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BRINGING GLOBALISATION TO THE COUNTRYSIDE:
THE POLITICAL ECONOMY OF SPECIAL ECONOMIC ZONES
IN INDIA

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Thesis submitted for the Degree of Ph.D

Department of Geography
University of Dublin
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2012
If I were to explain to anyone except you I would not be able to explain

I learned helplessness; I learned protection of the poor;

I learned the meaning of despair and frustration, of suffering and pain.

I learned to understand the afflictions of the downtrodden,

I learned the meaning of chill sighs, of livid faces...

‘Wherever the workman’s flesh is sold in the market,

The blood of the poor flows on the highroads."

Something like a fire that is always in my breast mounts up, do not ask!

No control over my heart is left to me.’

Faiz Ahmad Faiz
For Sir Syed Ahmed Khan

and his legacy:

AMU
Declaration

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Summary

This thesis is an attempt to understand the broader processes of liberalisation and globalisation in India. Special economic zones in India are one of the important such policy programmes of globalisation to have re-emerged in India, especially for rural areas of the country. Whereas the previous development of SEZs tended to be urban focused, this shift towards rural areas is an attempt by the Indian government to 'bring globalisation to the countryside'. The Government of India is leveraging the capacity of the Indian planning bureaucracy, in the transformed context of neoliberalisation, through SEZs, while also seeking to build a political economy of support in rural areas. This thesis therefore investigates the impacts of the Special Economic Zones in India on the lives and livelihoods of the local population where these zones are being developed. Whereas previous research has tended to ignore the importance of land acquisition process for SEZs in India, this thesis is an attempt to address this gap. The empirical data for this research has been drawn from semi-structured qualitative interviews with local villagers in three case studies, in two different states of India, which are: Nandigram and Falta case studies (both in the state of West Bengal) and Gurgaon case study (in the state of Haryana).

The central argument that runs through this thesis is that SEZs in India, rather than becoming drivers of industrial development in rural areas, are instead recreating conditions of poverty and inequality among different classes of the Indian population. The process of land acquisition and its associated monetary compensation results in the marginalisation and disempowerment of the rural population mainly the small and marginal farmers. The case studies highlight that SEZs have resulted in transfer of assets from the lower to the upper segment of the population. Therefore land acquisition for these zones sometimes results in the displacement and dispossession of both landless workers and small and marginal farmers.

Yet the nature of opposition to the SEZs remains highly varied in each of the three case studies. This geographical unevenness in terms of the local response to a government policy is the result of very distinct local political economic relations developed in the states of Haryana and West Bengal. The dominance of the large land holding farmers in Haryana meant that they get benefitted due the acquisition of huge amount of land for the SEZ. Richer farmers' political economic power comes not only from the land they possess but also from the newly emerging urban economies. Thus they have diversified sources of income opportunities available to them. Land acquisition for SEZs provides these farmers with additional sources of wealth and hence they have been willing to sell their land willingly if the right compensation is given to them. However in West Bengal, majority of the land holdings are in the small and marginal category. Therefore small farmers' opportunities for their livelihoods are attached to farming and land ownership. As a consequence, the farmers in Nandigram have been instrumental in violently resisting the SEZ programme in Nandigram, which led to its cancellation.
An overriding theme underlying the arguments about the developmental impacts of SEZs in India is the political economy of SEZs and that of wider theoretical discussions about the emerging discourse of neoliberal globalisation in India. Since the processes of nationwide economic reforms in India began in 1991, the gap between the rich and poor and rural and urban areas has widened. Rather than bridging these gaps, the policy of SEZs is helping in systematically redistributing the wealth among the richer classes of the Indian society- mainly rural and urban elites.
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All praise to Allah, who gave me the strength and ability to bring this endeavour of mine to its culmination.

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Then there are hundreds of villagers whom I met over the course of eight months during my field trip. A big thank you to all of them, who perhaps will never get to read this or see it, despite playing a big role in shaping this work. I wanted to say that I have given my best effort to convey their thoughts here.

Finally a big thank you to all of my friends and family, for all of the love, support, and anger which has kept me sane over the years. Special thanks to my parents who are a source of inspiration that has kept me going till now. I wanted to give thanks to some of my friends, back in India, but I guess it would be an injustice to those who I will not name them here. So friends, you are the better judge of that list, and if you feel I would have left you out, well, then you are definitely worth it.
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1. Introduction

'The bourgeoisie cannot exist without constantly revolutionising the instruments of production and thereby the relations of production, and with them the whole relations of society...the need of a constantly expanding market for its products chases the bourgeoisie over the whole surface of the globe. It must nestle everywhere, settle everywhere, establish connections everywhere' (Marx and Engels, 2002: 222-23).

Capitalism is a highly dynamic and inevitably expansionary mode of production which constantly reshapes the world we live in (Harvey, 1982). The drive to accumulate, enforced by competition and exploitation of labour power, binds all capitalists together through a common desire to promote conditions for progressive and constant accumulation. For Marx and Engels (2002), the rationale for progressive accumulation, as described above, lies in deep mechanisms of profit maximisation through the processes of extension of capitalist relations into different regions of the world. If entities such as political and military empires were responsible for the geographical expansion of capitalism during the pre-modern era (1500-1850), in the contemporary era Trans National Corporations (TNCs) have assumed greater significance and are driving capitalist expansion (Held et. al 1999 and Dicken 2007). Recent reconfiguration of the power relations between nation states, TNCs and society has been heavily analysed under the broad concept of globalisation, which forms a key focus for this thesis.

Globalisation is related to the geography of capitalist expansion into those areas of the world which were once outside the purview of market relations (Amin, 2002, Held and McGrew, 2004, Yeung, 2006, WB, 2007 and United Nations Industrial Development Organisation (UNIDO), 2009). The flows of capital into different geographical locations around the world result in large-scale reshaping and reorganisation of the political, economic and social relations of the areas concerned (Held et. al. 1999). As such, globalisation is often associated with borderless market extension, where market rule predominates and the political leverage of nation states recedes into insignificance (Tickell and Peck, 2003), as 'the role of state becomes that of removing market imperfections' (Lapavistas, Ch. 3 in Saad-Fillho and Johnston, 2005: 24). The reconfiguration of the power relations towards a more market-oriented approach has been a key factor in affecting the lives and
livelihoods, and hence the [under]-development, of the disadvantaged communities—mostly low-income groups across the world, especially in both the developing and less-developed countries. The implications of the market-oriented approach towards the overall development of the marginalized low-income groups have been the centre of much development research\(^3\). This thesis will contribute one more chapter towards that ongoing endeavour.

### 1.1 Impetus for this research

India is considered a developing country which has transformed politically, economically and socially in the last 20 years since neoliberal economic reforms began in 1991. Since 1992 its economy, in terms of Gross Domestic Product (GDP) per annum, has been growing at a rate of five percent on average, lower than that of China but far greater than the average rate at which developed countries have grown over the same period (World Bank (WB), 2002 and 2010). Figures on poverty suggest that the percentage of people living below the poverty line has reduced since 1980, however that rate of decline in poverty has not accelerated since 1991—\(^4\) the period of rapid opening of the national economy (Bardhan, 2010: 92). As Frankel (2006: xii) contends, this growth does not benefit all sections of Indian society:

> it is the high productivity, knowledge based organised sector...economy of the 15 percent of the population comprising of small upper middle class and larger aspiring lower middle class...powered by the entrepreneurial drive and technological knowledge of India's industrialists, managers, laboratory scientists, software engineers, able to compete in the global market place-the Information Technology (IT) revolution achieving iconic status...It is this first small economy that has achieved the higher international profile'.

Rapidly developing modern infrastructure, shopping malls, highways, office complexes for TNCs, a growing middle class and increasing urbanisation are the part of the face of India most popularly presented to us in contemporary media (The Times of India, 2012; BBC News, 2009).\(^4\) However there is another face of India which shows growing inequalities among the masses and between regions, increasing child malnutrition, rising unemployment, growing food insecurity and increasing threat from internal dissent among different states (Bhaduri, 2009;
Ruparelia et. al, 2011). The Indian media are filled with reports of a failed state, in terms of providing internal and external security, means of livelihood, employment and production and distribution of food and other social services (The Times of India, 2012).

Only some of the regions and sections of the Indian population have benefitted from the economic reforms which promote free trade and open markets. India runs the risk of becoming an enclave economy with islands of excellence and wealth unevenly distributed between regions, states and urban and rural areas. India appears to be headed towards a kind of development where benefits of the economic reforms are not penetrating to the lower rungs of the population in the large rural sector dependent upon agriculture (Frankel, 2006). It may be difficult for India to avoid violent conflicts, which have accompanied the rapid transformation of agrarian societies elsewhere (Frankel, 2006: 3). Therefore a key area of analysis for this thesis is the political economy of globalisation and its implications for the rural areas in India.

Rural areas and their population form the bulk of India's poor and disadvantaged groups, which have suffered, both economically and politically, since Independence in 1947 and before. India also has a long history of development-induced displacement through the promotion of radical programmes of modernisation and globalisation (Fernandes, 1994). Thousands of farmers have lost their lives as a result of deteriorating conditions of agriculture (Meeta and Rajivlochan, 2006; Patel, 2008). Since independence, farmers are increasingly unable to support themselves, while policies of rehabilitation and resettlement are often deficient in their implementation. Programmes of radical globalisation and liberalisation threaten the lives and livelihoods of the two thirds of the Indian population which lives in rural areas, through reduction in agricultural subsidies and other mechanisms (Shiva, 2002, Shiva et. el, 2003; Guha 2007a).

1.2 Research objectives and questions

My inquiry focuses particularly on Special Economic Zones (SEZs) which have recently become one of the main pathways for globalisation in India, specifically for the rural areas. As such, this thesis has one central research question. What are the impacts of SEZs on the lives and livelihoods of the local population where they are being developed? The central argument that runs through this thesis is that SEZs in India, rather than becoming drivers of industrial development in rural
areas, are instead recreating conditions of poverty and inequality among different classes of the Indian population where low-income groups mainly in rural areas, such as farmers, artisans and craftsmen, are adversely affected by the liberalisation and globalisation of the national economy. Furthermore these SEZs require land for their development. The land acquisitions for these zones are also resulting in the displacement and dispossession of the local population. Finally, as much of the development of SEZs in India recently has tended to be on agricultural lands in rural areas, they are also possibly contributing to conditions of food insecurity in the country.

