

Displacement, Land Acquisition & Special Economic Zones in India

Dr. Kabita Kumari Sahu

Lecturer in Economics North Orissa University Baripada, Odisha

ABSTRACT: *The objective of the paper is to analyse the state wise total land acquisition for special economic zones in India. The paper is based on available secondary data from SEZ reports in India. The land for the 260 notified SEZs where operations have since commenced involved is approximately over 29953 hectares. Andhra Pradesh has highest number of SEZ approvals(109) and operational(36). The less developed states of India have less SEZ approvals in India. But total land allotment to SEZ in Maharastra is 47225 Sq Km which is 28.89 % of total land allotted for SEZ. The SEZs basically violates the right to life and livelihood of the people who are forcibly displaced for the implementation of the SEZ. Total area of land under SEZs is expected to be over 200,000 hectares and this land is capable of producing around 1 million tons of food grains. It is estimated that farming families will have to face losses of around Rs. 212 crore each year in total income.*

Keywords: *Compensation, Land Acquisition, Rehabilitation, Settlement, Special Economic Zones*

I. INTRODUCTION

Land acquisition and rehabilitation of displaced people are hot topics of academic interest in every country. India has established Special Economic Zones (SEZs) for industrial development in 2005. The SEZ Act was passed by the parliament in 2005 with the view that it will create growth by increased exports, jobs for youth and thus lead us on the path of development. This law has extended substantial tax benefits and subsidies to SEZ developers apart from providing cheap land for developing SEZs. The main objectives of the SEZ Act in India are: (a) Generation of additional economic activity. (b) Promotion of exports of goods and services. (c) Promotion of investment from domestic and foreign sources. (d) Creation of employment opportunities. (e) Development of infrastructure facilities. Since then, a number of SEZs have come up across many states attracted by the tax benefits offered. It needs about 50,000 hectares of agricultural land. Farmers are resisting for land acquisition because it leads to their deprivation, joblessness, rehabilitation problem and other miseries. The key issues involved are fixation of compensation for acquisition of land from the farmers, displacement of families and their rehabilitation at a secured place, employment of farmers in case of loss of land. These are the issues which are still swinging for proper settlement. As per the existing findings of various case studies it has been observed that farmers do not wish to give land and oppose the SEZs. In reality, those who gain and lose are different sets of people. Losers are those people who are displaced by these SEZs and beneficiaries are generally urban and skilled workers who get employment in them. Farmers and others who sacrifice their land for this development derive little benefits from them because jobs created are generally high skilled which they are not equipped to do. If, at all, they get any jobs, they tend to be low skilled. Since the new and modern infrastructure is bound to be much more capital intensive than agriculture or nonfarm rural activities, it would create fewer jobs.

The extent of commercialization of natural resources like land is very high. Availing cheap land in abundance is the most lucrative concession to the developers of SEZs. In many cases, the land allotted is in excess of the requirement of the industries. This implies that land is treated as an investment in real estate where profits can be derived in future. In this context, the objective of this paper is to analyse the land acquisition policy for Special Economic Zones in India and compare with China. The study is based on secondary data and information collected from SEZ reports, Ministry of Industry, Government of India and China.

II. LITERATURE REVIEW

There is plethora of literature on special economic zones, and land acquisition in India and abroad. Grandos (2003) pointed out that the establishment of development zones assumes significance for countries that adopt growth models based on export promotion instead of import substitution. According to Zheng (1999), while development zones have been successful in attaining the economic goals for which they were initially established, there are doubts over the sustainability of these zones due to the growing developmental imbalances among the regions.

