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# **A Study of Special Economic Zones: Problems & Prospects with special reference to Raigad & Pune District, India**

## **A Thesis Submitted to the Pune University**

*For the the degree of*

**Doctor of Philosophy**

**In the faculty of commerce**

**BY**

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Date:june-13-2013



## Declaration by the Candidate

I declare that the thesis entitled “A Study of Special Economic Zones: Problems & Prospects with special reference to Raigad & Pune District” submitted by me for the degree of Doctor of Philosophy is the record of work carried out by me during the period from July 2009 to June 2012 under the guidance of Dr. Sanjeev S. Late and has not formed the basis for the award of any degree, diploma, associateship, fellowship, titles in this or any other University or other institution of Higher learning.

I further declare that the material obtained from other sources has been duly acknowledged in the thesis.

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## Certificate of the Guide

Certified that the work incorporated in the theses “A Study of Special Economic Zones: Problems & Prospects with special reference to Raigad & Pune District” Submitted by Mr. MortezaSaberHakami was carried out by the candidate under my guidance. Such material as has been obtained from other sources has been duly acknowledged in the thesis.

Research Guide  
Dr. Sanjeev S. Late  
Date:june-13-2013

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## ABBREVIATIONS

Abbreviation	Full forms
SEZ	Special Economic Zone
BoA	Board of Approval
GoI	Government of India
FTA	Free Trade Agreement
UPA	United Progressive Alliance
ILO	International Labor Organization
EPZ	Export Processing Zone
FTZ	Free Trade Zone
IFCTU	International Confederation of Free Trade Union
FTIZ	Free Trade Industrial Zone
ETDZ	Economic and Technology Department Zone
FDI	Foreign Direct Investment
DTA	Domestic Tariff Area
EEFC	Export Earner Foreign Currency
SEEPZ	Santracroz Electronics and Export Processing Zone
IPP	Independent Power Procedure
MSEB	Maharashtra State Electricity Bord
MMSEZ	MahaMmbai SEZ
R I L	Reliance industrial Limited
SC	Schedule Cast
JNPT	JawaherLal Nehru Port Terminal
RaR	Rehabilitation and Resettlement
MIDC	Maharashtra Industrial Corporation
Abbreviation	Full forms
BFL	BaharatForg Limited
KEIPL	Khed Economic Industrial Limited
MAT	Minimum Alternate Tax
SRZ	Special Residential Zone
IDP	Internally Displaced Person
NRRP	National Rehabilitation and Resettlement Policy
MRTS	Mass Rapid Transit System
PAPs	Project Affected Persons
FTWZ	Free Trade and Warehousing Zone
PAVs	Project Affected Villages
NUTP	National Urban Transport Policy



# CHAPTER I

## INTRODUCTION

### 1.1 Introductions

Every country stands for its own development. For this purpose, the state introduces and implements new policies and programs such as Special Economic Zones Act. After 60 years of its independence India with its 110 core population has evolved a new paradigm of its political economy which is confusing. The policies and programs initiated by Indian government to create a ‘global village’ based on free market economy and free trade among nations cutting across all barriers, abolition of national boundaries and dismantling the nation –state system giving priority to ‘market’ over the ‘state’.<sup>1</sup>

After the Second World War there were tremendous changes in the economic condition of the world. Efforts were undertaken for export industries’ development. In 1929, for the first time in the world SEZ was established by Spain. In 1956 the export process was started in Ireland and Philippines. In Asia it was started in Malaysia, Singapore, China, & Indonesia. In China approximately there are 4 SEZ, 14 Free Trade Centers, and 49 Economic Development Centers. In 1990 in the world there were 847 Special Economic Zones. At present in more than 130 countries of the world there are special economic zones which are 3500 in numbers.<sup>2</sup>

A special economic zone is a geographical region that has economic laws more liberal than countries typical economic laws. According to the SEZ Act 2005, A SEZ is a specially delineated duty free enclave and shall be deemed to be foreign territory for the purpose of trade operations and duties and tariffs. A SEZ also been viewed as “a geographical region with different economic laws that a countries typical economic laws with the main good of attracting foreign investment.” A SEZ or a Free Trade Zone (FTZ) is typically an enclave of units operating in a well- defined area within the geographical boundary of a country where certain economic activities are promoted by a set of policy measures that are generally not applicable to the rest of the country.<sup>3</sup>

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<sup>1</sup> . Aradhna, A. (2006)., “Special Economic Zones: Revisiting the Policy Debate. *Economic and Political Weekly*, November 4, 4533 to 4535.

<sup>2</sup> . Mate, M. (2007). India's SEZ Policy: Leading to Increased Disparity. *cfai Journal of*, Vol. 5, No. 2, 36-41.

<sup>3</sup> . Kundra. (2000). *The Performance of India s Export Zones: A Comparison with the Chinese*. New Delhi.: Sage Publication.

The EPZ is a relatively recent variant of the widely used FTZ, a designated area, usually in or next to port area, to and from which unrestricted trade is permitted with the rest of the world. Merchandise may be moved in and out of FTZs free of customs, stores in warehouse for varying periods and repackaged as stored in warehouse for varying periods and repackaged as needed. Goods imported from FTZ into the host country pay the requisite duty; their prior storage in FTZ warehouses permits rapid delivery to order, meanwhile saving interest on custom payments. EPZs more specifically, also provide buildings and services for manufacturing transformation of imported raw and intermediate materials into finished products, usually for export but sometimes partly for domestic sale subject to normal duty. The EPZ is thus a specialized industrial estate located physically and/or administratively outside the custom barrier, oriented to export production. Its facilities serve as a showcase to attract investors and a convenience for their getting established, and are usually associated with other incentives.

The International Confederation of Free Trade Unions defines the Export Processing Zone as follows “a clearly demarcated industrial zone which constitutes a free trade enclave outside a country’s normal custom and trading system where foreign enterprises produce principally for export and benefit from certain tax and financial incentive.”

The above definitions are not concrete and there are many exceptions, some EPZs may not be demarcated by physical barriers as in the case where free trade applies throughout the country, as in the case of the city states of Singapore and Hong Kong (previously). Similarly China’s ‘Special Economic Zones’ are spread on such a large scale that they seem to evade the above definition of EPZ. “SEZ is a specially designed tax free section, which is assumed to be the foreign land according to the trade and import export charges.” 31/08/2004 Indian Govt. Foreign Trade Policy Chapter Seven Section (1) says “SEZ shall be deemed to be foreign territory” Maharashtra Govt. Resolution No. 2001/152/2 Dated 12/10/2001 paragraph 12 says “The State Govt. shall take appropriate steps to declare the SEZ as industrial townships to enable the SEZ to function as self-governing, autonomous Municipal Bodies”.<sup>4</sup>

The term ‘political economy’ came from the two Greek words ‘Politiko’ and ‘Oikonomia, where ‘Politiko’ stands for the state and society and

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<sup>4</sup> . Sharma, & Kumar, N. (2009). Special Economic Zones: Socio-economic Implications. *Economic and Political Weekly*, Vol. XLIV, No. 20, May 16, 9-11.

‘Oikonomia’ means managing the house hold economy. Political economy thus means a study of the state, society and house hold economy. The concept of political economy arose historically as the economic doctrine of a new class of the capitalist class. It has been evolved since the days of Aristotle who gave a model of public good through guaranteeing each person private possession of what he was rationally and morally entitled. Private property was elaborated later by Locke, Adam Smith, Ricardo and the physiocrats, who came to be known as the Laissez Fairists in Economics, or, the liberal democrats in politics. Adam Smith referred to political economy as a branch of the system of civil government. It was concerned with public policy.<sup>5</sup>

In Marxian view, political economy can be regarded as a subject which studies the social relations evolves between different classes of people in course of production, distribution, exchange and consumption. Political economy belongs to the broad land of economics, which opens on to political science. After a prolonged period of hibernation, the subject has again been resurrected.

Marxist political economy makes a study of how the productive forces are used under the given relations of production taking account of the lines and trends in technical progress; political economy studies the influence of production relations on such progress and its socio economic consequences. Marxist political economy starts from the assumption that human vital activity is objectively based on social material production which includes man’s interactions with the nature and whole range of relations which arise in the process. It has been realized that every political action has its obvious economic repercussion, and every economic action has had its political implications.<sup>6</sup>

The liberal school of political economy offers economic implications of political facts and factors. The liberal school has economized politics. The liberal system focuses on the atomistic individual as the relevant unit, on the description of economic behavior in terms of subject choices among alternatives, on the notion of social welfare as the maximizations of individual utility sums. The socialist system views the entire economic system as the basic unit, views economic progress in

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<sup>5</sup> . Benjamin, S. (2000). Governance, economic settings and poverty in Bangalore. *Environment and Urbanization*, Vol. 12, No. 1, 35-56.

<sup>6</sup> . Harriss, & Corbridge, S. (2007). *India s New Political Economy: A Great Transformation?* New York: Columbia University Press.

terms of the growth of the forces of production and focuses on 'relations of production' 'surplus value' and the rapid increase of social product.

By contrast the Gandhian system eschews both the notions of the atomistic autonomous individual maximizing his utility in a self-regulating economy and the notion of processes of production autonomously effecting changes in the organization of production, class relationship and the magnitude and distribution of social product instead of the Gandhian model suggest that the fundamental attribute of human economic behavior lies in the relationship of individual to socioeconomic micro groups and the relationship of micro groups to society.<sup>7</sup>

The basic economic act is neither the choice between economic alternatives nor the social division of natural products, but the adjustment between individual and the micro groups to which they belong, and of those micro groups to society. It is the collaboration which is the basic theme of the Gandhian system of political economy.

The Gandhian system is viewed in micro groups that are fundamental constituents of the economic system and given full scope to develop their potential in the context of no coercive forms of political control. Social welfare is defined in terms of the functioning of the collaborative micro groups Vis - a -Vis its members. Gandhi believed that the introduction of technology and patterns of development must be consistent with the full employment objective.

Today economist speaks of sustainable development and ecological values. Gandhi was not against industry but as he predicted it could not give people more employment. His constructive programs were to give employment to all people whether it be kadhi, gohar gas or tree plantations, where all can be engaged in constructive work. Gandhian economics is an alternative to overcome the exploitation of both capitalism and communism for the exponents of human social order. He was against the large scale use of machinery which kept millions without work. Swedish is one of the core elements in the socio-economic organization of Gandhian system.<sup>8</sup>

SEZs are a long-established part of international trade. "Entrepots" warehouses where merchandise can be stored, manipulated, and in some cases processed, without the payment of duties and taxes, have existed for many centuries. City-

<sup>7</sup> . Sampat, P. (2008, 12 July). Special Economic Zones in India. *Economic and Political Weekly*, 56-59.

<sup>8</sup> . Shankkar, A. (2006, October, 9). SEZ Good, Bad, Ugly. *India Today*, 22-24.

wide free zones on international trade routes were also common. The first modern industrial free zone was established in Shannon, Ireland in 1959. Today, SEZs programs exist in most countries around the world.

Developing countries have increasingly used SEZs as an important economic development tool. A recent survey found over 3,500 SEZs in 130 developing and transition countries around the world, starting in the late 1970s, China used SEZs to pioneer new economic policies, provide modern infrastructure and attract investment for export-oriented industries.

WTO trade policy review of China found that as of 2006 there were 660 SEZs and other development zones authorized by the central government and an additional 1,346 development zones approved by local governments. Following the example of China, Vietnam has also extensively used SEZs to introduce new economic policies, provide improved infrastructure and attract investment.

As of July 2005, Vietnam had established 124 industrial and export processing zones, attracting 3,612 investment projects amounting to over \$15 billion.<sup>8</sup> But SEZs proliferation is not limited to Asia, and significant numbers of zones exist in all World Bank regions.<sup>9</sup> Special Economic Zones have occupied a center stage in the national perception. The first EPZ in India, also the first in Asia, had been set up in Kandla way back in 1965.

The policy initiative of April 2000 for setting up Special Economic Zones aimed at providing a globally competitive and contented environment for exports to earn foreign exchange. Many economies including India have used the concept of SEZs in one or the other form to promote exports and boost economic growth, which enhances both equity and efficiency which will help the country create millions of jobs, attract large-scale foreign direct investment and boost its export income.<sup>10</sup> Starting from an Industrial park in Puerto Rico in 1947, the Free Zone concept (also known as Special Economic Zones, SEZs in countries like India, China) has today become ubiquitous as an infrastructure facility for promotion of exports.

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<sup>9</sup> . Devonshire-Ellis, & Chris. (2007, June 5.). Special Economic Zones in India-An Introduction. *Capital Club*, 10-13.

<sup>10</sup> . p.v. manekar. (2010). *management of special economic zones*. new delhi: Nabhi publication.

India was one of the first in Asia to recognize the effectiveness of the Export Processing Zone model in promoting exports, with Asia's first EPZ set up in Kandla in 1965. With a view to overcome the shortcomings experienced on account of the multiplicity of controls and clearances; absence of world-class infrastructure, and an unstable fiscal regime and with a view to attract larger foreign investments in India,

The Special Economic Zones Policy was announced in April 2000. This policy intended to make SEZs as the New Dawn of modern economy, supported by quality infrastructure complemented by an attractive fiscal package, both at the Centre and the State level, with the minimum possible regulations. Special Economic Zones are proposed to be specially delineated duty free enclaves for the purpose of trade, operations, duty and tariffs. These zones are self-contained and integrated having their own infrastructure and support services.<sup>11</sup>

## 1.2 Legislative Support

The Special Economic Zones Act, 2005, was passed by Parliament in May, 2005 which received Presidential assent on the 23rd of June, 2005. After extensive consultations, the SEZs Act, 2005, supported by SEZs Rules, came into effect on 10th February, 2006, providing for drastic simplification of procedures and for single window clearance on matters relating to central as well as state governments.

SEZs in India functioned from 1.11.2000 to 09.02.2006 under the provisions of the Foreign Trade Policy and fiscal incentives were made effective through the provisions of relevant statutes. The EXIM Policy Statement of 2004-2009 had stated that SEZs could be established under private sector, joint sector or public sector at the initiative of state governments to provide an internationally competitive and hassle free climate for export promotion.<sup>12</sup>

As a result, many state governments in the country followed this up by replacing the EPZ scheme with SEZ scheme, the main difference between them being that the former was just an industrial enclave while the latter is visualized as an integrated township with fully developed infrastructure facilities and higher order governance.

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<sup>11</sup> . Sampat, P. (2008, 12 July). Special Economic Zones in India. *Economic and Political Weekly*, 25-29.

<sup>12</sup> . p.k. manoj. (2009). *special economic zones in india (financial incution: challanges & opportunities)*. new delhi: serials publication.

The main objectives of the SEZs Act 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;
- (e) Development of infrastructure facilities;

The SEZ Rules provide for different minimum land requirement for different class of SEZs. Every SEZ is divided into a processing area where alone the SEZ units would come up and the non-processing area where the supporting infrastructure is to be created. The SEZ Rules provide for:

- a) Simplified procedures for development, operation, and maintenance of the Special Economic Zones and for setting up units and conducting business in SEZs;
- b) Single window clearance for setting up of an SEZ;
- c) Single window clearance for setting up a unit in a Special Economic Zone;
- d) Single Window clearance on matters relating to Central as well as State Governments;
- e) Simplified compliance procedures and documentation with an emphasis on self-certification

The basic tenets of the SEZs policy were excellent and well-meaning. The objectives of setting up SEZs prevail across all platforms and that there is accelerated investment environment increased job creation and a healthy environment with world-class infrastructure conducive to the growth of business in India.<sup>13</sup>

### 1.3 Evolution of Special Economic Zone

The concept of Special Economic Zones is not new. In an International Labor Organization (ILO) report traces the roots of the concept to 13<sup>th</sup> century Spain and in more recent times to Ireland and Puerto Rico, which established Export Processing Zones (EPZ). Export Processing Zones is the former name of the Special Economic Zones. The countries like China, United Arab Emirates, Malaysia India, Jordan, Philippines, and Russia have utilized the concept of SEZ. In 1986 there were 176 zones across 47 countries. Now the number has increased to over 5000 across 147 countries. The concept of Special Economic Zone (SEZ) is described by different countries in no less than nineteen terms such as Free

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<sup>13</sup> . p. Arunachalam. (2008). *special economic zones in India: principles, problems and prosects*. new delhi: serials publication.

Trade Zone (FTZ), IndustrialZone(Singapore), Maquiladoras(Mexico), Export Processing Zone (EPZ) and the common variants are FTZ, EPZ and SEZs. The diversity of zones emphasizes that they are created by Government to meet a specific policy objective, primarily export intent. International conventions recognize the rights of government to create such special purpose policy instruments and even encourage them to do so.

Free Zones as a concept are at least as old as western civilizations, having existed in the Phoenician city of Tyre, Roman Empire and at 300 BC in the Greek Island of Delos, which as a result become one of the wealthiest islands in the world for nearly a century. With operational success the role of the FTZs expanded beyond trade to investment, technology, research and development, services, training and free zones have become centre of activities in the modern economy. The first EPZ of modern era was set up in 1959 at Shannon, in Ireland. The concept of establishment of EPZ was adopted by Puerto Rico in 1962, followed by India in 1965. Throughout the world, and even throughout the history, zones have proven themselves to be one of the most effective tools available for trade development. As per report, at present 5174 zones are operating world over in more than 128 countries and territories.

Policies taken by the government for the development of the nation obviously affect the people. SEZs policies are for the development of the country. These development projects have economic, political and social impact. In Gandhian political economy, village level development is needed. Lane needed for the establishment of SEZs projects also affected the political economy of the country. Tax incentives, Foreign Direct Investment, New type of employment generation also affect the political economy of the country. The macro economic changes driven by SEZs will push the countries down the path of increasing socio-political crisis.<sup>14</sup>

#### **1.4 Definition of Special Economic Zone**

There are currently at least 2 different terms to describe what are now generally known as Special Economic Zone. The varied nomenclature also stems from the fact that the original innovation, as it matures and become more widely diffused acquires entirely new feature or involves in unanticipated direction.

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<sup>14</sup> . Das Geeta, "Special Economic Zones in India Lesson from China" New Century Publication New Delhi, India. P. No. 12 & 13.



A detailed definition given by the World Bank illustrates the model and also distinguishes the EPZ from the FTZ: “A special economic zone is a geographical region that has economic laws more liberal than countries typical economic laws. According to the SEZs Act 2005, A SEZ is a specially delineated duty free enclave and shall be deemed to be foreign territory for the purpose of trade operations and duties and tariffs. A SEZ also been viewed as “a geographical region with different economic laws that a countries typical economic laws with the main good of attracting foreign investment.” A SEZ or a Free Trade Zone is typically an enclave of units operating in a well- defined area within the geographical boundary of a country where certain economic activities are promoted by a set of policy measures that are generally not applicable to the rest of the country.<sup>15</sup>

The EPZ is a relatively recent variant of the widely used FTZs, a designated area, usually in or next to port area, to and from which unrestricted trade is permitted with the rest of the world. Merchandise may be moved in and out of FTZs free of customs, stores in warehouse for varying periods and repackaged as stored in warehouse for varying periods and repackaged as needed. Goods imported from FTZs into the host country pay the requisite duty; their prior storage in FTZs warehouses permits rapid delivery to order, meanwhile saving interest on custom payments. EPZs more specifically, also provide buildings and services for manufacturing transformation of imported raw and intermediate materials into finished products, usually for export but sometimes partly for domestic sale subject to normal duty. The EPZ is thus a specialized industrial estate located physically and/or administratively outside the custom barrier, oriented to export production. Its facilities serve as a showcase to attract investors and a convenience for their getting established, and are usually associated with other incentives.<sup>16</sup>

The International Confederation of Free Trade Unions defines the Export Processing Zone as follows “a clearly demarcated industrial zone which constitutes a free trade enclave outside a country’s normal custom and trading system where foreign enterprises produce principally for export and benefit from certain tax and financial incentive.”<sup>17</sup>

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<sup>15</sup> . Arunachalam P. “Special Economic Zones in India Principles, Problems and Prospects” Serials Publications New Delhi, P. No. 14 to 18.

<sup>16</sup> . Arunachalam P. “Special Economic Zones in India Principles, Problems and Prospects” Serials Publications New Delhi, P. No. 52 to 63.

<sup>17</sup> . Das Geeta, “Special Economic Zones in India Lesson from China” New Century Publication New Delhi, India. P. No. 14.

The above definitions are not concrete and there are many exceptions, some EPZs may not be demarcated by physical barriers as in the case where free trade applies throughout the country, as in the case of the city states of Singapore and Hong Kong (previously). Similarly, China's 'Special Economic Zones' are spread on such a large scale that they seem to evade the above definition of EPZ.

### **1.5 The Objective of Special Economic Zone**

The SEZs are established to encourage international trade and enhance domestic industrial bases. United Nations publication of 1985 listed the most common objectives underlying the establishment of zones as following:

- *generating foreign exchange earnings;*
- *creating employment;*
- *attracting foreign capital and advanced technology;*
- *acquiring labor management skills; and*
- *creating linkages between EPZ industries and the domestic economy.*

A broader perspective posits important dynamic functions to zones, albeit very different, dynamic crucial initiating role in the development of national industrial capacity by:

- *offering a platform for internationally competitive productive units*
- *creating an environment conducive to concentrated development of technology and skill in domestic sector towards export activities; and*
- *providing an example for the government to adapt a more proactive and responsive attitude for better administrative efficiency that encourages domestic and foreign investment.*

In addition, the zones allow countries to focus resources in particular sectors or areas, to soften the economic shocks of opening an economy and adjusting to a more competitive and global world. In some cases they even provide islands of stability and relative transparency even in the most extreme conditions in today's world of uncertainties. The modern zones focus on providing an internationally competitive business environment with improved infrastructure, sophisticated communications, reliable power, dependable transport, well educated workers and efficient customs operations.<sup>18</sup>

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<sup>18</sup> . Das Geeta, "Special Economic Zones in India Lessons from China" New Century Publications New Delhi, India.P. No.14 & 15.

## 1.6 International experience

The expansion and development of the SEZs has been significant during recent years. Thirty years ago, 80 EPZs in 30 countries generated barely \$6 billion in exports and employed about 1 million people.

**Table No. 1.1 Global Distribution of EPZs/SEZs**

Item	1975	1986	1997	2002	2006
No. of Countries	25	47	93	116	130
No. of EPZs	79	176	845	3000	3500
Employment(million)	-	-	22.5	43	66

Source: ILO database on Export Processing Zones

In 2006, 3,500 SEZs operated in 130 countries and accounted for over \$600 billion in exports and 66 million direct jobs (table no.1.1). By offering privileged trading terms for manufacturing-based exports, SEZs attract investment and foreign exchange, spur employment generation, facilitate adoption of improved technologies and assist in creation of infrastructure. Country-wise, the US has more number of Free Trade Zones due to its attractiveness to the foreign commerce and local businesses. China stands next to the US as China has implemented an ambitious export-oriented growth strategy during the 1980s and 1990s, the central feature of which was the establishment of SEZs and Open Coastal Cities. Vietnam, Hungary, Costa Rica and Mexico have considerable number of SEZs due to export oriented growth strategy that was adopted by these countries in recent years. Countries in the Asian region have also implemented SEZ development strategy in a big way with the objectives of promoting employment and exports. A look at the size of the free port zones confirms that Kaliningrad in Russian Federation is the largest zone with 15,000 square k.m. area followed by the Panamas and Hong Kong zones. An analysis of country experiences reveals vivid perspectives in the establishment and operations of the SEZs as detailed below.<sup>19</sup>

### 1.6.1. Islamic Republic of Iran

Interest in setting up and operating SEZs in Iran may be traced back to the 1970s, when the potential of the Kish Island in the Persian Gulf was first mooted as a flagship trade zone in the south. However, uncertainties following the revolutionary upheaval after 1979 and war with Iraq in the 1980s meant it was not for another two

<sup>19</sup> . L. Lakshmanan, Report on Evolution of Special Economic Zones and some Issues: The Indian Experience, 22 Sep. 2009, Reserve Bank of India

decades before interest in the subject was revisited. In the late 1980s, and with post-war reconstruction effort under way, the First Five-Year Development Plan (1989-93) laid down the foundation stones of the first "Free Trade-Industrial Zones". Article 19, stipulated three such areas, all in Iran's southern shores: the two islands of Kish and Qeshm in the Persian Gulf, and Chahbahar at the far south eastern corner of the mainland bordering with the Sea of Oman (Table 1.2).

**Table No. 1.2 The List of FTIZ in Iran**

Serial no.	Name	Established	Area	Location
1.	Kish	1989	91 sq km	Persian Gulf
2.	Qeshm	1990	480 sq km	Strait of Hormuz
3.	Chahbahar	1991	140 ha	Southeast
4.	Aras	2003	97 sq km	Northwest
5.	Arvand	2004	173 sq km	Southwest
6.	Anzali	2003	3200 ha	(Caspian Sea)

Source: Iran's Free Trade-Industrial Secretariat website, The momentum gathered pace after this with a number of other important steps following on. First, a High Council was set up in 1992 entrusted with regulatory oversight and management and operational responsibilities for these and future zones. One of the first priorities of the Council was to devise and ratify the laws and regulations that were to govern the operation of free Trade-Industrial zones.

This task was completed by 1993/94. By the end of the Plan period, therefore, all three zones had been established, marking 1993 as a watershed in Iran's quest for FTIZs. Another three zones have joined ranks in more recent years, raising the total number to six. Two of the newly established zone Aras and Anzali are located in the north (the former in the northwest bordering the Republic of Nakhchjavan, in proximity of Azerbaijan and Armenia; the latter on the shores of the Caspian Sea with good access to CIS states). The third one, Arvand is in the Southwestern province of Khuzistan and shares international borders with Iraq and Kuwait.

The economic context in which Iran's experience of FTIZs originated deserves some attention. Given the isolationism of the post-revolutionary period as well as the ravages imposed by the war with Iraq during the harsh decade of the 1980s, these zones were clearly seen as attractive "back doors" to the global economy, whilst the vexed and wider question of Iran's position in the international economy itself could be deferred awaiting the test of the time. The war years had been particularly harsh for their impact on starving the economy of imported consumer goods and industrial inputs and intermediate products.

Whilst the benefits of FTIZs were officially articulated in terms of their potential contribution to addressing Iran's endemic economic problems (widespread capital shortages, low productivity, run-down public resources, highly limited non-oil exports, low level technology and management skills levels and practices) an unstated attraction of the zones was, no doubt, their potential contribution to alleviating Iran's appetite for imports at the time.<sup>20</sup>

The early zones were selected principally for their proximity to Iran's international waters in the south and were hence seen as gateways for and potential links to the wider international economy. The customs rules adopted for the zones, too, exacerbated the tendency for them to develop as import platforms for the mainland. These rules allowed domestic travellers to the zones to take back import goods with them onshore according to Iran's general customs and excise regulations they were treated as imports from abroad.

This practice had the inadvertent impact of encouraging their development as major centers of domestic tourism and leisure for the burgeoning domestic tourism. This was aided in turn by two factors. First, it became a major source of income as the Zone Authorities' revenues were limited to income from the sale of land and customs and excise duties they could charge on merchandise. Second, Iran's continued isolation limited possibilities for international tourism giving the zones an edge in attracting a growing number of domestic tourists. Thus, in early years the zones became major conduits for imports of consumer goods which sprang up on the back of growing domestic tourism. This practice was however, contrary to the spirit of setting up FTIZs as export platforms and was subsequently abandoned in 2003 when the three new zones mentioned above were set up.

Another important provision under the First Plan was the establishment of the so-called Special Economic Zones throughout the country. But if facilitating access to imported goods was only partially important for setting up Iran's FTIZs, it was an even more explicit motivation behind the establishment of SEZs. Even before the Revolution and in the heyday of the 1970s' oil-boom, various industrial units had experienced costly delays in sourcing their industrial inputs and intermediate products from abroad. To address this, special facilities had been set up by Tehran's Customs Office to facilitate importation and storage of such goods.

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<sup>20</sup> . Hakimian, H. (2009). Iran's Free Trade and Special Economic Zones: Challenges and Opportunities. *University of Southern California* (pp. 21-25). California: University of Southern California.

The need for these was heightened in the 1980s with the disruptions caused by the Iraq War. Article 20 of the First Five-Year Development Plan recognized the need for the so called "protected customs areas" but introduced a two-pronged approach whereby the zones on the mainland were managed by the Customs and those on the shorelines were under the supervision of the Ports and Shipping Organization.

Under this Law, the first SEZ was established in Sirjan in 1992 (in the central province of Kerman to the north of Bandar Abbas) under the official title of "protected customs area. The status was later changed as Sirjan was officially designated as an SEZ. This was then followed by a second zone in Sarakhs on the old silk route connecting Iran's northeastern Khorasan province to the Central Asian states through a newly established railway line (Mashad-Sarakhs-Tajan).

The number of SEZs in Iran steadily increased thereafter with a third one set up in the port of Anzali (which was later changed into an FTIZ), and the fourth one was also in an existing FTIZ area of Qeshm, embracing the non-FTIZ areas of this island. The momentum gathered pace in 1997, when several new SEZs were added. Moreover, zones with a special theme" were introduced with a new petrochemicals free zone established in Bandare Imam, followed by an energy SEZ (oil and gas) in Pars (1998), mining zone in Lorestan (1999), electronics in Yazd (1997) and shipping in Bushehr. There are currently a total of 16 SEZs in Iran. There are 23 SEZs under investigation and they are in the process of rules.<sup>21</sup>

FTIZs and SEZs in Iran have markedly different governance structures. Governance matters pertaining to the Free Trade Zones are defined by "The law on the Administration of Free Trade-Industrial zone". As we saw above, this law was first passed in 1993 under the auspices of the First Five Year Development Plan and was subsequently amended in 1999. It comprises 28 Articles and 8 Notes, covering all aspects of the operation, management and governance in the zones.

According to this law, all plans for the establishment of new zones and their boundaries will be subject to proposal by the government and have to be ratified by the Islamic Consultative Assembly. Moreover, under powers delegated by the Board of Ministers, each Zone is administered by an Authority organized as a company, with an autonomous legal status, whose capital shall belong to the government. Management is through a Board of Directors, which consists of three

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<sup>21</sup> . IFTIZ. (2011, jun 10). [www.freezones.ir/default.aspx?tabid=229](http://www.freezones.ir/default.aspx?tabid=229). Retrieved jun 10, 2011, from coordinate council of FTIZs & SEZs.

to five persons appointed by the Board of Ministers. The Managing Director, who is also *ex officio* chairman of the Board, is appointed by the President from amongst the members of the Board of Directors and is the highest executive authority in the economic affairs and infrastructure in the Zones.

Furthermore to facilitate the coordination of the zones' activities, a High Council was established. This Council is chaired by the President and its membership is made up of various Ministers and the Secretary of the High Council of Free Trade–Industrial Zones. The Council in turn has a Secretariat, which is administered by the Secretary who is appointed by President of the Republic. Critically, perhaps, the Board of Ministers has under Article 138 of the Constitution, delegated all powers for the management of the zones to the Secretariat.

This means that at least in the case of the FTIZ, clear guidelines and legal powers exist which stipulate rules and regulations for their operations and management. Article 27 clearly enshrines the executive powers of relevant departments to the chairpersons and managing directors of the Free Zones. This means that both in principle and in practice the heads, chiefs and the acting directors of all government departments in the zone are appointed with the joint recommendation of the Chairperson and Managing Director of the Free Zone and ordinance of the highest official of the relevant government executive department. This is deemed necessary to avoid inconsistencies and conflicts between different departments and the management of the zones.

This is quite different from the operation of the Special Economic Zones, which were set up and are managed under different circumstances. Until 2005, these zones were governed according to Article 25 of the Second Five Year Development Plan (1994-99). In 2005, The Expediency Council intermediated between the parliament and the Guardian Council to finalize the set of rules for these zones commonly known as "The Law on the Establishment and Administration of Special Economic Zones in the Islamic Republic of Iran". This law comprises 25 Articles and 12 Notes and covers all aspects of the operation, management and governance in the zones.

As we shall see, there are several similarities between these rules and those for the FTIZs. However, one of the main differences relates to governance and administration rules. Whereas, the FTIZs rules entrust clear executive powers to the High Council for the running and management of the zones, the establishment and operation of SEZs is not subject to a clear cut and universal template. First, Article 3 stipulates that, subject to the approval of the Board of Ministers.

The administration of SEZs is open to both state and non-state entities (FTIZs can only be administered by state bodies). In fact, the special zones in Sirjan and Arg-e-Jadid fall in this category. Second, their administration is decentralized in the sense that (unless in cases where specified), each zone is subject to the constitution and rules pertaining to the (public or non-public) body which is in charge of the zone. In practice, this means executive powers are vested in the authority which is in charge (for instance, for the Petrochemical SEZ, that would be with the parent organization which is National Petrochemicals Company, and so on). In practice, of course this means the multiplicity of decision making bodies in charge and one corollary of this is that for each zone their budget is determined at the local level (i.e. within the resources set by the parent organization) rather than centrally by the Secretariat Authority.

The law on the Administration of Free Trade-Industrial Zones “mentions above offers a raft of other business friendly rules and regulations for enterprises operating in the zones. These include full protection and guarantees offered to foreign investment. For instance, joint ventures are allowed with no limit on investment. Thus it is possible to set up a wholly owned foreign enterprise in the zones, although in the SEZs, there is a limit to foreign ownership of 49%. Furthermore, in the FTIZs:

*-There are no currency restrictions*

*-It is possible to repatriate 100% of capital and profit to other Iranian Free Trade-Industrial Zones or to other countries*

*-Non-Iranians can lease land (Iranian can buy and sell or lease of land)*

*-Setting up business and company registration is streamlined and bureaucracy is simplified*

*-Foreign nationals do not require obtaining entry visa clearance (entry visas can be obtained at the point of entry)*

*-There are special employment and labour regulations (more of this below).*

*There are several similarities between the FTIZs rules and those governing the special zones. Chief among them:*

*-Goods produced in both zones are exempt from customs duties when exported to the main land.*

*-Goods in transit are also exempt from customs duties in both zones.*

*-Both zones benefit from complete freedom of entry and exit for capital (including foreign capital).*

*-In both zones, land can only be leased to foreigners (Iranians can buy and/or*



lease).

*-Special labour and employment laws apply in both zones (see below).*

*-Employing foreign labour is allowed in both zones (subject to a 10% limit of the workforce in the enterprise).*

There are, however, a number of *differences* too. The main points being:

*-There is a 15-year tax exemption for business in the FTIZs. SEZs enterprises are, However, there are a number of differences too. The main points are:*

*-there is a 15 years' tax exemption for business in the FTIZs. SEZs enterprises are subject to Iran's general tax rules.*

*-In SEZs, foreign nationals are subject to the same visa entry requirements as in the mainland (there is no such entry visa requirement in FTIZs).*

*-In FTIZs, both Iranians and foreign nationals can engage in retail transactions; in SEZs, however, only foreigners are allowed this facility.*

*-There is no limit for foreign ownership in FTIZs; in SEZs, a ceiling of 49% applies for joint ventures.*

*-Off Shore banking facilities (including free exchange rates) are available in FTIZs; in SEZs, only domestic banking services (including exchange regulations) of state banks apply.*

*-No retail selling is allowed in SEZs (these are allowed only in Kish, Qeshm and Chahbahar but forbidden in the new FTIZs in Arvand, Aras and Anzali).*

In general, FTIZs have a longer history, are subject to clearer governance and administration rules and structures, and benefit from more business friendly legal and economic environments. A good case in point is the employment and labour laws that are applied in the FTIZs. These So-called "Regulations of Employment of Human Resources, Insurance and Social Security in the Free Trade – Industrial Zone" are generally more flexible and less detailed than Iran's Labour Code which is notoriously more prescriptive, especially with regards to its provision for suspension or termination of employment contract; remuneration; or working conditions for vulnerable groups, such as women and youth.

Perhaps most characteristically is the FTIZs "Labour Regulations" in respect of the flexibility they allow for termination of an employment contract. While such termination is only allowed under six highly specific conditions under the Labour Code (such as resignation, death, total incapacity, retirement, etc.), the Regulations additionally allow for the cancellation of a contract by "the employer and the employee in cases stipulated in the employment contract in accordance with this decree" (Article 12). In practice, this allows employers to stipulate grounds for termination due to changes in economic, technological and organizational climate

as long as these are clearly stipulated in the contract and agreed by the employee.<sup>22</sup> In principle, therefore, the notion of labour market flexibility – judged by hire and fire – is more attainable in the zones than in the mainland. However, in practice, whether the dismissal of a worker is acceptable (if disputed) is subject to the judgment of the Board of Settlement of Disputes.

### **1.6.2 The United States**

The US continues to be a great source for manufacturing investment for economic zones. Foreign Trade Zones have played a pivotal role in establishing the US as a hub for manufacturing, though the globalization, current dynamics and changed comparative advantage have resulted in large scale outsourcing of low value manufacturing processes to China and other South East Asian economies. The FTZs in the US are designated sites where special customs procedures apply and the FTZ Board, established in 1934, provides license and regulates FTZs. These zones have helped in creating level playing field in terms of the business costs associated with imports and customs clearance. The FTZs have also assisted state and local officials to develop their economies by attracting foreign commerce. Further, by helping the US companies improve their international competitiveness, FTZs have helped these companies to retain local business and encourage the development of additional jobs.<sup>23</sup>

### **1.6.3 Ireland**

Ireland has enacted free zone customs procedures within the overall ambit of EU laws. Ireland has one operational Free Zone, Shannon Free Zone. Shannon was a hub airport during the early transatlantic air travel. With the advent of modern long flying aircrafts, Shannon lost its geographical importance. In 1959, Government of Ireland decided to develop an industrial hub at Shannon and declared it as a Free Zone. The zone has a total area of 240 hectares. Some of the sectors operating in the zone are engineering, electronics, telecommunication, aviation, software, shared services, logistics and transport and financial services.<sup>24</sup>

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<sup>22</sup> . IFTIZs. (2009, sep 17). <http://en.freezones.ir>. Retrieved sep 17, 2009, from Iran"s Free Trade-Industrial Zones Secretariat.

<sup>23</sup> Arunachalam P. "Special Economic Zones in India Principles, Problems and Prospects" Serials Publications New Delhi, P. No. 24 & 25.

<sup>24</sup> Manecksha, Freny (2007): Innovative Projects, Frontline, November 16, P.108.

### 1.6.4 Poland

The basis for creating SEZs in Poland is the Act of 20 October 1994 on Special Economic Zone which indicates the rules and manner of establishing and managing of economic zones as well as conducting business activity on the territory of the special economic zone.

Fourteen Special Economic Zones have been created in Poland, EURO-PARK Mielec, Suwalki, Kotowice, Legnica, Lodz, Walbrzych, Kamienna Gora, Kostrzyn-slubice, Slupsk, Starachowice, Tarnobrzeg, Pomernian, Warmi-Mazury and the Krakow Technology Park. One may only hope that the long turn undertaking, which was the introduction of Special Economic Zones, will encourage new investors to locate their activity in the special economic zones.

Poland enacted a SEZ law in 1995 for creating SEZs. The main objectives of developing the zones were creating employment, protecting the environment, applying new technology, managing natural resources, and taking advantage of unused assets and infrastructure. In order to attract investors, preferential tax treatment applies to the SEZs. An important aspect of the policy is to provide incentives based on type of investment, quantum of investment, the number of local people employed and trained. Some of the prominent industries established in the zones are automotive and automobile parts, aircraft manufacturing, metal working, food processing and beverages. At present, there are 17 special zones in Poland covering an area of around 6338.92 hectare. The zones currently employ more than 14,000 people. Euro Park Mielec, spread over 575 hectare, is one of the successfully operating SEZ in Poland.<sup>25</sup>

### 1.6.5 Mauritius

Mauritian EPZs, established in 1971, were geared towards separating the EPZs activities from the rest of the economy by reducing the cost of doing business through tax and duty exemptions, access to concessional finance, fast-track approvals for all administrative procedures, and preferential market agreements and marketing support. Mauritian EPZs have been excessively dependent on the textiles and garment sectors, which represented 77 percent of total EPZ exports and 83 percent of total EPZ employment. A Textile Emergency Support Team (TEST) was set up to address the issues related to the increasing number of closures of EPZs due to changed dynamics in the international textiles and garment markets.

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<sup>25</sup> . Olga Zajackowska Drozd, Special Economic Zones in Poland, World Commerce Review, June 2010, P.No. 1&2

The Government is also moving toward integrating the EPZ and non-EPZ economies to increase the economic impact of EPZs models.

### **1.6.6 Africa**

In the case of African countries, Madagascar started to develop an EPZ in 1989 to attract FDI. Although Malagasy EPZs are regarded as a successful story in their own right, they, however, have been criticized for operating largely outside of the national economy, thus contributing insignificantly to overall economic performance. Senegal EPZ programme offers a number of features that have enabled Senegal to take advantage of existing market opportunities such as provision of EPZ status to both goods and services exporters, access to fiscal and non-fiscal incentives; enabling a framework to allow for private sector participation in management of zones; equal treatment accorded to domestic and foreign investors; and streamlined customs procedures largely in line with Kyoto Convention standards and guidelines. A free zone was established in 1992 in Zanzibar, focusing on the development of a manufacturing base in this largely spice and seaweed exports dependent island region. The mainland government introduced an EPZ program in 2002, to promote Export-Oriented Industrial investment.

### **1.6.7 South East Asia**

In the case of South East Asian Region, Cambodia follows the international best practice of avoiding different tax incentives for firms located in SEZ/EPZ. Vietnam and Thailand, however, do not follow this practice and provide additional incentives in their promotion zones. The duration of the tax holiday in Vietnam's promotion zone is 2–4 years, except for high-tech zones for which it is 8 years. Thailand offers complete withholding tax exemption in its zones, while Vietnam provides for a reduced rate, essentially making the provision of direct incentives more favorable.

### **1.6.8 Special Economic Zones in China**

Reardon (1998) argues that by the time of the Third plenum, that ruling elites have been convinced to support a strategy embracing a very different vision. The strategy called for a new approach that would promote exports, encourage foreign direct investment and use SEZs to earn foreign exchange, promote technology transfer and provide an impetus for the reform of economic management.

A cautious decision was taken for the establishment of SEZs primarily to test the effectiveness of alternative market based export-led growth strategy, as in East Asian countries; there was also heavy government investment in infrastructure. It

was also decided that each zone could introduce its own regulation on investment approvals and tax concessions.<sup>26</sup>

### 1.6.8.1 Objectives of SEZ

SEZs are used to stimulate private investment; both domestic and foreign for economic development through preferential government policies. It attracts low cost labour and has high potential of growth. The investors are offered excellent infrastructure facilities, distribution networks and other market factors. Howell summarizes the expected role of these SEZs as follows:

1. Transfer of hi-tech industries into the SEZs.
2. Experiment and acquisition of modern technology and management expertise.
3. Creation of employment.
4. Earning of foreign through promotion of exports.
5. Promotion of economic development and regional development.
6. Creation of economic links to the domestic economy with Hong Kong (close to and Shenzhen), Macao (close to Zhuhai), Taiwan (close to Xiamen) overseas Chinese communities (Shantou).
7. Experiment of new economic reform with market forces.
8. Setting-up of a link between the economic hinterland and overseas.<sup>27</sup>

### 1.6.8.2 Development of SEZs

The first SEZ was setup in January 1979, in Shekou within what is now Shenzhen. This was followed by Zhuhai and Shantou in Guangdong Province adjacent to Hong Kong and Xiamen in Fujian Province. In June 1979, China introduced its first law sanctioning Sino-foreign joint ventures. Subsequently, the entire province of Hainan was designated as Special Economic Zone.

In August 1980, the National People's Congress (NPC) passed "Regulations for Special Economy Zone of Guangdong Province" and officially designated a portion of Shenzhen as the Shenzhen Special Economy Zone (SSEZ).<sup>28</sup> The five SEZs with their location, respective size and the year in which they commenced operations are given in the Table 1.3.

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<sup>26</sup> . Das Geeta, "Special Economic Zones in India Lesson from China" New Century Publications New Delhi, India 2009.P. No. 77 & 78.

<sup>27</sup> . Das Geeta, "Special Economic Zones in India Lesson from China" New Century Publications New Delhi, India 2009.P. No. 78.

<sup>28</sup> . Das Geeta, "Special Economic Zones in India Lesson from China" New Century Publications New Delhi, India 2009.P. No. 78.

**Table 1.3 China Special Economic Zones**

Name of Zones	Location	Area (sq.km)	in which Year started operations
Shenzhen SEZ	Guangdong Province	327.5	August 1980
Zhuhai SEZ	Guangdong Province	121	August 1980
Shantou SEZ	Guangdong Province	52.6	August 1980
Xiamen SEZ	Fujian Province	131	August 1980
Hainan SEZ	Hainan Province	34000	April 1988

Source: Bhamre Depak, Special Economic Zones Problems & Remedies, Arthsanvad, April-June 2007.

### 1.7 A Brief History of India's Special Economic Zones

India became independent in 1947 and chose self-sufficiency along with economic autonomy. The Industrial Policy Resolution of 1948 marked the beginning of the evolution of the Indian Industrial Policy. The Resolution not only defined the broad contours of the policy. But it delineated the role and authority of the state in industrial development both as an entrepreneur and as an authority. The Industrial Policy Resolution of 1956 gave the public sector a strategic role in the economy. It categorized industries, with some to be the exclusive responsibility of the state or world progressively come under state control and others. Earmarking the pre-eminent position of the public sector, it envisaged private sector coexisting with the state and thus attempted to give the argument that capital being scarce in India, it was essential to regulate the flow of the available capital into socially desirable channels. This was achieved by an elaborate system of industrial licensing and state monopoly and control over key industries. During the Jawaharlal Nehru's period, foreign collaborations were promoted in certain sectors and foreign investment was encouraged. Government announced in Lok Sabha in April 1960 to establish the first Free Trade Zone at Kandla (KAFTZ) in Gujarat. The zone became operational in the year 1966-67. India thus acquired the distinction of establishing the first FTZ in Asia and second amongst the developing countries next only to Puerto Rico where Export Processing Zone was established in 1962. A decade later, the second zone was set up at Bombay and four more EPZs in 1980s at Calcutta, Cochin, Madras and NOIDA followed by yet another at Vishakhapatnam. The EPZs in India were developed, owned and managed by the Central Government. And the zone units were permitted to process or

manufacturing with project specific value addition for strict compliance. In the absence of conducive macro economic policy frame work, inadequate infrastructure, lack of promotional strategy, the performance was not significant in terms of contribution to exports, foreign exchange earnings, foreign direct investment and GDP. The prevailing scenario was appropriately described as, 'if the EPZs are 'grafted' in isolation on an inward looking economy, their performance will not be optimal as is borne out by the Indian experience<sup>29</sup>.

China's performance has many ways become the envy of the world, developed and developing alike<sup>30</sup>. Now, India has embarked upon an ambitious plan to emulate the Chinese model of Special Economic Zones to boost export, attract FDIs and thereby accelerating economic progress. The new Export and Import Policy effective from April 1, 2000 was introduced for setting up of Special Economic Zones in the country with a view to provide an internationally competitive and hassle free environment for exports. And units in SEZs were allowed to manufacture, trading, re-conditioning, re-engineering and service activities. Eminent economist, Meghnad Desai is one of the views that 'specific manufacturing growth strategy would be required for a growth rate in manufacturing at 12 to 15 percent with an aim of doubling the manufacturing labor force from the present of around 40 million to 80 million over 20 years.

China achieved such a rate between 1980 and 2000. There is no reason why India cannot do the same.' In the context that both countries have many similarities though under different political systems, the basic question arises: whether adoption of the concept of Special Economic Zone by India as development strategy for sustainable economic development will be as effective as it as in China. It is worth evaluating the efficacy and scope of the lessons Chinese experience offers for India (Leong, 2007).

## 1.8 Special Economic Zones in India

The first Export Processing Zone in India, in the name and style of Kandla Free Trade Zone at port town Kandla in Gujarat become operational in 1966-67. Keeping in view the rapid growth of demands for electronics products Santa Cruz Electronics EPZ (SEEPZ) was planned as a single product zone for processing

<sup>29</sup>. Sharma Naresh Kumar (2009), "Special Economic Zones: Socio- Economic Implication", Economic & Political Weekly, Vol. XLIV No. 20, May 16, 2009. P.No. 18 & 19.

<sup>30</sup>. Gopalakrishnan Shankar, (2007), "Negative Aspects of Special Economic Zones in China" Economic & Political Weekly, April 28, 2007. P.No. 1492 & 1494.

electronic goods for export. The second zone, SEEPZ was been built in Mumbai in Maharashtra in September 1972.

In order to cater to the proximity market and growing popularity of Indian gold and jewellery ornaments, SEEPZ was been made a two-product zone in 1988. Standard Design Factory Building exclusively for 'Gem and Jewellery Complex' was constructed. Arrangement was also made for the availability of duty free gold for the exporting units. In 1983 it was decided to set-up four more EPZs in the states of Tamil Nadu, West Bengal, Kerala and Uttar Pradesh, at Madras (MEPZ), Falta (FEPZ), Cochin (CEPZ) and NOIDA (NEPZ) respectively.

While MEPZ and FEPZ were operational during 1985-86, CEPZ and NEPZ commenced export in 1986-87. The seventh zone was decided to be set up in Vishakhapatnam (Andhra Pradesh) in 1989. EPZ at Vishakhapatnam (VEPZ) become operational from 1994-95. The objectives of the Indian EPZs have been succinctly summed up by the Ministry of Commerce as 'EPZs are intended to provide internationally competitive duty free environment for export production at low cost. The objectives to be achieved include increase in foreign exchange earnings and stimulation of domestic and foreign investment and creation of employment opportunities.'

The EPZs in India were developed, owned and managed by the Central Government. The scope of the permitted activities for operating in the zone was initially limited to processing or manufacturing with project wise specified value addition norms for strict compliance. The scope was subsequently expanded to include activities like trading, re-conditioning and re-engineering in the zone also with specific value addition guidelines.

A new policy was introduced in the Export and Import Policy effective from April 1, 2000 for setting up of Special Economic Zones in the country with a view to provide an internationally competitive and hassle free environment for export. Units may be set up in SEZ for manufacture, trading, re-conditioning, re-engineering and for service activities. The units in the zone have to be a net foreign exchange earner but they shall not be subjected to any pre-determined value addition or minimum export performance requirements, as it used to be the basic criteria for projects in EPZs.

Sales in the Domestic Tariff Area by SEZ units shall be subject to positive foreign exchange earning and on payment of applicable Customs duty and import policy in force. With the announcement of Special Economic Zone Scheme, three of existing Export Processing Zones (EPZs) at Kandla, Santa Cruz, Cochin were converted



into SEZs with effect from November 1, 2000 so that they would be in a position to avail of the benefits of preferential policies and incentives offered to SEZs. And with effect from January 1, 2003 NEPZ, FEPZ, MEPZ and VEPZ also were converted into Special Economic Zones.<sup>31</sup>

The policy proviso for setting up of EPZs only by the Central Government was modified in 1994 to enable State Government, infrastructure for new zones or strengthen the same in existing zones. The first private sector SEZ was developed at Surat (Gujarat) by the Diamond and Gem Development Corporation over an area of 123 acres (499,000 sq.m) with an initial investment of INR 32.46 crore in the year 1997. It commenced production from 2000-2001 with an export turnover of INR 62.28 crore in the first year itself. Surat zone primarily caters to the diamond processing units involved in diamond cutting, finishing and diamond jewellery production for exports<sup>32</sup>.

### **1.9 Categories of Special Economic Zone**

In India SEZs are divided into three categories, Multi Product SEZs, Sector Specific SEZs, Free Trade and Warehousing Zones (FTWZ). The first category signifies a SEZ where unites may be set up for manufacture/rendering of service of two or more goods in a sector or good services falling in two or more sectors. For multi-product service SEZ, a contiguous area of 100 hectares or more is required.

The second category defined as a zone meant exclusively for one or more product & services. The minimum area requirement is 100 hectors of contiguous and vacant land. Within sector specific SEZs Bio-technology, Gems and Jewellery, Non conventional energy, electronics, hardware and software SEZ including IT can be set up with minimum area has been relaxed to 50 hectors for Assam, Meghalaya, Nagaland, Arunachal Pradesh, Uttaranchal, Sikkim, J&K, Goa and the Union Territories. Free Trade and Warehousing Zone (FTWZ) is the third category which minimum area requirement is 40 hectares of contiguous and vacant land. Built up area should not be less than 10 hectares.

### **1.10 Special Economic Zones Act, 2005**

The SEZ Act, 2005 passed by the parliament with effect from April 1, 2005 aims to providing competitive fiscal package both at Central and State level with minimum regulatory regime and quality infrastructure with a stable long term policy to promote investment in these areas. Existing incentives and facilities like exemption from customs and excise duty for development of SEZ and setting up of

<sup>31</sup> . Shankar, S. (2007). *Special Economic Zones*. Mumbai: Samant Publication.

<sup>32</sup> . Das Geeta, "Special Economic Zones in India Lesson from China" New Century Publications New Delhi, India 2009.P. No. 43 to 45.

units, income tax, sales tax and service tax exemption were also incorporated in the new legislation to impart stability to the fiscal regime. Under the new legislation, SEZ would be treated as deemed foreign territory for trade operations, duties and tariff, and supplies from domestic industry would be treated as exports. Goods and services going into the SEZs area from domestic tariff area (DTA) shall be treated as if these are being imported. The basic objective for setting up of SEZ has been spelt out:

- *Generation of additional economic activity*
- *Promotion of export of goods and services,*
- *Promotion of investment from domestic and foreign sources,*
- *Creation of employment opportunity, and*
- *Development of infrastructure.*

In addition, there would be many associated advantages accrued in the process and some of these are;

- *acquiring and upgrading labour and management skill,*
- *attracting advanced technology,*
- *Development of the region with feeder industry, and*
- *establishing linkage with rest of the economy.*<sup>33</sup>

### **1.11 Custom Policy**

A new chapter XA in the custom Act, 1962 on Special Economic Zone Rules and Regulations, envisage a major departure from the existing concept and functioning of Special Economic Zones has been introduced with effect from March 1, 2004. Under the new dispensation, SEZs will be considered as foreign territory for the purposes of duties and taxes. In other words, supplies from DTA units to SEZs units will be considered as imports by the DTA units. The supplies to and from SEZs units will be governed by the provisions of the Custom Act, 1962 and not by the provisions of the Central Excise Act, 1944.<sup>34</sup>

### **1.12 Management Structure of SEZs**

In India, the SEZs are constituted as departmental undertakings under ministry of commerce, Government of India. Each zone is headed by a Development Commissioner (DC), a civil servant, appointed by Central Government. The highest decision and policy making body is the concerned EPZ authority, which is

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<sup>33</sup> . Arunachalam P. "Special Economic Zones in India Principles, Problems and Prospects" Serials Publications New Delhi, P. No. 24 & 25.

<sup>34</sup> . Das Geeta, "Special Economic Zones in India Lesson from China" New Century Publication New Delhi, India. P. No.46.

headed by the Minister of State for Commerce in the Central Government. It includes the Secretaries of all concerned Central Ministries and the state government as members along with DCs of the SEZs.

The Authority meets periodically to undertake a review of the SEZ and coordinates inter departmental issues. All approvals, licenses and other matters are dealt with by the concerned SEZs Board, which meets regularly under the chairmanship of the Additional Secretary, Ministry of Commerce with representatives of concerned Ministries. The responsibility for development, promotion and maintenance of SEZs vests with the Central Government in the Ministry of Commerce.

The DCs have been delegated authority for the management of the zones including granting permission to functioning of the units. However, the State Governments provide support for power and water supply, public transport, approach roads, beside requisite social and economic infrastructure such as housing, schools, hospital, shopping centers and recreational facilities. Pollution clearance certification, approval of building plans, registration as small scale units and grant of public utility status are other matters which fall under the purview of the State Governments. But there is no direct involvement of State Governments in the management of the zone. The SEZs claim to provide a hassle free environment for day-to-day operation, which is their major strength. Procedures are relatively simple and transparent. As per the present guide line all activities of SEZs units within one zone, unless otherwise specified, including export and re-import of goods shall be through self certification procedure.

Assistant Commissioner of Customs is also available in the zone to insure expeditious clearance of export and import cargo, as and when required. It not only facilitates sub-contracting and sales in the domestic tariff area but also takes care of other allied customs matters heads the custom wing. Besides, SEZs have supportive staff for project evaluation and estate management. Zones also provide pre-establishment support for expediting statutory approvals and clearance required to be given by various state government authorities. The office of the Development Commissioner is intended to be 'one-stop shop' for this

purpose.<sup>35</sup>The policy also offers various incentives and facilities to the units operating in the zones as well as to the developers of the zones.<sup>36</sup>

### 1.13 Facilities and Incentives for Units in SEZs

In addition to developed infrastructure, various other facilities and incentives offered by the Central Government to attract investment in the zone are as under:

- Duty free import of capital goods, raw materials, consumables, components and spares, prototype drawings required for export production*
- Duty free procurement of capital goods, raw materials, consumable spares etc. from the domestic market,*
- No license required for import,*
- 100 % Income Tax exemption on export income for SEZ units under Section 10AA of the Income Tax Act for first 5 years, 50 % for next 5 years.*
- Exemption from minimum alternate tax under section 115JB of the Income Tax Act.*
- Manufacturing, trading r service activity allowed,*
- Domestic sale on full custom duty subject o import policy in force,*
- Full freedom for subcontracting,*
- Subcontracting of part of production permitted abroad,*
- No routine examination of export and import cardo by customs,*
- Facility to realize and repatriate exports proceeds within 12 months,*
- Re-export imported goods found defective, goods imported from foreign suppliers on loan basis without G. R. waiver under intimation to the zone customs,*
- Facility to retain 100 percent of foreign exchange receipts in Export Earners Foreign Currency (EEFC) Account,*
- 100 percent Foreign Direct Investment in manufacturing sector allowed through automatic route barring few sectors,*
- Exempt from service tax, (subject to Export of Service Rules),*
- Exemption from Central Excise, duty on goods brought from DTA to SEZs,*
- Exemption from central and States Sales Tax (to sale made from domestic tariff area to SEZ units),*
- Facility to set up offshore banking units in SEZs,*

<sup>35</sup> . Ashok, K. (2000). *The Performance of India 's Export Zones: A Comparison with th Chinese Approach*. New Delhi: Sage Publications.