Whereas the previous development of SEZs tended to be urban focused, this shift towards rural areas was an attempt by the Indian government to 'bring globalisation to the countryside'. The Government of India is leveraging the capacity of the Indian planning bureaucracy, in the transformed context of neo-liberalisation, through SEZs, while also seeking to build a political economy of support in rural areas. Moreover it can be seen as an effort by the government to direct the attention of the Indian electorate away from some of the failed promises of eradicating poverty, inequality, unemployment and illiteracy. As such, another key area of investigation for this research is the relationship between capital and the state. In these perspectives this research examines at the Indian policy-making and implementation processes of economic reforms through SEZs.

Much of the previous research on export-oriented production has focused too narrowly on issues of exports generation, foreign direct investments (FDIs), employment generation, forward and backward linkages to the domestic economy (Amirahmadi and Wu, 1995, Jayanthakumaran, 2002 and Schweinberger, 2003), and the financial aspirations of TNCs and International Financial Institutions (IFIs) (WB, 1999; Aggarwal, 2006, 2007; Guo and Feng, 2007). Frobel et. al (1981) in one of the earliest studies of these zones made a passing reference to issues of land acquisition and its associated displacement of the local population. However, the requirement for land for the establishment of these zones has recently become a source of intense conflicts and discontent among the masses, especially in rural areas, and has been largely neglected in scholarly works on SEZs in India and at a more global level (WB, 1999, Aggarwal, 2006 and 2007 and Guo and Feng, 2007). This study will fill this gap by looking at the issues of land acquisition and its associated displacement of the local population due to the development of SEZs on rural farmlands in India.
There has been some recent academic discussion of this (Gopalkrishnan, 2007, Seethalakshmi, 2007 and Ananthanarayanan, 2008), but the dearth of empirical work conducted on the issue, especially at local level, makes this study important. Apart from the recent collaborative project conducted by Centre de Sciences Humaines (CSH, New Delhi), Centre for Policy Research (CPR, New Delhi) and Hunter College (New York) on the issues of policy-oriented social activism among the local population and responses from the government agencies against this activism, there has been little work conducted specifically on the issues of land acquisition for SEZs and their impacts on the local population. Meanwhile some popular accounts set within the broad framework of land acquisition and the protest movements against SEZs have been written (Citizen Research Collective New Delhi, 2009; Citizen Initiative Kolkata, 2008), but these too lack in-depth empirical analysis on the impacts of SEZs on the restructuring of the political economy in rural areas. Through a grounded analysis of three SEZs in rural India, this thesis seeks to empirically investigate the impacts of the establishment of SEZs on the lives and livelihoods of the local population, sometimes resulting in violent conflicts and resistance. It further illustrates how the notion of developing SEZs in rural India falls in line with the ongoing discourse of neoliberal globalisation. Finally, it also explains why the Indian government has in recent years sought to promote these zones, especially in rural areas.

1.3 Theoretical framework

This thesis draws its theoretical framework from different strands of Marxian political economy to examine the ‘new temples’ of development in India - SEZs. This research incorporates a broad spectrum of literature within the framework of Marxian political economy: state, capital, the relationship between the two, movement of capital and the international division of labour. Marxian political economy in this regard offers useful insights to understand the dynamism of capitalism and the changing relationship between capital and state and also between different places. One of the important concepts to consider is globalisation which originates in various understandings of how the uneven flows of capital bring different geographical locations of the world into its nexus and how these flows of capital affect these places, especially the lives and livelihoods of the local population.
As such, Marxian political economy helps explain the expansion of SEZs into different areas of the world, including India, and also provides a framework for empirically investigating the impacts of the globalisation models of SEZs in terms of transformation of the Indian political economy, structural changes of the domestic economy, class restructuring and the issues of land displacement and dispossession among the local population. In this regard, SEZs can be understood as enclaves of market-oriented free trade policies that are defined outside the borders of the domestic economy, despite being territorialised within it. The enclave nature of SEZs increasingly raises the question of displacement and dispossession of the local population from these areas and yet it has been ignored among the Indian policy makers due to the increasing importance accorded to liberalisation of the national economy.

The Indian state has played an active role in promoting an ‘entrepreneurial approach’ and open market policies to attract capital to various parts of the country. India’s free trade and open market policies have been progressively implemented since independence, although they were rolled out more rapidly after the economic crisis of 1989-90. One such policy programme introduced by the Indian state was SEZs, in 2005, which aims to promote export-oriented manufacturing in the ‘backward’ parts of the country. This policy was passed through the Indian parliament as the SEZ Act 2005\(^8\) and has spurred an enormous response from private-sector developers and state governments. Although export-oriented manufacturing has been in existence in India since 1965, the government’s desire to initiate an SEZ policy that is more oriented towards industrialisation of the rural areas is new.

In researching the development of SEZs in India an important area of concern is the political economy of changing policy approaches and how the role of ideas and institutions shape policy change. As such, the changing role of the state in policy making and its relationship with capital in the increasingly globalised world economy is another important aspect to be investigated in this thesis. The literature on the role of state in a world capitalist economy is well documented, highlighting the trend away from the long established Keynesian-based welfare state approach, to a more market-oriented one (Ohmae, 1995; Strange, 1996). This shift has resulted in the realignment of governments’ economic policy towards neoliberalism, where market forces hold a greater role in formulating policies to ensure economic efficiency and international competitiveness, while rolling back
welfare state activities (Larner, 2000). Often these are dictated by the advanced countries through the WB and International Monetary Fund (IMF) as structural adjustment programmes. Efforts are made to deregulate the financial markets, privatise national assets and reduce the turnover time of capital (rise of stock markets, assets markets, currency transactions and derivatives etc) which would facilitate faster capital accumulation and the restoration of the class power of elite high-income groups (Harvey, 2005). SEZs, in an Indian context are centres of neoliberal practices and have been greatly assisted by the restructuring of the state power towards more market oriented approaches. SEZs help recreate conditions in which the decision-making policy sphere will increasingly evolve towards business-friendly governance.

1.4 Thesis outline

This thesis is organised into two major sections, each containing various chapters on different themes. Chapter one outlines the theoretical and methodological context for the work and provides the background for the political economy of globalisation, especially in the Indian context. Chapter Two provides an overview of the literature on globalisation, highlighting the important debates that have characterised its development. While drawing on Marxian political economy, this chapter seeks new ways of conceptualising globalisation and hence the notion of ‘development’ that should also be understood outside the old Eurocentric conception of modernity. By detailing the flows of capital into new territories and its imperative to generate profits, I will link the growth of overseas manufacturing with the evolution of neoliberalism which the IFIs and advanced Western world have been promoting. This helps to understand the growth of overseas manufacturing in export-oriented production zones, such as SEZs in India.

Chapter Three focuses on globalisation and economic liberalisation by the Indian state; especially radical plans for export-oriented industrialisation and hence the necessity to implement the SEZ Act of 2005. It also discusses the growth of SEZs in India highlighting new and emerging geographies of production in the country. This chapter further seeks to highlight the tendency of existing works on these zones to focus too narrowly on the economic performance of SEZs, while avoiding the issues of land acquisition. As such the issues of displacement and dispossession from the land of the local population become highly evident. Chapter Four will outline, in
detail, the methodology employed for this study. It will also discuss the limitations of the study.

The second section of the thesis consists of two chapters which outline the main findings. Chapter Five is a core chapter and discusses the results from case studies of three SEZs. Each case study is presented in a separate sub-chapter which situates the findings against the broader Indian political economy. In addition each case study highlights critical issues around land acquisition, monetary compensation, displacement and dispossession and the restructuring of class power. Chapter Six is the last chapter of the thesis and reflects on the major findings of the thesis in relation to the transformation of the Indian political economy. It also analyses the role played by SEZs in this transformation and whether or not SEZs present a longer term development model and answers to the problems of unemployment, inequality and poverty that have marred the Indian countryside for so long.
2. Globalisation and neoliberalism

2.1 Introduction

Globalisation taken at a very general level can be understood as increasing interconnectedness and integration among people and nations across the globe. As such it refers to entrenched, enduring and evolving patterns of worldwide interconnectedness, so that distant occurrences and developments can have serious domestic impacts, while local happenings can engender significant global repercussions (Held and McGrew, 2004). However, it should not be understood as the emergence of the world as a harmonious global entity due to the convergence of human civilisations. Rather the emergence of the anti-globalisation movement forces us to understand globalisation as transformations in patterns of social interaction and human social organisation that may also create resistance and conflicts (ibid). The second section of this chapter addresses some of the concerns of globalisation studies and argues that globalisation should not be understood as a homogenising process which assimilates all social formations evenly.

The task in this chapter is not to revisit the entire spectrum of debates on globalisation, but critically to review the dominant discourse of globalisation (advocated and promoted by the advanced capitalist countries of the West) which hinges on the simplistic understanding whereby:

...'globalisation means the growing interdependence and interconnectedness of the modern world. This trend has been accelerated since the end of the Cold War. The increased ease of movement of goods, services, capital, people and information across national borders is rapidly creating a single global economy. The process is driven by technological advance and reductions in the costs of international transactions, which spread technology and ideas, raise the share of trade in world production, and increase the mobility of capital. It is also reflected in the diffusion of global norms and values, the spread of democracy and the proliferation of global agreements and treaties, including international environmental and human rights agreements. (Department for International Development (DFID), 2000: 15).
It is often simultaneously assumed that the transition towards the capitalist mode of production will bring the greatest benefit to the greatest number of people (Dicken, 2007). As such, globalisation is often related to the expansion of capitalism across the world. The fall of Soviet Union in 1991 acted as a fillip to the expansionary power of capitalism. Capitalism in its historical sense has been expanding into different territories based on its primary imperative of capital accumulation by maximising profits. Understanding this inner logic of capitalism and tracing it historically helps us understand the reconfiguration and reconstruction of capitalism geographically. It also helps explain how globalisation is progressively driven across the globe. This is the aim of the third section of the chapter. In the fourth section of the chapter, the origin of neoliberalism is discussed. It is argued that the practice of neoliberal economics was born out of the restructuring of capitalism during the 1970s. It was a response to overcome the crises tendencies of capitalism and to restore the cycle of capital accumulation. The chapter concludes by arguing that globalisation should be considered as both a political and economic project creating new geographical configurations which have transformed social relations around the world. Since globalisation has its origin in the expansionary power of the capitalist mode of production, it has significantly realigned the geography of the world economy.