Mukhopadhyay and Pradhan (2009) in a study confirms the global analysis in the Indian context. The study attempted to examine in considerable detail the hypothesis that a majority of the SEZs in India are concentrated

within a few states; and within these states, they are located in districts with industrialization and urbanization levels higher than the median for the country. The findings reveal that 183 out of the 247 notified SEZs (i.e., 74 per cent) are located in 43 districts where the urbanization level is more than the median. The results further reveal that of the 183 SEZs located in highly urbanized districts, 172 are in districts where the industrialization level is also more than the median. In the case of the National Capital Region, which consists of 10 districts (excluding Delhi)—Gautam Buddha Nagar, Gurgaon, Faridabad, Ghaziabad, Panipat, Sonapat, Mewat, Rewari, Alwar, Jhajjar—60 of the 74 formally approved SEZs are located in the three districts of Gautam Buddha Nagar, Faridabad and Gurgaon. The existing literature has mainly judged the success of SEZs/EPZs in terms of employment generation, export growth, linkages to the host economy, foreign exchange and GDP growth. Several of these studies have used a cost-benefit analysis to compare the benefits arising from SEZs with the cost of establishing them in the form of subsidies, administrative costs, social costs and infrastructure costs (Johansson and Nilson, 1997). The review of these studies reinforces the suspicion that while the investment—both economic and social—in the establishment of SEZs is substantially high, the benefits accruing from them are not appreciably significant.

III. EVOLUTION OF SEZS

India started its first export processing zone (EPZ) in 1965 in Kandla, Gujarat which was the first EPZ in Asia. EPZs were conceived of as duty-free areas in which the operating units avail of a host of fiscal and other concessions to produce and export goods and services. The EPZ units in the country operated within the framework of export-import policies. With a view to overcome the multiplicity of controls and clearances, the absence of world-class infrastructure, and an unstable fiscal regime, and to attract larger foreign investments, the Special Economic Zones (SEZs) Policy was announced by the Government of India in April 2000. The policy intended to make SEZs an engine for economic growth, supported by providing quality infrastructure and complemented by an attractive fiscal package, both at the Centre and in the states, with the minimum possible regulation. SEZs in India functioned from 1 November 2000 to 9 February 2006 under the provisions of the Foreign Trade Policy, and fiscal incentives were made effective through the provisions of relevant statutes. The SEZ Act, 2005, supported by SEZ Rules, came into effect on 10 February, 2006, providing for drastic simplification of procedures and for single-window clearance on matters relating to the central as well as state governments. The SEZ Rules provide for different minimum land requirements for different classes of SEZs. With the enactment of the 2005 legislation, SEZs received a major thrust. There has been a significant increase in the number of SEZs in India since then. The act has 56 sections, containing legal provisions for the establishment of SEZs, constitution of the Board of Approval, appointment of development commissioners, provisions for dispute settlement, etc. After the SEZ Act and Rules were notified, amendments to the SEZ rules were notified in 2006 and again in 2007.

IV. LAND REQUIREMENTS FOR SPECIAL ECONOMIC ZONES

The total land requirement for the formal approvals granted till date is approximately 67772 hectares out of which about 109 approvals are for State Industrial Development

Table-1 Number of SEZ approved, Notified & Operational in States of India up to March, 2012

State	Formal Approval	Notified	SEZs Operational
Andhra Pradesh	109	75	36
Chandigarh	2	1	0
Delhi	3	0	0
Dadra & Nagar Haveli	3	1	0
Goa	7	3	0
Gujarat	45	29	13
Haryana	46	35	3
Jharkhand	1	1	0
Karnataka	58	36	20
Kerala	28	20	7
Madhya Pradesh	15	6	1
Maharashtra	104	63	18
Nagaland	2	1	0
Odisha	10	1	0
Pondicherry	1	0	0
Punjab	8	2	0
Rajasthan	10	9	4
Tamil Nadu	71	57	28
Uttar Pradesh	34	21	6
West Bengal	22	12	5
Total	583	381	143