<sup>36</sup> Ghorude K.N., *India's Special Economic Zones: Role and Critical Success Factors*”, Himalaya Publishing House, Mumbai, P.No. 51 to 54.

- 100 percent FDI to SEZ Franchisee for providing basic telephone service in SEZs,
- External commercial borrowing by SEZ units up to US \$ 500 million in a year without any maturity restrictions through recognized banking channels,
- Exemption from electricity duty,
- Market Development subsidy is offered,
- Products manufactured and exported from the zone are exempted from export control order,
- For every unit in the zone the percentage of scrap and waste is fixed, and this can be disposed of in the DTA after payment of duties,
- Sale of 100 percent of production in the domestic market allowed against valid import license,
- Packing credit facility for a period of 180 days without production of firm export order of Letter of Credit,
- Term Finance is offered at concessional rate of interest for fixed assets,
- Fully owned foreign companies can invest in the zone,
- There is no bar for investment in the zone even in the areas where foreign technical know-how and capital are barred for units in the DTA,
- Rebate on warfare charges at the port,
- Subject to adjustment against the normal entitlement within one year, trial production is allowed for sale in Advanced Domestic Tariff Area,
- Suppliers from DTA are treated as deemed exports and they are eligible for various benefits,
- Capital goods from domestic, foreign leasing company can be sourced by SEZs,
  
- Imported and manufactured goods can be transferred internally
- Deboning and one-time conversion of EPCG scheme is permissible,
- Third party can be involved in the export,
- Private Bond houses can be set up in SEZ for stock and sale of duty free raw materials, components,
- SEZ units carrying out re-conditioning, repair and re-engineering activities for export in freely convertible foreign currency can be setup,
- 100 percent of export earnings at make market rate can be converted and there is no restriction on foreign shareholdings,
- Foreign capital along with appreciation if any after payment of taxes can be repatriated,
- Profits and Dividends can be remitted unrestrictedly,
- SEZ units can club their earning with DTA parent house for claiming Export House, Trading House, and Star Trading House States,

- Procure goods from the DTA without payment of duty or import goods duty free for the development, operation and maintenance of SEZ,
- Full freedom in allocation of developed plots to approved SEZ units on purely commercial basis,
- Essential requirements like water, electricity, security are provided to all units in the zone on priority.<sup>37</sup>

### 1.14 Incentives by State Government

While the basic infrastructure within the zone is provided by the zone developers, certain other associated social infrastructure specifically for the industries in the zone is taken care of by the State Government. These include:

- State financial corporation's assets in getting necessary financial assistance for the units,
- Zone units are declared as public utility services under the Industrial Disputes act and strikes without adequate notice are rendered illegal,
- Sales Tax exemption in respect of the zone units for export production.<sup>38</sup>

### 1.15 Facilities for Developers of SEZs

The Government has also announced a range of facilities for the developers of SEZs subject to meeting the prescribed guidelines as per SEZ Rules, 2006 and these include:

- Duty free import /domestic procurement of goods for development, operation and maintenance of SEZs and SEZs units.
- Full freedom in allocation of developed plots to approved SEZs units on purely commercial basis.
- Full authority to provide services like water, electricity, security, restaurants, recreation centre's etc. on commercial lines.
- Facility to develop township within the SEZ with residential areas, markets, play ground, clubs, recreation centers etc. with 100 percent FDI.
- Income Tax exemption on income derived from the business of development of the SEZ in a block of 10 years in 15 years under Section 80-IAB of the Income Tax Act.
- Exemption from minimum alternate tax under Section 115JB of the Income Tax Act.

<sup>37</sup> . Arunachalam P. "Special Economic Zones in India Principles, Problems and Prospects" Serials Publications New Delhi, P.No.26 & 27.

<sup>38</sup> . Arunachalam P. "Special Economic Zones in India Principles, Problems and Prospects" Serials Publications New Delhi, P. No. 31 & 32.

*-Exemption from dividend distribution tax under Section 115 of the Income Tax Act.*

*-Exemption from Service Tax.*

*-Exemption from Central Sale Tax on sales made from Domestic Tariff Area to SEZs.*

*-External commercial borrowing by SEZ units up to US \$ 500 million in a year without any maturity restriction through recognized banking channels.*

*-Permission to carry forward losses.*

*-Treating supplies from domestic tariff area to SEZ at par with physical exports for the purpose of income tax exemption<sup>39</sup>.*

## **1.16 Special Economic Zone Rule, 2006**

In exercise of the power conferred by section 55 of the Special Economic Zones Act, 2005 the Central Government notified the Special Economic Zones Rules, 2006 on February 10, 2006. The rule comprehensively provides the essential requirements for setting up a unit in a SEZ, guidelines for the developer, the procedure for procurement of inputs, sub-contracting from outside, sales in DTA, monitoring of the performance of individual unit to de-bonding of the units<sup>40</sup>.

### **1.16.1 Size of the SEZs**

The requirement of land area/ built up space for different categories of zones as specified in the rule are as under:

*-A multi product zone to have a minimum area of one thousand hectares and not exceeding five thousand hectares, and in case the zone is proposed to be set up in Assam, Meghalaya, Nagaland, Arunachal Pradesh, Mizoram, Manipur, Tripura, Himachal Pradesh, Uttaranchal, Sikkim, Jammu and Kashmir, Goa or in a Union territory, the area shall be two hundred hectares or more;*

*-Zone exclusively set up for electronics hardware and software including information technology enabled services, the area shall be ten hectares or more with a minimum built up space of one lakh square meters;*

*-In case of one Special Economic Zone proposed to be set up exclusively for bio-technology and non-conventional energy sectors, including solar energy equipment & cells to minimum area to be forty thousand square meters.*

<sup>39</sup> . Das Geeta, "Special Economic Zones in India Lesson from China" New Century Publications New Delhi, India 2009.P. No. 51 & 52.

<sup>40</sup> . Das Geeta, "Special Economic Zones in India Lesson from China" New Century Publications New Delhi, India 2009.P. No.51.

*-Fifty thousand square meters in case of a Special Economic Zone proposed to be set up exclusively for the game and jewellery sector<sup>41</sup>.*

### 1.17 SEZs in Operation

During 2007-08, there were fifty-seven zones in operation of which seven have been developed by the central government. These zones are listed in Table listed in Table 1.4.

**Table No.1.4 India's SEZs Developed by Central Government**

Zones	Location	Area (acres)	Status	Operational w.e.f
KASEZ	Kandla, Gujarat	625	Multi-product	1966-67
SEEPZ-SEZ	Santa Cruz, Mumbai	93	Computers and Jewellery	1972-73
MSEZ	Chennai, Tamil Nadu	262	Multi-product	1985-86
FSEZ	Falta, Kolkata	280	Multi-product	1985-86
NSEZ	Noida, UP	310	Multi-product	1986-87
CSEZ	Cochin, Kerala	103	Multi-product	1986-87
VSEZ	Vishakhapatnam, AP	360	Multi-product	1994-95

Source: Department of Commerce, GOI

These zones are small in size; there is range between 93 to 625 acres. Government of India has invested about INR 500 crore on the infrastructure development of the seven SEZs.

The twelve zones in operation set up before 2006 have been developed by state / private sector initiative. The investments of the private developers for development of SEZs as on September 30, 2008 have been of the order of INR 5626.24 crore.

-Surat Special Economic Zone (Gujarat) developed by the Diamond and Gem Development Corporation over an area of 123 acres with an initial investment of INR 32.46 crore in the year 1997. It commenced production from 2000-2001.

-Manikanchan Special Economic Zone developed by West Bengal Industrial Development Corporation Ltd at Salt Lake, Kolkata (West Bengal) over an area of 5 acres exclusively for gem and jewellery exports. The zone has become operational during 2004-2005. Its export turnover during the first year has been INR 95.94 crore.

<sup>41</sup>. Das Geeta, "Special Economic Zones in India Lesson from China" New Century Publications New Delhi, India 2009.P. No.51.



-Indore Special Economic Zone (Madhya Pradesh) developed by Madhya Pradesh State Industrial Development Corporation Ltd. In 132 hectares which is operational from 2004-2005 and an export turnover of INR 55.02 crore in its first year export. The investment in infrastructure amounted to INR 100 crore.

-Jaipur Special Economic Zone was set up by Rajasthan State Industrial Development Corporation Ltd. in (Rajasthan) in 110 acres exclusively for gem and jewellery which is operational from 2004-2005. Its export turnover was INR 5.27 crore in the first year of export.

-Jodhpur Special Economic Zone was set up by Rajasthan State Industrial Development Corporation Ltd (Rajasthan) in 180.94 acres for manufacture and export of handicraft commenced exports in 2005-2006.

-WIPRO Special Economic Zone set up a zone at Salt Lake, Kolkata (West Bengal) for software export and ITES has started export in 2005-2006. Its export reached INR 95.5 crores in 16 acres and the investment in infrastructure amounted to INR 125 crores.

-Mahindra Industrial Park Special Economic Zone in Chennai (Tamil Nadu) set up export of IT, hardware commenced export during 2005-2006. The size of SEZ is 665.68 acres with an investment in infrastructure amounted to INR 100 crores.

-Mahindra Industrial Park Special Economic Zone set up export for automobile ancillary.

-Surat Apparel Park Special Economic Zone (Gujarat) commenced export in 2006-07. It is an SEZ exclusively for apparels and had export turnover of INR 1.6 crores in the first year itself.

-Nokia Special Economic Zone (Tamil Nadu) started operation in 2006-07 and had export turnover in INR 1649.7 crores.

-Moradabad Special Economic Zone (Uttar Pradesh) is a sector specific zone for handicraft products developed to harness the comparative advantage of local skills of Art Metal and entrepreneur in the area. It has been developed on 421.56 acres of land and all of them have been allotted. The zone has commenced operations since 2007-08<sup>42</sup>.

## 1.18 Development of SEZs

In India since 1965 special export zones have been developed to promote exports. There are 28 export zones like Kandala & Surat (Gujarat), Santacruz & Andheri (Maharashtra), Dharia (West Bengal), Chennai (Tamilnadu), Vishakha Pattanam (Andhra-Pradesh), Noida (U.P.) etc. are working in India. Out of the total export 15 % export is from these zones. The facility of subsidy and rebate is being given

<sup>42</sup>. Das Geeta, "Special Economic Zones in India Lesson from China" New Century Publications New Delhi, India 2009.P. No.56 to 59.

according to SEZ since Nov. 2000. In 2004-05 there was an export of Rs. 18,300 crores, through these zones. During 1997-2002 emphasis was given to increase exports & accordingly emphasis was on SEZs (table no.1.6). In 2005 SEZ Act was passed by parliament.

On 23rd June 2005 it was sanctioned by the President of India. That came into effect from February, 2006. Following table No.1.5 shows growth of SEZs in India. The Govt. of India sanctioned total 403 SEZs out of this 148 SEZ are for the IT sector. Rs. 11,000 crores have been invested in SEZ projects till 19<sup>th</sup> January 2007. It will increase to Rs. 60,000 crores at the end of 2009.

**Table No.1.5 State-wise Progress of SEZ in India**

State	No. of SEZ			Total Land (Hectors)
	Final	Temporary	Total	
1. Andhra Pradesh	45	09	54	13,229.19
2. Chandigarh	02	--	02	87.49
3. Chattisgarh	--	02	02	2,029.00
4. Dadara Nagar Haveli	--	01	01	80
5. Delhi	01	01	02	17
6. Goa	04	--	04	290.98
7. Gujarat	18	12	30	18,575.37
8. Haryana	19	27	46	43,820.89
9. Himachal Pradesh	--	03	03	50.30
10. Jharkhand	01	--	01	36
11. Karnataka	29	17	46	6,393.08
12. Kerala	10	02	12	983.65
13. Madhya Pradesh	04	06	10	9,380.50
14. Maharashtra	48	27	75	30,755.37
15. Orissa	05	07	12	4,805.91
16. Pondicherry	01	--	01	346
17. Punjab	04	07	11	1823
18. Rajasthan	03	08	11	12,340.55
19. Tamil Nadu	25	12	37	63,78.59
20. Uttranchal	03	01	04	482
21. Uttar Pradesh	08	10	18	6,088.08
22. West Bengal	07	14	21	11,997.40
Total	237	166	403	1,69,990.35

Source: Bhamre Depak, Special Economic Zones Problems & Remedies, Arthsanvad, April-June 2007.

**Table No: 1.6SEZ Export in India**

<b>Year</b>	<b>Export in Million \$</b>
2001-02	1957
2002-02	2095
2003-04	2996
2004-05	4140
2005-06	5288
2006-07	8536

Source: Mundhe Sashikanth, Problems of Special Economic Zones, State Level Seminar, Hinduja College of Commerce, Charni Road, Mumbai, 25/08/2007.

Table no.1.7 shows employment generation in India's SEZs of some state, the most employment generation is related to Andhra Pradesh state.

**Table No.1.7SEZs Employment Generation**

<b>State</b>	<b>Employment</b>
Tamil Nadu	30,500
Andhra Pradesh	1,23,0000
Punjab	35,000
Chandigarh	5,000

Source: www.sezindia.nic.in

### 1.19 Special Economic Zones in Maharashtra

With 205 SEZs sanctioned in August 2009, the state of Maharashtra has the most number of approved SEZs of all the states in India. This figure has grown considerably since 2006, when the state had sanctioned only 48SEZs. Of Maharashtra's approved SEZs, 111 have received formal approval, 36 have received in-principle approval, and 58 have been notified under the SEZ Act. Maharashtra's SEZs are being developed principally by private companies, though some have come up through public-private partnerships (table no. 1.8). The Maharashtra Industrial Development Corporation (MIDC), for example, is developing 22 SEZs in the region, primarily in the districts of Raigad, Thane, Pune, Nashik, Aurangabad and Amaravati.<sup>43</sup> Opposition to SEZs in Maharashtra is widespread and centers on three issues:

<sup>43</sup>.Manecksha, Freny (2007): Innovative Projects, Frontline, November 16, P.108.

1. The government's provision of special benefits to developers at the cost of Indian citizens;
2. Forced acquisition of privately owned land;
3. Government failure to include affected citizens in the development process.

**Table No. 1.8 SEZs in Maharashtra**

Sr. No	District	Notified	Formal Approval	In-Principle Approval	Total SEZs
1.	Pune	15	33	5	53
2.	Raigad	8	13	12	33
3.	Mumbai	8	20	1	29
4.	Thane	9	13	7	29
5.	Nashik	1	3	2	6
6.	Aurangabad	5	7	2	14
7.	Nagpur	3	3	2	8
8.	Kolhapur	-	2	-	2
9.	Nanded	1	1	2	4
10.	Sindhudurg	-	-	1	1
11.	Ratnagiri	-	4	1	5
12.	Satara	1	2	-	3
13.	Solapur	1	-	-	1
14.	Latur	1	1	-	2
15.	Osmanabad	-	-	1	1
16.	Chandrapur	1	2	-	3
17.	Akola	1	2	-	3
18.	Amarawati	1	1	-	2
19.	Yavatmal	1	1	-	2
20.	Dhule	-	1	-	1
Total		57	109	36	202

Source: <http://www.sezindia.nic.in>

According to a statement made in October 2001, the SEZ policy of the Maharashtra Government is intended to "promote the establishment of large, self contained areas supported by a world class infrastructure oriented towards export promotion". Any private, public or joint company (Indian or foreign) can set up SEZs, consisting of industrial operations, service and/or trade components.

Both National and State SEZs policies emphasis a 'hassle-free environment' for the zones, offering developers exemptions on taxes such as stamp duty and registration fees. The SEZs foreign territory status allows businesses to import or procure materials- including capital goods, raw materials and office equipment- duty-free

and without license or specific approval. SEZs are permitted 100% foreign direct investment in manufacturing activity and individual investments in SEZ are exempt from income tax. Offshore banking units are permitted in SEZs with 100% income tax exemption on profit for the first 3 years and 50% exemption for the following two years. SEZ developers are also exempt from income tax on capital for any block of 10 years in 15 years and from electricity duty for 15 years in certain demarcated zones.<sup>44</sup>

The 2005 SEZs Act further benefits corporations by allowing companies within the zones to operate outside of India's labour laws. Such businesses may legally violate the Panchayat Raj Act 1996, the Coastal Regulation Zone and other significant pieces of legislation which protect citizens and promote socioeconomic rights. The Act permits SEZs to function as foreign territory without regard to national law.

While these policies were ostensibly enacted to promote growth, the Union Finance Ministry estimates that the SEZ tax policy will cause the government to lose at least Rs. 70,000 crores. In a 1998 report on early SEZs, the Comptroller and Auditor-General stated that "customs duty amounting to Rs.7, 500 crores were forgone for achieving net foreign exchange earnings of Rs. 4,700 crores." According to the CAG Report, "the government did not seem to have made any cost benefit analysis." The Planning Commission of Maharashtra also questioned the logic of SEZ policy, claiming that "it will create regional imbalances and revenue loss."<sup>45</sup>

## **1.20. Maha Mumbai SEZ**

### ***1.20.1. An overview***

It is located in Uran town, Raigad district. The Category of MMSE is Multi-product. Land required is At least 10,000 ha. It is affected over 45 villages and Land acquired is 1,943 ha. Proposed investment is Rs10, 000 crore and Current investment is Rs600 crore. A promoter of MMSEZ is Mukesh Ambani, chairman and managing director of Reliance Industries Ltd, and his close associate Anand Jain.

### ***1.20.2. The Reliance MMSEZ project***

The project 'Maha Mumbai Special Economic Zone is proposed to be setup in Navi Mumbai area, as an international standard business center. The Reliance Company is to acquire about 10,000 ha of land for the MMSEZ in three phases,

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<sup>44</sup> . Ghorude, N. (2008). *Indias Special Economic Zones: Role and Critical Success factors*. Delhi: Himalya Publishing House.

<sup>45</sup>Vaidyanathan R (2006): [www.thehindubusinessline.com/2006/09/07/stories/2006090702151000.htm](http://www.thehindubusinessline.com/2006/09/07/stories/2006090702151000.htm)

over a period of ten years, affecting directly 45 villages (in Uran and Pen Tehsils of Raigad district of Maharashtra), approximately about 15000 households and 1,00,000 persons.

MMSEZ would involve development of various infrastructures ranging from roads, power and water distribution networks, Industrial & commercial parks, social leisure and recreational facilities, etc. Out of the total about 10,000 ha of required lands, the project would need approximately 2126 ha of the land along the Karanja Creek, adjoining Dronagiri Node, in Navi Mumbai.

The project is to affect about 45 villages and the number of people likely to be physically displaced from their houses (as their gather/settlement sites fall within the proposed project area) is about 1,00,000. The location of MMSEZ is approximately 6 to 8 kms from the Dronagiri Node of Navi Mumbai and about 40 kms from South Mumbai. It falls within Uran and Pen Talukas of Raigad district of Maharashtra.<sup>46</sup>

A majority of the villagers are fully aware about the nature and character of the proposed project and many (including the Panchayat Members) have already written and submitted various memorandums to the government and political leaders opposing the forthcoming project at all. Except 500 acres all Further Acquisition of land has been stalled due to people's fierce resistance. There are only handfuls among the affected people who are willing to negotiate and sell their land.

### ***1.20.3. The History of the Resistance against MMSEZ***

Raigad in Maharashtra is probably one of the few districts in India that is being flooded by companies for setting up of Special Economic Zones. In Raigad district itself about eleven SEZs projects have been proposed, spread over almost 50,000 acres of land. This has been without taking into account that most of this land is being used by local communities for farming, salt production, grazing and many other purposes. Villages in the Pen and Uran Taluka have been opposing this project since last year, when the land acquisition notices were served.

Reliance Industries Limited was proposing to acquire about 14,000 hectares of land for the project. Most of this land is currently under agriculture or other uses

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<sup>46</sup> . Shaban, A., & R. N. Sharma. (2005). *Social Impact Assessment of Maha Mumbai Special Economic Zone*. Mumbai: Report prepared for Sea King Infrastructure Limited.

by residents, mostly belonging to the Agri and Katkari tribes and Koli community. While the government's estimate of directly affected persons is 50,000 farmers, one can surely estimate that at least more than 4 lakh people will be directly or indirectly affected. We can trace the history of the movement through this summary of events that have taken place since the time the affected villagers came to know about the proposed of MMSEZ.

People have organized themselves in the 45 project affected village under various banners such as MMSEZ Virodhi Sangarsh Samiti, Jagtikikaran Virodhi Kruti Samit, Peasants and Workers Party, National Alliance for People's Movement, Left Progressive and Workers Unions, Chaubis Gaon Sez Virodhi Sangharsh Samiti, Lok Sashan Andolan, Panchkosi Khar Bhumi Kheti Bachao Samiti with support from other concerned individuals from all over Maharashtra and the country.

According to Vilas Sonewane, after hearing about the proposed MMSEZ the Lok Sashan Andolan with Justice Sawant and various revolutionary left parties' activists went and conducted meetings in the entire 45 villages of Uran, Pen and Panvel Taluka. Seeing the anger and resentment of the people against the proposed MMSEZ these groups decided to organize under the banner of the Maha Mumbai SEZs Virodhi Shetkari Sangharsh Samiti. Kiran Mhatre (Malegarhvadi) used to run self-help groups in 12 villages, when they first heard about the MMSEZ; on Feb 20, 2006 they held a meeting in one of the villages. Three hundred people gathered and formed Panchkosi Khar Bhumi Kheti Bachao Samiti.

They had an all-party meeting on April 15, 2006 where Mohan Patil of Peasants and Workers Party gave his support to the struggle and they decided to oppose the MMSEZ. A memorandum was prepared and presented to the Collector and Thesildar. The Peasants and Workers Party fought the Zilla Parishad elections in 2006 and won 42 out of the 61 seats, Nilima Patil was elected as the Chairperson of the Zilla Parishad. After elections the Zilla Parishad passed a resolution totally opposing the MMSEZ. Some NGOs also participated in the struggle against the MMSEZ.

This mother of all SEZs in India has faced constant agitations by farmers over alleged forceful land acquisitions. On 5 June, the Supreme Court rejected MMSEZ's plea for an extension of the land acquisition process beyond the stipulated two years. MSEZ has so far signed agreements with 3,800 farmers for 1,943 ha. Actual acquisition of the land agreed for is yet to happen. Company has

enough land to start a multi-product SEZ and may reduce the size of the enclave for final approval (Sampat K. , 2010).The project ‘Maha Mumbai Special Economic Zone is proposed to be setup in Navi Mumbai area, as an international standard business center. The Company is to acquire about 10,000 ha of land for the MMSEZ in three phases, over a period of ten years, affecting directly 15 villages (in Uran and Pen Tehsils of Raigad district of Maharashtra), approximately 5521 households and 26171 persons.

Settlement sites/ Gaathan of five villages are to be fully affected, and the rest ten villages will be losing only part of their agricultural and other lands. Phase I of the MMSEZ will cover an area of 2126 ha.The SEZ is Requiring, displacement of people from only 4 villages. The Phase I of the project will involve physical displacement of about 5453 people. With a view to understanding rehabilitation and resettlement related issues.

MMSEZ would involve development of various infrastructures ranging from roads, power and water distribution networks, Industrial & commercial parks, social leisure and recreational facilities, etc. Out of the total about 10,000 ha of required lands, the project in the first phase would need approximately 2126 ha of the land along the Karanja Creek, adjoining Dronagiri Node, in Navi Mumbai.

The project is to affect about 4 villages and the number of people likely to be physically displaced from their houses (as their gather/settlement sites fall within the proposed project area) is about 5453, residing in 4 villages, and the rest of the villages would be affected partially as only their agricultural lands would be acquired. The location of MMSEZ is approximately 6 to 8 kms from the Dronagiri Node of Navi Mumbai and about 60 kms from South Mumbai. It falls within Uran and Pen Talukas of Raigad district of Maharashtra. The locational Map along with the Phase I of the development is enclosed.<sup>47</sup>

As development of MMSEZ shall be in a phased manner, and an investment of Rs.3, 409 crores is proposed for the first phase over an area of 2,126 ha of land. The soft launch of MMSEZ is proposed for early 2005, with its completion by 2009. Subsequently, Phases II and III would comprise of development of about 4000 ha of land each and would entail a proposed additional investment to the tune of Rs.14, 500 crores, to be completed by 2015.The Sea King Infrastructure Ltd. is

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<sup>47</sup> . Jog, S. (2009, june 9). *Mumbai SEZ puts Raigad project on hold*. Retrieved from The Financial Express: (<http://www.financialexpress.com/printer/news/473253/>)



the prime promoting company of the MMSEZ. Due to general poverty, and lack of employment, there has been out migration of people in search of employment from these villages to nearby towns and main city of Mumbai. Because of the male-selective out-migration from these villages, the sex-ratio is very favorable: number of males is lesser than the numbers of the females.

These villages are dominated by the Agri Community (classified as the OBCs). However, the five villages Koproli, Punade, Jui, Sarde, and Sangpalekhar, also have Koli and Katkari tribe population. Scheduled Castes (SCs) population in project affected villages (PAVs) is very limited. SC population is found only in four villages, namely Kacherpada, Koproli, Pirkone, and Aware, and their total population is only about 40.

Except Kadape, all other major villages are presently connected with pucca road and telephone facilities, and all the villages have electric supply. Out of the 15 villages, 11 and 6 villages have primary and secondary schools; respectively. Only Pirkone has a Higher Secondary school. For higher education villagers are dependent on nearby towns Funde, Uran, Panvel, and Pen. Pirkon has one D.Ed. College but no other technical college is available in the area, and again for technical education villagers have to go to the above mentioned towns. Due to availability of schooling facilities, literacy rate in these villages is higher than the average literacy rate for the state (Maharashtra), and most of the youth are educated up to secondary and higher secondary levels. However, due to lack of technical education facilities, their skill levels are of general nature, which may not be very suitable for jobs in the Project.

Dadar village, which is located on an Island has health care sub-center, and the rest of the villages are dependent on the PHC at Koproli. Almost all the villages have private doctors but they, in general, are quacks. Except Kadape, all the villages are connected with piped water supply from a nearby dam. However, the piped water supplied to the villages is untreated. The water collects in a big tank in all the villages and from there it is supplied to the households. Wells and bore-wells in these villages have either got dried or have brackish water. Ponds are generally used for washing of cloth or for other religious rituals.

Most of the people in these villages live in poverty not only due to lack of employment but also poor size of land per capita/per household. Due to shortage of fodder, livestock or animal rearing can also not be practiced on a large scale. So this option is also not available to people in these villages. As a part of rich

community life, almost all the villages have Mahila Mandals, youth clubs, and Natya Mandals. However, scope of activities of Mahila Mandals and youth clubs are limited only to organizing a few religious festivals or games. Only in a few villages Mahila Mandals own tempo, auto-rickshaw, and utensils which they let out to the villagers and get some money out of it.

For the villagers, the project is a welcome development in the area and they feel that work on the project should start as early as possible. In fact, population in these villages has been increasing over the years but the land supply has shrunk. Due to saline soil and lack of irrigational facility, only a single crop (of rice) is grown in these villages.

However there has not been even a single crop since 1989. The main occupation of the people in these villages, leaving Dadar, is agriculture. However, there are a large number of families in these villages which are involved in fishing and sand rising from the sea. Due to salinity and lack of development of irrigation, agriculture is not an economic and profitable occupation in the area. Fish catch due to increased pollution and over fishing has also been declining which has further impoverished the villagers. These villages, which used to supply fish to Mumbai and other nearby towns, have now turned out to be net importers of fish from Mumbai and other towns.<sup>48</sup>

There are many families in these villages which are involved in the business of buying fish from Mumbai City or other nearby towns and selling them back in these villages. Sand rising is another occupation which many of the households have adopted. Where fishing in the area is generally done for self-consumption, sand rising brings some cash to the families. On an average, the per capita earning from sand rising ranges between Rs.50 to 80 per day. Widespread unemployment is also creating despair among the educated youths in these villages. Many of them work as casual workers in nearby container depots, surrounding the JNPT, and other upcoming projects. Some youths also drive auto-rickshaws. Thus, as anywhere else, the villages under focus also suffer due to mass unemployment, more so among their youths.

It appears that the present pattern/kind of land use in the villages is reaching to its carrying capacity and there is a felt need to change the land use. More intensive

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<sup>48</sup> . Shaban, A., & R.N. Sharm. (2005, feb 28). *SOCIAL IMPACT ASSESSMENT OF MAHA MUMBAI SPECIAL ECONOMIC ZONE (MMSEZ)*. mumbai: Tata Institute of Social Sciences.

and profitable activities like secondary and tertiary activities can be developed for sustained economic development of the area. However, development must be of such nature that can employ the local people of the area/villages and ensure sustainable source of livelihood to them.

The adverse impact of diving in the highly polluted sea for fishing and sand rising is well manifested on health of those engaged in such occupations. It is found that after age of 40 years, those engaged in frequent diving suffer from paralysis, eye-sight problem, deafness, etc. There are number of such cases in these villages. Underdevelopment of health care facilities & sanitation, drinking of not so clean water (although supplied by pipe from a nearby dam) also create various diseases like jaundice, malaria, stomach problems, etc. Instead of qualified doctors, these villages are infested with quacks. Villagers want that all the lacking facilities like healthcare, education, transport and communication should be developed in their areas. Some of them are eager that the Project (MMSEZ) may solve many of their problems ranging from unemployment and poverty to health care and educational facilities.

The villagers are, however, afraid that even if the project comes and development of the area takes place, they may be bypassed of the benefits of the development because of the lack of technical knowledge and the PAPs which the newly emerging economy would need. They demand that besides the compensation for land and other assets, permanent employment should also be provided to the PAPs. Therefore, for them training for the new kind of jobs can be started as early as possible so that at required time they have appropriate skills and are not disqualified for the jobs on the basis of lacked skills. The decision of the company regarding the training of PAPs in various ITIs is a welcome decision. However, an appropriate selection method of candidates for the training must be adopted otherwise it can give rise to infighting among the PAPs.

Land being a permanent asset is a traditional source of livelihood. Besides properly compensating PAPs for their lost assets, giving regular employment in the project to the persons of affected households is a felt need as it would provide them regular source of income. Moreover, as demanded by the villagers, there should be some provision of reservation in jobs for the local people so that the future generations are also somewhat ensured about their source of livelihood. Total alienation of these people from their lands would not be advisable. In fact, some land must be left with them (or provided nearby their settlement) as it will enable

them to fall back upon it in adverse life situations.<sup>49</sup> Emerging township and development of the area will witness wide and diversified self-employment opportunities. Many aspirants of self-employment would like to seek easy term credit facilities to undertake poultry farm, dairy development, horticulture, transportation, communication, food and beverages, machine-works and repairs, computer typing, photocopying, etc. Besides providing easy term loans to PAPs and training them, the project agency may utilize various rural and urban development programmes for the purpose. The project agency may convince the government about the need of a 'multi-purpose rural development center' at some nodal place.

A majority of the villagers are unaware about the nature and character of the proposed project and many (including the Panchayat Members) even do not know about the forthcoming project at all. In case of this, it is advisable to disseminate information about the project through appropriate means as early as possible so that people start preparing themselves for the situation. There are many real-estate touts and agents operating in the area, and most of them are buying land with the hope of selling it back to the Project at higher rates. Information dissemination about the project will immensely help the villagers, especially the marginal and small farmers. It could also avoid all kind of rumors.

Those above 40 years, especially the women, may be most vulnerable due to the loss of their traditional occupation. These are the people who generally carry out traditional occupations and may face problems in learning and adopting new occupations in the changed scenario. Therefore, there is a need to make a specific plan for this segment of the society so that they remain gainfully employed and enrich the family income and their self-respect. There are people in these villages belonging to some indigenous tribal communities like the Katkari and Koli. These communities generally do not own any land. They are dependent for their livelihoods on the Sea or the forest in that area. They catch fish from the sea or collect forest produce like fuel-wood, wild fruits, honey, medicinal plants, etc., and generally exchange/barter with villagers these things for food grains. Upsetting the existing socio-economic milieu in the area/village would also affect these indigenous communities adversely. Therefore, their entitlements in the resettlement plan must be addressed appropriately.

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<sup>49</sup> . Menon, M. (2007). ( ), *Farmers take to streets against SEZ in Raigad*, . . pune: The Hindu.

The area has a high potential for development, as it is located on the periphery of Navi Mumbai and the JNPT. Many industrial and commercial establishments have also purchased land in these villages and have started constructions. Several industrial and commercial establishments in these villages are occupying lands without disturbing the inhabitants of the villages. The present Project is a big project and will be spread in 10,000 hectare. Besides economically and physically displacing the villagers directly, the project will also create many socio-economic externalities (positive and negative). The need is therefore appropriately compensating villagers for their direct losses. All efforts must be made by the Project authority to minimize negative externalities and impacts on the PAPs and people in the neighboring villages.

Acquisition of land is in progress on willing buyer / willing seller basis at a negotiated price which includes an element of RaR. The price of the land ranging between approximately Rs.6 lakhs to Rs. 10 lakhs /ha. Some families are very keen to finalize the deal. However, all the people from the affected villages may not be 'willing' sellers of their land/homestead to the company and therefore a RaR plan would be needed for such unwilling villagers. The RaR should be a participatory process. It will then create a win-win situation for both the project affected people (PAPs) and the company.

The involvement of PAPs in the process of RaR is like a self-actualization. It could be done through the representatives of PAPs from each village, community, sect, religious group, caste, etc. An attempt should be made to involve NGOs of the area in the process of RaR. This participatory process will instill mutual confidence between the PAPs and the project authorities, and may bring success to the RaR. Participatory approach to rehabilitation may take care of unforeseen post rehabilitation crises.

Faced with grim economic and financial situations, the government of India started liberalizing, globalizing and opening up the economy for private sector participation in the early 1990s. Since then, notwithstanding the changes in the ruling parties, the Liberalization and opening up the economy is going on in phased manner. It is assumed that given their greater economic efficiency, the private sector would not only help in increasing the rate of economic growth in the country but also lessen the economic and financial liabilities and burdens of the government.

Since the introduction of 'liberalization' the GDP growth rate in the country has been relatively much higher than prior to liberalization years. India has emerged as one of the major player in World Economic arena and is attracting sizeable amounts of foreign capital in the country. Finding more economic space, many private sectors, companies have taken up/set up their Projects at places having locational advantage. Many capitals intensive Projects in heavy engineering, steel, power generation, fertilizer, infrastructure development, etc. have also been taken up. These Projects certainly have enhanced the capital resource of the nation and accrued economic gain to certain section of population.

However, they are also responsible for displacement of people exerting adverse effects on their sources of livelihood and communal networks. People have been exposed to vagaries of market forces and uncertain future. With the starting of the liberalization of the economy in early 1990s, the Government of India has encouraged exports and in year 2000 introduced a Special Economic Zone scheme with a view to provide an internationally competitive and hassle-free business environment. The objectives of the scheme are aimed at boosting exports and attracting investments in various export oriented manufacturing and service sectors. Several fiscal incentives have been offered to units setting up operations in SEZs which coupled with a business friendly operating environment, would result in increasing levels of productivity, with a resultant growth in investments & exports.

Maha Mumbai Special Economic Zone involves development of various infrastructures ranging from roads, power and water distribution networks, commercial parks, social leisure and recreational facilities, etc. Out of total about 10,000 ha acquired land, the Project in the first phase will cover approximately 2126 ha along the Karanja Creek adjoining Dronagiri in Navi Mumbai.

The Project is to affect about 15 villages. In the First Phase of the Project, the number of people likely to be displaced from their houses (as their gaathan/settlement sites fall within the proposed Project area) is 5453(1175 families) residing in 4 villages, and the rest of the villages may be affected partially as only their agricultural and other lands would be acquired. The location of MMSEZ is approximately 6 to 8 kms from Dronagiri node of Navi Mumbai and about 60 kms from South Mumbai. It falls in Uran and Pen Taluka of Raigad district.

As development of MMSEZ shall be in a phased manner, an investment of Rs. crores is proposed for the first phase comprising of 2,126 ha. Work on the MMSEZ is proposed to commence from early 2005 with completion by 2009. Subsequently, Phases II and III would comprise of development of about 4000 ha each and would entail a proposed additional investment to the tune of Rs.14, 500 crores to be completed by 2015. SKIL Infrastructure Ltd. is the prime promoting company for the MMSEZ. The development of MMSEZ and change in land use will have a catalytic and transformative impact on socio-economic, political, and cultural life of people of the area and the region as a whole.

The land use pattern will undergo a dramatic change affecting people in the above-mentioned aspects. Therefore, it becomes a prerequisite to gauge the possible impact on the socio-economic status of the inhabitants of the area. It will help to address the issues of rehabilitation and resettlement systematically.<sup>50</sup> Moreover, it will equip the development agents with pre-requisite skills, information and knowledge required for the rehabilitation of the Project affected persons.

### **1.21 Khed SEZ**

SEZ category is Multi-product. Land required is 1,416 ha and Proposed investment is Rs1, 500 crore initially. The Promoter is Bharat Forge Ltd and MIDC of Maharashtra.

Leading auto major Bharat Forge Ltd and state owned Maharashtra Industrial Development Corporation have finally inked a shareholder agreement to form a special purpose vehicle called as Khed Economic Infrastructure Pvt (KEIPL) which will develop a multi-product special economic zone in the Khed district of Maharashtra, billed to be the largest SEZ in the country with expected investment of nearly 25,000 crore. The SEZ was proposed in 2006 and was approved by the Board of Approvals of the Ministry of commerce in September 2008, while MIDC started acquiring land at the four villages in Khed and Shirur talukas. KEIPL will have possession of 1,700 hectares of land where the first phase of work will start and another 2,000 hectares of land is under acquisition for the second phase. Eventually over the next few months the SEZ will be spread on 4,500 to 5,000 hectares of land, the biggest ever in the country and, with investment projects at nearly 25,000 crore it estimated that new employments of to over 1, 20,000 professionals will be generated. According to Principal secretary, Industries, Government of Maharashtra, Azeez Khan said the MIDC would hold a

<sup>50</sup> . Shaban, A., & R.N. Sharm. (2005, feb 28). *SOCIAL IMPACT ASSESSMENT OF MAHA MUMBAI SPECIAL ECONOMIC ZONE (MMSEZ)*. mumbai: Tata Institute of Social Sciences.

26 percent stake in KEIPL in the form of land and basic infrastructure while the rest would be held by BFL in the SPV.

The project has already been praised as one of the best in terms of being the best land acquisition project with one of the most comprehensive relief and rehabilitation program. The state had formed a high-power committee for the rehabilitation program under which nearly Rs 200 crore was sanctioned as a package for those affected by the project.<sup>51</sup> Under the unique rehabilitation project government had acquired each hectare at Rs 17 lakhs, with a guarantee of employment to at least one person from the project affected family and also offered a buyback option for up to 15 percent of their developed land.

Automotive components firm Bharat Forge tied up with MIDC for an SEZ that is estimated to attract investments worth Rs25, 000 crore and generate 120,000 jobs. According to the Anti-Maha Mumbai SEZ Committee, only three out of seven villages to be covered in the project have agreed to sell their land so far. Bharat Forge Ltd., India's largest manufacturer and exporter of automotive components today signed a Memorandum of Understanding with the Government of Maharashtra to jointly develop a multi-product Special Economic Zone in Khed Taluka of Pune District.

The SEZ is expected to attract investments of about Rs. 25,000 crores and generate 120, 000 new employment opportunities. The project has received in-principle approval from the Board of Approval, Ministry of Commerce, and Government of India. The project would be implemented through a Special Purpose Vehicle to be jointly promoted by BFL / Kalyani Group and the Maharashtra Industrial Development Corporation in which the two promoters would hold up to 74% and 26% of the equity capital respectively. Land acquisition and other project related activities would commence shortly. Speaking on the occasion, Mr. Vilasrao Deshmukh, Chief Minister of Maharashtra said, "I am very happy that Bharat Forge and MIDC have tied up to jointly develop a Special Economic Zone in Pune District.

"I am confident that MIDC's long experience in setting up industrial estates coupled with BFL's established track-record as a global manufacturing company will result in a world-class project that would attract large investments in the State, create huge employment opportunities for our people and bring immense

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<sup>51</sup> . Madani, D. (1999). *A Review of the Role and Impact of Export Processing Zones*. Washington DC: World Bank Policy Research Paper No. 2238.



prosperity in the region.”Mr. Ashok Chavan, Minister of Industries said, “The BFL-MIDC tie-up is an excellent example of a public-private partnership that is aimed at creating state-of-the-art infrastructure and facilities for industrial development.<sup>52</sup>

Our Government is determined to consolidate Maharashtra’s position as the No.1 industrialized state in the country.” Mr. B.N. Kalyani, Chairman & Managing Director of BFL said, “It is a great honor for BFL to partner the Government of Maharashtra to set up this dream project that would benefit the State and our people. We continue to be committed to contribute in the rapid industrialization of Maharashtra and to leverage the State’s inherently strong advantages to create globally competitive businesses. We appreciate the tremendous support that we have received from the Government and look forward to working with the Department of Industries and MIDC for the success of our project.”The MoU was signed by Mr. V. Jairath, Secretary (Industries) and Mr. B. N. Kalyani, Chairman& Managing Director of BFL on behalf of the State Government and the company respectively in the presence of the Chief Minister, Minister of Industries, other senior Ministers and officials of the State Government.

Bharat Forge Ltd. is the flagship company of the over US\$ 1.5 billion Kalyani Group, which has a significant presence in the key sectors of the Indian economy. Established in the early 1960’s, BFL today is a global corporation with world-class engineering capabilities, state-of-the-art manufacturing facilities and a global customer base. It has the world’s largest single location forging facility is the second largest forging company in the world with 9 manufacturing plants spread across 6 countries in the world.

BFL is internationally respected for its cutting edge technology and established quality processes and capabilities developed over the years.The project would be implemented through a special purpose vehicle to be jointly promoted by BFL and the Maharashtra Industrial Development Corporation in which the two promoters would hold upto 74% and 26% of the equity capital respectively.The project, to be initially set up on an area of 2,000 hectares with plans to increase it to 5,000 hectares over a period of time is expected to attract investments of nearly Rs 25,000 crore and employment to the tune of 1,20,000 professionals. "We will be

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<sup>52</sup> . DNA. (2010, march 25). 2010, [http://www.dnaindia.com/mumbai/report\\_petition-challenges-sez-act-inmaharashtra](http://www.dnaindia.com/mumbai/report_petition-challenges-sez-act-inmaharashtra). Retrieved march 25, 2010, from 2010, [http://www.dnaindia.com/mumbai/report\\_petition-challenges-sez-act-inmaharashtra](http://www.dnaindia.com/mumbai/report_petition-challenges-sez-act-inmaharashtra): 2010, [http://www.dnaindia.com/mumbai/report\\_petition-challenges-sez-act-inmaharashtra](http://www.dnaindia.com/mumbai/report_petition-challenges-sez-act-inmaharashtra)

investing Rs 1,500-2,000 crore initially in the SEZ which is expected to commence operations in two-and-half years," BFL chairman and managing director Baba Kalyani said. The company would be investing Rs 9,000.

## **1.22 SEZs Policy in Maharashtra**

### ***1.22.1 Preamble***

Government of India has introduced the concept of Special Economic Zones (SEZs) in the year 2000 through a revision in the Export-Import Policy 1997-2002. SEZs are specifically delineated duty-free enclaves treated as a foreign territory for the purpose of industrial, service and trade operations, with exemption from customs duties and a more liberal regime in respect of other levies, foreign investment and other transactions. Domestic regulations, restrictions and infrastructure inadequacies are sought to be eliminated in the SEZs for creating a Hassle-free environment.

The State of Maharashtra has been in the forefront in attracting foreign direct investment for accelerating the pace of economic growth. The SEZs scheme seeks to create a simple and transparent system and procedures for enhancing productivity and the ease of doing business in Maharashtra. According to Government of India guidelines, SEZs can be developed in the public, private or joint sectors, or by the State Governments.

They are expected to promote the establishment of large, self-contained areas supported by world-class infrastructure oriented towards export production. Exploiting the full potential of the concept of SEZs would bring large dividends to Maharashtra in terms of economic and industrial development and the generation of new employment opportunities. The Santacruz Electronics and Export Processing Zone (SEEPZ) have already been converted into a SEZ. State agencies have taken the lead to develop SEZs near Navi Mumbai and other parts of the State.

In the context of Government of India guidelines for the establishment of SEZs, the matter of formulating a policy regarding the development of SEZs has been under the consideration of the State Government. It has now been decided that the following policy will apply to proposed SEZs at New Mumbai (Dronagiri), Aurangabad, Nagpur, Sinnar (Dist. Nasik), Kagal (Dist. Kolhapur), Guhagar (Dist. Ratnagiri) and at any other SEZ in Maharashtra, subject to the framework for SEZs determined by Government of India from time to time.

## ***1.22.2. Resolutiom***

### ***1.22.2.1 Environment***

1. NOCs, consents and other clearances required from the Maharashtra Pollution Control Board for units and activities within the SEZs would be granted by the empowered officer of the Board working under the administrative supervision and control of the designated Development Commissioner of the SEZs. The activities / projects noted in Annexure I, which fall within the ambit of the Environmental Impact Assessment Notification, 1994 (as amended on 4.5.1994) will have to obtain environment clearance from Ministry of Environment and Forest, Government of India. In the event Government of India delegates the powers to the designated Development Commissioner or other authority within the SEZ, the clearances may be sought accordingly.

2. The State Government's powers to accord environmental clearance to the projects and activities mentioned in Annexures II and III in accordance with Government Resolution, Environment Department No.ENV-1094/SEAC/CR-170/Desk-1, dated 7th August, 1997 will vest with the designated Development Commissioner of the SEZs.

### ***1.22.2.2 Water Supply***

3) The SEZ authority shall ensure the provision of adequate water supply within the SEZ.

### ***1.22.2.3. Power***

4) The SEZ authority will ensure continuous and good quality power supply to the SEZs. Public sector enterprise(s) or joint ventures promoted by them can establish 'Independent Power Producers' which will be permitted to establish dedicated provision of power to the SEZs, including generation, transmission and distribution, besides fixing tariffs for the zone. The SEZ authority should ensure standby arrangements.

The IPPs will also be permitted to establish grid connectivity so as to draw power from the grid in case of stand by arrangements, subject to their entering into a separate agreement with Maharashtra State Electricity Board on mutually acceptable terms. Industrial units and other establishments in those SEZs for which no 'Independent Power Producer' has been established will be permitted to generate their own power for captive use.

5) Under Energy Department Notification No.IELD-1002/CR-140/NRG-1, dated 6th July, 2001,new industries setting up in C, D, and D+ areas and No- Industry District(s) of the State under the Package Scheme of Incentives 2001 have been exempted from payment of electricity duty for a period of 15 years. This would apply to new industries in SEZs situated in such areas. Units setting up in SEZs and other locations on the remaining areas of the State have been exempted from payment of electricity duty for a period of 10 years. This exemption is applicable to the units in the SEZs from the date of commencement of production or rendering of services.

#### ***1.22.2.4. State Taxes, Duties, local taxes and levies***

6) Developers of SEZs, and industrial units and other establishments within the SEZs will be exempted from all State and local taxes and levies, including Sales Tax, Purchase Tax, Octroi, Cess, etc. in respect of all transactions made between units/establishments within the SEZs, and in respect of the supply of goods and services from the Domestic Tariff Area to units/establishments. If due to tax system constraints, it is not advisable to grant direct exemption to the transactions, the State taxes paid would be fully reimbursed.

7) All industrial units and their expansions located in the SEZs, irrespective of their location within the State, shall be exempted from payment of Stamp Duty and Registration fees till 31st March, 2006, on the same basis as the dispensation for industrial units in C, D, D+ and No-Industry Districts contained in Revenue Department's Order No. Mudrank 2000/4229/CR-1064/M-1, dated 5th May 2001.

#### ***1.22.2.5. Labour Regulations***

8) The powers of the Labour Commissioner, Government of Maharashtra shall be delegated to the designated Development Commissioner or other authority in respect of the area within the SEZs. Modalities will be devised for the grant of various permissions required from the Directorate of Industrial Safety and Health and the Directorate of Steam Boilers within the SEZs themselves through the stationing of exclusive personnel for the purpose or through other means, so that clearances relating to various labour laws can be provided at a single point in the SEZs. Except in emergent circumstances, the prior permission of the Development Commissioner or other designated authority of the SEZs would be required for the conduct of inspections by these agencies of industrial units and other establishments within the SEZs.

9) All industrial units and other establishments in the SEZs will be declared as 'Public Utility Service' under the provisions of the Industrial Disputes Act.

10) In pursuance of the Maharashtra Industrial Policy, 2001 and subject to Legislature approval and Government of India's assent, amendments are proposed to the Industrial Disputes Act. The proposed amendments include, inter-alia, limiting the applicability of Chapter-V-B to industries employing 300 or more workmen, etc. the Contract Labour Regulation and Abolition is similarly. Act is proposed to be amended to exclude certain peripheral service activities. In case it is not found feasible to amend these statutes as proposed, similar amendments will be proposed only for nits and establishments within the SEZs.<sup>53</sup>

### ***1.22.2.6. SSI and ITS Registration***

11) The power to grant provisional and permanent Small-Scale Industry Registration, and Letter of Intent and Registration to Information Technology units, will be delegated to the Development Commissioner or other designated authority in respect of units in the SEZs.

### ***1.22.3. SEZs as Industrial***

#### ***1.22.3.1. Townships***

12) The State Government will take appropriate steps to declare the SEZs as Industrial Townships to enable the SEZs to be function as self-governing, autonomous municipal bodies.

#### ***1.22.3.2. Law & Order***

13) The State Government shall make appropriate and exclusive arrangements within the SEZs for the maintenance of law and order.

#### ***1.22.3.3. Committee for review & development of SEZs***

14) The State Government shall constitute a Committee of Secretaries and other concerned officials, including representatives of the SEZs authorities/promoters, under the Chairmanship of the Chief Secretary to resolve various issues pertaining to the promotion, development and functioning of SEZs in the State. This GR issues with the concurrence of the Finance Department vide its UR No.1581, dated 6<sup>th</sup> October 2001 (Tax), by order and in the name of Governor of Maharashtra.<sup>54</sup>

<sup>53</sup> . GoM. (2001, jan 6). *State Government s Policy regarding setting up Special Economic Zones in Maharashtra*. Retrieved feb 16, 2010, from Maharashtra. <http://sezindia.nic.in/writereaddata/statePolicies /maharashtrapolicy.pdf>, Maharashtra. <http://sezindia.nic.in/writereaddata/statePolicies /maharashtrapolicy.pdf>,

<sup>54</sup> . Sampat, K. (2010, February 22). *THE ANTI-SEZ MOVEMENT IN INDIA: An Account of the Struggle in Maharashtra*, S. (S. N. Kavadi, Ed.) Retrieved april 22, 2011, from [www.ncasindia.org](http://www.ncasindia.org): Website: [www.ncasindia.org](http://www.ncasindia.org),

### 1.23 MIDC of Maharashtra

Maharashtra Industrial Development Corporation is set up with an objective of achieving balanced industrial development in Maharashtra. The MIDC has been declared as an agency of the state government for carrying out the activities within the frame work of the MID Act and the MID Rules. MIDC has developed 229 industrial areas in various parts of Maharashtra, which is admeasuring about 60000 m<sup>2</sup>.With a view to enable the entrepreneurs to compete in the world market, by receiving various tax benefits, the Central Government has decided to set up Special Economic Zones.The minimum area of the Special Economic Zone of different categories shall be as table1.9 as follows.

**Table No.1.9Minimum area of SEZs**

Sr.No.	Type	Minimum Area of SEZ
1	Multi product SEZ	1000
2	Multi Services SEZ	100.
3	Sector Specific SEZ	100.
4	Port Based	100.
5	Airport Based	100.
6	Electronic Hardware And Software including IT enabled services	10 Ha. (and min. built- up area of 1 Lakh sq.mt. for IT)
7	Bio Technology	10 Ha. ( and min. built – up area of 40,000 Sq.mtr.)
8	Gems & Jewellery / Handicraft	10 Ha. ( and min. built- up area of 50,000 sq.mt.)
9	Non – Conventional Energyincluding solar energy equipment Cell..	10 Ha. ( and min. built- up area of 40,000 sq. mtrs. for non – conventional energy sector, including solar energy equipment/ cells but excluding a SEZ set up for non – conventional energy production and manufacturing
10	Free Trade warehousing Zone	40 Ha. (min. built- up area of 1 Lakh Sq.mtr.

Source:www.sezindia.nic.in/

#### 1.23.1Who can establish a SEZ?

1. A Special Economic Zone may be established either jointly or severally by the Central Government, State Government or any person for manufacture of good surrendering services or for both or as a Free Trade and Ware housing Zone.
2. The obligatory requirement of minimum investment for establishing sector specific zone is Rs.250 Cr. or Rs.50 Cr. Net worth Criteria.
3. The obligatory requirement of minimum investment for establishment Multi – Product SEZ is Rs.1 000 Cr. or Rs.250 Cr. Net worth Criteria.

### ***1.23.2 Application procedure***

1. The Person/Organization intending to establish SEZ has to submit an application in prescribed format to State Government with all relevant documents. It should include details of land for proposed SEZ, distances from nearest Port/Airport/Railway Station/Roads, Investment details, Source of funding, Details of Foreign Investment (if any), etc.
2. The State Government shall forward the proposal received by them to the Board of Approval (Deputy Secretary, Ministry of Commerce and Industry, Department of Commerce,) along with its recommendations.

The State Government at the time of recommending the proposal shall undertake to provide the facilities and incentives related to environmental issues, water, electricity and other essential infrastructure facilities. The State Government shall also express its readiness to delegate the powers to the Development Commissioner, under the Industrial Disputes Act 1947, in relation to the workmen employed by the developer. Also the state should undertake to provide exemption from the state and local taxes, levies and duties as per SEZs Rules 2006. State Government should provide single window clearance mechanism under the State Acts and Rules.

### ***1.23.3 Procedure of board of approval for SEZs***

While approving Special Economic Zone, the Board of Approval accord sanction in following three steps.

#### **A) In- Principle Approval**

Board of Approval grants In Principle approval in cases where the SEZ Developer is not having the land in its possession either by ownership or lease.

#### **B) Formal Approval**

Once the SEZ Developer is in possession of the land either by ownership or lease, and submits the details of the land to State Govt. and to the BoA and the State Government recommends the case, BoA grants Formal Approval.

### ***c) Notification of SEZ***

After Formal Approval by BoA, the details of the land (with Survey Nos. and Map) with a certificate from the concerned State Government or its authorized agency stating that the developer have legal possession and irrevocable rights to develop the said area as SEZ and the said area is free from all encumbrances and inspection report of Development Commissioner SEZ, as given in the SEZ Rules are to be submitted to the Department of Commerce & Industry. Thereafter the BoA notifies the SEZ by way of issuance of a notification. No further notification from Ministry of Finance is required.

### ***1.23.4 Terms and condition applicable to developer of SEZ***

1. It is obligatory for the Developer, to allot plots in Special Economic Zone to those units only which receives Letter of Approval (LoA) from the Development Commissioner.
2. Special Economic Zone can be divided in two parts i.e. Processing Zone and Non- Processing Zone. The Processing area is to be used for setting up units for activities, being the manufacture of goods or rendering services or exclusively for trading or ware housing purpose. Whereas Non- Processing Zone can be used to construct residential accommodation/School / Hospital / shopping center for the workers employed in Processing Zone. However the area of Processing Zone should not be less than 50% of total SEZs area. Further it is necessary to secure processing Zone by constructing compound wall.
3. For establishing IT related SEZs it is binding to provide 24 hours uninterrupted power supply internet facilities and centrally air conditioned system.
4. For developing Special Economic Zone it is necessary that the land to acquire should be as far as possible, barren and non – irrigated. However, in avoidable circumstances, single crop land can be acquired to a possible. Minimum extent. Where as if it is essential to acquire double cropping land, the area so acquired should not be more than 10% of total area of SEZ.

### ***1.23.5 Benefit and exemption available to developer in SEZ***

For establishing SEZ, 100% foreign direct investment is permissible.



1. SEZ developers are entitled for income tax exemption for a block of 10 years out of First 15 years after notification date under section 80- 1 (AB) of the Income Tax Act 1961.
2. Developer of SEZ may import Procure goods without payment of import excise duty, state taxes including Central Sale Tax for the development of SEZ and for, operation and maintenance in only Processing Area.
3. Services provided to the developers units of Special Economic Zone are exempted from paying service tax subject to fulfillment of certain conditions.
4. Exemption in Minimum Alternate Tax, only for SEZ units and Dividend Distribution Tax only for SEZ Developer.
5. Supply made to SEZ unit Developer is treated as Physical Export as per Custom Act and all the export incentives are eligible to Supplier or Developer Unit holder subject to fulfillment of certain conditions.
6. All the relevant permissions related to Central State Government will be available by Single Window Mechanism.

### ***1.23.6 SEZ being developed on the land acquired by MIDC***

As per relevant policy of Central Government, Special Economic Zones are being established at various places in Maharashtra. MIDC is also developing Special Economic Zones by acquiring lands as well as on the lands already acquired. SEZ's is being developed by MIDC is generally classified in four categories as below:

#### **1. SEZ developed by MIDC as a Developer**

MIDC itself is developing Special Economical SEZ as a developer due to which MIDC has been accorded the status of SEZ Developer. As a developer under this category MIDC has the responsibility to provide all the essential infrastructure, construction of compound wall around processing zone etc. After developing the SEZ as a Developer MIDC will allot the respective plots in these SEZ at the rates fixed by corporation.

#### **2. SEZ developed through Public Private Partnership on land acquired by Corporation.**

In this category tenders are invited from willing parties for development of SEZ on MIDC land and the developer offering highest price for the land is selected for developing Special Economic Zone. The bidder thus selected is considered as Co-Developer. Co-Developer has to provide essential infrastructure facilities. Further after developing Special Economic Zone, Co-developer has liberty to allot plots @ the rates fixed by him. In this category corporation will hold some part of the equity in the project company.

