

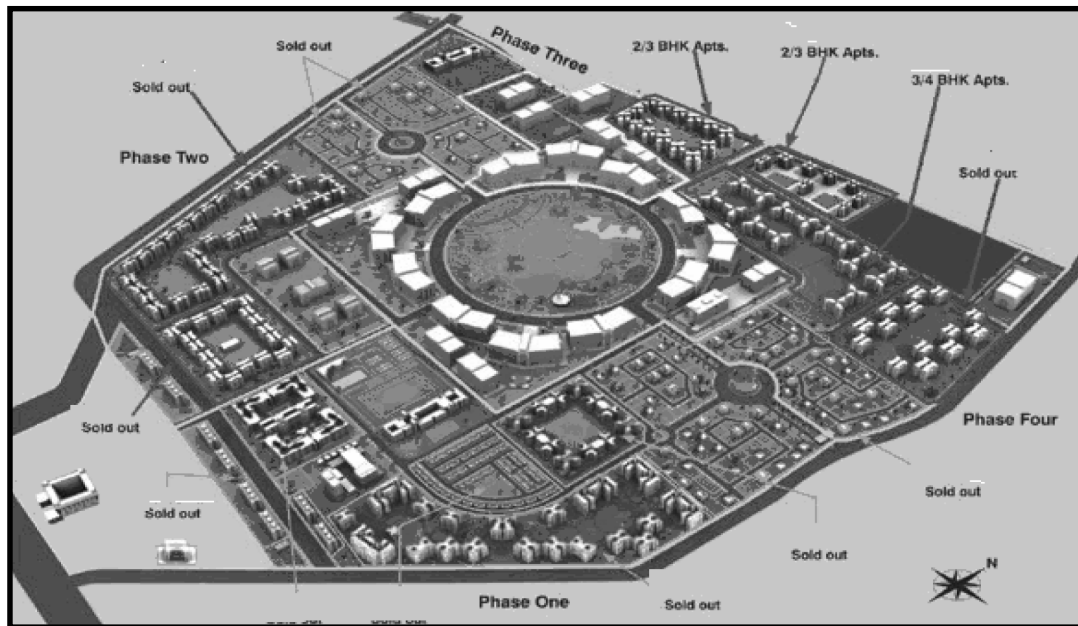
SEZ Policy, Economics and Politics

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Editorial

The SEZ Act 2005 was passed by the Indian parliament with hardly any debate and came into effect from February 2006. Ever since, there has been an unprecedented speed with which proposals have been received and responded to. By 2008, 740 SEZs have received various levels of approval: 172 SEZs are notified; 404 formally approved; and, 165 have received in principle approval (Union Ministry of Commerce and Industry cited in *Seminar* February 2008.)

The SEZ policy has given rise to a sharply polarised debate. It is one of few policy issues that have given rise to intense political contestation and high-pitched debate in present times. If the pro-SEZ argument is centred around the claims that the SEZs would bring in investments, lead to the proper utilisation of natural resources, generate employment, and result in the development of the region, then all these claims are subjected to critical scrutiny in the anti-SEZ discourse. The issues in contestation range across the nature and quantum of land acquired, methods of acquisition, land use pattern, displacement of the local population, adverse impact on local economy, migration from outside and its impact on the social and cultural life.

The quantum of land estimated to be required for the SEZs in the country is around 1,26,077 hectares (Banerjee-Guha 2008). Most of this is prosperous multi-cropped agricultural land located in areas with developed infrastructure, implying a lower development cost for the SEZ developers. SEZs will adversely affect around 1.2 million people dependent on agriculture. The erosion of the agrarian economy would in turn lead to the decline of rural artisanal communities and service castes. Conversion of farm land on such a scale would lead to a serious threat to food security in the long run. Thus, the whole question of the model of development underlying the SEZs and its environmental impact is interrogated and alternative model that puts people over corporate profit is proposed. The excerpt from the piece by Medha Patkar and Amit Bhaduri focuses on this issue.

If there is an overwhelming response on the part of different state governments to the SEZs, then the fact of popular resistance, though uneven in terms of intensity, expanse and mobilisation cannot be ignored. West Bengal, which saw a violent protest in the form of Nandigram and Goa, with its non-violent popular mobilization, stand out as unique cases in the resistance to SEZs as the model of development.

To understand the context of the SEZs, it would be instructive to briefly sketch the processes of rural decline at least in its broad contours in the post-Green revolution rural political economy. Firstly, the increased rapidity in the pace of rural disintegration has led to the breaking down of mutual interdependence between the peasantry, artisan and service castes (which existed despite an inbuilt sense of caste hierarchy and dominance). The sense of loss becomes acute because the decline of this world has not led to the emergence of a world of freedom, employment and harmony. Secondly, the crisis of post- green revolution agriculture has paved the way for the move of the dominant peasant caste families and their surplus wealth to urban businesses like food processing, the service sector, real estate, etc. It has also led to the flight of farmers with small land holdings encountering increasingly unsustainable conditions for agriculture in the liberalizing market economy. The declining support of the state both to the farming and artisanal sectors (most importantly handloom industry which is a major employer after agriculture) has only worsened the crisis in these sectors as evident in the increasing suicides of farmers and weavers in the country. The rural distress can be seen best captured in the balladeer Goret Venkanna's song *Palle Kanneeru Peduthondi*.

This process has an impact on the shaping of the resistance to the SEZs.

Most of the analyses of the state in liberalizing India seem to work with a standard model of the neo-liberal state. However, it is important to understand that this state is an evolving species rather than a finished product. Its story is a transitional one. Along with other factors, its trajectory is significantly determined by the emerging interface and contradictions between the city and country, agriculture and industry. It is driven by the general desire to move away from a rural milieu steeped in the pathos of a dying agriculture, to escape traditional entanglements of caste and class, and by aspirations and imagined prospects of a future of freedom and identity outside the village.

The liberalizing Indian state seems to use this mélange of popular angst, compulsions, desires and hopes that are the result of its developmentalism as an anchor to pursue its neo-liberal agenda. In this general orientation, the SEZ policy forms a high priority initiative launched with the promise of investments, technology, infrastructure, fillip to exports, and of course generation of employment. The contestations and conflicts generated by the SEZ policy in fact demonstrate how the role of the state in the liberalization process, instead of diminishing, has shifted in favour of the corporate class. The liberalizing state has become the principal cause of the above process leading to the emergence of a new phase of rural unrest and conflicts.

The most contentious issue in the SEZ policy implementation has been the question of land acquisition. Though land question forms the central issue it brings into focus a range of problems that are related to land like livelihoods, habitat, access to resources, environment, etc. Thus the contestation does not involve merely the land owning classes but in fact the whole of rural population – the farm labour, the artisan communities, fisher people, service castes, etc.

The more than century old Land Acquisition Act (1894) deploys two crucial categories of 'eminent domain' and 'public purpose' in the justification of state power for land acquisition (See Srivatsan's and Vasudha's essays in this collection). The concept of eminent domain refers to the sovereign authority of the state to acquire privately owned land to serve a public purpose. Public purpose in the context of this act is understood in its straight transparent meaning of serving the larger social need and public utility like laying road and rail lines, building schools and hospitals, constructing irrigation projects. For this reason, the power bestowed on the state by the principle of eminent domain did not lead to any erosion of the legitimacy of the state despite the challenges from the dominant landed classes. In fact, the land acquisition act of 1894 could give rise to litigation only on two grounds: when the due process of law was not followed and proper compensation was not awarded for the land acquired.

In contrast, the current SEZ policy suffers from an explicit deficit of trust: Firstly, there is no clearly defined 'public' character to the purpose for which land is sought to be acquired. It is quite clear that the only purpose it would serve is the interest of developers and the unit owners seeking profits in such ventures. Secondly, in most cases, these developers and the state agencies involved in the acquisition find the due process of law quite cumbersome and also display a sense of nonchalance towards the law and the rights of the land owners, all the more so if they happen to be non-influential and vulnerable. The due process of law, as Vasudha argues, demands that land acquisition be transparent. It requires the agencies to issue notifications to the people from whom land is to be acquired, conduct a public hearing after due notification, invite objections, survey the impact of land acquisition on the livelihoods, environment, fix compensation, etc. All this is seen as time consuming, leading to a tendency to find shortcuts using state machinery: more often than not, local officials and police bully the landowners to fall in line and give in to the acquisition.

The land acquisition is sought to be legitimized by suggesting that the lands acquired are waste lands and low quality dry lands and that these lands could be put to

good use by being allocated to the industries and projects. In the case of assigned lands, the state asserts its right to reacquire them from the beneficiaries who belong to the dalit and other lower castes whenever it needs. As Balagopal (see this collection) argues the notion of 'waste land' is not only fallacious but also displays a phenomenal ignorance. More, it also shows duplicity on the part of the government which wants to obscure the significance of the already depleting commons – *poramboku*, *bancharayi*, *karijkatha* lands - in people's community life and livelihood patterns. A similar logic was deployed in Goa which has huge *comunidade* lands. Equally atrocious is the case of the 'dry lands' category in revenue records. As for instance, the Kakinada experience shows, the lands shown as dry and low yielding ones are those which have been subsequently improved and have been providing substantial incomes to the peasants through commercial crops like cashew, casuarina, mango and coconut. Thus the notion of waste land hides more than it reveals: What is at stake is the life, habitat and livelihood of farmers, agricultural labour, other occupational communities and in the coastal regions of fisher people.

It is possible to identify a pattern in the acquisition of land from farmers with slight variations in the *modus operandi* of the government agencies and private developers. While the statutory formalities stipulated in the land acquisition act are apparently adhered to, it is the 'informal' efforts of the government agencies and their street-level bureaucracy that highlights their hyper-active initiative in the acquisition process. It begins with the identification of the big and influential landowners, who no longer have a principal stake in agriculture and have developed significant urban business interests. The government and the SEZ developer then strikes a deal to settle compensation through what is known as a 'consent award'. By winning the influential absentee land owners to their side through the government the SEZ developers easily pressurize small farmers to acquiesce to sell their lands.

The role of local revenue administration, it may be noted, is crucial in pressurizing farmers to concede, without resistance, to the establishment of an SEZ. Using their *quid pro quo* connections with the local *pyravikaars* and the Panchayat Raj functionaries, the low level bureaucracy of the revenue department spreads the message that there is no point in resisting land acquisition as the government has the supreme power to acquire 'any land, anywhere, any time'. If the farmers resist then they may lose an opportunity to bargain for better compensation. The instances of even the local MLAs being involved in the SEZ deals through their 'men' are not rare (Srinivasulu: Forthcoming).

The dominant view on both sides of the spectrum is characterised by certain simplistic assumptions: a) the state and its institutions are uniformly in favour of the SEZ policy and; b) the popular classes are against it. The point to be noted is that the picture is much more complex and differentiated and cannot be reduced to simplistic generalisations.

The following factors could be seen to contribute to this complexity on the government side. The first is the increasing visibility of differences/ conflicts between the three branches of legislature, executive and judiciary. In these the growing tension between the executive and legislature constitutes one aspect, and the pro-active and expanding jurisdiction of the judiciary in terms of policy initiative, execution and supervision, another. Though the higher judiciary has not shown an inclination to interfere in the broad macro policy frame, its intervention has been quite significant in exposing scams and scandals of corruption that are a fall-outs of neo-liberal policies.

The second factor on the government side is related to intra-governmental tensions. Quite contrary to the assumption that the different ministries and policy bodies of the government would be governed by a coherent uniform perspective, there is enough evidence to show the increasing differences of perception and opinion on issues. This could be seen as reflective of the political plurality in the coalitional government at the centre. The more intriguing aspect is related to the fact of decisive policy bodies differing with key governmental policy decisions in terms of perception, opinion and judgment. Nothing demonstrates this better than the SEZ policy on which the Planning Commission and the RBI differed with the perspective of the Union Commerce ministry and chose to treat the SEZs as real estate ventures. The interview with Minister for Commerce, and the excerpts from the pronouncements of the RBI Governor, Vice-Chairman Planning Commission, the Congress party chief and an influential neoliberal economist highlight this dimension.

It is therefore necessary to attempt a nuanced analysis of the policy discourse and implementation keeping the fact of differences, tensions and conflicts along the institutional, regime and policy lines than unproblematically assume singularity and uniformity. In these contestations and conflicts within the state terrain one can identify spaces of interventions for subaltern communities.

On the other hand, the anti-SEZ resistance to the SEZs is neither uniform nor consistent as it is often sought to be suggested. It is necessary to recognize that the popular resistance is characterized by internal differentiation, asymmetries and ambiguities. The differential responses, mobilizations and degrees of

protest are to be made sense of against the above backdrop of post-green revolution developments. The clue to the differential nature, intensity and expanse of resistance, asymmetries in social support and ambiguities in the articulation of demands and slogans have to seen against the backdrop of the emergent rural-urban interface across the states and regions.

These struggles have been waged by the victims of corporate capitalist development, drawing largely on the local resources with some help from the civil society organizations. However, civil liberties organizations and the NGOs and largely vulnerable to the machinations of political society and subjected to the repressive arm of the state. As the activist Rajendra says (this collection), the fact that the instances of successes against the state and corporate interests are not too insignificant therefore deserve attention and analysis. The case of Nandigram in West Bengal and Goa where the SEZs were annulled by the state government show that there have been successful challenges which the state and policy makers cannot simply ignore. It goes to the credit of the popular resistance, that despite the state's relentless pursuance of the policies leading to continual physical displacement, the state's failure to displace these people (i.e., make them invisible) in policy discourse is quite striking.

It is these instances of successful resistance that continue to inspire the anti-SEZ struggles in the country.

It is sad to note that despite the significance of the issues arising from the SEZ policy and its implementation, the media reportage, both in the print and electronic, especially in the vernacular media, has not been satisfactory. It has been largely episodic and event specific. The lack of depth is largely because of a lack of appreciation of the complexity of the problem – the context, analytical conceptual frames and structural relations.

This broad sheet on SEZs seeks to highlight some issues of these issues in SEZ politics, economics and policy. It is put together to serve as a ready reference for media people, civil society groups, NGOs, grassroot activists, students in the social sciences and all those people who are interested in/ concerned with the SEZ issue and with peoples' initiatives.

K. Srinivasulu

on behalf of the Guest Editorial Group

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Impact of Grants to Industries: Land Unrest in Andhra Pradesh-II

■ K Balagopal

Singur and Nandigram have focused attention on the undesirability of land acquisition for industrial purposes in fertile areas, which are often multi-cropped land. It has been suggested that grant of land of poor quality or wasteland to industries is unproblematic, and will put useless expanses to good use while protecting agriculture and the farmers.

While acquisition of fertile lands for industrial uses undoubtedly causes heartburn in the farmers and is even otherwise a serious issue by itself, the alternative suggested is based on more than one fallacy. The first fallacy is that there is any waste land at all in India except in the revenue records. This is not meant in the ecological sense in which every bit of nature is part of a whole and you cannot remove one bit without affecting the rest. The concern is much more immediate. India is not so rich that any part of nature will be allowed to remain unused. People use every bit of nature, and every time you hear a government say that a certain expanse of unused government land has been made over to some company, you can be sure there are hundreds if not thousands of people whose needs have been slighted by default. It would, however, be a further fallacy to assume that all such use is desperate in nature and born of abject poverty.

