

Special Economic Zone : A New Arena of Development

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Foreign Direct Investment or FDI is a measure of foreign ownership of domestic product assets such as factories, land and organizations. In India it has played an important role in the development of the Indian economy and also has in a lot of ways enabled India to achieve a certain degree of financial stability, growth and development. In 1998-99 the Indian national government announced a number of reforms designed to encourage and promote a favorable business environment for investors. FDIs are permitted through financial collaboration with private equity or preferential allotments by way of capital markets through euro issues and in joint ventures. FDI is not permitted in the arms, nuclear, railway, coal or mining industries. Considering the various issues in India related to FDI flow; physical infrastructure is one of the biggest hurdles that India currently faces to the extent that regional differences in infrastructure concentrates FDI to only a few specific regions. While many of the issues that plug in India in the aspects of telecommunications, highways and ports, the slow development and improvement of railways, water and sanitation continue to deter major investors. Federal legislation is another pervasive impediment for India. Local authorities in India are not part of the approval process and the large bureaucratic structure of the central government

is often perceived as a breeding ground for corruption. Foreign investment is seen as a slow and inefficient way of doing business especially in a paper work system that is shrouded in red tape.

Special economic zones is a new initiative to recognize the importance of facilitating international trade for sustained growth of economy and increased contribution to the GDP of the nation. Special economic zones consist of a particular area inside the state which acts as foreign territory for tariff and trade. It is more liberal than previous economic policy with the objective of rapid economic growth by using tax free and business incentives to attract foreign investment and advance scientific technology.

The SEZ policy was first introduced in India in April 2000 as part of the export import policy of India. To provide stable economic environment for the promotion of export import goods in a quick, efficient and hassle free manner, the government of India enacted the SEZ act, which received the assent of the president of India on June 23, 2005. The SEZ act and rules 2006 were notified on February 10, 2006. The SEZ act was expected to give a big thrust to exports and consequently to the foreign direct investment inflows into India and is considered to be one of the finest pieces of legislation that may well

represent the future of the industrial development strategy in India. The SEZ policy is probably one of the most controversial of all government policies in the post liberalization era. Political parties, senior government officials, ministers, economists, analysts and activists are hotly debating the policy and opinions are sharply divided.

SEZ in Odisha

Central government has approved five SEZs in Odisha, which would attract investments of Rs. 12000 crore in manufacturing, IT and ITES sector and would create 28000 jobs in the state. Vedanta Alumina Ltd's proposal to set up an SEZ for aluminium and aluminium products including down stream industries, this SEZ is to come up in Jharsuguda.

Aluminium industry is to be developed by Hindalco Industries in Sambalpur and create 8000 jobs. The third one relates to beach sand mineral processing to be developed by Saraf Agencies Pvt. Ltd in Chhatrapur of Ganjam district. The fourth SEZ relates to a BPO SEZ to be developed by Genpact India Pvt. Ltd. in Bhubaneswar. Besides this the 2500 acres of land acquired at Gopalpur in Odisha to set up a steel plant several years ago will be used for setting up of a Special Economic Zone by the TATA Groups.

In spite of that IDCO has obtained approval of Govt. of India to develop SEZ for IT/ITES industries in Infocity, Bhubaneswar and SEZ for IT/ITES/BPO industries in Mancheswar Industrial Estate and Gandakashipur, Bhubaneswar.

What SEZs Provide

- Simplified procedures for development, operation, and maintenance of the Special Economic Zones and for setting up units and conducting business in SEZs;

- Single window clearance for setting up of an SEZ;
- Single window clearance for setting up a unit in a Special Economic Zone;
- Single Window clearance on matters relating to Central as well as State Governments;
- Simplified compliance procedures and documentation with an emphasis on self certification.