### **3. SEZ Developed through Joint Venture**

Under this category it is decided to develop Special Economic Zone as Joint Venture by executing memorandum of understanding with renowned Private companies. Under this category Special Economic Zone are developed on land already acquired by corporation or by acquiring new lands by the corporation. Major difference between PPP module & Joint Venture module is that in the first category bidder quoting higher amount for the corporations land is selected as co-developer whereas in the second category co-developer is selected through the Memorandum of Understanding. The corporation has the option of holding some equity in the project company. Project company, thus formed will acquire the Developer status for SEZ. This project company develops the Special Economic Zone as well as undertakes marketing of plots in the SEZ.

### **4. SEZ's to be developed on the plots which are already allotted by the corporation**

Under this category if plot holders who have already been allotted plots by the corporation are desirous of establishing Special Economic Zone on the plot held by them, corporation being original owner of land issues them No-objection Certificate by charging appropriate fees. In this category corporation is not related with any of the activities of development of Special Economic Zone and being owner of land corporation's parts is restricted upto issuing No-Objection Certificate only.

## **1.24 Concept of Regional Imbalance**

Regional disparities are the result of our unfinished task of nation building. These reflect essentially the inadequacies of the development strategy followed since Independence and its failure to correct the distortions brought about by colonial rule. Of late, these tensions have acquired alarming proportions and are threatening to strike at the very roots of the nation state.

This has brought to sharp focus the need of better understanding of the pattern of regionalization, the nature of regional imbalances and their changing structure over

time. Hence, balanced regional development is necessary for the harmonious growth of federal state like India, however, presents a picture of wide regional variations, in terms of per capita income, proportion of population living below the poverty line, working population in agriculture, the percentage of urban population over total population, etc. The co-existence of relatively developed and economically depressed states and even regions within each state is known as Regional Imbalance. Regional imbalance may be:

- Natural due to unequal natural endowments, or
- Man made in the sense of neglect of some regions and preference of others for investment and development effort.
- Inter-state or intra-state,
- Total or sectorial,

Economic Backwardness of a region indicated by symptoms like high population pressure on land, excessive dependence on agriculture, absence of large-scale urbanization, low productivity in agriculture and cottage industries, etc. Economic growth is affected by the way economic activity is performed in the space. A high percentage of per capita income, whether regional or national, is determined by spatial variables; i.e., variables which take into account the spatial distribution of economic resources. Economic activity, regardless claims by micro and macro economists does not develop on an imaginary point in space; it rather takes place unevenly in such a space. An uneven spatial distribution of resources causes differences precisely spatially originated in income generation. The higher the resources concentration and the better the intra and interregional links are the higher income will be. Summing up : the higher the urbanization degree is, the higher income will be. On the other hand, we know regional income differences have not disappeared after decades or even centuries of economic development. Furthermore, those differences, estimated around 60-75%, have stabilized.

### **1.24.1. Causes of Regional Imbalances**

There are wide regional disparities in India. Some areas are more developed than others. There are number of causes of unbalanced growth. Some of these causes are as follows.

#### **1. Historical Factors**

Certain areas are backward because of historical factors. The British rulers developed only those areas which were commercially suitable to them. Even other Indian rulers encouraged the development of specific areas only. The balanced development of all areas was not given any importance.

## **2. Resource Availability**

The availability of natural and other resources is uneven. Some areas have abundant resources while others lack these resources. There are wide disparities in fertility of land also.

The availability of water for irrigation has helped agricultural development of certain areas while other areas have remained backward.

## **3. Infrastructural Facilities**

The availability of infrastructural facilities at various places are not similar. Some places have insufficient facilities like roads, communication, power, medical, banks, etc. The development of Industry needs all these facilities. The places which do not have adequate infrastructural facilities will remain backward. A balanced regional development will be possibly only when all these facilities are available.

## **4. Technical factors**

Technical factors have also influenced the development of certain areas. The factors such as nearness to sources of raw material, market, climate etc. have helped the development of Maharashtra, Gujarat, and West Bengal. The non-availability of these factors discourages industrial development of some areas.

## **5. Social Factors**

Social factors have also caused regional disparities. The illiteracy in a region, caste barriers, tribal culture of an area have all resulted in backwardness of the people. The benefits of economic development have not reached some areas and these have remained backward.

## **6. Development Strategy**

The five year plans and industrial policy resolutions have emphasized balanced regional development but still these guidelines have not been properly implemented. The development strategies of various state governments have encouraged the development of certain areas while other areas have remained backward.

### ***1.24.2 SEZs Impact on Regional Development***

The distribution of medium and large SEZs (50 hectares and above) by major districts shows that nearly three-quarters of all approved SEZs are located in four States - Andhra Pradesh, Gujarat, Maharashtra and Tamil Nadu. These states are

all relatively well developed States with high industrial capacity. These are also highly urbanized. Obviously, investment is channelized to areas of high levels of industry and investment which further propels these states to showcase their 'success' further. One criticism of SEZs as regional development mechanism, however, arises from their autonomous nature in relation to their rural and urban hinterlands.

Typically SEZs are completely separate enclave. The isolation of SEZs from their hinterland, however, has greatly influenced their development influence. The main local benefits they have created is employment. However, many SEZs may not provide enough housing and basic services to the people employed within the enclave, thereby forcing them to stay in surrounding areas. The information collected by a researcher for 110 SEZs shows the generation of direct employment to the tune of 2.14 million employees and indirect employment to the tune of 2.94 million employees.<sup>55</sup> While indirect employment will vary widely across SEZs, nearly 60 percent of direct employment i.e. 1.25 million employee is proposed to be employed by the IT alone exceeding the current employment in that sector. There is bound to be trickledown effect with rapid hinterland development.

Some of these SEZs will cover more than 1000 ha. Social infrastructure like housing, open spaces, markets, entertainment etc. within the zones will be well planned. However, the SEZs will need support service population of 2 to 10 lac each outside the zones. We shall have over 50 to 70 new towns/cities in the next 5-10 years in India. In this context, it may be mentioned here that Government of India is considering a proposal from real estate developers to set up Special Residential Zones outside the main cities on the lines of SEZs with tax benefits and single window clearance. The SRZs would help the developers build and sell affordable houses to low income groups. SRZs would be spread over at least 500 acres.<sup>56</sup>

To sum up, the SEZs contribute to regional and national economy and will result in generation of employment, demand for large industrial machinery, creation and utilization of transport systems and logistical infrastructure. These are very long-term benefits that the regions will receive. As a result of the demand for these activities, additional indirect benefits spill over to other nearby regions as well as

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<sup>55</sup> . Mukhopadhyay, P. (2009). *The Promised Land of SEZs*. New dELHI: Centre for Policy Research, New Delhi.

<sup>56</sup> . itra, A. (1990, December 15). Land Price in Indian Cities Dimensions and Determinants of Change. *Economic and Political Weekly*.

far off regions. It is these indirect benefits to the regional economy which might be large and can spill over to several other sectors through multiplier effect on them. Thus, it will initiate the overall economic growth process and improves employment options. However, the attractiveness of the SEZs to the investors also lays in the way the SEZs plans are integrated with local Master Plans/Regional Plans for creating integrated townships.

## **1.25 Land Acquisition**

### ***1.25.1 History and issues***

The British Government of India started passing various legislations to acquire urban property against the wishes of its owners for construction public buildings in Bengal and Madras Presidencies as early as 1824. Over the next half a century they expanded the scope of these laws to rural and forest areas and consolidated them into a single act, the Land Acquisition Act of 1894. The colonial government invoked the principle of eminent domain by which it claimed ownership of all public land, waters, minerals and mines as the property of the state, usurping the traditional rights of the Indian people over these.

It did not make any bones about the fact that one of the primary objectives of Act was to assist companies in acquiring land for their business enterprise.<sup>57</sup> Since the last two decades the government has been trying hard to open up the space for private capital to obtain the maximum returns. One of the initiatives of the government has been to allow huge number of privately owned Special Economic Zones or SEZs occupying 100s and even 1000s of hectares of land. However, to obtain large tracts of land, close to the urban centres became a huge problem in the face of popular resistance to cede their land for private profiteers. Government has attempted to pass amendments to the Land Acquisition Act, such as through the LAA Bill 2007.<sup>58</sup>

In this Bill, although the stated aim does not mention acquisition of land for private parties, through a slight of the hand the Bill redefines public purpose to include general public use by private companies. The Bill, who was pushed through Lok Sabha on the last day of the Budget Session in 2009, commits the government to acquire the last 30% of the land required for such a project if the private company has been able to purchase the first 70%. However, many farmers and tribals have

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<sup>57</sup> . Sampat, P. (2009). *Special Economic Zones*. mumbai: exim bank of india.

<sup>58</sup> . Mukhopadhyay, P. (2009). *The Promised Land of SEZs*, New dELHI: Centre for Policy Research, New Delhi.

resisted this too. Without doubt this is an important issue and many concerned organizations and individuals have suggested a participatory process in which the interest of the farmers, tribal people could be safeguarded. Lok Raj Sangathan has demanded that the 1894 Law should be withdrawn and the issue of change of land use should be debated publically to arrive at what constitutes public purpose. We are placing several documents here for interested persons to acquaint themselves with the issues.<sup>59</sup>

### ***1.25.2 Consent and the Right to Land***

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 witnessed in Nandigram in the state of West Bengal, a 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 acquisition of 25,000 acres of land under the LAA 1894 for an SEZ towards a chemical hub slated for the Salim group of Indonesia. None of the local residents whose lands were to be acquired had been consulted or informed prior to this notification by the concerned authorities and the people of the area organized themselves by blocking access to their area only to encounter violent state retaliation.<sup>60</sup>

The government backed out of its claim of approval for the SEZs in the aftermath of state and nation-wide protests and inquiry by concerned citizens' groups and the media, and even as the violence subsided in the following months, people organized under the banner of the Bhumi Uchhe Pratirodh Committee (BUPC) to resist any further land acquisition moves by the state. Things reached a violent climax again in November 2007 as political factions and the BUPC struggled to assert control over the area and the entire region became a battlefield of sorts when a non-violent protest march of around 15,000 people by the BUPC was met with violence by ruling party and other political party cadres; many people died (reported estimates vary between 7 and 100) and around a thousand houses were damaged or burnt down.<sup>61</sup>

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<sup>59</sup> . Bidwai, P. (2006). *India: Special Economic Zones, Path to Massive Land Grab*. delhi: Inter Press Service News Agency.

<sup>60</sup> . Agarwal, B. (1994). *A Field of One's Own: Gender and Land Rights in South Asia*. new delhi: Cambridge University Press.

<sup>61</sup> . NHRC. (2008). *NHRC's Recommendations on Relief and Rehabilitation of Displaced Persons*. New Delhi: Commission, National Human rights.

Even as investigations and fact-finding missions to Nandigram were underway, the government, under enormous pressure, promised to move the controversial SEZs to Nayachar, a less fertile and cultivated stretch of land. As this conversion project along with others is borne out, what must be noted is that there is little regard for the democratic right of citizens to disagree; to determine their own course of development; or mandatory prior informed consent instituted in the land acquisition process. Interestingly, one of the most progressive legislations in the country for decentralized rule. The Panchayati Raj 73<sup>rd</sup> Amendment Act of 1992 entitles the right of the residents of a panchayat (the administrative village unit) to determine their own course of development, levy their own taxes and make decisions based on the local village meetings called the gram sabhas. In the scheduled indigenous areas, the Panchayat Extension to the Scheduled Areas Act 1996 further empowers the rights of the indigenous people for self-rule.<sup>62</sup>

The concept of eminent domain, however, bearing down in the form of the colonial land acquisition legislation of 1894, supersedes this right of the people to determine their own future and development, ironically, in independent India and alarmingly, in an increasingly neoliberal India. Backed as it is by the interests of private transnational capital in the case of SEZs, the state further removes it from the realm of accountability to the people. It (notionally) represents in an electoral democratic system. This nexus of legality, state power and neoliberal capital is a deadly combination of wealth, brute force and legislative sanction. However, a thriving living history of myriad people's resistance to oppression, a democratic constitutional structure (however corrupt), and a strong media capable of a fair degree of independence and critical engagement, are powers that the state and neoliberal capital have to contend with in India. There is hope to assume that this nexus of power will find itself much more challenged by popular resistance than say, the bureaucratic capital nexus across the border in China.<sup>63</sup>

## 1.26 Land use pattern in India

Forests account for 23% of the total reported area in India which is much below the required minimum forest cover (30%). With Net Sown Area being only 44% of

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<sup>62</sup> . Sharma, H. R., R. K. Sharma, & Virender Kumar. (2006). Distribution of Surplus Land and Its Impact on Income, Employment and Poverty: Evidence from Himachal Pradesh. *Journal of Rural Development*, Vol. 25, No. 2., 10-13.

<sup>63</sup> . Chadha, G. K., Sucharita Sen, & H. R. Sharma. (2004). *State of the Indian Farmer: A Millennium Study: Land Resources*. new delhi: Academic Foundation.



the total, wasteland (barren and uncultivable) accounts for about 11% of the total area (Table 1.10).

**Table No. 1.10 Land-use pattern in India (in million ha.)**

Land use description	2002-03 (P)		% in total
I. Total reported area	-	306.06	100
II. Forests	-	69.07	23
III. Not available for cultivation: -Area under non-agricultural uses -Barren and uncultivable land *Total	24.25		
	19.25		
	-	43.5	14
IV. Permanent Pastures and Other Grazing Lands	-	10.57	3
V. Land under Misc. Tree Crops and Groves not included in Net Area Sown	-	3.36	1
VI. Culturable waste land	-	13.49	4
VII. Fallow lands: -Current fallows -Other fallows *Total	21.53		
	11.68		
	-	33.21	11
VIII. Net sown area	-	132.86	44
IX. Total cropped area	-	175.65	

Source: <http://www.indiastat.com/india/showdata.asp?secid=10533&ptid=152&level=3>, accessed on 9<sup>th</sup> August, 2006.

## 1.27 Waste lands in India

There were 21.22 million hectares of barren and uncultivable land (7% of total reported area), 11.8 million hectares of permanent pastures and grazing land (3.9% of total reported area), 15 million hectares of culturable waste land (4.9% of total reported area) and 23 million hectares of fallow land (7.7% of total reporting area) in India in 1990-91. Overtime, most of these categories of wasteland have declined in area terms, except current fallows, at the All India level as well as across states. Gujarat and Rajasthan have large cultural wasteland as percentage of total reporting area (10% and 30% respectively) compared with all India average of 17%. They account for 4% and 18% of the total wasteland in India respectively (Table 1.11).

They also account for 15% and 16% respectively of total barren and uncultured

land in India. But, the overall performance of these schemes has been slow and inadequate due to reasons like lack of finance, non-transfer of land to communities, poor design of public-private partnership schemes, and land ceiling laws at the state level. The development of wastelands still remains a challenge, and there are issues of gender and equity in the development programmes.<sup>64</sup> Therefore, there is a renewed interest in handing over wastelands to private companies on a long term lease basis more recently as part of the overall liberalization and privatization process in the rural sector.

The government of Gujarat has recently offered wastelands up to 2000 acres for horticulture and biofuels for 20 year lease to big corporate houses and resourceful farmers at the rate of Rs. 500 per acre interest free security deposit. If project does not take off in five years, the leased land will be taken back and the deposit forfeited. There will be no rent for the first five years. For the years 6-10, annual rent will be Rs. 40 per acre and for years 11-20, annual rent will be Rs. 100 per acre. There will be a 50% increase in rent if any value addition activity is taken up on the land. The leasee will use micro irrigation technology which is being supported by the Gujarat Green Revolution Company with an initial capital of Rs. 1500 crore. The mortgage of land for loan purposes is allowed. No 'non-agricultural' permission will be required for processing activity.<sup>65</sup>

**Table No 1.11 State-wise Magnitude of Wastelands in 2003**

S.No.	State	Total wasteland area (ha)	% of total wastelands area in India	Wastelands as % of Total Geographical Area of the state
1	Andhra Pradesh	45267.15	8.19	16.46
2	Arunachal Pradesh	18175.95	3.29	21.70
3	Assam	14034.08	2.54	17.89
4	Bihar	5443.68	0.98	5.78
5	Chhattisgarh	7584.15	1.37	5.26
6	Goa	531.29	0.10	14.35
7	Gujarat	20377.74	3.69	10.40
8	Haryana	3266.45	0.59	7.39
9	Himachal Pradesh	28336.8	5.13	50.90
10	Jammu & Kashmir	70201.99	12.70	69.24
11	Jharkhand	11165.26	2.02	14.01
12	Karnataka	13536.58	2.45	7.06

<sup>64</sup> . Chadha, G. K., Sucharita Sen, & H. R. Sharma. (2004). *State of the Indian Farmer: A Millennium Study: Land Resources*. new delhi: Academic Foundation.

<sup>65</sup> . Bhardwaj, M. (2006). RIL mega SEZ signing next week. *Business Standard*, 12-14.

13	Kerala	1788.8	0.32	4.60
14	Madhya Pradesh	57134.03	10.34	18.53
15	Maharashtra	49275.41	8.92	16.01
16	Manipur	13174.74	2.38	59.01
17	Meghalaya	3411.41	0.62	15.21
18	Mizoram	4469.88	0.81	21.20
19	Nagaland	3709.4	0.67	22.37
20	Orissa	18952.74	3.43	12.17
21	Punjab	1172.84	0.21	2.33
22	Rajasthan	101453.86	18.36	29.64
23	Sikkim	3808.21	0.69	53.67
24	Tripura	1322.97	0.24	12.62
25	Tamil Nadu	17303.29	3.13	13.30
26	Uttar Pradesh	16984.16	3.07	7.05
27	Uttaranchal	16097.46	2.91	30.10
28	West Bengal	4397.56	0.80	4.95
29	All Union Territories	314.38	0.0	2.87
	TOTAL (India)	552692.26	100.00	17.45

Source: <http://dolr.nic.in/WastelandStateArea.htm>-accessed on 7th August 2006

## 1.28. Purchase of Land for Setting up SEZs

In most countries, there is at least some private ownership of land. Most commonly, many Asian countries have ill-defined land titling that leads to manipulation of land-use policy by powerful landed interest groups,<sup>66</sup> For example, in Manila in the 1990s, such groups and local authorities coercively expedited the conversion of fertile agricultural lands for commercial purposes.<sup>67</sup> Similarly, (Guyot)<sup>68</sup> highlights the political process through which land is allocated in Malaysia. Although her analysis is with the development of agricultural land, it is equally relevant in an urban setting. The literature on land politics in India is came while (Fernandes)<sup>69</sup> argue that the ambiguity in the public use clause of the land-laws have lead to misuse of laws to allocate property to private developers,

(Radhakrishnan)<sup>70</sup> and (Sampat)<sup>71</sup> point out that land reforms can be successful

<sup>66</sup> . Dowell.D, & Leaf.M. (1991). The price of land for housing in Jakarta. *Urban Studies*, 707-722.

<sup>67</sup> . Kelly. (2003). Urbanization and the Politics of Land in the Manila Region, *Annals of the American Academy of Political and Social Science*, 590, 170-187.

<sup>68</sup> . Guyot. (1971). The Politics of Land: Comparative Development in Two States of Malaysia. *Pacific Affairs*, 44, 368-389.

<sup>69</sup> . Fernandes, W. (1998). Land Acquisition (Amendment) Bill, Rights of Project-Affected People Ignored. *Economic and Political Weekly*, October, 17-24.

<sup>70</sup> . Radhakrishnan, P. (1990). Land Reforms: Rhetoric and Reality.

only in areas where the potential beneficiaries are organized and politicized, and even in such cases eminent domain clauses trump local interest. (Mukul)<sup>72</sup> investigates the political, bureaucratic and landowner nexus in New Delhi and argues that local politicians, goons and the Delhi Development Authority were instrumental in the forceful displacement of the legal residents of Ashok Nagar in New Delhi. (Patkar & Singh, S.)<sup>73</sup> Similarly highlight the provisions in the Mumbai Affordable Housing policy draft that leaves enough leeway to allow officials to engage in rent seeking from corporate builders. Likewise, (Banerjee-Guha)<sup>74</sup> and (Sarma)<sup>75</sup> and (Sampat P.)<sup>76</sup> Provide detailed analyses of the specific issues surrounding land dispossession, displacement and compensation due to the new SEZs policy in India. Although scholars of Indian SEZs and land laws address the political economy of land transfers, there is a lacuna in the literature with the following counterfactual analysis. If we assume that the land displacement issues and concerns with agricultural land conversion have acceptable and implemented solutions, and focus only on private land acquisition to build city size SEZs,

Is it possible for a private entrepreneur with adequate capital to legally purchase the minimum contiguous land required to build such an SEZ? If not, within the given constraints of the law, how have entrepreneurs responded to the incentives offered by the government for developing big SEZs and the requisite infrastructure? This essay bridges this gap in the literature with an analysis of the above counterfactual. The short answer is that existing land markets in India make it practically impossible for these zones to be developed as expected. Part of the reason is because of the political economy of land acquisition, which is itself a consequence of the land laws. However, before we analyze the impact of the new SEZs policy on land assembly and infrastructure development, we need to look at

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<sup>71</sup> . Sampat, P. (2008, July 12). Special Economic Zones in India. *Economic and Political Weekly*, 10-12.

<sup>72</sup> . Mukul. (1996). Building from Above, Displacing from Below Land Development in Delhi. *Economic and Political Weekly*.

<sup>73</sup> . Patkar, M., & Singh, S. (2007). Urban Renewal: At who's cost? *Economic and Political Weekly*.

<sup>74</sup> . Banerjee-Guha, S. (2008). (), Space relations of capital and significance of new economic enclaves: SEZs in India. *Economic and Political Weekly*, November 22.

<sup>75</sup> . Sarma, E. (2007, May 26). Help the Rich hurt the Poor: Case of Special Economic Zones, *Economic and Political Weekly*.

<sup>76</sup> . Sampat, P. (2008, JULY 12). Special Economic Zones in India, *Economic and Political Weekly*.

zone policies in the past and their impact on the Indian economy.

In the wake of controversies on land acquisition, the Ministry of Commerce and Industry has advised all the State Governments that in case of land acquisition for setting up of Special Economic Zones, first priority should be for acquisition of waste and barren land and if necessary single crop agricultural land could be acquired for the SEZs. If perforce a portion of double cropped agricultural land has to be acquired to meet the minimum area requirements, especially for multi-product Special Economic Zones,

The same should not exceed 10% of the total land required for the SEZs. Subsequent to this, in pursuance of the decisions taken by the Empowered Group of Ministers, the State Governments have been informed on 15<sup>th</sup> June, 2007 that the Board of Approval will consider only those cases where the land has been allotted by the State Government or its undertakings out of the land acquired by them for industrial purposes before 5th April, 2007 or where the land was acquired by the State Government/ its undertakings pursuant to SEZs in principle approval and the land acquisition proceedings are over on or before 5th April, 2007 and there are no disputes relating to such land; or where no land acquisition is involved and the applicant is in possession of the land.

The State Governments were informed that the Board of Approval will not approve any SEZs where the State Governments have carried out or propose to carry out compulsory acquisition of land for such SEZs after 5th April, 2007. The Board of Approval only approves those proposals which are duly recommended by the State Governments.<sup>77</sup>

### ***1.28.1 Involuntary Displacement - Rehabilitation Conflicts***

This Convention (India ratified this Convention in 1958) deals primarily with the protection and integration of indigenous, tribal and semi-tribal groups. S.12 of the Convention provides that where as an exceptional measure tribal groups are removed from their land they should be provided with lands of quality at least equal to that of the lands previously occupied by them. It goes on to provide that they should be compensated for any “resulting injury or loss”.

The UN Guiding Principles on Internally Displaced Persons, 1998 (Principles) is

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<sup>77</sup> . Seetharam- Sridhar, K. (2010, February 8). Impact of Land Use Regulations: Evidence from India's Cities. *Urban Studies*, 21-29.

meant to serve as an international standard to guide governments as well as international humanitarian and development agencies in providing assistance and protection to IDPs. For the purposes of these Principles, “internally displaced persons are persons or groups of persons who have been forced or obliged to flee or to leave their homes or places of habitual residence, in particular as a result of or in order to avoid the effects of armed conflict, situations of generalized violence, violations of human rights or natural or human made disasters, and who have not crossed an internationally recognized State border.

The Principles identify the rights and guarantees relevant to the protection of the internally displaced in all phases of displacement. They provide protection against arbitrary displacement, offer a basis for protection and assistance during displacement, and set forth guarantees for safe return, resettlement and Reintegration. Although they do not constitute a legally binding instrument, they guide the conduct of States.

These Principles reflect and are consistent with international human rights and humanitarian law and analogous refugee law. Principle 6(C) of UN Guiding Principles prohibits arbitrary displacement incases of large-scale development projects (UN Guiding Principles on Internally Displaced Persons, 1998).While redressing various grievances of people affected following displacement, the Commission stressed the following:

1. Full compliance with ILO Convention 107, and other international human rights instrument relevant to displacement, relief and rehabilitation to which India is party.

2. The resettlement and rehabilitation of persons displaced

The Land Acquisition Act, 1894 of India is the primary legislation that provides for acquisition of land. (S.3) defines public purpose to include carrying out any educational, housing, health or slum clearance scheme, the provision of any premises or building for locating a public office, the provision of land for residential purposes to the poor or landless or to persons residing in areas affected by natural calamities and so on. It includes provisions for compensation (s.11) and provides for recourse to legal remedies (s.18).

The Land Acquisition Act has been criticized "for considering land only as a commodity generating income. However, when a family is settled on a piece of land not only does it earn its livelihood from it but it also has a whole social

network (Land Acquisition Act, 1894).

This Bill was amended, Important aspects of the Bill include a wider definition of “public purpose”, provision of social impact assessment where the acquisition involves displacement of certain number of families, creation of the Land Acquisition Compensation Disputes Settlement Authorities for acquisitions by Central and State governments and so on. The Bill was introduced in the Lok Sabha on 6 December 2007 and has since been referred to the Standing Committee on Rural Development by the Speaker (Land Acquisition, Amendment Bill, 2007).

The Rehabilitation and Resettlement Bill, 2007 puts provisions for “rehabilitation and resettlement of persons affected by acquisition of land under the Land Acquisition Act, 1894” or due to any other legislation by the Central or State governments or involuntary displacement due to any other reason (s.2). Though the term “involuntary displacement due to any other reason” may have wide scope,

It is not clear that this Bill will apply to the different kinds of displacement discussed in Section 2 above. The Bill provides for social impact assessment of projects (s.4) which is to be conducted simultaneously with any environmental assessment, the appointment of Administrator for Rehabilitation and Resettlement with respect to large projects involving involuntary displacement of large number of people (s.9), appointment of an ombudsman for disposal of grievances arising out of matters covered by the Act and so on.

The Bill was also introduced in the Lok Sabha on 6 December 2007 and has since been referred to the Standing Committee on Rural Development by the Speaker of the Lok Sabha. National Rehabilitation and Resettlement Policy, 2007 came in order to solve issues arising out of policies of economic liberalization/de-regularization. The National Policy on Rehabilitation policies and Resettlement, 2003 has been reviewed and revised. The revised National Rehabilitation and Resettlement Policy, 2007 (“NRRP, 2007”) has come into force from Oct. 2007. The new policy is applicable to all affected persons and families whose land, property or livelihood are adversely affected by land acquisition or by involuntary displacement of a permanent nature due to any other reason.

These could be tenants, landless, the agricultural and nonagricultural laborers, artisans, and others dependent on the land. One of the objectives of the policy is to minimize displacement of people and to promote non-displacing or least displacing alternatives.

It also recommends that only the minimum necessary area of land commensurate with the purpose of the project should be taken, and the use of agricultural land for non-agricultural purposes should be kept to the minimum; multi-crop land should be avoided and irrigated land use should be kept to the minimum for such purposes. Projects may preferably be set up on wastelands or un-irrigated lands. The compensation award shall take into account the market value of the property being acquired, including the location-wise minimum price per unit area fixed (or to be fixed) by the respective State Government or UT Administration. For the displaced, the policy provides for houses for even the landless, 20% of compensation in the form of shares in the proposed project which can go up to 50%. There is a provision of life-time monthly pension too for vulnerable sections. In case of a project involving land acquisition on behalf of a requiring body, the disputes related to the compensation award for the land or other property acquired will be disposed of as per the provisions of the Land Acquisition Act, 1894 or any other Act of the Union or a State for the time being in force under which the acquisition of land is undertaken, and will be outside the purview of the functions of the Ombudsman (NHRC, 2008). NRRP, 2007 has the following features:

1. Policy covers all cases of involuntary displacement. Social Impact assessment introduced for displacement of 400/ 200 or more families in plain/tribal, hilly, Scheduled areas, etc.
2. Principle of rehabilitation before displacement; if possible, land for land as compensation;
3. Skill development support and preference in project jobs (one person per nuclear family);
4. Rehabilitation Grant in lieu of land/job; Option for shares in companies implementing projects to affected families
5. Housing benefits to all affected families including the landless;
6. Monthly pension to the vulnerable, such as disabled, destitute, orphans, widows, unmarried girls, etc.
7. Monetary benefits linked to the Consumer Price Index; also to be revised suitably at periodic intervals;
8. Necessary infrastructural facilities and amenities at resettlement areas;
9. Committees for each project, to be headed by Administrator for relief and rehabilitation.
10. Consultations with Gram Sabhas or public hearing made compulsory; Ombudsman for grievance redressal National Rehabilitation Commission for



external oversight.

**11.** The revised policy covers all projects leading to involuntary displacement of people, and envisages special provisions for Scheduled Tribes and Scheduled Castes, the main features of which are given below:

**12.** Consultation with the concerned gram Sabah or the panchayats at the appropriate level in the Scheduled Areas under Schedule of the Constitution in accordance with provisions of the Panchayats (Extension to the Scheduled Areas) Act 1996. Each Affected family of Scheduled Tribe followed by Scheduled Caste shall be given allotment of land for land, if Government Land is available in there settlement Area.

**13.** In case of land being acquired from the members of the Scheduled Tribes, at least one third of the compensation amount be paid at the outset as first installment and rest at the time of taking the possession of the land.

**14.** Additional one time financial assistance equivalent to five hundred days minimum agricultural wages for loss of customary rights or usage of forest produce.

**15.** Scheduled Tribes to get free of cost land for community and religious gathering, to the extent decided by the appropriate government.

**16.** Scheduled Tribes affected families resettled out of district to get twenty five percent higher benefits in monetary terms.

**17.** Scheduled Tribes and Scheduled Castes affected families to be given fishing rights in the reservoir areas of the irrigation or projects.

**18.** Scheduled Tribes and Scheduled Castes affected families enjoying reservation benefits in the affected areas shall be entitled to get the reservation benefits at the resettlement areas. Despite all these features of NR&R policy livelihood losses, displacement and non-rehabilitation has become recurring feature (Sharma & Singh)<sup>78</sup>, By and large there is unanimity that no development can be accepted at the cost of social equity.

Land acquisition needs total reform and rehabilitation package. Land owner, should get adequate compensation of their land. There is also a need to think proactively to make partnership under SEZs with such landowners to bring the social equity. Therefore, rehabilitation package needs to include continuous / ongoing sharing of income.

It was heartening to note that some of the developers have offered not only

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<sup>78</sup> . Sharma, & Kumar, N. (2009). Special Economic Zones: Socio-economic Implications. *Economic and Political Weekly*, Vol. XLIV, No. 20, May 16, 9-11.

employment guarantee of one person per family but certain percentage of lease rental so that land owner will continue to get benefit for entire life.

The compensation package needs to address the issue of reinvestment of such compensation as to avoid the misuse of unexpected funds due to lack of entrepreneurship. Social study has proven that such compensation has resulted not only family disturbances and has totally ruined the families on account of spending on unnecessary / perishable luxuries. Further, it has also widened the difference amongst the family members over the distribution of wealth. Sometimes it resulted in to criminal activities and therefore, it is very important, to make the law to prevent misuse. The compensation and rehabilitation packages announced by the concerned states lack credibility as there are thousands of families displaced by previous projects still a waiting compensate on payments. In a few cases those displaced in early 1970s are yet to receive compensation. In many cases the true beneficiaries are the absentee land lords, intermediaries and faults that confront with the government agencies.

### **1.29. SEZs and Employment Generation**

The number of Special Economic Zones globally continues to expand SEZs account for an increasing share of international trade flows and employ a growing number of workers world-wide. In the global economy, EPZs are viewed as an important if a second best policy instrument to promote industrialization, generate employment, and for regional development. However, costs and benefits of SEZs have generated an intense debate, touching on almost every possible aspect of SEZs. Therefore, whether SEZs are beneficial for development remains a subject of controversy.<sup>79</sup>

#### ***1.29.1 Direct Employment Generation***

In so far as SEZs comprise labour-intensive activities, enterprises in SEZs constitute, a priori, a significant source of new employment. Due to the availability of labour at low wages, developing countries generally attract investment into simple processing labour intensive industries. This increases the demand for unskilled labour within the zone. Shift towards higher value added activities as SEZs grow, might increase demand for skilled labour also. SEZs also generate employment for unskilled labour by creating demand for physical infrastructure within the zone. This stimulates the local construction industry

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<sup>79</sup> . Aggarwal, A. (2007). *Impact of Special Economic Zones on Employment, Poverty and Human Development*. New Delhi, Working Paper 194.

giving employment to unskilled labour.<sup>80</sup> Reports, that in cities surrounding the Malaysian SEZs, there is even labour shortage in this industry. Demand for utilities such as water, electricity, communication, and administration also rises. Finally, there has been increasing demand for various support services such as, hotels and restaurants, and transport, which is expected to have a substantial impact on employment generation.

While analyzing the direct employment impact of SEZs, one finds that they have played a significant role with respect to their contribution to employment creation in several countries. Many of the most successful SEZs in terms of employment creation were established in Asia. According to an estimate<sup>81</sup>, among zones that have been in operation for five or more years, the median zone in Asian countries has 10,500 employees, while in Latin America the median zone has just over 3500 employees.

Taiwan and Korea have been the two most successful examples<sup>82</sup>. Indonesia, Malaysia, Thailand and Philippines in Asia are other successful examples of employment creation by SEZs. More recently, China followed by Vietnam, Bangladesh and Sri Lanka emerged as successful demonstrations of SEZs effects on employment. According to ILO, the greatest number of jobs is created in China, with some 30 million employed in the SEZs sector. In Bangladesh, total SEZs employment grew from mere 624 in 1983 when the first zone was set up in Chittagong, to over 144,000 by 2003–4. Currently, SEZs constitute 6 per cent of the manufacturing employment in the country. According to (Mondal )<sup>83</sup>, in Bangladesh, growth of employment in the SEZs is much faster than in the total organized manufacturing sector that was over sixteen times that of the organized manufacturing sector during 1983–4/1987–8 and over four times higher than 1988–9/1999–2000. In Sri Lanka, total employment in SEZs stands at 104,237

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<sup>80</sup> . Sivalingam, G. (1994). *The economic and social impact of export processing zones: The case*. Geneva: ILO.

<sup>81</sup> . Jenkins, M. O., Esquive, & Felipe Larrain B. (1998, ). *Export Processing Zones in Central*. miami: Harvard Institute for International Development, Harvard University.

<sup>82</sup> . Chaudhuri, M. (1984). *The role of free trade zones in the creation of employment and industrial growth in Malaysia*. ILO.

<sup>83</sup> . Mondal, A. (2003). Role of the Export Processing Zones in the Industrialization Process of Bangladesh: Lessons for the Future', in Rushidan Islam Rahman (ed.), Performance of the Bangladesh Economy. *Bangladesh Institute of Development Studies*.

which accounts for around 10 percent of the manufacturing employment.<sup>84</sup> It is uncertain whether these economies would have been able to create so many jobs and as much income in the absence of SEZs.

In Africa, Mauritius which introduced its SEZ programme in 1970 reduced official unemployment from 23 percent in 1979 to 2 percent in the early 1990s (before it increased in recent years to 8 percent in 2000) as the country's SEZs generated 88,000 new jobs. As a matter of fact, SEZs in Mauritius began to experience labour shortages at the end of the 1980s and began to import foreign labour. Other successful examples in Africa, include Madagascar, Tunisia, Egypt and to a lesser extent Togo.

SEZs activity in Latin America is highly concentrated in three countries: Mexico, Brazil, and the Dominican Republic (Jenkins et al 1998). In the Dominican Republic, there were more than 19 SEZs in the late 1990s that employed about 141,000 workers. Some of the zones in the Dominican Republic are among the largest SEZs in the world. Two of the zones: the Santiago and the San Pedro de Macoris employ about 35,000 workers each. All successful examples are not necessarily among the small economies. Even in a large economy like Mexico, zones have played an important role in creating employment. Most of the manufacturing employment created in Mexico during 1988-1998 was in the Maquila sector. Manufacturing employment excluding Maquila had been almost stagnant between 1988 and 1998, whilst maquila employment increased from around 300,000 workers in 1988 to almost a million in 1998.

The share of maquila in manufacturing employment increased from little over 10 percent in 1988 to over 26 percent by 1998.<sup>85</sup> In Central America, Costa Rica, Nicaragua and Honduras have been the examples of successful zones. Between 1991 and 1996, employment in Costa Rica zones increased more than 7 percent per annum. Employment in Honduras zones increased more than 40 percent per year between 1990 and 1996. SEZs employment accounted for almost 20 percent of industrial employment in 1995 in Nicaragua.

There are also countries where zone development and resulting employment creation did not live up to expectations. A report covering Southern Africa points

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<sup>84</sup> . Aggarwal, A. (2006). Performance of Export Processing Zones: A Comparative Analysis of India, Sri Lanka, and Bangladesh. *Journal of Instafalg Institute*.

<sup>85</sup> . Armas, E., & Sadni Jallab. (2002). *A Review of the Role and Impact of Export Processing Zones in World Trade: The Case of Mexico*. Mexico: Centre National de la Recherche Scientifique.

to distinct and common SEZs failures. In particular, employment creation has been meager. Kenya for instance spent millions of dollars on SEZs promotion but in the first five years, only 2800 new jobs were created.<sup>86</sup> Senegal established its first zone in Dakar in 1974. In 1999, twenty years after its creation, the zone was shut down.<sup>87</sup> At the time of its demise, it had just 14 active enterprises with a mere 940 jobs. In Central America, Guatemala zones could not live up to expectations. According the official figures, traditional SEZs in Guatemala had only 9 firms employ around 1400 workers in the late 1990s. There are several such examples across continents. These failures in turn could be attributed to the failure of SEZs policy to offer a comprehensive package of world class infrastructure, quality governance, good location and attractive fiscal incentives, which is crucial to attract investment in SEZs.<sup>88</sup> Some scholars argue that even among those countries where SEZs have experienced success in terms of generating employment, there are nations (such as Philippines and Indonesia) where the socially explosive unemployment issue has not necessarily been resolved because the annual increase in the size of the labour force in these nations dwarfs such employment as the SEZ may generate.<sup>89</sup> But others suggest that the share of EPZs in national employment is an unsatisfactory indicator of the zones' effects on employment and poverty alleviation. It is possible that the establishment of EPZs benefits disproportionately the industries that are intensive in the use of unskilled labour since in developing countries these are the industries that are likely to develop under the free trade regime.

In that case the impact of zones on regional employment and poverty may be substantial which may not be captured in the macro picture. Sometimes it is also argued that employment opportunities created within SEZs are not the net addition to employment; they replace old jobs outside the zones. There is therefore a very small net employment effect of zones. Little research literature is available on this. However, some country-specific studies report that the net addition to employment opportunities by SEZs has been positive. (Athukorala)<sup>90</sup> have Cites a study, which suggests that SEZ firms

<sup>86</sup> . Rolfe, R., W. Douglas, & K. Bernard Kagira. (2004). 'Footloose and Tax Free: Incentive Preferences in Kenyan Export Processing Zones', *South African Journal of Economics*, 72.

<sup>87</sup> . Madani, D. (1999). *A Review of the Role and Impact of Export Processing Zones*. Washington DC: World Bank Policy Research Paper No. 2238,

<sup>88</sup> . Aggarwal, A. (2006). *Performance of Export Processing Zones: A Comparative Analysis of India, Sri Lanka,*

<sup>89</sup> . Madani, D. (1988). *A Review of the Role and Impact of Export Processing Zones*, Washington DC: World Bank.

<sup>90</sup> . Athukorala, P. (1997). 'Foreign Direct Investment and Manufacturing for Exports', in W.D. Laxman (ed.), *Dilemmas of Development Fifty years of Economic Change in Sri Lanka*. Colombo.

contributed significantly to a rise in the labour participation rates, notably the entry of young women into the labour force.

In Bangladesh, the electronics industry hardly existed before the SEZ programme was put in place SEZs created new job opportunities in this sector. Besides, growth rate of employment in the SEZs is about three-fold of that in the country as a whole, reflecting very little or no job replacement in the domestic tariff area and new job creation in the SEZs. A meaningful analysis of net employment outcome however, requires survey-based analysis on previous labour market status of SEZs workers and alternate employment opportunities for them, which is scarce in the literature. As on December 2009, the direct employment in newly notified SEZs stood at 228,226 persons while the total investment was to the tune of Rs. 1,156,037.8 million.

At the same time, economic activity in those SEZs that came into force between 2000 and 2005 also grew several times in terms of employment and investment. While their employment increased five times from 12,468 in February 2006 to 61,225 (as on December 2009); investment increased more than 4 times from 17,563.1 million to Rs. 67,943.1 million. Interestingly, matured central government zones also witnessed a robust increase in economic activity after the Act was enacted. It is also interesting to note that incremental change in employment and investment during the 4 years' time after the Act came into force was several times higher than that during the preceding five years (Table 1.12).

**Table No. 1.12 Employment in SEZs in a comparative framework**

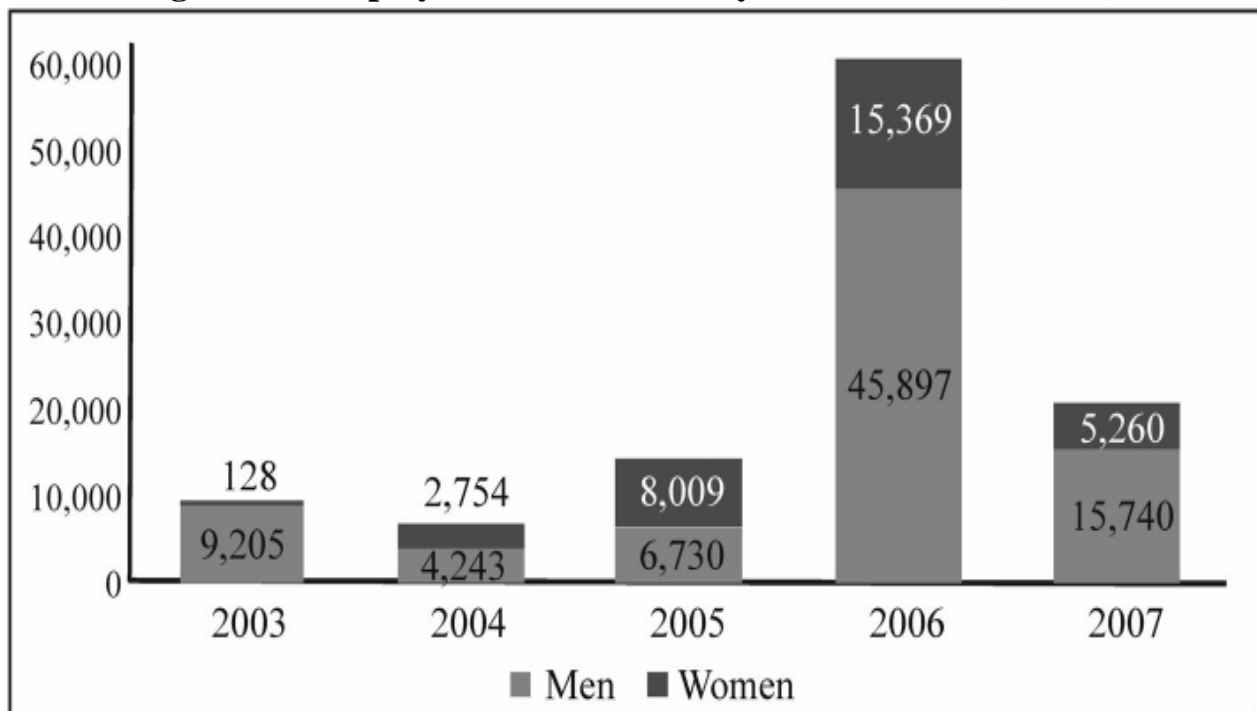
Particulars	SEZs notified after Feb. 2006	Zones set up between 2000-05	Central govt SEZs	Total
SEZ Notified as on 10 feb 2010	348	12	7	367
Formal approval less notified:	223	-	-	223
In principle	147	-	-	147
Units as on 31 Dec 2009	573	945	1243	2761 (171.7%)
Units as on November 2006	Nil	154	862	1016
Units in March 2000	Nil	Nil	708	708
Employment as on 31 Dec 2009	228226	61225	200907	490358 (264%)

Employment as on feb 10 , 2006	Nil	12468	122236	134704 (59.3%)
Employment in March 2000	Nil	Nil	84545	84545

Source: MOC

Generation of jobs for the region's population, both direct and indirect employment, is seen as one of the major spillover effects of establishing SEZs in the developing and transition economies. Quantitatively, generation of direct jobs in SEZs in India is on the rise post-SEZs Act, 2005. The structure of employment generation also reveals that an appreciable number of job opportunities in SEZs have been realized for the female population (Fig no. 1.1)

**Fig no. 1.1 Employment Generation by SEZs in India (Direct)**



Source: Authors' calculation based on data extracted from the annual reports of the Ministry of Commerce, Govt. of India, for the years 2003, 2004, 2005, 2006 and 2007.

The level of employment in functional SEZs in India is shown in the table no.1.13 as bellow:

**Table No.1.13 Level of Employment in Functional SEZ's in India**

Employment (As on 31st March, 2009)	Incremental Employment	Total Employment
SEZs Notified under the Act	1,34,627persons	1,34,627persons

State/Pvt. SEZs set up before 2006	43,422 persons	55,890 persons
Government SEZs	74,686 persons	1,96,922 persons
Total	2,52,735 persons	3,87,439 persons

Source: www.sezindia.nic.in

The table NO. 1.14 shows year wise employment in India's SEZs. The employment rates is increased yearly and it is reached to 489831 in 2009.

**Table No 1.14 Employment in SEZs**

Year	Set up by Central Govt.	SEZs approved Prior to SEZ Act 2005	notified operational SEZs	Total
2006	122236	12468	-	134,704
2007	183354	36463	61015	280832
2008	193474	44768	97993	336235
2009	200907	61255	227669	489831

Source: www.sezindia.nic.in

### ***1.29.2 Indirect employment generation***

The indirect effect is manifested as ancillary employment opportunities generated in sectors of the economy affected by the operations of the SEZ. These include, transport, communication, automobile, civil aviation, shipping, tourism, hospitality, packaging, banking, and insurance. Employment opportunities are generated for both unskilled and skilled labour. In addition to the above, there are three other channels through which SEZs generate a favorable impact on employment generation.

One, SEZs provides foreign exchange earnings that slacken the foreign exchange constraints of the rest of the economy regarding the import needs of the rest of the economy and accelerate investment activities. SEZs thus generate development funds, which facilitate generation of economic activities and employment.

Two, they also generate economic activity outside the zone due to the transformation of investment funds into fixed assets and purchase of inputs and services from the rest of the economy. Three, once additional incomes are generated, there is an increase in demand for various goods and services such as housing, education, health and transport. This in turn has multiplier effects on income and employment.



In addition to direct investment and employment, SEZs create indirect investment and employment also by generating economic activity in the rest of the economy. Indirect employment and investment generated by SEZs can be measured using input-output coefficients. In general, SEZs, which are better integrated into the domestic economy, are likely to contribute more significantly to the rest of the economy than the SEZs that are isolated enclaves of production. The SEZs potential of generating direct and indirect benefits may be gauged by 'value addition'.

The larger the component of value addition, the greater may be local sourcing of inputs, wages and even profit margins (as most producers are Indian) and hence economic activity in the DTA. Table 2.14 reveals that India's zones are not characterized by low value added activities. During 2000-06 the total value addition rate was 48 percent. (Amirahmad, Hooshang, & Weiping, Wu)<sup>91</sup> found that value addition by EPZs was 62% in Indonesia, 53.2% in South Korea and 49% in Taiwan. Apparently, the rate of value addition in the zones in India compares favorably with these countries that were successful in establishing backward economic linkages. This is despite the fact that policy obligations on value addition were done away with in the SEZ. In fact, the value addition rose from 42% during the 1990s to 48% over the period 2000-2005.

**Table No 1.15 Sector wise Value addition: 2000-05**

Sector	Export (US \$ mn)	Import (US \$ Mn)	Net exports
Chemicals & drugs	819.3847	232.4144	71.6
Electronics HW	2269.847	1806.509	20.4
Electronics SW	2413.87	308.5893	87.2
Engineering	964.0784	540.9952	43.9
Food	230.0963	27.62107	88.0
Gems & Jewellery	8315.363	5137.62	38.2
Leather	201.8	48.89	75.8
Rubber/Plastics	416.91	142.88	65.7
Textiles	1314.87	518.39	60.6
Misc	529.2	190.25	64.0
Total	17274.6	8969.14	48.1

Source: Calculations based on the data collected from DCs offices

There are variations in value addition across sectors (Table 1.15). However, value

<sup>91</sup> . Amirahmad, Hooshang, & Weiping, Wu. (1995). Export processing zones in Asia. *Asian survey*, 828-849.

addition has been more than 50 percent in all the sectors except electronics hardware, engineering goods, and gems and jewellery. Low value added component in electronics hardware could be attributed to the fact that production in this sector is networked through international supply chains and that the local supply chains are not well developed in the country. The SEZ policy is likely to change the scenario, as we shall discuss later. Since most newly notified SEZs are in nascent stages of development, export import data may not be comparable. However, Table 1.16 provides some insight into value addition done in these SEZs.

**Table No. 1.16 Value addition in newly notified SEZs**

SEZ	Sector	Export	Import	Value addition export
Hyderabad gems	Gems & Jewellery	2.82	2.51	11.0
Divi lab	Pharmaceutical	468.01	106.15	77.3
Apache	Footwear	151.28	27.22	82.0
Jodhpur	Handicraft	55.3537	0.8744376	99.4

Source: DC Office, Visage and relevant SEZs

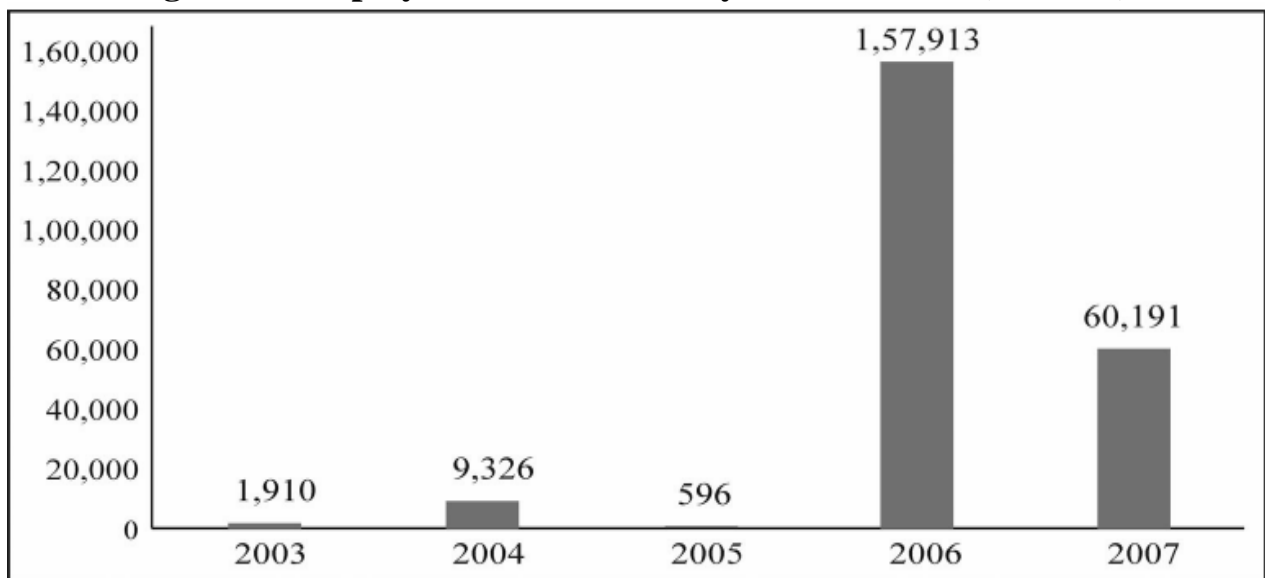
Clearly the value addition component is rather high in most sectors. India is an emerging economy with a large industrial base. Therefore it has substantial absorptive capacity ensuring large potential spillover effects of SEZs. Furthermore, SEZs are dominated by domestic producers who are much better linked with the rest of the economy than the foreign producers. Evidence suggests that the backward linkages forged by foreign investors in SEZs are rather weak. This shows that the role of domestic capital in SEZs is rather underrated and that of foreign investment overrated.

There are several other ways in which SEZs have augmented investment and employment in the rest of the economy. For instance, setting up of SEZs has created demand for physical infrastructure. This has stimulated not only the infrastructure industry directly but also the real estate industry. According to an estimate, the real estate sector is subservient to the development of over 250 other ancillary industries. A study shows that the construction industry ranks 3rd among the 14 major sectors in terms of direct, indirect and induced effects in all sectors of the economy. Furthermore, there has been increasing demand for financial and various other supporting services such as hotels, restaurants, tourism, transport, housekeeping, and security. These are non-negligible. Almost all companies in SEZs are providing subsidized food, free health services and transport services. Each SEZ has fire station, expansive landscapes, elaborate security arrangements, own

administrative set up and a custom office. The Ministry of Commerce compiles information on employment generated within SEZs on account of the demand for peripheral activities and construction. This is termed as “indirect employment”. It stood at 2, 20,506 as on 31 March 2008. In fact this is a fraction of total indirect employment generated by peripheral activities demanded in SEZs.

By augmenting investment and generating employment outside the agricultural sector SEZs could be instrumental in generating additional incomes. Once additional incomes generate, there is increase in the demand for various goods and services such as housing, education, health, transport, banking, trading and so on. This in turn has a multiplier effect on investment, income and employment.

**Fig no. 1.2 Employment Generation by SEZs in India (Indirect)**



Source: information calculation based on data extracted from the annual reports of the Ministry of Commerce, Govt. of India, for the years 2003, 2004, 2005, 2006 and 2007.

According to the Economic Survey, 2010–11, out of the total employment of 6,44,073 persons in SEZs, an incremental employment of 5,09,369 persons was generated after February 2006 when the SEZs Act came into force (p. 177). The survey further states that ,at least double this number obtains indirect employment outside the SEZs as a result of the operations of SEZ units and that ,this is in addition to the employment created by the developer for infrastructure activities. However, the employment generated by SEZs is not uniform across sectors and regions. Besides, the jobs so created by SEZs may have come at the expense of jobs in the agricultural sector. These issues are discussed in a subsequent section (Fig no. 1.2).

### ***1.29.3 SEZs Employment and Skill Formation***

During initial phases, SEZs are dominated by labour-intensive industries such as clothing, footwear, and electronic component assembly. These industries use simple low-cost technology and require a low-skilled workforce. Workers are thus trapped in low skill jobs. It is however argued that SEZs still help in creating skill base by introducing workers to the rigors of industrial discipline, punctuality, and quality control and meeting deadlines.

While supporting this argument for the Dominican Republic,<sup>92</sup> claims that the majority of labour working in these zones had entered the labour market for the first time and all positions were held by the nationals. As a consequence, zones became instrumental in equipping them with skills and experience. Matthews and Kaplinsky (2001) however argued that “prior experience” is considered a primary criterion for recruiting labour in the zones and thus zones are benefited by the labour’s experience. It is not labour that gets such benefits from zones.

### ***1.29.4 The job training and skill formation***

Knowledge creation in the zones also occurs through on-the-job training. Critics argue that such training is of short duration and covers assembly type of activities. (Kusago and Tzannatos)<sup>93</sup>, report that training for factory operators is mainly on-the-job and lasts from a few weeks to usually no more than three months. The training is mostly task-specific, geared to enhancing productivity and efficiency in the firm’s operation. In some cases, workers in SEZs receive more substantial training but this is typically restricted to the high end skills at a small scale. In Taiwan, only 1,500 workers received overseas training between 1968 and 1986 a little over 80 on average per year.

In Maquiladoras, enterprises engage in various forms of training including management skills, production processes, quality control, product design, equipment maintenance and use. (Raafat)<sup>94</sup> is examined training programmes of enterprises in Maquiladoras of Tijuana, Mexico. He found that training practices and the course of technology transfer within factories in SEZs could be upgraded easily. Most existing studies therefore find this type of training unsophisticated, with little potential to advance the career opportunities of workers through skill

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<sup>92</sup> . Willmore, L. (1997, August). ‘Export Promotion Policies in Central America’, , No. *Cepal Review*, 173–176.

<sup>93</sup> . usago, T., & Z. Tzannatos. (1998). *Export Processing Zones: A Review in Need of Update*. Washington DC: World Bank.

<sup>94</sup> . Raafat, F. e. (1992). Training and Technology Transfer: Efforts of Japanese, Mexican and American Maquiladora Companies in Mexico. *Socio-Economic Planning Science*, 26(3), 181–183.

acquisition that will remain relevant even if they were to stop working in SEZs

### ***1.29.5 SEZs, Employment & Agriculture Sector***

Agriculture is the backbone of Indian Economy. It provides live hood to about 2/3 rd of our labour force. It occupies a very prominent place in our Economic system. Agriculture is the single largest sector providing large scale employment. According to 2001 census, 59% of India's working population derived its live hood directly from Agriculture. Now, SEZs have a large ready made plat form for providing substantial employment by providing Machineries, Technologies, equipment that should be good, affordable, customize to Indian cultivation needs which in turn enhance the Agriculture production & employment. SEZs could put a positive impact on Agriculture & employment it they only shrink to the IT or other sectors. SEZs policy must be reformulated.