2.2 A conceptual framework of globalisation

Globalisation remains a variously defined term. Some scholars like Scholte (2002: 2), among others, assert that 'knowledge of globalisation is substantially a function of how the concept is defined' (cf. Rosamond, 2003: 668). It is often conflated with terms such as 'the borderless world' (Ohmae, 1990), 'time-space distanciation' (Giddens, 1990), 'accelerating interdependence' (Gilpin, 1987) and 'global consciousness' (Robertson, 1992). These connotations of globalisation come from scholars of different perspectives depending upon their own ideology and field of inquiry. Hence it remains one of the most highly controversial and debated topics in the contemporary era: so much so that it led scholars like Rosamond (2003: 669) to suggest abandonment of the concept due to its conceptual and definitional elasticity, which compromises its explanatory power. Rosenberg (2000) highlighted this shift in explanatory power of globalisation as the inversion of the 'explanandum' (globalisation as the developing outcome of some historical processes) and 'explanans' (it is globalisation which now explains the changing character of the modern world) (cf. Held and Mcgrew, 2004: 93). Hoogvelt (1997:
121) captures this inversion when she asserts that 'if previously global integration in the sense of growing unification and interpenetration of the human condition was driven by the logic of capital accumulation, today it is the unification of the human condition that drives the logic of further capital accumulation'. That is to say, in the contemporary era, increasing interconnection between people and places through all means of economic, political, social and cultural changes drives the accumulation of capital.

Broadly speaking, the literature on globalisation covers different aspects of social sciences. Although there are other forms and aspects as well such as political, social and cultural, the primary focus for this thesis is on economic globalisation. However the economy itself is not an isolated entity but embedded in the political, social and cultural processes and institutions which themselves are instilled with economic values (Dicken, 2007: 5).

The literature on globalisation debates, hence, can be divided roughly into three schools of thought, which are hyperglobalists, sceptics, and transformationalists'. Among hyperglobalists there is a shared belief that globalisation is an economic phenomenon and we are seeing an increasingly integrated 'global economy' today and market forces are supplanting the traditional nation-states as the primary economic and political units of world society (Ohmae, 1995 cf. Held et. al, 1999). For sceptics, on the other hand nation states remain important players in world economy (Hirst and Thompson, 1996). Hirst and Thompson (1996) have shown that the world was more integrated in the second half of 19th century in terms of trade and investment flows between different countries than it is in the 20th century. Hence they consider globalisation to be a 'myth' (ibid: 2). However, simply making such assertions on economic grounds may not really answer the changing political and social conditions in the late 20th century. For example, the rise of China, India and the East Asian Tigers as major players in the international economy may not be explained in purely economic terms. Bloom and Williamson (1998) have argued that the 'demographic dividend' (i.e. a rise in the rate of economic growth due to rising share of working age people in population), played an important role in the rise of East Asian Tigers.10

Challenging the basic tenets of both hyperglobalists and sceptics, transformationalists provide a more nuanced ground for studying globalisation. Giddens (1990), Castells (1996), Held et.al (1999) and Scholte (2000) are in general
agreement on globalisation as a transformative force which is bringing about massive changes in the contemporary era. They also reject the extreme arguments of the 'sceptics' and 'hyperglobalists' over the power of the state but argue that power, function and authority of nation states are reconfigured and reorganised in response to the complexity of processes of governance in increasing interconnected world (Held et. al, 1999).\textsuperscript{11}

One of the earliest and most influential works among the transformationalists, which was subsequently reworked by others, was by Giddens (1990). He argued that globalisation was the intensification of worldwide social relations which link distant localities in such a way that local happenings are shaped by distant events. Held et. al (1999) suggest that the transformationalists position centres on Giddens's argument that globalisation should be conceived of as 'powerful transformative force which is responsible for a massive shake out of societies, economies, institutions of governance and world order' (cf. Jones, 2010: 76). Held et. al.'s (1999) own understanding of globalisation is quite similar to Giddens, as they consider globalisation as a process or set of processes that brings about transformation in the spatial organisation, social relations and transactions (p. 16). However, their definition does not really address whether globalisation should be explained as a changing condition due to some continuing historical processes or whether it should itself explain the changing conditions (much like Rosenberg's (2000) argument over inversion of 'explanandum' to 'explanans').

While Giddens's work was more concerned with the theoretical way in which modernity is producing globalisation, its empirical analysis was later taken up by Castells (1996). Castells (1996) is in general agreement with Giddens's idea of relationship between distant localities due to time-space compression and he introduces the concept of the 'network society' where social processes are organised and managed through flows of information. He does not reject the significance of territorial place but argues for a 'space of flows' (flows of information) that exists alongside the old 'space of places', such that they connect places with one another and change their functional logic and social dynamics (Stalder, 2006 cf. Jones, 2010: 59). Castells (1996) work is empirically grounded and his theoretical framework represents a somewhat simplistic meta-narrative (based on technological development) of the contemporary world and social transformations.
Castells is often criticised for being too techno-centric for his insistence on information flows, yet his work has subsequently had a profound effect on the revised transformationalists thinking of Held et. al (1999), whose definition of globalisation highlights both the thinking of Giddens and Castells. However Held et. al. (1999) remain more nuanced as they consider globalisation to involve a complex de-territorialisation and re-territorialisation of political and socio-economic activities. Take, for example, Export Processing Zones (EPZs) functioning in many developing countries and especially in China and India as Special Economic Zones (SEZs). These zones function as industrial production circuits and networks in different parts of the globe bringing many territories into the dynamics of the capitalist mode of production. At the same time these zones are grounded and embedded in a particular bounded territorial form where they are regulated by definite social and political structures and institutions.

Can globalisation then be taken as both processes of disembeddedness (the point Giddens (1990) makes where social relations get detached from their localised interaction and reorganised across large distances) and embeddedness? Hess (2004), while reworking the idea of embeddedness, has gone on to provide us with a more relational understanding of how economic activities are regulated by the complex interaction of individual and collective actors and hence remain embedded in social, network and territorial structures. Globalisation then becomes more of a networked phenomenon which produces transplanetary connections between people (Scholte, 2000) and connects different nodes or hubs of the space of flows and capital. As such, globalisation comes to have variegated effects on different locations. The large scale industrialisation of East Asian countries (especially South Korea, Hong Kong, Taiwan, and Singapore) during 1970s was subsequently associated with de-industrialisation of advanced western countries (Frobel et. al 1981), for example.

Globalisation should consequently not be seen as a progressive change always and for all places alike. It has been recently associated with large-scale resistance movements in some countries; for example, peasant resistance against large scale land acquisition for industrial projects in India. Even for those geographical locations which have long remained dominant in globalisation (mainly centred on urban centres of the West, including London and New York but not confined only to cities) have become sites of resistance movements, the Occupy Wall Street movement (OWS), for example. Resistance movements like these highlight an
important contradiction which suggests that globalisation should not always be understood as homogenising process as the DFID (2000) would suggest. Thus globalisation becomes a dialectical phenomenon associated with de-territorialisation and re-territorialisation, disembeddedness and embeddedness, convergence and divergence, inclusion and exclusion and order and disorder (Held and Mcgrew 2004).

2.3 Drivers and dimensions of globalisation

One of the biggest debates arising in the globalisation literature has been its causation. What actually drives globalisation? A major issue here is the debate around mono-causal and multi-causal explanations (Held et. al 1999). These different analyses are centred on two basic propositions of Wallerstein’s ‘world system’ (1974) and Giddens’s ‘modernity’ theory (1990). Both of authors consider the rise of capitalist society in Western Europe in the 16th and 17th centuries to be responsible for globalisation today. However, capitalism is a complex phenomenon driven by the logic of continuous accumulation of capital and its realisation (Harvey, 1982). Modernity similarly is also a complex process for it depends on the social forms and organisations that developed in Europe during the rise of capitalism in 16th and 17th centuries.

For Giddens, modernity, in general terms, is defined as shorthand for the modern society or industrial civilisation that developed in Europe during the 16th century. Thus modernity is borne out of capitalism and hence cannot be understood outside the purview of capitalist social relations. Giddens (1990), while acknowledging that modernity is a western construct, and that modernity is inherently globalising, does not really provide a logical answer as to why globalisation should not be equated with the spread of western capitalism and western institutions. However for Harvey (2000), it is the rise of capitalism that drives globalisation. Accordingly the rise of neoliberal globalisation in the 20th century can be understood as a profound geographical re-organisation of capitalism within the dynamics of capital accumulation and class struggle. Harvey argues that Marx’s framework for the production of the capitalist space economy provides us with a better explanation of global transformations.

Harvey’s exposition of Marx through his writings points to, if not confirms, such transformations. As he wrote in his much celebrated work ‘The Condition of Post-Modernity’ (1989: 188), ‘it is not hard to see how the invariant elements and
relations that Marx defined as fundamental to capitalist mode of production still shine through, and in many instances with an even greater luminosity than ever before, all the surface froth and evanescence so characteristic of flexible accumulation'.

2.3.1 Capitalism and its inner logic

Capitalism is a highly dynamic and inevitably expansionary mode of production which constantly reshapes the world we live in (Harvey, 1982). Marx wrote the rule that governs the behaviour of the capitalist is accumulation for accumulation's sake and production for production's sake (Marx, 1954: 558). The drive to accumulate, enforced by competition and exploitation of labour power, binds all capitalists together in a common desire to promote conditions for progressive accumulation. Accumulation of capital takes place when the capitalist mode of production generates surplus value, which can then be invested back into the production process to produce more surplus value. Surplus value is that part of the total value of production which is left over after constant capital (which includes the means of production, raw materials and instruments of labour) and variable capital (labour power) have been accounted for (Harvey, 1973: 224). This becomes the source of 'profits' for capitalists and has to go through a continuous process of market exchange and realisation for accumulation to take place progressively without stalling. The extraction of surplus value from commodity production and then redeployment back into the production process is the key to understanding the dynamism of capitalism.

Marx fashioned his three models of the dynamic of accumulation from three different stand points. They are taken up in the three volumes of Capital. His first model explores the origin of profits in a production process emphasising technological and organisational change and is concerned with the social relationship between capital and labour. His second model discusses the circulation of capital and contradictions arising in its realisation in the market. Accumulation of capital takes place through 'expanded reproduction'. Finally his third model tries to incorporate the findings of the first two models i.e. the production-distribution relationship with the production-realisation requirements. This model revolves around a tendency towards a falling rate of profit in capitalism, which explains the disequilibrium and crisis tendencies in the system. However his last model has been a subject of intense criticism, since it fails to incorporate the
findings of the second model and therefore lacks firm grounding in a theoretical domain which encompasses production and circulation jointly (Harvey, 1982).20

Despite its flaws, Marx’s models have been able to show that the inner laws of motion of the capitalist mode of production and its tendency towards a fall in the rate of profit also generate counteracting factors to offset this crisis tendency (Christiansen, 1976; Harvey, 1982). Callinicos (2006) argues that Harvey’s account of the fall in the rate of profit shows how capital simultaneously seeks to offset this tendency through the displacement of surplus capital into the credit system. Finally through a search for a ‘spatial fix’, surplus capital is ploughed into investments in new geographical locations (industrialisation of the East Asian Tigers during the 1970s for example followed by their crash in 1997) that initially offer super-profits but, over time, immobilise capital in concentrations vulnerable to further technological and organisational change.21 Thus, Harvey’s analysis of the falling rate of profit invokes the integration of the spatial dimension to the understanding of the capitalist relations, as well as explaining where the movement of fictitious capital in the form of the credit system involves connections between different, distant places. Hence, capitalism is constantly in search of expanding avenues for profits, either through internal or external transformations a kind of spatio-temporal fixes, which are explained below.