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

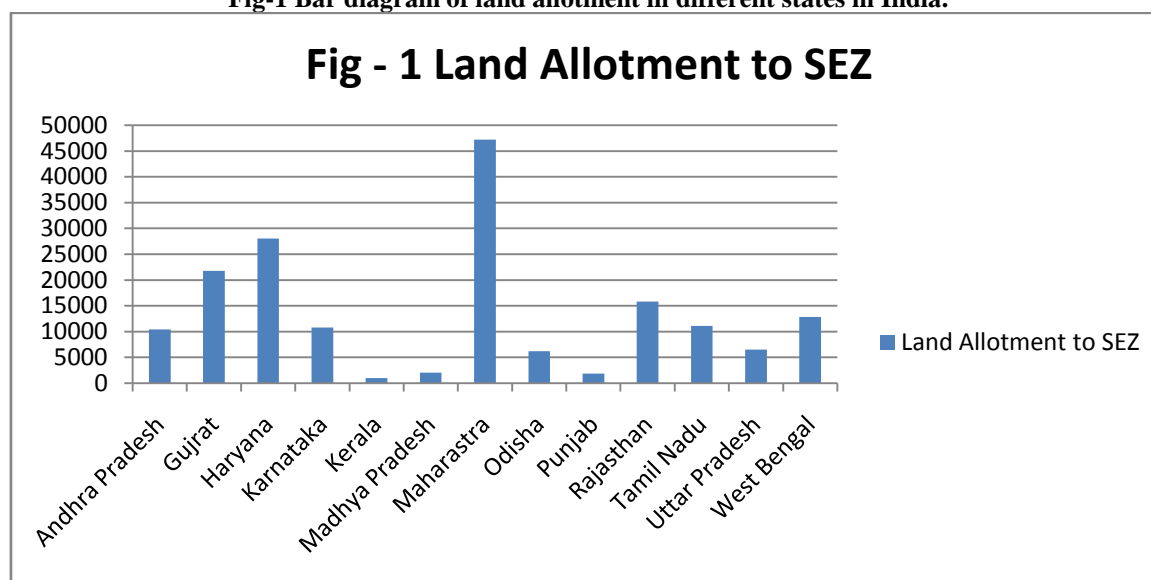
Corporations/State Government Ventures which account for over 20893 hectares. In these cases, the land already available with the State Governments or SIDCs or with private companies has been utilized for setting up SEZ. The land for the 260 notified SEZs where operations have since commenced involved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

677 sq km. Table -1 shows total SEZs approved and notified in different states in India. Andhra Pradesh has highest number of SEZ approvals(109) and operational(36). The less developed states of India have less SEZ approvals in India. But total land allotment to SEZ in Maharashtra is 47225 Sq Km which is 28.89 % of total land allotted for SEZ. Kerala has allotted only 977 Sq Km which is lowest & 0.60 % of total land.

Table-2 State Wise Land Allotment to SEZ March, 2012

Sl No	State	Land Allotment to SEZ(Sq Km)	Percentage
1	Andhra Pradesh	10417	6.37
2	Gujrat	21800	13.34
3	Haryana	28052	17.16
4	Karnataka	10824	6.62
5	Kerala	977	0.60
6	Madhya Pradesh	2025	1.24
7	Maharastra	47225	28.89
8	Odisha	6199	3.79
9	Punjab	1845	1.13
10	Rajasthan	15819	9.68
11	Tamil Nadu	11124	6.81
12	Uttar Pradesh	6509	3.98
13	West Bengal	12812	7.84
14	Total	163430	100
15	Grand Total(UT & others)	196656	

Fig-1 Bar diagram of land allotment in different states in India.



SEZs and Agricultural Land

The acquisition of agricultural land for establishing SEZs is among the most serious and grave implications of the SEZ policy of the Government of India. The Committee on State Agrarian Relations and Unfinished Task in Land Reforms highlighted in its 2009 report that the total area of land under SEZs is expected to be over 200,000 hectares and this land is capable of producing around 1 million tons of food grains. It is estimated that farming families will have to face losses of around Rs. 212 crore each year in total income. This will also put India's food security at risk. How can state governments be allowed to violate their own land-

use plans to make way for SEZs, without inviting public interest litigation? How can the state allow the acquisition of prime agricultural land from farmers for industrial purposes? Why does not the state encourage industry to develop the more than 20 per cent (68 million hectares) of the country's land area that is officially classified as "wasteland". These are very critical issues in special economic zones and land acquisition.