Un-employed or under employed workforce must be utilized without displacing from their natively. The center Govt. require for 5000 hectares of land, for SEZs. The Govt. should not interfere in acquiring the land from farmers. The Developers should directly purchase the land from Farmer at Market price. Developers must provide employment to the affected families. Developer should absorb at least two family members from the affected family. If SEZs have to put a positive impact an Agriculture sector then it is the urgent need of the time that Govt. should announce compulsory agri SEZs at least one or two in every state of the country. These could become role model for the rest of the SEZs.

### **1.30 Infrastructure Development in India**

India's rise in recent years is a most prominent development in the world economy. India has re-emerged as one of the fastest growing economies in the world. India's growth, particularly in manufacturing and services, has boosted the sentiments, both within country and abroad. With an upsurge in investment and robust macro economic fundamentals, the future outlook for India is distinctly upbeat. According to many commentators, India could unleash its full potentials, provided it improves the infrastructure facilities, which are at present not sufficient to meet the growing demand of the economy. Failing to improve the country's infrastructure will slow down India's growth process. Therefore, Indian government's first priority is rising to the challenge of maintaining and managing high growth through investment in infrastructure sector, among others.

The provision of quality and efficient infrastructure services is essential to realize the full potential of the growth impulses surging through the economy. India,

while stepping up public investment in infrastructure, has been actively engaged in involving private sector to meet the growing demand. The demand for infrastructure investment during the 11th Five Year Plan (2007-2011) has been estimated to be US\$ 492.5 billion (Planning Commission, 2007). To meet this growing demand, Government of India has planned to raise the investment in infrastructure from the present 4.7 percent of GDP to around 7.5 to 8 percent of GDP in the 11th Five Year Plan. In general, efforts towards infrastructure development is continued to focus on the key areas of physical and social infrastructure.

### ***1.30.1. Urban Infrastructure***

Urban infrastructure consists of drinking water, sanitation, sewage systems, electricity and gas distribution, urban transport, primary health services and environmental regulation. The process of urbanization has gathered considerable momentum in recent years and this has put urban infrastructure and services under severe strain.

### ***1.30.2 Urban transport***

Urban transport is one of the key elements of urban infrastructure. The major objective of urban transport initiative is to provide efficient and affordable public transport. A National Urban Transport Policy (NUTP) has been formulated with the objective of ensuring easily accessible, safe, affordable, quick, comfortable, reliable and sustainable mobility for all. Revised guidelines for preparation of comprehensive city transport plans and DPR have been prepared and circulated to all State Governments/UTs for availing of financial assistance to the extent of 40 percent of cost as Central assistance under the present scheme of Urban Transport Planning. Detailed guidelines have also been formulated for the guidance of the States and cities and preparation of DPRs for both rail-based and road-based public transport.

Delhi and Kolkata have introduced Metro Rail system in their cities. Delhi Mass Rapid Transit System (MRTS), a joint venture between the Government of India and the Govt. of National Capital Territory of Delhi, is being implemented by the Delhi Metro Rail Corporation (DMRC). The Bangalore Mass Rapid Transit System (MRTS) contemplates construction of metro corridors along East-West (18.1 km.) and North-South (14.9 km.) in Bangalore. The Government of Karnataka has got financial appraisal of the project conducted recently.

The estimated completion cost of the project is Rs.56.05 billion. Bangalore Metro Rail Corporation (BMRC), a joint venture company, is executing the project,

which is scheduled to be completed by 2011. The first section of 7 km. will be completed in 2009. The Government of Maharashtra has proposed a MRTS for Versova-Andheri-Ghatkopar on the basis of Mumbai Metro Master Plan. The project — Mumbai Metro Rail Project — consists of two corridors. First corridor is of a total length of 11.07 kms (Versova-Andheri-Ghatkopar). Completion cost is estimated at Rs. 23.56 billion and it is proposed to be funded through Viability Gap Funding (VGF). The second corridor is Colaba-Bandra-Charkop line of 38.23 km. length. Estimated cost is Rs. 88.25 billion (at June 2005 prices). While giving in-principle approval for the project, the Government of Maharashtra has been asked to exhaust the VGF route first.

### ***1.30.3 SEZs, Infrastructure Facilities & Agriculture Sector***

This is the most important factor of the SEZs impact on Agriculture. Right from 1983 Govt. has increased the Amount of Rs. 221 crore on the construction of Dams (as on today) According to the officials of Irrigation Department Irrigated land should not be used for the other purpose. Govt. increase public expenditure to develop Agriculture sector. Apart from this Govt. has increased expenditure on creation of Infrastructural facilities, for example, construction, of Railways, roadways, National highways, canals, etc. to promote Agricultural Development. When the SEZ come there was fear in the mind of people that, all the Infrastructural facilities will be utilized by the Developers. It will make the shortage of water & electricity etc. and Agriculture sector will be affected. But immediately two kinds of infrastructure start developing, one is for to meet Access demand of water and second is for to develop pollution buster infrastructure for the water system.

When SEZs establish on the Agricultural lands then Numbers of technical & managerial workforce increase, but all these force should be used for the Development of the Roads, Buses, transport shops, restaurants hotels etc. These Infrastructural Development has to be done by different agencies other than the SEZs which in turn highly beneficial to the Infrastructure for Agriculture, directly. SEZs can put the positive impact on Agriculture sectors Infrastructure. The Govt. should prepare a strategic plan for development of export potential zones region wise and then the minimum number of SEZs may be arrived at. The gov. should ensure that only non-cultivable or waste land may be acquired for SEZs so that agricultural production will not hamper. The Govt. should encourage the SEZs like Kisan SEZ. To get participation of the Farmers whose lands are being acquired should also be involve in the ownership of the Industrial units.

## 1.31. Anty SEZ Struggle in Maharashtra

### 1.31.1 Raigad farmers protest against MMSEZ

Protests against RIL Maha Mumbai SEZ continued until 18 July 2007 at Pen, with almost 17 farmers and activists joining Professor Patil in an indefinite fast. The activists demanded that their 22 villages be excluded from the SEZ; that section 6 (1) of the land acquisition notification be scrapped; and that canals immediately be built on the Hetwane dam. On 24 July, Deputy Chief Minister Mr. R. R. Patil and Mr. Patangrao Kadam, on behalf of Chief Minister Vilasrao Deshmukh, promised that the government would exclude the 22 villages from Maha Mumbai.

The protesters called off their hunger strike on the evening of 24 July in the presence of Medha Patkar, Prof. N.D. Patil and hundreds of farmers from Pen. One year later, the government again failed to uphold its promises and the *Jagtikikaran Virodhi Kruti Samiti* organized another *Rasta roko* at Vashi Naka on 17 June 2008. During the *Rasta roko*, hundreds of farmers were arrested. Officials also arrested Prof. Patil, who declared that he would begin another indefinite fast in Mumbai against the apathy and broken promises of the Government of Maharashtra. Prof. Patil - an 82 year old with serious kidney related health problems - began his indefinite fast on 24 July 2008 at Aazad Maidan Mumbai. As his health deteriorated, he was admitted to J. J. Hospital, where he continued his fast.

To support Prof. Patil, farmers from Raigad, Pune, Gorai, Aurangabad, Dhule, Nandurbar, Beed, Nanded, Kolhapur and Nashik joined the fast. Amongst those who undertook the fast were Mr. Pannalal Surana, Mr. Dada Samant, Mr. Manav Kamble, Mr. Maruti Bhapkar, Mr. Janardhan Patil, President of the 24 Gaon SEZ Virodhi Sangharsh Samiti, Mr. Ganpatrao Patil MLA from Sangola, Mr. Vivek Patil MLA from Panvel and Uran, Mr. Gajanan Khatu leader of Lokrajniti Manch, Mrunalta Gore, Medha Patkar leader of the Narmada Bachao Andolan, Mrs. Neelima Patil the Zilla Parishad President of Raigad and more than 2000 anti-SEZ activists. For three days, activists and others chanted slogans, sang songs and made speeches against Maha Mumbai and other proposed SEZs. On 24 July, Chief Minister Mr. Vilasrao Deshmukh met a delegation of farmers to discuss the RIL SEZ.

The hour long discussion revealed that the CM had been misled by his Revenue and Water Resources Secretary. They had told Mr. Deshmukh that irrigated land from the Hetwane Dam did not overlap with land being acquired for Maha Mumbai. Farmers explained that 22 villages in Pen actually received water from



the dam and the government should not take their land. Upon learning this, the CM offered to bring the issue to the Legislative Assembly.

On 25 July, the issue of land acquisition for RIL's Maha Mumbai SEZ was finally raised in the Legislative Assembly. Pressured by activists and farmers, several MLAs insisted that the 22 villages in question be excluded from SEZ immediately. Questions were raised in the Assembly by the legislators of the Peasants and Workers Party, Communist Party of India, Shiv Sena, and Bhartiya Janta Party. Both the Revenue and Water Resources Ministers participated in the discussion, which concerned their Ministries. However, in the absence of the CM the Ministers were unwilling to make a definite announcement and the opposition stalled the work and led a walk out of the Assembly. Twenty sixth July 2008 marked the concluding day of the monsoon session and the third day of the indefinite fast. The Maharashtra State Government, under pressure to end the Assembly session, announced a decision on the Maha Mumbai SEZ. After the Revenue, Rehabilitation and Water Resources Ministers consulted, the Assembly announced that they would exclude the 22 villages from RIL's SEZ. Pressure from opposition parties in both the lower and upper houses of the legislature and the protesting farmers had persuaded the Government to respond to farmers and activists.

Legislators proposed a referendum to determine whether farmers wanted to sell their land to RIL. The government notified the Forest and Revenue Departments to prepare the referendum and provided one month notice to the 30,000 land holders in the Pen Block. On 21 September 2008, the government held the referendum and 6,199 of 30,000 farmers filed their opposition to the Maha Mumbai SEZ. Since each of these voters held an average of three plots of land, approximately 2/3 of all land owners actually opposed selling land to the SEZ.

While citizens clearly voiced their opposition to RIL's Maha Mumbai SEZ at Pen, the government has not yet declared the result of the referendum. However, the referendum itself has provided hope for many across India who are demanding similar votes before the establishment of development projects in their communities.

### ***1.31.2 Anti SEZ struggle Pune***

In Pune district, the government has approved 54 SEZs for private sector industries such as Syntel International, Serum Institute, Mahindra Realty, Bharat Forge, City Parks, InfoTech Parks, Raheja Coroporation, Videocon and Xansa India. All SEZs are located around Pune, in areas like Pune Nashik National Highway, Pune-

Bangalore National Highway, Pune Hyderabad National Highway and Pune - Mumbai Highway. The MIDC has identified 7,500 hectares of agricultural land for procurement in the name of SEZ creation in Pune. Opposition to SEZs has become apparent in many areas, including Karla near Lonavala, Khed-Rajgurunagar, Wagholi at Pune-Aurangabd highway and Karegaon near the Ranjangaon MIDC. It is particularly strong in the Khed taluka district of Pune, where farmers from Gulani, Wafgaon, Wakalwadi, Warude, Gadakwadi, Chaudharwadi, Chinchbaigaon, Jaulake Budruk, Jarewadi, Kanesar, Pur, Gosasi, Nimgaon, Retwadi, Jaulake Khurd, Dhore Bhamburwadi and Pabal face loss of their only source of livelihood from the creation of the Bharat Forge SEZ.

These communities, primarily Maratha, OBC and adivasi, are chiefly engaged in agricultural activities. Their major crops are potato, onion, sorghum, jowar, rice, flowers and pulses. Many village youth have also initiated small-scale businesses like poultry, milk collection and pig rearing. Although these villages are near the Bhima River basin and surrounded by a small watershed, the government's lack of investment in infrastructure has left local farmers dependent on unreliable tanker water. Instead of meeting demands for sustainable irrigation schemes to improve the conditions of local farmers, the government seeks to reduce the land of local citizens in order to create an SEZ.

One farmer from the village of Gulani explained why the local population opposes the Bharat Forge SEZ: “We have cultivated enough to nourish the entire country and this needs to be continued for future generations. Land is our Mother, self-reliance, self-esteem, our livelihood, our identity and way of life so the government must not snatch it.” Other farmers in Gulani furthered these claims by saying 'we will die, but will not give a single bigha [half acre] land to the MIDC or SEZ'.

### ***1.31.3 Farmer Ploughing***

However, those who sold land have yet to develop alternate sources of livelihood and many spent their compensation on unsustainable purchases. Women were excluded from the compensation process. Because of the experiences of their neighbours, most farmers from the Khed taluka district are wary of government compensation schemes and determined to keep control of their lands. They first learned about SEZ land acquisition in April and May 2006 during an MIDC survey. Villagers from Gulani demanded information about the project under the Right to Information Act, but the government refused to comply, claiming that they lacked access to complete information. Villagers forcibly stopped the survey

work and refused to allow officials to take any land. The struggle over acquisition continues today.

After the initial confrontation between villagers and the MIDC, concerned citizens formed a *Khed Taluka Purva Vibhag MIDC Virodhi Kruti Samiti* (Anti-Land Acquisition Committee from East Khed-Wafgaon and Gulani Village) to cancel the Bharat Forge SEZ and end land acquisition for the project. The committee organized a one-day mass protest at the Rajgurunagar-Khed Tahsil office on 11 July 2006. More than four thousand people participated in the protest, submitting a memorandum demanding that the government cancel land acquisition and allow villagers to retain control of their land. In addition, protestors demanded government provision of drinking and irrigation water, support for agriculture-allied activities and support to small businesses. Farmers from Khed taluka warned the government that the fight against SEZs would continue until the Bharat Forge project was cancelled. According to one Gulani villager, 'we have faced displacement in the name of national interests like Chakan International Airport, and we will not tolerate further displacement.'

Rather than giving up land for SEZ development, villagers from the region seek improved infrastructure to participate in sustainable agricultural development. Many youth in the Khed block aspire to initiate their own agro business, such as floriculture, horticulture, dairy, poultry and vegetables. They have sought jobs in urban industrial companies but lack appropriate technical knowledge. These villagers claim that if the government provides adequate infrastructure, they can develop the region without SEZs and help provide food security for the nation.

The Maharashtra Industrial Development Corporation has reserved land from the four villages for industrial purposes and it was transferred to the Videocon SEZ project in Pune district. The government responded to the strong farmer opposition by canceling a large SEZ covering 5,000 acre of land in Wagholi village of the Haveli block had been earmarked by the MIDC in 2007 for several SEZs, including one for Videocon. In the four villages involved, about 3,000 acres of land was being used for two crops and irrigated by lift irrigation schemes, wells and bore wells. About 4,500 farmers were dependent on these lands, which produce wheat, millet, onion, sugarcane, seasonal vegetables and fruit.

Farmers, who formed a large part of the constituency of the Nationalist Congress Party, protested against the project. The farmers used their political bargaining power to get Mr. Sharad Pawar, Union Agriculture Minister to intervene and

cancel the project. The farmers opposed the SEZ from the outset. They gathered at the District Collector's office in April 2007 and attacked Videocon employees who visited Wagholi for measuring land the next month.

The protest forced the government to stay the proposed SEZ in November 2007. Eventually, the government cancelled the Videocon SEZ in Wagholi and removed MIDC stamps from the land records of farmers. On August 25, 2009 Mr. Ashok Chavan, who had replaced Deshmukh as Chief Minister of Maharashtra announced the scrapping of the SEZ in Pune and said that the identified land would be returned to the farmers.

## CHAPTER II

# RESEARCH METHODOLOGY

### 2.1 Introduction

Research methodology is a collective term for the structured process of conducting research. There are many different methodologies used in various types of research and the term is usually considered to include research design, data gathering and data analysis. Research methodologies can be quantitative (for example, measuring the number of times someone does something under certain conditions) or qualitative (for example, asking people how they feel about a certain situation). Ideally, comprehensive research should try to incorporate both qualitative and quantitative methodologies but this is not always possible, usually due to time and financial constraints.

Research methodologies are generally used in academic research to test hypotheses or theories. A good design should ensure the research is valid, i.e. It clearly tests the hypothesis and not extraneous variables, and that the research is reliable, i.e. It yields consistent results every time. Part of the research methodology is concerned with the how the research is conducted. This is called the study design and typically involves research conducted using questionnaires, interviews, observation and experiments.

The term research methodology, also referred to as research methods, usually encompasses the procedures followed to analyze and interpret the data gathered. These often use a range of sophisticated statistical analyses of the data to identify correlations or statistical significance in the results. Objective, representative research can be difficult to conduct because tests can normally only be conducted on a small sample (e.g. You cannot test a drug on every person in the world so a sample needs to be used in research). This means that researchers need to have a very detailed understanding of the types and limitations of research methodologies which they are using. There are two main types of research methodology: **1-Quantitative methodology**, and **2-Qualitative methodology**.

***1- Quantitative methodology*** is the type by which you test the significance of your hypothesis, in other words you answer the words: How much? Is there a relationship? Quantitative methods tend to be systematic and use numbers... Actually it is a deep sea.

**2- Qualitative methodology** is the type by which you are depending on your observations and descriptions. It is subjectively and descriptive, no facts.... This kind of method is used to assess knowledge, attitudes, behaviors, and opinions of people depending on the topic of your research. Researcher, in this type of method uses his opinion and experience which are not allowed to be used in quantitative method at all. About the types of sample and sample size, I think they are a part of research design not a part of the methodology the system of collecting data for research projects is known as research methodology. The data may be collected for either theoretical or practical research for example management research may be strategically conceptualized along with operational planning methods and change management.

Some important factors in research methodology include validity of research data, Ethics and the reliability of measures most of your work is finished by the time you finish the analysis of your data. Formulating of research questions along with sampling whether probable or non-probable is followed by measurement that includes surveys and scaling. This is followed by research design, which may be either experimental or quasi-experimental. The last two stages are data analysis and finally writing the research paper, which is organized carefully into graphs and tables so that only important relevant data is shown.<sup>95</sup>

## **2.2 The method of research**

### **2.2.1 Qualitative Research**

A qualitative measurement is an assessment of the qualities of what you are measuring. Instead of using a ruler, scale or stopwatch, the measurement tool in qualitative research is the researcher. Qualitative data tends to be more subjective; meaning whatever ends up being recorded has been interpreted by those experiencing it. Examples of qualitative measurements include recording the color of something, what it tastes like, how it feels, how it makes you feel and the quality of what you are measuring. Qualitative research tends to be richer than quantitative measurements.

### **2.2.2 Quantitative Research**

Quantitative research is data that can be recorded by measurements with standardized tools. Quantitative measurements involve numbers, or quantities. A quantitative measurement is objective, meaning that it does not fall under the

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<sup>95</sup> . Bold, P. N., Willim Carlson, & Betty Thorne. (2008). *Statistics for Business and Economics* (Vol. 1). (sixth, Ed.) new delhi: Doring Kindersley India pvt ltd.

interpretation of the researcher. Examples of quantitative data include frequency, cost, length and mass. This type of data can be easier for other researchers to understand, but it might not completely describe what is going on in the situation.

### ***2.2.3 Knowing when to use each***

Deciding what kind of conclusions, you want to draw from your experiment will help you determine which method is more advantageous. If you are not sure what to expect in an experiment, a qualitative approach might be the best place to start. Start your processes and report whatever you see happening. Knowing what to expect from your experiment might help you develop a hypothesis that can be tested. To prove your hypothesis, you need quantitative data. This method is also useful for establishing a cause-and-effect relationship. Once you have proven something measurable is happening the qualitative approach is useful to explain the reasoning behind your conclusion.

### ***2.2.4 Combining methods***

Scholars should embrace both methods of research instead of arguing about which one is better. For example, when measuring something that may seem subjective, like opinions, create a measure that standardizes the possible responses to your question. Likert scales measure how someone is feeling using a number scale from one to five. In addition to this quantifiable measure, provide an area for comments. This gives you both quantitative and qualitative data and makes it easier to find patterns. A Descriptive – analytic method has been used in this study.

Type of research is Qualitative research. Theoretical information has been collected by visiting libraries and websites. Then Statistical and field data have been collected by questionnaire after determining its validity and reliability.

## **2.3 Sampling and population**

A sample consists of a subset of the population. Any member of the defined population can be included in a sample. A theoretical list (an actual list may not exist) of individuals or elements who make up a population is called a sampling frame. There are five major sampling procedures.

The first sampling procedure is convenience. Volunteers, members of a class, individuals in the hospital with the specific diagnosis being studied are examples of often used convenience samples. This is by far the most often used sample procedure. It is also by far the most biased sampling procedure as it is not random (not everyone in the population has an equal chance of being selected to participate

in the study). Thus, individuals who volunteer to participate in an exercise study may be different that individuals who do not volunteer.

Another form of sampling is the simple random sample. In this method, all subject or elements have an equal probability of being selected. There are two major ways of conducting a random sample. The first is to consult a random number table, and the second is to have the computer select a random sample.

A systematic sample is conducted by randomly selecting a first case on a list of the population and then preceding every N the case until your sample is selected. This is particularly useful if your list of the population is long. For example, if your list was the phone book, it would be easiest to start at perhaps the 17th person, and then select every 50th person from that point on.

Stratified sampling makes up the fourth sampling strategy. In a stratified sample, we sample either proportionately or equally to represent various strata or subpopulations. For example if our strata were states we would make sure and sample from each of the fifty states. If our strata were religious affiliation, stratified sampling would ensure sampling from every religious block or grouping. If our strata were gender, we would sample both men and women.

Cluster sampling makes up the final sampling procedure. In cluster sampling we take a random sample of strata and then survey every member of the group. For example, if our strata were individual's schools in the St. Louis Public School System, we would randomly select perhaps 20 schools and then test all of the students within those schools.

This study is done in two SEZs area in Raigad and Pune district. According present information at the start of the study the population were 3500 family people. The sample size has determined 345 family people by using the table for determining sample size from a given population (see annexure 4). Random sampling in order is used to collect data from 23 villages, each village 15 families and totally 345 family.

## **2.4 Variables definition**

A variable is a measurable characteristic that varies. There are three common variable types:



**Dependent variables:** show the effect of manipulating or introducing the independent Variables. The variation in the dependent variable depends on the variation in the independent variable.

**Independent variables:** are those that the researcher has control over. This "control" may involve manipulating existing variables (e.g., modifying existing methods of instruction) or introducing new variables (e.g., adopting a totally new method for some sections of a class) in the research setting.

**Control variables:** research studies are very complex processes. It is not possible to consider every variable in a single study. Therefore, the variables that are not measured in a particular study must be held constant, neutralized/balanced, or eliminated, so they will not have a biasing effect on the other variables.<sup>96</sup> Variables that have been controlled in this way are called control variables dependent and independent variables of the study are as follows:

**a) Dependent variables in this research are:**

1. *Regional Imbalance in the study area*
2. *Rehabilitation of Local People in the study area*
3. *Infrastructural Facilities creation in the study area*
4. *Local Employments creation in the study area*

**B) Independent variable in this research is as follows:**

1. *SEZs activities impact in the study area*

## **2.5 Data collection**

### **2.5.1 Secondary data**

The secondary data is selected from various books, Theses, Journals, Articles, Newspapers and published literature in bureau of economics and statistics, research papers, Govt. reports, annual reports.

### **2.5.2 Primary data**

Primary data is collected by questionnaire from study area. The questionnaire was designed after the consideration of different variables of theoretical framework. Age, gender and qualification of the respondents have been asked to analyze the population demographically. For reliability of questionnaire, Pilot test was

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<sup>96</sup> . Bold, P. N., Willim Carlson, & Betty Thorne. (2008). *Statistics for Business and Economics* (Vol. 1). (sixth, Ed.) new delhi: Doring Kindersley India pvt ltd.

conducted on 25 respondents and the questionnaire was refined. Value of Cronbach Alpha came to 0.7 (when Cronbach Alpha<0.5 then reliability is week, when  $0.5 < \text{Cronbach Alpha} < 0.7$  then reliability is medium and when Cronbach Alpha  $\geq 0.7$  then reliability is strong). The questionnaire was later validated by some experts and research guide.

## 2.6 Study Area

For this research, I have selected 2 SEZ projects. 15 villages are from Maha Mumbai from Raigad district, each village includes 15 families and totally families from MMSEZ are 225 families and 8 villages are from KHED SEZ from Pune district located in Khed tehsil, each village includes 15 families and totally families from KHED SEZ are 120 families. The villages selected for data collection are shown in the following table.

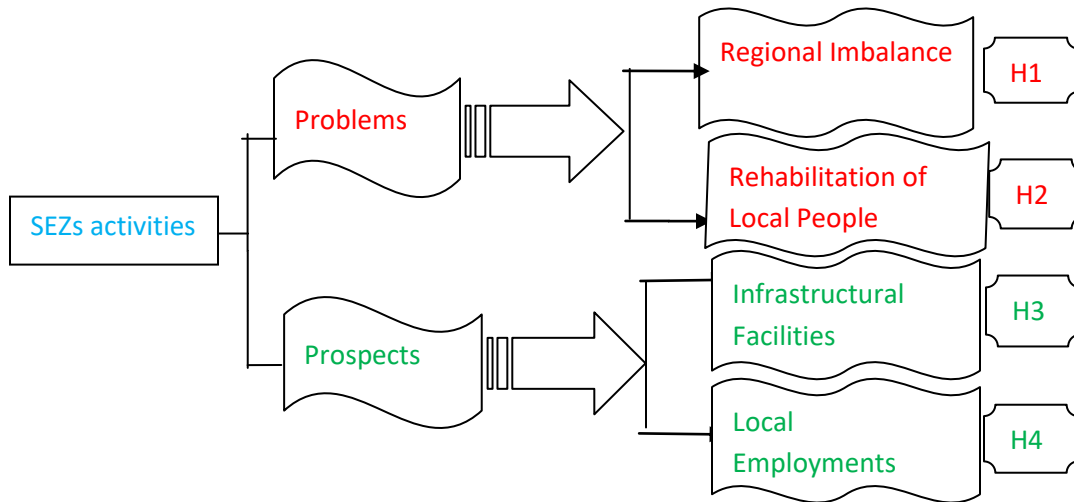
**Table No.2.1 Villages affected due to SEZ**

Name of SEZ	Name of Villages	Families chose for survey
Maha Mumbai SEZ in Raigad District Uran Tehsils	Dhasakhosi	15
	Jui	15
	Koproli	15
	Bandhpada	15
	Kacherpada	15
	Talbandkhar	15
	Pirkone	15
	Sangpalekhar	15
	Govthane	15
	Sarde	15
	Vasheni	15
	Punade	15
	Kadape	15
	Aware	15
	Dadar	15
Kalyani SEZ in Pune District in Khed Tehsils	Ghosasi	15
	Kanersar	15
	Pabal	15
	Varudhe	15
	Dawde	15
	Retawadi	15
	Nimgaon	15
	Tendur	15
Total	Total Villages: 23	345

Resource: selected for the present research study (2009)

## 2.7 Conceptual frame work of the study

This study is focused on SEZs problems & prospects. There are some problems and prospects to study in this subject but I have chosen only two problems and two prospects same as hypothesis. The conceptual frame work of the study derived from lecture view as follows:



## 2.8 Scope of the study

SEZs are the engine of economic growth and can improve national and international economic. The effects of SEZs on economic are appeared to all and it is necessary for economic development. SEZs activity can effect on economic, social and cultural condition of the affected people. This research only will study economic aspects and specially focus on problems and prospect of two SEZs in study area one in pune and another in Raigad district in state of Maharashtra.

## 2.9 Statement of the problem

Many people think that SEZs will work as an engine of growth of the country but at the same time SEZs will create many problems. They are as follows:

- 1) It is injustice that industries in SEZs have given all above mentioned facilities but other industries other than SEZs are not getting such facilities. Hence these industries may face problems.
- 2) Developers of SEZs are demanding very huge land of prime location. It shows their intention of making more money.
- 3) Production from SEZ is only for exports therefore it will not be according to the national planning as well as priority.

- 4) At the end of October 2007, 403 SEZs are permitted by the government. Its state wise distribution is as follows. Out of sanctioned SEZs, 77 % are in Maharashtra, Andhra-Pradesh, Haryana, Karnataka, and Tamilnadu & Gujarat. In Maharashtra 75 (18%), Andhra-Pradesh 54 (13 %), Karnataka 46 (11%), Haryana 46 (11 %), Tamilnadu 37 (9%), Gujarat 30 (7 %) & West Bengal 21 (5 %). Reserve Bank of India expressed concern regarding regional imbalance.
- 5) Export promotion is welcome but it is unfair that the development of the country will depend on foreign demand.
- 6) Small Scale industries would be in danger due to the SEZs.
- 7) The World Bank has given red signal to Indian SEZs. Many problems would be created due to regional imbalances because of SEZs; government has to bear loss of Rs. 52,400 crore due to tax rebate. On 9<sup>th</sup> March 2007 Central Finance Minister, Hon. Shri P. Chidambaram had given written answer in parliament that in coming four years central government revenue would sink by Rs. 1,75,487 crores.
- 8) In India cultivable land of the farmers are being forcefully acquired. Due to this there is conflict between farmers and government.

Special Economic Zones is a facilitating environment to do business. SEZs can save the crumbling infrastructure of existing manufacturing cities to lend impetus to the country's growth plans. Existing industrial cities are buckling under pressure, and new SEZs located at reasonable, but not close proximity could supplement their activities.

The construction of the SEZs ideally ought to cover an area large enough to meet all the requirements of the resident population. Businessmen in SEZs will have to pay tax if they sell it in the domestic market (p. Arrunacchalam, 2009). Loss of tax is on the profit. Assuming that turnover of current SEZs giving total turnover is Rs 23,000 crore (Rs 230 billion) which is sold at domestic market will generate Rs 2300 crore of indirect taxes. India is following Chinese Model and granting Special Economic Zones with a view to create conditions that attract foreign investment.

The SEZs Act has brought in foreign direct investment. Nokia, Flextronics, Ascendas, Foxconn Tech, Apache Software and Brandix (a Sri Lankan textile

company) have already invested in India because of SEZs. In the first year of SEZs, investment to the tune of \$3-5 billion has been committed. One of the objectives of the SEZs is to bring about infrastructure development. It is observable that the government does not have the funds to build modern infrastructure facilities across the whole country simultaneously. Moreover, the SEZs in India are spread all over and they are also relatively small in size. In China, the SEZs located close to the coastal belt which gave them a quick and easy access to ports and the international markets. The Indian SEZs, on the other hand, are more numerous, small medium and big sized and henceforth being financed mostly by private developers (Menon M. , 2006). The major responsibility of building requisite world-class basic infrastructure for these upcoming SEZs therefore falls on the state. If an SEZ enclave is as small in size as 20 or 40 hectares and is located in a relatively remote area, a massive investment in its infrastructure may not always be justified on economic grounds. Demand for locating SEZs to achieve backward area development or to provide work under Employment Guarantee Scheme should always be carefully screened in the light of the need to have geographical positioning convenient for exports. Actually the government's responsibility is to provide the basic infrastructure, while user units in SEZs are to take care of the intra-zone infrastructure.

Infrastructure analysts state that a ratio of 1:5 between government investment in basic infrastructure and investment by user units should be acceptable since it is among the lowest in the world. The government should therefore give priority to investments in basic infrastructure before expecting the users, especially the foreign multinationals, to begin parking their funds in our SEZ enterprises. In short, the Developers have to provide complete infrastructure from power to roads, and ports to water supply and sewerage.<sup>97</sup>

That the government is fully appreciative of the infrastructure requirements of SEZs is evidenced by recent reports that a new Rehabilitation Law is on the anvil and it may make it binding on the SEZs Developers to build infrastructure such as roads in the 20 kilometer periphery, besides providing facilities for health, education and housing for the people displaced by the project. The criticality of employment as an objective is well exemplified by the Minister for Commerce and Industry, Kamal Nath, who, at the end of the debate in the Lok Sabha, said: 'With these few words, I request, the support for this Bill to start a new avenue for

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<sup>97</sup> . Engman, M., O. Onodera, & E. Pinali. (2007). *Export Processing Zones: Past and Future*. paris: OECD Trade Policy Working Paper No. 53.

employment generation.<sup>98</sup> Information about proposed direct employment is available for 110 SEZs, projecting a total of 2.14 million employees. Of this, 61 per cent is in IT/ITES and another 15 percent is in Existing Strengths with a further 21 percent in Multi-Product SEZs, amounting to 97 percent. It is interesting to note that the 1.25 million direct employment proposed to be created by the IT/ITES SEZs alone exceeds the current employment in that sector. Further, 85 percent of this proposed employment is in the five States, with 40 percent in Andhra Pradesh alone, of which two-thirds is from IT/ITES SEZs.

In addition to direct employment, information about proposed indirect employment is available for 82 SEZs, with a projected total of 2.94 million employees. The methodology for calculating the indirect employment is not apparent and varies widely across SEZs, even in the same sector, as noted later. Of this indirect employment too, 68 per cent is generated by IT/ITES, another 12 percent is in Existing Strengths and 17 percent in Multi-Product SEZs, again amounting to 97 percent. The five States account for three-fourths of the indirect employment generated but in this instance, if one replaces Tamil Nadu by Punjab, the share of the top five States jumps to an amazing 92 percent. This is because 17 percent of the total indirect employment, i.e., half a million jobs are generated by one IT/ITES SEZs, Quark City, in Mohali, Punjab. Even so, it is not the top job generator, which is another IT/ITES SEZs, viz. Sanghi in Andhra Pradesh which proposes to create 600,000 jobs. Of the approximately two million indirect jobs to be created by the IT/ITES SEZs, over half, i.e., 1.1 million jobs are in just two SEZs.<sup>99</sup>

## 2.10 Significant of the study

The SEZ's are important in today's context for the third world countries which have been in the race for rapid economic growth. There are many positives which emerge out of establishing an SEZ. Let us have a look on these factors. For undertaking any kind of massive development program the government requires huge amount of funds. So it looks out for potential partners to help the government carry out the program. Now say for setting up an SEZ, the government may tie up with a private partner who's willing to invest in that area, thus a win-win situation for both. As in the government gets the capital needed to establish the required infrastructure and also the expertise. The private player on the other hand gets the

<sup>98</sup> . Bhardwaj, M. (2006). RIL mega SEZ signing next week. *Business Standard*, 12-14.

<sup>99</sup> . Akinci, G., & J. Crittle. (2008). *Special Economic Zones: Performance, Lessons Learned*, Washington DC: World Bank.

right to market and use the SEZs with relaxed tax laws, thereby increasing its revenue generating capacity and also carrying out the economic growth of the company in a more efficient way with the better tax policies. Actually SEZs with relaxed import tariffs help the Import dependent and export driven industries to flourish by helping them develop manufactured goods at competitive prices.<sup>100</sup>

SEZs create immense employment opportunities. The setting up of SEZs creates lot of indirect employment in terms of labour required. Then after the completion it enables employment in the relevant industries operating in the SEZs. Then there are lots of indirect employments generated wherein people start investing around SEZs. For example SEZs are townships of their own; thereby there are shopping malls, restaurants, amusement parks setup around to attract people, thus resulting in more economic development in that area. Moreover SEZs improve the country's foreign export. Because of the increased FDI and Private Equity presence, the local manufacturers get to tie up with these big names and export their products which now carry a better brand value, therefore helping in creating a greater demand for the goods of local manufacturers. Moreover the massive capital required for expansion is brought in form of FDI resulting in increased economic activity.

The increased exports from the country bring in more revenue for the country which improves the economic growth. SEZs help in creating a balanced economic growth in a country if they are properly located and implemented leading to tapping of local talent and contributing to increased economic activity in the area<sup>101</sup> All SEZs facilities can effect on income of local people and development of infrastructural facilities through government or private investment. in other hand to reduce the problems are faced SEZs by explore the root of problems and will help SEZ to run their operation in a better ways.

## 2.11 Objectives of the study

### A) Scientific objectives

1. To investigate the effect of SEZs to create regional imbalance in study area.
2. To investigate the effect of SEZs on The rehabilitation of the SEZ affected people in study area.
3. To investigate the effect of SEZs on infrastructural facilities in study area.

<sup>100</sup> . p. Arrunacchalam. (2009). *social, political, economic and environment of special economic zones in india*. new delhi: serials publication.

<sup>101</sup> . web, S. I. (2009, dec 23). *sez india web*. Retrieved dec 23, 2009, from sez india web: <http://sezindia.nic.in>.

4. To investigate the effect of SEZs on employment opportunities for the local people in study area.

### **B) Applied objectives**

- 1) To assess socio-economic status of the people of the project affected villages.
- 2) To prepare a general demographic profile of the project affected villages.
- 3) To assess the existing resources (natural and common property) and possible impact on them.
- 4) To examine the pros and cons of the project on social and economic lives of the people due to displacement and alienation of their agricultural lands and other men's of live hood.
- 5) To assess the socio-economic growth profiles and growth potentials of the area.
- 6) To understand the mood, perception, demand and extent of preparedness of the people towards the project.
- 7) To evolve preliminary suggestions and guidelines for a systematic resettlement and rehabilitation of the project affected people.

## **2.12 Research questions**

1. Have SEZs created a regional imbalance in study area?
2. Is not the rehabilitation of the SEZs affected people done in proper way?
3. Have SEZs created infrastructural facilities in study area?
4. Are SEZs created employment opportunities for the local people in study area?

## **2.13 Hypothesis of Research**

1. SEZ has created a regional imbalance.
2. The rehabilitation of the SEZ affected people is not done in proper way.
3. SEZ has created infrastructural facilities in study area.
4. SEZ is created employment opportunities for the local people.

## **2.14 Questionnaire**

Questionnaire was designed in 3 section first section was included Date of interview, District name, Village name and SEZ name. Second section was about demographic information include Age (years of old), gender, Education, job and experience in the job. And third section was included 30 research questions to investigation of study and hypotheses test. First four questions answered whether regional imbalance in the study area related to hypothesis one. Questions 5 to 13 are related to the rehabilitations and land acquisition in the study area related to hypothesis two. The next four questions (14-17) measured the infrastructural facilities development in the study area related to hypothesis tree.



Questions 18 to 22 measured the employment creation for local people in the study area related to hypothesis four. Questions 23 to 26 related to measure independent variable same as SEZ activities affections on the study area. In the 27<sup>th</sup> to 30<sup>th</sup> questions each respondent gave his opinion about the reasons and the level of effect of the reasons on the land acquisition and local people rehabilitation problems, regional imbalance problems, infrastructural facilities creation and job creation for local people in SEZs area.

## **2.15 Analyses of Data**

Statistical Package for the Social Sciences (SPSS) version 19 was used in the present study for the purpose of analysis and presentation of results.

### ***2.15.1 Descriptive analysis***

Descriptive statistics is the term given to the analysis of data that helps describe, show or summarize data in a meaningful way such that, for example, patterns might emerge from the data. Descriptive statistics do not, however, allow us to make conclusions beyond the data we have analyzed or reach conclusions regarding any hypotheses we might have made. They are simply a way to describe our data.

Descriptive statistics are very important, as if we simply presented our raw data it would be hard to visualize what the data was showing, especially if there was a lot of it. Descriptive statistics therefore allow us to present the data in a more meaningful way which allows simpler interpretation of the data. For example, if we had the results of 100 pieces of students' coursework, we may be interested in the overall performance of those students. We would also be interested in the distribution or spread of the marks. Descriptive statistics allow us to do this. How to properly describe data through statistics and graphs is an important topic and discussed in other Lard Statistics Guides. Typically, there are two general types of statistic that are used to describe data:

**Measures of central tendency:** these are ways of describing the central position of a frequency distribution for a group of data. In this case, the frequency distribution is simply the distribution and pattern of marks scored by the 100 students from the lowest to the highest. We can describe this central position using a number of statistics, including the mode, median, and mean. You can read about measures of central tendency.

**Measures of spread:** these are ways of summarizing a group of data by describing how spreads out the scores are. For example, the mean score of our 100 students

may be 65 out of 100. However, not all students will have scored 65 marks. Rather, their scores will be spread out. Some will be lower and others higher. Measures of spread help us to summarize how spreads out these scores are. To describe this spread, a number of statistics are available to us, including the range, quartiles, absolute deviation, variance and standard deviation.

When we use descriptive statistics it is useful to summarize our group of data using a combination of tabulated description (i.e. tables), graphical description (i.e. graphs and charts) and statistical commentary (i.e. a discussion of the results). Descriptive statistics are limited in so much that they only allow you to make summations about the people or objects that you have actually measured. You cannot use the data you have collected to generalize to other people or objects (i.e. using data from a sample to infer the properties/parameters of a population). For example, if you tested a drug to beat cancer and it worked in your patients, you cannot claim that it would work in other cancer patients only relying on descriptive statistics (but inferential statistics would give you this opportunity).

The descriptive statistics used in the present study are based on tables of frequency distribution and graphical presentation for the responses of the study with respect to biographical information of the respondents.

### ***2.15.2 Inferential Analysis***

We have seen that descriptive statistics provide information about our immediate group of data. For example, we could calculate the mean and standard deviation of the exam marks for the 100 students and this could provide valuable information about this group of 100 students. Any group of data like this that includes all the data you are interested in is called a population. A population can be small or large, as long as it includes all the data you are interested in. For example, if you were only interested in the exam marks of 100 students, then the 100 students would represent your population. Descriptive statistics are applied to populations and the properties of populations, like the mean or standard deviation, are called parameters as they represent the whole population.

Often, however, you do not have access to the whole population you are interested in investigating but only have a limited number of data instead. For example, you might be interested in the exam marks of all students in the UK. It is not feasible to measure all exam marks of all students in the whole of the UK so you have to measure a smaller sample of students, for example, 100 students, that are used to represent the larger population of all UK students. Properties of samples, such as

the mean or standard deviation, are not called parameters but statistics. Inferential statistics are techniques that allow us to use these samples to make generalizations about the populations from which the samples were drawn. It is, therefore, important the sample accurately represents the population.

The process of achieving this is called sampling. Inferential statistics arise out of the fact that sampling naturally incurs sampling error and thus a sample is not expected to perfectly represent the population. The methods of inferential statistics are (1) the estimation of parameter(s) and (2) testing of statistical hypotheses. There are two main limitations to the use of inferential statistics. The first, and most important, limitation, which is present in all inferential statistics, is that you are providing data about a population that you have not fully measured and, therefore, cannot ever be completely sure that the values/statistics you calculate are correct. Remember, inferential statistics are based on the concept of using the values measured in a sample to estimate/infer the values that would be measured in a population; there will always be a degree of uncertainty in doing this.

The second limitation is connected with the first limitation. Some, but not all, inferential tests require the user (i.e. you) to make educated guesses (based on theory) to run the inferential tests. Again, there will be some uncertainty in this process, which will have repercussions on the certainty of the results of some inferential statistics.

The sign of a correlation coefficient shows the direction of the relationship between  $-1.00$  and  $+1.00$ . For the purposes of this study, the Pearson Product-Moment Correlation Coefficient was used to determine: The relationship between SEZs activities and (Regional Imbalance, Rehabilitation of Local People, Infrastructural Facilities, Local Employments) in SEZ area in Maharashtra. Analysis of Variance of Variables (ANOVA) is a statistical technique used to analyze data from designs that whether there are significant differences in SEZ activities impact based on the biographical characteristics of the sample. When significant mean differences among the groups are indicated by the F statistic, there is no way of knowing from the ANOVA results alone as to where they lie. This procedure of multiple comparisons involves computing an F value for each combination of two means. T-student test is used to test hypothesis in this study.

### ***2.15.3 Hypothesis Testing***

A statistical hypothesis is an assumption about a population parameter. This assumption may or may not be true. Hypothesis testing refers to the formal procedures used by statisticians to accept or reject statistical hypotheses. The best way to determine whether a statistical hypothesis is true would be to examine the entire population. Since that is often impractical, researchers typically examine a random sample from the population. If sample data are not consistent with the statistical hypothesis, the hypothesis is rejected.

There are two types of statistical hypotheses:

- Null hypothesis. The null hypothesis, denoted by  $H_0$ , is usually the hypothesis that sample observations result purely from chance.
- Alternative hypothesis. The alternative hypothesis, denoted by  $H_1$  or  $H_a$ , is the hypothesis, that sample observations are influenced by some non-random cause. Some researchers say that a hypothesis test can have one of two outcomes: you accept the null hypothesis or you reject the null hypothesis. Many statisticians, however, take issue with the notion of "accepting the null hypothesis." Instead, they say: you reject the null hypothesis or you fail to reject the null hypothesis. Why the distinction between "acceptance" and "failure to reject?" Acceptance implies that the null hypothesis is true. Failure to reject implies that the data are not sufficiently persuasive for us to prefer the alternative hypothesis over the null hypothesis.

### ***2.15.3.1 Hypothesis Tests***

Statisticians follow a formal process to determine whether to reject a null hypothesis, based on sample data. This process, called hypothesis testing, consists of four steps.

- State the hypotheses. This involves stating the null and alternative hypotheses. The hypotheses are stated in such a way that they are mutually exclusive. That is, if one is true, the other must be false.
- Formulate an analysis plan. The analysis plan describes how to use sample data to evaluate the null hypothesis. The evaluation often focuses around a single test statistic.
- Analyze sample data. Find the value of the test statistic (mean score, proportion, t-score, z-score, etc.) described in the analysis plan.
- Interpret results. Apply the decision rule described in the analysis plan. If the value of the test statistic is unlikely, based on the null hypothesis, reject the null hypothesis.

### ***2.15.3.2 Decision Errors***

Two types of errors can result from a hypothesis test:

- Type I error. A Type I error occurs when the researcher rejects a null hypothesis when it is true. The probability of committing a Type I error is called the significance level. This probability is also called alpha, and is often denoted by  $\alpha$ .
- Type II error. A Type II error occurs when the researcher fails to reject a null hypothesis that is false. The probability of committing a Type II error is called Beta, and is often denoted by  $\beta$ . The probability of *not* committing a Type II error is called the Power of the test.

### **2.15.3.3 Decision Rules**

The analysis plan includes decision rules for rejecting the null hypothesis. In practice, statisticians describe these decision rules in two ways with reference to a P-value or with reference to a region of acceptance.

**P-value:** The strength of evidence in support of a null hypothesis is measured by the P-value. Suppose the test statistic is equal to  $S$ . The P-value is the probability of observing a test statistic as extreme as  $S$ , assuming the null hypothesis is true. If the P-value is less than the significance level, we reject the null hypothesis.

**Region of acceptance:** The region of acceptance is a range of values. If the test statistic falls within the region of acceptance, the null hypothesis is not rejected. The region of acceptance is defined so that the chance of making a Type I error is equal to the significance level.

The set of values outside the region of acceptance is called the region of rejection. If the test statistic falls within the region of rejection, the null hypothesis is rejected. In such cases, we say that the hypothesis has been rejected at the  $\alpha$  level of significance. These approaches are equivalent. Some statistics texts use the P-value approach; others use the region of acceptance approach. In subsequent lessons, this tutorial will present examples that illustrate each approach.

### **2.15.3.4 One-Tailed and Two-Tailed Tests**

A test of a statistical hypothesis, where the region of rejection is on only one side of the sampling distribution, is called a one-tailed test. For example, suppose the null hypothesis states that the mean is less than or equal to 10. The alternative hypothesis would be that the mean is greater than 10. The region of rejection would consist of a range of numbers located on the right side of sampling distribution; that is, a set of numbers greater than 10. A test of a statistical hypothesis, where the region of rejection is on both sides of the sampling distribution, is called a two-tailed test. For example, suppose the null hypothesis states that the mean is equal to 10. The alternative hypothesis would be that the mean is less than 10 or greater than 10. The region of rejection would consist of a

range of numbers located on both sides of sampling distribution; that is, the region of rejection would consist partly of numbers that were less than 10 and partly of numbers that were greater than 10.

### ***2.15.3.5 Formulation of hypothesis testing***

Formulation of hypothesis test defines as follows:

- 1)  $H_0$ : Null Hypothesis
- 2)  $H_1$ : Alternative Hypothesis
- 3)  $H_0: \mu \leq 3$
- 4)  $H_1: \mu > 3$

$$5) Z = \frac{\mu(n) - \mu(0)}{\sigma / \sqrt{n}}$$

[ $\mu(n)$  is sample mean,  $\mu(0)$  is population mean,  $\sigma$  is standard deviation,  $n$  is sample size]

$$6) \alpha = 5\% \rightarrow P = 1 - 5\% = 95\% \rightarrow Z(\alpha) = 64/1$$

7) We will reject  $H_0$  if: a)  $Z\text{-score} > Z(\alpha)$  or b)  $p\text{-value} < \alpha$

## **2.16 Chapter Schemes**

The research is divided into six chapters as flow.

### ***Chapter One: introduction***

This chapter highlights the concept of SEZs, Evolution of Special Economic Zones, Definition of Special Economic Zones, The Objective of Special Economic Zones, Development of SEZs in world, A Brief History of India's Special Economic Zones, Categories of Special Economic Zones, Special Economic Zones Act, 2005, Custom Policy, Management Structure of SEZ, Facilities for Developers of SEZs, And Special Economic Zones Rule, 2006.

***Chapter Two: Research Methodology***

This chapter focuses on the research projects, research articles on this particular topic by various research follows.

***Chapter Three: Reiew of Literature***

This chapter deals in details about socio-economic and demographic profile of the villages, in terms of their population, caste composition, education facilities, livestock, infrastructure. It also focuses the overall studies of the selected regions where the SEZ is declared.

***Chapter four: Profile of Pune and Raigad District***

The main components of this chapter are objectives of research, hypothesis of research, study area and research methodology.

***Chapter Five: Socio-Economic Analysis of SEZ Affected Families***

In this chapter the data analysis of the selected families from the selected SEZ area is done. The development of such project in the area may reshape the existence of the people. It was therefore expected that the project affected people had different kinds of apprehensions and expectation from the SEZ. In this chapter the attempt has been made to evolve guidelines for resettlement and rehabilitation of the project affected people based on field experience and available data from other sources.

***Chapter Six: Main Findings, Conclusions and Recommendations***

The remedies and solutions, for the improvement of the SEZs affected area suggested in this chapter.

**2.17 Limitations of the Study**

The major limitations of the study are as follows: The limitations of the research are first addressed by discussing the limitations of the data collection, English language problem in study area, and lack of secondary information about study. This study has focused on the first two purposes: problems of SEZs and performance of SEZs, both of which are suitable for developmental research. The research is limited to the study of India. The research had been limited to the Special Economic Zones concerned. Existing SEZs in India have been included in research process, although the study excludes past rules and policy before SEZ Act 2005. The researcher has drawn these boundaries in order to keep the study within

permissible limits, but overlaps can be expected and may communicate something of importance. The study is Indian sub-continent focused and adequate care should be exercised in generalizing this research to other Indian states or countries. Permissible limits, but overlaps can be expected and may communicate something of importance. The study is Indian sub-continent focused and adequate care should be exercised in generalizing this research to other Indian states or countries. Communications with the local people is difficult because they can speak Marathi language only.

## **CHAPTER III REVIEW OF LITERATURE**

### **3.1 Introduction**

This chapter attempts a synoptic view of the various contributions made to a literature in and around the specific area of our interest, such as development through export, export strategies, policies, export promotion schemes and incentives. Moreover it covers foreign exchange earnings, employment creation, technology transfer and regional integration and socio-economic development through Special Economic Zone scheme. It is well-known and theoretically well established that there is a nexus between export and Gross National Product. Actually both are complementary and not competitive. As the national income grows, export also grow. Growing export in turn also help in increasing national income.

### **3.2 Aggarwal Aradhna (2006)**

The sectoral break of SEZ approvals shows that the largest number of approvals (61 per cent) has been in the IT sector. The manufacturing sector accounts for only one-third of total approvals. This pattern is worrisome. In view of the declining competitiveness of the manufacturing sector, the focus of the SEZ policy needs to be on making India a preferred destination for manufacturing. It is however encouraging to note that the share of manufacturing SEZs in approvals-in-principle is 69 per cent. Furthermore, it is instructive to note SEZs do not embody dynamic forces that can point towards sustainable development. In the long run the competitiveness of SEZs can be sustained only if economy-wide investment climate is because zones cannot be insulated improved. This from the broader institutional and economic context of the country. The key to successful



industrialization in the long run thus lies in shaping the existing institutions such that they drive firms towards an outward orientation and technological up gradation; the creation of zones which offer the easy option of competing on the basis of cost minimization should only be treated as a transitory policy arrangement. Zones should not be considered the option for long-run industrial development. Thus, the establishment of EPZs should not be regarded as a substitute for pursuing institutional and infrastructural improvements.<sup>102</sup>

### **3.3 Tantri Malini L. (2010)**

This article analyses the trends in the import intensity of exports of seven conventional SEZs from 1986-87 to 2007-08. Changes in the sectoral composition of exports are mainly responsible for the increased import intensity of SEZ exports, particularly after the new policy was announced in 2000-01. The government thus needs to follow a cautious approach in promoting SEZs under different sectors and redefine the current fiscal incentives to prevent reallocation of investment from domestic trade areas to the SEZs.<sup>103</sup>

### **3.4 Sharma Naresh Kumar (2009)**

It is centred around three themes: (1) SEZs and economic development; (2) SEZs and distributive implications; and (3) SEZs and the legal issues. The SEZ policy is seen as a part of a larger objective of grabbing control of natural resources. The issue of water resources was seen to be of particular importance. From which sources would huge water needs of many SEZs be met? It is feared with diminishing control of ordinary people over it. Water being vital for human survival, water wars is likely to result. Land grab and water grab could seriously jeopardise food security. Some representatives of the people resisting the proposed land acquisition for SEZ in Una district in Himachal Pradesh came to the conference and presented the relevant facts and their case against the proposed SEZ.<sup>104</sup>

### **3.5 Sampat Preeti (2008)**

In this article I explore some strands in the political schema of SEZs in India with specific reference to one immediate fallout of serious concern and contestation – the imminent displacement of thousands of people and livelihoods in the

<sup>102</sup>. Aggarwal Aradhna, “Special Economic Zones: Revisiting the Policy Debate”, Economic and Political Weekly, November 4, 2006.P.No. 4533 to 4535.

<sup>103</sup>. Tantri Malini L. “Import Dependency of Special Economic Zones”, Economic and Political Weekly, September 4 2010, Vol.No.36, P.No. 26 to 29

<sup>104</sup>. Sharma Naresh Kumar, “Special Economic Zones: Socio-Economic Implication”, Economic and Political Weekly, May 16,2009,Vol.No.20,P.No.18 to 20.

countryside where these SEZs are slated to come up. It is worth noting that while a factsheet on SEZs on the government of India web site gives details of the number of approved and proposed SEZs, their land requirements as well as export and employment potential, there is no mention of the number of people to be displaced by these zones, let alone how the government intends to attend to the issues of displacement. Indeed, the entire web site dedicated to SEZs by the ministry of commerce and industry makes no mention of this necessary “first step” for the establishment of an SEZ. In fact, in a special issue of *Seminar* magazine dedicated to SEZs in February this year, the minister for commerce, Kamal Nath, has gone so far as to say in an interview that SEZs have nothing to do with displacement.<sup>105</sup>

### 3.6 Dohrmann Jona Aravind (2008)

In this article he has explained both the reason why and the ways in which Special Economic Zones have been introduced in India. The policy-makers are deliberately attempting to leave the path their political forefathers trod in occupying the “commanding heights”. But in view of stiff opposition from the peasants affected by these projects, from political agents fishing in troubled waters and from the business world, the erstwhile liberal SEZ policy is in danger of becoming more and more regulated.

It is argued that this need not have been the case to such an extent had the ministers concerned made up their minds to formulate a comprehensive displacement and rehabilitation policy preceding the (often forceful) land acquisitions to establish SEZs. The Indian legal system, which by and large is viewed as stable and reliable, has proven to be volatile in this case, with the EGoM clipping the SEZ Act and Rules on various accounts. As has been shown, investments planned or already executed have to be reconsidered thanks to the 5,000-hectare cap. And farmers are in danger of becoming bargaining armies in the hands of political parties all lining up to take up their cause as long as the parties are not in a responsible position; instead, the latter simply want to act as spoilsports, knocking the Central Government. Nevertheless, one thing does seem clear: “SEZs have come to stay, but they need to operate in a manner in which the concerns that have been expressed can be dealt with.”<sup>106</sup>

### 3.7 Kale Sampat (2010)

<sup>105</sup> . Sampat Preeti, “Special Economic Zones In India”, Economic and Political Weekly, July 12, 2008, P.No.25 to 27.

<sup>106</sup> . Dohrmann Jona Aravind, “Special Economic Zones in India-An Introduction”, ASIEN106, January 2008, P.No.60 to 80.

The present study focuses on the Anti-SEZ movement in Maharashtra within the framework of people centered advocacy for social justice to the marginalized sections of the society. This study is an account of the people's struggle for their livelihood rights especially land, water, forest and employment rights. It also describes the opposition of the affected people to the concept of Special Economic Zone, which is anti- poor, anti- labour, anti-farmers, and anti-people in general.<sup>107</sup>

### **3.8 Olga Zajaczkowska Drozd (2010)**

The significant role which special economic zones play in the polish economy must be emphasized. After several years of operation of the special economic zones a large investors interest in conducting activity in the zone has been seen which is attested to, first and foremost by the number of the issued permits for conducting business activity as well as value of the completed investment. One may only hope that the long term undertaking, which was the introduction of special economic zones in Poland, limited however by the date of their operation until the end of 2020, will encourage new investors to locate their activity in the special economic zones.<sup>108</sup>

### **3.9 Dhingra Tarun, Sinha Ambalika and Singh Tripti**

This study proposes a generic theoretical framework which identifies various variables subsequently leading to superior firms performance. Further related intermediate variables are identified to develop hypothesis for assessing the impact of location strategy on the competitiveness of the firm, established in the SEZ. The further scope of the paper lies in empirically testing the proposed framework by using structural equation modeling in a specific industry or a sector.<sup>109</sup>

### **3.10 Jin Wang (2009)**

In this paper, he exploit the establishment of SEZs in China since 1979, which constitutes a unique laboratory for the study of SEZs, to make three contributions to our understanding of the impact of SEZs on foreign direct investment and other outcomes. He collected a comprehensive new dataset on Chinese municipalities at which level the Special Economic Zone experiments were carried out. First he estimate the effectiveness of Special Economic Zones on attracting foreign direct investment, mainly in the form of foreign investment and export- oriented

<sup>107</sup> . Kale Sampat, "The Anti-SEZ Movement in India, An Account of the Struggle in Maharashtra", National Centre for Advocacy Studies (NCAD), February 2010, P.No.1 to 72.