Through his models of accumulation, Marx argues that the dynamics of technological and organisational change are critical for the reproduction of capitalism. If these changes are responsible for perpetual revolutions in productive forces and increasing productivity of social labour, then they also paradoxically threaten accumulation and destroy the potential for balanced growth. It implies that capitalist production meets a barrier in the development of the productive forces: the industrial reserve army it generates and surplus commodities that translate into endemic crisis tendencies. Then we have ‘unemployed capital at one pole and unemployed worker population at the other’ as a condition of over-accumulation (Marx, 1967, Capital Vol. III: 245-51 cf. Harvey, 1982: 192), with no apparent way to put these resources to work. Over-accumulation is defined as a condition in which idle capital and idle labour supply could exist side by side with no apparent way to bring these idle resources together to accomplish socially useful tasks. This is generally indicated by idle productive capacity, a glut of commodities and an excess of inventories, surplus money capital and high unemployment.22
A potential way out of this difficulty is to expand the sphere of circulation with non- or pre-capitalist societies that have not been subject to capitalist social relations. The solution that Marx suggested, but never took up seriously, was of a ‘spatial fix’, Harvey (1982). He in fact ended Capital Vol. I, with a chapter on ‘colonisation’ but denied it as a long-term solution (Harvey, 2000: 26-30) as he believed, that colonisation was ‘a violent projection of the contradictions of capitalism on the world stage’ (Jessop, 2006: 147).

Harvey (2003) took the solution further by examining both dimensions of the fixes: spatial and temporal. The spatio-temporal fix according to him is a metaphor for a particular kind of solution to capitalist crises through temporal deferral and geographical expansion (Harvey, 2003). He offers two sorts of fix: one which is more a literal fix where there is durable fixation of capital in physical form, and the other a more metaphorical fix in the sense of an ‘improvised, temporary solution based on spatial reorganisation to specific crisis tendencies in capitalism’ (Jessop, 2006: 147). The role of the spatial fix is associated with expanded reproduction as far as capital’s growth imperative leads to market expansion and hence the need to intensify transport and communication links within and beyond a given region (ibid). However since there is no long-term ‘spatial fix’ to capitalism’s internal contradictions, successive rounds of spatial fixes are created by innovation in physical and social infrastructure only to have them destroyed at a later point in order to make way for a new spatial fix. Thus, capitalism generates revolutionary transformations to break down old barriers; but it ‘only transfers the contradictions to a wider sphere and gives them greater latitude’ (Marx, 1954; Capital Vol. II: 473). This became one of the main points that Luxemburg (2003) saw as a connection between accumulation of capital and geographical expansion of capitalism through colonialism.23

Thus, spatial fixes do have a positive, albeit temporary, role in resolving the tendential over-accumulation of capital and labour power associated with expanded reproduction (Harvey, 1982: 415-38). Harvey (1982) argues that the crisis of over-accumulation with surpluses of capital and labour can be overcome by: (a) a temporal displacement through investment in long-term capital projects or social expenditures (such as education and research) that would defer the re-entry of current excess capital values into circulation well into future; (b) spatial displacements through opening up new markets, new production capacities and new resources, and social and labour possibilities elsewhere; and (c) some
combination of both (a) and (b). This third solution he deemed particularly important and examines the changing role of American capitalism and hegemony from 'embedded liberalism' based on productive capital to an open imperialism based on the primacy of neoliberal financial capital (Jessop, 2006).

If in the past the capitalist mode of production expanded through direct colonialism, in the late 20th century one of the ways through which it has taken place is indirect colonialism, or what some have referred to as 'neocolonialism' (Nkrumah, 1965), where dominant countries in the world economy exert control (both political and economic) over developing and less developed countries, much similar to the classic colonial era of the 16th to early 20th centuries. The primary imperative however remains the same, to quote Derek Gregory (2004: xv) 'to colonise...lives all over the world' - not only in terms of political and military control but also economic dominance. If entities such as political and military empires were responsible for the geographical expansion of capitalism during the pre-modern era (1500-1850) then clearly in the contemporary era TNCs have assumed a greater significance and are driving capitalist expansions, thereby producing social relations on a global scale (Held et. al 1999; Dicken, 2007). Yet, both TNCs and the nation-state today exist in a complex dialectical relationship that is both cooperative and competing and supportive and conflictual (Gordon, 1988 in Dicken, 2007: 233).

Marx has shown that capitalism is crises prone and, hence, crises are inherent to the workings of capitalism. Marx's exposition of the theory of crisis regards contradictions in commodity production and exchange as basic to understanding the crisis of capitalism and its resolution. Due to space constraints, his theory can not be discussed in detail, but from his basic propositions we can extract the essence of what form the basis for further understanding of the spread of capitalist social relations worldwide. Marx and Engels (2002: 222-3), in The Communist Manifesto wrote, 'the bourgeoisie can't exist without constantly revolutionising the instruments of production and thereby the relations of production and with them the whole relations of society...the need for constantly expanding markets for its products chases the bourgeoisie over the whole surface of the globe'. Capitalism, for Harvey (2000), is under impulsion to eliminate all spatial barriers to its accumulation process by destroying the geographical landscape it has created earlier for accumulation. Hence, crises act as a means to rationalise the production structures in relation to the requirements of capital accumulation and generation
of profits. The history of capitalism is replete with periods of growth, its associated crises and solution to those crises through spatio-temporal fixes (Harvey, 2001), since the inception of the industrial revolution in Europe, especially in England, in the late 18th century.27

One such important crisis in the history of capitalism was the crisis of Fordism during the mid 1970s after a long period of post World War II boom.28 The current world economy emerged out of the crisis of Fordism, with wide-ranging restructuring in terms of production and various macroeconomic controls.29 One concept that emerged from the crisis of Fordism was that of neoliberalism. It was a response to restore the cycle of capital accumulation and profit maximisation on the part of private capitalists. However, in order to have a better understanding of this, the next section will deal very briefly with the crisis of Fordism itself in relation to the transition approaches commonly associated with the period characterised as post-Fordism, before moving on to the geographies of neoliberalism.

2.3.2 Crisis of Fordism

Much theorisation has been undertaken on the era of the post-war economic boom of the 1950s and 1960s until the stagnation of the world economy in the mid 1970s. The period between the Second World War and the 1970s is often regarded in the social science discourse as the era of Fordism and was a period of high growth and productivity, especially in the advanced western countries. There seems to be a general agreement that the period since the 1970s represents a transition from one dominant phase of capitalist development of the post-war period to another one based upon different economic, societal and political norms. Varied monikers such as post-Fordism, neo-Fordism, after-Fordism or fifth Kondratiev have been used in the literature to signify a new phase of capitalist development (Amin, 1994).30 Amin (1994) provides a useful account of the transition of the world economy from the period of growth to crisis, outlining a variety of transition models particularly the regulation, flexible specialisation and neo-Schumpeterian approaches discussed below.31

It is beyond the scope of this thesis to provide a detailed account of the entire spectrum of debates surrounding this transition. Yet it is important to briefly outline these approaches. The regulation approach pioneered in France in the 1970s attempts to explain the dynamics of long-term cycles of economic stability
and change (Aglietta, 1979; Lipietz, 1985; 1987; Boyer, 1986). It aims to analyse the inherent tendency of capitalism towards instability and crises and its ability to stabilise around sets of institutions, rules and norms such that a long period of economic stability is achieved. The Neo-Schumpeterian approach on the other hand gives technological innovations greatest influence over economic efficiency and growth, while socio-institutional changes are given less importance. Finally, flexible specialisation focuses on the arena of production. It considers two industrial paradigms to have existed—mass production and flexible specialisation based on small batch production (Amin, 1994).

Each of these approaches has their own limitations and criticisms. For example, the regulation approach is sometimes criticised as being too simplistic to accord historical, systemic and logical coherence in understanding capitalist development without considering the conflicting relations within and between social classes, business, government and society. The Neo-Schumpeterian approach has been criticised for being too technologically deterministic and has less breadth of reach than that of the regulation approach. The flexible specialisation approach at the same time has been criticised for equating industrial efficiency with competitiveness and for underestimating the power of TNCs to dominate markets through their grip over finance, market outlets, advertising and distribution networks (Amin, 1994).

All three approaches predict some scenarios and characteristics of what comes after Fordism, yet the regulation approach remains reticent to outline any certain and lasting solution. This school of thought argues that various strategies will confront one another to resolve the bottleneck of the end of Fordism and hence it is not useful to fix a name to the new era. One regulationist, Aglietta (1982), remains less equivocal towards the characteristics of a durable solution to the crisis of Fordism. He sees a deepening of the principles of intensive accumulation which underpinned Fordism through the application of Fordist methods in the service sector to raise productivity, and the application of new technologies in production to increase the intensity of work and introduce new forms of labour control and the globalisation of firms with the aid of new information and communication technology (ICT) (cf. Amin, 1994). Similarly Boyer (1991) asserts ‘information technology (IT) to be applied for flexible mass production in modern high technology industries [mobile assembling plants in India] while flexible specialisation might revitalise declining or craft sectors [Third Italy’ industrial
districts, ‘Silicon Valley’ in California and Bangalore] with new versions of Fordist mass production exported to developing countries [SEZs and EPZs in India, China and other developing countries] or applied to the traditional consumer services’ (cf. Amin, 1994: 19 [original]).

Both Boyer and Aglietta’s approaches here show some of the characteristics of flexible specialisation. Flexible specialisation rests on flexibilities with respect to labour processes, labour markets, flexible geographies of production, products and patterns of consumption. It is characterised by the emergence of entirely new sectors of production, new ways of providing financial services new markets and, above all, greatly intensified rates of commercial, technological and organisational innovation. Hall (1988: 24) explains some of the common characteristics of new patterns of accumulation as being:

‘a shift to the new information technologies; more flexible decentralised forms of labour processes and work organisation; decline of the old manufacturing base and the growth of the sunrise’, computer based industries; the hiving off or contracting out of functions and services; a greater emphasis on product and choice differentiation, on marketing packaging and design, on targeting of consumers by lifestyle, taste and culture rather than by the Registrar General’s categories of social class; a decline in the proportion of the skilled, male manual working class, the rise of the service and white collar classes and the feminisation of the workforce; an economy dominated by the multinationals, with their new international division of labour and their greater autonomy from the nation-state control; the globalisation of the new financial markets, linked by the communication’.