There is the systematic use too, such as the use of coasts (a typical instance of “wasteland” belonging in law to the government and controlled by coastal regulations) by fishing communities for berthing their boats, drying their nets, trading their catch and repairing their implements. Or the use of rock-filled “wastelands” of the Deccan by stone quarrying communities (it is the caste occupation of some of the most backward and hardy people) to make a living for themselves by quarrying for the building industry. And so on.

The second fallacy is to equate the farmers’ agitation against acquisition of arable land with the agricultural economists’ concern with loss of farm produce. The latter stresses the undesirability of loss of multi-cropped land,

whereas for the farmer whose land is taken away the land is the only source of livelihood, whether it gives two crops or one or just a notional crop. The wisdom one has heard from a range of persons from Sonia Gandhi to M S Swaminathan, that multi-cropped land should be exempted from acquisition, would make no sense whatever to the farmers. If anything, the compensation that fertile land would bring may provide alternative livelihood to the land loser, whereas the compensation given to poor quality land would provide none. Ask the farmers of arid lands and they would say the opposite of these wise persons: acquire multi-cropped land because its market value is higher and the dispossessed landowner can live on the compensation, but spare us please. At this point a lot of people will get angry and ask whether India needs to industrialise or not, as chief ministers hungry for investments have been asking. As of now I am not saying anything on that except to point out that if we take livelihoods seriously, land grant to industries is much more problematic than the crop productivity vs industrial growth debate would indicate.

The third fallacy is the assumption that the kind of land grants industries are asking for these days can be met exclusively from arid or wastelands. Rule 5(2) of the central rules under the Special Economic Zones (SEZ) Act wants that land granted to an SEZ must be contiguous, and developers who have the money to invest are asking for nothing less than 10,000 acres, though the rules permit smaller SEZs, for they have big money and want to make bigger money. Even non-SEZ land grants are huge in size because unlike in the past when an industrialist would be satisfied if he got land for the factory site from the government, in the era of pampered enterprise they want land for whole townships, complete with not only residential quarters for their permanent staff, but clubs and parks for the sahibs too. And where in India outside the Thar desert do you get such huge expanses of wholly waste or arid land unbroken by irrigated land? If you do, it will

be in some godforsaken wilderness, but our pushy entrepreneurs want lands as close as possible to a four-lane highway, electrified railway line, shipping harbour, airport and a metropolitan city if possible, so that they may while away their evenings the better.

That the focus of debate in the country has been on the undesirability of acquisition of fertile land for industries is a circumstance that has helped governments to get away with grants of huge tracts of land described as “wasteland where nothing grows and which no one owns”. Part of the claim is patently dishonest, for private lands which yield good income for the farmers are often described as land of poor quality while approving their acquisition for industrial uses. But in most cases the revenue records do show the land to be wasteland, and therefore presumed to be unused, but the reality is starkly otherwise.

A well publicised example is the land sought to be given by the government of Orissa to the iron and steel project of Pohang Steel Co (POSCO) in Jagatsinghpur district. Out of the 4,004 acres to be handed over to the project (it is kept deliberately vague whether this is the whole of the land grant or only its first phase), 3,566 acres are declared to be government land, by implication uncultivated and nobody’s personal property. It is in part forest land and in part revenue land. Far from being unused, almost the whole of it bears betel vines and cashew fruit trees, on which the landless families of three gram panchayats, Gadkujang, Dinkia and Nuvagaon, have been living for decades. They were entitled to have their rights officially recognised under the Orissa Prevention of Land Encroachment Act, 1972 which permits regularisation of occupation of revenue land by the landless poor up to one acre per family, and the recently passed Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest rights) Act, 2006 which mandates regularisation of usufructory rights enjoyed from prior to December 13, 2005 in the forests, including reserve forests, by not only scheduled tribes but others too, provided (in the case of the others) they have been living there for three generations.

The people of the three villages are clearly entitled to the protection of these legal provisions, but the government of Orissa will not tell them they have these rights. Instead, it treats the land in their occupation as its own unused and unusable property, which can be assigned to factory sites at will. The people of the three villages, unwilling to give up the

land that gives them substantial livelihoods, have barricaded the nine roads that lead to the area and are ready to battle it out. Even in the narrow eyes of the law they are not encroachers coming in the way of development but occupiers having the right of regularisation, and whatever follows from that. What follows, indeed, is the other half of the issue, of which more below. But middle class Orissa's view of them as a nuisance that comes between it and paradise is baseless even in the narrowest view.

Andhra Pradesh has its Jagatsinghpurs. The grant of first 10,760 acres and then another 4,000 acres to a certain Janardhan Reddy, an MLC of the BJP from Bellary in Karnataka, to set up a steel plant near Jammalamadugu in Cuddapah district of Rayalaseema has attracted a lot of attention. This is because the Telugu Desam Party has been campaigning against the favour shown to this one entrepreneur to the exclusion of others (including Telugu Desam men, it is needless to add) who may be equally interested. But that is not our story. Our story is centred on the land granted to the Brahmani Steels, the industrial unit that is to come up there. The government said it was all wasteland belonging to it and hence there will be no question of any forcible land acquisition. The first question is the extent: after announcing

that 10,000 odd acres would be given for the plant, another 4,000 was added on because the company wanted "to build an air strip", according to press reports. That extent of land for what will practically be a captive airport is outrageous. But such liberality is not peculiar to the Brahmani Steels. It is a characteristic of the land grant bonanza that has overtaken the country in the era of double digit growth that nobody is asking why industrial or house-building concerns need all the land they are being granted. The value of the land may not be much today, and may be notional if it is government land, which makes it possible to dismiss such queries as nit-picking, but once industry comes up, the land surrounding it will appreciate considerably in value, and can be the nucleus of a profitable real estate business that has nothing to do with the stated purpose of the land grant. If the area is close enough to a metropolis, it may well turn out to be in fact the actual and not a subsidiary purpose of the whole affair.

The second concern is that the so-called wasteland is in no sense a "waste". There is a hamlet called Chitimitichintala of about 200 houses located in the land, peopled by Sugalis (called Lambadas in Telangana and Banjaras in central India). The Sugalis are recognised as a Scheduled Tribe in Andhra Pradesh. The Sugalis of Chitimitichintala are cultivating

about 450 acres of the land now given to Brahmani Steels. Part of this land (though its legal status is not very clear) appears to belong to a Shrotriyam, a kind of land grant given to brahmins in the past. All such superior or special rights in land have been abolished after independence, and the lands have been settled in favour of persons (including the superior landholders themselves) who showed some evidence of having cultivated or occupied them in the past with the permission of the landholder. The Sugalis too should have got legal title to the land under their cultivation, but they made no effort to claim the legal rights, which they did not know they had and the government did not care to tell them of. They remain therefore encroachers on what is by default government land. But even if it is government land and they are encroachers, being encroachers of long standing and landless poor to boot, they are entitled to regularisation of their occupation under the Board of Revenue Standing Orders inherited by Andhra Pradesh from the old Madras state. Since the government did not care to do that, they remain encroachers who are presumptuously questioning Andhra Pradesh chief minister Y S Rajasekhara Reddy's gift to Rayalaseema.

**Excerpted from EPW, September 29, 2007.
pp.3906-3911**

GOVT, THE BIGGEST GRABBER OF WAKF LAND

■ SYED AMIN JAFRI

As early as November 2006, the Sachar Committee noted that there are over 4.9 lakh registered wakfs with landed properties of six lakh acres spread across the country. The book value of these wakf properties was estimated at Rs.6,000 crores whereas their current annual income was only Rs 163 crores. The Joint Parliamentary Committee on Wakf, in its Ninth Report submitted in October 2008, echoed similar statistics. Both Sachar Committee and the JPC on wakf lamented that encroachments of wakf properties both by the state and private persons were common in almost every state.

Among all the states, Andhra Pradesh has the third largest number of wakfs after West Bengal and Uttar Pradesh. AP ranks second in terms of landed property after Rajasthan. The AP State Wakf Board is one of the biggest wakf boards in the country, with 37,470 wakf institutions and landed property of 1.45 lakh acres, valued conservatively at Rs.1,385 crores. The second survey currently underway, however, puts the number of wakf institutions at 70,784 with landed properties spread over 1.67 lakh acres in the state.

According to the Wakf Board's own records, about 5,600 wakf properties, comprising 81,650 acres are under encroachment of private individuals as well as the state government and its different agencies.

Telangana region boasts of 33,929 wakf institutions (as per the first survey) with landed property of 77,538 acres. However, almost 74% of the lands (57,424 acres) are under encroachment. Coastal Andhra has 1,771 wakf institutions with landed properties of 27,044 acres out of which 16,408 acres (61%) are under illegal occupation. Surprisingly, Rayalaseema, with 1,770 wakf institutions and 40,961 acres of landed properties, has only 19% wakf lands (7,818 acres) under adverse possession.

It may be recalled that the government claims ownership over the lands belonging to dargahs such as those of Hazrat Baba Sharfuddin at Pahadi Shareef, Maqdoom Biyabani at Alur, Hussain Shah Wali at Manikonda and Syed Ali Ishaq Madani Aulia at Visakhapatnam. The lands of these dargahs and other wakfs in Ranga Reddy and other districts have not only been taken over by the government but also allotted to APIIC, erstwhile HUDA (now Hyderabad Metropolitan Development Authority) and other departments which, in turn, leased or sold these out to IT and pharma companies, other institutions and special economic zones, literally for a song.

Noting that the approximate value of these wakf properties would exceed Rs 35,000 crores to Rs 45,000 crores, the JPC disapproved the contentious action of the AP government in snatching away the lands of these wakfs. The JPC urged the government to reconsider its stand and restore the lands to the wakf Board. The JPC, however, suggested "if the state needs the land, it may acquire it for any public purpose, only after paying adequate compensation".

Excerpted from TOI, Monday, September 2011, Hyderabad

Industrialisation for the People, by the People, of the People

■ Medha Patkar, Amit Bhaduri

Our dissenting voices about the current pattern of high growth are often branded as anti-development. Therefore we need to state why we oppose the present pattern of industrialization in India, and how an alternative path can be charted out, starting with a few practical steps. There are five main reasons for our opposition as political activists, and associated with each there is a corresponding economic step that needs to be taken to initiate the alternative process of development within the realm of practical politics and reasonable economics.

1 Deepening of Democracy and People's Rights

Politicians, economists and commentators of all sorts from the media treat it as almost axiomatic that the standard of living of ordinary people cannot be improved without large modern industries based mostly on the historical experience of the west taken out of context. They tend to forget that England took some 100 years (1780-1880 approximately), and a similar time scale was involved for other western countries. During this period people had hardly any democratic rights based on universal adult suffrage. The same applies even to later experiences like South Korea, China, etc, which are transforming faster. In contrast, India is a poor country where people have democratic rights, though the institutions that are necessary to secure those rights malfunction. It is essential to strengthen and expand these rights, especially for the poor; instead they are being violated continuously, most visibly through land acquisition by the State without their consent. The role of gram sabhas is not recognised, nor is the legal process fully and fairly followed. It is not just land but habitat after habitat, even generations 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 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 in it. The effect of taking the people's view on land acquisition would directly influence the pattern of industrialisation, making it non-displacing or least displacing and truly employment generating, i.e., benefiting the local communities who would be the investors of land and all natural resources as against the others who invest non-productive monetary resources. Moreover, this would also strengthen the democratic rights and participatory role of the people in planning development and community management.

2 Immediate Gainers and Permanent Losers

It must be recognised that the benefits of industrialisation come unacceptably slowly to the poor, because creation of jobs in industry proceeds at a slow pace due to mechanisation and rationalization of production in large industries. Labour transfer from agriculture to industry is a slow process, and in India the contribution of agriculture to gross domestic product has been falling dramatically, but the percentage of population in agriculture has been falling extremely slowly. As a result government policies have turned agriculture and much of the informal services into a refuse sector where the poor are imprisoned in sub-human poverty without a reasonable chance of escape into the industrial or formal service sector. Despite so much hype about

nearly double digit growth, regular employment in the organised sector grew at about 1%, according to the government's own admission in the *Economic Survey*. Private sector employment growth did not even compensate for the jobs lost in the public sector. The two supposedly industrially dynamic states with large direct foreign investment, Gujarat and Maharashtra, were among the incredibly slower growing states in terms of employment (NSS 61st round; also, *The Times of India*, 7 July 2008).

Nevertheless, this is not the entire story, perhaps not even the most important part of the story. The whole organised sector to which the corporate sector belongs, accounts for less than one-tenth of the labour force. Contribution by the unorganised sector, which includes most of agriculture, comes from lengthening the hours of work to a significant extent, as this sector has no labour laws worth the name, or social security to protect workers. Subcontracting to the unorganised sector along with "casualisation" of labour on a large scale become convenient devices to ensure longer hours of work without higher pay. Self-employed workers, totalling 260 million, expanded the fastest during the high growth regime, providing an invisible source of output growth. Ruthless self-exploitation by many of these workers in a desperate attempt to survive by doing long hours of work with very little extra earning adds both to corporate profit, and to human misery.

Government policies of fiscal austerity embodied in the Fiscal Responsibility and Budget Management (FRBM) Act of 2003 largely to keep the stock market, the foreign investors, the World Bank and the International Monetary Fund (IMF) happy meant stagnation of public spending as a proportion of GDP on education and health, and denial of minimum social security to the poor in almost all unorganised industry. The time scale involved before the poor people in this country can benefit from industrialisation by moving into industrial jobs is too long. It involves several generations that would have lost their land, livelihood and home in the meantime. How would they survive, how would their children face eventually the industrialising and globalising world without

education, health and without a community to impart social values? To sacrifice the weakest members of several successive generations in the name of development is unacceptable and incompatible with basic democratic values and economic goals of equity.

Sound finance must be targeted at diverting resources from unnecessary external and internal defence expenditure, less money spent on government pomp and splendour. This can be achieved by opposing all divisive policies in the name of religion, caste, regionalism, by working systematically for the poor, not by trying to fight terrorism of all sorts with blind military might, and accepting the legitimate demands of various communities through negotiations. The Indian federal structure should be flexible enough to accommodate economically and politically different degrees of autonomy for different regions to reflect popular demand.

3 Corporates versus People

Until the recent financial crisis, it was an oft-repeated cliché that the capitalist market economy is good at creating wealth, but bad at distributing it, while for socialism it is the other way round. Such a wisecrack avoids facing the real problem. It is overlooked that how wealth is created determines to a very large extent how it is distributed. Ideas such as: create wealth by promoting corporations, and then distribute it through state action like high taxes, or through corporate social responsibility are wishful thinking, and avoid the real issue. If the state wants corporations to create wealth, it also has to provide them with the incentive to control and enjoy that wealth. Corporations would not create wealth simply to distribute it, except perhaps a minor fraction in some instances! Therefore we have to oppose corporate-led industrialisation, which bestows control to the corporations as the wrong track for improving the living standards of the people; instead a way has to be found by which wealth created mostly by

the people would have an in-built mechanism for distribution in their favour without depending on a top-heavy bureaucracy.

This alternative way of industrialising would involve the poor, mostly uneducated and illiterate people as a propelling force for the creation and distribution of wealth. This involves (a) their participation through moving towards productive full employment in the shortest possible time, and (b) not destroying existing livelihoods without the people's consent and providing them with alternative livelihoods, which, in the present context, means that industry must come up on vacant/uncultivable land. Economic growth would be the outcome of this strategy, rather than employment and other benefits being the "trickle down" outcome of growth. This is a fundamental difference between our and the official economic perspective in the formulation of Indian economic policies.