<sup>108</sup> . Olga Zajaczkowska Drozd "Special Economic Zones in Poland", World Commerce Review, June 2010 P.No.1 to 2.

<sup>109</sup> . Dhingra Tarun, Sinha Ambalika and Singh Tripti, "Location Strategy for competitiveness of Special Economic Zones in India-A Generic Fremework", P.No.1 to 25.

industrial enterprise. Secondly, the effect of Special Economic Zone policy on the domestic investment and capital stock of the municipality. Finally, in addition to physical capital he check if the Special Economic Zone brings more advanced technology, i.e. higher total factor productivity growth.<sup>110</sup>

### 3.11 Sinha Shalini (2008)

In this article, he attempt to look at the employment question, particularly in the context of women workers. Whereas SEZs are being touted as engines of economic growth that can boost manufacturing and generate employment, the nature of the employment generated and the working conditions needs to be examined closely. About 60% of the workers in the Cochin Special Economic Zone (CSEZ) are women. Workers are paid as low as Rs 35 to Rs 75 a day, and are often mode of work more than the stipulated eight hours for no extra payment. Women workers often have no organization, representation or voice to speak for them.<sup>111</sup>

### 3.12 Iyer SH (2008)

In this view of the matter, national trade unions such as CITU, AITUC, INTUC, etc., cannot form their unions within an SEZ. The Minimum Wages Act is silent on the question of the applicability of the Minimum Wages Act within SEZs. This, combined with the fact that minimum wages are generally not paid by employers, gives the latter complete freedom to give wages that are less than the rate prescribed under Minimum Wages Act. The most serious problem in an SEZ is the self-certification of compliance with the Minimum Wages Act. Relaxation of the provisions of the Factories Act empowers employers to engage female workers during night shifts. This gives rise to the sexual exploitation of women. The Contract Labour Abolition Act shall have no application in the SEZs.<sup>112</sup>

### 3.13 Jona Aravind Dohrmann (2008)

This introduction has explained both the reason why and the ways in which Special Economic Zones have been introduced in India. The policy-makers are deliberately attempting to leave the path their political forefathers trod in occupying the “com-

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<sup>110</sup> . Jin Wang, “The Economic Impact of Special Economic Zones: Evidence from Chinese Municipalities”, London School of Economics, Job Market Paper, Nov.2009, P.No.1 to 44.

<sup>111</sup> . Sinha Shalini “At What Cost for Whose Benefit? Women Workers in SEZs”, Labour File Journal (Special Economic Zones: Their Impact on Labour) Vol. 6, Nos. 4-5, July-October 2008, P.No.25 to 27.

<sup>112</sup> Iyer SH, “Analysis of the Structure and the Practice of the Legal Machinery (with reference to Labour) of SEZs”, Labour file journal (Special Economic Zones: Their Impact on Lobour) Vol.6 Nos 4-5, July- October 2008, P.No. 14-18.

manding heights”. But in view of stiff opposition from the peasants affected by these projects, from political agents fishing in troubled waters and from the business world, the erstwhile liberal SEZ policy is in danger of becoming more and more regulated. It is argued that this need not have been the case to such an extent had the ministers concerned made up their minds to formulate a comprehensive displace-ment and rehabilitation policy preceding the (often forceful) land acquisitions to establish SEZs. The Indian legal system, which by and large is viewed as stable and reliable, has proven to be volatile in this case, with the EGoM clipping the SEZ Act and Rules on various accounts. As has been shown, investments planned or already executed have to be reconsidered thanks to the 5,000-hectare cap. And farmers are in danger of becoming bargaining armies in the hands of political parties all lining up to take up their cause as long as the parties are not in a responsible position; instead, the latter simply want to act as spoilsports, knocking the Central Government. Nevertheless, one thing does seem clear: “SEZs have come to stay, but they need to operate in a manner in which the concerns that have been expressed can be dealt with.”<sup>113</sup>

### 3.14 M. Balajee (2007)

The SEZ Developer is the crucial arm for fulfilling the Government’s objective or providing world’s class industrial infrastructure to attract investment in the SEZs. The SEZs Act is in its nascent stages and in its present form requires certain amendments from SEZs developers perspective to enable them to fulfill the Government’s aim. This paper details the problems faced by large Multi-Product SEZs developers and suggest solution to address these grievances of the developers. Some of the problems faced by SEZs developers are: difficulty in obtaining external connectivity of infrastructure as power and water, restrictive power distribution norms, complexities associated with land acquisition, narrow view of financing for SEZs projects taken by India banks and FIs, generalized rules for large and small SEZs leading to redundant laws, lack of skilling manpower to manage SEZs act. All these problems are initial teething problems to their existing Rules and Regulations. This would lead to smooth implementation of SEZ project and serve as a springboard for economic growth.<sup>114</sup>

<sup>113</sup> . Jona Aravind Dohrmann “Special Economic Zones in India-An Introduction” ASIEN 106 January 2008, P.No. 60-80.

<sup>114</sup> . M. Balajee, Special Economic Zone –Problems and Prospects A SEZ Developer’s Perspective” This paper is prepared for the International Commerce & Management Conference on “Issues in International Scenario; Special economic Zone and Business Process Outsourcing” 6<sup>th</sup>& 7<sup>th</sup> December,2007, organized by University Department of Commerce, University of Mumbai.

### **3.15 Kothe S.K. & Mungase Sachin G. (2007)**

India is one of the growing economies in the world today. The economic reforms implemented in 1990s have helped India to grow at 7 plus percent on an average recently. We believe that this growth, though impressive, is still below India's potential of around 10 percent per annum. Compared to agriculture, relatively the manufacturing sector is much more consistent engine of growth, though the service sector has become most important sector among the others, due to its contribution to GDP growth rate.

In same period SEZs have made their existence remarkable and contributed exports at significant level, in the reform period, industrial policy reforms, functional SEZs, reforms in other sectors helped industrial sector to achieve double digit growth rate of 10.2 percent in the year 2005- 06.<sup>115</sup>

### **3.16 Shetty Vijetha S. (2007)**

This paper highlights the concept of SEZs and its growth in the global as well in the Indian scenario. It also attempts to review and analyze the emerging issues of SEZs in India at the micro and macro level. An overall SWOT analysis of SEZs is conducted and recommendations based on the issues and future prospects of SEZs are suggested.<sup>116</sup>

### **3.17 Nimbalkar Ratna & Nimbalkar K.G. (2007)**

India has adopted the policy of Liberalization in 1991, at that time Mr. Manmohan Singh was the Finance Minister and Mr. Narsinharao was the Prime Minister of India. Special Economic Zone is one side of this policy. Increase in foreign investment, privatization, big size of malls, population, interest rate, inflation, urbanization and decrease in cultivating land is the today's pitcher. We have

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<sup>115</sup> . Kothe S.K. & Mungase Sachin G. "SEZs Alternative or Complementary to Service Sector Growth in India" This paper is prepared for the International Commerce and Management Conference on Issues in "International Scenario; Special Economic Zone and Business Process Outsourcing" 6<sup>th</sup>& 7<sup>th</sup> December 2007, Organized by University Department of Commerce, University of Mumbai.

<sup>116</sup> . Shetty Vijetha S. "Special Economic Zones" This paper is prepared for the International Commerce and Management Conference on Issues in "International Scenario; Special Economic Zone and Business Process Outsourcing" 6<sup>th</sup>& 7<sup>th</sup> December 2007, Organized by University Department of Commerce, University of Mumbai.

accepted the New Economic policy from 1992-97 and accepted the Global changes.<sup>117</sup>

### **3.18 Deolankar Vivek (2007)**

India has adopted the policy of liberalization, privatization and globalization(LPG) in 1990's and transferred the traditional market mechanism to the threshold of a free markets philosophy. Many MNCs began to supply a variety of new goods and services, some of them rather new to the Indian markets. They posed a tough competition before the Indian industry. The policy to set up SEZs was first introduced in EXIM Policy 2000 with a view to creating a healthy environment to achieve rapid growth in export and to provide a competition and hassle-free environment .To get the said advantages and for boosting exports SEZ Act 2005 was passed by Parliament, Government of India in May 2005. It was approved by the President of India on June 23,2005. That come into effect from February, 2006. In this chain government of India has taken various pragmatic steps as a result of which Indian businesses are getting more and more global across geographical boundaries of the countries of the world<sup>118</sup>.

This paper traces the history of performance of SEZs and evaluates their contribution to India's economic growth with reference to the creation of employment opportunities, growth in exports and imports and value addition for the common people. The author assesses the justification for continuing with the SEZs in India and sets the criteria for ensuring their success in achieving the objectives for which they are created and to avoid the phenomenon, which has come to be termed as 'developmental terrorism'. The paper states that issues of availability of infrastructure, quality of infrastructure, governance issues and labor

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<sup>117</sup> . Nimbalkar Ratna & Nimbalkar K.G. "SEZ-is a Spark of L.P.G." This paper is prepared for the International Commerce and Management Conference on Issues in "International Scenario; Special Economic Zone and Business Process Outsourcing" 6<sup>th</sup>& 7<sup>th</sup> December 2007, Organized by University Department of Commerce, University of Mumbai.

<sup>118</sup> . Deolankar Vivek "Issues in International Scenario; Special Economic Zone and Business Process Outsourcing" This paper is prepared for the International Commerce and Management Conference on Issues in "International Scenario; Special Economic Zone and Business Process Outsourcing" 6<sup>th</sup>& 7<sup>th</sup> December 2007, Organized by University Department of Commerce, University of Mumbai.

laws are the most important factors responsible for unsatisfactory working of the SEZs in India. The paper includes many tables and graphs.<sup>119</sup>

Conventional wisdom suggests that a tremendous market and strong economic growth are the most important driving force behind China's FDI miracle. However, it appears puzzling that foreign investors have overseen China's obvious institutional obstacles, which creates high endogenous political risks for foreign investors. I argue that weak institutional constraints are not necessarily a disadvantage to attract FDI. Instead, weak institutional constraints could give the Chinese government more leeway to create a flexible capital-friendly environment outside of the rigid central-planned regime.

In particular, the experiment of special economic zones (SEZs) has played an important role in China's striking FDI performance. The main theme of this study is that the success of SEZs as a whole in attracting FDI could be attributed to their institutional flexibility whereas the variation in FDI performance among them has something to do with their institutional credibility. In particular, I argue that SEZs' Institutional flexibility stems from three features: Privileged political status, autonomous fiscal authority, and streamlining organizational structure. These institutional features have improved SEZs' Efficiency and responsiveness to attract FDI. By contrast, three other characteristics: level of designating authority, regulatory environment, and interregional relationship are crucial in affecting SEZs' Institutional credibility. Consequently, FDI activities vary considerably among SEZs with different institutional environments. Large, capital-intensive, and market-seeking FDI dominates when institutional constraints are strong while small, labor-intensive, and low-tech FDI prevails as a result of weak institutional constraints.<sup>120</sup>

Only eight months ago, when the Indian government's Special Economic Zones (SEZ) legislation commenced, it was touted as a lever to modernise India's infrastructure and economy for the coming decades. Today, business and political commentators are already branding the SEZ law a failure. The SEZs were promoted by Commerce Minister Kamal Nath as creating a large flow of foreign and domestic investment that would bridge the gap between China and India in

<sup>119</sup>[file:///D:/Special%20Economic%20Zones%20and/Research%20Paper%20on%20India's%20Special%20Economic%20Zones%20\(SEZ\).htm](file:///D:/Special%20Economic%20Zones%20and/Research%20Paper%20on%20India's%20Special%20Economic%20Zones%20(SEZ).htm)

<sup>120</sup><file:///D:/Special%20Economic%20Zones%20and/Institutions%20Matter%20%20How%20Do%20Special%20Economic%20Zones%20Attract%20Foreign%20Direct%20Investment%20in%20China%20.htm>



infrastructure and exports, and create massive employment opportunities. Indian farmers are protesting against the forced acquisition of their lands. In the Raigad district of Maharashtra, the state government has served acquisition notices on 20 villages with 1,200 farmers to make way for the Mumbai Special Economic Zone (MSEZ), to be developed by the giant Reliance Group. The villagers have stopped Reliance officials setting foot on the land.<sup>121</sup>

The basic motive behind developing a special economic zone like SEZ in India or SEZ in China, primarily in the developing countries is to attract mass foreign investments in the country. India Real Estate Investments have attracted huge foreign funds and thus the special economic zones in India have increased by and large. The SEZ norms and rules vary from country to country and region to region. SEZ land involved also decides the SEZ policy for the SEZ approvals. The SEZ act 2005 announced the SEZ policy in India for setting up of any special economic zone in India. This special economic zone act 2005 set the guidelines and procedures for acquisition of SEZ land and SEZ development following the proper SEZ laws. Further amendments were made through SEZ Act 2006 and SEZ policy 2007.<sup>122</sup>

In this news they have give information about concept and SEZ act. India was among the first ones in Asia to acknowledge the effectiveness of the Export Processing Zone (EPZ) model in promoting exports. Asia's first EPZ was set up in Kandla in 1965. Many Policies were announced at different point of time to overcome various shortcomings of trade and finances. They also look to forward to attract larger foreign investments in India.

The SEZs Act aims to generate additional economic activity, promote exports of goods and services, promote investment from domestic and foreign sources, generate employment opportunities and developing infrastructure facilities. In addition developing Special Economic Zones would in turn attract domestic and foreign investment, increase the employment oppurtunity, exports and infrastructural developments.<sup>123</sup>

This paper traces the history of performance of SEZs and evaluates their contribution to India's economic growth with reference to the creation of

<sup>121</sup>file:///D:/Special%20Economic%20Zones%20and/India%E2%80%99s%20policy%20on%20Special%20Economic%20Zones%20under%20

<sup>122</sup>. file:///D:/Special%20Economic%20Zones%20and/SEZ%20India%20Website,%20SEZ%20In%20India,%20SEZ%20Projects%20-%20India%20Housing.htm

<sup>123</sup>.file:///D:/Special%20Economic%20Zones%20and/Special%20Economic%20Zones%20in%20India%20%20%20SEZ%20%20%20Export%20Processing%20Zone%20%20%20SEZ%20Act.htm

employment opportunities, growth in exports and imports and value addition for the common people. The author assesses the justification for continuing with the SEZs in India and sets the criteria for ensuring their success in achieving the objectives for which they are created and to avoid the phenomenon, which has come to be termed as 'developmental terrorism'. The paper states that issues of availability of infrastructure, quality of infrastructure, governance issues and labor laws are the most important factors responsible for unsatisfactory working of the SEZs in India. The paper includes many tables and graphs.<sup>124</sup>

### 3.19 Kothe S.K. & Mungase S.G.

In this article the economic reforms implemented in 1990 have helped India to grow at 7 plus percent on an average recently. We believe that this growth though impressive is still below India's potential of around 10 percent per annum. Compared to agriculture, relatively the manufacturing sector is much more consistent sector engine of growth, though the service sector has become the most important sector among the other, due to its contribution to GDP growth rate. In the same period SEZs have made their existence remarkable and contributed exports at significant level in the reform period industrial policy reforms, functional SEZs reforms in other sector helped industrial sector to achieve double digit growth rate of 10.2 percent in the year 2005- 06.<sup>125</sup>

### 3.20 Shetty Vijetha S. (2007)

This paper highlights the concept of SEZs and its growth in the global as well in the Indian scenario. It also attempts to review and analyze the emerging issues of SEZs in India at the micro and macro level. An overall SWOT analysis of SEZs is conducted and recommendation based on the issues and future prospects of SEZs are suggested. Special Economic Zones are especially demarcated area of land owned and operated under variety of institutional structures ranging from fully public, fully private or public private partnership which is deemed to be foreign territory for the purpose of trade, duties and tariffs. One of the earliest special zone was adopted in Taiwan. It has successfully opened its economies and morphed into

<sup>124</sup> [file:///D:/Special%20Economic%20Zones%20and/Research%20Paper%20on%20India's%20Special%20Economic%20Zones%20\(SEZ\).htm](file:///D:/Special%20Economic%20Zones%20and/Research%20Paper%20on%20India's%20Special%20Economic%20Zones%20(SEZ).htm)

<sup>125</sup> ., n. b., w., l., carlson, &b., thorne. (2008). *statistics for businss and econmics*. new delhi: Dorling Kidersley pvt, ltd.

industrial clusters of high tech manufacturers and the zones have endured by adapting and reinventing itself.<sup>126</sup>

### **3.21 Al-Aduwan Atef Saleh (2007)**

The SEZ implementation in India is still at a nascent stage, with less than 10 large operating Multi – Product SEZs. Most of the SEZs are sector specific SEZs as IT, Gems, Textile etc. that require limited infrastructure and space. The problem faced by the developers of large SEZs are spelt out below and these need to be addressed by the government on priority as these large SEZs are the ones that are critical for meeting Government’s objectives of wider economic growth.

The SEZs Developer, depending on the type of industries it is promoting, builds the infrastructure to suit the requirements of those industries. For example, in a large chemical SEZ, the SEZs Developer will set up a common effluent treatment plant a Port based SEZ Player will set up container terminal facility etc.<sup>127</sup>

### **3.22 Kumar Sunil (2007)**

This paper is a humble effort to analyze the cost and benefits of SEZs. SEZs are being established deliberation to promote exports by concentrating resources in some pockets. In order to achieve its objectives SEZ Act provides exemption from taxes and duties livable under various statutes listed in the first schedule to the SEZ Act in respect of any goods or services exported out of or imported into, or procured from the unit in an SEZ.

Malaysia and other ASEAN countries were among the first to successfully use Export Processing Zones to increase export and thus reduce the foreign exchange constraints arising from import substituting industrial risk. More importantly, these

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<sup>126</sup>. Shetty Vijetha S. “Issues in International Scenario; Special Economic Zone And Business Process Outsourcing” This paper is prepared for the International Commerce and Management Conference on Issues in “SEZs Alternative or Complementary to Service Sector Growth in India” 6<sup>th</sup>& 7<sup>th</sup> December 2007, Organized by University Department of Commerce, University of Mumbai.

<sup>127</sup> . Al-Aduwan Atef Saleh “Issues in International Scenario; Special Economic Zone and Business Process Outsourcing” This paper is prepared for the International Commerce and Management Conference on Issues in “Special Economic Zone- Problems and Prospects A SEZ Developer’s Perspective” 6<sup>th</sup>& 7<sup>th</sup> December 2007, Organized by University Department of Commerce, University of Mumbai.

zones were used as a 'test base' for liberalization of trade, tax and other policies that were then gradually applied to the rest of the economy.<sup>128</sup>

### **3.23 Raju A.J. & Pawar R.S. (2007)**

In this paper an attempt is made to study the new SEZ land policy from the perspective of the SEZ developers, the landowners and the industry in general. The most controversial part of SEZ was its flawed land policy. Forceful acquisition of land by the Govt. especially agricultural land has resulted into wide spread opposition from farmers all over the states. Nandigram in west Bengal is not an exception. This is now set to change as the Govt. has come out with a new land policy. The new SEZ policy tries to settle many of the controversies related to land acquisition by the Government.

There are many issues which need to be reviewed by the Government. Though the state government is absolved from the responsibility of land acquisition, it needs to play a positive role in SEZ development. After the introduction of SEZ scheme in the EXIM Policy, all existing EPZs/FIZs were converted into SEZs. SEZs in India functioned, from 01-11-2000 to 09-02-2006, under the provision of Foreign Trade Policy and fiscal incentives were made effective through the provisions of relevant statutes. However, due to lack of central legislation, rigid labor laws, the SEZ in India could not get a flying start.<sup>129</sup>

### **3.24 Kulkarni A. V. & Lakde S.B.(2007)**

Special Economic Zones are the outcome of the success of Export Processing Zones EPZs has become international phenomenon influencing increasing share of trade flows and giving employment to growing number of workers. In fact India was one of the first country in Asia to set up Asia's first EPZ in Kandla in 1965. There were 176 EPZ's across the 47 countries in 1986 and by the 2003 this number has increased to over 3,000 zones across the 116 countries. The ministry of

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<sup>128</sup>. Kumar Sunil "Issues in International Scenario; Special Economic Zone and Business Process Outsourcing" This paper is prepared for the International Commerce and Management Conference on Issues in "Special Economic Zone: Policy Against Poor" 6<sup>th</sup> & 7<sup>th</sup> December 2007, Organized by University Department of Commerce, University of Mumbai.

<sup>129</sup>. Raju A.J. & Pawar R.S. "Issues in International Scenario; Special Economic Zone and Business Process Outsourcing" This paper is prepared for the International Commerce and Management Conference on Issues in "Special Economic Zone: Land Policy- Issues and Remedies" 6<sup>th</sup> & 7<sup>th</sup> December 2007, Organized by University Department of Commerce, University of Mumbai.

Commerce claims that these zones are expected to attract investment of about Rs.2.59 crores and create 17,43,530 additional jobs, by December, 2009.

These claims notwithstanding the policy has come under heavy criticism. Dissenters content that the policy would be misused for real estate development rather than for generating export. Concerns have also been expressed on the displacement of farmers by land acquisition, loss of fertile agriculture land, a huge revenue loss to the exchequer and adverse consequences of uneven growth.<sup>130</sup>

### **3.25 Gawali S.N. (2007)**

In this paper writer analyze the problems and prospects of SEZs. The success of SEZs depends on selfless and motivated persons. Devoted and delegated person should be involved in SEZs. So SEZs should be try such type of glazing, attractive and constructive for the nation. If such type of function continuously continued in SEZs, SEZs will never be failure. In fact breaking of the rules and regulations of the special economic zones act 2005 deprives the right of life and livelihood of the farmers of the implementation of the project. SEZs can cue a great deal of trouble on the part of the farmers, environmental concerns and labor exploitation.<sup>131</sup>

### **3.26 Late Sanjeev & Shinde K.H. (2007)**

In this paper writers analyze the problems of SEZs. Though, many people thinks that SEZs will work as an engine of growth of the country but at the same time SEZs will create many problems. It is injustice that industries in SEZs have given all above mentioned facilities but other industries other than SEZs are not getting such facilities. Hence these industries may face problems. Developers of SEZs are demanding very huge land of prime location. It is shows their intention of making more money. Production from SEZ is only for exports therefore it will not be according to the national planning as well as priority. At the end of 2007, 403 SEZs are permitted by the government. Its state wise distribution is as fallows. Out of sanctioned SEZs 77 % are in Maharashtra, Andhra Pradesh Hariyana,

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<sup>130</sup>Kulkarni A. V. & Lakde S.B. "Issues in International Scenario; Special Economic Zone and Business Process Outsourcing" This paper is prepared for the International Commerce and Management Conference on Issues in "Special Economic Zones: Prospect & Problems" 6<sup>th</sup> & 7<sup>th</sup> December 2007, Organized by University Department of Commerce, University of Mumbai.

<sup>131</sup> .Gawali S.N.<sup>131</sup> "Issues in International Scenario; Special Economic Zone And Business Process Outsourcing"

This paper is prepared for the International Commerce and Management Conference on Issues in "Special Economic Zones: Problems & Prospects" 6<sup>th</sup> & 7<sup>th</sup> December 2007, Organized by University Department of Commerce, University of Mumbai.

Karnataka, Tamilnadu and Gujrat. Export promotion is welcome but it is unfair that the development of the country will depend on foreign demand. Small scale industries would be in danger due to the SEZ.<sup>132</sup>

### 3.27 Ghorude K.N.

Ghorude's book, "India's Special Economic Zones: Role and Critical Success Factors" is an important attempt to critically examine the role of SEZs in the present context of India's economic development. He clearly brings out a distinction among Free Trade Zone Approach, Export-oriented Unit Approach, Export Processing Zone Approach and Special Economic Zone Approach, and makes a case for the adaptation of a broader export-promoting approach. The author also examines invisible exports, regional integration, critical success factors and welfare oriented linkages of the SEZs at local and international level. The author argues that in the spite of the public utility status has been conferred upon the SEZs unites labor problems continue to hamper the production leading to flash strikes that escalate the cost of export orders. The author further argues that there are many labor market constraints such as, 'hire and fire' policy, wage categorization, increased labor costs, and difficult market adjustments. According to him, more commercial friendly labor laws are essential.<sup>133</sup>

### 3.28 Dalvi Subhash & Kutty C.M. Sankaran (2007)

The contest has been explained first, followed by the policies guiding SEZ set up and the benefits associated with it. Attention has been drawn to the problems facing the sector and the strategy required to address those problems. The paper also lists out successful experiments in the conduct of SEZ by China and Singapore. India confronts the twin challenges of serious competitive edge in the globalized contest on the one hand and empowering the rural state to come out of the glaring disparity vis-à-vis their urban counterpart. An equitable distribution is called for. A fragment India cannot leap into a super power without the support of some pragmatic initiative.<sup>134</sup>

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<sup>132</sup> .Late Sanjeev & Shinde K.H.<sup>132</sup> "Issues in International Scenario; Special Economic Zone And Business Process Outsourcing" This paper is prepared for the International Commerce and Management Conference on Issues in "Special Economic Zones: Problems & Prospects" 6<sup>th</sup> & 7<sup>th</sup> December 2007, Organized by University Department of Commerce, University of Mumbai.

<sup>133</sup> . Ghorude K.N., India's Special Economic Zones: Role and Critical Success Factors", Himalaya Publishing House, Mumbai.

<sup>134</sup> . Dalvi Subhash & Kutty C.M. Sankaran "Issues in International Scenario; Special Economic Zone and Business Process Outsourcing" This paper is prepared for the International Commerce and Management Conference on Issues in "Special Economic Zones: Problems & Prospects" 6<sup>th</sup> & 7<sup>th</sup> December 2007, Organized by University Department of Commerce, University of Mumbai.

### **3.29 Mandrekar Sunita, Chari Rupali & Borde Nilesh (2007)**

Some view SEZs as a boon while others these as a bane. The paper is a discussion paper that aims at answering a few Paramount questions raised in the context of SEZs, more so w.r.t. small states like Goa. Section I is the abstract of the paper. Section II is devoted to introduced the concept of SEZ. Section III aims at taking an overview of SEZ & India. Section Iv of the paper focuses on the pivotal question of SEZ & Goa: the problems and prospects. In this section an earnest attempt is made to evaluate the SEZ in Goa contest and the last section v gives the conclusion. The concept of SEZ was originated in U.S.A. and effectively implemented in China.<sup>135</sup>

### **3.30 Sinha Shalini (2008)**

In this article, writer attempt to look at the employment question, particularly in the context of women workers. Whereas SEZs are being touted as engines of economic growth that can boost manufacturing and generate employment, the nature of the employment generated and the working conditions needs to be examined closely. About 60 per cent of the workers in the CSEZ are women. Approximately 55 per cent of the total workforce is made up of contract workers, who do not enjoy any of the benefits and privileges that regular employees do. Almost all the activities conducted by the units in the CSEZ are permanent and perpetual in nature and yet the practice of employing contract workers goes unabated. Most women are confined to repetitive tasks in production whereas the men move on fairly quickly to better paid supervisory jobs. The study states that women workers of the CSEZ complain of forever remaining 'helpers' even as their male counterparts move on to become 'operators'

Workers are paid as low as Rs 35 to 75 a day, and are often made to work more than the stipulated eight hours for no extra payment. Worse, they have to part with anything between Rs 10 to 15 daily to the contractor as his commission. Once the workers enter the premises, they do not have any contact with the outside world. The work atmosphere is oppressive. The workers are reluctant to talk, and are afraid of being quoted. Most of the women workers come from distant places and are often the only bread winners of their families. Groups of five or six of them rent a room and live together with very limited facilities. Despite employing more than 3,500 women, the zone does not provide accommodation facilities nor are

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<sup>135</sup>Mandrekar Sunita, Chari Rupali & Borde Nilesh, "Issues in International Scenario; Special Economic Zone and Business Process Outsourcing" This paper is prepared for the International Commerce and Management Conference on Issues in "Special Economic Zones: Problems & Prospects" 6<sup>th</sup>& 7<sup>th</sup> December 2007, Organized by University Department of Commerce, University of Mumbai.

there any crèches. Transportation facilities are inadequate. The lofty ideals of each zone developing into townships catering to all the needs of the workforce, including housing, education and medicare, remain only on paper. Often the shifts run 10-12 hours a day to achieve production targets, without the workers receiving any overtime allowances.<sup>136</sup>

### 3.31 Editorial pages (2008)

In the editorial pages found that evidence suggests that a major share of the workforce in SEZs is women. As usual, the women are highly exploited with forced night shifts, no conveyance, no maternity leave, termination of jobs when pregnant, controlled toileting, sexual harassment, denial of right to organise, no scope for collective bargaining and low wages. Since, SEZs are not bound by laws, the minimum wages paid for both men and women are lower than those paid outside the zones.

SEZs engender labour insecurity and violate labour rights. According to estimates provided by the Ministry of Commerce, 4 million jobs will be created through SEZs by December 2009. However, about 60 per cent of the approved SEZs are in the IT sector. It, therefore, appears that SEZs only facilitate the displacement of labour into 'safe zones' for those who clamour for flexible and pliant labour. When agriculturalists, farmers, sharecroppers and others were displaced, they had dreams of jobs in the SEZs. The few who got employment found that from being landowners, they were now unskilled labourers. And this, after selling their valuable land for much below the commercial prices!<sup>137</sup>

### 3.32 Pratap Surendra (2008)

In the cover story pages opinion of writer is the structure of SEZs/EPZs is such that it establishes an unquestioned supremacy of capital within the enclaves, not only in the economic sphere but also in the political, social and cultural spheres. Developers have full authority over operations, including security, and maintenance of the zones. The Development Commissioner (DC) is the single-point authority for the zones, with all the rights of state and central government departments with respect to the zones. There is no interference of any public body and no one can enter the zones without the permission of DC. The SEZ/EPZ authority has no elected representatives. It is headed by the DC with three representatives from the central government and two representatives from the private developers. Thousands of workers toiling in the SEZs

<sup>136</sup> . Sinha Shalini, "At what cost, for whose benefits? Women workers in SEZs" Labour file (Special Economic Zones: Their impact on Labour), vol.6 NOS 4-5, July- October 2008, P. No. 25 to 27.

<sup>137</sup> . " Labour file (Special Economic Zones: Their impact on Labour), vol.6 NOS 4-5, July- October 2008, P. No. 1 to 3.



have no representation. In such a situation, it is but natural that the DC (also the labour commissioner for the SEZs) will behave like an agent of the investors.

Labour is seen as a tool only for generating profit, and the implied industrial relations regime is making the EPZs/SEZs the new war zones of the Third World. In most countries which have EPZs/SEZs, the peasants have revolted against the acquisition of land, and everywhere they were suppressed. Working class movements, however, followed soon after. Often, they find expression in sudden outbursts. Although in these new situations, workers find it difficult to organise themselves, once they take to the streets, the state finds it difficult to handle them.<sup>138</sup>

### 3.33 Pandita Sanjiv (2008)

Women are a majority workforce in most of these zones. If the OSH of workers, in general, is ignored, for the women it does not even exist. A majority of the health and safety policies (if they do exist besides on paper) are often focussed on working men. This is evident in the machinery on which women have to work. The machines have been designed predominantly for men and, thus, women are forced to work in uncomfortable positions. Sometimes, women have to travel far to work in these zones. This does not, however, absolve them of their domestic duties. So their effective working day is much longer than that of their male counterparts. Some women, especially in China, have to live within the factory premises in dormitories, where they have to share a room with many other women (sometimes even 67 in number).

There is very little demarcation between the workplace and home, and this tends to place great mental strain on these women, causing many stress-related ailments. Women also face a range of reproductive health problems, as indicated before. However, many of them do not even dare to talk about these problems, fearing shame or due to some taboo. Women also keep silent because the supervisors and also the company doctors (if there are any) often are men.

In this model of growth, where export is the key mantra and attracting foreign investment has become central, countries compete with each other to attract capital and the 'race to the bottom' starts. Capital conveniently moves to countries that offer the most concessions, and the labour standards are pushed further down. Governments feel proud in having successfully lured more and more capital, often shown in bloated FDI figures. What remains invisible is the price that is paid by the workers, a price which is sometimes their lives.<sup>139</sup>

<sup>138</sup> . Pratap Surendra "SEZs: The New War Zones of Working Class" Labour file (Special Economic Zones: Their impact on Labour), vol.6 NOS 4-5, July- October 2008, Cover Story P. No. 25 to 27.

<sup>139</sup> . Pandita Sanjiv, "Occupational Safety and Health in Special Economic Zones" Labour file (Special Economic Zones: Their impact on Labour), vol.6 NOS 4-5, July- October 2008, P. No. 28 to 30.

### **3.34 Tripathi S.N.(2008)**

In this article, with respect to labour administration, the most significant aspect of the overall policy to implement SEZs is the relaxation of most of the fiscal and executive powers vested in the state, transmitting these powers to Development Commissioners (DCs) appointed by the centre without any defined accountability. The function of the DC has been defined in Section 12 of the Act. The Act does not directly address labour-related issues, which are governed by the existing labour laws under designated agencies as per the relevant Act. However, Rules 5(5)(e), (f) and (g) call upon the state governments to endeavour to delegate power to DCs under the Industrial Disputes Act 1947 (No 14 of 1947), with relation to the units in the SEZs, the workmen employed by the developer and the declaration of SEZs as public utility services.<sup>140</sup>

## **CHAPTER IV PROFILE OF PUNE AND RAIGAD DISTRICT**

### **4.1. Introduction**

Out of 403 SEZ in India, majority SEZs i.e. 75 (18.61 %) are in Maharashtra. Out of this 7 in Vidarbha, 8 in Marathwada, 40 in Konkan, (11 in Pune district, 11 in Raigad district are situated). Due to proposed SEZs there will be industrial development which will create more regional imbalance, increase in migration which will affect social & cultural tradition of the society. Different SEZs have been taking place at Hinjewadi in Pune on information technology, Baramati on clothing industries, Latur on agricultural products, Nanded on medical products, and Jalana & Nashik on different products processes.

### **4.2. Maharashtra**

Maharashtra is situated in the Western region of the country. The state shares its border with Gujarat, Madhya Pradesh, Chhattisgarh, Andhra Pradesh, Karnataka, Goa and the Union Territory of Dadra and Nagar Haveli. On its West is the Arabian Sea. India's main stock exchanges & capital market and commodity exchanges are located in Mumbai. The most commonly spoken language of the state is Marathi. Konkani, Hindi and English are the other prominent languages. Pune, Nagpur, Thane, Nasik, Solapur, Kolhapur, Sangli, Aurangabad, Amravati and Ratnagiri are some of the major cities of Maharashtra. Maharashtra is the most

<sup>140</sup> . Tripathi S.N. "SEZs and Labour Administration" Labour file (Special Economic Zones: Their impact on Labour), vol.6 NOS 4-5, July- October 2008, P. No. 31 to 32.

industrialized state in the country. It contributes 20% of India's industrial output. The tertiary (service) sector is the largest contributor (60%) to the State's economy. But the share of the industry also is as high as 28 percent. Per capita income is 44% higher than the national average. Maharashtra also tops the state wise charts for the maximum number of SEZs. Our analysis of the state SEZs policy reveals two interesting patterns which have significant economic implications for the development of the State:

One, private SEZs seem to reinforce the existing industrial patterns in the industrially developed belt of the State: Nashik-Pune-Mumbai. Most IT and service sector SEZs are in the private sector.

While a large number of them are concentrated in and around the IT cities of Pune and Mumbai, Thane and Raigarh have also emerged as preferred IT destinations. Other SEZs being developed in this belt pertain to bio technology and engineering sectors. This belt is now being extended to Aurangabad in the East and Raigarh in the South by setting up SEZs in these areas. Two, while privately owned SEZs are close to the Nashik-Mumbai belt, MIDC has taken up ambitious projects in manufacturing and infrastructure development in the industrially backward districts of Nagpur, Jalna, Nanded, Latur, Amravati, and Akola, among others. The State agency has been playing a significant role in implementing the SEZs policy with 19 projects directly being developed by it.

The ongoing controversy over land acquisition in the State has slowed down the process of SEZs development considerably. The state government's attitude has become extremely cautious affecting the growth of certain projects even where the issue of land acquisition does not pose problem. For instance, the land acquisition process is complete in the Mihan project in Nagpur but there are delays in the finalization of RaR package and other important decisions which have been delaying this very ambitious project.

Maharashtra indexes are as follows:

Population: 9.69 Crores (2001 census)

Population Density ( No. of persons / sq.km) : 315 ( 313 for India)

Geographical Area : 3,08,000 sq. km (9.4% of India)

Business language: English

Per Capita State Income (at current prices) INR: 37,081 (National Average INR 25,716)

Percent Share in India's GDP: 13.3%

Literacy Rate: 76.88% (National figure – 64.84%)

Urbanization: 42.43%

Power generation: 68,865 Million KWH

Average Growth rate: 8.5 % per annum

Industrial Growth Rate: 10% per annum

Maharashtra is the third largest state in the country and the second largest in population after Uttar Pradesh. Maharashtra is one of the prosperous states of the country and houses some of the largest businesses and Financial Institutes in India and holds many records for its contribution in the nation's economic development including:

- 18.2% of fixed capital investment
- 20.7% of value of production
- 49.2% of total tax collection
- 13.7% of total factory employment

Mumbai is the capital city which plays the dual role of being both the financial and the cinematic hub of the country. Mumbai is the economic hub of most of the financial and business activities of the country. The Island city contributes no less than 60% of customs duty collections, 40% of income tax collections and 20% of central excise tax collections of India.

Maharashtra has thirty-five revenue districts, which are grouped into six divisions: Aurangabad Division, Amravati Division, Konkan Division, Nagpur Division, Nasik Division and Pune Division. These are official revenue divisions of government of Maharashtra. Geographically, historically and according to political sentiments, Maharashtra had announced its SEZs policy in the year 2001.

Though Maharashtra has the maximum number of SEZs approved in the country, the notified SEZs are just 27% of total approved SEZs. This ratio is lowest as compared to the other states. In addition, the total land required for approved or in principle approved SEZs in the state stands at over 47,500 hectares against which only 4,150 hectare of land has been notified. The ratio is at mere 8.72%. The ratio is very low compared to other states like Andhra Pradesh & Gujarat, which have a ratio of 68.23 % and 42.37% respectively.

The delays in notification have acted as a hindrance in the establishment of SEZs in the state subsequently acting as a bottleneck for the proposed investments in state, along with the potential employment generation, which has been one of the main objectives up establishment of SEZs in the country. India's Special Economic Zones Act, 2005, catalyzed an enormous response from the private sector as well as state government officials eager to attract investment into their jurisdictions, and in doing so, unleashed an equally powerful land acquisition drive. But by mid-

2006, the process of settling SEZs was being unsettled by grassroots protests with an immense resolve to fight.

While researchers and anti-SEZs mobilizations were characterizing SEZs as a neo-colonial form of “capital accumulation by dispossession”<sup>141</sup>, India’s Prime Minister emphatically claimed that “SEZs are here to stay” (Financial Express, 24 March 2007) and the Commerce and Industry Minister reiterated “SEZs have nothing to do with displacement”.<sup>142</sup> This zeal of the national State (Government of India) to settle SEZs as a part of India’s neo-liberal reform as well as suppress and manage protests can also be found in the sub-national State of Maharashtra (Government of Maharashtra). Contrary to expectations of the state and private developers. However; this real has been unsettled on several occasions. Newspaper articles highlighting various critiques that have emerged in the process of opposing SEZs in Maharashtra refer to a very small number of large SEZs around twenty in number that have led to the requisitioning of a land acquisition of approximately three-fourth of the total area of all SEZs envisioned in Maharashtra.

Maharashtra has a total of 206 proposed SEZs followed by Andhra Pradesh (189), Tamil Nadu (147), Karnataka (102), Haryana (98), and Gujarat (87). Of these 206 SEZs, 64 are Notified, 104 have acquired Formal Approval and 38 have acquired In-Principle Approval. In the wake of the implementation of the SEZ Act, the early debate has focused on analyzing sectoral and spatial patterns<sup>2</sup>, cost-benefit analysis of incentives and subsidies, land speculation, inadequate compensation, potential displacement of people, and the fear of environmental damage. But, in rightly pointing out to these issues, the SEZs debate has tended to concentrate only at the ‘macro scale’. This focus has missed out on the micro politics of planning which surrounds the contestations around competing claims to ‘economy,’ ‘territory’ and ‘citizenship’ in settling India’s neo-liberal economic reform through SEZs. What exactly, then, is being articulated in the process of (un) settling SEZs in Maharashtra? What are the state-social movement relations and how have they evolved?

### 4.3 Pune District

Pune is one of the most progressive districts in the state of Maharashtra. It has a historical background. The Great Maratha Chhatrapati Shivaji Maharaj was born at

<sup>141</sup> . Banerjee-Guha, S. (2008). (), Space relations of capital and significance of new economic enclaves: SEZs in India. *Economic and Political Weekly*, November 22.

<sup>142</sup> . ampat, P. (2008, 12 July). Special Economic Zones in India. *Economic and Political Weekly*, 25-29.

Shivaneri fort and was developed as a worthy rules in Pune.<sup>143</sup> It was a Capital of Peshwas.<sup>144</sup> It is industrially vary much advanced. A number of multinationals has given preference to their houses establishment in Pune. It is considered to be an automobile hub of international repute. Of late Pune has been rapidly developed as an IT center and competes with Bangalore and Hyderabad. It is a recognized educational center offering various post graduate professional courses. It is the administrative headquarter of the Pune Division. Pune district has maximum number of dams in the state of Maharashtra. The rich agriculture area surrounds it. It has the biggest satellite center located at Aarvi near Narayangaon.

Pune district is situated in the western part of Maharashtra State. The district lies between 17.54 to 19.24 degree North altitude and 73.19 to 75.10 degree Eastern longitude. The total geographical area of Pune district is 15642 sq. K.ms., representing about 5% of the State geographical area. Administrative set-up now consists of fourteen tehasils viz. Pune City, Haveli, Khed, Ambegaon, Junner, Shirur, Daund, Indapur, Baramati, Purandar, Bhore, Velha, Mulshi and Maval. There are present two municipal corporations along with 11 Municipal Councils. Under the Pune Zilla Parishad Jurisdiction, 1811 village are covered through 13 Panchayat Samities and 1378 Grampanchayats.<sup>145</sup>

Pune District lies in the Bhima and Nira basins. It has a shape of triangle with its base in Sahyadri Mountains on the west and its apex in the extreme South- East corner near Bhima River. Taking into consideration height sea level, rainfall, soil pattern etc. it can be divided into three zones 1) Western Zone (Maval track) 2) Central Zone 3) Eastern Zone. The main river of the District is the Bhima River, which has many tributaries. Its main tributaries are the Vel, the Ghod on the left and Indrayani, Mula, Mutha and Nira on the right.

The climate is generally dry with variation in the temperature during the day and night as well as during different seasons. Temperature varies from 6.8<sup>0</sup> C as minimum to 40<sup>0</sup> C as maximum. The summer season starts from March and extends upto June. Monsoon normally starts in June and extends up to September.

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<sup>143</sup>. Botra Gopinath S., Study of Social Welfare Activities performed by co-operative sugar factories with special reference to sugar co-operatives in Pune district of Maharashtra, PH. D. Thesis, University of Pune, April 2010, P.No. 106 & 107.

<sup>144</sup>. Botra Gopinath S., Study of Social Welfare Activities performed by co-operative sugar factories with special reference to sugar co-operatives in Pune district of Maharashtra, PH. D. Thesis, University of Pune, April 2010, P.No. 107 & 108.

<sup>145</sup>. Botra Gopinath S., Study of Social Welfare Activities performed by co-operative sugar factories with special reference to sugar co-operatives in Pune district of Maharashtra, PH. D. Thesis, University of Pune, April 2010, P.No. 113.

The winter starts in October and extends up to September. The winter starts in October and extends upto February. Rainfall is regular and assured in the Western Zone. Central Zone has moderate rainfall and in the Eastern Zone, rainfall is uncertain, late and insufficient and constitutes mainly area rain shadow area. The average rainfall is about 3,000 to 4,000 mm in western part of the district, which is reducing gradually from west, and to east and in far-east of the district it is 600-700 mm.

The total geographical area of Pune district is 15,642 sq. kms. Or 15,64,200 Hectares.<sup>146</sup> The soil of the district can be classified into three types: 1) Black 2) Red3) Brown The black soil in layers of several feet deep is found in eastern part of Khed, Sirur, Daund and Purander blocks and the whole of Baramati and Indapur Tehasil. This soil is suitable for rabbi crops such as wheat, gram, jawar and sugarcane, as it retains moisture for long time. The Brown color soil found in Daund and Purander Tehasil. The red soil is found in Junner, Ambegaon, and Khed Tehasils. Bajara Groundnut and Chilies are grown in this soil. Soil suitable for paddy is available in Maval, Mulshi, Bhor and Velhe Tehasil. The district has an excellent network of national and state highways and some major railway lines. Some of these are Pune- Mumbai, Pune- Bangalore, Pune- Nashik , Pune- Aurangabad and Pune-Sholapur etc. It appears to have been a center of highways for trade and commerce for over 2000 years. Pune is one of the most important station of Central railway and is also well connected by road and by air. Pune city which is the head quarter of Pune District is having all types of National and International Communication facilities due to its proximity with Mumbai. The major industrial units in the district are concentrated in and around of Pune city and on both sides of highways. Some small- scale industries and sugar factories are located in the rural areas of the district. The agriculture in the district is of the vital importance with the crops like sugarcane, paddy, wheat, jowar, groundnut bajari, oil seeds etc. Pune district has a long historical background in socio-economic aspects and is of vital importance from the British period also.

### ***4.3.1 Demographic Features***

The study of human resource development has vital importance from the point of view of economic development and welfare. As an instrument of production the human resources provide the labor force of the community, which helps in the process of production. So that the entire population of the country can enjoy higher

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<sup>146</sup> . Botra Gopinath S., Study of Social Welfare Activities performed by co-operative sugar factories with special reference to sugar co-operatives in Pune district of Maharashtra, PH. D. Thesis, University of Pune, April 2010, P.No. 111.

standard of living which includes better health facilities and conditions which are very essential for the welfare of a society as a whole. It is therefore essential to be aware of demographic features of population, particularly the size of population, the growing rate and the composition and distribution of population.

According to 2001 census the total population of Pune District was 72, 24,224t. with 37,68,001 males and 34,56,223 females. It has 7.01 percent of State's population spread over 5.08 percent area. Pune District is the second highest district in terms of population size in the state. Pune city has the most population and the Velha Tehsil is the least one. Out of the total population of the district 30,28,839 persons i.e. 41.92 percent are residing in rural areas and remaining 41,95,385 persons i.e. 58.08 percent reside in urban areas. In Maharashtra State 38.69 percent of the total population is urban where in Pune district 58.08 percent of the total population is urban. It is thus Pune is highly urbanized district in the state. The average growth rates for the rural and urban areas in the district 11.13 percent and 49.46 percent respectively for 2001. The rural population of the district is distributed among 1866 inhabited villages and the urban population is distributed among 34 towns.

The sex ratio is reflects the socio-economic and demographic characteristics of the population. In the Pune district there are 917 females behind 1000 males. The sex ratio figures for rural and urban areas of the district are 946 and 904 respectively. Average sex ratio for the Pune district is 919. Generally rural areas have a higher population of females than the urban areas. The Pune district also confirms to this pattern. Areas showing higher sex ratio may be due to male selective out migration to the neighboring areas for employment and other reasons.

The overall density of population in Pune district is 462 persons per square kilometer and is substantially higher compared to the state average of 315, in terms of density of population. Pune district holds the fourth place in the state and second place about the population size in the state. Keeping in the line with the pattern of higher urban density of 4868 persons per square kilometers compare to rural density of only 181 persons per square kilometer, while Velha Tahsils has the lowest density of 99 persons per square kilometer.<sup>147</sup>

### ***4.3.2 Occupational Distribution of Population<sup>148</sup>***

<sup>147</sup> . Dharane Suresh R. Maharashtra rajyatil sheli mendhi palan wyavsaikancha samagic wa aarthic samasyancha aabhyas- Pune jilyacha vishesh abhyas.PH. D. Thesis, University of Pune, June 2009, P.No. 226.

<sup>148</sup> . Dharane Suresh R. Maharashtra rajyatil sheli mendhi palan wyavsaikancha samagic wa aarthic samasyancha aabhyas- Pune jilyacha vishesh abhyas.PH. D. Thesis, University of Pune, June 2009, P.No. 231.



Broadly we divide working population into three types of occupations namely primary, secondary and tertiary. The primary sector includes agriculture and activities allied to agriculture i.e. dairy, poultry, sericulture, apiculture, piggery, pisciculture; gottary. Secondary sector consists of industrial sector (small, medium and large) and mining. The tertiary sector includes services sector, which complements the primary and secondary sector.

Working population is defining the number of persons in the populations whose age is between 15 to 60 years. In the district cultivators 31.38% and agricultural laborers 14.01% together constitute 45.39% of the main workers as against the state average of 59.62%. The agriculture sector has absorbed a little over 45% of the total main workers in the district and the remaining 55% are absorbed in non-agricultural activities. The ratio of cultivators and agricultural laborers is 10:5 in the district, which differs from the state average of 10:8. The proportion of the workers in other categories is higher in the district than the proportion of workers in the state. The distribution of workers engaged in different categories of economic activities in Pune district is shown in the following (table no. 4.1).

**Table No. 4.1 Occupational Distribution of Population in Pune district (1991)**

Sr. No.	Categories of workers	Total	Percentage
1	Cultivators	629562	37.05
2	Agricultural Laborers	287365	16.92
3	Livestock, Forestry, Fishing, Hunting and allied activities		
4	Manufacturing and Processing	30779	1.90
5	Construction	112179	6.60
7	Transport, Storage and communications	98278	5.73

Source: District Social and Economical Review Report, Economics & Statistical Department Pune District (2000-0 1).

### ***4.3.3 Industrial Development***

Industrially, Pune is one of the advanced districts in the state. Adequate transport facilities contribute in the development of industries. Pune has all the types of facilities available i.e. Roads, Rail and Airways. In Pune district there are about 12 sugar factories manufacturing sugar. Besides, there are auto parts, cloth and pharmaceutical units. Then percentage of the total factories and workers to the state are from this district alone. The employment in non-agricultural sector depends mainly upon the village and cottage industries.

The industrial policy of the state is to encourage industries in the developing and underdeveloped areas in the district and to disperse industries from the heavily

congested areas of Mumbai, Thane and Pune. In the district there are co-operative industries estates at Hadpsar, Gultekade, Parvati, Baramati, Bhore and Lonavla. Besides MIDC has developed large areas in Pimpri-Chinchwad and Bhosari for setting up industries. This area is given to small scale as well as large scale industries.

The most important small scale industries and ancillary industries in the district are manufacturing of agricultural tools, engines, cloth, medicine, rubber and plastic items, soap, nylon, biscuits, electrical appliances, vessels and wooden toys etc. At Khadki and Dehu Road there is gunpowder and firework, workshop set up by the Central Government. Pimpri is known for manufacturing of penicillin, Mundhwa for paper, Talegoan Dabhade for glass and Thermos flasks, Chinchwad for manufacturing auto rickshaw, trucks and scooters and Lony Kalbhor and Pimpri for Radio manufacturing. By the size of employment generated fishing is the subsidiary occupation in the district. Junnar is known for its handmade paper manufacturing, woolen weaving business is also carried out in this tehsil. Other registered units are oil mills in Junnar and Khed tehsils. In Pune district there are 12 sugar factories, all in co-operative sector.<sup>149</sup>

#### ***4.3.4 Educational Development***

Education plays a pivotal role in the life of the people. It is one of the important means of development. It emphasizes the development of inner qualities of the individuals. Education is essential for overall development of mankind. Basic education (which in most countries means primary and secondary education) increases a person's capability of learning ; interpreting and grasping information. Education improves the economic stability as well as mental stability and mental health of a human being qualities resulting into the human welfare. The percentage of literacy in males is 88.34 and in females is 71.89 in Pune district and overall 80.45%.<sup>150</sup>

#### ***4.3.5 Topography***

The topographic profile is the Sahyadris, which run north south in the eastern part of the district. There is a gradual change from the rough hilly areas on the west to

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<sup>149</sup> . 1. Randhir Vrushali Surendra, A Critical Study of Rural Micro Enterprises Set up by Members of Women's Selp Help Groups in Pune District- 2000 to 2007, PH.D. Thesis, University of Pune, June 2010, P.No. 93.

2. More Dilip Hanmantrao, Management of Small Scale Industries in Pune district Special Reference to Baramati and Indapur Taluka. (Area with Management of Finance, Production, Marketing and Personnel) PH.D. Thesis, University of Pune, March 2010, P.No.140 to 144.

<sup>150</sup> . More Dilip Hanmantrao, Management of Small Scale Industries in Pune district Special Reference to Baramati and Indapur Taluka. (Area with Management of Finance, Production, Marketing and Personnel) PH.D. Thesis, University of Pune, March 2010, P.No.137.

the bare open areas on the eastern side. Pune district can be roughly divided into three main belts. The western belt consists of the main Sahyadri hills, which run along the center western border of the district. This is an extremely rugged terrain with lofty peaks, clear cut ridges, steep slopes and deep ravines. These hills have height of between 700 to 1300 meters. Some peaks rise to even more than 1300 meters.

The middle parts of these hills are relatively lower in altitude and make connects the coastal plains with the Deccan plateau. A line passing through Pune roughly makes the central belt stretches ten to twenty miles east of the western belt and are eastern boundaries. In this belt the smaller chains of hills sink into the plains. Two region has a moderate but certain and seasonal rainfall, rich soil and a fair supply of water from wells and rivers hence the villages yield luxuriant crops. The low lands are studded with mango, banyan and tamarind groves enriched with patches of garden tillage and relieved by most pleasing parts of the Deccan. In the eastern basalt the hills sink slowly into the plain. The tablelands become lower and more broken often little more than rolling uplands. The broader and more level valleys are stripped of most of other beauty by the dryness of the air<sup>151</sup>.

#### ***4.3.6 Climate and Rainfall***

The climate of the district is generally dry and invigorating. The maximum temperature ranges from 44.50<sup>0</sup> c during summer season while comes down to 6<sup>0</sup> c in winter. The year may be divided into three seasons. The cold seasons is from November to February the hot season from March to May and the monsoon from June to October. The rainfall in the district starts during the southwest monsoon season. On the basis of the rainfall it is possible to divide the district into three broad zones.

The Western zone which consists of Bhor, Junner, Bhimashankar, Ghodegaon, Khed, Talegaon Dabhade and Sinhgad which has heavy and assured rainfall. The average rainfall in this zone is about 1250 mm. The central zone which consists of Ale, Belhe, Pabal, Loni, Saswad, Jejuri and Velha, Daund has moderate but regular rainfall. The average rainfall is about 700 mm. The eastern zone consists of Shirur, Baramati which has minimum rainfall of 450 mm. From March onwards is a period of continuous rise in temperature and May is generally the hottest month of the year. With the onset of the southwest monsoon, there is an appreciable drop in

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<sup>151</sup> . More Dilip Hanmantrao, Management of Small Scale Industries in Pune district Special Reference to Baramati and Indapur Taluka. (Area with Management of Finance, Production, Marketing and Personnel) PH.D. Thesis, University of Pune, March 2010, P.No.134.

the temperature. With the withdrawal of the southwest monsoons day temperature again rise in October.

Thereafter both day and night temperature begins to fall. The mean temperature is least during the month of July and August while during the cold season it is usually large, the maximum range being in February. Except during the southwest monsoon season the air is generally dry particularly in the afternoons and evening. The skies are generally clear and the winds are light to moderate. During the southwest monsoon the winds are stronger particularly on the hills and the skies are heavily concluded to overcast. Thunderstorms occur in the pre and post monsoon months. The rainfall in the southwest monsoon months is accompanied by thunder and hills are generally covered with clouds. Fogs occur occasionally in the early morning in the alleys during the cold seasons but disappear by about half past nine.<sup>152</sup>

#### ***4.3.7 Rivers and Dams***

The rivers draining Pune district rise in and near the Sahyadris and flow east and southeast across the district. During the rainy season all the rivers are flooded and carry vast volumes of coarse material including gravel and cobbles but during the hot season they shrink to a narrow thread in the broad stretches of gravel. At intervals barriers of rock cross the beds damming the streams into long pools. The main river of the district is the Bhima, which rises at Bhimashankar on the crest of Sahyadris.

The Bhima course is vary winding for more than 160 Kms. It forms the eastern district boundary. The Vel and The Ghod are the main left bank tributaries of the Bhima, the Indrayani, the Mula-Mutha and the Nira are its right bank tributaries. The Ghod raises near Ahupe on the crest of the Sahyadris about 14 kms. North of the source of the Bhima. It has a winding course and meets Bhima north of Daund on the eastern border of the district. The Indrayani rises near Kurvande village at the head of the Kurvande pass on the crest of the Sahyadris about 5 kms west of Lonavala. The river flows in general east-south –east direction and joins the Bhima near Tulapur after a course of about 95 kms. The Mula- Mutha is formed of seven streams, which rise at various points along the crest of the Sahyadris between 13 and 35 kms south of the Bor pass.

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<sup>152</sup> . More Dilip Hanmantrao, Management of Small Scale Industries in Pune district Special Reference to Baramati and Indapur Taluka. (Area with Management of Finance, Production, Marketing and Personnel) PH.D. Thesis, University of Pune, March 2010, P.No.135.