We can say we have seen the emergence of varied ‘flexible accumulation’ practices dependent upon intensive market transactions, each managed by different institutions according to their respective modes of economic regulation. Thus we have the Japanese model, German model, American model and more recently possibly a Chinese model or maybe an Indian model. It entails rapid shifts in the patterning of uneven development both between sectors and geographical regions (Harvey, 1989). As such, transition towards ‘flexible accumulation’ can be
interpreted as Harvey’s solution (c) which he argued is necessary to overcome the crises tendency of capitalism through spatio-temporal fixes (discussed earlier).

If regulation theory has achieved anything it has reminded us that capitalism has a remarkable capacity for self transformation (Peck and Tickell, 2003). The demise of Fordism around the 1970s marked a significant break for capitalist relations around the world. Many policy changes were carried out in international affairs of economy, politics, and more importantly in terms of financial systems. This period is commonly termed ‘post-Fordism’ (Lipietz and Cameron, 1997) and is associated with the rise of neoliberalism (Harvey, 2005), a policy choice of free markets and free trade aided through deregulation of national economies dictated by advanced countries and the internationalisation of financial markets, and aided by advancements in ICTs. The globalisation of neoliberalism has itself been marked with variegated outcomes and transformations around the world, both economically and non-economically (Brenner, Peck and Theodore, 2009).

2.4 Globalisation of neoliberalism

Neoliberalism is a theory of political economic practices that proposes human well being can be best advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterised by privatisation and deregulation of the national economies, strong private property rights, free markets and free trade (Harvey, 2005). The role of the state is to provide support for military, defence, police and legal structures for private property rights and proper functioning of markets while ensuring that state intervention is kept at a minimum. Market forces hold a greater role in formulating policies to ensure economic efficiency and international competitiveness while ‘rolling back of welfare state activities’ (Larner, 2000: 7). Subsequent development of the internet and communication technologies has greatly assisted the ascendance of neoliberalism at a world scale. Capitalists with more mobile capital in hand and new credit systems assisted with ICTs can venture, without many constraints, into territories that would offer them more returns with minimum turnover time of capital (rise of stock markets, assets and derivatives and currency exchanges etc).

This description of neoliberalism bears a resemblance to globalisation, in that it is often conflated with borderless market extension, where ‘market rule predominates and political leverage of nation states recedes into insignificance’ (Tickell and Peck, 2003: 1). Yet these two processes should be understood as distinct, while often
complementing each other in as far as practices of neoliberalism aid globalisation processes as it spread across the world. Globalisation, for Saad-Filho and Johnston (2005), is the international face of neoliberalism - a worldwide strategy of accumulation that doubles up as an imperialist project spearheaded by the ruling political and economic elites of the United States (US). As such, neoliberalism is also interpreted as a utopian project for re-establishing the conditions of capital accumulation globally and restoring the power of economic elites (Harvey, 2005). More efforts were made to deregulate the financial markets and reduce the turnover time which would facilitate faster accumulation of capital and restoration of class power. There is a wealth of literature available to show that neoliberalism has been largely helpful in the restoration of the power of economic elites in the economic heartlands as well as the countries on the periphery (Pollin, 2003; Dumenil and Levy, 2004a and 2004b). How such a project comes to dominate the policy making elites of different countries is a matter of intense scrutiny. One way to understand its ascendancy is to chart its geography in historical perspective.

2.4.1 Historical geographies of neoliberalism

To trace the origin of neoliberal practices is a difficult task for one simple reason: what neoliberal advocates assert so pressingly was already long established in the tenets of liberal and classical economics going back to the famous 'hidden hand' of Adam Smith. However one has to dissect and trace out what is 'neo' about it (Peck, 2004), which is a difficult task. The practices of neoliberal economics were reworked and implemented around the 1970s; however its intellectual fashioning was done soon after the Second World War. An attempt is made in what follows here to provide an understanding of the advancement of neoliberal practices from the early 1970s emanating from the US and UK. Neoliberalism is associated with two important personalities of the 1970s and 1980s- Margaret Thatcher in the United Kingdom (UK) and Ronald Regan in the US. However, the development of neoliberal practices and their application took a different path in each case (Hall and Soskice, 2001), although the basic coordinates remain quite similar. Neoliberalism as a politico-economic project emerged out of a variant of liberal politico-economic practices to project the best possible ways of sustaining the longer run of capital accumulation for economic elites around the world. The transition to neoliberalism for different countries hence is associated with 'soft neoliberal transitions' in post-Keynesian states and 'harder' or perhaps
externally-driven transitions in post-Communist and countries in the South (Peck, 2004: 393).

Neoliberalism advanced at a world scale since the 1970s when Fordism went into crisis. Here a brief critical discussion of Brenner’s (1998) and Harvey’s (1989) analyses of the crisis of capitalism in 1970s may make the matter clearer. For Brenner, the downturn of the world economy must be examined at the level of the international system as a whole. The fall in the rate of profits was, according to him, the result of international competition and uneven development. To put it succinctly, Fordism went into crisis when the US began to be challenged economically in world markets due to competition from the firms of Germany and Japan. US firms (centred on automobiles) became less competitive due to continued rising wages, coupled with competition from Germany and Japan and competed less successfully for world market share. As such, these firms tried to capture markets by increasing production levels. Central to Brenner’s argument is that capital cannot be easily diverted when the bulk of is tied up in the form of fixed capital. It resulted in the systemic problem of over-accumulation endemic to capitalism. Much of Brenner’s analysis is concentrated at the level of global competition and shows that capitalism constitutes a global order. In this sense it implicitly criticises the regulation approach as well (Postone, 2007).

Yet his analysis does not really address another dimension of the capitalist crisis, which is a shift in social, cultural and political life. According to Harvey (1989) the capitalist transformations of the 1970s should be regarded not simply in politico-economic terms, or in terms of technological determinism, but as a changed configuration of life. Thereby he characterises the newer configurations of capitalism as ‘flexible accumulation’ rather than the more labour-process oriented term ‘flexible specialisation’. By relating to postmodernist cultural changes, he seeks to provide an understanding of capitalism beyond economic dimensions, which is only one strand of a complex dynamic of constraint, continuity and change. Thus he also moves beyond the regulation approach, which gives a functionalist account of the relation of cultural forms to any reconfiguration of capitalism, by relating culture intrinsically to the capitalism. However, what remains unchanged is the core feature of capitalism, accumulation for ‘profits’ (cf. Postone, 2007). Capitalism for Harvey is crisis ridden and hence the problem for capitalism is to manage over-accumulation tendencies in order to restore the cycle of capital accumulation.
Building upon Luxemburg's (2003) argument about 'under-consumption'- a general lack of sufficient demand to soak up the growth in output which capitalism generates, Harvey (2003) argues that it is possible to accumulate in the face of stagnant demand if costs of inputs decline significantly. Thus, both access to cheaper inputs and widening markets are important in keeping profitable opportunities open and the possibility for accumulation to expand. In order for capitalism to survive and perpetually accumulate it needed something 'outside of itself' (ibid: 140). As already discussed above, a 'spatio-temporal fix', an outer transformation of capitalism through imperialism and colonialism is then required to offset this problem of over-accumulation, although this only works temporarily. This is, however, in parallel with a 'technological fix'- technological and organisational changes along with devaluation, financialisation and widespread privatisation as a key aspect of solution to over-accumulation (Harvey, 1989).36

Neoliberalism, as stated earlier, is associated with the deregulation of financial markets and privatisation of social assets. The new global credit system was introduced after the oil shock of 1973 when the prices of oil rose dramatically higher. The US managed to convince the Organisation of Petroleum Exporting Countries (OPEC) states, especially Saudi Arabia, to recycle petro-dollars through New York investment banks.37 It helped large capitalists (especially on Wall Street) to circulate money and transfer it to new profitable ventures such as giving away loans through the World Bank (WB) on conditions that largely favoured the interests of countries (especially the US) who dominate the international financial institutions.38

New credit systems, coupled with money in electronic form, helped capitalists to relocate capital anywhere in the world in real time and overcome the problems of over-accumulation temporally from one place to another. Thus, the new financial system put in place in the 1970s changed the balance of forces at work in the world capitalist economy giving much more autonomy to banking and financial systems relative to state and personal financing (Harvey, 1989).39 With capital able to move more freely than ever before meant that stock and currency markets became a more profitable venture as more and more capitalists started investing in stocks and money transactions, rather than in production (Harvey, 2005). This means not only that the money form of capital can be relocated anywhere around the world, but that it will also spread the crisis tendencies of capitalism. No wonder there has
been a surge in the number of crises in the world economy since 1970s, much higher than those that occurred prior to them (Harvey, 2005).

Full employment as an economic goal was replaced by maximum employment and instead the target was low inflation, low rates of corporate taxes, high profits and high asset values. Thus the preference of maximum employment over full employment as a language has an illusory effect which means that some degree of unemployment is necessary where this reserve army can be then utilised to depress the power of wage labour. This concept subsequently come to be known as non-accelerating inflation rate of unemployment (NAIRU) and is associated with the work of Milton Friedman. This concept has since gained popularity among mainstream economists and is often prescribed as a policy preference to keep inflation low, if that means a small percentage of unemployment. The adoption of the NAIRU rhetoric served two purposes. First, it provided political cover for higher average rates of unemployment which have undermined the bargaining position of workers. Second, it has provided cover for keeping real interest rates at a higher level thereby benefitting the wealthy and the financial sector (Palley, 2005). This gradual transformation of economics since the 1970s has contributed to the emergence of a new political economy that shed light once again on state intervention that is friendly to markets and aims at removing their imperfections (Lapavistas, 2005). Rather than receding into insignificance, states have arguably become more important players in the political economy of countries. For markets still have to be 'managed and policed for their proper functioning often by new neoliberal technocrats' (Peck, 2004: 394). Thus, the more powerful states are, the more forcefully they can implement neoliberal practices. For this reason the US played a key role in advancing the neoliberal agenda not only inside its borders but also across the world.

One thing should be kept in mind here; that 'neoliberalism is not a mode of production' (Saad-Fillho and Johnston, 2005: 1) but a mode of remaking and restructuring the mode of production for the longer run of capital accumulation. The practices of neoliberalism as a potential response to the crisis in capitalism that could support further capital accumulation were first introduced on an experimental basis. Chile acted as the first of many experiments when a military coup, supported by the US, threw the democratically elected government of Salvador Allende out and General Pinochet was installed in power. Subsequently, policies of deregulation and privatisation of assets held by states across the world
tailored by influential economists at the University of Chicago led by Milton Freidman and in collaboration with US Treasury and IMF became common practices. Social housing, land, water and welfare and pension programmes which the state had come to provide for its citizens were often privatised in the advanced countries (Harvey, 2005).