4. The Alternative

The alternative we envisage essentially requires starting at economically the most vulnerable points in our poor country with poor, unskilled people rather than rejecting them as useless for achieving high growth as is happening now under liberalisation, privatisation and globalisation pursued by the present government (right now in a denial mood due to the financial crisis and forthcoming elections). Most of our poor are in rural areas, unable to make a living, and can earn enough in exchange of productive work that builds up social wealth. This is where we have to start by extending the employment guarantee scheme everywhere, in urban as well as in rural areas at a minimum legally stipulated wage for 300 days a year. This must be done immediately in areas of special need due to catastrophes, like the Kosi area, and areas of abysmal poverty even by Indian standards, like Kandhamal in Orissa. No large difference between rural and urban wages should be allowed so that cities

do not gain at the cost of impoverished villages. Jobs should be available on demand, and would be largely self-selecting without bureaucratic red tape because, if honestly implemented, only the very poor with no other reasonable source of income would opt for it. It can also be seasonally adjusted.

The barrier to this policy is mainly twofold. First, it cannot be implemented effectively because bureaucratic mechanisms are inadequate for ascertaining that the deserving poor benefit, and productive work is offered to improve living conditions rapidly in rural areas. A precondition for this to happen is decentralisation of power to the lowest level of elected local government in the spirit of the panchayati raj, not through mere political pronouncements without intention. Neither the centre nor the states have been enthusiastic about giving complete autonomy of decision-making and even less financial autonomy to the local governments. Yet without these measures no large-scale productive employment generation programme, which would benefit local communities under their own responsibility, can have any reasonable chance of success. However, decentralisation is necessary but not sufficient; all movements of the people must support it in the teeth of opposition of the vested interest of politicians at higher levels (MLAs, MPs), higher bureaucracy (the Indian Administrative Service, the state bureaucracy), so-called economic and developmental experts housed by organisations like the IMF, the World Bank and the Asian Development Bank (ADB) working in unison with the Indian government, and hostile media-persons who pretend to know. The simple guiding principle should be, "those who hope to benefit from these local projects must take the responsibility of their decisions". They would gradually bear an increasing proportion of the cost from local efforts as they become financially stronger.

**Excerpted from EPW, January, 3, 2009.
pp.10-13**

We welcome letters of comment and criticism in response to this issue. Kindly address your letters to: The Editorial Team, The Broadsheet on Contemporary Politics, Anveshi Research Centre for Women's Studies, 2-2-18/49, D.D. Colony, Amberpet, Hyderabad 500013. Email letters may be addressed to broadsheet@anveshi.org. Responses will be published in the following issue of the broadsheet, provided the content is found to be free of abusive language, hate speech and personal allegations.

Revisiting the Policy Debate Special Economic Zones:

A discussion of the pros and cons of the controversial SEZ policy.

■ Aradhana Aggarwal

Export Processing Zones (EPZs) are an international phenomenon influencing increasing share of trade flows and employing a growing number of workers. In 1986, there were 176 zones across 47 countries; by 2003, the number had increased to over 3,000 across 116 countries.

Over the past few years, the policy of promoting zones has found favour with the government of India as well. In 2000, the government replaced the old EPZ regime by a new scheme of “Special Economic Zones” (SEZs) with several lucrative incentives/benefits that were not available in the earlier scheme. In 2005, it enacted the SEZ Act and the SEZ Rules were notified in February 2006. The policy is expected to give a big push to exports, employment and investment in SEZs. The ministry of commerce claims that these zones are expected to attract investment of about Rs 1,00,000 crore including FDI of Rs 25,000 crore and create additional 5,00,000 direct jobs, by December 2007.

These claims notwithstanding, the policy has come under heavy criticism. Dissenters contend that the policy would be misused for real estate development rather than for generating exports. Concerns have also been expressed on the displacement of farmers by land acquisition, loss of fertile agricultural land, a huge revenue loss to the exchequer and adverse consequences of uneven growth.

The promotion of SEZs is an attempt to deal with infrastructural deficiencies, procedural complexities, bureaucratic hassles and barriers raised by monetary, trade, fiscal, taxation, tariff and labour policies. These structural bottlenecks affect the investment climate adversely by increasing production and transaction costs. Since country-wide development of infrastructure is expensive and implementation of structural reforms would require time, due to given socio-economic and political institutions, the

establishment of industrial enclaves (SEZs/EPZs) is seen as an important strategic tool for expediting the process of industrialisation in these countries. The zones offer numerous benefits such as, (i) tax incentives, (ii) provision of standard factories/plots at low rents with extended lease period, (iii) provision of infrastructure and utilities, (iv) single window clearance, (v) simplified procedures, and (vi) exemptions from various restrictions that characterise the investment climate in the domestic economy.

These benefits foster a conducive business environment to attract local and foreign investment, which would not otherwise have been forthcoming. The competitive advantages of zones may also be explained within the framework of the “cluster approach”. Zones are industrial clusters where external economies of scale and other advantages help the operating firms in reducing costs, developing competitive production systems and attracting investment, in particular, FDI. As a result of these benefits, many developing countries have been promoting zones with the expectation that they will provide the engine of growth to propel industrialisation.

There is, however, no conclusive evidence regarding the role of the zones in the development process of a country. The literature review indicates that while some countries have been able to capture the dynamic and static gains from zone operations, many others have not [Aggarwal 2006a]. In that context, it is important to analyse the Indian experience.

Indian Experience

A micro level analysis of the zones’ contribution to industrialisation efforts in India reveals that EPZs have had a catalytic effect in promoting new production sectors, exporting new products and in building up the

country’s image in certain products in international markets [Aggarwal 2006b]. The foundation of the modern jewellery industry in India, for instance, was laid in SEEPZ in Mumbai in 1987-88. It was there that the “wax setting technique” was introduced in jewellery production, which made mass scale production possible and dramatically transformed the labour-intensive jewellery industry from its cottage industry status into a highly mechanised modern industry. SEZs accounted for over 55 per cent of total Indian jewellery exports in 2002-03. Zones have also been instrumental in creating the base for the growth of the electronics industry through technology transfers, spillovers and demonstration effects. Until the early 1980s, electronic hardware exports were primarily originating from EPZs. Even during 2000-02, the share of SEZs in total hardware exports was as much as 26 per cent. The Indian software saga also really began in SEEPZ, Mumbai. The first major breakthrough in India’s software exports came in 1977 when the Tatas established a unit in SEEPZ in partnership with Burroughs, an American company, to export software and peripherals. A further breakthrough in the progress of the industry occurred when, in 1985, Citibank established a 100 per cent foreign-owned, export-oriented, offshore software company in SEEPZ. This company drew attention to the possibilities available for offshore software development in India. Soon after, Texas Instruments and Hewlett-Packard established subsidiaries in Bangalore, in 1986 and 1989, respectively and the rest is history.

The success stories notwithstanding, the economic contribution of SEZs remained minuscule at the national level. Though India was the first Asian country to take the free zone initiative and set up the first zone in Kandla as early as in 1965, the share of SEZs in exports was a mere 5 per cent in 2004-05. Furthermore, they accounted for only 1 per cent of factory sector employment and 0.32 per cent of factory investment in the same year. Their contribution to regional economies has also been limited. Although they have had a positive impact on regional employment and human development by creating economic opportunities, especially for those without high levels of schooling, their potential in contributing to human development has not been fully exploited due to their failure in attracting investment and promoting economic activities in the region.

SEZ Regime: Indian Context

The 1991 reforms did not result in a

sustainable growth in manufacturing, there was a significant slowdown in the second-half of the 1990s. Bureaucratic red tape, administrative procedures, rigid labour laws and poor infrastructure are believed to have affected the investment climate adversely in the manufacturing sector. To address these issues, the government reverted to EPZs with the expectation that if they could effectively be separated from the rest of the economy then they could provide the “engine of growth” to propel the manufacturing sector. It was argued that the existing zones could not succeed in attracting investment because of the lack of government commitment to the programme, piecemeal reforms, policy reversals, poor site selection, failure to provide world class infrastructure, weak incentives and poor regulation of the zones. In a major initiative to boost export-led growth and motivated by the success of Chinese SEZs, the government replaced the EPZ scheme with the “SEZ scheme” in 2000. The main difference between an SEZ and EPZ is that the former is an integrated township with fully developed infrastructure whereas an EPZ is just an industrial enclave. Under the new scheme, all existing zones were converted into SEZs and three greenfield SEZs became operational by 2004. However, the impact of SEZs remained far removed from expectations. In order to provide a significant thrust to the policy, the government enacted the SEZ Act 2005. The act became operative in February 2006 after the SEZ rules were framed and notified. In addition, state governments also enacted their own SEZ laws, primarily to cover state subjects. The salient features of the SEZ Act are as follows.

Governance: An important feature of the Act is that it provides a comprehensive SEZ policy framework to satisfy the requirements of all principal stakeholders in an SEZ – the developer and operator, occupant enterprise, out zone supplier and residents.

Another major feature of the Act is that it claims to provide expeditious and single window clearance mechanisms. The responsibility for promoting and ensuring orderly development of SEZs is assigned to the board of approval. It is to be constituted by the central government. While the central government may suo motu set up a zone, proposals of the state governments and private developers are to be screened and approved by the board. At the zone level, approval committees are constituted to approve/reject/modify proposals for setting up SEZ units. In addition, the Development Commissioner (DC) and his/her office is

responsible for exercising administrative control over a zone. The labour commissioner’s powers are also delegated to the DC. Finally, clause 23 requires that designated courts will be set up by the state governments to try all suits of a civil nature and notified offences committed in the SEZs. Affected parties may appeal to high courts against the orders of the designated courts.

Incentives: The Act offers a highly attractive fiscal incentive package, which ensures (i) exemption from custom duties, central excise duties, service tax, central sales taxes and securities transaction tax to both the developers and the units; (ii) tax holidays for 15 years (currently the units enjoy a seven year tax holiday), i.e., 100 per cent tax exemption for 5 years, 50 per cent for the next five years, and 50 per cent of the ploughed back export profits for the next five years; and (iii) 100 per cent income tax exemption for 10 years in a block period of 15 years for SEZ developers.

Infrastructure: Provisions have been made for (i) the establishment of free trade and warehousing zones to create world class trade-related infrastructure to facilitate import and export of goods aimed at making India a global trading hub; (ii) the setting up of offshore banking units and units in an international financial service centre in SEZs; and (iii) the public private participation in infrastructure development; and (iv) the setting up of a “SEZ authority” in each central government SEZ for developing new infrastructure and strengthening the existing one.

There has been a tremendous rush to set up SEZs since the Act came into effect in February 2006. The total number of approvals and in-principle approvals across 21 states as on October 27, 2006, was 212 and 152, respectively. As on date, 34 SEZs out of these approvals have been notified.

The Debate

The SEZ policy has become one of the most hotly debated issues in recent years. Huge protests are being organised by those who stand to lose their land. There has been a scathing campaign against SEZs by politicians, scholars, media and civil society. Of much more concern however is the fact that there are differences within the government too. The Congress president Sonia Gandhi has also expressed her reservations over the impact of SEZ policy on displaced farmers and the Reserve Bank of India has asked the banks to treat SEZ lending as real estate business and

not infrastructure. The advocates of the policy led by the ministry of commerce have however strongly defended the policy.

Though the ministry of commerce has attempted to dispel the criticism of the SEZ policy, the fact remains that the SEZ Act was framed without giving adequate thought to most of the ancillary issues. No exercise was undertaken to ensure that legal institutions are in place for massive land acquisition. No long-term strategy was drawn to counter the socio-economic consequences of the scheme. Even amid heavy criticism of the policy, no serious research has been conducted on how SEZs will affect the regional economy, how much fertile land will actually be lost, how many farmers will be affected and what the tax implications of SEZs will be. Most arguments are based on the perception of officials. There is therefore an urgent need to institute a study on the socio-economic effects of SEZs under consideration.

A note of caution

The sectoral break of SEZ approvals shows that the largest number of approvals (61 per cent) has been in the IT sector. The manufacturing sector accounts for only one-third of total approvals. This pattern is worrisome. In view of the declining competitiveness of the manufacturing sector, the focus of the SEZ policy needs to be on making India a preferred destination for manufacturing. It is however encouraging to note that the share of manufacturing SEZs in approvals in-principle is 69 per cent.

Furthermore, it is instructive to note that SEZs do not embody dynamic forces that can point towards sustainable development. In the long run the competitiveness of SEZs can be sustained only if economywide investment climate is improved. This is because zones cannot be insulated from the broader institutional and economic context of the country. The key to successful industrialisation in the long run thus lies in shaping the existing institutions such that they drive firms towards an outward orientation and technological upgradation; the creation of zones which offer the easy option of competing on the basis of cost minimisation should only be treated as a transitory policy arrangement. Zones should not be considered the best policy option for long-run industrial development. Thus, the establishment of EPZs should not be regarded as a substitute for pursuing institutional and infrastructural improvements.

**Excerpted from EPW November – 4, 2006
pp 4533 - 4535**

SEZs have nothing to do with land acquisition

Excerpts from an interview by Kamal Nath Union Minister for Commerce and Industry.

Kamal Nath: Special Economic Zones are not anything new. These zones have existed in many countries and we have had Export Processing Zones in India too. The reason is simple: stable investment needs a stable regulatory regime. An SEZ is just an industrial cluster with an infrastructure, meant primarily for exports.

Now, the issue is what kind of SEZs will work for India. China has very large SEZs because they don't have forest land, they don't have gram panchayat lands, they don't have revenue lands, village lands, community lands etc. So they can have SEZs of 150 square kilometres. We have land constraints in India. So we learnt early that we need an India-specific model. What should be the size of SEZs in India? There will be variations between states, between sectors, etc; the situation of each state is different. That's why we have both sector-specific and multi-product SEZs. For instance, we have SEZs for gems and jewellery, which don't require a lot of space. We have very great strengths in IT. We have IT SEZs, but IT growth happens vertically, not horizontally. So why should I insist on large SEZs to the disadvantage of our export sectors? We have to work with the sectors where we have an advantage. We put the SEZ Bill on the Internet for 10 months, I heard over 1400 suggestions from all sides, I held open-houses, and finally we came up with an India-specific SEZ Act which suits our conditions. What are the benefits that this act will provide? It will provide two main benefits: exports and employment. Exporters in India are already exempted from taxes, because around the world the principle is that you don't export taxes. Until now, the exporters would be exempted from taxes and could claim the duties they paid as a refund. In an SEZ, they simply don't pay the duties. When the Finance Ministry calculates the loss from duties, they don't take into account the fact that those duties would have been refunded anyway. We also need to distinguish between two different players here: the person (the developer) who makes the infrastructure and the units that will use the infrastructure to

export. The person who makes the infrastructure needs tax benefits, or else why should he invest? In any case, investors in infrastructure already receive tax breaks. Besides we also need space for housing of workers, because otherwise we'll have jhuggi

INDIA DOESN'T NEED SEZs: BHAGWATI

Noted Economist, Prof Jagdish Bhagwati of Columbia University opposed India settling up special Economic Zones. Excerpts:

"SEZs are a sort of scaffolding with which you climb into more openness. Hopefully, that demonstration (of openness in SEZs) will show that it is worth having these policies.

But now that you have the building, why do you need the scaffolding? Already the policies have changed. So, I think it's a backward step,"

Bhagwati said that China needed SEZs because it had an export-oriented strategy which relied on its eastern seaboard with four provinces and 700 million workers as a platform to experiment with the policy while the rest of the country remained closed.

