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SPECIAL ECONOMIC ZONES AND LAND ACQUISITION POLICY IN INDIA

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ABSTRACT

SEZs are specifically delineated duty-free enclaves and shall be deemed to be a foreign territory for the purpose of trade operations, duties & tariffs (Ministry of Commerce). The Government of India so far has approved 1014 SEZs consisting of Notified, Formal Approvals, Operated and In-principle categories of projects which are sanctioned (as on 2015). The total area for proposed SEZs (formally approved and in principle approved) is approximately. 2061 sq km which would not be more than 0.069 per cent of the total land area and not more than 0.12 per cent of the total agricultural land in India (Ministry of Agriculture). Gujarat State stands in the first place in the acquisition of the land for the formal SEZ activities consisting of about 27.04 percent out of 51076 hectares in India. The Karnataka state takes position of the fifth place in the acquisition of the land for the purpose of the formal approvals of the SEZs in the country around 2789 hectares of the land representing 5.46 Percentage of the country. Kandla Special Economic Zone (12889.99) and Vishakhapatnam Special Economic Zone about 12168.68 are the top two SEZs respectively in terms of notified land area and the percentage of these SEZs is 26.96 per cent and 25.46 per cent respectively.

Keywords: SEZs Policy, Land, Agriculture, Impact, Development and Growth.

INTRODUCTION

One of the burning issues that have gone into the headlines of the media during the past 15 years is the explosive controversial matter of establishing the Special Economic Zones (SEZs) in India and also other countries in the world. The concept and policy of SEZs in India is an evolved and modified version of traditional Export Processing Zones (EPZs). However, different jargons have been used to define the concept of SEZs in various countries of the world. SEZs are

specifically delineated duty-free enclaves and shall be deemed to be a foreign territory for the purpose of trade operations, duties & tariffs (Ministry of Commerce).

The Government of India so far has approved 1014 SEZs consisting of Notified, Formal Approvals, Operated and In-principle categories of projects which are sanctioned (as on 2015), Many questions have been raised by the media and experts in the field regarding the relevance of these zones in the long term because they are related to economic policy of the country. Hence, it is essential to have a re-look because the decisions have repercussions for millions of people in the country. India over the past decade has progressively opened up its economy to effectively face new challenges and opportunities of the 21st century. To compete in the global market, the Government of India has liberalized export policies, licensing of technology, implemented tax reforms and provided various incentives. To achieve the three fold objectives like attracting FDI, increasing export and accelerating economic growth, the Government of India (GOI) had announced the introduction of SEZs in its EXIM policy of March 2000. The SEZ act was passed in May 2005 by Parliament. It received presidential assent on 23-06-2005 and came into effect on 10th Feb. 2006 supported by SEZ Rules.

SEZs and Agricultural Sector:

To set up such a big number of SEZs there is a need for land on a large scale, which has to be acquired. The total land area of the country is 29, 73,190 sq km out of which 16, 20,388 sq km area is used for agriculture (agricultural area). The share of the agricultural area in the total area is 54.5 per cent and the non-agricultural area in India is 13, 52,802 sq km. The total area for proposed SEZs (formally approved and in principle approved) is approximately 2061 sq km which would not be more than 0.069 per cent of the total land area and not more than 0.12 per cent of the total agricultural land (Ministry of Agriculture). If SEZs are set up on non-agricultural land, especially on barren land, then they play an important role for the social and economic development of the country instead of fertile agricultural land.

The SEZs can generate employment, enhance export and attract Foreign Direct Investment (FDI) and technology at low level of social cost. In case of China SEZs are set up on non-agricultural land. Therefore, they have played an important role for the economic development of the country. From 1980 to 1995, the annual rate of economic growth of China was near to about 10 per cent. On the other hand, if SEZs are set up on agricultural land then they create obstacles for the social and economic development of the country (Asif, 1999). If fertile land is used for the establishment of SEZs, then the area under agriculture will decline. This will lead to decline in the production of agriculture sector. India, at present is facing a food problem (leading to import of wheat) and this problem will become more severe if the area under agriculture declines due to the setting up of SEZs. But in India SEZs are being set up not only on non-agricultural land but

also on agricultural land. In case of Punjab, Haryana, UP, West Bengal, Maharashtra, Karnataka and some other States of the country, SEZs are being set up on fertile land. For example, the land of West Bengal and Karnataka are basically better for agriculture but even then the West Bengal and Karnataka Governments are allowing SEZs in Nandigram, Singur and Mangalore (Kumar 2010).