The united streams flow in general eastward direction and receive the Mula-Muthe it winds eastward and joins the Bhima at village Ranjangaon. The Nira has its source in Bhor tahsil in the spur of the Sahyadris, which is crowned by the fort of Torna. It flow in a northeast direction till it reaches the southern district border where Shivaganga joins it with the north. From here it turns east and forms the southern district boundary of the district. It finally joins the Bhima at the southeast corner of the destrict near Narshingpur after a course of about 160 kms. In Pune district there are 12 large, 4 medium irrigation projects which irrigate 3,90,000 Ha. land in the district.<sup>153</sup>

#### ***4.3.8 Agriculture***

Pune district has mixed economy i.e. agrarian as well as industrial. Half of the population is engaged in agriculture and the remaining in other non-agricultural activities. Farmers and agricultural laborers mainly inhabited in rural areas of the district. The farmer are engaged in the traditional agriculture activities for generations together. However, the farmers tend to display a preference of this attitude helps to reduce the impact of whatever developmental efforts that are made in the area during various plan periods, particularly by creating economic bottlenecks. The total cultivable area in the district is 10,27,429.07 hectares.<sup>154</sup>

#### ***4.3.9 Soil and Cropping Pattern***

The soil of the district is lighter in the west then in the east and belongs broadly to three main classes, namely black, red and brown. In some places one class of soil blends with another in varying proportions and is in turn modified by sang gravel lime salts and other ingredients. Black soils are nearly black in color and sometimes have a grayish or bluish tinge. It is commonly found in layers several feet deep and occurs mostly in the eastern portion of Khed, Shirur, Daund and Purandhar tahsil and the whole of Baramati and Indapur tahsils. Black soils are richer than either red or coarse grey soils and are particularly instead of becoming hard due to the sun.

Wheat gram, rabbi jawar and sugarcane are amongst the important crops grown in these soils. Brown colored soils, commonly know as tambavt are found in the transition tract viz. the eastern part of Khed and Haveli tahsils, and the western part of Shirur, Daund and Purandhar tahsils. These soils are often impaired by mixture

<sup>153</sup> . Botra Gopinath S., Study of Social Welfare Activities performed by co-operative sugar factories with special reference to sugar co-operatives in Pune district of Maharashtra, PH. D. Thesis, University of Pune, April 2010, P.No. 111 & 112.

<sup>154</sup> . Dharane Suresh R. Maharashtra rajyatil sheli mendhi palan wyavsaikancha samagic wa aarthic samasyancha aabhyas- Pune jilyacha vishesh abhyas.PH. D. Thesis, University of Pune, June 2010, P.No. 234 to 237.

of gravel, but when watered by frequent showers, are generally well suited for wheat and kharif crops particularly jowar and Bajri. Tambadi soils cover a considerable area in the district and are commonly found in the western portion of the paddy lands in the north central and middle portions of the district, comprising the tahsils of Junner, Ambegaon, Purandar and the western portion of Shirur and Daund tahsils. These soils are suited for cultivation of bajara, Kulthi and matki, groundnuts, grapes, sugarcane, onion and chilies. Soil erosion is acute in these soils because of the sloppy nature of lands mostly unprotected by natural vegetation due to overgrazing. In addition paddy soils are found in the Western portion of the district immediately of the east of the western Ghats mainly in Maval, Mulshi, Bhor, Purandar and Velha tehsils and the western part of Junner, Ambegaon and Khed tehsils. Alluvial soils cover only a limited area. These soils contain a considerable amount of subsoil water and are regularly replenished by fresh deposits. The major crops of the district are sugarcane, jowar, bajara, groundnut and wheat.<sup>155</sup> Table no.4.2 shows the area under major crops in pune district. according this information 348853 hectares is under jowar ,94652 is under wheat, 69780 under paddy, 158071 under Bajara , 63115 under sugarcane and ect.

**Table No. 4.2 Area under major crops in Pune District**

Sr. No.	Description	Area(hectares)
1	Paddy	69780
2	Wheat	94652
3	Jowar(Kharif)	5759
4	Jowar(Rabbi)	348853
5	Bajara	158071
6	Sugarcane	63115
7	Vegetables & fruits crops	57401

Source: District Social and Economical Review Report, Economics & Statistical Department, Pune District (2000-0 1).

**Table No. 4.3 Distribution of villages according to cultivated Area (in hectares)**

Name of Tehsil	No. of inhabited villages	Total cultivable area	Total cultivated area	% of total cultivable area	% of irrigation area to total cultivable area
1)Pune city	1	2608	1863	71.43	000
2)Haveli	133	111364	82624	74.20	31.01

<sup>155</sup> . More Dilip Hanmantrao, Management of Small Scale Industries in Pune district Special Reference to Baramati and Indapur Taluka. (Area with Management of Finance, Production, Marketing and Personnel) PH.D. Thesis, University of Pune, March 2010, P.No.136.

3)Khed	189	120651	112023	92.84	9.98
4)Ambegaon	136	84287	53513	63.48	12.68
5)Junar	165	113203	106876	94.41	37.74
6)Shirur	113	155794	139692	89.66	12.61
7)Daund	103	132975	110499	83.09	36.59
8)Indapur	141	134164	106722	79.54	28.29
9)Baramati	112	127036	120943	95.20	33.57
10)Purandhar	107	98059	81838	83.45	22.83
11)Bhor	187	53896	53128	98.57	4.36
12)Velha	128	44405	41520	93.50	0.22
13)Mulshi	147	69679	66737	95.77	2.70
14)Mawal	182	82717	78222	94.56	1.68
Total	1844	1330820	1156200	86.87	21.59

Source: District Social and Economical Review Report, Economics & Statistical Department, Pune District (2000-0 1).

Within the district total cultivable area cultivated area is 86.87 % of total area. On the outskirts of Pune like Sinhagad road, Pimpale Saudager, Kalewadi, Baner, Pashan etc. which is part of Pune city land is cultivated in the green belt. In Khed tehsil the percentage of cultivated area to total cultivable area is 92.84% and in Daund 83.09%, in Bhor tehsil 98.57%. Daund tehsil is marginally less than the district total average cultivated area irrigation Daund tehsil accounts for 36.59%, which is the highest (table 4.3).

#### 4.3.10 Irrigation Sources

The concept of irrigation implies the existence of source of water supply within a reasonable distance and on arrangement to regulate the supply of water according to the day-to-day needs of the crops raised in the fields. Naturally therefore all areas, which are cultivated under purely rain field conditions, are treated as un-irrigated lands. The irrigation area is distributed over 1001 villages out of total 1844 inhabited villages in 89 villages irrigation is done by well only (table no. 4.4).

**Table No. 4.4 Data relating to irrigation land based on source of irrigation (ha)**

Tehsil	Surface irrigation	Well irrigation	Total irrigation land	Total cultivated area	% of irrigated land to total cultivated area
1)Pune city	0	76	241	1863	13
2)Haveli	7728	13256	22770	82624	28
3)Khed	1000	18500	19500	112023	17
4)Ambegaon	1257	13312	18569	53513	35

5)Junar	8131	12900	28432	106876	27
6)Shirur	4888	21286	30658	139692	22
7)Daund	28850	21572	57403	110499	52
8)Indapur	19003	16789	48202	106722	45
9)Baramati	25198	21094	56973	120943	47
10)Purandhar	3000	2025	6525	81838	8
11)Bhor	680	1470	2650	53128	5
12)Velhe	150	0	300	41520	1
13)Mulshi	0	196	196	66737	0
14)Mawal	741	18540	19341	78222	25
Total	100626	161010	311720	1156200	27

Source: District Social and Economical Review Report, Economics & Statistical Department, Pune District (2000-0 1).

**Table No. 4.5 Irrigation Sources in Pune District**

Sr. No.	Source of Irrigation	Irrigated Area (ha)	Percentage
1	Government canals	43269	13.88
2	Wells	161010	51.56
3	Tube wells	2701	0.85
4	Rivers	81693	17.80
5	Others	23047	15.82
	Total	311720	100.00

Source: District Social and Economical Review Report, Economics & Statistical Department, Pune District (2000-0 1).

The irrigation department has constructed big dams on these rivers giving perennial source of water. Some of important dams are Panshet, Khadakwasla, Bhatghar, Deoghar, Vaduj, Dimbhe, Kukadi etc. built on the rivers in Pune District. These dams are source of hydroelectric power (table n. 4.5).<sup>156</sup>

#### **4.3.11 Mechanization of Agriculture**

Pune district is one of the districts in the state of Maharashtra where the cultivators have adopted new technologies of agriculture and are using latest farm machinery in large scale. Tractors, electric pump sets, are predominantly used by agricultural community. The use of agricultural machinery and equipment is naturally more in the talukas where irrigation facility is in abundance. However mechanization of agriculture is a continuous process day and day out new machinery and equipment is invented suitable to the local area. Hence there is still scope for mechanization of

<sup>156</sup> . Dharane Suresh R. Maharashtra rajyatil sheli mendhi palan wyavsaikancha samagic wa aarthic samasyancha aabhyas- Pune jilyacha vishesh abhyas.PH. D. Thesis, University of Pune, June 2010, P.No. 237.



agriculture. In the succeeding chapter this aspect of mechanization of agriculture has been dealt in greater details.<sup>157</sup>

#### **4.3.12 Electricity**

In 1960-61 only 24 villages in Pune district had the electricity. During the past 50 years there is spectacular process in the electrification of the villages. Upto March 2003 all the villages in Pune district are electrified. This has immensely benefited the agriculturists. Electricity is used for residential, industrial and agricultural purposes. During 2002-03 the total electricity consumption of electricity was 49.52 lakh kw hours. This accounted for 21.12 percent for residential purpose, 50.60 percent for industrial sector, 6.76 for trade and commerce and agriculture accounts for 16.46 percent.<sup>158</sup>

#### **4.3.13 Forestry**

The total area of the district is 15643 sq. kms. out of which 1711 sq. kms. i.e. 10.93 percent comes under forest. Of this nearly 50 percent forest is in the western zone covering Mawal, Bhor, Mulshi, Ambegaon and Velhe tehasils. The forest area in the district is distributed among 1133 villages accounting for 61.44 percent of the villages in the district. The total area under forest in this district is about 169709.88 hectares and social forestry is about 1588.74 hectares. Ambegaon block accounts for one sixth of the total forest area of the district. The forest product is divided into two main classes, major and minor. The chief major forest produce is timber and firewood. The chief minor forest produce are apta and tembhurni leaves in addition to babul, tarwad barks, hirda, honey, bamboo, carripata, wax etc. In the forest area itself there may be occasionally cultivated patches or grazing lands. The forest wealth of the district constitutes economically useful species such as hirda, bamboo, curripatta, apta wading etc. The minor forest is a source of annual yield. The nilgiri plantation took up in 1964-65 under the “Western Ghat Development Plan” is not of exploitable size and would yield substantial revenue to harvesters.<sup>159</sup>

#### **4.3.14 Livestock**

Livestock is subsidiary source of income of farmers in the rural economy of the district. It helps not only carrying out the agricultural activities but also subsidiary occupations. Livestock play a vary important role in agrarian rural economy of

<sup>157</sup> . Randhir Vrushali Surendra, A Critical Study of Rural Micro Enterprises Set up by Members of Women’s Selp Help Groups in Pune District- 2000 to 2007, PH.D. Thesis, University of Pune, June 2010, P.No.94.

<sup>158</sup> . Dharane Suresh R. Maharashtra rajyatil sheli mendhi palan wyavsaikanacha samagic wa aarthic samasyanacha aabhyas- Pune jilyacha vishesh abhyas.PH. D. Thesis, University of Pune, June 2010, P.No. 246 & 247.

<sup>159</sup> . Randhir Vrushali Surendra, A Critical Study of Rural Micro Enterprises Set up by Members of Women’s Selp Help Groups in Pune District- 2000 to 2007, PH.D. Thesis, University of Pune, June 2010, P.No.94.

pune district. The livestock census has recorded the number of livestock in Pune district during the year 1998-99 is shown in Table No. 4.6.

**Table No. 4.6 Livestock in Pune District (1997)**

Sr. No.	Description	Number	%
1	Cows	363140	9.30
	Crossbreed	216102	-
	Deshi	147038	-
2	Bullocks	252062	6.46
	Crossbreed	22478	-
	Deshi	229584	-
	Buffaloes	23936	9.62
3	Males	5227	-
	Females	18709	-
4	Goats	644826	16.53
5	Sheeps	412737	10.58
6	Poultry(Birds)	2158594	55.34
7	Others(Pigs, horse, donkey etc.)	45705	1.17
	Total	3901000	100.00

*Source: District Social and Economical Review Report, Economics & Statistical Department, Pune District (2000-01).*

In the district poultry activity is quite considerable because of Pune metropolitan area and the proximity to Mumbai market. Number of poultries both layers and boilers are there. Dairy activity is also a major activity allied to agriculture. As regards bullocks the deshi bullocks are in good number. There are well established markets at Chakan in Khedtehasil and Belhe in Junar tehasil.<sup>160</sup>

#### 4.4 Khed Taluke

Khed Taluga has 191 villages (sector codes) with an area 137354 Hector and has population 273253. It has total livestock population of 719912. It is one of the progressive Taluka in adopting new technologies of cattle farming. The main economy of Khed Taluka is agriculture followed by dairy and poultry Industry. Lot of industrialization is also playing an important role in economy. Bhima, bhama and indrayani rivers are providing irrigation to the taluka. The cropping pattern includes mainly bajra, groundnut, and vegetables in Kharip season and onion, potato, rice in rabbi season. The vegetables are also playing major role in agricultural economy. Khed is an industrial city with a municipal

<sup>160</sup> . Dharane Suresh R. Maharashtra rajyatil sheli mendhi palan wyavsaikancha samagic wa aarthic samasyancha aabhyas- Pune jilyacha vishesh abhyas.PH.D.Thesis, University of Pune, June 2010,P.No. 238 & 243.

councilin Ratnagiri district in the state of Maharashtra, India. It is surrounded by a number of villages, including: Morvande, pimplewadi, Khopi,Savnas, Bahirwali, Furus, Karji, Tise, Rajawel, Panhalje,Gunade, Ganwal, Lote, Kondivali, Shi, Mani, Nandgaon, Ashti, Shirgaon, Sakhroli, Shirshi & Jamge. Khed is a taluka that connects Ratnagiri district andRaigad district.

#### ***4.4.1 Culture***

Marathi and konkani are the primary language spoken in the city. Maharashtrians,Dashanema Gujratis and Marwaris , who have origins in other Indian states, live together harmoniously. Several festivals of all religions are celebrated peacefully. There is freedom of religion. The social Group`s Like Navnirman kala sanstha working since 2004 to support Artists from village`s to national level.

Shimaga (Holi) & Ganapati is most awaited and Konkan's most favorite festival.Konkan which is famous for Gavri Ganpati festival which is celebrated with boom.It is celebrated with pomp and enthusiasm all over in Khed. The Ram Navmi festival is celebrated in Laxmi Narayan Temple. It is celebrated for 10 days starting from Gudi Padva. Eid is also celebrated by the Muslim population. Khed railway station is main railway station for three talukas Dapoli,Mandangad,and Khed taluka,if any one wanted to go by rail to any part of India they have to go via Khed station

#### ***4.4.2 Demographics***

The Indian census reports that, as of 2001, Khed had a population of 13,812. Males constitute 49% of the population and females 51%. Khed has an average literacy rate of 98%, which is higher than the national average of 59.5%. The literacy rate among males is 97%, and among females is 96%.

#### ***4.4.3 Industry***

Several factories that are involved in the production of chemicals and pharmaceuticals are located in Khed. Furthermore, the Maharashtra Industrial Development Corporation has developed the Lote-Parshuram industrial area in Khed.But as usual there is no control over the pollution. Rivers & air near the MIDC area is very polluted.

#### ***4.4.4 Transport***

Khed lies on the national Highway NH-17 popularly known as Mumbai Goa Highway in this region connecting Khed with cities likeMangalore, Panaji,

Madgaon, Karwar and Udupi. Khed has a railway station on Konkan Railway line. It has also Maharashtra State Transport bus station which connects every part of Khed taluka and major cities in Maharashtra through State buses.

#### 4.4.5 Education

Khed has a number of educational institutions, including:

- Rotary English Medium School (CBSE)
- L T T English Medium High School & Junior Collage Khed Dist ratnagiri.
- Hutatma Kanhere school anjani <ayani>
- Haji SM Mukadam High School
- Dnyandeep Vidya Mandir, Khed
- Al-Madina English Medium High School
- L.P. English School
- Dnyanadeep Vidyamandir
- R. G. Kate School
- Chhatrapati Sambhaji Raje Sainik School.
- Navnirman kala sanstha
- Shreeman Chandulal Sheth High School

Colleges in Khed:

- ICS college Khed Arts, Commerce & Science (Khonde)
- Dnyandeep Vidya Mandir (Khonde) Junior & senior college
- Padmashri Behere College, Lavel.
- S.I Junior College of Science {Furus }
- Adrsha junior college karjii (amshet)

Table No 4.7 to 4.14 shows more useful information about Total Population, Density and Decadal Growth Rate, Decadal trend of Population Rural, Decadal trend of Sex Ratio, Occupational Pattern, Occupational Structure (As per census 1991), Livestock (As per census 1997), Classification of Major Land use, Area under cultivation during Rabi season (1999-2000), Area under cultivation during Kharif season (1999-2000), in Khed taluka as follows:

**Table No. 4.7 Total Population, Density and Decadal Growth Rate**

Taluk a	Area (sq.km )	Total Population (in lakh)				Population Density (Persons per sq. km.)				Decadal Growth Rate (%)			
		197 1	198 1	199 1	2001 *	197 1	198 1	199 1	2001 *	197 1	198 1	199 1	200 1
Pune City	184	10.0 0	13.8 0	17.3 5	26.9 6	543 5	750 2	942 9	1465 2	38	38	26	55
Khed	1400	1.97	2.32	2.83	3.43	141	166	202	245	25	18	22	21

Total	15642	31.7 8	41.6 4	55.3 3	72.3 2	
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Source: 1. District Social and Economical Review Report, Economics & Statistical Department, Pune District (2000-01). 2. \* Census of India (2001).

**Table No. 4.8 Decadal trend of Population Rural**

Taluka	No. of Villages in each Taluka*	Area (sq. km.)	Rural Population (x 1000)			
			1971	1981	1991	2001*
Pune City	0	184	1	10	8	0
Khed	186	1,400	192	224	273	286
Total	1,844	15,642	1,848	2,193	2,725	3,032

Source: 1. District Social and Economical Review Report, Economics & Statistical Department, Pune District (2000-01). 2. \* Census of India (2001).

**Table No. 4.9 Decadal trend of Sex Ratio**

Taluka	Area sq.km	Population 1981(x 1000)				Population 1991(x 1000)			
		Male	Female	Total	Sex Ratio	Male	Femal	Total	Sex Ratio
Pune City	184	730	650	1380	889	904	831	1735	919
Khed	1400	117	115	232	983	144	139	283	959
Total	15642	2150	2016	4166		2862	2671	5533	919

Source: 1. District Social and Economical Review Report, Economics & Statistical Department, Pune District (2000-01). 2. \* Census of India (2001).

**Table No. 4.10 Occupational Pattern**

Taluka	Total Population	Total Workers	Main Workers	Marginal Workers	Non Workers	Non Workers (%)	Working Population as % of Total Population
Khed	3,43,214	1,73,932	1,49,346	24,586	1,69,282	49.32	50.68
Pune City	26,95,911	9,21,913	8,65,650	56,263	17,73,998	65.80	34.20
Total	72,32,555	29,54,482	26,45,429	3,09,053	42,78,073	52.98 (avg.)	40.85 (avg.)

Source: Census of India (2001)

**Table No. 4.11 Livestock (As per census 1997)**

Taluka	Category of live stock							Total Livestock
	Oxen	Sheep	Goat	Buffalow	Cow	Poultry	Others	
Pune	1,613	1,672	11,525	23,313	3,225	58,326	11,597	111,271

City								
Khed	33,674	9,199	46,727	124,279	15,654	88,093	67	317,693
Total	229,584	412,737	644,826	1,182,189	147,048	2,164,594	45,705	4,826,683

Source: District Social and Economical Review Report, Economics & Statistical Department, Pune District (2000-01).

**Table No. 4.12 Area under cultivation during Rabi season (1999-2000)**

Taluka	Nigerseed	Rabi Jowar	Wheat	Harbhara	Kardai	Area under cultivation	
						Total area	% to the area under cultivation
Khed	281	2,331	4,635	8,881	27	23,429	8.89
Total	1,945	16,832	71,793	43,680	19,428	2,63,676	100

Note: Area in hectare.

Source: District Agriculture Office, Pune (2002)

**Table No. 4.13 Area under cultivation during Kharif season (1999-2000)**

Taluka	Groundnut	Tur	Sugarcane	Rice	Cotton	Area under cultivation	
						Total area	% to the area under cultivation
Khed	16,425	451	24	6,489	0	40,289	15.43
Total	47,799	3,893	47,631	61,674	376	2,61,072	100

Source: District Agriculture Office, Pune (2002)

## 4.5 Raigad District

### 4.5.1 Introduction

Maharashtra state is gifted with 720 km seaside. Mumbai city, Mumbai, Thane, Raigad, Ratnagiri and Sindhudurg district are situated at the seaside. Out of 720 km seaside Raigad district has 240 km seaside. Raigad district has between 17.51 to 19.80 degree North altitude and 72.51 to 73.40 degree Eastern longitude. District's north side is surrounded by Sahyadri ranges and beside it has the boundary of Pune district, at the north side of the district is Arby sea and savitri river compounded the south side of Ratnagiri and Raigad district.

### 4.5.2 Demographical Features

Raigad district is divided into three regional zone, they are 1) Seaside era, 2) Fertile and plain era and 3) Eastern Sahyadri ranges. Uran, Alibag, Murud, Shrivardhan tahsils are come under the seaside division. Karjat, Khalapur, Mangaon and Mahad tahsils come under the second division. Sudhagad and Poladpur tahsils occupied by Sahyadri ranges. Ratangad (584 m), Manikgad

(572.41m) , Sagargad (414 m) Sudhagad (604 m) these are situated in Raigad district. The famous Fort of Raigad increase the popularity of district.

#### **4.5.3 Rivers**

Ulhas, Patalganga and Amba are in the North side of the district. Kundlika is in centre of the district. Savitri, Ghod and Kal are at the South of the era. All rivers run the Arabian Sea.

#### **4.5.4 Seaside**

Raigad district has 240 km seaside. Bagmandla, Dighi, Revdanda, revas, Mora, Rajpure are the famous ports on the seaside of Raigad. Nhava-Sheva (J N P T) port has decreased the load of Mumbai port.

#### **4.5.5. Economy of District**

Due to ranges seasonable rivers, heavy rainfall, forest era the district economy depend on farm (Agriculture), Fishing and other primary occupations. Because of rapid industrialization the economy of the district is depend on small scale, heavy industries. Panvel, Khopoli, Uran, Roha and Mahad there are developing centers in the district. This heavy industrialization is providing a lot of employment to the people.

#### **4.5.6 Geographical Area and Administration**

The total geographical area of district is 7152 sq.kms. Which is 2.27% geographical area of Maharashtra? Raigad district comes under the Konkan revenue zone. For administration purpose the district is divided into four sub-divisions. They are  
1) Alibag: Alibag, Pen, Murud. 2) Panvel: Panvel, Uran, Karjat, Khalapur. 3) Mahad: Mahad, Poladpur, Mhasala, Shrivardhan. 4) Mangaon: Mangaon, Roha, Tala, Sudhagad.

#### **4.5.7 Population**

According to 2001 census the total population of Raigad district was 22,07,929 out of it 50.62% male and 49.38% female. The density of population was 309 sq.km. Panvel tahsil has more population than other tahsils in the district and Tala is lowest population. From 1991 to 2001, in this decade the total population is increase by 20.99%. Incase of village population increased by 11.82%. According to 2001 census 41.40% population means 914 thousands were workers and out of it 28.55% farmers, 20.36% farm labor and remaining 51.09% are other labors.

#### **4.5.8 District Income**

As a current price per capita net income of Raigad district in 2007-2008 was Rs 53,751, and per capita income of state was Rs 47,051.

#### **4.5.9 Rainfall**

Generally, most of the rainfall from June to October gets from south-west rainy (monsoon) winds in the district. The district consist of 16 including Matheran rain counting centers. The average rainfall of 2008 was 3283 mm. and the average of seaside rainfall was low. In 2008 the highest (4890 mms) rainfall was in Matheran and lowest(2066 mms) was in Murud.

#### **4.5.10 Climate**

The climate of the district is and due to seaside the climate of the district is same in all season. In summer season we find higher hum ides in the district.

#### **4.5.11 Irrigation**

In 2001-2002 the total irrigation was 7.9% means 18,320 hector. In 2001-2002 the total irrigation area was 18,320 ha out of it 8280 ha was under the rice crops and 577 ha was under cereal crops,4700 was under vegetable and 3160 ha was under coconut and 200 ha was under groundnuts.

#### **4.5.12. Forestry**

The total forest area of the district is 1746 sq. kms. out of it 1411 sq. kms area is under the control of forest department .56 sq.kms under the revenue department.

#### **4.5.13. Land Fishery**

Now a day's land fishery is one of the emerging business in the district. In the district for fishery suitable area is 1824 ha. From portable water the district 454 M. ton production of fishery. In 2008-09 income from the production of fishery the district gets Rs 217 lacks.

#### **4.5.14. Climatic Conditions**

The climate of the district is typical of that on the west-coast of India, with plentiful regular and seasonal rainfall during Monsoon season (June to September). Due to coastal location the diurnal and seasonal variations in temperature are not very large. The year may be divided into four seasons: the summer (March to May), the rainy (June to September), the post-monsoon (October and November), and the Winter (December to February).

The South-West monsoon commences by about the first week of June and



continues till about the beginning of October. The average annual rainfall for the district as a whole is 3028.9 mm. The rainfall decreases rapidly from the coast towards east and south to north. Nearly 95% of the annual rainfall is received during the south-west monsoon season.

The summer, from March to May, is a period of high temperature. May is the hottest month of the year. In afternoons, the sea breezes relieve the oppressive heat particularly in the coastal regions. The onset of monsoon brings down the temperature. However, with the withdrawal of monsoon day temperature increases in October and November. The air remains humid throughout the year. During the monsoon season, the sky remains overcast and cloudy. During rest of the year, in general, the sky remains clear.

Winds are very strong during the monsoon season and blow from west to south-west. From October to December, winds are generally moderate and blow from direction between North-West and South-east. Between January and March winds continue to be moderate but blow from direction between south-west and north-west. During April-May wind becomes calm with occasional outburst due to cyclonic storms in Arabian Sea.

#### ***4.5.15. Soil and Cropping Pattern***

Soils of the district are essentially derived from the deccan trap which is predominant rock formation in the district with small outcrops of laterite at a few places. The main soil types of the district range from black soil, salty soil, laterite soil to coastal alluvium. In the villages to be affected by the Project, the main soil types are black, coastal alluvium and salty soils or 'khar' soils. Khar soils are formed due to the deposition of salts by the sea or from lands reclaimed from the sea and are found on flat, leveled land near the sea. All the 15 villages are heavily affected by the khar soil.

#### ***4.5.16. Natural Wealth***

There is a lack of minerals of economic importance in the district. However, there are plenty of natural forests and marine resources like fish. Raigad district with a coastline of about 240 kms. is one of the most important maritime district in the state. Fishing though considered underdeveloped, ranks only next to agriculture as far as means of livelihood is concerned. The fishing season commences from September and lasts till end of May. In general, there is no fishing in monsoon season except in the creeks, lakes and rivers. Sharks, skates, rays, mackerels, sardine, tuna, surmai, pomfret, karel, dagol, and catfish form the main varieties of the districts. Bulk of the catch is sent to markets in Mumbai. In recent years, there has been drastic decline in the fish

catch in the Project affected villages due to increased pollution and overfishing.

#### ***4.5.17. Agriculture & Land use***

Rice is the main crop grown in the district. Out of the total food grain production in 1960-61 and 2001-02, rice constituted 90.51% and 95.07% respectively. Out of the total 2,20,300 ha devoted to food grains in the district in 1960-61, rice occupied 76.94%. The respective figures in 2001-02 were 3,75,300 ha and 82.74%. Per hectare yield of rice in 1960-61 was 1487 kg which rose to 2,669 kg. in 2001-02. No other major cereals are grown in the district and in pulses, tur and gram dominate. However, the area of cultivation of these pulses is very limited. Therefore, it can be stated that the monocropping is practiced in the district due to topographical, soil, and climatic limitations.

In the district, the land due to topographical reason is not very suitable for agriculture. As it can be seen that out of 6,86,900 ha reported area in 2002-03 only 1,88,500 (27.44%) was net sown area, and cropping intensity was only 114.32%. The area sown more than once was only 2,70,000 ha. The similar is the situation in the 15 villages to be affected by the Project. In Dadar village, because of salinity and rising of sea level, there has not been even a single crop since 1989. The whole village becomes flooded during high tides. Villagers tell that rice was grown before 1989 and yield used to be satisfactory.

Rice is grown only once in the year in the 14 villages and yield is about 1400 kg/ha. Villagers, earlier, used to support themselves through fishing. However, decline in fish catch and no other source of livelihood/occupation available, the communities are faced with grim situation. Besides, cultivation and fishing, villagers support themselves either.

The sand raising is very hazardous as it requires diving in the sea for a longer duration which causes various kind of diseases/malfunctioning of body like deafness, paralysis, eye-burning sensation, etc. Moreover, the population in the villages is increasing, which is creating and aggravating the livelihood and unemployment problems.

#### ***4.5.18. Industrial Establishments***

In 2001, there were 90 industries (working), in the district. Out of these, 28.28% industries employed less than 10 workers, over two-thirds between 10 to 500 workers and only one unit had 500 and above number of workers. The district at its northern side is developing very fast due to the extension of New

Mumbai. However, in all the 15 villages there is no industry worth mentioning. People generally work in JNPT or migrate to Mumbai or other nearby towns for earning their livelihood.

## **CHAPTER V**

### **Socio-Economic Analysis of SEZ Affected Families**

#### **5.1 Introduction**

In this chapter, an attempt has been made to analyze the socio-economic characteristics of the families affected by SEZs projects. For this purpose detailed questionnaires were prepared for collecting the data from such families. In this regard data was collected from the project affected families on various parameters such as their age group, land holdings, demands from SEZs Developers and government etc.

#### **5.2 Specificities of MMSEZ SEZ Affected Village**

The MMSEZ is to affect 15 villages. Out of the 15 villages, settlement areas of four villages will be affected in the Phase I of the Project. These villages are Kadape, Aware, Govthane, and San gpalekhar. Almost the all agricultural and other lands of these four revenue villages would fall within the proposed Project area. All the 15 villages to be affected by the Project besides having several things in common or similarity with other villages, also have their own specificity or individuality in various respects. These specificities, in brief, are discussed as follows:

##### **5.2.1 Dhasakhosi (Partially affected)**

As per Census 2001, there are 112 households in this village. The total population of the village and its area is 493 and 112.58 ha, respectively. The sex ratio in the village has improved from 884 in 1991 to 988 in 2001. The village is about 7 kms from Uran town and connected with pucca road. Recently the village has been connected with supply of tap water; earlier the villagers were drinking water from ponds or wells and used to suffer due to water-borne disease. All the people in the village follow Hinduism and belong to the Agri caste. Livestock in the village is almost zero (there are only two bullocks and 20 goats) due to lack of fodder. There are four doctors in the village, however, PHC and medical store is located three kms away at Koproli.

Major occupation of the villagers is cultivation (growing rice in rainy season) and during off-agricultural season, they act as wage labourers in

JNPT and other nearby development Projects. The wage in general ranges between Rs.40 to Rs.60. Only two households in the village are involved in fishing and each earn about Rs.60 per day. However, there are days when they return empty hand from the sea as the fish catch in the area, as told by villagers, has been declining. There is no primary or higher secondary school in the village. The village would be partially affected by the Project as it will lose only some of its agricultural and other land to the Project. Presently the average household income in the village is about Rs.9, 000 per year.

### **5.2.2 Jui (Partially affected)**

It is the northern most village to be affected by the Project. The village will be affected partially. The total area of the villages is 540.26 ha. There are total 515 households in the village and total population of the village (as per Census 2001) is 2,688. The average household size is 5.2 persons comparatively larger than any other Project affected village, except Sangpalekhar. The sex ratio in the village is 1018 as per Census 2001 while it was 984 in 1991. The improvement in the sex ratio is not due to any change in attitude towards women but male-selected migration from the village due to higher incidence of poverty and unemployment. A primary School and a High School is available within the village but for higher education, as in the case of other villages, people have to go to Funde, Panvel or other nearby towns. There are two private doctors in the village but for buying medicine or for government hospital (PHC) they have to go to Koproli, about 3 kms away from the village.

The village is connected with pucca road and tap water is supplied from a near-by dam. The tap water is stored in a tank and from there it is collected by each household. The village has Group-Gram Panchayat with Bhome village and out of 9 panchayat members 7 (4 are women) are from Jui. The village settlement is located on a low ridge and is very compact. Houses are generally semi-pucca and separated by narrow lanes. Given the size of population, the livestock population, due to lack of fodder, is not very high. Cultivation, wage earning, and fishing (mostly for self-consumption) are the main occupations of the people in the village. The average per household income in the village is about Rs.8, 250 per annum.

### **5.2.3 Bandhpada (Partially affected)**

This village will also be affected partially by the Project. The village is about 7 kms from Uran town and located south of Uran-Koproli road. As per Census 2001, there are 334 households in the village. The total population and area of the village are 1,553 and 138.53 ha respectively. The average household size

is 4.9 persons. The sex ratio in the village was 1087 in 2001 and 1156 in 1991, showing male-selective out-migration from the village. Major occupation of people is agriculture. However about 25 households are also involved in fishing as a subsidiary occupation.

The village is dominated by agri community and only 5 households belong to the koli community. Like Dhasakhosi, the village settlement is on level land and houses are separated by narrow streets. The village has tap water supply, electricity, phone, and provision shops. There are two private doctors in the village but for the PHC facility they go to Koproli. Houses are mostly semi-pucca. The village is having Group Gram Panchayat. Out of three member in the Panchayat from the village, only one is a women. Most of the agricultural field in the village is affected by salinity. The average income of households in the village is about Rs.8500 per year.

#### ***5.2.4 Kacherpada (Partially affected)***

Kachperpada was informed by the villagers is also known as Khopate. The village comprises of several clusters of settlements to the east of Bandhpada. The settlement is located on level land and connected with pucca road, electricity, telephone facility, and tap water supply. From the village, Uran town is about 7.5 kms and the nearest PHC is at Koproli, about 2.5 kms away. The village has two private doctors but medical store is located in Koproli. There are total 310 households in the village, and the area and population of the village are 207.83 ha and 1438 respectively. The major occupation of the villagers is agriculture and only about 10 households are involved in fishing that also as a subsidiary occupation. The main crop grown not only in Kacherpada but in all the villages, leaving Dadar, is the rice. The agricultural land of the village, as in Bandhpada and Dhasakhosi, is affected by salinity, and regularly flooded in rainy season and during spring tides.

Agriculture is not a profitable occupation in the village (in fact in all the villages) due to salinity, lack of irrigational facility, and frequent flooding of the fields by sea water. Therefore, most of the able-bodied persons (generally males) migrate to Mumbai and other nearby towns and work as wage labourers in industrial and constructional establishments. The villages has one each Primary and Secondary schools. The average household income of the village is about Rs.9, 300 per annum.

#### ***5.2.5 Koproli (Partially affected)***

Koproli is a nodal village in the area and is located about 11 kms from Uran

Town. The village is well connected with pucca road, electricity, telephone facility, tap water supply, and has several small commercial establishments. The area of the village is 405.28 ha (as per Census 1991), while total population and number of households, as per Census 2001, in the village are 2,533 and 558 respectively. The sex ratio in the village was 1023 in 1991 and 1010 in 2001, indicating again male-selective out-migration from the village. The village has primary-cum-upper primary school but lacks a secondary school. In terms of health care, the village has a PHC, and also 5 private doctors (generally not having any medical degree.) All the persons in the village follow Hindu religion. Besides Agri caste, which is the dominant community in the village, the village also has about 45 households of Katkari, and 80 households of Koli tribes. In general Koli and Katkaries are not having any agricultural lands. Katkaries survive on wild fruit collection, selling of fire wood collected from nearby forests and wage labour etc., while main occupation of Kolies is fishing and wage-lab ours.

There is apprehension among the villagers that the above-mentioned two tribal communities, who survive on their traditional Jajmani system and on environmental produce, would be severely affected by the Project. They do not have any land to get compensation from the company. Notably, the Katkaries are the original tribes in the state, with special concern by government for their well-being. The village has Group Gram Panchayat with two other villages, Khopate, and Pandive. There are 3 members in the Panchayat from the village. The average income in the village is about Rs.9,600 per household per annum. The village would be partially affected by the Project in terms of losing the lands.

### ***5.2.6 Talbandkhar (Partially affected)***

This village is an extension of the Pirkone village but has its own revenue boundary. In 1991, there were only two households in the village which increased to 6 in 2001. The population of the village in the respective years was 12 and 28. Talbandkhar is located to the south of Koproli and connected with pucca road, electricity, and telephone facility. The total area of the village is 56.50 ha (as per Census 1991). The village is dependent on Pirkone and Koproli for its educational and health services. Average household income in the village is approximately Rs.8,850 per year. The main occupation of the villagers is farming. All the people in the village belong to Agri caste and follow Hindu religion.

### **5.2.7 Pirkone (Partially affected)**

This village is also to be partially affected by the Project and 'Gam-tal' or 'Gaothan' settlement site is out of the demarcated Project area. Only western side of the agricultural land of the village falls within the proposed Project area. This village is also connected with pucca road, electricity, telephone facility, and tap water supply. The total area of the village is 515.37 ha (as per Census 1991) and the total number of households and population as per Census 2001 in the village are 605 and 2935 respectively. The sex ratio in the village was 1021 in 1991 and 1050 in 2001. This again shows male-selective out-migration from the village. Leaving one household of Harijan(SC), all the people in the village belong to the Agri caste. Harijan family follows Buddhism, while the rest of them follow Hinduism.

The Village has a Primary and a Higher Secondary school. The Higher Secondary school attracts students from the neighboring villages as well. The village also has one D.Ed. college. In terms of health facilities, the village has two private doctors but PHC is located at Koproli about 2 km to the north of the village. The major occupation of the villagers is cultivation (rice cultivation). Fishing is practiced by about 10% of the total households but it is mostly for self-consumption purpose. The average income of the households is about Rs.9750 per annum.

### **5.2.8 like Talbandkhar (Full Affected)**

Like Talbandkhar, this village also has only a few households. There were 11 households in the village in 1991 but the number has decreased to 4 in 2001. However, population in the village has increased from 17 in 1991 to 41 in 2001 (Census 1991 & 2001). The village is an outgrowth of Govthane and Pale. This village is going to be fully affected by the Project. The houses are located along the Uran-Gavthane pucca road and are connected with electricity and telephone facilities. The residents of Sangpalekhar generally avail of services and facilities available at Govthane and Pale villages. The main occupation of villagers is the cultivation of rice. As mentioned earlier, the land due to salinity is not very suitable for agriculture and productivity of even rice is low. People survive on fishing and wage-labour. The average household income in the village is about Rs.9,000 per year.

### **5.2.9 Sarde (Partially affected)**

Sarde is located on the western side of Vasheni-Uran road. The distance of the Uran town from the village is about 22 kms. On western and southern sides of the village lies aridge extending southward up to Kadape village. As per Census 1991, the

total area of the village was 422.20 ha and the total number of the households and population in the village, as per Census 2001, are 281 and 1243 respectively. Leaving 15 people from Katkari tribe, all the people in the village follow Hindu religion and belong to the Agri caste.

The main occupation of villagers is agriculture. However, like other villages, due to poor soil and lack of irrigational facilities, only rice is grown during monsoon season. This creates unemployment and income problem resulting in people migrating to Mumbai or they work as wage-labourers in JNPT or other nearby Projects. As told by villagers, no one in the village is involved in fishing at commercial level, some households practice it only for self-consumption purpose.

Due to decline in fish catch and resulting dwindling importance of fishing, there is a shortage of supply of the fish in these villages. Accordingly, a few families are involved in business of buying fish from outside (mainly from Mumbai) and selling them back in the village. The village is connected with pucca road; electricity and telephone facility. However, there are no doctors or medical facility in the villages. Koproli which is about 8 km to the north of the village serves the village in terms of medical facilities. The average household income in the village is about Rs.9,000 per annum.

#### ***5.2.10 Punade (Partially affected)***

This village is located at the south-east corner of the proposed Project area, and is about 22 km from Uran Town. It is connected with pucca road. The total area of the village is 639.93 ha. It is the largest village in terms of the area. The total number of households and population in the village are 173 and 830 respectively (Census 2001). The main occupation of people in the village is cultivation, and here too only rice is cultivated during monsoon season. Besides soil salinity, the lack of fresh water creates irrigation problem which has kept the agriculture under developed in this area. The fishing is practiced by a few household but it is generally for the purpose of self-consumption. Katkaries survive on collection of wild fruits, honey, fuel woods, and etc. And selling the to the villages. Unemployment and disguise employment are rampant not only in Punade but also in other villages as well.

The village has a primary school and for secondary and higher education youths go to Pirkon, Pen, Funde or Panvel. There are no private doctors available in the village and to avail medical facilities people generally go to



Koproli, about 5 km from the village. The village has its own Panchayat (Village Panchayat). Average household income in the village is about Rs.10, 000 per annum.

### ***5.2.11 Vasheni (Partially affected)***

Vasheni is located to the east of Punade and is connected with pucca road. The total village area is 352.20 ha, and the total number of households and population in the village, as per Census 2001, are 575 and 2,728 respectively. The Project boundary is carved out in such a way that the village Gam-Tal/Gaothan/settlement area is not affected and only southern side of agricultural and marshy lands fall within the proposed Project area. Major occupation of villagers is agriculture, however, about a half of the families are also involved in fishing as subsidiary occupation. These fishermen are planning to form a cooperative society. Fish-catch, in general, is not high and is consumed at the village itself.

The village has one each primary and secondary schools (up to 10 standard). For Higher secondary education, people go to Pirkon and for higher education to Panvel, Funde, Pen and Uran. Girls also go for higher education. PHC is located at Koproli which is about 6 kms from the village, and in the name of private doctors there are about 10 quacks serving the healthcare needs of the villagers. People generally prefer these quacks as they are located within the village and are thus accessible at any time. Moreover, they can also get credit from these quacks. Because of fishing and sand raising, which requires diving, people not only in this village but also in other villages suffer from paralysis, deafness, etc. after a certain age (in general after 40 years of age).

### ***5.2.12 Kadape (fully affected)***

This village is located to the West of Vasheni, and is the only Project affected village which is not connected with pucca road and tap water supply. Recently, one kuccha road has been constructed which has brought some relief to the villagers, particularly in rainy season. The village is located at almost sea level therefore there is frequent flooding of settlement area and agricultural field during high tides. The economy of the village is in very poor shape.

The village settlement/Gam-Tal is located at the southern side of a ridge and this is the only major village which entirely depends on wells for its drinking water. The water available from these wells is not very clean but without any alternative, villagers have to consume the well water. Given the poor quality of drinking water and low lying area, hepatitis and malaria are

very common. People are hardly able to produce enough rice for their consumption for the whole year. Therefore, they work as agricultural labourer or wage labourers outside the village. A few families in the village are also involved in sand raising from the sea. In general, from sand raising one is able to earn Rs.50 – 60 per day.

The total area of the village is 159.84 ha and the Gam Talarea is only 1.26 ha. The total number of households and population, as per Census 2001, are 38 and 172 respectively. All the people in the village belong to Agri caste. There is one primary school (up to 4 standard) in the village and no transport, medical and communicational facilities are available within the village. However, almost all the houses in the village have electricity connection. Although the village is poverty-stricken; there is no ration shop in the village. The shop is located in Aware about 2.5 kms from the village. The village is a member of the Group Gram Panchayat consisting of Aware, Gavthane, and Pale villages. There is only one male panchayat member from the village. The average annual income of households in the village is about Rs.6,750 per annum.

### ***5.2.13 Gavthane (Fully affected)***

This village is located to the south-west of Sangpalekhar and north of Aware and is connected with pucca road. The area of the village is 38.95 ha and the total number of households and population in the village are 395 and 1893 (as per Census 2001) respectively. The main occupation of the villagers is cultivation and sand raising from the sea. As in other villages, only one crop of rice is cultivated in this village. This creates economic and food security problem during off-seasons. All the residents in the village belong to Agri caste and follow Hindu religion. This village is about 15 kms from Uran town and has a primary-cum-upper primary school. The village has telephone and electricity facilities. However, there are no doctors available within the village, and for this the village depends upon neighbouring villages of Aware, Pirkone and Koproli. State Transport buses don't come to this village and the villagers avail the facility from the neighboring village Aware, which is about one km.

Deafness and paralysis are common among the old-age people who used to practice sand raising from the sea. There are about 15 families in the village which have no agricultural lands. The average household income per annum in the village is about Rs.10,500/-.

### ***5.2.14 Aware (Fully affected)***

This is the largest village in terms of population among the villages to be affected by the Project. As per the proposed boundary of the Project, the village is

going to be fully affected. The village, like Govthane, shall not only lose its agricultural land and other lands to the Project but also its settlement. The total area of the village is 364 ha and the number of households and total population in the village are 738 and 3347 (as per Census 2001) respectively. Due to the male-selective out-migration from the village, the sex ratio is 1004. The village is well connected with pucca road and has State Transport bus stop. State Transport buses terminate here and halt during the night.

The village has tap water supply and also telephone and electric facilities. It has one each primary and secondary school, and for higher education people go to Uran, Funde, or Chirner. There are two private doctors in the village. PHC is located at Koproli which is about 3 km from the village. Major occupation of the villagers is agriculture and sand raising from the sea. Due to lack of employment and under development of agriculture, people migrate to Mumbai and other nearby towns. Fishing is practiced by some households but it is generally for self-consumption. Only occasionally, when fish catch is large, it is sold. After Koproli, this village is of second order nodal center in the area. All the people in the village belong to Agri caste and follow Hindu religion. There were some Muslim families in the village but due to some reason they have migrated to Uran. However, a Mosque is still there.

### ***5.2.15 Dadar (Partially affected)***

This village is located to the south of Aware, Kadape and Vasheni and is separated from the main land by the creek. It is a low lying Island covered with shrubs and bushes or mangrove forest. The total area of Island is 18 sqkms. However, the village area reported is 911 ha. The lands are not included in the area of the revenue village either due to its being covered with mangrove forests or salt pan. The east-west length of the Island is 7.5 kms while the north-south width is 3.5 kms. The circumference of the Island is 18 kms and the Gam-Tal area or settlement area is about 27 acres.

The village is connected with a pucca road and has a station bus stop. The village is also connected with electricity and telephone facilities. Earlier people used to cross the creek through boat to reach the Island. However, recently a bridge has been constructed connecting the Island from main land from eastern side and road to Pen, which is about 14 kms from the village. Another bridge connecting the Island from northern side with Vasheni and Kadape village is under construction. There has been decline in the number of households and the population in the village from 978 in 1991 to 877 in 2001, and 5034 to 4249 respectively. The village is ridden with poverty and various diseases. Recently, the village has been supplied with tap water which has decreased

some of the water borne diseases. The main occupation of the villagers is fishing and sand-raising. About a half of the households are involved in sand raising, less than a half in fishing, and the rest in small trade and commerce. Because of the sea level rise and flooding of fields during high tides, not a single crop has been raised since 1989.

The village due to location of a bus stop and geographical isolation has some provision shops, and eateries. The village also has one healthcare sub-center, but people complain about lack of facilities there: medicine and sometimes non availability of medical-personnel. Beside the health sub-center, there are three quacks also in the village. The people in the village belong to the Agri caste and follow Hindu religion. Out-migration from the village, due to environmental factors and lack of employment and other facilities, is quite common. The migration is generally to Mumbai or Pen where they work as wage labourers. The average income of households in the village is about Rs.8, 000 per annum. Perhaps it is the earnings from out-migration jobs which constitute main part of the family earnings.

### 5.3 Socio-economic analysis of SEZs affected families

#### 5.3.1 Demands from SEZs

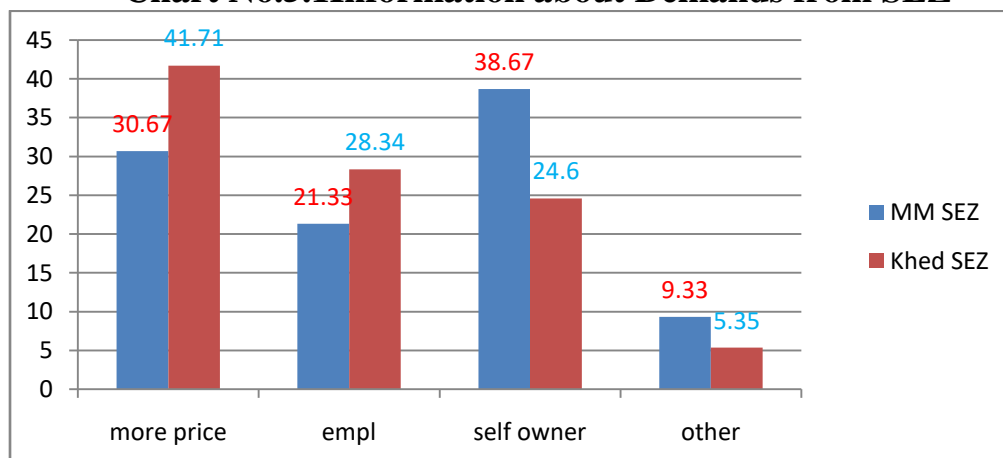
Information was collected from around 345 respondents regarding their demands from SEZs Authorities. The information and data collected reveals many interesting facts. Some of the facts that can be deciphered from the data collected are presented below as table no-5.1 & chart No.5.1

**Table No. 5.1 Information about Demands from SEZ**

Sr. No	Name of village	Demand from SEZ		If yes which demand				Admitted demand				Total
		Yes	No	More price	Employment	Self Employment	Other	More price	Employment	Self Employment	Other	
A	MM SEZ											
1	Dhasakhosi	2	13	2	2	2	0	2	0	0	0	15
2	Jui	3	12	3	2	3	1	3	0	0	0	15
3	Koproli	3	12	0	1	3	1	3	0	0	0	15
4	Bundhpada	0	15	0	0	0	0	0	0	0	0	15
5	Kacherpada	0	15	0	0	0	0	0	0	0	0	15
6	Talbandkhar	1	14	0	0	1	0	1	0	0	0	15
7	Pirkoni	2	13	2	2	2	0	2	0	0	0	15
8	Sangpalekhar	0	15	0	0	0	0	0	0	0	0	15
9	Govthane	3	12	3	2	3	1	3	0	0	0	15
10	Sarde	1	14	0	0	1	0	1	0	0	0	15
11	Vasheni	2	13	2	0	2	1	2	0	0	0	15

12	Punade	3	12	3	1	3	1	3	0	0	0	15
13	Kadape	4	11	3	2	3	1	4	0	0	0	15
14	Aware	3	12	2	2	3	0	3	0	0	0	15
15	Dadar	3	12	3	2	3	1	3	0	0	0	15
Tot al	MM SEZ	30(13.33 )	195(86.6 7)	23 (30.6 7)	16 (21.33)	29 (38.67)	7 (9.3 3)	30 (100)	0(0)	0(0)	0(0)	225 (100 )
B	KHED SEZ											
16	Ghosasi	11	4	11	9	11	2	11	8	0	0	15
17	Kanersar	9	6	8	7	4	1	9	6	0	0	15
18	Pabel	8	7	8	5	6	2	8	5	0	0	15
19	Varudhe	10	5	10	8	6	2	10	6	0	0	15
20	Retwadi	12	3	12	7	3	1	12	8	0	0	15
21	Kendur	10	5	10	6	5	2	10	6	0	0	15
22	Dawdi	11	4	11	6	6	0	11	5	0	0	15
23	Nimgaon	9	6	8	5	5	0	9	6	0	0	15
Tot al	KHED SEZ	80(66.67 )	40(33.33 )	78 (41.7 1)	53 (28.34)	46 (24.60)	10 (5.3 5)	80 (61.5 4)	50 (38.46)	0(0)	0(0)	120 (100 )
Tot al	A+B	110(31.8 8)	235(68.1 2)	101 (38.5 5)	69 (26.34)	75 (28.63)	17 (6.4 9)	110 (68.7 5)	50 (31.25)	0(0)	0(0)	345 (100 )

**Chart No.5.1 Information about Demands from SEZ**



Out of the 345 informants 110 (31%) had some or the other kind of demand from the developers while the rest of the 335 informants did not have any demand from the developers. The variation in responses is remarkable if we try to compare the responses from the informants of two different SEZs affected families. In case of Maha Mumbai SEZs only 30 (13.33%) respondents out 225 total respondents had some kind of demand from the SEZ developers while the rest of the 195 respondents (86.67) replied that they have no demand from the developers.

This does not imply that these respondents were happy with what they have got but the fact is that they did not wish to give their land at any cost. While those 30 who had some kind of demand from the developers of MMSEZ replied that 23 out of these 30 informants demanded more price of for their land, 16 out of these 30

demand Employment assurance from the developers while as many as 29 informants demanded that they should be provided with some sort of Self Employment opportunity such as space and capital for Hotel, Restaurants, General Stores or workshops for Industrial work in the SEZs after the development. And till the SEZs project actually comes up they should be provided with some other employment opportunity. Further, all these 30 respondents reported that their demand for higher price has been accepted but their other demands for employment and help for self-employment have not been admitted. And this is one of the prime reasons for the rest of the respondent to not to come to terms with the developer as they are not happy about the compensation that they are likely to get from the developer.

Now if we compare the same sort of data for the Khed SEZ, we found a completely different approach of the project affected families. Here, as many as 80 (66.66%) families reported that they have some or the other kind of demand from the SEZ Developers. While only 40 respondents replied that don't have any kind of demand from the developers. And out of these 80 respondents as many as 78 respondents reported that they wished that they want increased price for their land.

This proves the unrest amongst the farmers whose land has been acquired for the SEZs Project. Apart from the increased price 53 respondents wanted an additional employment opportunity while as many as 46 respondents wanted some sort of health for starting an self-employment venture from the developer. Further, when asked about which of their demands has been admitted, the respondents reported that their demands for increased price have been met but their demands for employment and self-employment opportunities have not been met yet.

If we try to combine the data for both the SEZs we will find that only 110 (31.88%) respondents have reported to have an additional demand from the developers while the majority of the respondents numbering 235 or 68.12%, reported that either they don't have any additional demand or they don't want to discuss about any additional demand. Almost all the 101 families wanted to have additional price and their demand for additional price have been accepted by the developer but they further informed that 69 of these 110 respondents wanted to have employment in addition to the price that they have received.

While as many as 75 respondents wanted to have some additional self-employment opportunity. When asked about whether demands for employment and self-employment have been met or not, 50 out of 110 respondents reported that their demands for employment have been met while all the respondents reported that

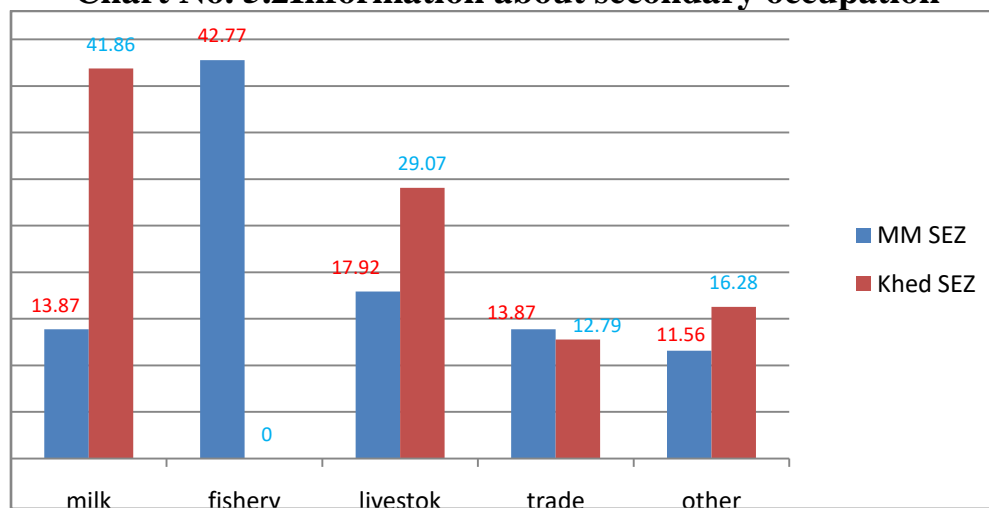
none of the developer have agreed to provide any self-employment opportunity to any project affected family. This information proves the causes of unwillingness of the farmer families to provide their lands for Special Economic Zones.

Farms provide a source of employment and it is a source of income for generations to come besides the farmers have an emotional attachment with the ancestral land and if someone is trying to take it away for any purpose, the farmers will be unwilling to give their lands especially at a throw away price . And that's the cause that most of the farmers in our study have decided to not to present their demands for any purpose.

The information given in the table5.1 has been presented with the help of diagrams as well. The diagrams reveal that out of the farmers which have some or the other kind of demand the largest demand has been raised for more price. The same information is presented in the Fig no. 5.1 where as many as 31.67% farmers from Mumbai SEZs wanted more price while the percentage of farmers demanding more price was higher in case of Pune SEZ where as many as 41.71% farmers were unsatisfied with the price received by them for their land. Similarly, in case of farmers demanding employment opportunity was higher for Pune SEZ where as many as 28.34% farmers were demanding employment opportunity in the developed SEZ where as in case of Mumbai SEZ only 21.67% farmers were demanding employment opportunity.

### ***5.3.2 Secondary Occupation of SEZ Affected Families***

An attempt was made to collect information on the secondary occupation of the respondents from the Mumbai and Pune SEZ. When asked whether they have any source of secondary occupation.

**Chart No. 5.2 Information about secondary occupation**

In the Chart no-5.2 with the help of bar diagrams in which the blue colour depicts the information for the Mumbai SEZ and the red colour depicts the information for the Pune SEZ. The numbers on the top of the bar represent the percentage for the respective type of secondary occupation. The information which is analyzed in the above paragraphs is also in Table No.5.2.