"And the way it (the SEZs in India) is being managed, you know the politicians are getting their hands on it and ultimately you have to take land. There is nothing wrong with it as long as people pay for it. And if you get politicians to assign it, then you can be sure there is a rent, and clearly when you have something like that, you are offering a temptation to the politicians or bureaucrats or whoever. That is also when you build resentment, when peoples' lands are taken. But we are a democratic system.

"Similar things are happening in China, which is experiencing land grab. There they have no recourse at all. They don't have any NGOs to go to, they don't have a free press, no independent judiciary, and no opposition parties. So, what do they do? At least here it's being discussed. But as I said, we don't need the damn thing."

(Dinesh Narayanan & Anil G Nair,) TNN Oct 19, 2006

jhopris coming up. But we've made the rules strict, we've said you can build houses, hospitals, schools, etc., but first build 25 per cent of what you propose and don't come back for permission for more until those are occupied. So there's no question of real estate. As for persons who export, they get benefits outside, so why should they not get it inside

the zone? Investment and employment have been created by the zones. Exports are also increasing.

What if an SEZ developer does not perform? There are no performance standards laid down in the Act for SEZ developers.

K N: If a developer doesn't perform, if he doesn't build infrastructure, he won't make any profits. And that will be his loss.

But he will have the zone.

K N: It's his private land. If he wants to build flats on it, he can build flats on it; if he wants to make an SEZ on it, he can do that too. But he doesn't get any benefits purely from getting approval to be an SEZ.

Many of the state governments are acquiring land for the zones.

K N: What the state governments do is a different matter. Land acquisition has nothing to do with SEZs.

The developer will still receive tax concessions for any profits he might make, for any activity in the non-processing area – even if it's not industrial.

K N: The tax concessions are available to only those activities of the developer which are approved by the Board of Approval and moreover, the activities in the non-processing area have been linked with the activity level in the processing area. The developer doesn't get any benefits just because he has the approval letter. The developer can't do whatever he wants in there. As soon as the SEZ is notified, it is bonded by customs and tax concessions are available only for authorised activities. Even for the authorized activities, duty free material has to be approved by the approval committee.

The WTO has barred export subsidies as per the Agreement on Subsidies and Countervailing Measures. Countries that use export subsidies can be subjected to countervailing duties on their exports. The incentives in SEZs, like tax concessions, tariff reductions on imports etc. would be barred under these agreements.

K N: We are not giving any cash incentives for exports from SEZs and as such there are no export subsidies there. I have been emphasizing that taxes should not be exported. Remember that SEZs are all about single window clearances and simplified procedures. So instead of asking the SEZ developers and units to pay taxes first and then refunding the same through drawback etc., we have provided for exemption right in the beginning.

SEZs were officially claimed to have three main goals: employment, exports and infrastructure. But most SEZs are coming up in suburban areas where there is already good infrastructure. Shouldn't they be directed to poorer areas or wastelands?

K N: If an investor comes and says I want to build my zone here, and I tell him to go build it somewhere else, he will leave. I can't do that.

NO FINANCE SOPS TO SEZ DEVELOPERS

RBI governor YV Reddy told reporters on the sidelines of a seminar "like any other land, SEZ is real estate". The governor's comments came in the context of the Central bank's notifications that directed all Scheduled banks to offer credit to SEZs on the same terms and conditions as offered to real estate developers. The RBI guidelines are expected to make the funding for SEZs costlier. The centre is currently finalizing a large number of investment proposals for setting up SEZs.

While lending to infrastructure projects carries a risk weight of 100% those to real estate projects have a risk weight of 150%. This means that lending to SEZs would not only be costlier but banks would also have lower funds to provide lending to SEZ developers and units. The RBI views are in sync with the finance ministry concerns on the plethora of SEZ approvals. It has said this would lead to a massive revenue loss to the exchequer, from the tax sops given to 150 SEZs already cleared and a couple of hundred others, pending.

TNN Sep 22, 2006

In that case they will not contribute to infrastructure?

K N: No, they are contributing. Already so much investment has taken place. They are creating infrastructure. Thousands of crores have come in, which is going into infrastructure.

So they are not contributing to infrastructure generally, only for their own needs.

K N: They are contributing to infrastructure inside the zone.

But often it is the state government (and not private investors) that has promised to spend money from the public exchequer on infrastructure to facilitate investment in the zone. The Andhra government, for instance, recently sanctioned Rs 750 crores from

MONTEK NOT IN FAVOUR OF ADDITIONAL INCENTIVES TO SEZS

Planning Commission Deputy Chairman Montek Singh Ahluwalia on the sidelines of a SEBI function, told reporters that he was not in favour of concessional benefits and additional incentives to SEZs. The commerce and finance ministers have been at loggerheads over the mushrooming of SEZs, which could lead to a revenue rip-off as many of them were being set up to take advantage of tax benefits. SEZs involve a lot of construction for real estate similar to any other infrastructure project.

PTI Oct 6, 2006

the state budget to create infrastructure for SEZs in the state.

K N: I don't know what the state governments are doing. But if they want to build a road to an SEZ, why should anyone object?

The Parliamentary Standing Committee on Commerce recommended that there should be a freeze on zone approvals. Why has the government not done so?

K N: We said, let's wait for a couple of years and see what happens. Besides a lot of these things are motivated by competitors, people who have got SEZs and want to make sure that no other SEZ comes up anywhere close to theirs. They don't want competition.

Export zones are now regarded largely as outdated. The IMF, the World Bank, the ADB, the OECD and so on have criticized zone policies.

K N: Don't tell me about the IMF. These people in the IMF and the World Bank, sitting in Washington, have never visited any SEZ in India. I told the World Bank President, come and see an SEZ, then make your comments. These people are against the developing

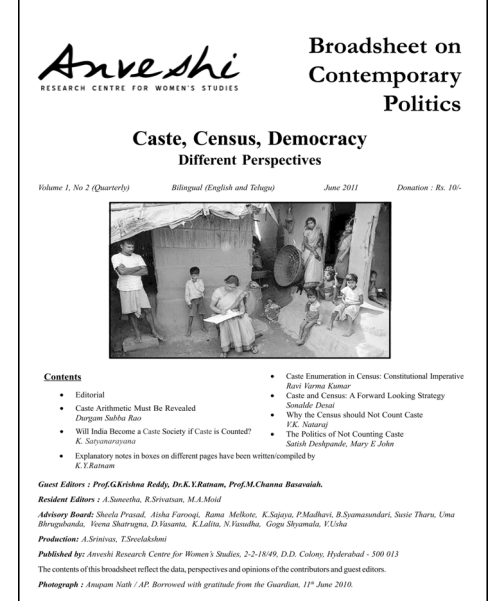
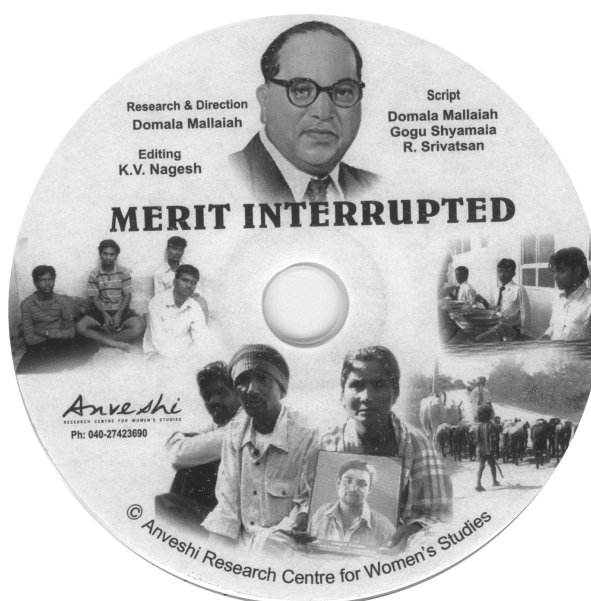
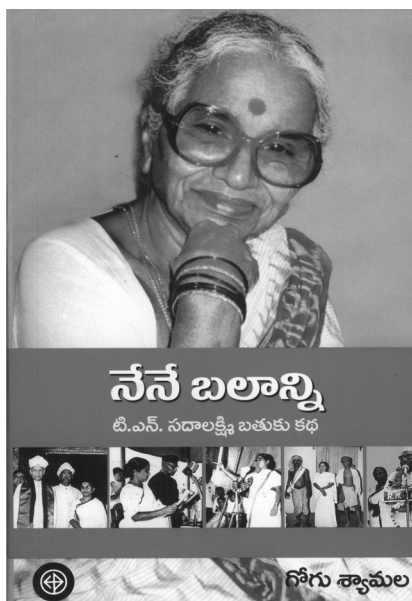
SONIA JOINS THE SEZ DEBATE

Addressing the opening session of the 7th Congress enclave? Chief Minister Ms. Sonia Gandhi, Congress President, hinted that farmers should be made "stake-holders in the activity undertaken on land acquired from them." She said. "Prime Agricultural land should not normally be diverted to non-agricultural uses. Industry requires land no doubt. But this must be done without jeopardising our agricultural prospects. Farmers must get proper compensation when their land is purchased. Could farmers also not become stake holders in the projects that come up on the land acquired from them? Our resettlement and rehabilitation policies must be strengthened and implemented in an effective and credible manner which will inspire confidence in the people who are displaced."

(Aarthi Ramachandran) TNN Sep 24, 2006, (9.03am IST)

countries. Tell me what is their own track record? Have they ever succeeded? Look, the zones are working, they are functioning. They are doing well. Crores of investment are coming in, thanks to the competition amongst the different states in the country. Go and see well- functioning SEZs like Nokia, Mahindra and others.

Excerpted from Seminar No. 582 February, 2008 pp20-22



Let us protect the common lands of our villages

These lands are called the 'commons' in English. They are known with different names in Telugu such as Gramkantham, Gramanetham etc., according to the regional dialect. In a more understandable language, these lands may be termed Panchayat lands or common village lands. Though the name itself tells us of the meaning and purpose of these lands, there are many influential and dominant people of the village, officials and politicians (who want to mislead us) in our country.

Ponds, graveyards, canals, urinals, streets, grazing pastures, etc., are all common lands. This means that these lands are of use to all the villagers. That is why these lands are not supposed to be given to anyone. Even though these belong to Gram Panchayats, that does not mean they may be misused. These institutions have the responsibility of protecting these lands—it is their work. It is very strange that when each and every person of the village knows these truths, how the government officials do not know! It is strange that in the name of a thermal project, or an SEZ, etc., thousands of acres of such lands are handed over to private companies. The Supreme Court has given a good judgment a few months ago on these scams in the case of Jagpal Singh vs. Punjab Government & others (Civil Appeal No. 1132/2011):

What we have witnessed since Independence, however, is that in large parts of the country this common village land has been grabbed by unscrupulous persons using muscle power, money power or political clout, and in many States now there is not an inch of such land left for the common use of the people of the village, though it may exist on paper. People with power and pelf operating in villages all over India systematically encroached upon communal lands and put them to uses totally inconsistent with its original character, for personal aggrandizement at the cost of the village community. This was done with active connivance of the State authorities and local powerful vested interests and goondas..

When we read the above statement, are we not reminded of the Sompeta and Kakrapalli

incidents, where people were beaten by goondas or were killed in police firing? Are we not reminded of the green lands that were handed over to the private companies in the Kakinada SEZ? These are the places and villages that we already know, and the people are also known to us. Where else are these not going on? If we cross our state boundaries we see Posco, Jaitapur, Narmada and so on.

Not only do the common lands used for specific purposes belong to the village—even scrublands, uncultivable lands, endowment lands, gifted lands, temple lands etc also belong to the whole village. These lands may be given as pattas under employment scheme to the locals as assigned lands. However, no one has the right either to sell or use these lands illegally. The main aim of the Supreme Court judgment quoted above is to save these lands from illegal occupation. Villages like the Rohar Jagir village of Patiala district of Punjab state also have a pond. All the canals of the village merge into this pond. This pond was illegally occupied by some unknown people who started a housing project. The Patiala district collector instead of resisting illegal occupation and dismantling the illegal construction tried to legalize it by paying some amount to the panchayat through the illegal occupiers. Finally, this case went to the two member Supreme Court division bench in the form of an appeal. Supreme Court asserted that this type of illegal occupation should not be legalized, illegal construction should be dismantled and the land should be handed over to the panchayat. We would not have brought this judgment to your attention, if the judgment had been delivered limiting only to the case details. The Supreme Court in this judgment also issued a few important verdicts that would serve as guidelines to the central and state government officials.

The Supreme Court made it clear that when lands are useful to humanity at large, people have the right over such lands even if they are under government control. The Supreme Court also clarified that the lands occupied by the government under the acts such as the Estate Prohibition Act does not mean that the people will lose complete right over those

lands. We should think of how useful this judgment is when the common people have to fight with the government for the lands which are gram panchayat lands, uncultivable lands, lands that are useful for the common purpose so that these lands are not misused. This judgment is useful to shut the mouth of the officials who say, "Government has the sole authority over the lands that are under its control, who are you to question it?" This judgment also tells us that there is no way for the government to neglect the aspirations and opinion of the people, and the objections of the Gram Sabha on these lands. It also says that if need be, these lands can be used under various acts to construct houses for poor, SC, ST sections and to build schools, hospitals for common purposes, but in no way may these lands be occupied by land grabbers.

Continuing its judgment, the Supreme Court advised the officials of the state government to take back the lands that have been illegally occupied and hand them over to gram sabha and panchayats and create land use schemes that would be helpful for the common use of the villagers. The Supreme Court also clearly said that there is no possibility of legalizing illegal occupation of lands, or granting exemption from resumption of such lands, because, e.g., "a lot of time has passed under illegal occupation" or "a lot of money has been spent on construction at the site", or that "they have political influence" etc. It also set out conditions for the legalization of such lands. The illegal occupation can be legalized only when these lands are given to the landless poor or given on lease to the SC, ST groups, or when these are used for the a common purpose such as a school or hospital. Under such conditions the government officials should conduct enquiries and should submit a report to the court, it said.

We have brought this judgment to your attention because it is helpful to the people, mass organizations, and the peoples movements who are fighting continuously to protect the lands from the illegal occupiers so that the village lands are not misused.. Let us once again remind the officials that even though lands belong to the government they are answerable/accountable for the use of such lands.

HRF Pamphlet

23-8-2011

Human Rights Forum (HRF)

Translated from Telugu by Kaneez Fathima

Petition Before The Andhra Pradesh State Human Rights Commission Hyderabad

In the matter of HRC No. 1260/2007

I am one of the complainants, in my capacity as Convenor of Kadali network, in the above complaint.

The Hon'ble Commission is seized of the above matter, which pertains to the forcible and fraudulent acquisition of land for SEZ near Kakinada. The specific complaint is that (i).The SEZ which was initially proposed near the town of Kakinada was shifted to its present location in U.Kothapalli and Tondangi Mandals with specious reasons in the interests of real estate businessmen; (ii) valuable land which provides considerable livelihood and is substantially irrigated has been shown falsely as barren and of poor quality land to justify this change; (iii) about 45% of the land has been purchased from the landholders by dubious means; (iv) no provision has been made for taking care of the loss of livelihood of the fishing community who live on the seashore (which will now be sandwiched between the SEZ and the sea), and catch fish in the sea which is now going to be severely polluted by the petroleum-related industries that are to come up in the SEZ; (v) the State Government's Relief & Rehabilitation policy

in G.O.Ms.No.68 has not even begun to be implemented.

