may shift their existing industrial units to SEZs to take advantage of tax concessions and incentives. Shifting of units and enterprises will not bring about any additional development. It will be mere relocation of development. Relocation will not give any extra benefit to the economy. It will result in only relocation of development and not real development. This will only cause revenue loss to government by way of tax concession. Hence, it is essential that relocation of units must be prevented and rules must be framed to that effect.

### **Issues relating to Rehabilitation and Resettlement**

The establishment of SEZ's has created number of problems and the most important among them is the rehabilitation of those displaced persons. Displaced persons holding agricultural land lose their bread earning capacity through their land which was the only occupation known to them.



Further, compensation given for acquiring their precious land to which they are traditionally attached has been meagre in the present rate of economy.

Displaced persons have to go in search of employment after they are thrown out of the land. Further, they have to struggle longer period of time even to get their compensation. Thus, poor farmers are made to struggle for compensation on the one hand and livelihood on the other hand.

Another critical area where laws of the land in terms of labour has been given a go-bye. Our country is a land of very good labour laws. But, in respect of SEZ's all the labour laws existing in the country are given exemption and hence anarchical condition has been created, even we can say that Article 38(1) of our Constitution has been given a go-bye in the SEZ's area. This clearly tells as about the extraordinary privilege extended to SEZ's which are against freedom of fundamental rights of citizen of our country.

### **Conclusion**

To conclude the Special Economic Zone Act 2005 basically violates the right to life and livelihood of the people who are forcibly displaced for the implementation of the project. It also raises the issue of land-based livelihood of the farmers and environmental concerns, while India is facing the crisis in terms of water scarcity as well as loss of forests area and bio-diversity. All labour acts should be implemented even in SEZs.

It is also possible that fertile agricultural land may also be acquired for the development of SEZs. This will bring about reduction in the area of land used for agriculture and as a result agricultural production will decline. Waste lands, fallow lands and uncultivable lands only should be allocated as SEZs. Builders and developers may utilize major portion of SEZ area for the purpose of construction of apartments and development of real estate. In this process instead of developing industries, India may develop builders and building promoters and property managers. These builders and property managers may artificially increase land and property prices. SEZs are located only in some important places of the states. Because of the focus on the development of SEZs through concentrated efforts and investments, other areas and locations may lag behind in development. This means only some regions will develop. This may bring about regional disparities in development.

The major problem the SEZ developers are facing is mainly due to over concentration of SEZs near urban and semi-urban areas. The important reason for over concentration is infrastructural facilities available in urban areas. To avoid this type of problem what is really needed is establishment of world-class infrastructural facilities like six or eight lane express highways, rail links in backward areas with all major ports, airports, state capitals districts and taluk headquarters. The exclusion faced by rural cultivator in India in terms of access to basic economic resources remains a reality in contemporary India. In particular, the right of the marginalized masses to productive resources. It would be important to widen the scope of land reforms beyond the mere activity of redistribution of land or revision of ceiling limit. In order to be effective, land reforms must be seen as part of a wider agenda of systemic restructuring that undertakes simultaneous reforms in the sectors of social, economic and political right. These deeper structural reforms shall ensure that the exercise at redistribution of land actually becomes meaningful by enabling the small farmer to turn his plot into a productive asset. The civil society leaders along need to identify land, livelihood and resource rights of marginalized communities such that the concern on creation of SEZ and ongoing displacement and diversion are dealt with in a positive manner by state.

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