Those SEZs, which are set up on fertile land, adversely affect our agricultural production. The social cost of such SEZs is more than the benefits one gets from these SEZs. For the setting up of SEZs the government acquires land forcibly from the farmers at a price lower than what is prevailing in the market and gives this land to the developers of SEZs at a subsidized rate. Farmers have been organising agitations against the government for such a move on the latter's part and there is often loss of public property and lives in these agitations as happened in Singur, Nandigram and Mangalore.

When land is acquired from the farmers, the farmers and agricultural labourers lose their employment, as they are not skilled labourers to get relocated in any other job. The problem of displacement and rehabilitation of farmers and agricultural labourers also comes to the fore (Narwade, 2013). Indian farmers are mostly uneducated, so they cannot get high-rank jobs in SEZs; they can work only as labourers in SEZs. But farmers are not ready to work as labourers in SEZs. Already, farmers and agricultural labourers are facing a difficult situation in India and when there will be no work for them and their economic conditions have become worse (Shau, 2013).

On the other hand, if the farmers invest their money (which they get as compensation for land) in a proper way, they can get more profit. If they spend their money on the education of their children then their future will be bright. The labourers, who work in the agricultural sector, can also work in SEZs when an industry is set up under the SEZ scheme. The wage rate is high in SEZs as compared to the agricultural sector. So there can be improvement in the economic conditions of agricultural labourers. Thus SEZs can play an important role for the transformation of labour from the agricultural sector to the industrial sector. Then the burden of the population on the agriculture sector will decline and this will be beneficial for both the development of agriculture and industry. Due to this, the disguised unemployment in the agriculture sector would disappear and lead to proper utilization of our manpower.

To understand these issues in detailed an effort is made to gain insights relating to the issues like land requirement and land acquisition process. These have been done by analyzing. The secondary data collected from the Ministry of Commerce, Government of India.

SEZs and Land Acquisition:

SEZs and land acquisition issues are interconnected because to set up SEZs huge amounts of land is required. Land Acquisition and SEZs have picked up speed in India since the Indian government has encouraged the setting up of SEZs in the country from their inception. Special Economic Zone means an area of land that has been demarcated and is treated as a foreign territory for various purposes such as tariffs, trade, and duties. SEZs in India enjoy exemptions from income tax, service tax, sales tax, and customs duties. The government of India has made several policies with regard to SEZs in the country. The Indian government has been encouraging the setting up of SEZs in the country as for they contribute for the economic and industrial growth of a nation (Sahu, 2013). According to the Government of India's policy a SEZ in the country has to be built on at least 1 thousand hectares or more of land. And: Land Acquisition on a massive scale is taking place in India to establish more and more SEZs.

SEZs and land acquisition is taking place mainly in agricultural lands and the central and state governments are acquiring the land from the farmers. For the purpose of establishing SEZs the total amount of land, which will be acquired is around 1, 50,000 hectares and this amount of land is capable of producing around 1 million tons of agricultural products. Various advantages of SEZs and Land Acquisition in India are basically helps to bring in huge amounts of foreign currency into the country, increases the number of jobs for the people of the country and has also helped to bring in highly technologically advanced machines into the country(Asif 1999).

The various disadvantages of SEZs and Land Acquisition in India are; about 10 lakh people who are dependent upon agricultural lands for their lively hood will be evicted from their lands, it is estimated that the farming families will have to face loss total extent of around Rs.212 crores each year in total income and it will also lead to putting the food security of India at risk. SEZs and Land Acquisition in India has now resulted in dissent, uproar, and opposition from the farmers. Recently come of the districts in Karnataka State in Dhakshina Kannada district, the farmers have declared war against the setting up of SEZ in their lands as the land compensation that the state government is giving is very less in comparison to the actual market rate of the land and this has angered the farmers even more.

Land is one of the most important assets of farmers and sometimes the only asset that they have. They derive their livelihood, identity and their sense of security from land. Further, with an increase in population and lack of other employment opportunities, the stress on land has increased in India. In reality, in most of the cases, the land does not give him a very high quality of life, but it helps him to survive and be somewhat "food assured". This is the income function of land. Ownership of land does not make him "Jobless", the way a person can be jobless in the urban areas in the industrial system.