However, even while the complaint is pending, the authorities are using force to take possession of the entire land, with the aim of fencing it and preventing access to the landholders. A message has been sent to Sri Chinta Suryanarayana Murthy, Convenor of the farmer's movement against the SEZ, resident of Moolapeta, U.Kothapalli Mandal, that on Saturday i.e tomorrow the 9th day of August the police will come in force to take the possession of the lands. As the people are prepared to resist, there is likely to be a serious conflict.

Last week in Srirampuram in the same Mandal, the developer of the SEZ Mr K.V.Rao brought labourers to cut down sarivi (casuarina) trees numbering about 200 in the land whose purchase is disputed as being fraudulent. The people resisted and there was severe tension. It was resolved only when the District Collector prevailed upon the developer to pay compensation of Rs 25,000 to the farmers whose trees had been cut. They have paid Rs 20,000/-. The conflict may not end so smoothly if it is not the developer but

the armed police who come to take possession of the land.

It is not within our comprehension why the government is in such a hurry. A writ petition filed by some individual landowners on the procedural aspects of the land acquisition has been pending in the High Court for two years and the stay granted by the High Court subsists. This Hon'ble Commission is hearing the matter on a broader canvas, and has specifically directed the authorities not to use force to take possession of the land. The developer has not yet identified any concern or concerns that are to invest in the SEZ. On the other hand the resistance from the landlosers is strong. It is so strong that in spite of announcing the programme of inauguration of the SEZ many times, the Government has postponed it again and again. The Prime Minister and the President of AICC were supposed to inaugurate the SEZ, and their time was sought for the programme. Yet the programme has been postponed repeatedly. Such is the resistance of the people.

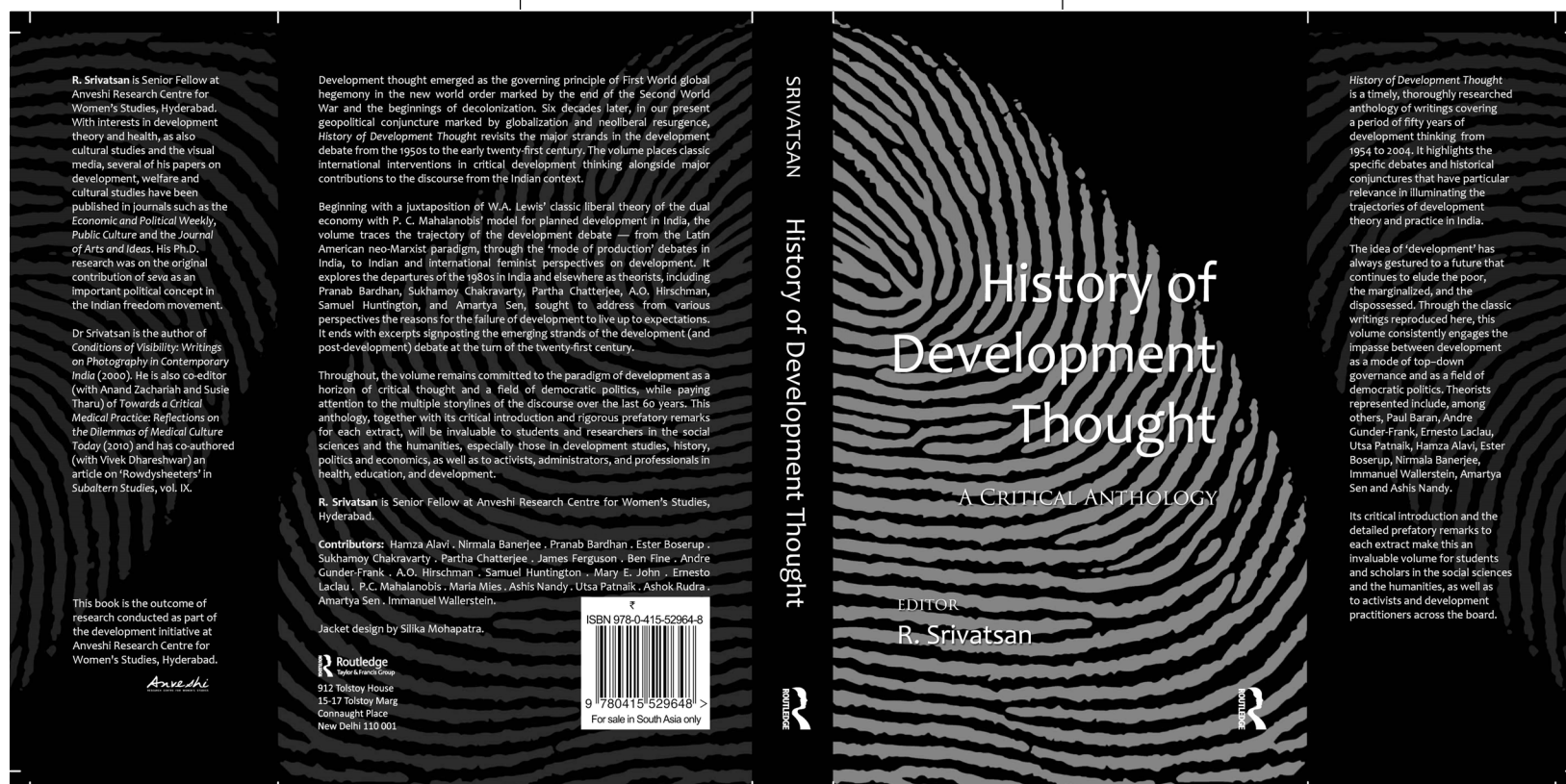
In these circumstances the decision of the authorities to forcibly take possession of the land is most unfortunate. Kindly intervene in the matter and advise the District Collector to desist from the adventurous action.

(K.Rajendra Kumar)

Convenor, Kadali Network

Date: 8/8/2008

Hyderabad



Interview with Rajendra, SEZ activist who started the Kadali collective from Kakinada

■ K.Srinivasulu, A.Suneetha, R.Srivatsan and G.Shyamala

Q: What is the status of SEZs in Coastal Andhra?

When Rajasekhara Reddy was chief minister, he declared the intent to start 119 SEZs in Andhra Pradesh. The proposed area at that time was 5000 hectares or 12500 acres per SEZ. Seventeen of these have been approved, and four are functioning today. Land acquisition is proceeding in the seventeen approved locations. Even before the SEZ Act of 2005 was put in place, the police and revenue departments were mobilized for acquisition. The employees of the revenue department, the village assistants and ex-karnams were the middle-men of the acquisition. Like the middlemen in the grain trade, they decide sale and purchase price, hold the monopoly of trade and destroy any farmer who wants to ask for more money for their land. They also motivate the farmers to sell the land. There are four working SEZs today: Apache, Brandix, Aurobindo and Hetero Drugs.

Q: Tell us something about the details about SEZ policy and practice in relation to land acquisition?

The British carried out land survey and settlement in the nineteenth century. In the British records, much of the land near the seacoast was categorized as dry land. This has not changed even today. However, after independence, the Arthur Cotton barrage, and the river and inland tank irrigation projects supplied water to these dry lands. Today, irrigated crops are grown on these so-called 'dry' lands. The categorization has not changed. Today, SEZs claim that they are acquiring dry land while in actual practice, much of it is irrigated. Now, before the SEZs came, the categorization as dry land made it possible for the farmers to pay less land revenue. Once SEZs have come into the picture, the knife cuts the other way and the categorization as dry land makes acquisition easy and also brings down the assessed value of land. The courts use these categories and the people cannot do anything about this. When the SEZ promoters and government said they were taking dry land near Kakinada, the Kadali Network, did a micro study of the topography, conducted surveys of water

availability, cropping, growth of trees, fruiting, etc, and submitted it to the court. We also provided the information to the court about purchase of fertilizer and sale of crops. We challenged any official to a debate on the character of dry land and this resulted in some understanding on the part of the judges. However, the judges went against us. 'We don't know how many anti-SEZ activist groups took this path. This is one of the reasons why in Nellore there is not so much progress in anti-SEZ activism.'

Q: What are the new SEZ strategies?

The idea of a coastal corridor for industrialization is being propagated. This consists of 975 kilometers of coastline from Srikakulam to Nellore, with a minimum width of 25 kilometers. They are vacating 1000 villages on the AP coastline in the name of the coastal corridor. In each district, they are planning an air port and 2-3 coal based power plants – a total of 70 power plants. Kakrapalli, Sompeta, Kovvada are all part of this power generation programme. Canals from the left bank of the Polavaram project are being planned to run within the 25 kilometer coastal corridor. As of now this planning is being done in the name of the farmers, but when we look at the water resources made in the master plan for the coastal corridor, we see the shadow feasibility report of the Polavaram project as a source of water for industrializing the coastal corridor.

Q: What are the environmental and health effects of these projects?

Lowland irrigated crop is usually paddy, and dry lands have multi-cropping with fruit orchards. When industrialization occurs cultivation, mangroves and fishing all are affected. The establishment of power plants result in much disturbance of the environment – people fall sick, and there is wide spread illness and even impotence due to mercury poisoning which comes from the coal used. When gas based plants release their gases once or twice a day, birds don't sleep at night, and fish, tortoises, migratory birds etc., move away. There are several cases of abortion

among the pregnant women in these areas. Laterite soil is a sponge for water – this is what results in springs in the hilly regions. This land is being given for development, and results in the loss of water streams in these areas too.

The industries never have forest, environment or revenue clearance – but SEZs are now in full control – Reliance industries particularly.

Q: What is the impact of SEZs on people?

Fifty thousand fishermen are now out of an occupation. 10% of these are of the Dalit community. Young men are fighting against the SEZ acquisitions but there is no movement to speak of. We have no help, academics write books, but nothing is being done for the people who are losing land, occupations, access to the sea. The intellectuals who come here are like a parade of circus animals – we show them on the stage, they speak, and then they go back and do nothing – most of them, not all. The hill and forest tribal is being pushed to the plains, the plainsman is being pushed on the road, and the fisherman too is laid out on the road – this is the action of the government in the name of development. We are not against development – we only want to ensure that tribals have their sustenance, farmers and farm workers have their livelihood, and fishermen have access to the fish in the sea.

Kakinada is now entering the coercive phase of implementation. Kakinada started with the sea port in 1994 – after this K.V. Rao privatized the sea port. Now there are four berths – twenty thousand families were thrown on the roads. Rehabilitation has never been done since Nehru or Indira Gandhi, what will they do now? Sea-coast based SEZs were planned in 2002. Two thousand acres were proposed as the size of land available to each SEZ. After this industrialists belonging to the dominant castes took control. The area proposed was increased 10,000 acres of land per SEZ in the second phase – 2003-2004. This was originally in Peddapuram, Samalakota, Pithapuram, new Kathipalli, Kakinada urban and rural – but the catch was that this land belonged to the dominant castes. Then there was a study was conducted by academics, and bought over by these dominant castes, which saw that this area was to develop as towns in the near future – the land could not be given to SEZs. After this the location was shifted to new Kothapalli and Thondangi, Mandals where Yadavs, fishermen and Dalit communities reside.

Q: What is your assessment of the Anti SEZ movement today?

I am invisible because I am a Dalit. I am not

acceptable to the people I mobilize from different castes groups. TV cameras don't like to focus on my face. But, I don't feel upset – I am happy about my life. As soon as the SEZ act was passed ONGC began acquiring land – the people stood back because it is a public-sector enterprise. But we soon realized that the ONGC was wrecking our livelihood. Action Aid helped in stopping ONGC. We started the Kadali network to train peoples movements. We began to lock government offices, the offices of the MRO in our protests. When the SEZs began, political persons and absentee landlords began to sell the lands they 'owned' by hook or crook. Poramboke, d-patta land, etc., which were falsely owned were alienated to the tune of 4850 acres. People who speak English are the people who

rob our lands. The HRF people like Burra Ramulu and Balagopal helped us. Up till that time the villagers did not know how to conduct a struggle. They tried straight away to physically injure and kill the oppressor. We taught them how to fight for rights, taught them about the laws, etc. Bandaru Dattatreya (BJP) also went to support the anti-SEZ activists. In one instance, a mad man who was a Hanuman bhakta kept tearing off papers of the patwaris who were doing surveys for the SEZs. The police threw him into the village square and beat him, but he always got up laughing. He was asked why he did this – he said there was no difference between the land being taken and his own home. In the process of taking land the police began filing cases against the activists – on all kinds of

subjects, leading to a great deal of harassment.. In 2008 we got the APHRC to pass an order to remove the criminal cases. After this, the SP, the Collector and the administration began actually pursuing the cases thoroughly. The Congressmen came and said they would take us to Sonia Gandhi. By the time we got ready she had to go to America for an operation. We lost Rs 1,00,000 on the purchase of tickets for 100 people to and fro. Our Kadali Network went to the Parliamentary Standing Committee to make our statement against SEZs. Up till 2009 it was possible to bring together people from different caste groups to work together against SEZs, but after that, the elections came and caste politics took over and changed the democratic basis of the movement.

INTERVIEW WITH ANANTHAPUR VILLAGERS

A. SRINIVAS

SIDDIQ – *resident of Ananthapur Town*

When NTR was chief minister, he laid a foundation stone for an industrial area at Tumukunta village. In 1986, we, a group of 21 farmers from the village of Tumukunta, went to court and obtained a stay against the government acquisition of 146 acres of land. This was the first zone (SEZ). We made the government agree to 6 conditions. There is the term 'total compensation' in these conditions. I don't know Telugu. No one knows English. We thought we would get Rs 18000 per acre. However, the market value of the land was 12000, which the government reduced to Rs 9000. As a result the compensation worked out to Rs 15000 per acre. In these six conditions, they also agreed to provide employment to one family member. They also said that when acquired land was divided into plots, we could choose our own. In all this, only the one time settlement occurred. We have been fighting in the High Court since 20 years. We haven't got the promised job, nor the plot. In 1989, I applied to run a canteen in the APIIC. When I ask them about it today, they say there is no record. Since the land agreement was made with the land acquisition officer, who is the Collector, we don't have any obligation. The Revenue department say that we are responsible for taking possession of the land, and we don't have any obligations after that. They point a finger at each other. The APIIC bought the land at Rs 15000 per acre and are now selling the land at Rs 25 Lakhs per acre. It would have been good if they had at least given us a job. I had 7 acres of land, with a big agricultural well. It was patta land. I had bought the land in 1981. In the land that was taken from us, only 40% was used for industrialization. 60% of the land is remaining vacant, unused. Recently, 350 acres of land was allotted to the Rahejas. They too have not done anything yet. My son learned fashion design – who will give him a job? We should either get a job, or compensation for the losses we have incurred through all these years. Since they didn't pay us the market value at that time, they should give us the market value now. We demand that they should now give us both land in compensation for the land we have lost, and also compensation for the losses we have incurred. Even today a group of 21 of us is fighting together. In this group a majority are Dalits.