Many national economies were subsequently brought under the ambit of neoliberalism that swept across the world with the election victories of Margaret Thatcher and Ronald Regan in the UK and US respectively. This neoliberal phase of globalisation is characterised by the reconfiguration of state power and the geographical concentration and centralisation of political economic power with regional alliances such as the G-8, and Organisation for Economic Cooperation and Development (OECD). However, the path chosen towards the post-Fordist neoliberal restructuring was directly contingent upon the political and institutional context in which it emerged. In Europe, popular resistance conserved much of the framework of Keynesian welfare and social protection. There it later emerged as a hybrid social configuration of social neoliberalism. Hence, while some countries are developing neoliberal states, others are moving towards neo-corporatism (partially consensual) or neo-statism (policies of active intervention) (Peck and Tickell, 1994). In the Third World where the states are reluctant to neoliberalise, this is imposed forcibly as the 'White Man's Burden' (in African and Latin American countries) and sometimes as 'Structural Adjustment Programmes (SAP) or with the use of coercive power. Neoliberalism did not gain ascendancy just due to powerful states which were promoting and implementing neoliberal economic policies around the world. TNCs have also become very active players in the world economy, since these firms do not operate independently but are territorialised, hence work in relation to the nation states where they are grounded (Dicken and Malmberg, 2001). Consequently, their role has brought about some significant geographical changes in the world economy; more so after the rise of neoliberalism.

2.4.2 Economic geographies of neoliberalism

The contemporary phase of neoliberal globalisation is an extension of the capital accumulation strategies with a new face through financial deregulation, technological change and product innovation, the media and communication systems and lastly advancement in transportation systems and technologies. While
reviewing some of the literature on Fordist and post-Fordist production, Gertler (1988: 430) concludes that 'we are witnessing the intensification and development of historical trends established long ago'. Although as union membership is in almost constant decline, something new is happening between producers and workers. There is a significant realignment of the geography of production, and hence transformation in the world economy. These transformations, according to Dicken (2007: 8), point to the 'emergence of new geo-economy which is qualitatively different from the past'. There are three globalising processes he identifies, namely production, distribution and consumption, and interactions between key actors such as state, firms, individuals and social groups produce changing geographical configurations in the global economy at different scales.

TNCs which are the dominant force in the world capitalist economy in the contemporary era have been largely responsible for the spread of neoliberal practices to most parts of the world.\textsuperscript{43} The desire for further production of commodities and the maximisation of profits forces corporations to look for opportunities where their capital can be circulated and realised again. Access to cheap labour and other inputs, such as land and raw materials, industrial and spatial clustering for technological and knowledge exchange (Gordon and McCann, 2000), and closeness between user and producer (Gertler, 1995), are important factors that affect the location decisions of the firm. However, each of these aspects does not work in isolation and does in fact (one way or another) affect the decision making of firms on where to locate (Dicken 2007). The cost of labour is not always a dominant factor in explaining firms' location strategies (Storper, 1986).\textsuperscript{44} However, it remains one of the potentially dominant factors alongside technological advantage and changes in the organisation of production\textsuperscript{45} which pushes firms to relocate to a specific location forming distinct geographical landscapes.\textsuperscript{46} SEZs and other export-oriented production zones are such geographical landscapes which appeared on the world map due to relocation of the firms from advanced countries during the 1960s and 70s. Developing or less-developed countries, mainly in Asia, provided cheap labour for labour intensive manufacturing, mainly textiles and footwear. This period is also characterised with the deindustrialisation of the advanced countries of the west.

It is important to note here that some studies have confirmed that most of the TNCs remain largely local as on average half of their production remains within their home country i.e. 'national corporations with international operations'
(Dicken, 2007: 106-36). However, as already observed by Sassen (2001), the more geographically dispersed a firm becomes, the greater its central corporate functions. This means that more and more firms are operating from their origin countries but at the same time, they are also connected to different places in one way or another through flows of goods, services and information creating nodes and hubs— a defining characteristic of contemporary neoliberal globalisation.

The emergence of the service-sector economy in the last part of the 20th century especially after 1990, is one of the outcomes of the spread of neoliberalism on a global scale. As multinationals became more and more independent and a dominant force in the world capitalist economy, they globalised their presence and control through subcontracting, buying out subsidiaries, and take-overs. Thus, firms operating on a world scale require expanded central control and management (Sassen, 2001). With the dispersal of firms the need for services that support the central corporate functions also increases such as legal, financial, accounting and customer services. More and more firms now buy services in the country in which they are setting up their production, rather than producing them themselves. Such is the dynamism of this shift from industrial production to a service-sector economy that countries have witnessed complete transformations in their sectoral contributions to Gross Domestic Product (GDP) but sometimes without undergoing any significant transformation in the population dependent upon these sectors. For example, India has transformed itself from an agricultural economy in the 1950s to a largely service-sector economy today largely due to advances in the Information Technology (IT)/Business Processes Outsourcing (BPO) sector. Agriculture today contributes less than 17 percent of GDP, while the services sector contributes nearly 55 percent of GDP. However, 72 percent of the population is rural and depend upon agriculture for their livelihood (Economic Survey of India, 2009-10, Government of India).

The emergence of IT-sector services and BPO firms in India during the last two decades is the developmental outcome of IT and financial markets in the developed countries. One important aspect of this development in India which needs to be highlighted here is that IT and IT-enabled services (ITES) were given tremendous support from the Indian state since independence. The Indian government invested heavily in setting up a higher-education system and regional engineering colleges. Various branches the Indian Institute of Technology (IIT) and Indian Institute of Management (IIM) and various state-level-higher education colleges and technical
institutions a created vast pool of highly skilled labour which eventually took advantage of growing demand for new services in the world economy.

The emergence of this new economy around the world, where TNCs have become important players alongside states, has generated new geographic configurations which are in constant flux producing and destroying the existing geographical landscapes. Capital in its electronic form has simply helped this relocation of the TNCs which now face fewer regulations. Firms are willing to move their headquarters to newer locations which offer less regulation such as Dubai and Hong Kong.

This has further reverberations for the emerging territorial complexes and uneven geographical development of capitalism leading to geo-political conflicts between already developed countries of the west and a rapidly growing bloc of developing economies such as those of Brazil, Russia, India, China and South Africa (collectively known as BRICS). For example, Europe and the US which dominated the world economy until the last part of the 20th century are challenged by the BRICS countries in the 21st century. China has already surpassed US in terms of world's largest goods producers and accounts for nearly 20 % of the world share (Financial Times, March 2011). Therefore long-time proponents of free trade and free markets have shown concerns to protect themselves from growing competition from newly developing economies. Such is the fear of the growth of developing economies that one of the leading weekly magazines of world affairs in UK, The Economist, has already expressed its concern over Chinese manufactured exports through a devalued Yuan and has proposed China to revalue its currency. It also went ahead to claim that the recent slowing down of its economy in the last quarter is good for China and the world (The Economist, July 15, 2010). The question is why China would resort to any such measures that reduce its growth in the first place? Second is whether the world has adequate institutional arrangements to keep a check on the consumption of natural resources by China and for that matter any country in the world. While any malpractices in the world economy in terms of trade and other financial matters done by the economically powerful countries will be dealt softly; under-developed countries on the other hand will be slapped with economic sanctions. This is further going to create geo-political tensions among different nations of the world. Finally, the contemporary globalisation with neoliberal characteristics has not created conditions for greater
assimilation and homogeneity between nations but has in fact put different nations into politico-economic competition against one another.

2.5 Conclusions

The discussion argues that globalisation as a political economic project should be understood as a dialectical phenomenon capable of bringing massive changes in the world. By linking it to the development and expansion of the capitalist mode of production around the world, I have also shown that profit maximisation drives globalisation, largely through two of its main actors: nation states and TNCs. Yet both these actors today exist in a complex dialectical relationship often encroaching on each other’s domain of workings. Furthermore international institutions such as the WB and IMF have gained prominence, and their continued insistence on structural adjustment programmes to restructure the economy of the developing countries and the privatisation of state assets have actively manufactured new realms for proletarianisation and private appropriation of public property, even within the global core (Harvey, 2003). Moreover, direct military intervention by powerful states especially the US in the countries of Middle East, has also helped powerful states to capture new realms of accumulation (oil contracts to firms from advanced countries). The opening up of new territories to capitalist development and market behaviour along with a new approach to state power becomes essential for capital’s inner dialectic to be recreated on a wider geographical scale.

The crisis of over-accumulation in Fordism was subverted, as argued above, through both external and internal transformations. New markets, new sources of raw materials and labour supply in the developing countries through subsequent relocation and dispersal of manufacturing firms from advanced countries to developing countries during the post-Fordist era helped capitalists to restore the cycle of capital accumulation by securing a fresh supply of cheap labour power. Tremendous improvements in transportation and communication also made the transfer of capital and goods easier and faster. Industrialisation in many developing countries, especially the Asian Tigers, began with the development of export oriented manufacturing zones namely Export Processing Zones (EPZs) and its variants such as Free Trade Zones, Free Industrial Zones and Free Export Zones (Frobel, et. al., 1981). It should be noted however that the basic features of all these zones are the same; to manufacture purely for export purposes (see Chapter Three). Rising wages in the west meant these zones act as a lucrative option for relocating
industrial manufacturing as the cheap and abundant labour provides capitalists with a good option for bringing production costs down which pushes the profit rate up. Here low labour cost was supplemented with generous tax policy incentives and subsidies to firms that want to set up their plants in these locations (Amsden, 1989 cf. Mittelman, 2000). These zones were however, projected as one of the important ways to industrialise and overcome the problem of unemployment in developing countries (WB, 1999). In order to provide better institutional arrangements which would then facilitate further accumulation strategies many international institutions began promoting these zones. Prominent among them were the World Bank, the United Nations Conference on Trade and Development (UNCTAD) and the United Nations Industrial Development Organisation (UNIDO) (Frobel et. al. 1981).

Globalisation should thus be understood largely as a product of political decision making controlled by the advanced nations of the world along with international financial institutions. This decision making is further influenced by those who control the sites of institutional power, including TNCs, where these decisions are taken and exercised. Thus the state plays an important part in maintaining and promoting these processes. The role of the state becomes that of promoting and strengthening the broad neoliberal conception of the global economy to a point where it becomes constitutionalised (Cox, 1987; Mittelman, 1997; Aman, 1995; Rosenau, 1992 cf. Sassen, 2006). For example the concept of NAIRU has been actively promoted by neoliberal states since the ascendance of neoliberalism.