The Land acquisition Problem in India for SEZs is the most important natural resource, upon which all human activities are based since time immemorial. Land continues to have enormous economic, social and symbolic relevance. How access to land can be obtained and how ownership of land can be documented are the major questions essential to the livelihoods of the large majority of the poor, especially in the rural and tribal areas. Land policy and administration are critical determinants of the transactions costs associated with accessing and transferring land, both for business and residential use. Land continues to be a major source of Government revenue and is a key element in implementing a wide range of government programmes (Sahu, 2011). Land policies and institutions will have a far reaching impact on the country's ability to sustain high rates of growth on the degree that economic growth benefits the poor. Land acquisition refers to the process by which the government forcibly acquires private property for a public purpose without the consent of the land owner, which is different from a market purchase of land. The land acquisition for SEZ is not voluntary but forceful in nature. At the heart of the problem it is the fact that the establishment of an SEZ generally requires the forced acquisition of land and the eviction of its previous users. This is possible for Indian states under the Land Acquisition Act of 1894 for the public purposes.

There is a consensus that no development can be accepted at the cost of social equity. The establishment of SEZs has created number of problems and the most important among them is the rehabilitation of those displaced families. Displaced persons holding agricultural land lose their bread provider through their land which was the only occupation known to them. Further, compensation given for acquiring their precious land to which they are traditionally attached has been meagre in the present state of economy. Displaced persons have to go in search of employment after they are thrown out of the land. Further, they have to struggle longer period of time even to get their compensation on the one hand and livelihood on the other hand (Vaish 2011).

The Table 1 clearly explains that state wise land acquisition (in Hectares) to SEZs Grant under the SEZs Act 2005. Gujarat State stands at the first place in the acquisition of the land for the formal SEZs activities constituting around 13,812 hectares out of 51,076 hectares in India. The percentage of the land acquisition in Gujarat is 27.04 per cent in the total land acquisition. Followed by Andhra Pradesh 11,253 hectares of land acquired it's around 22.03 per cent of total land acquisition. Maharashtra state stand at the third place about 7,344 hectares of the land compare to the total acquisition of the land area in India. The Karnataka state takes position of the fifth place in the acquisition of the land for the purpose of the formal approvals of the SEZs in the country around 2,789 hectares of the land it's nearly 5.46 Percentage of the country. Manipur state stands at the least position in the acquisition of the land for the formal SEZs its only 10 hectares, only 0.020 per cent of the total acquisition in the country. Goa state second

least acquisition of the land nearly 16 hectares of the total area about 0.72 per cent. Followed by the Chandigarh states 57 hectares of the land nearly 0.112 percentage of the total area of the country.

Table 1: State Wise Land Allocation to SEZs as Approvals, Granted Under the SEZ Act, 2005 (in ha.) as on 21.01.2015

SL	States	List of Fromal Approval Granted under 2005 SEZ Act	Percentage share of the total approvals of land granted
1	Andhra Pradesh	11253	22.03
2	Chhattisgarh	111	0.217
3	Gujarat	13812	27.04
4	Haryana	840	1.645
5	Karnataka	2789	5.46
6	Madhya Pradesh	900	1.762
7	Maharashtra	7344	14.38
8	Orissa	1923	3.765
9	Puducherry	346	0.68
10	Rajasthan	442	0.865
11	Tamil Naidu	5534	10.83
12	Uttara Pradesh	671	1.314
13	West Bengal	324	0.63
14	Chandigarh	57	0.112
15	Goa	367	0.72
16	Jharkhand	16	0.031
17	Keral	1197	2.34
18	Manipur	10	0.020
19	Telangana	2700	5.29
20	Uttara Khanda	440	0.861
	Total	51076	100.00

Source: Computed by the Author based on the data collected from the Ministry of Commerce, 2015.