**Table no-5.2 Information about Secondary occupation**

Sr. No.	Name of village	Occupation		If yes which types					Total
		Yes	No	Milk	Fishery	Livestock	Trade	Other	
A	MM SEZ								
1	Dhasakhosi	9	6	1	6	1	1	0	15
2	Jui	7	8	0	4	1	2	0	15
3	Koproli	6	9	0	3	0	1	2	15
4	Bundhpada	8	7	0	5	2	0	1	15
5	Kacherpada	13	2	1	7	1	3	1	15
6	Talbandkhar	12	3	2	6	2	2	0	15
7	Pirkoni	14	1	2	6	4	1	1	15
8	Sangpalekhar	15	0	3	7	2	1	2	15
9	Govthane	13	2	2	5	2	1	3	15
10	Sarde	12	3	4	3	4	0	1	15
11	Vasheni	13	2	2	5	2	4	0	15
12	Punade	12	3	3	5	1	1	2	15
13	Kadape	12	3	2	4	3	1	2	15
14	Aware	14	1	0	6	3	3	2	15
15	Dadar	13	2	2	3	3	2	3	15
Total	MM SEZ	173 (76.8)	52 (23.11)	24 (13.87)	74 (42.77)	31 (17.92)	24 (13.87)	20 (11.56)	225 (100)
B	KHED SEZ								
16	Ghosasi	9	6	5	0	3	1	0	15
17	Kanersar	10	5	4	0	3	1	2	15
18	Pabel	11	4	5	0	3	1	2	15



19	Varudhe	10	5	3	0	4	2	1	15
20	Retwadi	11	4	5	0	2	2	2	15
21	Kendur	10	5	4	0	4	1	1	15
22	Dawdi	12	3	6	0	2	2	2	15
23	Nimgaon	13	2	4	0	4	1	4	15
Total	KHED SEZ	86 (71.67)	34 (28.33)	36 (41.86)	0(0)	25 (29.07)	11 (12.79)	14 (16.28)	120 (100)
Total	A+B	259 (75.07)	86 (24.93)	60 (23.17)	74 (28.57)	56 (21.62)	35 (13.51)	34 (13.13)	345 (100)

As many as 259 (75.05) respondents out of 345 total respondents replied that they had some or the other kind of secondary occupation. If the same data is separated for the Mumbai and Khed SEZ, We get similar conclusions. In case of Mumbai SEZ, 173 (76.89%) respondents out of the sample of 225 respondents replied that they have alternative source of income. And in case of Pune SEZ the no. of participants replying in affirmative was 86 (71.67%) while the remaining 34 (28.33%) had no source of secondary occupation. As it could be seen from the data that in case of Mumbai SEZ, the no.of persons having secondary occupation was more.

Now, if we further try to divide the respondents according to their source of secondary occupation, we can divide them amongst five categories, namely, milk, fisheries, livestock, trade and other. In case of Mumbai SEZ, as many as 36 respondents were involved in the Milk business while the percentage of respondents involved in milk business was 41.87% in case of respondents from the Pune SEZ.

Thus milk business was the largest source of secondary occupation for the respondents in the Pune SEZ. Similarly, Fisheries (Marine Fisheries was the largest source of business for the respondents from the Mumbai SEZ where as many as 42.77% respondents were dependent on fisheries. While no respondent from the Pune SEZ was dependent on the fisheries business. Again, Livestock rearing provided secondary occupation to 17.92% respondents from the Mumbai SEZ whereas 29.07% respondents from the Pune SEZ were dependent upon Livestock Rearing this is because a large no. of respondents from Mumbai SEZ were dependent upon fisheries due to their proximity to the sea. Another important source of secondary occupation for the respondents was trading which provided employment to 13.87% respondents from the Mumbai SEZ and to 12.79% respondents from the Pune SEZ.

While the rest of the respondents were busy in other types of secondary occupations all this data proves that the farmers in both these areas were not

merely subsistence farmers and most of them had some or the other kind of secondary occupation. The farmers were not in the need of selling their land and they were not ready to part with their land at least not at a throw away price. Lands at both the places were fertile with adequate source of irrigation which made their farming profitable. Now, the question arises that why such SEZ projects are being permitted on such fertile pieces of land while huge amounts of barren lands are available in other parts of the state.

The farms and allied activities provide a permanent and perennial source of income to the farmers and their families and in such scenario the Government and SEZ developers are depriving the future generations of the farmers from this perennial source of income besides the construction of the SEZ on the fertile agriculture land also means the loss of fertile land to the future generations of the country as a whole. Then a question arises whether this is an example of Sustainable Development? And the answer we get is certainly not positive.

### 5.3.3 Age group

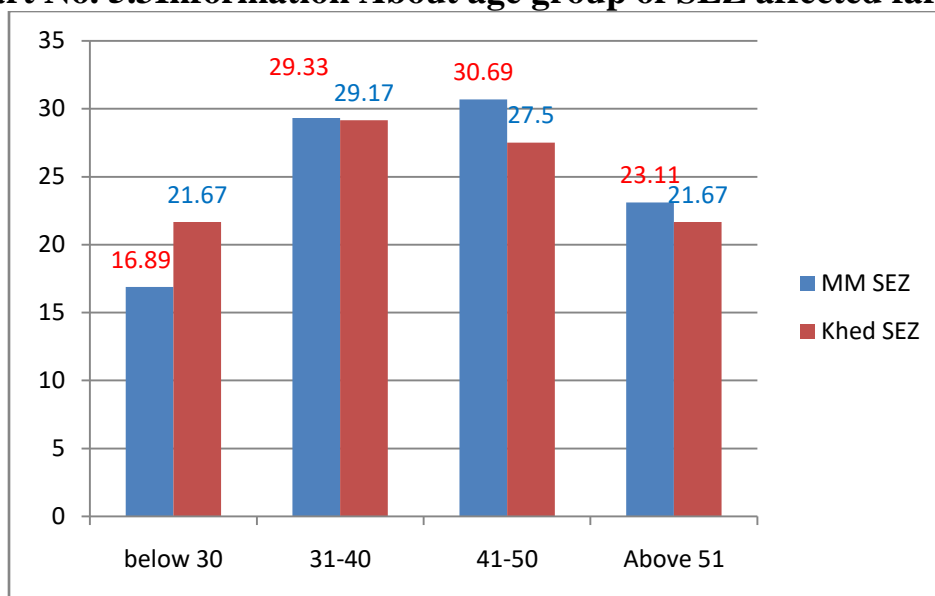
The purpose of collecting such type of data is to understand the age wise variations in the project affected families. These differences will help us understand the ability of the farmers to adjust with the changing conditions. If the no. of farmers in the smaller age group is more, then it is easier for them to adapt a different lifestyle and working environment.

**Table No. 5.3 Information about Age group of SEZ affected farmers**

Sr. No.	Name of village	Age groups				Total
		Below 30	31-40	41-50	Above 51	
A	MM SEZ					
1	Dhasakhosi	4	6	3	2	15
2	Jui	2	8	3	2	15
3	Koproli	3	5	5	2	15
4	Bundhpada	2	4	6	3	15
5	Kacherpada	1	5	8	1	15
6	Talbandkhar	3	6	4	2	15
7	Pirkoni	2	7	4	2	15
8	Sangpalekhar	3	3	6	3	15
9	Govthane	2	3	4	6	15
10	Sarde	3	4	4	4	15
11	Vasheni	1	3	6	5	15
12	Punade	2	4	4	5	15
13	Kadape	3	2	5	5	15

14	Aware	2	4	4	5	15
15	Dadar	5	2	3	5	15
Total	MM SEZ	38(16.89)	66(29.33)	69(30.89)	52(23.11)	225(100)
B	KHED SEZ					
16	Ghosasi	5	3	4	3	15
17	Kanersar	4	4	5	2	15
18	Pabel	4	4	3	4	15
19	Varudhe	3	4	4	4	15
20	Retwadi	4	5	5	1	15
21	Kendur	3	6	4	2	15
22	Dawdi	1	5	4	5	15
23	Nimgaon	2	4	4	5	15
Total	KHED SEZ	26(21.67)	35(29.17)	33(27.50)	26(21.67)	120(100)
Total	A+B	64(18.55)	101(29.28)	102(29.57)	78(22.61)	345(100)

**Chart No. 5.3 Information About age group of SEZ affected farmers**



The information regarding the age-wise distribution of the respondents from the Mumbai and Pune SEZ is depicted the table no-5.3 and Chart no-5.3 above. From the given data it could be deciphered that the no. of farmers in the below 30 age group is the least amongst all categories which is just 18.55% of all the respondents.

If try to segregate the data for each of the SEZ then we will find that the no. of farmers below 30 age are 18.89% for the Mumbai SEZ and 21.67% for the Pune SEZ. Similarly, the percentage of farmers in the age group of 31-40 years is 29.28% of all the respondents with a slight difference of percentage for both the

SEZs separately. Again the percentage of farmers in the 41-50 years of age is 29.57% for all the respondents from both the SEZs combined.

The percentage of respondents in this group for the Mumbai SEZ is 30.69% and 27.05% for the Pune SEZ. While the percentage of farmers in the 50 plus category is 22.61% of the total respondents with slight variations for the respective SEZs. The collected information it could be seen that just 18.55% respondents were from the below 30 category while as many as 58.85% farmers are from the age group of 31-50 years. While the remaining 22.61 farmers are from the 50 plus category which are rarely able to adapt to new occupations. In such scenario there is need to devise various employment opportunities as per the suitability according to the age composition of the farmers.

As it could be seen from the collected data it becomes clear that majority of the farmers are from the 31-50 years of age category and it would be a real challenge to train them and to provide them with a gainful employment. And another challenge for the government is to solve the problem of the old aged project affected families as special measures would be required to accommodate the specific demands of such families. Some of the families in this category are destitute and to ask them to part with their land without providing for adequate social security cover is a real question mark on all the development process of Special Economic Zone. Hence, it is required that we must understand the Social Cost attached with such acquisition process. And because of this reason the cost of land which is paid to the affected farmers should not just be linked with the market price but it should also include the social cost involved in such type of development.

### 5.3.4 Literacy in SEZ Affected Families

The data represented in the table 5.4 is highly important as it represents the classification of the respondents according to their educational qualification. Above information show 49.77% population is literate in MM SEZ. The ratio of literacy in Khed SEZ is 77.5%.

**Table no-5.4 Information About literacy of SEZ affected farmers**

Sr. No.	Name of village	Literacy		If yes which types						Total
		Yes	No	Primary	Secondary	Higher Secondary	U.G.	P. G.	Other	
A	MM SEZ									
1	Dhasakhosi	6	9	3	2	0	1	0	0	15
2	Jui	7	8	2	3	1	1	0	0	15
3	Koproli	6	9	2	1	2	0	1	0	15
4	Bundhpada	6	9	1	2	2	0	0	1	15
5	Kacherpada	8	7	2	4	1	0	0	1	15
6	Talbandkhar	7	8	2	3	1	1	0	1	15
7	Pirkoni	8	7	4	2	1	0	0	1	15

8	Sangpalekhar	9	6	3	3	0	1	1	1	15
9	Govthane	7	8	2	3	1	0	0	1	15
10	Sarde	9	6	2	2	1	1	1	2	15
11	Vasheni	8	7	2	2	1	1	0	2	15
12	Punade	7	8	2	3	1	0	0	1	15
13	Kadape	7	8	3	2	0	0	0	2	15
14	Aware	8	7	3	2	2	0	0	1	15
15	Dadar	9	6	2	3	2	1	1	0	15
Total	MM SEZ	112 (49.77)	113 (50.23)	35 (31.25)	37 (33)	16 (14.28)	7 (6.25)	4 (3.57)	14 (12.5)	225 (100)
B	KHED SEZ									
16	Ghosasi	12	3	3	4	2	1	1	1	15
17	Kanersar	13	2	2	3	3	3	1	1	15
18	Pabel	14	1	2	2	3	1	2	4	15
19	Varudhe	11	4	4	2	1	1	0	3	15
20	Retwadi	12	3	2	3	2	1	1	3	15
21	Kendur	12	3	4	2	1	1	1	3	15
22	Dawdi	7	8	3	1	1	0	0	2	15
23	Nimgaon	12	3	2	3	2	2	1	2	15
Total	KHED SEZ	93 (77.5)	27 (22.5)	22 (23.65)	20 (21.5)	15 (16.12)	10 (10.75)	7 (7.5)	19 (20.43)	120 (100)
Total	A+B	205 (59.42)	140 (40.57)	57 (27.8)	57 (27.8)	31 (15.12)	17 (8.29)	11 (5.36)	33 (16.09)	345 (100)

### 5.3.5 Cast of SEZ affected families

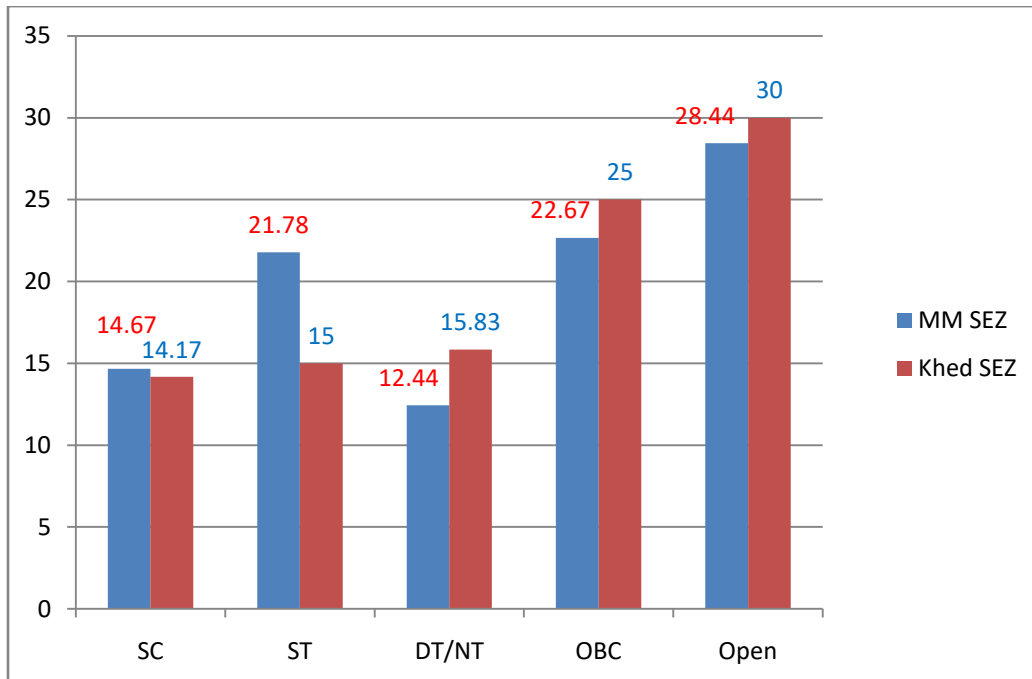
We have talked about the social cost of development in the paragraphs above. Similarly, here we have tried to depict the classification of the respondents from according to their social category. In India every problem is looked from the view of social categories.

**Table No-5.5 Information about Cast of SEZ affected farmers**

Sr. No.	Name of village	Cast					Total
		SC	ST	DT/NT	OBC	Open	
A	MM SEZ						
1	Dhasakhosi	2	3	2	3	5	15
12	Jui	2	4	1	2	6	15
3	Koproli	2	3	1	4	5	15
4	Bundhpada	3	3	2	4	3	15
5	Kacherpada	1	4	2	3	5	15
6	Talbandkhar	2	3	2	3	5	15
7	Pirkoni	3	2	1	4	5	15
8	Sangpalekhar	2	4	2	4	3	15
9	Govthane	2	3	3	3	4	15
10	Sarde	3	3	2	2	5	15
11	Vasheni	3	3	2	4	3	15
12	Punade	2	4	2	3	4	15
13	Kadape	2	3	2	4	4	15
14	Aware	2	4	2	4	3	15
15	Dadar	2	3	2	4	4	15
Total	MM SEZ	33(14.67)	49(21.78)	28(12.44)	51(22.67)	64(28.44)	225(100)
B	KHED SEZ						
16	Ghosasi	2	2	2	5	4	15
17	Kanersar	2	1	3	4	5	15

18	Pabel	2	2	2	4	5	15
19	Varudhe	1	4	2	3	5	15
20	Retwadi	4	2	3	3	3	15
21	Kendur	2	2	2	4	5	15
22	Dawdi	2	4	2	3	4	15
23	Nimgaon	2	1	3	4	5	15
Total	KHED SEZ	17(14.17)	18(15.0)	19(15.83)	30(25)	36(30)	120(100)
Total	A+B	50(14.49)	67(19.42)	47(13.62)	81(23.48)	100(28.99)	345(100)

**Chart No. 5.4 Information about cast of SEZ affected farmers**



According to table 5.5, information we will find that the percentage of respondents from the Scheduled Caste Category was as high as 14.49% for all the respondents combined with slight differences for the respective SEZs. Again the percentage of respondents from the Scheduled Tribes (ST category) was 19.42% with a large portion of these respondents coming from the Mumbai SEZ region where as many as 21.78% farmers were from the ST category and from the Pune SEZ only 15% respondents were from this category.

The percentage of families from the DT/NT category was 13.62% from the total respondents while the no. of such respondents was as high as 15.83% for the Pune SEZ compared to 12.44% respondents from the Mumbai SEZ Region. The percentage of respondents from the OBC Category was 23.48% for all the respondents combined while the percentage of OBC respondents was 22.67% for Mumbai SEZ and as high as 25% for the Pune SEZ.

The largest no. of respondents from the total respondents was from Open Category from which as many as 28.99% respondents provided the information. The percentage of respondents from the Open Category from the Mumbai region was 28.44% while the same for the Pune SEZ was 30%.

The information which is analyzed in the above paragraph is also presented diagrammatically in the Fig no 5, 4, with the help of bar diagram in which the blue colour depicts the information for the Mumbai SEZ and the red colour depicts the information for the Pune SEZ. The figures on the top of the bar represent the percentage for the respective types of social categories.

Amongst the above mentioned categories the respondents from the Scheduled Tribes Category are considered as the most vulnerable due to lack of literacy, less contact with the world outside their village, widespread diseases, small land holdings, lack of proper land records, drinking habits etc. In such scenario, the onetime settlement of dues by the developers to the project affected farmers will be highly inadequate to solve the problems of the Scheduled Tribes. The eviction of such families even at some handsome cost is likely to open a plethora of problems for the Tribal Society. Again the question of losing a social culture for the sake of development without providing for the preservation of such culture could not be seen as a wise decision.

The tribal society's problems of lack of health, literacy and common knowledge are far worse than a normal person could think of. And hence, the rehabilitation of such farmers is a tremendous challenge for which neither the Government nor the Developers seems to have any viable plan.

The next vulnerable category of respondents is the Scheduled Caste Category from which as many as 14.49% of respondents have reported to the queries. The major problems of the Scheduled Caste category are lack of literacy, lack of awareness and small land holding. On the one hand the Government is boasting of taking many social upliftment measures for the SC, ST and other less privileged categories but on the other hand its rehabilitation policy for the project affected families from the SEZ projects does not have any special provisions for such categories. And even if it makes such provisions in law, the guarantee of these provisions being implemented actually is little.

Apart from these two categories the DT/NT category is also considered as socially backward whose percentage amongst all the respondents is 13.62%. Similarly the percentage of OBC categories is 23.48% while percentage of respondents from the Open Category is 28.99%. From the Open category also there are many families which are economically backward. This whole net of various types of backwardness such as social backwardness, economic backwardness, educational backwardness makes the whole problem a lot more complicated.

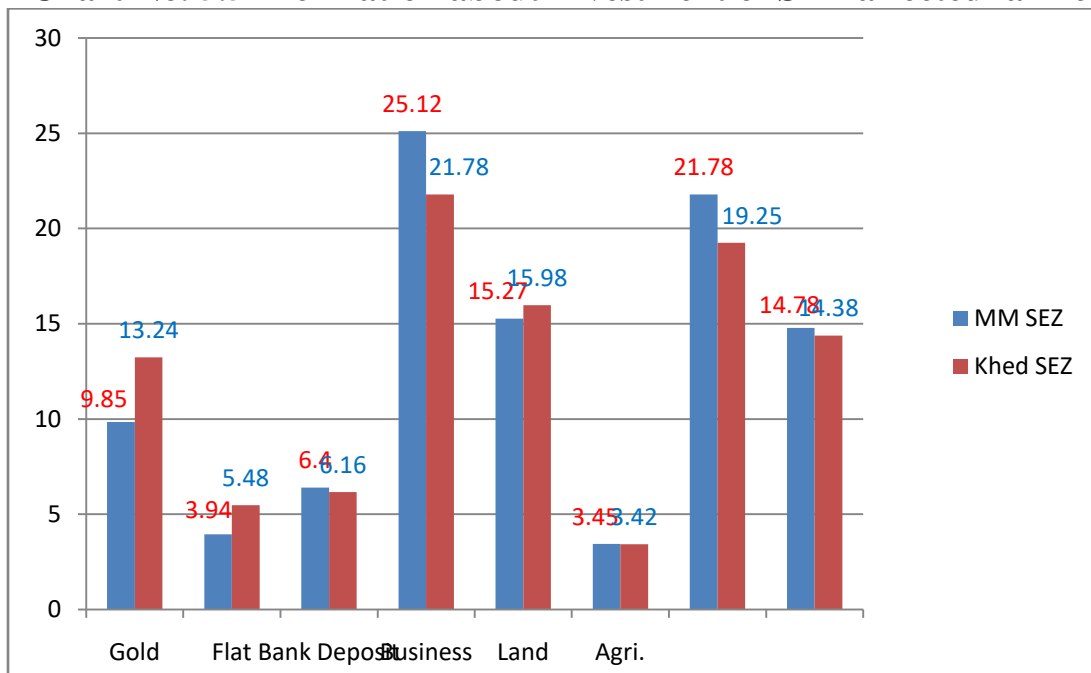
### 5.3.6 Investment of SEZ Affected Families

In this piece of information data has been collected on the investments made by the SEZ affected families. Such data will enable us to determine the financial well-being and the financial acumen of such families.

**Table No-5.6 Information about Investment of SEZ affected farmers**

Sr no	Name of village	Investment		If yes								Total
		Yes	No	Gold	Flat	Bank deposit	Business	Land	Agriculture	Consumer Goods	Other Expenses	
A	MM SEZ											
1	Dhasakhosi	4	11	2	1	2	2	1	0	4	2	15
2	Jui	3	12	1	0	1	3	1	0	3	3	15
3	Koprol	4	11	1	1	1	4	2	1	4	2	15
4	Bundhpada	2	13	0	0	0	2	1	0	2	2	15
5	Kacherpada	3	12	1	0	1	3	1	0	3	3	15
6	Talbandkhar	3	12	1	1	0	3	3	1	3	3	15
7	Pirkoni	4	11	2	1	1	4	2	1	4	2	15
8	Sangpalekhar	3	12	1	0	1	3	2	0	3	1	15
9	Govthane	5	10	2	1	2	5	4	1	5	2	15
10	Sarde	5	10	1	2	2	5	3	1	5	2	15
11	Vasheni	5	10	3	1	1	5	4	1	5	2	15
12	Punade	2	13	1	0	0	2	1	0	2	0	15
13	Kadape	3	12	1	0	0	3	2	0	3	2	15
14	Aware	4	11	2	0	1	4	2	0	4	2	15
15	Dadar	3	12	1	0	0	3	2	1	3	2	15
Total	MM SEZ	53(23.56)	172(76.44)	20(9.85)	8(3.94)	13(6.40)	51(25.12)	31(15.27)	7(3.45)	43(21.18)	30(14.78)	225(100)
B	KHED SEZ											
16	Ghosasi	6	9	4	2	2	5	3	1	6	4	15
17	Kanersar	7	8	3	3	2	4	5	2	6	5	15
18	Pabel	7	8	5	1	1	4	5	0	6	4	15
19	Varudhe	4	11	2	1	1	4	3	0	2	2	15
20	Retwadi	4	11	4	1	1	4	3	1	4	3	15
21	Kendur	7	8	5	2	2	6	4	2	7	4	15
22	Dawdi	10	5	8	4	3	7	8	2	8	6	15
23	Nimgaon	10	5	7	2	2	6	8	0	8	5	15
Total	KHED SEZ	55(45.83)	65(54.17)	38(16.17)	16(6.81)	14(5.96)	40(17.02)	39(16.60)	8(3.40)	47(20)	33(14.04)	120(100)
Total	A+B	108(31.30)	273(68.7)	58(13.24)	24(5.48)	27(6.16)	91(20.78)	70(15.98)	15(3.42)	90(20.55)	63(14.38)	345(100)



**Chart No. 5.5 Information about Investment of SEZ affected farmers**

According to information about investment of SEZs affected farmers that is shown in the table no-5.6, Out of the total sample of 345 families from the Mumbai and Pune SEZ, only 31.30% families had made some or the other kind of investment while the rest of the 68.70% families had not made any kind of investment whatsoever. And if we try to present a segregated data, we will find that only 23.56% families from the Mumbai SEZ had made some investment while as many as 45.83% families from the Pune SEZ had made investments.

This leads us to conclude that the affected families in the Pune SEZ region were relatively well off than the families from the Mumbai SEZ. Remaining 76.44% families from the Mumbai SEZ and 54.17% families from the Pune SEZ had not made any investment. The causes of this disparity are many such as size of families, family income, factors affecting the propensity to consume etc. Now, if we look at the investment pattern of the families from both the SEZ regions we

will find that as many as 13.24% families have made investments in Gold, 5.48% families have invested in real estate i.e. Plots/Flats. One another interesting fact is that just 6.16% families have invested money in the Bank Deposits whereas as many as 20.78% families have invested in business ventures, 15.98% families have invested in Land, 3.45% families have invested in agriculture. But the biggest chunk of the income is spent on consumption and consumer goods while the rest of the 14.38% money is spent on other expenses.

The information which is analyzed in the above paragraph is also presented diagrammatically in the in the Fig no-5.5, with the help of bar diagram in which the blue colour depicts the information for the Mumbai SEZ and the red colour depicts the information for the Pune SEZ. The figures on the top of the bar represent the percentage of investment made on different channels. From the above description we can draw a few conclusions. First conclusion is that the spread of bank branches in the affected areas is very less so that just 6.16% families have invested their money in Bank Deposits while the rest of the money is invested on other purposes. Gold has been the favorite avenue of investment as 13.24% families have invested their money in purchasing gold.

Land or buying plots has been another major source investment while very few families have opted to invest in agriculture for which the families have made just 3.42% of investment. Another important finding from this data is that first of all, the majority of families i.e. 68.70% did not make any kind of investment for which the major cause was lack of investible surplus with the families. Secondly, Families have not invested heavily in income generating assets which is proved by the fact that just 20.78% families have invested their money in business ventures while just 3.42% families have invested their money in agriculture. This proves the tendency of the farmers to spend their money in non-income generating assets. This conclusion can help us understand that the project affected families are not savvy investors and hence, they are not likely to make judicious use of the compensation which they might get from the sale of their land for the SEZ Projects.

This means that merely paying a handsome price for land is not in itself the wisest decision for the families. Most of these families do not have the experience of financial management besides they are poor financial planners and investors. Hence, the government or the developers or the activists are stressing on the need of fair price for the land but just paying the fair price is not likely to solve the problems of the farmers. This may lead to faulty expenditure on the side of the farmers which will make them penniless within a very short period of time and the sudden windfall gain may push them in the trap of drinking and extravagant spending on marriages and consumption.

Thus, there is need that the government and developers should not only ensure fair price but they must devise ways to ensure that the compensated families must make judicious use of the sale proceedings. Here, it could be suggested that the Government should not stress upon the one time fair price but it should make such changes in the policy vide which the project affected families are made partners in the development process of Special Economic Zones with equity shares in the developer company, jobs in various establishments, land for land deals, self-employment opportunities in the commercial areas of the developed SEZ etc.

### 5.3.7 Information of SEZ Act

The SEZs Act, 2005 was passed in the year of 2006 with many wide ranging provisions. Here, an attempt has been made to collect information from the respondents regarding their awareness about the SEZs Act and its provisions.

**Table No-5.7 Information about SEZs Act**

Sr. No.	Name of village	Information		Year				From which person/ institute					Total
		Yes	No	2005	2006	2007	2008	Relative	Govt. servant	Political leader	NGO	Other	
A	MM SEZ												
1	Dhasakhosi	3	12	0	1	1	1	1	1	1	0	0	15
2	Jui	4	11	0	1	2	1	2	1	1	0	0	15
3	Koproli	2	13	0	0	1	1	2	0	0	0	0	15
4	Bundhpada	0	15	0	0	0	0	0	0	0	0	0	15
5	Kacherpada	6	9	0	1	3	2	2	1	2	0	1	15
6	Talbandkhar	8	7	2	2	3	1	4	1	1	0	2	15
7	Pirkoni	5	10	0	2	2	1	1	3	0	0	1	15
8	Sangpalekhar	6	9	0	2	3	1	2	2	1	0	1	15
9	Govthane	9	6	0	3	4	2	3	4	1	0	1	15
10	Sarde	3	12	0	2	1	0	1	2	0	0	0	15
11	Vasheni	4	11	0	2	1	1	1	2	1	0	0	15
12	Punade	3	12	0	1	1	1	1	1	1	0	0	15
13	Kadape	6	9	0	2	3	1	1	2	3	0	0	15
14	Aware	7	8	0	2	3	2	1	2	3	0	1	15
15	Dadar	8	7	0	4	2	2	2	2	3	0	1	15
Total	MM SEZ	74 (32.89)	151 (67.11)	2 (2.7)	25 (33.78)	30 (40.54)	17 (22.97)	24 (32.43)	24 (32.43)	18 (24.32)	0 (0)	8 (10.81)	225 (100)
B	KHED SEZ												
16	Ghosasi	6	9	1	2	2	1	1	2	2	0	1	15
17	Kanersar	7	8	1	2	2	2	1	4	1	0	1	15
18	Pabel	6	9	4	1	1	0	2	2	2	0	0	15
19	Varudhe	5	10	3	1	1	0	2	1	2	0	0	15
20	Retwadi	5	10	2	1	1	1	1	2	2	0	0	15
21	Kendur	5	10	0	2	2	1	2	1	2	0	0	15

22	Dawdi	6	9	0	3	2	1	1	3	2	0	0	15
23	Nimgaon	6	9	1	3	1	1	2	3	1	0	0	15
Tot al	KHED SEZ	46 (38.3 3)	74 (61.6 7)	12 (26.0 9)	15 (32.6 1)	12 (26.0 9)	7 (15.2 2)	12 (26.09 )	18 (39.1 3)	14 (30.43 )	0 (0)	2 (4.35 )	120 (100 )
Tot al	A+B	120 (34.7 8)	225 (65.2 2)	14 (11.6 7)	40 (33.3 3)	42 (35)	24 (20)	36 (30)	42 (35)	32 (26.67 )	0 (0)	10 (8.33 )	345 (100 )

From the collected data as table no-5.7, it becomes clear that majority of the affected families are not aware about the Act or its provisions. Only 34.78% families from the total 345 families were aware about the Act and its provisions. The knowledge of the Act was necessary for the affected families to understand the nature of course of action that is likely to take in future. But the collected data proves that the affected families are ill equipped to face the challenge as they don't even have the preliminary knowledge of the provisions of the law. Even those families who were aware about the law are not aware about the detailed provisions of the law. Rest of the 65.22% families did not have any knowledge of the law;

However, according to them all these activities are performed by the government in one name or the other. Most of the beneficiaries who were aware thought that the law was passed in the year 2006 (33.33) or 2007 (35%). While very few thought that the Act was passed in the year 2005 (11.67%) while 20% respondents thought that the Act was passed in the year 2008. When asked to name the source of their knowledge about the law, as many as 30% replied that they have come to know about the Act from the relatives, friends and fellow villagers. Though most of the respondents were not aware about the date and name of the law, it seems that they have participated in the street side discussions on the subject as most of the respondents were aware about basic principles of the Act.

Majority of the members who were aware reported that their source of knowledge was Government Servants such as Talathi (Village Revenue Official and Gram Sevaks. Nearly 35% reported that their source of knowledge about the SEZs Act were Government Servants. Besides the Government Servants Political Leaders were the knowledge sources for 26.67% respondents. While the rest of 8.33% came to know about the scheme from other sources. The information presented here mandates that the Government should first try to educate the villagers who are going to get affected due to the development projects. This will work as a confidence building mechanism amongst the developer, government and the villagers. In such activities the government and the developer should present their

deal for the farmers and they should try to know the grievances of the villagers and in this way they could solve their disputes amicably.

### 5.3.8 Social Problems of Rehabilitated Area

Development of SEZ has not only posed economic problems for the evicted owners of the land but they have also opened a box filled with plethora of social problems for the affected families. To take note of this, specific data was collected from the selected sample of 345 respondents regarding the social problems faced by them in the rehabilitated area.

**Table No.5.8 Information about the Social Problems faced in the rehabilitated area**

Sr. No.	Name of village	Limitation		Types of limitation				Total
		Yes	No	Lack of Familiarity With natural climate	Division of families	Lack of social integration	other	
A	MM SEZ							
1	Dhasakhosi	13	2	10	7	7	6	15
2	Jui	10	5	7	6	6	5	15
3	Koprol	11	4	6	5	6	7	15
4	Bundhpada	8	7	5	5	4	4	15
5	Kacherpada	9	6	6	4	7	5	15
6	Talbandkhar	10	5	3	6	5	3	15
7	Pirkoni	9	6	7	3	5	2	15
8	Sangpalekhar	12	3	8	2	4	6	15
9	Govthane	10	5	6	5	7	4	15
10	Sarde	9	6	4	3	4	5	15
11	Vasheni	8	7	5	2	7	4	15
12	Punade	11	4	10	8	5	5	15
13	Kadape	11	4	9	8	6	5	15
14	Aware	10	5	8	7	6	6	15
15	Dadar	13	2	11	8	7	7	15
Total	MM SEZ	154(68.44)	71(31.56)	105(30.52)	79(22.97)	86(25)	74(21.51)	225(100)
B	KHED SEZ							
16	Ghosasi	11	4	4	8	8	7	15
17	Kanersar	9	6	4	5	6	3	15
18	Pabel	10	5	6	6	4	4	15
19	Varudhe	9	6	8	7	7	5	15
20	Retwadi	10	5	8	8	3	6	15
21	Kendur	10	5	5	8	3	4	15
22	Dawdi	12	3	7	7	5	5	15
23	Nimgaon	13	2	8	9	6	4	15
Total	KHED SEZ	84(70)	36(30)	50(26.6)	58(30.85)	42(22.34)	38(20.81)	120(100)
Total	A+B	238(68.99)	107(31.07)	155(29.14)	137(25.75)	128(24.04)	112(21.05)	345(100)

The collected data as table no-5.8 reveals the following facts. As many as 68.99% of the new settlers or the project affected families face social limitations in getting adapted to the new areas. While the rest of the 31.07% respondents did not face any

new social problems in the rehabilitated area. This proportion was almost same for the respondents from the Mumbai as well as for the Pune SEZ affected families. When asked about what were the limitations faced by the families, the answer that we got was many. However, for the sake of simplicity we have tried to divide them into four major types. As many as 29.14% respondents from the total of 345 respondents faced problems with getting familiarized with the natural climate conditions of the new area. The no. of respondents with some problems in getting adjusted to the natural conditions was higher in case of Mumbai SEZ where as many as 30.52% respondents faced problems whereas the no. of such families was less in case of Pune SEZ where 26.6% families faced such problems. The second important faced by the displaced families was regarding the division of families or clans in different villages. The joint family system is still quite strong in the rural areas and such families provide many kinds of protections to the family members. But when such large families got divided the family members are now feeling marginalized in the new area. They find their status weakened in the new area. This problem was faced by as many as 25.75% respondents from the total of 345 respondents. The problems was felt by as many as 30.85% families from the Pune SEZ area while the division of families posed problems for 22.97% respondents from the Mumbai SEZ areas. The third social problem of the respondents was regarding getting integrated in the new society. The lack of social integration was a major problem for as many as 24.04% respondents out of 345 respondents. The problem was faced by 25% respondents from the Mumbai SEZ area while the no. of families facing such problem was as much as 22.34% for the respondents from the Pune SEZ area. The problem was faced by the respondents especially during the celebration of traditional festivals such as Dashehra, Diwali, Ganesh Puja and Durga Puja festivals.

Apart from these there were other social problems related to the residential place allotted in the rehabilitated village, problems associated with the marriages, indifferent and dominating attitude of the villagers in the new area towards the new settlers, emotional attachment and the pain associated with parting with the ancestral land etc.

Though these problems could not be removed completely they could be minimized by the way of rehabilitating the families in the adjacent villages. Again while rehabilitating care should be taken that they are allotted residential plots in the areas of their community. Government should ask the developers to make some kind of permanent improvement in the rehabilitated villages so that the original owners did not feel that the new settlers are a burden on them.

### 5.3.9 Water supply for agriculture

The information reveals that the problem of irrigation was a major problem for the development of agriculture in the SEZ affected villages. Besides this almost  $\frac{3}{4}$  farmers did not have any source of irrigation. And absence of irrigation on such a massive state itself speaks that the agriculture in the affected area was merely subsistence farming for most of the farmers.

**Table No-5.9 Information About water supply for agriculture**

Sr. No.	Name of village	Supply of water		Which sources					Total
		Yes	No	Well	Tube well	River	Dam	Lake	
A	MM SEZ								
1	Dhasakhosi	3	12	1	2	0	0	0	15
2	Jui	2	13	0	2	0	0	0	15
3	Koproli	3	12	1	0	2	0	0	15
4	Bundhpada	1	14	1	0	0	0	0	15
5	Kacherpada	4	11	1	1	2	0	0	15
6	Talbandkhar	3	12	2	1	0	0	0	15
7	Pirkoni	4	11	2	0	2	0	0	15
8	Sangpalekhar	2	13	2	0	0	0	0	15
9	Govthane	5	10	1	2	2	0	0	15
10	Sarde	3	12	1	2	0	0	0	15
11	Vasheni	4	11	1	1	2	0	0	15
12	Punade	2	13	1	1	0	0	0	15
13	Kadape	0	15	0	0	0	0	0	15
14	Aware	3	12	1	2	0	0	0	15
15	Dadar	2	13	0	2	0	0	0	15
Total	MM SEZ	41(18.22)	184(81.78)	15(36.59)	16(39.02)	10(24.39)	0(0)	0(0)	225(100)
B	KHED SEZ								
16	Ghosasi	3	12	1	1	0	0	1	15
17	Kanersar	7	8	3	3	0	0	1	15
18	Pabel	6	9	4	2	0	0	0	15
19	Varudhe	5	10	2	1	0	0	2	15
20	Retwadi	7	8	2	2	0	0	3	15
21	Kendur	4	11	1	1	0	0	2	15
22	Dawdi	5	10	1	1	0	0	3	15
23	Nimgaon	6	9	2	1	0	0	3	15
Total	KHED SEZ	43(35.83)	77(64.7)	16(37.21)	12(27.91)	0(0)	0(0)	15(34.88)	120(100)
Total	A+B	84(24.35)	261(75.65)	31(36.90)	28(33.33)	10(11.9)	0(0)	15(17.86)	345(100)

Here in the table no-5.9, we have tried to gather the information from the sample of 345 affected families about the source of irrigation for the agriculture. The collected information reveals that only 84 (24.35%) families out of the sample of 345 families had any source of irrigation. While the rest of 261 (75.65%) did not have any source of irrigation for their agricultural lands. This information proves that most of the land overtaken for the SEZs projects was not so well irrigated. Now, if we try to separate the data for the source of irrigation we get the following information. Out of the 84 (24.35%) families that had some source of irrigation as

many as 36.90% families drew their water from the wells while another major source of irrigation was tube well which provided irrigation facilities for as many as 33.33% families. Apart from these two major sources river (11.9%) and lake (17.86%) were other important sources of irrigation for the affected families.

If we try to separate the data on irrigation for both the SEZs, we get many interesting facts. Only 18.22% farmers from the Mumbai SEZ had access to any source of irrigation whereas the number of such farmers was 35.83% for the Pune SEZ. This means that 81.78% farmers (which is more than 4/5) from the Mumbai SEZ area did not have any source of irrigation. This means that the agriculture in the Mumbai SEZ area was seasonal. Now if we compare the same situation for Pune SEZ we would find that as many as 35.83% families from the Pune SEZ had irrigation. Out of these 37.21% families drew their water from well while the lake was a source of irrigation for as many as 34.88% families. Apart from these two tube well was a source of irrigation for the 27.91% farmers.

### 5.3.10 Limitations of traditional occupation

In this piece of information we have collected information on the limitations apprehended by the project affected which they are likely to face in the rehabilitated area regarding their traditional occupation.

**Table No-5.10 Information About limitations of traditional occupation in rehabilitated area**

Sr. No.	Name of village	Limitations		Which types					Total
		Yes	No	Competition from the Locals	Different Natural Climate	Lack of demand	Lack of raw material	Cost of Establishment	
A	MM SEZ								
1	Dhasakhosi	11	4	3	3	2	3	0	15
2	Jui	12	3	5	2	2	2	2	15
3	Koproli	12	3	2	5	1	2	2	15
4	Bundhpada	13	2	3	5	2	2	1	15
5	Kacherpada	11	4	2	3	4	1	1	15
6	Talbandkhar	15	0	2	7	3	1	2	15
7	Pirkoni	15	0	5	2	2	4	2	15
8	Sangpalekhar	13	2	3	5	2	1	2	15
9	Govthane	14	1	2	5	5	0	2	15
10	Sarde	14	1	2	6	4	0	2	15
11	Vasheni	12	3	3	4	4	0	1	15
12	Punade	11	4	2	4	4	0	1	15
13	Kadape	11	4	3	5	2	1	0	15



14	Aware	15	0	3	6	4	2	0	15
15	Dadar	15	0	3	7	3	1	1	15
Tota 1	MM SEZ	194(86. 22)	31 (13.78 )	43 (22.16)	69 (35.57)	44 22.68)	20 (10.31)	18 (9.28)	225 (100)
B	KHED SEZ								
16	Ghosasi	14	1	2	8	0	0	4	15
17	Kanersar	10	5	3	5	0	1	1	15
18	Pabel	10	5	3	2	2	2	1	15
19	Varudhe	13	2	4	3	2	2	2	15
20	Retwadi	12	3	3	5	1	3	0	15
21	Kendur	13	2	2	8	1	2	0	15
22	Dawdi	12	3	5	5	0	0	2	15
23	Nimgaon	11	4	4	5	1	1	0	15
Tota 1	KHED SEZ	95 (79.17)	25 (20.83 )	26 (27.37)	41 (43.16)	7 (7.37)	11 (11.58)	10 (10.53)	120 (100)
Tota 1	A+B	289(83. 77)	56 (16.23 )	69 (23.88)	110 (38.06)	51 (17.65)	31 (10.73)	28 (9.69)	345 (100)

The collected information(table no-5.10) reveals that 83.77% families apprehended that they will face limitations regarding practicing their traditional occupation in the rehabilitated area. While only 16.23% families were of the opinion that they would not face any serious limitation regarding their occupation in the new area. Now if we would try to analyze the different reasons for presented by the families which would find that as many as 110 (38.06%) respondents were of the opinion that the natural climate in the area of their present stay and the area of rehabilitation would be different and this will present a serious limitation to their traditional occupation.

For example the farmers in the Mumbai SEZ area are familiar with the growing of paddy crop and may be the areas in which they are likely to be settled would be entirely different from the current climatic condition and in such situation they would not be able to do perform their normal work. Similarly, 69 (23.88%) respondents felt that they will have to compete with the locals in the rehabilitated area and this will make their new settlement messier and this will affect the harmony amongst the locals and the new settlers.

As many as 51 (17.65%) respondents felt that there would be lack of demand for the products which they make in the rehabilitated area. Lack of raw material was a problem for 10.73 % respondents while the remaining 9.69% felt that the cost of new establishment and loss of consumers and loss of goodwill in the new area

would be serious problems for their traditional occupations. If we compare the same situation across the two SEZs, we would find that the number of respondents who felt that they are likely to face limitations regarding their traditional occupation was as high as 86.22% for the respondents from the Mumbai SEZ areas while for the same feeling was revealed by 79.13% respondents from the Pune SEZ area. For respondents from both the SEZs the major limitations were different natural climate, competition from the locals and lack of demand for their products.

### 5.3.11 Pollution in SEZs affected areas

Assuming that once the SEZs are functional they are likely to create all kinds of pollution, we decided to ask the respondents regarding the kind of pollution which they are likely to face or the kind of pollution which they are facing. When we tabulated the responses we got the data as table no-5.11.

**Table No-5.11 Information About pollution in SEZ affected areas**

Sr. No.	Name of village	Increase in pollution		Which types				Total
		Yes	No	Air	Water	Land	Noise	
A	MM SEZ							
1	Dhasakhosi	9	6	7	5	4	7	15
2	Jui	11	4	8	3	2	9	15
3	Koprol	13	2	12	10	8	8	15
4	Bundhpada	10	5	8	7	8	5	15
5	Kacherpada	12	3	9	7	6	9	15
6	Talbandkhar	11	4	8	10	5	4	15
7	Pirkoni	11	4	6	10	5	5	15
8	Sangpalekhar	10	5	9	8	6	3	15
9	Govthane	9	6	7	6	5	6	15
10	Sarde	13	2	10	10	9	8	15
11	Vasheni	11	4	11	8	7	8	15
12	Punade	12	3	6	10	10	8	15
13	Kadape	11	4	8	9	10	8	15
14	Aware	8	7	6	8	7	5	15
15	Dadar	10	5	10	10	10	10	15
Total	MM SEZ	161 (71.56)	64 (28.44)	125 (77.63)	121 (75.15)	102 (63.35)	93 (57.76)	225 (100)
B	KHED SEZ							
16	Ghosasi	12	3	8	12	10	8	15
17	Kanersar	13	2	11	12	10	9	15
18	Pabel	11	4	9	10	6	6	15
19	Varudhe	12	3	7	11	8	8	15
20	Retwadi	11	4	6	10	9	9	15
21	Kendur	14	1	9	12	12	10	15
22	Dawdi	12	3	8	10	9	5	15
23	Nimgaon	13	2	9	12	12	6	15
Total	KHED SEZ	98 (81.67)	22 (18.33)	67 (68.36)	89 (90.81)	76 (77.55)	61 (62.24)	120 (100)
Total	A+B	259	86	192	210	178	154	345

		(75.07)	(24.93)	(74.13)	(81.08)	(68.72)	(59.45)	(100)
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When we tabulated the responses we got the above data. The data tells us that out of the total of 345 respondents 3/4<sup>th</sup> respondents felt that the upcoming SEZ is likely to create many kinds of pollutions in their area. While 24.93% respondents were of the view that there won't be any really significant pollution in the area due to the SEZ. But the percentage of responses was different for the different SEZs. In case of Mumbai SEZ Only 161 or 71.56% respondents felt that the SEZ is likely to create pollution in the area while 81.67% respondents from the Pune SEZ area were of the same opinion.

When asked about what kind of pollution the SEZ is likely to create, most of the respondent named four major kinds of pollutions, namely, Air, Water, Land and Noise pollution. Out of the 345 respondents as many as 192 (74.13%) respondents felt that the SEZ is likely to create Air pollution, 210 (81.08%) respondents felt that the SEZ is likely to create Water pollution, 178 (68.72%) respondents felt that the SEZ is likely to create Land or surface pollution while 154 (59.45%) respondents were of the opinion that the SEZ is likely to create Noise pollution. The respondents from the Mumbai SEZ area were more apprehensive about the Air pollution (77.63%) and the Water pollution (75.15%). Whereas the respondents from the Pune SEZ more concerned about the Water (68.36%) and the Land/Surface pollution (90.81%).

### 5.3.12 Movement against SEZs

There has been constant and continuous protest against the proposed SEZs in all parts of India. While at some places they have become the peoples movement whereas in some places they have dried up because of lack of transfer opportunity for the land owners. At places where the agricultural land was productive or it was precious for other purposes, for ex. Singur Land the peoples movement have gathered support from the locals, media and political parties. While in such areas where the agricultural land was not productive the local the protests have quietly vanished.

**Table No-5.12 Information About participation in the movement against SEZ**

Sr. No.	Name of village	Whether Participated in the protest against SEZ		Motivation for Participation*				Duration of protest					Total
		Yes	No	Self	Political leader	Solidarity of village	Other	Below 3 month	3-6	6-9	9-12	Above 12	
A	MM SEZ												
1	Dhasakhosi	13	2	7	2	10	2	4	3	3	3	8	15
2	Jui	14	1	5	0	12	2	2	2	2	2	5	15
3	Koprolji	15	0	10	0	12	0	0	5	3	3	2	15

4	Bundhpada	12	3	9	0	10	1	4	2	1	1	7	15
5	Kacherpada	14	1	6	2	12	0	2	4	2	2	4	15
6	Talbandkhar	14	1	7	3	13	1	2	2	1	1	4	15
7	Pirkoni	10	5	4	2	9	0	2	1	2	1	4	15
8	Sangpalekhar	13	2	5	2	13	2	4	2	1	1	7	15
9	Govthane	12	3	6	4	10	0	2	3	2	2	6	15
10	Sarde	11	4	5	0	10	2	3	1	2	2	7	15
11	Vasheni	15	0	5	2	15	0	2	2	1	0	8	15
12	Punade	15	0	6	0	15	0	3	2	0	1	6	15
13	Kadape	15	0	4	3	15	0	2	1	0	1	4	15
14	Aware	13	2	5	0	13	2	2	1	1	1	4	15
15	Dadar	12	3	6	4	12	3	1	3	1	1	3	15
Total	MM SEZ	198(88)	27(12)	90(45.45)	24(12.12)	181(91.41)	15(7.5)	40 (20.20)	33 (16.66)	22 (11.11)	24 (12.12)	79 (39.89)	225(100)
B	KHED SEZ												
16	Ghosasi	7	8	2	2	4	0	5	1	1	0	0	15
17	Kanersar	8	7	4	0	8	0	3	2	1	0	2	15
18	Pabel	9	6	5	0	6	0	4	2	1	1	1	15
19	Varudhe	6	9	2	1	6	2	3	1	1	0	1	15
20	Retwadi	5	10	2	1	4	2	1	1	0	1	2	15
21	Kendur	6	2	4	1	6	2	1	1	1	1	2	15
22	Dawdi	7	8	5	2	6	2	2	1	1	1	1	15
23	Nimgaon	7	8	4	1	4	3	2	1	1	2	1	15
Total	KHED SEZ	55(45.83)	65(54.17)	28(50.90)	8(14.54)	44(80.00)	11(20.00)	21 (38.18)	10 (18.18)	07 (12.17)	06 (10.90)	11 (20.00)	120(100)
Total	A+B	253(73.33)	92(26.67)	118(46.64)	32(12.64)	225(88.93)	26(10.27)	61 (24.11)	43 (16.99)	29 (11.46)	30 (11.85)	90 (35.57)	345(100)

\*: Multiple Entries

In case of our study area as tableno-5.12, 88% respondents from the Mumbai SEZ area have participated in the protests against the SEZs. While only 45.83% respondents from the Pune SEZ area have participated in the protests. This proves that the Pune SEZ was accepted by the locals while the Mumbai SEZ affected families have not accepted the terms of SEZs. The major cause was that the land near Mumbai was precious from the point of view of real estate value and the locals were well aware about it. The developer was trying to purchase the land for peanuts and so it was rightly opposed by the locals with the help of activists.

If we add up the figures for both the SEZs, we would find that 73.33% respondents have participated in the protests, this proves that the work on the Pune SEZ have also not been completed without the protests. When asked about what motivated them to participate in the protests, as much as 91.41% respondents responded that their village had taken a unanimous decision to oppose the SEZs proposal and hence to show their solidarity with the cause they have taken part in the protests. While 45.45% respondents from this area reported that the decision to take part in the part was also their own conscious decision as they thought that the SEZs proposal was unjustified in many ways against them.

Similarly, in case of Pune SEZ only 45.83% of the totals of 120 respondents have participated in the protests. However, out of these 45.83% respondents as much as 80% of the respondents have participated to show their solidarity with the village while the personal decision to oppose was a major cause of protest for 50.90% respondents. When asked about for how long these respondents have been participating in the protests, out of the 253 respondents 35.57% respondents have been participating in such protests for over 12 months while 24.11% have participated have participated for less than 3 months. If we separate the data for both the SEZs we get interesting finding that the majority of 39.89% respondents from the Mumbai SEZ have been protesting for over 12 months.

While the majority of 38.18% participants from the Pune SEZ has protested for less than 3 months and thereafter they have abandoned the protests. In case of Pune SEZ only 20% respondents were into protests for over 12 months. To conclude it can be said that the protests in the Mumbai SEZ area have lasted more while the protest in the Pune SEZ area have been short lived.

### 5.3.13 Land under SEZ Project

In case of our study areas as table no-5.13, the most land under SEZs project for total SEZs of study is related to 6-9 acres and then to 3-6 acres. In case of MMSEZs 30.89% of respondent has given 6-9 acres land to SEZs and in case of Khed SEZs 29.17% of respondent has taken their lands to the SEZs.

**Table No-5.13 Information about land under SEZs Project**

Sr. No.	Name of village	Land Acaers				Total
		Below 3	3-6	6-9	Above 9	
A	MM SEZ					
1	Dhasakhosi	4	6	3	2	15
2	Jui	2	8	3	2	15
3	Koprol	3	5	5	2	15
4	Bundhpada	2	4	6	3	15
5	Kacherpada	1	5	8	1	15
6	Talbandkhar	3	6	4	2	15
7	Pirkoni	2	7	4	2	15
8	Sangpalekhar	3	3	6	3	15
9	Govthane	2	3	4	6	15
10	Sarde	3	4	4	4	15
11	Vasheni	1	3	6	5	15
12	Punade	2	4	4	5	15
13	Kadape	3	2	5	5	15
14	Aware	2	4	4	5	15
15	Dadar	5	2	3	5	15
Total	MM SEZ	38(16.89)	66(29.33)	69(30.89)	52(23.11)	225(100)
B	KHED SEZ					
16	Ghosasi	5	3	4	3	15
17	Kanersar	4	4	5	2	15

18	Pabel	4	4	3	4	15
19	Varudhe	3	4	4	4	15
20	Retwadi	4	5	5	1	15
21	Kendur	3	6	4	2	15
22	Dawdi	1	5	4	5	15
23	Nimgaon	2	4	4	5	15
Total	KHED SEZ	26(21.67)	35(29.17)	33(27.50)	26(21.67)	120(100)
Total	A+B	64(18.55)	101(29.28)	102(29.57)	78(22.61)	345(100)

### 5.3.14 Statistics Information of Hypothesis One

Based on descriptive statistics findings from SPSS software, there are 4 questions related to hypothesis one, each question answered by 345 respondent, total answers related hypothesis one is 1380 cases. Among the 1380 answers to the hypothesis one, poor answers were 2 cases, fair answers were 56 cases, good answers were 380 cases, very good answers were 615 cases and excellent answers were 327 cases (table no.15). The mean of value of answers for hypothesis one is 3.88, Std deviation .82 and variance is .673(table no 5.14).

**Table No.5.14 Statistics values of Hypothesis one**

<i>N</i> Valid	1380
<i>Mean</i>	3.88
<i>Mode</i>	4
<i>Std. Deviation</i>	0.820
<i>Variance</i>	0.673

**Table No.5.15 Frequencies variables of Hypothesis one**

Particlars		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	POOR ANSWERS	2	0.1	0.1	0.1
	FAIR ANSWERS	56	1.8	4.1	4.2
	GOOD ANSWERS	380	12.2	27.5	31.7
	VERY GOOD ANSWERS	615	19.8	44.6	76.3
	EXCELENT ANSWERS	327	10.5	23.7	100.0
	Total	1380	44.4	100.0	
Total		3105	100.0		

### 5.3.15 Statistics Information of Hypothesis Two

Based on descriptive statistics findings from SPSS software, there are 9 questions related to hypothesis two, each question answered by 345 respondent, total answers related hypothesis two is 3105 cases. Among the 3105 answers to the hypothesis

one, poor answers were 22 cases, fair answers were 123 cases, good answers were 704 cases, very good answers were 1417 cases and excellent answers were 839 cases(table no 5.17). The mean of value of answers for hypothesis two is 3.94, Std deviation .84 and variance is .716(table no 5.16).

**Table No.5.16 Statistics values of Hypothesis two**

N	Valid	3105
Mean		3.9430
Mode		4.00
Std. Deviation		0.84625
Variance		0.716

**Table No.5.17 Frequencies variables of Hypothesis two**

particulars		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	POOR ANSWERS	22	0.7	0.7	0.7
	FAIR ANSWERS	123	4.0	4.0	4.7
	GOOD ANSWERS	704	22.7	22.7	27.3
	VERY GOOD ANSWERS	1417	45.6	45.6	73.0
	EXCELENT ANSWERS	839	27.0	27.0	100.0
	Total	3105	100.0	100.0	

### **5.3.16 Statistics Information of Hypothesis Three**

Based on descriptive statistics findings from SPSS software, there are 4 questions related to hypothesis tree, each question answered by 345 respondent, total answers related hypothesis two is 1380 cases. Among the 1380 answers to the hypothesis one, poor answers were 10 cases, fair answers were 47 cases, good answers were 312 cases, very good answers were 654 cases and excellent answers were 357 cases(table no 5.19). The mean of value of answers for hypothesis tree is 3.94, Std deviation .82 and variance is .688(table no 5.18).

**Table No.5.18 Statistics values of Hypothesis three**

N	Valid	1380
Mean		3.9420
Mode		4.00
Std. Deviation		0.82972
Variance		0.688

**Table No.5.19** Frequencies variables of Hypothesis Three

particulars		Frequency	Percent	Valid Percent	Cumulative Percent
<i>Valid</i>	POOR ANSWERS	9	0.3	0.7	0.7
	FAIR ANSWERS	47	1.5	3.4	4.1
	GOOD ANSWERS	312	10.0	22.6	26.7
	VERY GOOD ANSWERS	654	21.1	47.4	74.1
	EXCELENT ANSWERS	357	11.5	25.9	100.0
	Total	1380	44.4	100.0	
<b>Total</b>		<b>3105</b>	<b>100.0</b>		

### 5.3.17 Statistics Information of Hypothesis Four

Based on descriptive statistics findings from SPSS software, there are 5 questions related to hypothesis four, each question answered by 345 respondent, total answers related hypothesis two is 1725 cases. Among the 1725 answers to the hypothesis four, poor answers were 20 cases, fair answers were 43 cases, good answers were 338 cases, very good answers were 867 cases and excellent answers were 457 cases (table no 5.21). The mean of value of answers for hypothesis tree is 3.98, Std deviation .81 and variance is .665 (table no 5.20).