In global competitive market the 4th largest South Korean based steel giant company POSCO – INDIA Private Ltd. signed Memorandum of Understanding (MoU) with the Government of Odisha in June 25th 2005. The objectives of the Company are to set up integrated steel plant, mining and captive port in the Erasama Block of Jagatsinghpur district, Odisha. As per MoU, based on the requirement of plant, the Company will also develop and operate other infrastructure areas like mining facilities allocated by the govt. of Odisha, road, separate railway line from mines area to plant side, port, integrated township and water supply infrastructure. According to the information available in electronic and print media the Company is expected to have far reaching out from socioeconomic and environmental impact. Considering the whole scenario the 4000 acres land is one of the major issues. Apart from it the lands requirement for railway, road expansion and mines is not included in this. In other part the people of 11 revenue villages of three Gram Panchayat namely Dhinkia, Gadakujanga and Nuagaon will lose entire livelihood settlements. In the global context at present scarcity of water is one of the challenging issues, based on it bunch of upcoming problems would spoil the society which have been expected by the technical experts, intellectuals, thinkers, research activists, policy makers etc. Considering this the technical experts and civil society groups

have been repeatedly raised voice against use of water from the Mahanadi river because this would severely impact on drinking water and agricultural water supply to Cuttack and neighbour four major agricultural productivity districts.

In the signed MoU with POSCO- India Private Ltd it is clearly mentioned that the plant area must have to declared as special economic zone with subject to be providing all types of facilities as required based on SEZ act 2006. The project says that both the people and government will be benefited a lot in terms of financial, social, increase GDP rate, creating more employment opportunity and optimum utilization of available resources towards sustainable development whereas the people and other eminent groups are not in favour of this project which is clearly visible through the strong opposition continuing till today by local people and intellectuals.

Meanwhile the message was spread in the area rapidly within few days. Since the period all the villagers united and started their discussion about the protection of livelihoods and future perspective of the project. But after a long debate they all feel that the project have not given prime importance to sustainable improvement of socioeconomic and environmental condition against impact. As a result, the opposition has been increasing day by day and now become stronger than before. It happens due to self realization at the individual level about the future of the project. The proposed plant and port will severely affect 11 villages and three Gram Panchayats, namely Dinkia, Nuagaon and Kujanga. After final signed in MoU the three Panchayats people came to a common platform spontaneously to have initial discussion about the victims of the project. Right now there are three opposition groups functioning at different level; where each member of the victim family were

being associated in different opposition groups. Based on it young mass took major steps to oppose establishment of the company. These three groups are completely different in their method to protest against the project. The basic understanding of opposition of the project is, based on the land that they all will lose their critical source of livelihood, which are common for all the families in these three Panchayats.

Opinion Vs decision

Both the central and state government wanted to establish a mega steel plant in the coastal area due to availability of land and ample opportunity for transportation of finished product to South Korea through sea route and employment opportunity for the local people and trained technical youth in Odisha. Basically based on it, the government has taken decision at the central level whereas in other way did not want to know the people's response at the ground. The people has been living in this area since many generations; say roughly around 300 years ago but most of the family does not have much land to do agriculture crop, whereas such families have encroached government land and doing agricultural cultivation as well as betel crop also. Here the question mark is, in the democratic country the government has to give prime importance to the welfare of its citizen as a whole, whereas till today the government did not provide land patta of encroached land of betel crop but in other way are ready to give land to the company more than actual. Therefore, the background intensity to start the project is strong willingness of the political people and bureaucracy personnel. Considering the people's reaction through media coverage that there are some reasons which may pull down or completely destroy the livelihood of the locality. It may reflect in different form like; loss of livelihood for ever (agriculture, horticulture,

prawn culture, fishing etc), disorganization of social brotherhood relationship, loss of land, water and open space air, no technical and managerial expertise to work in industry, opportunity only for unskilled labour work, no concrete plan regarding sustainable income generation for all the family members and coming generation, no provision for land against land and increasing antisocial activities (conflict, misbehave to women, family disturbance etc).

Booming agriculture and allied economy

Source of income and its appropriate use clearly indicating the quality of life of the villagers as well as the promotion of rural based skilled labour intensive employment opportunities. The major income comes from betel vine, paddy, coconut, Gua, sajana chhuin etc. and the villager's economy is thriving based on labour intensive work like betel vine cultivation, agriculture, cashew, horticulture and fishing. The gross income of each family lies between 2.5 to 3.0 lakhs per annum, out of which 2 to 2.5 lakhs income comes from only betel vine and rest of the amount related to other sources of income. It is a crop of labour intensive work, where all the family members get the opportunity at different levels i.e. plucking, bundling, transport, marketing, cleaning, etc. and also it provides continuous flow of income throughout the year.

