Chapter Five
COMMENTS AND SUGGESTIONS

5.1 In the earlier chapters an attempt was made to comprehend all the emerging issues of SEZ. Before even attempting to make any concluding remark it is important to understand the issues from various points of view. An effort in this direction was made in chapter two and three. Also a primary survey was done in chapter four in this regard provides a firsthand information of the ground realities so that the views are not misleading or too generalised.

5.1.1 In the present chapter a modest attempt is made to keep in mind all the concerns of land acquisition and associated compensation and then derive suitable, appealing and affordable suggestion for the same.

5.2 Land Details (Acquired/Sold)

5.2.1 Agricultural land in India has been a sensitive issue ever since the zamindari days. Over six decades after the Independence agriculture still forms the main economic activity and a source of employment for millions of Indians. In agrarian country like India it is the livelihood of millions of people. Land acquisition does not only affect the immediate owners of the land, but causes extreme economic stress to the share-croppers or daily wage labourers who are highly dependent on cultivation as they eke out their living through a meagre, but assured source of income.

5.2.2 The interests of the SEZ developers who wish to acquire a large tract of land for the said purpose lies in conflict with the interest of the farmers and landless workers. Establishment of SEZ requires a large tract of contiguous land to facilitate export-orientated production zones, thereby causing the acquisition of land from those who have been making a living from it since time immemorial. India is largely agricultural, where people are so much attached to their land that they find it difficult to identify themselves separately from it. It has become a part of their culture, tradition and ethos and thus expressed
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strongly on occasions when they perceive a threat to their regional identity and sense of belonging.

5.2.3 Establishment of SEZ has caused reorganisation of economic space and activities and infused into the minds of the people a sense of alienation. Rapid conversion of farmlands into areas of high-tech corporate activities has uprooted the native population from its regional socio-economic formations.

5.2.4 To facilitate the process of land acquisition several states have invoked the century old colonial Land Acquisition Act (LAA), 1894. As per the provisions of this Act, the state being the ultimate owner of the land can take over any land for “public purposes”, by paying reasonable compensation. Thus the legacy of colonial state has passed on to the free Indian state and it has used it in the present time as a policy framework to suit its agenda of land acquisition for SEZ development.

5.2.5 The process of drastic transformation of earlier largely agricultural land use to the existing land uses signify not just capitalistic development but also indicate a part of a larger process of movement of global capital and a long term strategy to industrialise the yet less industrialised south. The present contradictions of spaces between industry and agriculture should not simplistically be viewed as merely a conflict between two divergent interests, as is officially projected. It is much more than that and should be seen as a contradiction between the nature of industrial development in the less developed part of the world and the evolved region-specific socio-economic activities. The latter - socio-cultural landscape - is now enthusiastically sacrificed for development on the plea that it is indispensable for the economy to survive in the present world order. The depth of this destruction in the name of development is very difficult to gauge in short term. The entire process of establishing SEZs in India needs to be seen as a recent strategy of the global capital to find its swift entry into the state.

5.2.6 The importance of geographical space has led to the redrawing of economic and political boundaries. The international economic order has caused rapid
and dramatic changes in the world economies in general. In India the influence is quite drastic as it has restructured the old regional space economy. The globalisation has caused not only geographical reorganisation of economic activities but has deeply affected the age old socio-cultural landscape. It has rebuilt the historically evolved socio-cultural landscape and created new institutions, infrastructure and landscape which actively serve the purpose of capital accumulation.

5.2.7 New innovation in technology has transformed the earlier ways of production by reducing the number of skilled labour and increasing the production and efficiency. No doubt the production and efficiency has improved but it has made a large number of skilled labours redundant. Further, the process of outsourcing of production process has led to engagement of low paid unskilled labour in large number on contractual basis. The whole production process is skewed in favour of the capitalist thus jeopardising the interest of a large number of labour force. There is accumulation of capital in absence of any sense of security to the large labour force. The new global and industrial restructuring has reconfigured the earlier labour capital relations.