**Table No.20** Statistics values of Hypothesis four

<i>N</i>	<i>Valid</i>	1725
<i>Mean</i>		3.9843
<i>Mode</i>		4.00
<i>Std. Deviation</i>		0.81552
<i>Variance</i>		0.665

**Table No.5.21** Frequencies variables of Hypothesis four

particulars		Frequency	Percent	Valid Percent	Cumulative Percent
<i>Valid</i>	POOR ANSWERS	20	.6	1.2	1.2
	FAIR ANSWERS	43	1.4	2.5	3.7
	GOOD ANSWERS	338	10.9	19.6	23.2
	VERY GOOD ANSWERS	867	27.9	50.3	73.5
	EXCELENT ANSWERS	457	14.7	26.5	100.0
	Total	1725	55.6	100.0	
<b>Total</b>		<b>3105</b>	<b>100.0</b>		



### 5.3.18 Statistics Information of Independent Variable

Based on descriptive statistics findings from SPSS software, there are 4 questions related to independent variable of research, each question answered by 345 respondent, total answers related independent variable of research is 1380 cases. Among the 1380 answers to independent variable of research, poor answers were 7 cases, fair answers were 17 cases, good answers were 202 cases, very good answers were 669 cases and excellent answers were 485 cases (table no5.23). The mean of value of answers for independent variable of research is 4.16, Std deviation .75 and variance is .566 (table no5.22).

**Table No.5.22 Statistics values of independent variables of research**

<i>N</i>	<i>Valid</i>	1380
<i>Mean</i>		4.1652
<i>Mode</i>		4.00
<i>Std. Deviation</i>		0.75224
<i>Variance</i>		0.566

**Table No.5.23 Frequencies variables of independent variables of research**

Particulrs		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	POOR ANSWERS	7	0.2	0.5	0.5
	FAIR ANSWERS	17	0.5	1.2	1.7
	GOOD ANSWERS	202	6.5	14.6	16.4
	VERY GOOD ANSWERS	669	21.5	48.5	64.9
	EXCELENT ANSWERS	485	15.6	35.1	100.0
	Total	1380	44.4	100.0	
Total		3105	100.0		

## 5.4 Research hypothesis testing

### 5.4.1 First hypothesis

#### 5.4.1.1 Hypothesis questions

**Hypotheses 1: SEZ has created a regional imbalance.**

Question 1 to 4 is related to first hypothesis as follows:

Q1. How much do you think, SEZs can effect on dramatically grow of local people income in the SEZs areas than before SEZs set up or other areas?

Excellent  very good  good  fair  poor

Q2. How much do you think, SEZs can effect on dramatically grow of infrastructural facilities same as roads net , power distribution net, internet facilities, education development and etc... in the SEZs areas than before SEZs set up or other areas?

Excellent  very good  good  fair  poor

Q3. How much do you think, SEZs can effect on dramatically grow of job creation in the SEZs areas than before SEZs set up or other areas?

Excellent  very good  good  fair  poor

Q4. How much do you think, SEZs can effect on dramatically grow of business creation in the SEZs areas than before SEZs set up or other areas?

Excellent  very good  good  fair  poor

#### **5.4.1.2 Descriptive test of hypothesis**

In this section we have given value to each answer of likert scale as 1=poor, 2=fair, 3=good, 4=very good and 5=excellent .it is computed average for this value number. Their average (mean) is 3. it is means that some answers are below this average in rang of poor and fair and some answers are above this average in range of good ,very good and excellent. We will accept hypothesis if the average (mean) of the answering value of questions of hypothesis was above 3 and reject it, if the average (mean) of the answering value of questions of hypothesis was below 3. In this case the mean of question 1, 2, 3,4 are 3.8870, 3.9565, 3.8899, and 3.7710 (table 5.24). And also the mean of total question of hypothesis is 3.88. Therefore, hypothesis one will be accepted (table 5.25).

**Table.5.24 Statistics data of hypotheses one by question wise**

particulars	Hypothesis 1, Question 1	Hypothesis 1, Question 2	Hypothesis 1, Question 3	Hypothesis 1, Question 4
N Valid	345	345	345	345
Mean	3.8870	3.9565	3.8899	3.7710
Mode	4.00	4.00	4.00	4.00
Variance	0.694	.611	0.674	0.700
Minimum	1.00	1.00	2.00	2.00
Maximum	5.00	5.00	5.00	5.00

**Table.5.25** Statistics data of hypotheses one by totally question

N	Valid	1380
Mean		3.88
Mode		4
Std. Deviation		0.820
Variance		0.673
Skewness		-0.273
Std. Error of Skewness		0.066
Kurtosis		-0.470
Std. Error of Kurtosis		0.132

### 5.4.1.3 Inferential test of hypothesis

Hypothesis one and formulation of hypothesis test define as follows:

H0: SEZ has not created a regional imbalance in the study area.

H1: SEZ has created a regional imbalance in the study area.

H0:  $\mu \leq 3$

H1:  $\mu > 3$

$$Z = \frac{\mu(n) - \mu(0)}{\frac{\sigma}{\sqrt{n}}}$$

[ $\mu(n)$  is sample mean,  $\mu(0)$  is population mean,  $\sigma$  is standard deviation,  $n$  is sample size]

We will reject H0 if: a) Z-score  $> Z(\alpha)$  or b) p-value  $< \alpha$

$$Z = \frac{3.88 - 3.00}{\frac{0.82}{\sqrt{345}}}$$

Z=20

$\alpha = 5\% \rightarrow P = 1 - 5\% = 95\% \rightarrow Z(\alpha) = 64/1$

The observed sample mean for this hypothesis was 3.88. As we saw earlier, this corresponds to a z score of 20 is greater than 1.64, therefore, we could reject H0,

and we accept H1. this is mean that SEZ has created a regional imbalance in the study area.

**Table 5.26**  
**One-Sample Test of hypothesis one**

particulars	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Hypothesis 1, Question 1	19.782	344	0.000	0.88696	0.7988	0.9751
Hypothesis 1, Question 2	22.720	344	0.000	0.95652	0.8737	1.0393
Hypothesis 1, Question 3	20.134	344	0.000	0.88986	0.8029	0.9768
Hypothesis 1, Question 4	17.113	344	0.000	0.77101	0.6824	0.8596

("t" means t- student test "df" means degree of freedome)

Also t-student for all questions of this hypothesis are above 1.64(df==344,  $\alpha=0.5$ ). Therefore we can also reject H0 and accept H1. P-vale is near to zero (p-value<.025) and it is less than 0.05 in this way we can reject H0 and accept H1 (table 5.26).

## 5.4.2 Second hypothesis

### 5.4.2.1 Hypothesis questions

**Hypotheses 2:** The rehabilitation of the SEZ affected people is not done in proper way.

Questions 5 to 13 are related to second hypothesis as follows:

Q5. How much do you think, the SEZs area people are satisfy to shifting from SEZs areas to other areas?

Excellent  very good  good  fair  poor

Q6. How much do you think, the SEZs area people are satisfy to shifting to suggested areas instead SEZs areas?

Excellent  very good  good  fair  poor

Q7. How much do you think, land acquisition policy and land purchase rules of SEZs are done in proper ways in the SEZs areas?

Excellent  very good  good  fair  poor

Q8. How much do you think, SEZs generally use huge farm land for industrial activities in the SEZs areas?

Excellent  very good  good  fair  poor

Q9: How much do you think, SEZs generally demand huge lands (more than their needs)?

Excellent  very good  good  fair  poor

Q10: How much do you think, SEZs land acquisition rules and SEZs land purchase regulations are appropriate and are applied in proper way in SEZs areas?

Excellent  very good  good  fair  poor

Q11: How much do you think, that the regulations of the land supply and purchase in SEZs need to replace?

Excellent  very good  good  fair  poor

Q12: How much do you think, local SEZs managers have done land acquisition policy and rehabilitation of local people in proper way?

Excellent  very good  good  fair  poor

Q13: How much do you think, SEZs developers purchase local lands in a lower price than market price in SEZs areas?

Excellent  very good  good  fair  poor

#### 5.4.2.2 Descriptive test of hypothesis

In this section we have given value to each answer of likert scale as 1=poor,2=fair,3=good,4=very good and 5=excellent .it is computed average for this value number. Their average (mean) is 3. It is means that some answers are below this average in rang of poor and fair and some answers are above this average in range of good ,very good and excellent. We will accept hypothesis if the average (mean) of the answering value of questions of hypothesis was above 3 and reject it , if the average (mean) of the answering value of questions of hypothesis was below 3. In this case the mean of question 5, 6,7,8,9,10,11,12 and 13 are 3.7536 , 3.7652 , 3.8464 , 4.0754 , 3.9768 , 3.9913 , 4.0435 , 3.9884 and 4.0464 (table 5.27). And also the mean of total question of hypothesis is 3.9430. Therefore; hypothesis two will be accepted (5.28).

**Table.5.27** Statistics data of hypotheses two by question wise

particulars	N		Mean	Mode	Std. Deviation	Variance
	Valid	Missing				
Hypothesis2,Question5	345	0	3.7536	4.00	0.85938	0.739
Hypothesis2,Question6	345	0	3.7652	4.00	0.86263	0.744
Hypothesis2,Question7	345	0	3.8464	4.00	0.84023	0.706
Hypothesis2,Question8	345	0	4.0754	4.00	0.78140	0.611
Hypothesis2,Question9	345	0	3.9768	4.00	0.80300	0.645
Hypothesis2,Question10	345	0	3.9913	4.00	0.85415	0.730
Hypothesis2,Question11	345	0	4.0435	4.00	0.83239	0.693

Hypothesis2,Question12	345	0	3.9884	4.00	0.88257	0.779
Hypothesis2,Question13	345	0	4.0464	4.00	0.83398	0.696

**Table.5.28** Statistics data of hypotheses two by totally question

N	Valid	3105
Mean		3.9430
Mode		4.00
Std. Deviation		0.84625
Variance		0.716

### 5.4.2.3 Inferential test of hypothesis

Hypothesis two and formulation of hypothesis test define as follows:

H0: The rehabilitation of the SEZ affected people is done in proper way.

H1: The rehabilitation of the SEZ affected people is not done in proper way.

H0:  $\mu \leq 3$

H1:  $\mu > 3$

$$Z = \frac{\mu(n) - \mu(0)}{\frac{\sigma}{\sqrt{n}}}$$

[ $\mu(n)$  is sample mean,  $\mu(0)$  is population mean,  $\sigma$  is standard deviation,  $n$  is sample size]

We will reject H0 if: a) Z-score > Z ( $\alpha$ ) or b) p-value <  $\alpha$

$$Z = \frac{3.9430 - 3.00}{\frac{0.84625}{\sqrt{345}}}$$

$$Z = 20.7$$

$$\alpha = 5\% \rightarrow P = 1 - 5\% = 95\% \rightarrow Z(\alpha) = 1.64$$

The observed sample mean for this hypothesis was 3.9430. As we saw earlier, this corresponds to a z-score of 20.7 is greater than 1.64, therefore, we could reject *H0*, and we accept H1. this is mean that the rehabilitation of the SEZ affected people is not done in proper way in the study area.

**Table 5.29**  
**One-Sample Test of hypothesis two**

particulars	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Hypothesis2,Question5	16.288	344	0.000	0.75362	0.6626	0.8446
Hypothesis2,Question6	16.477	344	.000	0.76522	0.6739	0.8566
Hypothesis2,Question7	18.710	344	0.000	0.84638	0.7574	0.9354
Hypothesis2,Question8	25.562	344	0.000	1.07536	0.9926	1.1581
Hypothesis2,Question9	22.595	344	0.000	0.97681	0.8918	1.0618
Hypothesis2,Question10	21.557	344	0.000	0.99130	0.9009	1.0818
Hypothesis2,Question11	23.284	344	0.000	1.04348	0.9553	1.1316
Hypothesis2,Question12	20.801	344	0.000	0.98841	0.8949	1.0819
Hypothesis2,Question13	23.305	344	0.000	1.04638	0.9581	1.1347

Also t-student for all questions of this hypothesis are above 1.64(df==344,  $\alpha=0.5$ ). Therefore we can reject H<sub>0</sub> and accept H<sub>1</sub>. P-value is near to zero (p-value<.025) and it is less than 0.05 in this way we can also reject H<sub>0</sub> and accept H<sub>1</sub> (table no. 5.29)

### 5.4.3 Third hypothesis

#### 5.4.3.1 Hypothesis questions

**Hypotheses 3:** SEZ has created infrastructural facilities in study area.

Questions 14 to 17 are related to third hypothesis as follows:

Q14. How much do you think, SEZs can increase health and medical facilities same as hospital, clinic center, health care center and etc... in the SEZs areas than before SEZs set up?

Excellent  very good  good  fair  poor

Q15. How much do you think, SEZs can increase education facilities same as schools, colleges, and educational institutes in the SEZs areas than before SEZs set up?

Excellent  very good  good  fair  poor

Q16. How much do you think, SEZs can increase infrastructural facilities same as roads, railways, power supply, water supply and etc... in the SEZs areas than before SEZ set up?

Excellent  very good  good  fair  poor

Q17. How much do you think, SEZs can increase communication facilities same as internet, landline phone, mobile phone coverage, and etc... in the SEZs areas than before SEZs set up?

Excellent  very good  good  fair  poor

#### 5.4.3.2 Descriptive test of hypothesis

In this section we have given value to each answer of likert scale as 1=poor,2=fair,3=good,4=very good and 5=excellent .it is computed average for this value number. Their average (mean) is 3. it is means that some answers are below this average in rang of poor and fair and some answers are above this average in range of good ,very good and excellent. We will accept hypothesis if the average (mean) of the answering value of questions of hypothesis was above 3 and reject it if the average (mean) of the answering value of questions of hypothesis was below 3. In this case the mean of question 14, 15, 16 and 17 are 3.8638, 3.9797, 3.9942 and 3.9304 (table 5.30). And also the mean of total question of hypothesis is 3.9420. Therefore; hypothesis tree will be accepted (5.31).

#### 5.4.3.3 Inferential test of hypothesis

Hypothesis tree and formulation of hypothesis test define as follows:

**Table.5.31** Statistics data of hypotheses three by totally question

N	Valid	1380
Mean		3.9420
Mode		4.00
Std. Deviation		0.82972
Variance		0.688
Skewness		-0.601
Std. Error of Skewness		0.066
Kurtosis		0.493
Std. Error of Kurtosis		0.132

**Table.5.30** Statistics data of hypotheses three by question wise

particulars		Hypothesis3, Question14	Hypothesis3, Question15	Hypothesis3, Question16	Hypothesis3, Question17
N	Valid	345	345	345	345
Mean		3.8638	3.9797	3.9942	3.9304
Mode		4.00	4.00	4.00	4.00
Std. Deviation		0.83631	0.82978	0.82121	0.82886
Variance		0.699	0.689	0.674	0.687



H0: SEZ has not created infrastructural facilities in study area.

H1: SEZ has created infrastructural facilities in study area.

H0:  $\mu \leq 3$

H1:  $\mu > 3$

$$Z = \frac{\mu(n) - \mu(0)}{\frac{\sigma}{\sqrt{n}}}$$

[ $\mu(n)$  is sample mean,  $\mu(0)$  is population mean,  $\sigma$  is standard deviation,  $n$  is sample size]

We will reject H0 if: a) Z-score  $> Z(\alpha)$  or b) p-value  $< \alpha$

$$Z = \frac{3.9420 - 3.00}{\frac{0.82972}{\sqrt{345}}}$$

Z=21.08

$\alpha = 5\% \rightarrow P = 1 - 5\% = 95\% \rightarrow Z(\alpha) = 64/1$

The observed sample mean for this hypothesis was 3.9420. As we saw earlier, this corresponds to a z-score of 21.08 is greater than 1.64, therefore, we could reject *H0*, and we accept H1. this is mean that SEZ has created infrastructural facilities in study area.in the study area.

**Table 5.32 One-Sample Test of hypothesis three**

particulars	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Hypothesis3,Question14	19.184	344	0.000	0.86377	0.7752	0.9523
Hypothesis3,Question15	21.930	344	0.000	0.97971	0.8918	1.0676

Hypothesis3,Question16	22.487	344	0.000	0.99420	0.9072	1.0812
Hypothesis3,Question17	20.850	344	0.000	0.93043	0.8427	1.0182

Also t-student for all questions of this hypothesis are above 1.64( $df=344$ ,  $\alpha=0.5$ ). Therefore we can reject  $H_0$  and accept  $H_1$ . P-value is near to zero ( $p\text{-value} < .025$ ) and it is less than 0.05 in this way we can also reject  $H_0$  and accept  $H_1$  (table 5.32)

## 5.4.4 Fourth hypothesis

### 5.4.4.1 Hypothesis questions

**Hypotheses 4:** SEZ is created employment opportunities for the local people.

Questions 18 to 22 are related to third hypothesis as follows:

Q18. How much do you think, SEZs can increase job creation for local people in the SEZs areas than before SEZs set up?

Excellent  very good  good  fair  poor

Q19. How much do you think, SEZs can increase business in industrial sectors for local people(1) and for national people(2) in the SEZs areas than before SEZs set up?(please answer for local people whit number 1 and again answer for national people whit number 2)

Excellent  very good  good  fair  poor

Q20. How much do you think, SEZs can increase business in agricultural sectors for local people (1) and for national people (2) in the SEZs areas than before SEZs set up? (please answer for local people whit number 1 and again answer for national people whit number 2)

Excellent  very good  good  fair  poor

Q21. How much do you think, SEZs can increase business in service sectors for local people (1) and for national people (2) in the SEZs areas than before SEZs set up? (please answer for local people whit number 1 and again answer for national people whit number 2)

Excellent  very good  good  fair  poor

Q22. How much do you think, SEZs can decrease jobless rate for local people (1) and for national people (2) in the SEZs areas than before SEZs set up? (please answer for local people whit number 1 and again answer for national people whit number 2)

Excellent  very good  good  fair  poor

### 5.4.4.2 Descriptive test of hypothesis

In this section we have given value to each answer of likert scale as 1=poor, 2=fair, 3=good, 4=very good and 5=excellent .it is computed average for this value number. Their average (mean) is 3. It is means that some answers are below this average in rang of poor and fair and some answers are above this average in range of good, very good and excellent. We will accept hypothesis if the average (mean) of the answering value of questions of hypothesis was above 3 and reject it if the average (mean) of the answering value of questions of hypothesis was below 3. In this case the mean of question 14, 15, 16 and 17 are 3.986, 4.0145, 4.0145, 3.9652 and 3.9420 (table 5.33). And also the mean of total question of hypothesis is 3.9843. Therefore; hypothesis four will be accepted (table 5.34).

**Table.5.33 Statistics data of hypotheses four by question wise**

particulars	Hypothesis4, Question18	Hypothesis4, Question19	Hypothesis4, Question20	Hypothesis4, Question21	Hypothesis4, Question22
N Valid	345	345	345	345	345
Mean	3.986	4.0145	4.0145	3.9652	3.9420
Mode	4.0	4.00	4.00	4.00	4.00
Std. Deviation	0.7978	0.80501	0.81220	0.81337	0.85051
Variance	0.636	0.648	0.660	0.662	0.723

**Table.5.34 Statistics data of hypotheses four by totally question**

N	Valid
	1725
Mean	3.9843
Mode	4.00
Std. Deviation	0.81552
Variance	0.665
Skewness	-0.761
Std. Error of Skewness	0.059
Kurtosis	1.017
Std. Error of Kurtosis	0.118

#### 5.4.4.3 Inferential test of hypothesis

Hypothesis four and formulation of hypothesis test define as follows:

H0: SEZ is not created employment opportunities for the local people in study area.

H1: SEZ is created employment opportunities for the local people in study area.

H0:  $\mu \leq 3$

H1:  $\mu > 3$

$$Z = \frac{\mu(n) - \mu(0)}{\frac{\sigma}{\sqrt{n}}}$$

[ $\mu(n)$  is sample mean,  $\mu(0)$  is population mean,  $\sigma$  is standard deviation,  $n$  is sample size]

We will reject  $H_0$  if: a) Z-score  $> Z(\alpha)$  or b) p-value  $< \alpha$

$$Z = \frac{3.9843 - 3.00}{\frac{0.81552}{\sqrt{345}}}$$

Z=22.4

$\alpha = 5\% \rightarrow P = 1-5\% = 95\% \rightarrow Z(\alpha) = 1.64$

The observed sample mean for this hypothesis was 3.9843. As we saw earlier, this corresponds to a z-score of 22.4 is greater than 1.64, therefore, we could reject  $H_0$ , and we accept H1. this is mean that SEZs is created employment opportunities for the local people in study area.in the study area.

**Table 5.35 One-Sample Test of hypothesis four**

particulars	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Hypothesis4,Question18	22.946	344	0.000	0.9855	0.901	1.070
Hypothesis4,Question19	23.408	344	0.000	1.01449	0.9292	1.0997
Hypothesis4,Question20	23.200	344	0.000	1.01449	0.9285	1.1005
Hypothesis4,Question21	22.042	344	0.000	0.96522	0.8791	1.0513

**Table 5.35 One-Sample Test of hypothesis four**

particulars	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Hypothesis4,Question18	22.946	344	0.000	0.9855	0.901	1.070
Hypothesis4,Question19	23.408	344	0.000	1.01449	0.9292	1.0997
Hypothesis4,Question20	23.200	344	0.000	1.01449	0.9285	1.1005
Hypothesis4,Question21	22.042	344	0.000	0.96522	0.8791	1.0513
Hypothesis4,Question22	20.573	344	0.000	0.94203	0.8520	1.0321

Also t-student for all questions of this hypothesis are above 1.64( $df=344, \alpha=0.5$ ). Therefore we can reject  $H_0$  and accept  $H_1$ . P-value is near to zero ( $p\text{-value} < 0.025$ ) and it is less than 0.05 in this way we can also reject  $H_0$  and accept  $H_1$  (see table5.35)

## 5.4.5 Test of independent variable hypothesis of research

### 5.4.5.1 Independent variable questions

**Independent variable hypothesis:** SEZs activities are affected on making problems and prospects in study areas.

Questions 23 to 26 are related to Independent variable:

Q23. How much do you think, to apply SEZs management, regulations and tax relaxations have affected on SEZs land acquisition and local people rehabilitation problems in the SEZs areas?

Excellent  very good  good  fair  poor

Q24. How much do you think, applying SEZs management, regulations and tax relaxations can create more imbalance in economic, culture and social development in the SEZs areas than before SEZs set up or than other areas?

Excellent  very good  good  fair  poor

Q25. How much do you think, applying SEZs management, regulations and tax relaxations can effect on infrastructural facilities development in the SEZs areas than before SEZs set up?

Excellent  very good  good  fair  poor

Q26. How much do you think, applying SEZs management, regulations and tax relaxations can effect on job creation and business development in the SEZs areas than before SEZs set up?

Excellent  very good  good  fair  poor

### 6.4.5.2 Descriptive test of hypothesis

In this section we have given value to each answer of likert scale as 1=poor, 2=fair, 3=good, 4=very good and 5=excellent .it is computed average for this value number. Their average (mean) is 3. It is means that some answers are below this average in rang of poor and fair and some answers are above this average in range of good, very good and excellent. We will accept hypothesis if the average (mean) of the answering value of questions of hypothesis was above 3 and reject it if the average (mean) of the answering value of questions of hypothesis was below 3. In this case the mean of question 23, 24, 25 and 26 are 4.1072, 4.0986, 4.3536 and 4.1014 (table5.36). And also the mean of total question of hypothesis is 3.88. Therefore; independent variable hypothesis will be accepted (table 5.37).

**Table.5.36 Statistics data of independent variable hypothesis by question wise**

particulars		Independent variable, Question23	Independent variable, Question24	independent variable, Question25	independent variable, Question26
N	Valid	345	345	345	345
Mean		4.1072	4.0986	4.3536	4.1014
Mode		4.00	4.00	4.00	4.00
Std. Deviation		0.77952	0.76373	0.64892	0.78030
Variance		0.608	0.583	0.421	0.609

**Table.5.37 Statistics data of independent variable hypothesis by totally question**

N	Valid	1380
Mean		4.1652
Mode		4.00
Std. Deviation		0.75224
Variance		0.566
Skewness		-0.742
Std. Error of Skewness		0.066
Kurtosis		0.825
Std. Error of Kurtosis		0.132

### 5.4.5.3 Inferential test of hypothesis

Independent variable hypothesis and formulation of hypothesis test define as follows:

H0: SEZs activities are not affected on making problems and prospects in study areas.

H1: SEZs activities are affected on making problems and prospects in study areas.

$$H_0: \mu \leq 3$$

$$H_1: \mu > 3$$

$$Z = \frac{\mu(n) - \mu(0)}{\frac{\sigma}{\sqrt{n}}}$$

[ $\mu(n)$  is sample mean,  $\mu(0)$  is population mean,  $\sigma$  is standard deviation,  $n$  is sample size]

We will reject H0 if: a) Z-score > Z ( $\alpha$ ) or b) p-value <  $\alpha$

$$Z = \frac{4.16 - 3.00}{\frac{0.75}{\sqrt{345}}}$$

$$Z = 29$$

$$\alpha = 5\% \rightarrow P = 1 - 5\% = 95\% \rightarrow Z(\alpha) = 1.64$$

The observed sample mean for this hypothesis was 4.16. As we saw earlier, this corresponds to a z score of 29 is greater than 1.64, therefore, we could reject H0, and we accept H1. This means that SEZs activities are affected on making problems and prospects in study areas.

**Table 5.38 One-Sample Test of independent variable hypothesis**

particulars	Test Value = 3
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	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
independent variable, Question23	26.383	344	0.000	1.10725	1.0247	1.1898
independent variable, Question24	26.717	344	0.000	1.09855	1.0177	1.1794
independent variable, Question25	38.745	344	0.000	1.35362	1.2849	1.4223
independent variable, Question26	26.219	344	0.000	1.10145	1.0188	1.1841

Also t-student for all questions of this hypothesis are above 1.64(df=344,  $\alpha=0.5$ ). Therefore we can reject H0 and accept H1. P-value is near to zero (p-value<.025) and it is less than 0.05 in this way we can also reject H0 and accept H1 (table 5.38).

## 5.5 Correlation analysis of variables

A measure of the strength of linear association between two variables, Correlation will always be between -1.0 and +1.0. If the correlation is positive, we have a positive relationship. If it is negative, the relationship is negative. Formulation of hypothesis test as follows:

H0:  $r=0$

H1:  $r \neq 0$

H0 reject if p-value <  $\alpha$

When "Sig. (2-tailed)" then  $\alpha=.025$

### 5.5.1 Correlation between SEZ activity and regional imbalance

Here, we focus on the "Sig. (2-tailed)" value. P-value is 0.017 (table no.5.39) and p-value<.025 therefore we can reject H0 and accept H1. This means there is correlation between "SEZ has created a regional imbalance problems" and "SEZ activity" also the Correlation Coefficient between SEZ activity and regional imbalance is 0.71 and there is a significant positive correlation between SEZs activity and regional imbalance.



**Table 5.39 Correlations between SEZ activity and regional imbalance**

particuars		SEZ activity can effect on regional imbalance, rehabilitation of local people, infrastructural facilities and employment opportunities for local people.	SEZ has created a regional imbalance.	
Kendall's tau_b	SEZ activity can effect on regional imbalance, rehabilitation of local people, infrastructural facilities and employment opportunities for local people	Correlation Coefficient	1.000	0.77*
		Sig. (2-tailed)	.	0.016
		N	345	345
	SEZ has created a regional imbalance.	Correlation Coefficient	0.77*	1.000
		Sig. (2-tailed)	0.016	.
		N	345	345
Spearman's rho	SEZ activity can effect on regional imbalance ,rehabilitation of local people, infrastructural facilities and employment opportunities for local people	Correlation Coefficient	1.000	0.71*
		Sig. (2-tailed)	.	0.017
		N	345	345
	SEZ has created a regional imbalance.	Correlation Coefficient	0.71*	1.000
		Sig. (2-tailed)	0.017	.
		N	345	345

**5.5.2 Correlation between SEZ activity and local people rehabilitation**

Here, we focus on the "Sig. (2-tailed)" value. P-value is 0.018 (table no.5.40) and p-value<0.025 therefore we can reject H0 and accept H1.this means there is correlation between ‘SEZ has created rehabilitation problems for local people’ and ‘SEZs activity’ also the Correlation Coefficient between SEZs activity and local people rehabilitation is 0.69 and there are a significant positive correlation between SEZs activity and local people rehabilitation.

**Table 5.40 Correlations SEZ activity and local people rehabilitation**

particuars		SEZ activity can effect on regional imbalance, rehabilitation of local people, infrastructural facilities and employment opportunities for local people	The rehabilitation of the SEZ affected people is not done in proper way.
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Kendall's tau_b	SEZ activity can effect on regional imbalance, rehabilitation of local people, infrastructural facilities and employment opportunities for local people	Correlation Coefficient	1.000	0.67
		Sig. (2-tailed)	.	0.016
		N	345	345
	The rehabilitation of the SEZ affected people is not done in proper way.	Correlation Coefficient	0.67	1.000
		Sig. (2-tailed)	<b>0.016</b>	.
		N	345	345
Spearman's rho	SEZ Activity can effect on reginal imbalance,rehbilitation of local people,infrastructural facilities and imployment opportunities for local people	Correlation Coefficient	1.000	0.69
		Sig. (2-tailed)	.	0.018
		N	345	345
	The rehabilitation of the SEZ affected people is not done in proper way.	Correlation Coefficient	0.69	1.000
		Sig. (2-tailed)	0.018	.
		N	345	345

### 5.5.3 Correlation between SEZ activity and infrastructural facilities

Here, we focus on the "Sig. (2-tailed)" value. P-value is 0.012 (table no.5.41) and  $p\text{-value} < 0.025$  therefore we can reject  $H_0$  and accept  $H_1$ .this means there is correlation between ‘SEZ has created infrastructural facilities’ and ‘SEZ activity’ also the Correlation Coefficient between SEZ activity and infrastructural facilities is 0.77 and there are a significant positive correlation between SEZ activity and infrastructural facilities.

**Table 5.41 Correlations SEZ activity and infrastructural facilities**

particulars		SEZ activity can effect on regional imbalance, rehabilitation of local people, infrastructural facilities and employment opportunities for local people	SEZ has created infrastructural facilities in study area.	
Kendall's tau_b	SEZ activity can effect on regional imbalance, rehabilitation of local people, infrastructural facilities and employment opportunities for local people	Correlation Coefficient	1.000	0.71
		Sig. (2-tailed)	.	0.010
		N	345	345
	SEZ has created infrastructural facilities in study area.	Correlation Coefficient	0.71	1.000
		Sig. (2-tailed)	0.010	.
		N	345	345

Spearman's rho	SEZ activity can effect on regional imbalance, rehabilitation of local people, infrastructural facilities and employment opportunities for local people	Correlation Coefficient	1.000	0.77
		Sig. (2-tailed)	.	0.012
		N	345	345
	SEZ has created infrastructural facilities in study area.	Correlation Coefficient	0.77	1.000
		Sig. (2-tailed)	0.012	.
		N	345	345

#### 5.5.4 Correlation between SEZs activity and employment opportunities

Here, we focus on the "Sig. (2-tailed)" value. P-value is 0.011 (table no.5.42) and  $p\text{-value} < 0.025$  therefore we can reject  $H_0$  and accept  $H_1$ . this means there is correlation between "SEZ has created employment opportunities for the local people." and "SEZs activity" also the Correlation Coefficient between SEZs activity and employment opportunities is 0.71 and there are a significant positive correlation between SEZs activity and employment opportunities.

**Table 5.42 Correlations SEZs activity and employment opportunities**

	particulars	SEZ activity can effect on regional imbalance, rehabilitation of local people, infrastructural facilities and employment opportunities for local people	SEZ is created employment opportunities for the local people.	
Kendall's tau_b	SEZ activity can effect on regional imbalance, rehabilitation of local people, infrastructural facilities and employment opportunities for local people	Correlation Coefficient	1.000	0.73
		Sig. (2-tailed)	.	0.010
		N	345	345
	SEZ is created employment opportunities for the local people.	Correlation Coefficient	0.73	1.000
		Sig. (2-tailed)	0.010	.
		N	345	345
Spearman's rho	SEZ Activity can effect on regional imbalance, rehabilitation of local people, infrastructural facilities and employment opportunities for local people	Correlation Coefficient	1.000	0.71
		Sig. (2-tailed)	.	0.011
		N	345	345
	SEZ is created employment opportunities for the local people.	Correlation Coefficient	0.71	1.000
		Sig. (2-tailed)	0.011	.
		N	345	345

## 5.6 Descriptive analysis of questions 27 to 30

### 5.6.1 Question 27

Q27. Which ones have more effect to make regional imbalance problems in SEZs areas?

- SEZs rules and regulations
- Tax relaxations
- Foreign Direct Investment Local
- Direct investment
- Business development
- Developer investment
- Government investment
- SEZs facilities
- Psychological effects of SEZs economic activities
- No effect

Table no.5.43; show that Foreign Direct Investment has more effect to make regional imbalance problems in SEZs areas. The effecting is deference in MMSEZ and KHED SEZ, the effecting in MMSEZ is more than KHED SEZ. The no. of respondent that believe no factors effecting on regional imbalance problems are 90 in MMSEZ ad 50 in KHED SEZ.

**Table No.5.43 The important factor that have more impact on regional imbalance**

Particulars	sez_name		Total	
	mmsez	khed sez		
Which ones have more effect to make regional imbalance problems in SEZs areas?	<i>SEZs rules and regulations</i>	7	3	10
	<i>Tax relaxations</i>	5	2	7
	<i>Foreign Direct Investment</i>	90	53	143
	<i>direct investment</i>	2	1	3
	<i>Business development</i>	8	1	9
	<i>Developer investment</i>	4	2	6
	<i>Government investment</i>	4	2	6
	<i>SEZs facilities</i>	8	3	11
	<i>Psychological effects of SEZs economic activities</i>	7	3	10
	<i>no effect</i>	90	50	140
<i>Total</i>	225	120	345	

### 5.6.2 Question 28

Q28. Which ones have more effect to make local land acquisition and local people rehabilitation problems in SEZs areas?

- SEZs local managers
- SEZs developers
- The regulations of land purchase in SEZs
- SEZs rules and regulations
- Land price
- Demand agriculture lands
- Managerial mistakes
- Wrong applying SEZs rules
- Demand huge lands

The table no-5.44, shows Land price have the most effect on local land acquisition and local people rehabilitation problems in SEZs areas, then Wrong applying SEZs rules, and then managerial mistakes and then SEZs rules and regulations in priority have more effect on local land acquisition and local people rehabilitation problems in SEZs areas.

**Table No.5.44. The important factor that have more impact on local land acquisition and local people rehabilitation problems in SEZs areas**

particulars		sez name		Total
		mmsez	khed sez	
Which ones have more effect to make local land acquisition and local people rehabilitation problems in SEZs areas?	SEZs local managers	11	6	17
	SEZs developers	6	3	9
	The regulations of land purchase in SEZs	9	5	14
	SEZs rules and regulations	27	17	44
	Land price	72	35	107
	Demand agriculture lands	14	6	20
	managerial mistakes	30	19	49
	Wrong applying SEZs rules	41	21	62
	Demand huge lands	15	8	23
Total		225	120	345

### 5.6.3 Question 29

Q29. Which ones have more effect to create infrastructural facilities in SEZs areas?

- SEZs rules and regulations
- Tax relaxations
- Foreign Direct Investment
- Local direct investment
- Business development
- Government investment
- SEZs facilities

Table no.5.45, shows that Tax relaxations have the most effect on create infrastructural facilities in SEZs areas. After it, Foreign Direct Investment, then SEZs rules and regulations in priority have more impact on create infrastructural facilities in SEZs areas.

**Table No.5.45 The important factor that have more impact on create infrastructural facilities in SEZs areas**

Particulars		sez name		Total
		mmsez	khed sez	
Which ones have more effect to create infrastructural facilities in SEZs areas?	SEZs rules and regulations	28	13	41
	Tax relaxations	100	53	153
	Foreign Direct Investment	87	54	141
	Local direct investment	2	0	2
	Business development	4	0	4
	Government investment	2	0	2
	SEZs facilities	2	0	2
Total		225	120	345

#### 5.6.4 Question 30

Q30. Which ones have more effect on job creation for local people in SEZ area?

- Set up small businesses
- Share local people in SEZs economic activities
- Set up micro businesses
- Training of local people based on industrial skills
- Set up businesses in agriculture sectors
- Selling of financial shares to local people

Table no.5.46 shows that share local people in SEZs economic activities have the most impact on job creation for local people in SEZs area. . After that, Set up micro businesses, then Training of local people based on industrial skills, and

thenselling of financial shares to local people in priority have more impact on job creation for local people in SEZs area.

**Table No.5.46 The important factor that have more impact on job creation for local people in SEZ area**

Particuars		sez name		Total
		mmsez	khed sez	
Which ones have more effect on job creation for local people in SEZ area?	Set up small businesses	19	10	29
	share local people in SEZs economic activities	81	42	123
	Set up micro businesses	67	39	106
	Training of local people based on industrial skills	26	15	41
	Set up businesses in agriculture sectors	9	4	13
	selling of financial shares to local people	23	10	33
Total		225	120	345

## Chapter VI Main Finding and Recommendations

### 6.1 Introduction

I am thinking why some SEZs in some country for example in china are working success but there are so many SEZs in around the world that cannot work in success ways. What is the factors effect on success or failure of a SEZ? This is referring to cultural, economic and social condition in any country. When we want start economic development project same as SEZs we have to attention to all aspect of conditions of SEZs areas.

There are so many resistances to set up SEZs in India because of social, cultural and economic condition of areas. About more than one decade, India's SEZs faced problems same as land acquisition and rehabitilation of local people. And also the prospects of SEZs are not clear. In this research I focus on two problems and two prospects. Problems are including 1) land acquisition and rehabitilation of local people in study area 2) regional imbalance in study area. Prospects are including 1) infrastructural facilities development, 2) employment generation for local people.

### 6.2 Summary of the research process

Identify and select research topics are done based on researcher experience and advice of experts and supervisor experiences. There are more than 240 SEZs in India and 48 SEZs in Maharashtra state but in Maharashtra only 14 SEZs working properly and more SEZs faced land acquisition and rehabilitation problems.

There are so many Criticisms by economists against India's SEZs. Some of them believe that SEZs can growth national economic by growing job generation and infrastructural facilities and some of them believe SEZs problems are more than their benefits and SEZs making more problems for local people and regional imbalance. The local people lose their lands and their income and can't get SEZs benefit same as job or infrastructural facilities.

This is important to know, what is the real performance of SEZs? Do SEZs really making problems for the local people? Which problems? Don't SEZs have benefit to local people? How can decrease the problems and increase the benefits of SEZs to local people? These questions guided us to do this research. The research was qualitative research and variable of research chose as follows:

A) Dependent variables:

1. Regional imbalance problems
2. Rehabilitations problems
3. Infrastructural facilities
4. Local employment facilities

B) Independent variable:

1. SEZs activities affections

To do study, first secondary data collected from libraries, journals and websites and etc. questionnaire was designed and after testing validity and reliability was disturbed in study area. after finishing data collection, I analyzed data by SPSS 19 in two ways include descriptive analysis and inferential analysis. To test hypothesis is used z score test, t-student test and correlation test whit significant level .05 and accepted all hypothesizes of study in significant level of 0.05. The results and recommendations will be presented as current quarter follows.

### **6.3 The main results of study**

According the theoretical and descriptive and inferential information obtained from the second, third and fourth seasons, the main results out of hypothesizes tested of this study is as follows:

1. SEZ has created a regional imbalance in study area.
2. The rehabilitation of the SEZ affected people is not done in proper way in the study area.
3. SEZ has created infrastructural facilities in study area.
4. SEZ is created employment opportunities for the local people in the study area.



### 6.3.1 The results based on theoretical data

As mentioned in previous sections, especially in chapter tree, SEZs set up can effect on environmental condition especially on economic development. SEZs faced some problems in study area. Local people expectation is height. They were saying SEZs set up is not bad and they generally were accepted to SEZs set up, they believed SEZs are good but land acquisition and rehabilitation isn't done in proper way.

People feel that development of the area is needed. They have been living in sub-human condition. Most of them want urbanization and industrialization of the area. They feel that agriculture is economically unproductive and unviable. They feel that following can be positive and negative aspects of development of the area:

#### *Positive Aspects*

1. Increase in Income of PAPs and neighboring villages, thus reduction in poverty.
2. Decrease in unemployment (through direct and indirect employment)
3. Increase in educational facilities and educational level,
4. Increase in healthcare facilities and improvement in life expectancy,
5. Improvement in transport, communication facilities,
6. Improvement in electric supply,
7. Improvement in supply of drinking water,
8. Decrease in death and birth rates and thus decline in population, growth rate.
9. Improvement in lifestyle and social status, etc.

People struggle to get wage employment in the area. They hardly get employment even @ Rs.40 a day. They think that situation will improve after the development of the area and they hope to get employment in the Project.

#### *Negative Aspects*

1. Social disruption or change in social structure and loosening of family control,
2. Increase in crime,
3. Environmental pollution and due to which fishing activity, coastal vegetation, and biotic life can be damaged,
4. Prohibition of fishing near the Project area due to security reason and decline in fishing area,
5. Exposure to market vagaries which can break economic bones of so many self-employed people,
6. Landlessness/land alienation
7. Psychological and economic stress due to change in occupation and changed pattern of community living,
8. Loss of indigenous tradition and culture,
9. More domestication of women, etc.

The poverty in villages is rampant. The youth in villages particularly feel that agriculture and fishing are hopeless and unproductive and if they continue these occupations they will always live in poverty. The government which promises everything hardly does any substantive things for ameliorating their conditions.

Therefore, they want development through industrialization and urbanization so that they can improve their productivity and standard of life, by abandoning the age old unproductive occupation of agriculture and fishing. In this regard, they want help from the company and government. They want development with human face and care for them. There has not been any demonstration or agitation of the villagers against the Project even in the villages where Company has started acquiring land. In fact, they want the whole process of land acquisition and development to start as early as possible. However, they argue that the company must appropriately compensate them and provide guarantee for permanent jobs.

### **6.3.2 Results based on field research findings**

When asked about the effect of SEZs on dramatic growth of people income, based on SPAS 19 analysis information, among 345 respondents the results were as follows:

- According to the age of respondent, the most replies related to age group 41-50 was 102 responses. The number of 96 responses related to good, very good and excellent answers out of 102. Then related to age group of 31-40 was 101 responses.
- According to the duration of employment of respondents, the most replies related to duration of employment below 3 years was 267 responses. The number of 146 responses related to good, very good and excellent answers out of 267.
- According to the status of employment of respondents, the most replies related to employed group of respondents was 259 responses. The number of 221 responses related to good, very good and excellent answers out of 259.
- According to the qualifications of respondents, the most replies related to respondents below 12std was 259 responses. The number of 249 responses related to good, very good and excellent answers out of 259.

When asked about the effect of SEZs on dramatic growth of employment in study areas, based on SPSS19 analysis information, among 345 respondents the results were as follows:

- According to the age of respondent, the most replies relate to age group 30-35 was 196 responses. The number of 173 responses related to good, very good and excellent answers out of 196.

- According to the duration of employment of respondents, the most replies relate to duration of employment below one year was 247 responses. The number of 246 responses related to good, very good and excellent answers out of 247.
- According to the status of employment of respondents, the most replies relate to employed group of respondents was 229 responses. The number of 210 responses related to good, very good and excellent answers out of 229.
- According to the qualifications of respondents, the most replies relate to respondents below 12std was 239 responses. The number of 229 responses related to good, very good and excellent answers out of 239.

When asked about the effect of SEZs on dramatically growth of business in study areas, based on SPAS analysis information, among 345 respondents the results was as follows:

- According to the age of respondent, the most replies relate to age group 30-35 was 203 responses. The number of 191 responses related to good, very good and excellent answers out of 203.
- According to the duration of employment of respondents, the most replies relate to duration of employment below 1-3 year was 201 responses. The number of 179 responses related to good, very good and excellent answers out of 201.
- According to the status of employment of respondents, the most replies relate to employed group of respondents was 213 responses. The number of 200 responses related to good, very good and excellent answers out of 213.
- According to the qualifications of respondents, the most replies relate to respondents below 12std was 199 responses. The number of 190 responses related to good, very good and excellent answers out of 199.

Based on descriptive statistics findings from SPSS software, 329 respondents out of 345 respondents believed that land acquisition policy and land purchase rules of SEZs aren't done in proper ways in the SEZs areas. 301 respondents out of 345 respondents believed that SEZs generally use huge farm land for industrial activities in the SEZs areas in the SEZs areas. 288 respondents out of 345 respondents believed that SEZs generally demand huge lands (more than their needs) in the SEZs areas. 309 respondents out of 345 respondents believed that land acquisition rules and SEZs land purchase regulations aren't appropriate and aren't applied in proper way in the SEZs areas.

The number of 341 respondents out of 345 respondents believed that local people aren't satisfied to shifting from SEZs areas to other areas. 300 respondents out of 345 respondents believed that land supply and purchase in SEZs areas need to replace. 331 respondents out of 345 respondents believed that local SEZs managers

haven't done land acquisition policy and rehabilitation of local people in proper way in the SEZs areas. 339 respondents out of 345 respondents believed that SEZs developers purchase local lands in a lower price than market price in the SEZs areas.

The number of 321 respondents out of 345 respondents believed that SEZs can increase infrastructural facilities in the study areas. 399 respondents out of 345 respondents believed that SEZs can increase job generation for local people in the SEZs areas. 289 respondents out of 345 respondents believed that SEZs can create regional imbalance in the SEZs areas. 312 respondents out of 345 respondents believed that rehabilitation of local people aren't done in proper way in the SEZs areas.

The number of 299 respondents out of 345 respondents believed that SEZs management, regulations and tax relaxations have affected on SEZs land acquisition and local people rehabilitation problems in the SEZs areas. 278 respondents out of 345 respondents believed that SEZs management, regulations and tax relaxations can create more imbalances in economic, culture and social development in the SEZs areas than before SEZs set up or than other areas. 291 respondents out of 345 respondents believed that SEZs management, regulations and tax relaxations can effect on infrastructural facilities development in the SEZs areas than before SEZs set up. 301 respondents out of 345 respondents believed that SEZs management, regulations and tax relaxations can effect on job creation and business development in the SEZs areas than before SEZs set up.

Based on descriptive statistics findings, among the 345 respondents to the questionnaire survey, bellow factors have more effect on job creation for local people in study areas:

- Share local people in SEZs economic activities whit 123 responses out of 345.
- Set up micro businesses whit 106 responses out of 345.
- Training of local people based on industrial skills whit 41 responses out of 345.
- selling of financial shares to local people whit 33 responses out of 345.
- Set up small businesses whit 29 responses out of 345.
- Set up businesses in agriculture sectors whit 13 responses out of 345.

Based on descriptive statistics findings, among the 345 respondents to the questionnaire survey, bellow factors have more effect to create infrastructural facilities in study areas:

- Tax relaxations whit 153 responses out of 345.
- Foreign Direct Investment whit 141 responses out of 345.
- SEZs rules and regulations whit 41 responses out of 345.
- Business development whit 4 responses out of 345.

- Local direct investment whit 2 responses out of 345.
- Government investment whit 2 responses out of 345.
- SEZs facilities whit 2 responses out of 345.

Based on descriptive statistics findings, among the 345 respondents to the questionnaire survey, the factors have more effect on local land acquisition and local people rehabilitation problems in study areas are as follows:

- Land price whit 107 responses out of 345.
- Wrong applying SEZs rules whit 62 responses out of 345.
- Managerial mistakes whit 49 responses out of 345.
- SEZs rules and regulations whit 44 responses out of 345.
- Demand huge lands whit 23 responses out of 345.
- Demand agriculture lands whit 20 responses out of 345.
- SEZs local manager's whit 17 responses out of 345.
- The regulations of land purchase in SEZs whit 14 responses out of 345.

Based on descriptive statistics findings, among the 345 respondents to the questionnaire survey, the factors have more effect on regional imbalance problems in study areas are as follows:

- Foreign Direct Investment Local whit 112 responses out of 345.
- Developer investment whit 101 responses out of 345.
- Business development whit 57 responses out of 345.
- SEZs facilities whit 45 responses out of 345.
- SEZs rules and regulations whit 11 responses out of 345.
- Government investment whit 10 responses out of 345.
- Psychological affects of SEZs economic activities whit 9 responses out of 345.

## 6.4 Recommendations

Land acquisitions and rehabilitation of local people is the main problems in study areas. According information out of these study main suggestions to solve these problems is as follows:

- 1.Land price have the most effect on the Land acquisitions and rehabilitation of local people, therefore we suggest that developers should making sure the local people about the real price of lands as a market price and replace them to other areas at least whit the same condition.
2. It is necessary that the developers and local managers and specially local and state SEZs managers apply SEZs rules and regulations in a proper ways means the best ways that is possible. They should reduce managerial mistakes whit the good communications to local people.

3. SEZs should demand and use small and non-agriculture lands if it is possible.
4. Sharing local people in SEZs economic activities is the good way to reduce the problems.

Also to reduce the effect of regional imbalance in study areas my suggestions are as follows:

1. It is better that SEZs distribute in less development areas. The more SEZs set up nearby present infrastructural facilities same as port, railway and etc. it is correct that these facilities are benefit to SEZs set up but we shouldn't focus on this way only and it is better to try to set up SEZs in lesser development by creating same facilities in lesser development areas.

2. It is better some part of SEZs activities incomes use in non-deployment areas.

Also my suggestions about employment generations for local people in study areas are as follows:

1. Set up micro businesses whit sharing local people can improve the rate of employment of local people in study areas.

2. Training of local people based on industrial skills is a good way to employ local people in study areas.

3. Selling of financial shares to local people, Set up small businesses and Set up businesses in agriculture sectors can help to employ of local people in study areas.

## 6.5 Feature Researches

1. A study of statewide comparison of regional imbalance in SEZs areas in India.

2. A study of statewide comparison of land acquisitions and rehabilitation in SEZs areas in India.

3. An investigation of employment performance of SEZs whit statewide comparison local and national people employment in India.

4. An experimental study of comparison of SEZs problems and prospects in Iran and India.

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## ANNEXURE-I

**TABLES FOR DETERMINING SAMPLE SIZE FROM A GIVEN POPULATION**

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	246
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	351
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	181	1200	291	6000	361
45	40	180	118	400	196	1300	297	7000	364
50	44	190	123	420	201	1400	302	8000	367
55	48	200	127	440	205	1500	306	9000	368
60	52	210	132	460	210	1600	310	10000	373
65	56	220	136	480	214	1700	313	15000	375
70	59	230	140	500	217	1800	317	20000	377
75	63	240	144	550	225	1900	320	30000	379
80	66	250	148	600	234	2000	322	40000	380
85	70	260	152	650	242	2200	327	50000	381
90	73	270	155	700	248	2400	331	75000	382
95	76	270	159	750	256	2600	335	100000	384

Note: "N" is population size  
"S" is sample size.

Krejcie, Robert V., Morgan, Daryle W., "Determining Sample Size for Research Activities", Educational and Psychological Measurement, 1970.

## ANNEXURE-II

### Family data questionnaire

Dear interviewer:

Hello, my name is Morteza Saberi. My PhD title is "A study of Special Economic Zone: Problems and Prospects with special reference to RAIGAD and PUNE district". All information will be kept in a secure way and only used in this research. I would be grateful if you could spend some minutes answering some questions.

With special thanks

#### **Section I: common information**

Date of interview: ..... District name: .....  
 Village name: ..... SEZ name: .....

#### **Section II: interviewer personal information**

Age (years of old): ..... Sex: .....  
 Education: .....  
 Have you job?  No  Yes  
 How many years old do you work in this job? .....

#### **Section III: Research questions data**

Q1. How much do you think, SEZs can effect on dramatically grow of local people income in the SEZs areas than before SEZs set up or other areas?

Excellent  very good  good  fair  poor

Q2. How much do you think, SEZs can effect on dramatically grow of infrastructural facilities same as roads net, power distribution net, internet facilities, education development and etc... in the SEZs areas than before SEZs set up or other areas?

Excellent  very good  good  fair  poor

Q3. How much do you think, SEZs can effect on dramatically grow of job creation in the SEZs areas than before SEZs set up or other areas?

Excellent  very good  good  fair  poor

Q4. How much do you think, SEZs can effect on dramatically grow of business creation in the SEZs areas than before SEZs set up or other areas?

Excellent  very good  good  fair  poor

Q5. How much do you think, the SEZs area people are satisfy to shifting from SEZs areas to other areas?

Excellent  very good  good  fair  poor



Q6. How much do you think, the SEZs area people are satisfy to shifting to suggested areas instead SEZs areas?

Excellent  very good  good  fair  poor

Q7. How much do you think, land acquisition policy and land purchase rules of SEZs are done in proper ways in the SEZs areas?

Excellent  very good  good  fair  poor

Q8. How much do you think, SEZs generally use huge farm land for industrial activities in the SEZs areas?

Excellent  very good  good  fair  poor

Q9: How much do you think, SEZs generally demand huge lands (more than their needs)?

Excellent  very good  good  fair  poor

Q10: How much do you think, SEZs land acquisition rules and SEZs land purchase regulations are appropriate and are applied in proper way in SEZs areas?

Excellent  very good  good  fair  poor

Q11: How much do you think, that the regulations of the land supply and purchase in SEZs need to replace?

Excellent  very good  good  fair  poor

Q12: How much do you think, local SEZs managers have done land acquisition policy and rehabilitation of local people in proper way?

Excellent  very good  good  fair  poor

Q13: How much do you think, SEZs developers purchase local lands in a lower price than market price in SEZs areas?

Excellent  very good  good  fair  poor

Q14. How much do you think, SEZs can increase health and medical facilities same as hospital, clinic center, health care center and etc... in the SEZs areas than before SEZs set up?

Excellent  very good  good  fair  poor

Q15. How much do you think, SEZs can increase education facilities same as schools, colleges, and educational institutes in the SEZs areas than before SEZs set up?

Excellent  very good  good  fair  poor

Q16. How much do you think, SEZs can increase infrastructural facilities same as roads, railways, power supply, water supply and etc... in the SEZs areas than before SEZ set up?

Excellent  very good  good  fair  poor

Q17. How much do you think, SEZs can increase communication facilities same as internet, landline phone, mobile phone coverage, and etc... in the SEZs areas than before SEZs set up?

Excellent  very good  good  fair  poor

Q18. How much do you think, SEZs can increase job creation for local people in the SEZs areas than before SEZs set up?

Excellent  very good  good  fair  poor

Q19. How much do you think, SEZs can increase business in industrial sectors for local people(1) and for national people(2) in the SEZs areas than before SEZs set up?(please answer for local people whit number 1 and again answer for national people whit number 2)

Excellent  very good  good  fair  poor

Q20. How much do you think, SEZs can increase business in agricultural sectors for local people (1) and for national people (2) in the SEZs areas than before SEZs set up? (please answer for local people whit number 1 and again answer for national people whit number 2)

Excellent  very good  good  fair  poor

Q21. How much do you think, SEZs can increase business in service sectors for local people (1) and for national people (2) in the SEZs areas than before SEZs set up? (please answer for local people whit number 1 and again answer for national people whit number 2)

Excellent  very good  good  fair  poor

Q22. How much do you think, SEZs can decrease jobless rate for local people (1) and for national people (2) in the SEZs areas than before SEZs set up? (please answer for local people whit number 1 and again answer for national people whit number 2)

Excellent  very good  good  fair  poor

Q23. How much do you think, to apply SEZs management, regulations and tax relaxations have affected on SEZs land acquisition and local people rehabilitation problems in the SEZs areas?

Excellent  very good  good  fair  poor

Q24. How much do you think, applying SEZs management, regulations and tax relaxations can create more imbalance in economic, culture and social development in the SEZs areas than before SEZs set up or than other areas?

Excellent  very good  good  fair  poor

Q25. How much do you think, applying SEZs management, regulations and tax relaxations can effect on infrastructural facilities development in the SEZs areas than before SEZs set up?

Excellent  very good  good  fair  poor

Q26. How much do you think, applying SEZs management, regulations and tax relaxations can effect on job creation and business development in the SEZs areas than before SEZs set up?

Excellent  very good  good  fair  poor

Q27: Which ones have more effect to make local land acquisition and local people rehabilitation problems in SEZs areas? (Please write in order of priority from 1 to 9 - if you think there is no effects just select No effect option).

No effect

SEZs local managers  SEZs developers

The regulations of land purchase in SEZs  SEZs rules and regulations  Land  
 price  Demand agriculture lands  managerial mistakes   
 Wrong applying SEZs rules  Demand huge lands

Q28: Which ones have more effect to make regional imbalance problems in SEZs areas? (Please write in order of priority from 1 to 9 - if you think there is no effects just select No effect option).

No effect

SEZs rules and regulations  Tax relaxations  direct investment   
 Foreign Direct Investment Local  Business development  Developer investment  
 Psychological effects of SEZs economic activities   
 Government investment  SEZs facilities

Q29: Which ones have more effect to create infrastructural facilities in SEZs areas? (Please write in order of priority from 1 to 7 - if you think there is no effects just select No effect option).

No effect

SEZs rules and regulations  Tax relaxations  Business development   
 Foreign Direct Investment  Government investment  SEZs facilities   
 Local direct investment

Q30: Which ones have more effect on job creation for local people in SEZ area? (Please write in order of priority from 1 to 6 - if you think there is no effects just select No effect option).

No effect

Set up small businesses  share local people in SEZs economic activities   
 Set up micro businesses  Training of local people based on industrial skills   
 Set up businesses in agriculture sectors  selling of financial shares to local people

Special thanks to you again  
 Have a nice time