The Land acquisition Problem in India for SEZ

The most important natural resource, upon which all human activity is based since time immemorial is land. 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 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. 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 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 "public purposes". The states in which the SEZs have been approved are facing intense protests, from the farming community, accusing the Government of forcibly snatching fertile land from them, at heavily discounted prices as against the prevailing prices in the commercial real estate industry. There is huge protest by the land owners for forceful occupying their land in the name of public purpose for development. Total Land Area in India is 2973190sq km out of which agricultural area is 54.5% (1620388 sq km) and Non Agricultural area is 45.5% (1352802 sq km). Approximately 531 SEZs have been formally approved in India which covers 676 sq km but 143 SEZs have been approved in-principle which acquired 1209 sq km. Total Area (incl. IP approvals) covered by SEZs is 1885 sq km which is 0.063% of total land area and 0.116% of Agricultural land. Farmers are resisting for land acquisition because it leads to their deprivation, joblessness, rehabilitation problem and other miseries. 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 persons. 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 meager in the present rate of economy. Displaced persons have to go in search of employment after they are thrown out of the land. Further, they have to struggle longer period of time even to get their compensation on the one hand and livelihood on the other hand.

Inadequate Compensation and Rehabilitation

Since independence, India has pursued a policy of industrial development and set up large industries or industrial estates and projects like mines, dams, ports, and expansion of the road and rail network. Each one of them has displaced people in large numbers. There has also been the experience of setting up Export Zones and Electronic Zones. In most of the cases, the displaced people have found little new employment in these projects while the educated elite, the 5 per cent of the workforce in the organized sectors, have benefited substantially. The compensation required under the Land Acquisition Act focuses entirely on the market value of the land asset. It assumes that land is the only thing that is lost and that formal landowners are the only ones to lose. Rehabilitation policy implicitly assumes the existence of homogeneous labour, which can migrate anywhere to get work. That is not true for the agriculturists. For them it is an interdependent life and kinship is crucial. This displacement is very painful since it breaks the family and neighborhood bonds that are not easy to establish in a new setting. The bonds may be between the labourer and the farmer or the farmer and the carpenter or the blacksmith, and so on. From past experiences of displacement it is clear that the rehabilitation of farmers, as it is done now, does not work. It is not that those displaced did not receive any compensation at all. However, most of them did not know the modern institutions and practices. They did not know what to do with the compensation received. Often money was blown up in drinks and conspicuous consumption. Another important point is that the landless who will not receive any compensation and those performing non-farm activities like the potters, herdsman, carpenters, and so on, who are traditionally integrated into the farm economy, are left without any redress for the severe disruption to their livelihoods that they face. In fact, the ones worst affected will be the share-croppers and labourers, the petty traders and service providers. These landless people do not even have a legal basis for compensation.

Another key criticism of forced land acquisition is that it often discriminates against the most vulnerable sections of society, particularly scheduled castes and tribal peoples. Vulnerable groups are also the most likely to suffer from malpractice in the distribution of compensation or other rehabilitation benefits. In recognition of the inadequacy of the current situation, the Rehabilitation and Resettlement Bill, 2007 has been proposed (Government of India, 2007). The following are the rehabilitation and resettlement benefits proposed under the bill:

1. Allotment of agricultural land.
2. Financial assistance related to loss of cattle sheds.
3. Transportation cost.
4. Employment and Skill Development Opportunities.
5. Options for allotment of shares of the companies placed in the SEZ areas.
6. Substance Allowances.
7. Option for lump sum payment in lieu of benefits given.
8. Special provisions for the rehabilitation of the members of the Schedule Castes and Scheduled Tribes.
9. Housing Benefits

The current functional statutory provision for rehabilitation and resettlement of the SEZ displaced people is inadequate.

Government of India notification on 27 October, 2009 on Rehabilitation

The provisions of the Land Acquisition Act and the Resettlement and Rehabilitation Policy as framed by the Ministry of Rural Development will be applicable for acquisition of land for SEZ also.

However, while identifying the location for setting up of Special Economic Zones, the promoter may keep in view the following aspects:

- (i) As far as possible, SEZs may be located outside an urban agglomeration/municipal limit.
- (ii) Sufficient land and water resources for the population envisaged in the SEZs should be available.
- (iii) Cultivable land should be considered only if adequate quantum of other land is not available. First preference should be for acquisition of waste and barren land, followed by single crop land and double crop land necessary to meet the contiguity requirements.
- (iv) Site shall have potential for development as a self-contained entity along with environmental sustainability.
- (v) As far as possible SEZs shall be self-contained with respect to basic facilities and requirements.
- (vi) The developer may also strive to create facilities such as industrial training centres, ITIs, vocational training programmes and other such community development programmes for the benefit of the people impacted by the establishment of the Zone in association with the Government or Non-Governmental agencies as considered appropriate.