5.2.8 International Labour Organisation also observed that bigger corporations operating in Africa, Latin America and Asia have increased the employment opportunities but at the same time have displaced a large number of skilled labour forces. This has served the twin objective of maximising profit and reducing the cost of production by employing unskilled labour at low wages and on very flexible terms. The move created a divide amongst the labour and distorted the concept of labour productivity.

5.2.9 This neo-liberal construction of space is appearing advantageous for capital accumulation but is totally distorting the socio cultural landscape and jeopardising the interest of labourers and other original inhabitants that constituted the part of earlier socio-cultural landscape. Such an organisation of space which is causing discontent and running against the interest of large section of people needs to be vehemently opposed and resisted by those whose livelihoods are threatened and who are coerced to lead a vulnerable life.
5.2.10 A lot of advantages are attached to the SEZ in terms of employment opportunities, quality of life and long term sustained progress but the issues of displacement of large number of people, destruction of earlier means of livelihood of a large population and reasonable compensation for the victims are least talked about. The government seems to downplay all these issues in its zeal to promote establishment of SEZ in the state. Provisions in Section 49 of the SEZ Act, 2005 are quite crucial as they empower the government to exclude any or all SEZs from the control of any central law.

5.2.11 The SEZs enjoys a very distinctive and important status. They are created as autonomous functional units which may not have link with the surrounding areas on functional terms but are linked with other faraway places through global channels. They are a manifestation of spatial imbalances at local level associated with social inequality. These zones are heavily subsidised by the government and public. This would surely cause huge loss to exchequers in tax revenues.

5.2.12 To safeguard their interests farmers from Jamnagar, Gujarat have taken recourse in litigation as they moved the High Court of Gujarat in the year 2006 and then to the supreme court challenging the establishment of SEZ by reliance that spreads over an area of 10,000-acre approximately. The farmers alleged that the acquisition of such a large agricultural land in the villages of the district violated the Land Acquisition Act of 1894 and was also repugnant to the public interest. This move pressurised the government to consider putting a ceiling on maximum land area that can be permitted for acquisition for the establishment of SEZs. Some political parties particularly the left parties also raised demand for putting a ceiling on land area and also on the number of SEZs to be allowed in the country. These commercial zones started with lots of praise but slowly turned into a bone of contention.

5.2.13 The political parties exploit the issue while the dispossessed and the peasants turn out to be the ultimate losers as their only means of livelihood is threatened. Understanding the potential of the issue the central government has put the pending proposals for approval of SEZs on the back burner for
several months. Some technical changes were made in the name of amendment of SEZs rules during this period.

5.2.14 However, persistent public debate and protests led the EGoM to convene a meeting in which significant changes were finalised. Henceforth, it was directed that there would be a ceiling of 5000 hectares on every SEZ area. Giving in to the pressure from the public, media and political parties the EGoM announced that it has requested to the ministry of rural development to formulate a just and sound land acquisition Act that addresses most of the outstanding issues. They also emphasised on the need to have a rehabilitation and resettlement policy that looks into the matter of providing employment opportunities to the ones who have been displaced.

5.2.16 The central government has kept itself out of the land acquisition. Land acquisition should not be completely left to free market forces. This may aggravate conflict as developers may pit one group of farmers against the other. They may also use unfair means to promote their objective and jeopardise the interest of large number of farmers, landless labours and share-croppers. Some farmers may also hold their land and delay selling it in the hope of getting higher returns and may escalate the land price making it unreasonably expensive.

5.2.17 This should also be borne in the mind that the establishment of SEZ cannot be entirely confined to wasteland. This may surely spread to agricultural land as well but, in the long run if the development is to be sustained then the transparency and efficiency is needed on the issues of compensation and rehabilitation. The recurrent protests and conflicts which have led to announcement of new policies and amendments in certain Acts should be taken more sincerely. There is also need to amend the century old Land Acquisition Act of 1894.