Peck (2004) has argued that neoliberal economics might have been developed in the US, but its ‘practical politics’ was developed in locations as diverse as Brussels, Mexico City, Davos, London and Santiago. The ascendance of neoliberalism as a policy choice among nation states is contingent upon the political, economic, social and institutional settings of the respective country. Thus any analysis of the capitalist transformation of a national economy must give significant consideration to the individual path taken by the respective nation states. Accordingly, the impacts of emerging neoliberal practices around the world will vary and depend upon the geographical settings of the respective countries.
3. Globalisation in India: putting special economic zones in perspective

3.1 Introduction

India is now often described as a developing country which has performed well in the last 20 years, since the wide-ranging economic reforms began in 1991. This is framed in relation to many other countries of the world mainly in terms of GDP and other financial indicators. Yet many challenges still remain. Poverty only declined marginally in the last 20 years, while many more have been born into chronic poverty. The country survived some of the external attacks aimed at its political disintegration, while internal dissent has seen the creation of new states largely along linguistic and caste based lines. The Green Revolution helped food grain production to soar tremendously, yet half of the children under five years are malnourished- a figure that is the highest in the world (Bhaduri, 2009). Many more promises still need to be fulfilled such as enabling food security, sanitation, providing primary education and social welfare provisions to the most vulnerable sections of the population. The bulk of the Indian population continues to live in rural areas; mostly small and marginal farmers, agricultural labourers, artisans and the self employed in cottage and household enterprises, petty traders and casual non-agricultural workers. Many of these groups have benefitted little, if at all, from the globalisation of the economy.

Some academics along with International Financial Institutions (WB and IMF) carry high hopes of development based on the ethos of globalisation and modernity and evolutionary growth largely based on western models (Bhagwati and Srinivasan, 1993; Bhagwati, 1998, 2006; WB, 1998; 2006). There has been a renewed push for further economic reforms mainly from advocates of neoliberal doctrine (Bhagwati, 1998; Lal, 1999). If the reforms of 1991 freed the markets for products, now the reforms are expected to be aimed at basic inputs like land, power and labour which remain less reform ed and choked (The Economist, 2011). It is hoped that this will create confidence among private investors, build a climate of growth and investments and in longer terms more linkages with the wider world economy which will help the overall development of the country. Furthermore it is also thought that this growth will trickle down in the longer run to the poorest of the poor in India (Bhagwati and Srinivasan, 1993; Bhagwati, 2006).
In light of the recent economic crisis talks of further reforms have gained momentum (The Economist, 2011). India’s growth rate has fallen from almost nine percent per annum before the crash of 2008, to a now projected seven percent per annum for 2012 (ibid). Moreover, recent corruption scandals surrounding the Commonwealth Games 2010 and 2G telecom licences have also contributed to criticism of the Congress-led United Progressive Alliance (UPA) government for not doing enough to maintain the economic growth and promote private investments in the country. Finally, rising inequalities in terms of state-level GDP growth and inequalities in terms of per capita consumption levels have also created pressure for further liberalisation of the economy, so that opportunities opened up by global flows of capital, goods and services can help bridge those gaps (WB, 2006).

It is by no means the intention of this chapter to argue and analyse at great length the performance and impact of the economic reforms in India since 1991 which has been already done elsewhere (Bhattacharya, 1999; Jain and Mukund, 2003; Bardhan, 2010). The contention of this thesis, after Corbridge and Harriss (2000: 145) arguments, is that the reforms of 1991 supported the varied interests of the country’s social minorities (powerful proprietary classes), but did not create favourable conditions for the peaceful and egalitarian existence of India’s social majorities. Chatterjee (2011) while writing on the democratic and economic transformations in India argued that since the reforms began in 1991 there has been transformation in the framework of class dominance in Indian society. According to him, the policies of economic reforms have put the capitalist class into a position of ‘moral-political hegemony’ over ‘civil society’, consisting principally urban middle class which has greater social acceptance of professionalism and commitment to growth of corporate capitalist sector. Thus capitalist classes have come to attain the position of economic elites while pushing the subordinated groups back towards poverty and disempowerment. Thus, Indian political economy is in a paradoxical situation where neoliberal economic reforms continue to create conditions of unequal growth such that rich continue to increase their share of wealth and income thereby pushing poor further into poverty and disempowerment (Jayadev, et. al 2011). As such I will argue throughout this dissertation, as Frankel (2006) did before me, these growth models and neoliberal reforms remain divorced from the geographical understanding of the local political economy and hence are not the answers to the problems of contemporary India.
One such recent policy programme of liberalisation and globalisation in India is the SEZs policy adopted by the Government of India in 2005. This policy was aimed at increasing exports, generating foreign exchange, and most importantly will act as the driver for rural industrialisation. As one member of the Planning Commission, Government of India, puts it, 'fragmentation of land holdings has made farming unviable, so government should rather consolidate the land holdings and use it for industrialisation' (Santosh Mehrotra, Senior Adviser Planning Commission, interview NDTV 2007). However, the fact that some developing economies have benefitted from export oriented policies, does not mean that outward looking trade strategies are inevitably the most effective policies for all developing countries at all times (Weiss, 2002). Market-based reforms have not worked for rural people in many other countries as well. Yet the insistence on reforms based on free market and free trade shows the commitment of the Indian state to integrate with the world capitalist economy.

India established its first EPZs in 1965 when it became the first country in Asia to develop them. However, there were only two such zones till 1980 and only seven in the mid 1990s (Ministry of Commerce and Industry, Government of India website). EPZs in India to a large extent failed to mobilise investments and manufacturing activity. A committee was set up in 1980 to analyse the earlier performance of EPZs as models of free trade and free markets policies pointed towards the tight regulations in place in India which deterred investors setting up export-oriented manufacturing in the country (Tandon Committee, 1980). Later recommendations gave more attractive tax incentives for private investors, opened up certain sectors that were earlier reserved only for the public sector (energy and mining) and allowed easy entry and exit for firms which wanted to set up production units in India. However the major impetus to draft a renewed export policy came when, in the late 1990s during the rule of the Bhartiya Janta Party, one of the Ministers went on a trip to China and on his return proposed a SEZ plan for India (Rediff News, 2000). In a bid to attract foreign capital and provide a sound macro-economic framework to investors, India then adopted a renewed export-led industrialisation strategy through the Export Import Policy (EXIM) 1999 (Government of India, Press Release 1999). Further recommendations from the Report of the Steering Group in Foreign Direct Investment, Planning Commission (Government of India, 2002) allowed SEZ Act drafters to try to address some of the problems faced by foreign investors in India. This policy was meant to provide an
easy manufacturing and trading activity environment for the purpose of exports. The SEZ Bill was later tabled in the parliament in 2005 and was finally passed in February 2006 and hence known as the SEZ Act of 2005. For some scholars this new SEZ policy represents a ‘third generation’ of economic reforms facilitating Indian domestic private-sector firms to participate and compete in the world economy (Jenkins, 2011).

In the next section of this chapter I will focus on introducing EPZs in general, their objectives and functions. Since the objectives and functions of the EPZs remain almost the same as the present day SEZs, especially in China and India, the terms EPZs and SEZs are often used interchangeably to describe any industrial zones with preferential treatment and incentives meant for export. However, the term SEZs is used quite specifically in the Chinese and Indian context only, while EPZs is used generally to describe such type of zones elsewhere in the world. However, the difference between EPZs and SEZs is important to understand. The section on the differences between EPZs and SEZs is mainly written keeping in mind the Indian perspective and the way the policy of export promotion has changed over the period since they were first introduced. Moreover the incentives and other preferential treatments are country specific; there can still be differences between SEZs in India and China, despite the fact that Indian SEZs are modelled on the Chinese experience.

In the last section of this chapter the general geography of SEZs in India will be discussed. Their geographical and sectoral distribution over the Indian landscape will highlight their new and emerging geographies of production in India. This is a very important aspect of the development of SEZs in India since it will have huge repercussions on local areas and their population where they are being established. An effort is then made in the conclusions to link the implications of development of SEZs in India to the arguments made earlier about economic reforms and how the reforms have created a deepening line of conflict between different regions and social classes.

3.2 Export processing zones

There are various definitions used by the international organisations for any industrial zones meant for export-oriented production. According to the World Bank (1999: 12), ‘an export processing zone is an industrial estate, usually a fenced-area of 10 to 300 hectares which specializes in manufacturing for export. It
offers firms free trade conditions and a liberal regulatory environment'. A study by the International Labour Organisation/United Nations Centre on Transnational Corporations (ILO/UNCTC) (1988: 4) defines an EPZ as 'a clearly delimited industrial estate which constitutes a free trade enclave in the customs and trade regime of a country, and where foreign manufacturing firms producing mainly for export benefit from a certain number of fiscal and financial incentives'. The host country grants enterprises establishing in such zones certain concessionary advantages with regard to the national regulatory environment, principally with regard to taxation. Exemptions and fiscal advantages are offered to investors. As such, EPZs can be considered as one or more special areas of a country where some normal trade barriers such as tariffs and quotas are eliminated and bureaucratic requirements are lowered in hopes of attracting new business and foreign investments. The United Nations Industrial Development Organisation (UNIDO, 1972: 6-7) designated different names for such types of industrial zones; namely free export zones, free industrial zones, free trade zones, export processing zones and export industrial zones meant primarily for export and other industrial manufacturing (Frobel, 1981).

The first "modern" EPZ is generally considered to be that established in the Republic of Ireland in 1959, namely the Shannon Free Zone. By the end of 1960 there were more than a dozen such zones, mostly in Asia (Hong Kong, Taiwan, Singapore and India) and in Latin America (Mexico, Columbia and Dominic Republic) (Cling and Letilly, 2001). The total number of EPZs, according to the ILO database around the world in 2006 was estimated to be 3,500, spanning over 130 countries (Boyenge, 2007). The total number of workers employed in the EPZs is estimated to be 66 million, with 40 million in China alone. Today EPZs are primarily concentrated in Asia and Latin America and these two regions are the main employment generation centres for EPZs. Today Asia (excluding China) has nearly 15 million workers and Latin America has 5 million workers in these zones (ibid).

EPZs were initially targeted towards labour-intensive industries such as textiles, clothing and footwear. However, they were later engaged in diverse industries such as food processing, metal working, sports goods and games and electronics. The production specialisation is influenced by the economic development of the country. While labour-intensive manufacturing dominates in the economically less developed countries like as Madagascar, Mauritius, Dominic Republic and Sri
Lanka; the production of capital intensive industries such as electronic goods dominate in more developed countries such as Korea, Taiwan and Malaysia (Cling and Letilly, 2001 and WB, 2008; Table 2 and 3) and more recently Information Technology and its allied services in India.