GANGADHAR MADIGA, *MRPS Ananthapur district president*

The APIIC forcibly took the assigned land which was in our possession. It sold the land to either the Lepakshi foundation or some other. However neither Lepakshi nor anybody else came to us. I have an acre of land that I have not sold. However, when I went to take a loan, the bankers asked me to get a document stating that the land is in my name. When I went to the survey authorities and looked at the adangal (revenue registry) record for my land on the computer, it was shown as belonging to the Lepakshi hub. The loan taken from the bank remains – it is impossible to renew it. Even though the land has been surveyed as belonging to Lepakshi, I have sown a crop here. I procured my investment from the market, and the interest has compounded. I am not able to return that loan, I can't renew the loan, I cannot get a bank loan, and I haven't received the value of the land taken from me. Even though the registration has not been completed, the authorities' records show that the land has been registered in the name of Lepakshi. I had an acre of land which has now been taken away. This land was given to my father. The government and the peoples organizations have not been able to provide us a perspective on the difficulties that come with the loss of land. We are in a state of having lost our land, even though we know the value of land. When a farmer had 5 acres of land, he could take care of himself, and also support the subsistence of 10 labourers. These days, after we have lost the land, we are losing the agricultural subsidies given by the government. When the government is spending several thousand crores of rupees on land development, we are not benefiting from it, only the land owners are. We cannot also avail of the subsidies given by the government when drought occurs without our land. We also cannot avail of the subsidies for tractors and other equipment. We had assigned lands worth Rs 20,000 per acre. Now, it is worth Rs 3-4 Lakhs per acre. When it was agricultural land it was possible for farmers to buy and sell among themselves. Today, at this rate, the person called a farmer cannot buy land in his life time.

CHANDRA NAIK, *MPTC, Biyan Thanda, Gorantla Mandal Ananthapur District*

It was good when we had land. Will money every remain in our hands? We have spent it all. Now, we have neither land nor money. We survive on labour. We lost 600 acres of land. Many of us didn't receive money since the survey numbers and title documents were not proper. I lost 7 acres. I still continue to sow that land. I got money for 4 acres – I wasn't paid for the remaining land since the name was wrong. They are sending us round and round saying this or that isn't right. We get our money only when we pay up and set the records straight. The MRO promised that all those of us who lost land would be given a job. It is already 3 years. We believed them then, when they said they would construct factories and employ us. We no longer do.

(From Project Report supported by ACTION AID, A.P. Regional Office)

Hope and Disillusionment for Workers in Apache SEZ, Tada, Nellore

A Case Study

■ S. Seetha Lakshmi

Initially, the setting up of the Apache Footwear SEZ, the largest manufacturer of the Adidas brand of footwear in Mambattu panchayat of Tada opened up the possibility of new jobs for a large number of youth in the surrounding villages in the area, which would otherwise be inaccessible to them. Close to 5000 people, mostly, youth, have been employed in the SEZ which was notified in August 2006.

Discussions with many youth revealed that the initial enthusiasm of employment in the SEZ does not actually last long enough. For many of these youth, working in an alien and often unfriendly environment, characterized by high pressure to meet targets and time-frames etc only rendered them further vulnerable to new risks. For women especially, the unfamiliar dress codes were an added disadvantage. As Haritha (name changed), an employee in the Apache SEZ puts it, "Initially it was tough to get used to wearing pants to work. We are not used to it and I often suffered stomach ache. I used to study and go out on wage work to earn money. Now, my family is happy to see me earn better. But they (in the company) are very strict about work hours and targets. So, there is constant pressure. I cannot take off from work whenever I want to. I don't enjoy the kind of freedom I had while doing wage work (cooli panilo unna swecha indulo ledhu)". Tulasi, another employee here shared that she was forced to give up her studies to start working in the company.

Similarly, Krishna (name changed) an employee says, "if we do not reach the targets, there is absolute torture from the supervisors. We are not given any leave. They would make us work overtime to reach production targets. They abuse you in their language and you cannot say anything. Many leave because of

the torture and pressure. Only those who can sustain this survive here for a while". Mahesh, another employee says, "I worked earlier as a welder after completing my ITI. I used to earn Rs.6000/- per month. Your previous education or experience does not matter to them." Vatamati Nagaraju, who had worked in Apache and left his job shares, "initially we all felt that the SEZ was good. I worked in the company and left because I could not work there. Now, I feel that my family would have been better off if I had not sold my lands. I sold 1.5 acres of my land for 14 lakhs. The land value really went up once the SEZ was proposed here. The real estate agents from Chennai persuaded me to sell my lands. They offered me 14 lakhs, which seemed high but they in turn sold out the same for 20 lakhs. I still have 1 acre of land and I will not sell it. We can at least grow our own food and survive". These same sentiments are echoed by several other youth who share that for the number of people the company hires, the number of people leaving is also equally high. In several instances, inability to meet targets meant subjection to verbal abuse, mental harassment, retrenchment from work or in case of inefficiency and disobedience, transfer to other departments or plants in the company such as the rubber plant where workers are expected to work under extremely high temperature conditions. Issues such as health insurance, leave, working overtime, salary equivalent to work were other issues that were of concern to these youth working in this SEZ.

Excerpted from, .S. Seethalakshmi, *Special Economic Zones in Andhra Pradesh Policy Claims and People's Experiences*. Study supported by Society for National Integration Through Rural Development (SNIRD), Ongole and ACTIONAID, AP Regional Office. Pp 93-94.

From Farm Lands to Industrial Parks, Growth Centers and SEZs:

Examining the Shifting definitions of Lands.

(Vangipuram Reddanna, an activist with the Dalit Bahujan Front, DBF, who has been working on land and other issues affecting dalits).

"To me, the central issue in land acquisition is that of changing values around land. As long as the land is in the lands of the poor farmers, it has no value and is often termed as barren, unproductive or infertile. There is no State policy favoring subsidies or investments to support poor farmers to continue with their farming. There are no banks or formal institutions extending credit to these farmers. Along with policies around agriculture, our entire educational system has no place to promote positive values around farming or agriculture. We are therefore not building any stakes for the next generation to take up agriculture on the same lands that has supported their education and nurtured and nourished their lives. Farming as a whole stands discredited in our system. But as soon as these lands are taken over by the government and agencies like the APIIC and handed over to private parties in the name of public purpose, the same lands gain a new added value. How is this possible? A whole range of institutions from banks and others are competing to offer financial support to these SEZs. Even years later, when these projects do not take off, the government is more than eager to leave these lands in the hands of the private players, while lakhs of people dependent on these lands for their survival can starve and die. We need to question these shifting values in our system."

Excerpted from, .S. Seethalakshmi, *Special Economic Zones in Andhra Pradesh Policy Claims and People's Experiences*. Pp 76-77.

Land acquisitions, law and public purpose

■ N. Vasudha

Land acquisition is one of the most contentious aspects of the execution of mega projects such as airports, metro-rail systems, special economic zones, power plants, mining, etc. Projects such as these require huge tracts of land. The land is acquired either directly by the project developer or by the state on their behalf. Without exception this process of acquiring land from the people is fraught with coercion and intimidation. Even if there is no coercion, acquisition invariably leaves the owner of the land in a disadvantageous position. The state buys land at market value which is often far less than the prevailing rates in the region. Even if a fair price is paid, the conversion of land type from agricultural or dry land to industrial land multiplies its value after acquisition manifold.

The Land Acquisition Act 1894 that regulates the process of the land acquisition allows the state to acquire land only for a public purpose and with due compensation to the party who is deprived of land. In the past the state was known for acquiring land to build dams, railroads, highways, airports, housing for weaker sections. In these acquisitions, public purpose was clearly visible as the greater good of the public. However, the state today is increasingly seen acquiring property on behalf of private companies. When private companies undertake developmental projects either on their own or in collaboration with the state, the idea of 'public purpose' itself becomes questionable and controversial. The frequently raised question is whether a private company can be assumed to have public purpose at all. Is it not driven by profits for furthering of private interests? In the newly passed Land Acquisition Act 2011, one of the provisions that is being severely opposed by critics is that of land acquisition for private companies.

The Land Acquisition Act, 1894 stipulates certain procedures for any acquisition of land for public purpose. They are notification in the Gazette and the local media, followed by

enquiries by the collector, declarations that the land will be resumed by the state and finally the award of compensation for the affected persons. A person who is discontented with the compensation can question the award in a civil court. Where the state feels there is urgency, it has the absolute authority to acquire land without putting the affected person on notice and bypassing the conduct of enquiry. In the case of land acquisition for private companies, a different set of procedures are stipulated: memorandum of agreements concerning permissions, the viability and objectives of the project, and the payment of compensation by the company. There are also instances where the state will completely take upon itself the burden of compensation.

Litigation on land acquisition matters takes many forms. There are broadly two types of disputes: One set comprises disputes related to the extent of land acquired, market value and assessment of the land, competing titles in respect of the land, discrimination in the amount of compensation awarded, and more importantly to challenge selective and prejudiced acquisitions i.e., the dalit man's land may be easily acquired while leaving the land of the more influential persons out. The second set of issues concerns the procedures to be adopted by the state in acquiring the land and hinge on the due process of the law, such as serving of notices, publication of the notifications and declarations, the time given in the conducting of enquiry etc.

Land acquisition has also been contested on whether its declaration meets the criterion of public purpose or not, particularly when the state has acquired it on behalf of a private company. In this set of cases land owners have accused the state of acquiring their properties to transfer them to foreign companies or to sell it in real estate. They have also questioned the so called objective of 'development', and asserted that there was no public purpose and that the state was openly supporting the vested interests of influential property

dealers.

Apart from statements and pamphlets issued by protest movements, the contest about the truth of public purpose claim can be found in the voluminous case law on the subject. Right since the early years of our Independence, the Indian judiciary has been reluctant in allowing substantial questioning of the state's decision to acquire land. The claims that have succeeded before the law are limited to those cases where it has been proven that the state had not followed the due process of law in acquiring land. Notifications for acquisition of land have been struck down as invalid primarily in this register. Rarely ever, have the courts allowed the citizen to question the public use, purpose and wisdom of a particular project that the state has undertaken.

Precedents in Case law

The State of Bihar vs Kameshwar Singh reported in AIR 1952 SC 252 is a landmark judgment on the question of Public Purpose. It was delivered by a constitutional Bench of seven judges when Zamindars questioned the Uttar Pradesh state's acquisition of land for land reform. The Supreme Court while upholding the State's decision to acquire Zamindari land for redistribution to tenants held:

The legislature is the best judge of what is good for the community, by whose suffrage it comes into existence and it is not possible for this court to say that there was no public purpose behind the acquisition contemplated by the impugned order....It is difficult to hold in the present day conditions of the world that measures adopted for the welfare of the community and sought to be achieved by process of legislation so far as the carrying out of the policy of nationalization of land is concerned can fall on the ground of want of public purpose. The phrase "public purpose" has to be construed according to the spirit of the times in which particular legislation is enacted and so construed, the acquisition of the estates has to be held to have been made for a public purpose.

The above case had the laudable objective of land reform and redistribution. But case law is such that it can get cited in later times too, in different contexts. Sooraram Pratap Reddy and others vs District Collector reported in (2008) 9 SCC 552 is a case where the Supreme Court affirmed that it will not interfere with the government's decision of what constituted public purpose. In this case 100 acres of land in

Serilingampalli, an adjoining area of Hyderabad, was sought to be acquired by the State to develop an Information Technology Park. The affected persons accused the state of corruption, malafide exercise of power, sale of land to foreign companies and procedural irregularities in the acquisition. The Supreme Court was steadfast in upholding the acquisition made by the State and keeping in line with the spirit of a liberalised economy the Supreme Court further held that:

The older and stricter view is that unless the property is dedicated for user by the public at large or a considerable section thereof, it would not be for public use or for public purpose. The modern and more liberal view, however, is that it is not an essential condition of public use that the property should be transferred to public ownership or for public user and it is sufficient that the public derives advantage from the scheme.

The above logic was faithfully followed in the case of the Kakinada Special Economic Zone wherein the AP High Court upheld the land acquisition made on behalf of a private company. It held that the public will derive advantages from the setting up of the SEZ by way of generation of foreign exchange and employment to the people.

Limits of legal remedy

In deciding whether there is public purpose at

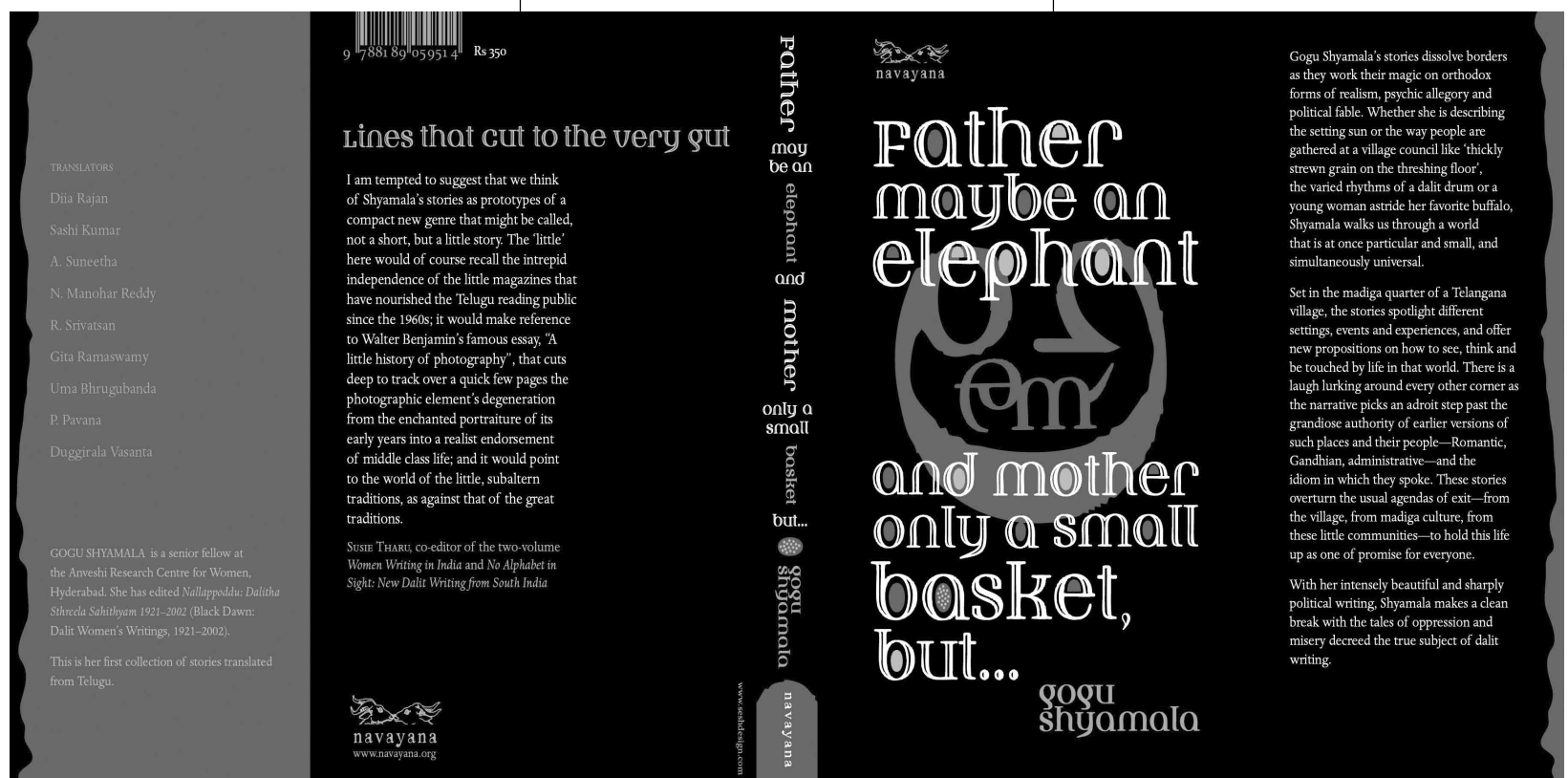
all, the position of the courts has been that there will be some trickle-down effect of development in terms of public employment. Despite growing protests and litigation on this issue, rigorous principles of assessment to determine whether there is public purpose at all have not been evolved to check the decisions of the administration. The case law on this subject does not reveal any substantial information about the outcomes of a development project. Yet the courts have consistently believed the dubious projections of public good filed by either the government or private developers. The courts have limited themselves to a mild review of administrative decisions despite growing evidence of developmental projects not taking off, environmental degradation and absence of generation of employment.