5.3 Compensation Concerns

5.3.1 The spirit of the National Relief and Rehabilitation Policy (NRRP), 2007 is to minimise the displacement and promote a least-displacing alternatives
whenever the land is acquired for any project. The Projects should preferably be established on waste lands and degraded lands. Good agricultural and multi-cropped land needs to be carefully avoided. Adequate rehabilitation packages should be ensured for the most vulnerable and weaker sections before contemplating any acquisition of land. Absence of these measures and lack of proper initiatives in the direction of rehabilitation has given rise to large scale discontent and resulted in conflict and widespread violence.

5.3.2 While disbursing the compensation for land acquisition not only the interest of the land owners but all those who derived their livelihood from the land like the landless labourers and sharecroppers who are more vulnerable should be taken into consideration. Some method should also be worked out which makes the land owners a kind of stake holders in the emerging SEZ.

5.3.3 The EGoM has announced that it has deliberated upon the issue of compensation very seriously and has in this regard requested the ministry of rural development to look into the possibility of formulating a new Land Acquisition Act which addresses most of the outstanding issues that have caused trouble in the past and obstructed the smooth execution of the work. If we look into the case of Haryana it is noted that the state has revised its floor rates for determining the value of compensation. The government has for the first time introduced the system of determining minimum floor rates for the acquisition of land vide its Memo No. 2025-R-5-2005/4299, dated 28.04.2005, which were further revised vide Memo No. 1298-R-5- 2007/4174, dated 06.04.2007 (Haryana Government Gazette). The committee headed by the Divisional Commissioner will deliberate and perform its duties while fixing the basic rates of compensation for various categories of land earmarked for acquisition. The Committee shall take into account (i) the sale-deeds executed in the area during the one year period immediately before issue of Section 4 of the Act (ii) the collector rates the approved area for charging the stamp duty on sale deeds, and (iii) the minimum floor rates revised under this policy. The most important of all the above mentioned rates would be taken as the basis for calculation of the basic rate. The Committee if deems necessary can also
take into account the prevailing market rate for fixing the basic rate. After fixing the appropriate rate the committee gives a well reasoned justification for its recommendations. These rates are then forwarded to the acquiring agencies in the state. To these rates are added the additional amount as per Section 23(1A) and the 30% amount under Section 23(2) payable in accordance with the Land Acquisition Act, 1894.

5.4 Rehabilitation and Resettlement Policy

5.4.1 The government under its rehabilitation and settlement policy has also started an Annuity scheme with the intention to provide additional means of sustenance to the dispossessed land owners for a period of 33 years. The broad features of the annuity scheme are given below:

i) The eligible landowners will be paid Annuity @ Rs. 21,000/- per acre per annum for a period of 33 years over and above the usual land compensation;

ii) The Annuity amount of Rs. 21,000/- will be increased by a fixed sum of Rs. 750/-every year;

iii) In respect of land acquired in terms of land acquisition policy for setting up of Special Economic Zone/ Technology Cities/ Technology Parks, in addition to the rehabilitation and resettlement package notified by Industries and Commerce Department, a sum of Rs. 42,000/-per acre per annum will be paid for a period of 33 years by private developers and the Annuity amount will be increased at the rate of Rs.1,500/-every year;

iv) The scheme of Annuity payment will be applicable to all cases of land acquisition by the Government irrespective of the same being acquired for the State Government and its agencies or the Government of India/ its agencies, including the NHAI, the Railways, and the Defence purposes;

v) The Government Departments acquiring land under a statute shall recover the amount required for discharging the Annuity obligations along with the compensation amount from the concerned agencies (for whom land is
acquired) and shall ensure that the ‘Instrument of Annuity’ creating a right in favour of the erstwhile landowner is issued at the earliest;

vi) The landowner would be entitled to appoint his nominee and change the same at any time before his demise for receipt of benefits under this scheme who would step in his shoes after his death and so on so forth till the completion of 33 years period. In cases where a landowner dies intestate without leaving a nominee behind, the Annuity amount for the remainder of the period would be payable to the legal heirs of the deceased erstwhile landowner;

vii) In cases where the land acquired in respect of a landowner/ co-sharer works out to less than one acre, such landowner will have the option to avail the commuted value of the Annuity amount upfront in one go which is fixed at 30 percent of the gross amount of Annuity payable during the 33 years.