The table-2 clearly interprets that the minimum requirement of the land area in hectares to establishment of the different classes of the SEZs in India. India's SEZ policy approaches that for establishment of multi-product manufacturing SEZ, it should have at least 1000 hectares or more of land in the country, around 164 multi-product services SEZs are working in the country; it requires at least 100 hectares or more of land. India has more than 491 multi product and single

product SEZ spread all over the country; resultant land acquisition on a large scale is taking place so that more and more SEZs can be established. SEZ of the North Eastern region should be needed of the 100 hectares of the land on the basis of the SEZ policy. The states Jammu and Kashmir, Goa and Some union territories are required start SEZs activities must be available be 100 hectares as per the SEZ Act of 2005, as on 2015. Specific sector, Ports and airport are also should be need of 100 hectares of land for the establishment of the different categories of SEZs in the country. The variety of the different SEZs like Electronic, hardware, software, Information technology, Bio Technology, gems and Jewelry are minimum land should not be less than 10 hectares according to the SEZ Policy in India. Finally the committee of the SEZ act approved land for the installation of the Free Trade and Warehousing Zone it minimum 40 hectares.

Table 2: Minimum Area Required to Establish Different Categories of SEZs in India.

SL	Classes of SEZs	Area In ha.
1	Multi Product SEZ	1000
2	Multi Product SEZs for Service	100
3	SEZ in North Eastern Region	100
4	SEZ in Jammu and Kashmir, Goa and Uts	100
5	SEZ in Specific Sector or Port or Airport	100
6	SEZ for Electronic Hardware/ Software or IT	10
7	SEZ for Bio Technology, Non Conventional Energy, Gems & Jewellery	10
8	Free Trade and Warehousing Zone	40

Source: Ministry of Commerce, 2015.

Table-3 clearly reflects on the present scenario of land area notified and land lying unused within the premises of Central Government owned SEZs across India. It says that 21310.03 hectares of land out of 47803.77 notified land lying vacant all over the India and it represent up to 44.58 per cent of land. It also suggests that Kandla Special Economic Zone (12889.99) and Vishakhapatnam Special Economic Zone (12168.68) are top two SEZs in terms of notified land area and the percentage of these SEZs respectively 26.96 per cent and 25.46 per cent meanwhile at the same time they have highest number vacant land area in terms of 5172.89 (24.27%) and 4425.854 (20.77%) respectively. On the other hand in terms of percentage of land utilized and unutilized these two SEZ perform better than the rest of the government owned SEZs in India.

It is also evident from the Table 3 that in most of the Government owned SEZ more than 50 per cent of land is lying vacant. Falta Special Economic Zone and SEEPZ Special Economic Zone are performing poorly, it is suggested that unused land in both SEZs is 61.22 and 65.28 per cent respectively. It is clearly visible that there is vast gap between land utilised and land unutilized in

premises of SEZs units across India. It raises some serious questions on land acquisition policy and direction these SEZ are heading for.

Table 3: Zone wise Notified Area Details (as on 23.01.2014)

SL	No. of Notified SEZs	Name of the SEZ	Total Notified Areas	% Share of Notified Areas	Total Area Utilized	Area Lying Vacant in Processing Area	% Share of Area Lying vacant
1	Cochin SEZ	65	3192.49	6.68	1298.04	1534	48.05
2	Madras SEZ	58	5380.42	11.26	2202.64	2738.56	50.90
3	Noida SEZ	82	4671.53	9.77	671.5	1288.08	27.57
4	Vishakhapatnam SEZ	80	12168.68	25.46	4172.01	4425.85	36.37
5	Kandla SEZ	33	12889.99	26.96	6880.26	5172.89	40.13
6	Falta SEZ	20	1264.64	2.65	571.13	774.25	61.22
7	SEEPZ SEZ	70	8236.02	17.23	1893.48	5376.4	65.28
Total		408	47803.77	100	17689.06	21310.03	44.58

Source: Computed by the Author based on the data collected from the Ministry of Commerce, 2015

CONCLUSION

SEZs have been playing a vital role in the development activities of any country. Now a days very serious discussion emerging with the establishment of SEZs and approvals of the land acquisition for the purpose of the same. The problem of land acquisition in India for SEZs is the most important natural resource, upon which all human activities are based since time immemorial. Land continues to have enormous economic, social and symbolic relevance. Most of the government owned SEZs more than 50 per cent of land is lying vacant. Falta Special Economic Zone and SEEPZ Special Economic Zones are performing poorly, it is suggested that unused land in both SEZ is 61.22 and 65.28 per cent respectively. There is a vast gap between land utilized and land unutilized in premises of SEZ units across India. It raises some serious questions on land acquisition policy and directions towards these SEZ are heading for.

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