The judiciary has never affirmed the people's opinion and challenge of the public purpose of a project undertaken by the State. This is the view even in the much publicized case involving Mayawati's government concerning its plan of industrial development of the Greater Noida district. Here the Supreme Court reprimanded the government and set aside the Notification of land acquisition on the ground of procedural irregularities of the acquisition. Ironically, however, in the tail-end of the judgment, it observed that the UP government can still go ahead with the land acquisition provided that it follows the due

process of law. The *land acquisition as such* was not set aside.

There is a steadfast opinion within the administration and the judiciary that the affected person is solely interested in the compensation that he receives. The foreword to the new land acquisition law states that land acquisition will become that much more acceptable, if there is transparency in the procedures of acquisition, adequate compensation and extension of compensation even to those who do not have a title to the land. The Rehabilitation and Resettlement provisions in the new land acquisition law are the evidence of the state's promise to change the character of land acquisition in terms of wider recognition of affected people's claims and in some cases making them shareholders in the future of development.

It is convenient for the State to engage with the affected person's protest only in the register of compensation. There are several instances where affected people have refused compensation, even sizeable amounts, on the ground that they are opposed to the very model of development, that such a development will not augur well for their region, and that nothing can compensate the price of their displacement. A protest of this nature challenges the public purpose of the project in ways that are much broader, and intractable, than what is allowed before the law.



Eminent Domain: A background note

■ R. Srivatsan

Contemporary Significance

The term 'eminent domain' has become increasingly common in the media during the past one and a half decades. It is used to justify the acquisition of land for industrialization, and more specifically in relation to the creation of SEZs. 'Eminent Domain' means the authority of the state to acquire land owned by anybody for 'public purposes'. However when the land is so acquired, the state is obliged to follow due legal process and pay a just compensation to the original owner according to the law. This principle of eminent domain (henceforth ED) and just compensation is usually attributed to the Seventeenth Century Dutch jurist Hugo Grotius.¹ However, as we shall see, there is a specific historical significance to the term in contemporary India.

Why is the term ED being used frequently in the media today? After all, on the one hand, the state has acquired land since India became independent, for development projects like dams, highways, power projects, mining, manufacture and other infrastructure. The number of people displaced by such projects and their fate are not well recorded. On the other hand, land has been acquired from zamindars in the name of socialism from the 1950s. There have been special legislative enactments on land ceiling in each state of India for this purpose. These enactments have been placed in the Ninth Schedule of the Indian Constitution to ensure that the Supreme Court cannot overturn them. Thus, while the principle of ED has been in operation, the usage of the term has become more frequent in public debate outside the courtrooms. So to repeat the question, why has the usage of the term ED become more frequent today?

A recent seminar on land acquisition held by a think tank in Delhi had participants from industry, ministries, bureaucrats and activists.² Reading the proceedings of the seminar provides a few pointers:

1. An important theme of the seminar is that land that was till now considered waste

land situated in rural and otherwise inaccessible locations is increasingly found to be necessary for industrial expansion – to build infrastructure like national highways, railways, ports, dams, power projects, factories, mines and force-fed economic zones of high productivity. We can see that this is a historical moment of capitalist growth in India.

2. Another important issue in the seminar discussions is the difficulty of acquiring land for these essential uses. Land, which is perhaps the smallest economic cost in the project is the most difficult to acquire, and is the most tricky, risky and time consuming of operations – a clear example is the upsurge of popular resistance in Singur which forced the Tatas to close their project and shift it to Gujarat.
3. Another issue that is discussed at length in the seminar is that compensation paid to the original owners of land acquired for industrialization does not take into account the skyrocketing land prices that result. When agricultural land is purchased and converted into industrial land, the market value goes up sharply. This considerable loss of 'notional' sale income that arises because of the change in the land use category from agricultural to industrial as soon as it is acquired invariably makes the original owners unhappy.
4. Participants in the seminar point out how government regulations for land acquisition do not have well laid-out and transparent procedures to calculate just compensation resulting in confusion, corruption and extensive manipulation on the ground.
5. The acquisition and compensation leave many of the people who depend on the land without owning it, bereft of a livelihood. From the perspective of industrial development, this leads to inevitable opposition to the process.

6. One of the key problems specific to the tribal areas is that land acquisition for mining and other SEZs has resulted in extreme immiseration, and therefore to a surge of support for Maoism in these areas.
7. In general, land acquisition is a highly emotive issue. Political instability is a real threat as many different displacement ventures across the country have demonstrated recently. This political instability has the potential to bring the project to a grinding halt, the Nandigram issue being a key example.

Examining these different causes for worry expressed in the seminar, it becomes clear that planners and investors who want smooth functioning of their projects need a resolution of the difficult problem of land acquisition. Thus, the term ED today is used to signal the problem of *economic security* in our stage of development recognized alike by bureaucrat, businessman and activist. The discussion of ED is about finding an appropriate, effective and 'humane' process by which industry may take land from farmers and other dependent non-owners who are steeped in a culture that is both economically dependent on and passionately attached to land.

In India today, land is the focus of diverse desires, needs and sources of wealth. The rural poor need land for security and peace of mind in an era of dispossession, displacement and migration; the landlord wants land to speculate on its value while profiting from its rent; the government aims to acquire land to make a handsome profit on sale to the industry; and industry wants land to make its profits. This results in the extremely powerful forces that are exerted on each land transaction. In theory and ideally speaking, as the seminar suggests, government and industry would like to work together to ensure a smooth transaction using ED in acquiring territory and paying the compensation package in such a way that all the parties are satisfied. What has been happening in practice so far however is that land acquisition through ED is riddled with manipulation, corruption and racketeering, all of which cause increasing political instability due to resentment.

Thus what is happening in the background is that the government is trying to encourage a new culture that willingly sells land to state and industry at a fair price, thus making industrial expansion less vulnerable to mass opposition. The debate on ED addresses a key problem facing industrial growth and capitalism in India. The National Land

Acquisition and Rehabilitation and Resettlement Bill, 2011 is very clear on this.

Historical Background and Theoretical Structure

Eminent domain: sovereignty and government in the West

If you think about it, the ruler of a land could always take what he pleased. In the West the power of the king or the church over territory has been unquestioned. It has been the principle of rule since the Middle Ages. However, after the eighteenth century, when bourgeois democracy begins to take control of the state, the king as the nominal head of state becomes accountable to the 'people'. Hence, while individuals may not challenge the state regarding its taking of private property, they may and do challenge the state's purpose to ensure that the state is not acting despotically. Theoretically, the 'people' now become the true sovereign rulers who constitute the state's power. For this reason, in modern democracy, public purpose is seen as the purpose of the national community (i.e., of 'the people') that exceeds the purpose of any individual. Thus the principle of ED is a re-assertion of the sovereign's (king as the head of state's) power, but at the same time an assertion of his accountability to the people. However, the problem is that the 'people' who define public purpose are usually the propertied ruling elite, i.e., the bourgeoisie.

Contradiction between the principle of eminent domain and the concept of private property in state theory

The term 'private property' generally refers both to immovable property (i.e., land), and to objects owned (a car, a book, a bag of rice, etc.). The principle of ED usually refers to land. In political and economic theory, the concept of private property is the foundation of capitalism and the free market: Any market transaction requires that the seller owns the property he wants to sell. Once the sale occurs, that ownership of the property is transferred to the buyer. This ownership has to be guaranteed by the state using coercion if necessary. If the principle of ownership is challenged or attacked in practice, the free market as a way of distributing goods and services would collapse, bringing down the capitalist economy with it.

Thus, ED is the opposite of the right to private property – the king may take what you own by right. In liberal political theory, there are two strands of thinking about the oppositional relation between ED and private property.³

One theory says that originally there are

people who own private property. These people establish a social contract to form a state for their common protection against coercion and robbery. Thus private property exists prior to the state – its protection is the state's duty. This idea is traceable to the philosopher John Locke (among other philosophers). From this perspective compulsory acquisition by the state is a violation of the primary right to property. Individuals have opposed the use ED based on this theory of the state as a protector of private property, and these battles have a history of over two hundred years in the West.

On the other hand, there is a critique of the above theory of private property, traceable to David Hume and Jeremy Bentham. This critique may be called a utilitarian argument. They argue of idea that the state as the product of a contract to protect property cannot be proved historically, and also cannot account for the obedience of people through the generations. The only two explanations for such obedience are that a) people obey through habit; and b) they obey because the state continues to do its job. In addition, theoretically, laws needed for the protection of property cannot exist without the guardianship of the state and its coercive institutions like police, military, prisons, etc. Hence private property cannot exist before the state exists to guarantee its security. According to the utilitarian position, laws (even property laws) are convenient fictions that work in society and there is no divine mystery behind their success. From this perspective, there is nothing sacred about property and the state may take it according to the requirements of public purpose provided it makes just compensation. However, Bentham argued, this should be an exception rather than a rule, since arbitrary use of the principle may undermine the foundation of private property that is absolutely necessary for the functioning of society.

ED is a feature of governments in capitalist economies. It doesn't function in the same way in communism. Communist thinking and practice say that planned economies should be used to distribute goods according to need, thus eliminating the market as the mechanism of exchange of goods. Without the market, private property is theoretically unimportant since we are supposed to get everything we need through the state's distribution system without buying it and no body would own so much as to cause others to commit crimes. In communism, private property is a primitive source of inequality and oppression, because everybody gets what one needs. Private property is thus a concept

that is to be left behind with capitalism when communism comes. So in communist thinking, something like eminent domain is the large horizon of public purpose for all economic activity.

Eminent Domain in the context of Colonial India:

When the British colonized India, they were completely confused by the system of land ownership, rent and revenue that existed before them. They could not find any way to extract revenue from agricultural land in the beginning. Colonial rule in India thus had to establish the laws of property over the period 1750-1900. Thus colonial law first came up as the system of *Zamindari* in the Bengal Presidency (which modified Mughal laws). Later a different system called *Ryotwari* was adopted across the colonial territories. There are of course several other land tenure patterns that survived. It was only through these processes of regulation that the British began to earn revenue and exert power over the natives in India. Thus, in British India, the argument about the state emerging as the result of a contract of property owners is notably absent. Land ownership is a historical fiction, constructed through colonial rule and which lives on to have powerful practical effects. In this historical context, the Land Acquisition Law of 1894 is a statement of the pre-eminent domain of colonialism.

Looked at from this long range historical perspective, the impasses faced by land acquisition for industrialization in the twenty-first century carry our legacy of property laws in colonialism and are shaped by our history as a development state. They are an outcome of the pressures of neoliberalism on this history. The increased media use of the term 'eminent domain' is a symptom of these impasses.

Notes:

¹ See *Wikipedia* entry on 'Eminent Domain'. Also see *Encyclopedia Britannica* entry on "The Classical Rules of Property".

² *Mega Project Development: Issues in Land Acquisition*, ORF Seminar Series, Vol 1, Issue 5, July 2010. © Observer Research Foundation., New Delhi. Available online: http://www.observerindia.com/cms/sites/orfonline/modules/orfseminarseries/attachments/semi_issue5_1281074041099.pdf Accessed on 23rd August 2011.

³ See Nicholas Mercuro & Warren J. Samuels, eds., *The Fundamental Interrelationships Between Property and Government* (JAI Press, 1999). Also, Jeremy Waldron, *The Right to Private Property*, (Clarendon Press, 1990).

China's Special Economic Zones at 30

■ Yue-man Yeung, Joanna Lee, and Gordon Kee

In the late 1970s, China, still a developing country three decades after a revolutionary regime change in 1949, was in dire need of systemic change. The decade-long debacle of the Cultural Revolution had just ended, leaving the economy dormant and the people physically and emotionally drained. At that time the new idea of opening the country to global contacts and influences after three decades of partly self-imposed isolation seemed a no less drastic measure to China's leaders than the original policy of economic and social closure. Other new ideas were emerging as well. Deng Xiaoping, the chief architect of China's open policy and economic reforms launched in 1978, outlined a fundamentally new approach to gradual societal change:

... I am of the view that we should allow some regions, some enterprises, some workers and farmers, who because of hard work and good results achieved, to be better rewarded and improve on their livelihood ... [T]hey will engender powerful demonstrative effects on their neighbors and lead people in other regions, work units to follow their examples. In this way, the national economy will, wave-like, surge forward, with all the people becoming relatively well-off. (Deng Xiaoping)

Although Deng's recommendation by all accounts applied to no specific context, it nonetheless was embodied in a series of reforms and policy initiatives. In November 1978, farmers in Xiaogang, a small village in Anhui Province, pioneered the "contract responsibility system," which was subsequently recognized as the initial impetus for far-reaching and ultimately successful rural reforms in China (e.g., see *South China Morning Post*, November 17, 2008, A8). The following month, the Third Plenum of the

11th Congress of the Chinese Communist Party adopted the Open Door Policy, and in July 1979, the Party Central Committee decided that Guangdong and Fujian provinces should take the lead in conducting economic exchanges with other countries and implementing "special policies and flexible measures." By August 1980, Shenzhen, Zhuhai, and Shantou within Guangdong Province were designated as special economic zones (SEZs), followed by Xiamen in Fujian Province in October 1980. The term "special economic zone" was selected after considerable semantic discussion and intellectual debate, with SEZs being conceptualized as a complex of related economic activities and services rather than unifunctional entities. SEZs in China thus differed from export processing zones and similar special areas in Asia by being more functionally diverse and covering much larger land areas.

DIVERGENT DEVELOPMENT PATHS

The SEZs were established primarily to attract foreign direct investment (FDI), expand China's exports, and accelerate the infusion of new technology. The four SEZs established in 1980 were quite similar in that they comprised large areas within which the objective was to facilitate broadly based, comprehensive development. They were encouraged to pursue pragmatic and open economic policies, serving as a testing ground for innovative policies that, if proven effective, would be implemented more widely across the country. The emphasis on forward linkages with the world, especially through liberalization of foreign investment and trade relations with capitalist countries, and backward linkages with different parts of China, was very much the rationale for their establishment.

[...]

CONCLUSION AND FUTURE OUTLOOK

After a hesitant but historic start, the People's Republic of China turned its back on its first three decades of "walking on two legs" and decided in 1978 to open to the world and subsequently establish five special economic zones as windows and laboratories to test new and innovative policies and measures. As experience has shown, this proved a tentative but sure way forward, given the uncertainties that prevailed both in China and the world at the time. By 2008, three decades after launching of the reforms, China's decision to focus on economic rather than political development, and on a gradualist approach symbolized by the establishment of the SEZs, can be judged a success. The country today is a world economic powerhouse. Nonetheless, the current global financial turmoil has not left the country unscathed. China's export machine has decelerated following the sharp downturn of the American and European economies. However, the fact that its financial system remains only partially open and integrated with the world has, at least over the near term, allowed China extra maneuverability in its efforts to steer clear of the storm. The country's leaders also have taken a series of recent measures to strengthen China's economy and, with the world's largest foreign reserves, it is in a relatively good position to adjust to the changing global situation.