viii) The Annuity in respect of land acquired during the preceding calendar year would become due for payment during the month of January of the following year. The landowner would be required to submit his Annuity claim in the prescribed form, along with the supporting documents, within a period of six months of the announcement of the Award. The acquiring departments shall be responsible for processing and compilation of the database of all such valid claimants within a period of further six months. The Annuity amount would be paid through Bank transfers (Haryana Government Gazette Extraordinary, 2010)

5.4.2 Despite comprehensive new measures announced by the government from time to time to provide appropriate compensation to the aggrieved parties, there are still new issues coming up that merit immediate and serious deliberation. There is a concern on the transfer of ownership of land to the promoters of the SEZs. In few states a large section of land was already acquired long ago by the state industrial development corporation. A major section of those lands are now being transferred to the promoters/developers
of SEZ. Now it is sold to them by the SIDC at a higher price. This upward movement of the land price has generated a new debate regarding the payment of compensation to the farmers. The farmers are demanding a revision of compensation amount that was initially awarded to them. A lot of court cases regarding this issue are being fought in different states. The matter of adequate compensation is not easy to tackle. The issue of market value of the land cannot be easily decided as it is often weighed in favour of private buyers who easily negotiate it on their own terms.

5.5 Landless and Agricultural Labourers Displaced Without Compensation

5.5.1 A lot of effort on the part of the Government and the promoter of the SEZ is being made to resolve the issues of land acquisition. New schemes, policies are announced to serve the interest of the dispossessed land owners and provide them some assured means of sustenance. In our country still a large section of population is directly dependent on agriculture. About 80% of the agricultural population owns less than 20 percent of the total agricultural land. It is not only the land owners who are directly affected by the land acquisition but also the landless labours, share-croppers who have played significant role in cultivating those lands. They have lost their only means of sustenance and all of a sudden are under extreme economic stress. Earlier while working as agricultural labourers they at least ensured their meals but in the absence of land their livelihood are threatened. Others who used the open farm lands as grazing grounds for their animals during the fallow period too are facing a lot of hardships as their source for feeding the animals has been lost.

5.5.2 A look into this issue further brings forth cases from Gujarat where large tracts of land which are actually common lands or gowcher are given to the SEZs as wasteland. These lands were the source of livelihood for the fishing and grazing communities. Similarly in states like Tamil Nadu and Andhra Pradesh public land like temple land and waqf land are easily transferred to the SEZs. State of Andhra Pradesh which is amongst the states with very high SEZ approvals has expropriated those lands which were originally assigned to scheduled tribes and scheduled castes. This act of government runs against the
very spirit of our constitution. Such instances are not isolated but are noted in places like Chittoor, Anantpur, Kakinada and Polepally where SEZs are proposed.

5.5.3 A government should always give preference to the welfare of common people over the benefit of only a few influential individuals. While acquiring land for any project it should always keep the interest of a large section of population above any other matter.

5.6 Strategies and Suggestions

5.6.1 After compiling the overall details about the land struggle and compensation concerns in retrospect and introspect of SEZ, the study would focus on highlighting some of strategies or suggestions pertaining only to the above issues, which if incorporated on case to case basis would bring out a better redressal mechanism.