Suggestions for improvement of Compensation for displaced people

The compensation for displaced people can follow following principles.

- (i) Project Affected Families (PAFs) can make a choice in the way compensation is offered- a) as a lump-sum amount; b) 30% as a lumpsum amount, and the rest as an annuity at the rate of 12% interest escalating every year for 33 years; or c) The total value as an annuity at the rate of 12% interest escalating every year, for 33 years. The latter two would be adjusted for inflation by escalating every year by 10% so that value depreciation can be adjusted.
- (ii) Share-croppers, landless labourers, artisans et al should receive ten days' minimum wage per month for thirty three years when land is acquired by the State for 'public purposes'.
- (iii) For such persons, there would be additional provisions for homestead land, training and employment rehabilitation in the rehabilitation and resettlement package.
- (iv) The NAC has emphasized that lawfully recorded tenants and sharecroppers should be compensated (and paid solarium) for the parcels of land that they are losing, on an 80%:20% basis with the landowner being given 20%, which should not be less than four times their current income.
- (v) A minimum of 5% shares should be distributed (equitably) free of cost to PAFs (increased by 5% for every additional 100 acres acquired). If the Government is allowed to acquire land, then land owners and non-land owners who depended on that land should enjoy four times their present monthly income after acquisition so that they can be properly compensated.
- (vi) The NAC has proposed that compensation for those who lose land will be six times the registered sale deed value including solariums which can be sufficient for a displaced person..

Suggestions on Rehabilitation and Resettlement

Rehabilitation and resettlement can be improved by following ways.

(i) There can be transparency, public consulting, and prior informed consent during the process of land acquisition. The legal rights of Project Affected Families (PAFs) to challenge the entitlement cannot be withdrawn as it has been done under R&R Bill, 2009. Section 11 of the R&R Bill, 2009 needs to be amended so that all compensation must be paid and R&R for all affected persons must be completed in all aspects at least 6 months before taking possession.

(ii) All individual entitlements, such as land for land, housing, employment and training opportunities, should be compulsorily offered to all PAFs irrespective of size of acquisition as per the NAC. Compulsory provisions for land for land are non-negotiable in case of all tribal and dalit families (to discourage acquisition of tribal and dalit land) and all irrigation projects. There should be an authority like the Auditor General of Displacement and rehabilitation to find out after 5 or 10 years of displacement as to what is the present condition of displaced people.

(iii) Instead of the Government notifying what amenities are to be provided in resettlement sites as per the Section 30 of the R&R 2009 Bill, basic amenities like roads, safe drinking water, hygiene, educational facilities, community hall, and basic irrigation facilities should be present at resettlement sites. Every PAF family should be given a built house and homestead land title

(iv) Consent of 70 percent of the affected families in a gram sabha before acquisition is compulsory. A National Commission for Land Acquisition, Resettlement and Rehabilitation (NCLRR) should be established to assess extent of displacement based on the Social Impact Assessment (SIA) and urgency clause for land acquisition should be used for purposes such as defense, national security and safety of lives as per recommendations of the NAC. The SIA would assess the social and environmental impacts from the project, and the R&R plan drawn up.

V. CONCLUSION

The SEZs basically violates the right to life and livelihood of the people who are forcibly displaced for the implementation of the SEZ. It also creates the conflict of land based livelihood of the peasants. The role of gram sabhas is not recognized, nor is the legal process fully and fairly followed. It is not just land but habitat after habitat, even generation's old, common property resources, such as water bodies as also tree and forest cover, that is snatched away, resulting in the poor being deprived of their livelihoods and uprooted from their socio-cultural milieu. Compensation of all this loss with acceptable alternative livelihoods and a share in the benefit, rarely come true for decades, even generations. People resist the resultant trauma and fight for survival with right to life and livelihood within our constitutional framework. We share the second opinion also the support these resistances against land acquisition without people's consent, we ask for a referendum of the people involved, proper rehabilitation and resettlement to correct the wrong headed policies of successive governments irrespective of the colour of the government that indulges.

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