Apart from the above facts, paddy and prawn cultivation, cashew, coconut, sajana etc. gives additional income to the family. Basically, except paddy they have not been spending much money for doing such cultivation over different seasons. These types of cultivation were done by the family members through proper care and protection. The family also gets nutrition food depending upon availability over different period from the betel vine surroundings and kitchen garden, for which they are not depending on daily

market/ weekly market to purchase vegetables except ration commodities.

Land and its use

Acquisition of land for such enterprise becomes critical issues. These lands are primarily assigned lands which were distributed to the poor and landless sections, particularly Dalits and other marginalized sections. These groups are in transition from the status of agriculture wage labour to farmers. The companies eye these lands as they are easily acquirable under the provisions of Land Acquisition Act in the name of "public interest". It is paradoxical that on one hand the state is creating the impression that the SEZs are serving "national interest" or "public purpose"; on the other, the amount of autonomy that is bestowed on the agents of SEZs actually derogates from the Indian sovereignty. The irony is that the development agenda of economic reforms in the name of SEZs instead of striving for inclusive development is a return to industrial centers or hubs with feudal nature though with a modern veneer.

Till today POSCO has been trying forcefully to acquire the farmers' land. Many protests and rallies have been organised by the villagers against the project. Farmers have kept away the company from establishing offices in the villages, and have set up "check gates" at the entrances to the villages to check on the identification of outsiders and to prevent POSCO from starting survey and demarcate the land.

Rehabilitation and Resettlement

The Government of Odisha has developed Rehabilitation and Resettlement policy in 2006 and again amended in June 2007 which covers the development projects like industries, mining, national parks and sanctuary, irrigation, urbanization set up, road, railways, power lines

etc. The objectives of the policy of the government in general is:

- To avoid displacement and recognize voice of the displaced communities emphasizing the needs of the indigenous communities and vulnerable sections.
- To ensure environmental sustainability through participatory and transparent process.
- To help guiding the process of developing institutional mechanism for implementation, monitoring, conflict resolution and grievance redressal.

Meantime the govt. had declared rehabilitation and resettlement package for displaced families in POSCO operational area. In this package livelihood protection was given on priority along with houses in the rehabilitation colony also for families displaced from government land and one nominated member will be engaged in construction of job through the contractor. The engagement will be given on priority basis like a) landless labour family working in betel vines b) displaced family from private land c) displaced family from govt. land d) 100 % land loosing families e) partial land loosing families f) other left out families in the three GPs who are not directly affected by the project.

Inspite of the above fact; it will give importance to direct employment after functioning of the plant. During this period one nominated member of each displaced family and 100 % land losing family will be provided training and employment. Followed by one nominated member of each land-affected families will be trained freely in different consulting agencies (KISS in Odisha) for gaining employment in outsourced jobs as well as to enhance their skills for employment or self employment. Apart from it compensation to free encroachment of

Government land: Cultivation in Government land such as Betel Vine, Prawn pond, paddy and fruit bearing trees as well as landless laborers working in betel Vine will be compensated. Finally; it is also equally giving importance to betel vine workers who will be rendered jobless after dismantling of betel vine structure will be paid reasonable amount of unemployment allowance for a period of 6 months or till they get wage employment under the contractor.

Conclusion

The key objective of economic development is to maximizing the positive human development and overcome from poverty impacts. SEZs have the potential to enhance human capabilities. But for this potential to be realised, the government must devise strategies to strengthen the opportunities that are likely to emerge, protect interests of the SEZ workers, and forge linkages between SEZs and the domestic economy. Some relaxation may be introduced in the rules under certain exceptional circumstances. This may also generate knowledge spill-over effects. In this scenario, SEZs can be used as a policy instrument in upgrading skills and building human capital.

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Shri Lal Bihari Himirika, Minister for ST & SC Development, Minorities & Backward Classes Welfare felicitating the tribal artists during the valedictory function of National Workshop on Tribal Art and Artefacts organised at the Tribal Museum, Bhubaneswar.