(a) **Size of land:**

i) There is a need to redirect the development of SEZs towards rural India especially that of IT/ITeS or manufacturing. IT/ITeS requires smaller piece of land in comparison to the other sectors. While manufacturing will absorb lot of workforce specially the unskilled population. The workers in this sector will gradually understand the requirement of the job and try to learn/train themselves in this regard.

ii) The government should fix the land ceiling for different types of SEZ and workout a percentage of land area and requirement.

iii) Conversion of agricultural land into non-agricultural land should be renewed and reforms in law, rules and regulations must be enforced. Land price must be realistic and no scope should be left for the developers and property managers to increase the price of land artificially.
(b) **Site preference:**

i) If good infrastructure facilities are developed in the rural areas or backward region the SEZ developers would prefer them because of an added advantage of additional cheap labour force. This will not only reduce the pressure on the urban areas but also help reduce disparity in the villages. The benefits from the SEZ would trickle to the rural areas and also adjoining areas thereby reducing regional disparity.

ii) A large tract of single cropped areas or uncultivable land is also available along with cheap workforce for every type of industrial sector. The only problem being lack of good infrastructural facilities in the area. To bring in more inclusive and broad based industrial development of the country the government should encourage the development of SEZs in places that are underdeveloped, wasteland, single crop areas like as done in Bhilai, Jamshedpur and Haldia. These were set up on barren land and provided tremendous development in the area.

iii) Also the other side of the coin being that looking at the land concerns government has directed state government not to get involved in the process of land acquisition for SEZs. These proposal of land along with the ideal location and reasonable price had been a prime strategy of the government to attract investment. If this device to lure the investor is also taken away and industries have to be established at the rural background there need to be a strong infrastructural development at a fast pace. The government needs to start the process without much delay.

iv) Many of the old industrial units or loss making firm’s land could be utilized and refurbished and can be made to run engineering or IT/ITeS SEZs.
v) SEZs can be developed in Bihar and Assam which have none at present to harness the local resources and to improve the infrastructure and connectivity of the entire country.

(c) **Social responsibility and security of job:**

i) SEZs have been condemned on many accounts but the fact also is that they are and will in future generate tremendous benefits. These benefits derived from multiplier effect of the investments and the additional economic activities in the SEZs and the employment generated would outweigh the benefits granted to them like tax exemption. Also SEZ would result in large inflow of foreign and domestic investment in the SEZ in both infrastructure and productive capacity, leading to generation of additional economic activity and further generation of employment opportunities.

ii) In the areas where SEZs have been established a sense of social responsibility should be guaranteed understanding and incorporating the need of all the stakeholders involved especially those (cultivators, share-croppers, tribal people and labourers) who are alienated from their land. There should be some training or programme or workshop on other viable alternate occupation.

iii) Another point of view also rises from the study, that the returns from the agriculture are steadily falling. There is a massive decline in productivity making farmers disheartened about the agriculture as an activity. In many cases farmers are willing to for their betterment sell off land for SEZ purpose, provided they receive a good compensation or a stake in the industry employment.

iv) SEZs are usually proposed close to the big cities, in proximity to the seaports/airports/ railway stations as these would favour
SEZs to be near big cities and in the developed region of the country. The accessibility of the government officials, better residential and banking facilities and cosmopolitan nature of the cities would attract investors. With the establishment of SEZ the infrastructure of the backward region would also develop. With more schools and hospitals it will introduce a regulated service flow in the area. With a decent monthly wage landless labourer can afford to bring in their families thereby leading a better lifestyle.

v) SEZs have also created tremendous local area impact in terms of direct employment, emergence of new activities, change in consumption pattern and human development like education, health, banking and insurance.

vi) If they are given the chance to sell their land like a voluntary retirement from farming activity and further employing them in the industries they will have a better living prospect.

vii) Areas where SEZ are being established are witnessing increase in the land price thereby providing a chance to the farmer to dispose of their land at the best possible price but livelihood concerns remain prominent.

viii) Those who are losing their immediate livelihood because of land acquisition includes owners of land, share croppers, tenant farmers, agricultural labourers will be able to avail alternative livelihood.

ix) Growth and development would have been favourable if the new industrial set up combined the infrastructure in the backward districts. This will enrich both agriculture and industry that in turn generates output and mass employment in the underdeveloped areas.
x) Government must lay down detailed guidelines for the developers to develop social infrastructure such as schools, hospitals, shopping complex, recreational and sports facility, airport, banks etc in the areas earmarked for SEZ.