One concern no doubt felt in the SEZs is that the migrant labor that has been driving their growth machine over the past 30 years is now facing the prospect of unemployment, after thousands of factories have closed for a variety of reasons since early 2008. The Pearl River Delta area has been particularly hard hit, as many of the factories established in earlier times were of a labor-intensive and/or polluting character, and were already slated for upgrading, relocation, or closure. In the first nine months of 2008, some 50,000 out of 1 million industrial enterprises in Guangdong Province had collapsed, and its 30 million migrant workers are inevitably affected (*Times* (Singapore)), November 15, 2008). Many have returned to their home villages in other provinces, which would be deprived of the economic benefits derived from the

remittances of these workers. There will be an adjustment process in migrants' areas of origin and destination, but to the SEZs, the extent of the impact will depend largely on the nature of their industrial production and the number of migrants involved. Shenzhen, for example, is relatively well positioned to face the new situation given its high-tech orientation and the strength of its economy. Given its stellar economic growth over the past 30 years, China owes much (but certainly not all) to the demonstration effect provided by its five SEZs, which as this paper has shown pioneered many innovative policies and practices that had a truly revolutionary impact on the country's economic transformation.

However, a recent reviewer of China's rapid growth has argued that success since 1978 also has been due in no small part to the legacy of infrastructure and industrial development remaining from the Mao regime.

The fortuitous nexus of domestic circumstances and the global environment was another factor in China's favor. In 1978, with China's people deeply disillusioned by the decade-long Cultural Revolution, the country's leadership was ready to try almost anything that promised better prospects for improving the public welfare. As it turned out, this "worst time" was the best time for change in China, in terms of the external economic situation: globalization was gathering momentum at precisely the time that export-oriented manufacturing began to be developed in the SEZs. Through global production chains, China's opening afforded it the opportunity to enter the world market in manufactured goods, in turn facilitating urban and regional change within the country.

The consequent rise of Shenzhen shattered many records for economic and urban growth, not just for China but the world. Whereas the SEZs were "special" by virtue of the exclusive policies and other privileges extended them in the early years, by 1992 these favorable

policies had spread to many other parts of China. By 2001, the "special" aura that might still be associated with SEZs was further diluted by China's admission to the WTO, which bound all parts of the country to the same set of rules for liberalizing trade and opening to foreign investment. Thus, "special" attributes that are associated with the SEZs today are a legacy of past policy and reflect internal strengths. Nonetheless, the contribution of the zones to accelerating economic growth within China by popularizing new policies, marketing capital flows, and spreading successful new practices and policies cannot be overlooked or underestimated.

Looking forward, it is important for the SEZs to follow Shenzhen's example of actively exploring new ways of administrative cooperation and integration within a wider territorial and regional context. The focus of attention in the years ahead should be on how, through administrative restructuring and innovative thinking, to make their respective regions more open to foreign participation, competitive growth, and sustainable development. The recently approved planning guideline for developing the Greater Pearl River Delta is a step in the right direction.

If the SEZs in 1980 stood at the threshold of a period of rapid economic growth attributable to a new way of initiating economic development in urban areas, 2008 may have signaled the beginning of another period of growth focused on the Chinese countryside. In October 2008 at the Third Plenum of the 17th Party Congress, a potentially important decision was announced with respect to rural land. Whereas China's rapid post-1987 urban development can be traced to the historic auction of land development rights in Shenzhen, the new policy of allowing farmers to subcontract, lease, or exchange rural land-use rights may unharness some of the immense development potential attending the circulation of rural land assigned a market

value. This could affect an even greater portion of China's land and population than did the SEZ reforms. At face value, one might consider this new policy statement as signaling the belated arrival in China's rural areas of the same "development impulse" that led to the creation of the SEZs some three decades earlier. As such, the conditions may finally be falling into place for China to effectively address the goal of balanced national development recently reaffirmed in the 11th Five-Year Plan's goal of "a harmonious socialist society." However, the SEZs, and Shenzhen in particular, may also be called to play an additional role in the achievement of the latter goal. As vanguards in the quest for modernization and development, Shenzhen and its surrounding Guangdong Province also can be considered as positioned at the leading edge of the social and political challenges attending China's rapid economic development—i.e., as locations where future reforms needed to support and perpetuate economic progress are first most clearly evident. Some have speculated that, under the direction of Guangdong Party Secretary Wang Yang (a close associate of China's President Hu Jintao), She as the country's first "special political zone," in which political reforms in both inter-party and grassroots democracy are tested before dissemination elsewhere in the country. A draft proposal for "Shenzhen's Future Reform" was recently posted on the Shenzhen municipal government's website, including such proposals as direct election of deputies to district people's congresses as well as mayoral elections (ibid.). Thus Shenzhen (and perhaps other special zones) may again act as the seedbed for a reform impulse, this time one focusing on political and social change. pp.222-237

[...]

Excerpted from Eurasian Geography and Economics, 2009, 50 No.2 pp 222-240

Note on the guest editors :

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Responses to the Broadsheet on the Nizam

Letter to the Editor

Sir,

After reading the November 2010 Vol.No.1 of the quarterly Broad Sheet on Contemporary Politics, I am sending herewith my comments. The Muslim perspective about Hyderabad', "Do Not Hurt Self-respect" and 'Half Truths and Misconceptions' and your editorial really amazed me. It appears that anything can be proved by a mix of partial truths, untruths and plain lies.

The White Christian Europeans story in South Africa is about various waves of conquest, enslavement and conversion of the natives. The natives have had their own kingdoms, kings, societies, faiths and beliefs. By force and inducement more than 90% of those conquered had been converted to Christianity. After 300-400 years of rule, White Christian European origin minority of less than 9% of the population had to abdicate power and the black majority rule was ushered in 1994. The rule of the black majority could come after decades of struggle including violence and terrorism.

Was the rule of Muslims in the erstwhile state of Hyderabad and in the rest of the country different from that of the White Christian South Africans? Just as the European settlers conquered and settled down in South Africa, so did various Islamic invaders and their armies in India. Therefore the Muslims who ruled parts of India are just like the erstwhile ruling White European origin Christian people.

South African Whites have not asked reservations for themselves having ruled and looted that country for hundreds of years. It is inconceivable that a really educated, cultured, civilized group becomes backward within a few years of loss of its rule (in India)!

A plain untruth is mentioned that the matter of accession of the Hyderabad state was being discussed in the UN. This is a total lie. Nizam arranged to take this issue to the security council through Syria-another Islamic country.

Neither was it discussed, nor did the UN intervene.

It is asked how the accession of Hyderabad to India was different from the accession of 500 and odd princely states. It is totally different. No armies were required to be sent there, some of them were very happy, some of them had to be persuaded but not a single shot was fired. Only Junagadh and Kashmir were the problems. In the case of Hyderabad there was Stand Still Agreement because the Nizam did not make up his mind. India was generous to offer it. The other princely states voluntarily acceded to the India Union. So their accession is not celebrated as Liberation Day. The people were liberated from Razakars and from the communal anti-Hindu rule of the Nizam.

It is not true to say that the people were happy with the Nizam's rule and there was communal peace. It was true for Muslims and their collaborators. The people in general were oppressed and enslaved that was why they took up arms under communists. The local languages were not the official language; the language of a 10% of the people was forcibly made the medium of instruction. How this was different from the imposition of English by the British? Also 90% jobs were denied to the 90% of the people and given to the 10% belonging to the ruler's faith. Does it show equal or just treatment of the people of Islam and Hindu faiths? Similarly, it is said that Nizam gave up his own land to the state of Andhra Pradesh without compensation. Did the Nizam buy those lands? The revenues from those lands was not going to the state of Hyderabad but to the Nizam's person.

It was magnanimous for the Nizam not to destroy the temple in the High Court premises but how about the tens of hundreds of temples which has been razed to the ground not only in Hyderabad but more or less all over India. How is it that on the very site or very adjacent to the site where Rama and Krishna are believed by crores of Hindus to have been born, there are masjids?

Anveshi
RESEARCH CENTRE FOR WOMEN'S STUDIES


Broadsheet on
Contemporary
Politics

Nizam's Rule and Muslims
Truth and Fairy Tales about Hyderabad's Liberation

Volume 1, No 1 (Quarterly) Bilingual (English and Telugu) November 2010 Donation : Rs. 10/-

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H.E.H. Mir Osman Ali Khan
Nizam of Hyderabad

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Mention is made of the massacre of a large number of Muslims in the wake of the liberation. This is a total lie. Nizams armed forces and Razakars resisted the advance of the Indian armies and died in the fighting. It is quite possible that the people whose wives and daughters had been raped, abducted and forcibly converted by Razakars, out of vengeance had killed Razakars. Bestiality was returned by bestiality which of course was wrong. India should have established truth and reconciliation commissions as done by Peru and South Africa.

The Muslim population in India has increased from 10% to between 15-20% while Hindus, Sikhs and Buddhists had been squeezed out of the Islamic states carved out of India. If they are oppressed they would not be proliferating in India. Yet they are denying their anti-Hindu past, and are inventing a history of negation, suppressing facts and creating lies.

Finally, it is not healthy to nurture revanchist ideas. The time of princes or Navabs and rule by the sword has gone. Even in Muslim countries like Algeria, Egypt, Syria and Yemen the people are rising against their autocratic rulers. Instead of recalling and glorying the past, people belonging to all faith and languages should treat this country as their motherland. None should think that their language and religion are superior to others. Democracy does not confer rights to groups but to individuals. Tolerance does not mean respect for a group when it is in minority and intolerance for the faith of the others

Signed
T. Hanuman Chowdary

Hyderabad before and after 17th September, 1948

■ Keshav Rao Jadhav

More than sixty years have passed since the erstwhile Hyderabad State joined the Indian Union on 17th September, 1948. Yet shrill cries of Muslim and Hindu Communalists and communists on their own role and what happened before and after that day, obscure the history of Hyderabad. Historians who are bent upon bending history to their ideological inclinations are in fact vulgarizing it, what ever eminence has been conferred upon them by their vulgar political friends.

The seventh and last ruling Nizam Mir Osman Ali Khan's rule (1911-1948) was marked by a number of far reaching political and administrative measures. Given the uneven nature of the Deccan Plateau emphasis was laid on tank irrigation. Initiatives on the Tungabhadra Project, the Nandi Konda project on the Krishna and Godavari valley project on the Godavari and Nizam Sagar project were undertaken. But with the merger of the state into the Indian Union and later the formation of Andhra Pradesh, new and unexpected developments changed the Krishna project totally and stalled the Godavari project. The Krishna project, designed to meet the needs of drought prone districts of Nalgonda and Mahaboob Nagar was redesigned by the Andhra rulers to meet the greed of the already irrigated areas of Guntur and Krishna districts leaving Nalgonda and Mahaboob Nagar high and dry.

The Nizam established a modern university, Osmania University, with an innovative step by using Urdu as the medium of instruction at all levels. There was some resentment against it because a huge majority of people spoke Telugu, Marathi and Kannada. Yet today when one looks back one feels that after all Urdu was the product of Deccani Language, a language composed of Telugu, Marathi, Kannada and Hindustani elements. Certainly it was not a foreign language nor the language of only Muslims. One must therefore admire the courage and imagination of the Nizam in deciding to use an Indian language for education, the first of its kind in modern India. The Andhra elites, culturally and politically subjugated by the British, have typically failed to understand the implications of such a bold step.

The Nizam established an agriculture college, a medical college, three science colleges, a

fine arts college and an Arts & commerce college in the capital and three arts and sciences colleges at three district headquarters of Warangal, Gulbarga and Aurangabad. A huge library and a translation bureau was also established. After the formation of Andhra Pradesh most of these institutions have been either hijacked or destroyed turning Telangana into an educationally backward area.

Probably the world's first free healthcare system was created during the last Nizam's rule with the establishment of Osmania Hospital, Victoria Maternity and Koti Hospitals in Hyderabad and at least one hospital in each district. All these catered to the needs of the poor and middle classes. All these institutions have been totally destroyed by Andhra rulers who are busy patronizing and promoting five star hospitals leaving the poor and the middle classes in lurch. Another big step was taken by the Nizam to provide justice system to the people with the establishment of a modern High Court. The Hyderabad water supply and drainage systems were created to provide basic amenities to the people of Hyderabad.

Till then, Hyderabad was peaceful despite the rise of Majlis-e-Itehad-ul-Muslimeen (MIM) under the leadership of Bahadur Yar Jung who coined the expression 'Anal-Malik' – we (the Muslims) are the rulers; and Arya Samaj with an aim of converting the entire world to vedic Dharma. At the same time the Congress party became active, and socialist and communist movements took birth. Two other movements were also born, the Mulki league demanding jobs for the locals and the Gond tribal revolt in Adilabad led by Komram Bheem, against a callous feudal system. The Nizam immediately took steps. German anthropologist, Haimendorf was asked to look into the tribal problems and the Mulki Rules came into existence giving primacy for government jobs to locals. Latter the Andhra rulers did away with the Mulki Rules even after the Supreme Court had upheld it.

How ever, the Hyderabad State was overtaken by political crisis which began in 1940 and continued till 1948. This period was largely marked by the effect of national politics on Hyderabad. By 1940 the storm clouds were very much visible on the Indian political horizon. The Muslim League supported by

communists, was demanding partition on communal grounds. Between 1940 and 1946 large scale communal riots had broken out in Bengal, Bihar and Punjab. The biggest migration of human history took place and Gandhiji was murdered. In Hyderabad the Hyderabad State Congress launched satyagraha demanding merger with the Indian Union. The socialist affiliated Hyderabad Students Union and the communist affiliated All Hyderabad Students Federation launched the Quit College movement in 1947 demanding a responsible and democratic government. On the other hand MIM under a new and more fanatical leadership of Qasim Razvi spawned a communal, criminal outfit called Razakars (Volunteers), carrying guns and sporting a sort of military uniform to protect Hyderabad State. In the meantime socialists and communists had launched armed struggles against feudal lords and Razakars.

The Nizam who was once hostile to the MIM came under its pressure. Two Prime Ministers, Mirza Ismail and Nawab Chattari were forced to resign under MIM pressure and Laiq Ali was appointed. Between 1946 to 1948 more than 5000 people mostly Hindus, communists and socialists had been killed by Razakars. During this period the Nizam maintained a sphinx like silence. The storm that had been gathering since 1940 had burst. The dream of a feudal but welfare state was shattered when Sardar Patel, India's home minister ordered the Indian army to march into Hyderabad. The military action (or Police Action) was followed by the killing of more than 6000 Muslims mostly in Marathi and Kannada areas.

Falsification of history by Hindu and Muslim communalists and communists cannot erase the good work done by the last Nizam. The richest in those days had not even built a palace for himself. A sizeable amount of money owned by him went to institutions like the Banaras Hindu University, the Aligarh Muslim University, for the publication of complete Ramayan, for spreading education, providing primary health care and judicial services to the common people.

The only bright period for the people of Hyderabad State after 1946 was from 1952 to 1956, when the most progressive Land Reform Act in modern Indian history, the Hyderabad Tenancy Act, was passed and partly implemented. The formation of Andhra Pradesh against the recommendations of Fazal Ali Commission stalled the implementation of the act resulting in the Naxalite movement.

If the seventh Nizam had any faults, that were the faults of the age in which he lived and died, and he paid dearly for them. But let us remember today the good that he had done.