(d) Food security:

i) The issue in the country needs to be addressed at the right time. There should be increase in the production of food grain to meet the national demand. Agriculture sector must keep a vigil on the requirements of farmers and provide them necessary training from time to time. Food security issue of the country should be dealt with extreme caution so that we are not devoid of basic need and have to look at the foreign land (import) to meet our growing food requirement. A self sufficiency in this sector is prime for any country.

ii) SEZ on this regard can be established on barren land or culturable wasteland with proper road or railway connectivity so as to attract the investors.

iii) The government should put a stop on multi-cropped land earmarked for SEZ so as to avoid agriculture food shortage otherwise whatever gains we get from export promotion may be spend in meeting import of food grain bills.

iv) Regarding shrinking of agricultural land, rain-fed farming should be promoted and also regular workshop on the nutrient requirement of land need to be conducted on regular basis.

v) Special Agriculture Zones/Kissan SEZs are the other prospect that need to be promoted like those proposed in Nellore district of Andhra Pradesh by IIFCO (Indian Farmers Fertilizer Co-operative). It will make the peasants direct stakeholders in the project. This will not only absorb farmers but also generate large number of employment opportunities.
(e) **Labour concerns:**

i) Various studies in the past suggest that lack of enforcement of proper labour laws and absence of workers representation would undermine the ability of the zone. There need to be proper working conditions, safety as well as satisfaction at the workplace which needs to be taken care of if companies require dedicated workforce. Apart from the upgradation of skills, proper lighting, sanitary condition, recreational activities for the labourer and safety provision for the female workforce will be vital for dynamic and international competitive business.

ii) There should be a contract with the labour force which will at least give them some satisfaction of the duration of their stay in the company. Also, these contracts could be renewed on yearly or five yearly basis so that the employee can search other job in different company before the expiration of his tenure. This way the labour at all the level would be saved from the hire and fire policy, where an individual’s pay and longevity are based on individual worker and company’s performance.

(f) **Compensation concerns:**

i) There cannot be a single compensation and rehabilitation policy for all the SEZs. These need to be taken up on case by case basis or at a state level to rehabilitate the people.

ii) The company and the state government can mix the cash compensation and share in the project equal in value to the full price of land acquired. Also, a job guarantee and training to the ambitious, innovative entrepreneur farmers/worker can help them in seeking job in the SEZs like that of JSW Steel Salboni, West Bengal.
iii) Compensation and rehabilitation issue of the displaced requires immediate attention. It is very difficult to attach value to the fertile land. An estimate actual market price can be evolved by incorporating the discounting factors for assessing the current value of the future value asset generating employment output as well as environmental values associated with the plot of the land. It is important to review the current average price at which similar kind of land has been transacted over.

iv) Most of those who are displaced from their land were either share croppers or workers who do not know the modern institutions and practices, they do not know what needs to be done with the compensation received.

v) Farmers receiving compensation do not know any other activity other than agriculture so they are unlikely to be able to invest in the new business or simply waste most of the capital in conspicuous consumption. Also their transition to the other business requires ample time and training.

vi) If the primary asset is liquidated, then the farmers need to invest the proceeds so as they earn their livelihood for the rest of the life. Poor farmers or labourers do not have the slightest clue of how to regulate investment for the future return. For them ownership of asset is more important than the financial market compensation.

5.7 Conclusion

5.7.1 SEZs are here to stay but a coercive attitude towards land grab will do no good. They would be engines of growth as well as development if appropriate measures are taken at the right time addressing the major concerns. The government should interact with the stakeholders (farmers alienated from land, labourers, tenant farmers, share-croppers) including the developers of SEZ, various agencies involved, elected representatives, NGO and only after
analysing the concern and issues (especially those pertaining to livelihood) that surround a particular SEZ, government may go ahead with the notification of an area as earmarked for SEZ. An earnest attempt has been made in the study to provide measures as listed above that may help to mitigate the problem to an extent