The broadening of EPZs activities to encompass the services sector, some argue, presents considerable potential for the diversification of the domestic economy and overall economic development of the respective country [United Nations Conference on Trade and Development (UNCTAD), 2004]; so much so that some observers evoke the arrival of a second generation of free zones (Speech by K. Thompson, Chief executive of the Shannon Free Airport Development, World Conference on Free Trade Zones, London, June 2001 in Cling and Letilly, 2001). EPZs have evolved from initial assembly and simple processing activities to include high-tech and science parks, finance zones, logistics centres and even tourist resorts in China. New service activities in EPZs are diverse in nature, including software and Internet tool design, creation of electronic platforms for secure on-line transactions, call-centres, on-line data entry, and so on. Their physical form now includes not only enclave-type zones but also single-industry zones (such as the jewellery zone in Thailand or the leather zone in Turkey); single-commodity zones (like tea in Zimbabwe) and single-factory (such as the Export Oriented Units in India) or single-company zones (such as in the Dominican Republic). Madagascar, Mauritius and Hainan (China) allow factories anywhere on the respective island to apply for zone status. Port cities like Hong Kong and Singapore have enhanced their strategic trading role by providing special customs regimes for export processing and transshipment (Cling and Letilly, 2001).

### 3.2.1 Difference between SEZs and EPZs

Frobel et. al. (1981: 303) pointed out that despite the fact that export oriented manufacturing zones are referred to by various names; the identity of these zones reflects their function as production sites in developing countries for optimal utilisation of labour forces for world market-oriented production. As such the identity of the zones on the basis of freedom from tariffs would not grasp the fact that it is the utilisation of labour and not the exploitation of the customs privileges which is the main function of these zones, although this is now an important requirement for the profitable world-oriented manufacturing. Hence, it is very difficult to present a clear-cut view on the differences between SEZs and EPZs, at
least in the Indian case where the major differences between these entities mainly exist in terms of their tariffs provisions.

There do exist some differences between EPZs and SEZs but conditions under which they operate are generally quite similar. Since both of them have almost the same objectives and goals of generating foreign exchange, creating employment and promoting exports, it becomes confusing to differentiate between them solely on the basis of their objectives. Both have a specific area, and permit duty free import of capital goods and raw materials; both aim to attract foreign investments by providing developed infrastructure, conducive operating environments and a package of fiscal incentives.

Sometimes the terms SEZs and EPZs are used interchangeably. However for some scholars SEZs are a larger variant of EPZs (Ranjan, 2006). According to WB (2008: 16), SEZ, instead of being export drivers and investment magnets like EPZs, are designed as liberalised platforms for diversified economic growth that should spill over into national economy. In the field of SEZs studies, researchers generally employ an interpretation of SEZs that is broader than the common use of the term EPZs. According to Aggarwal (2006), the main difference between SEZs and EPZs is that the former are an integrated township with fully developed infrastructure, whereas an EPZ is just an industrial enclave. EPZs are solely meant for labour-intensive manufacturing for exports, while the scope of activities that can be undertaken in the SEZs is much wider, including export production. The role of SEZs is not transient like the EPZs, as they are intended to be instruments of regional development as well as export promotion (Ranjan, 2006).

According to the Ministry of Commerce and Industry, Government of India (2010), SEZs are defined as a specifically duty free enclave and shall be deemed to be foreign territory [as such Domestic Tariff Area (DTA) would mean the whole of India including territorial waters and continental shelf but does not include the areas of SEZs] for the purpose of trade operations and duties and tariffs. The objectives of setting up SEZs in India are much larger than mere promotion of export processing activities alone. While EPZs were industrial estates, SEZs are industrial townships that provide supportive infrastructure such as housing, roads, ports and telecommunications hospitals, hotels, educational institutions, leisure and entertainment units, residential/industrial/commercial complexes, water supply sanitation and sewerage system and any other facility required for development of
the zone (Ministry of Commerce and Industry, Government of India website, 2010). However in India, while EPZs are predecessors of the present day SEZs, there are some critical differences between them, which reflect a governmental policy shift in favour of large capital and big businesses (Ananthanarayanan, 2008: 36) in terms of tax benefits and rules and regulations (Ranjan, 2006).

Accordingly, Ranjan (2006) pointed out that no minimum export performance is required for SEZs while EPZs had some requirements. Further SEZs were allowed to have 100 percent retention of export earnings by SEZs units in an Exchange Earner Foreign Currency Account (EEFC), while for EPZs it was only 70 percent. While EPZs were meant to attract investment in tune with other policies, SEZs were created to bypass these policies (Ananthanarayanan, 2008: 36-7). A former official of International Monetary Fund, Raghuram Rajan, considers the tax incentives a ‘give away’ (Mukherjee, 2006), as the additional economic activities generated through SEZs would have taken place anyway, so would have generated tax receipts that now had to be foregone (Jenkins, 2011: 55). Therefore it appears that the rationale for the SEZs is to help lower the tax bracket for corporate activities and hence increase the profits for capitalists. Furthermore, there are simplified custom and central excise procedures in SEZs which are governed through single window mechanisms, with the Development Commissioner as sole in-charge of the concerned SEZ. Furthermore some observers found during their research that there is a provision for self certification by firms which included health and safety rules (Kennedy, 2009). A more detailed discussion on some the issues of tax incentives, revenue generations and other fiscal policies for SEZs comes in the later sections in this chapter.

3.3 Geography of SEZs in India

3.3.1 Historical development

The development of SEZs in India can be classified into three phases. The first phase was of slow growth until 1990. India was one of the first countries to have experimented with export-oriented industrialisation in the mid 1960s. However, lack of an attractive and efficient framework for the investments to be generated into these zones mainly from private developers, both the domestic and international, held back their growth until the 1990s. Moreover, the Indian economy remained highly regulated and every private investment had to go through several rounds of bureaucratic ‘red tape’ before getting approved. As a result, the
main impetus came from the central government which established seven SEZs by the mid 1990s (See Appendix III (a)).

The second phase of development was also slow until 2004. However major economic reforms carried out by the central government after the 1989-91 crisis, attracted private investors to invest in a host of other economic activities. Moreover, significant new developments took place during this phase. Initially the central government was solely responsible for establishing these zones but this policy was amended to enable state governments and private investors to participate in the development of SEZs (EXIM Policy, 2000). There were 19 established zones prior to the SEZ Act 2005 (Ministry of Commerce and Industry, Government of India, website).

The third phase began with the SEZ Bill being tabled in the parliament in 2005 for discussion and recommendations when the new coalition government, under the leadership of Prime Minister Dr. Manmohan Singh of the Indian National Congress, came into power. The bill was passed within two months in February 2006, and came to be known as SEZ Act of 2005 (Gopalkrishnan, 2007). Since then, SEZs have grown tremendously and at present there are nearly 586 formally approved SEZs in India out of which 386 zones have been notified (Ministry of Commerce and Industry, Government of India, 2011). These numbers are subject to change at any time because of several proposals being considered at Board of Approval (BOA) meeting where some are given approvals while some others are rejected. Moreover recent applications by the developers to de-notify their zones have also meant that their numbers can decrease at any time. In any case of mismatch in terms of actual numbers of notified zones, formally approved zones or functional zones, for latest updates please refer to Department of Commerce and Industries, Government of India website.

The distinction between formally-approved SEZs and notified SEZs is very complicated as per the various clauses in the SEZ Act of 2005. Once the proposal from the developers to set up a SEZ anywhere in India is received by the respective states, they forward the proposal to the BOA. The BOA constitutes 18 members from different government offices and ministries, the details of which are available on the Department of Commerce and Industries, Government of India website. BOA then either approves it formally or gives in-principle approval. Formal approval is given when all the terms and conditions according to the SEZ Act are met in the
proposals. In-principle approval means the proposal has to be reviewed again by the developer on terms and conditions set up in the SEZ Act and the proposal can be again submitted to BOA so that it can be given formal approval. Once a proposal has received a formal approval, the developer then has to furnish the details of complete land acquisition over the required area for the SEZ or lease-hold rights over the identified area. This has to be done within the next three-year period, whereby the developer has to show land ownership rights to BOA. Once this is completed the SEZ is notified (SEZ Act of 2005, Government of India).

The third phase has also witnessed a complete change of the ownership of SEZs in India. Before the SEZ Act was passed, 17 of the total 19 SEZs in India were under government control. However since the Act was passed, private developers have shown a keen interest and currently nearly 80 percent SEZs held in the private sector (Figure 3.1). While both central and state governments are showing some interest in developing SEZs, many of the zones developed by them are as joint ventures with private investors. Several state industrial corporations have entered into joint ventures with private investors to develop SEZs (Indiabulls Real Estate Ltd portal). Since the details of every proposal on the ownership controls are unavailable on the website of the Department of Commerce and Industry, Government of India, it was difficult to pick out which are joint ventures. Therefore I have counted SEZs by their developers’ names provided in the information booklet available online (Ministry of Commerce and Industry, Government of India).
3.3.2 Sector-wise distribution of SEZs

One more interesting thing about the development of SEZs is their sectoral composition. Frobel et al. (1981) acknowledged that these export-oriented industrial zones that developed in 1970s and 1980s in developing countries were meant primarily for exports mainly in labour-intensive manufacturing that requires large supplies of cheap and abundant labour. Accordingly the development of these zones in India till the 1980s was mainly targeted towards textiles, footwear, plastic processing, building materials, gems and jewellery and assembly plants for industries such as for car engines and other industrial products which require either unskilled or semi-skilled workers. Seventeen of the nineteen SEZs developed before the SEZ Act of 2005 were for various labour-intensive manufacturing industries. However, since the SEZ Act of 2005 was passed, most of the formally approved SEZs were developed either in Information Technology and Information Technology enabled services (ITES) or Software development (Figure 3.2).
The huge response of developers to set up IT/ITES SEZs in India was due to several reasons. One was to do with the fact that much of India's growth since 1990 has been based on the services sector, especially in IT and software development. This has remained consistent with the changing geography of production at world scale. Since the 1970s there has been a tremendous growth in the services sector of the world economy, mainly in financial markets, stock markets, currency transactions and business outsourcing industry (Amin, 1994; Harvey, 2005) which are highly dependent upon IT, software and other communication technologies and largely concentrated around the advanced countries of the world. India's services sector contributes 57 percent of the country's GDP and has grown at an average of 10.1 percent in the last ten years. It also contributes almost a 35 percent share of the total exports of the country (Economic Survey of India, 2010-11, Ch. 1: 15). Much of this sector is largely dependent upon the outsourcing industry in India which caters to the needs of the advanced markets of the US and European Union. According to the National Association of Software and Services Companies (NASSCOM) India, the exports from the IT-BPO sector have increased its share from four percent in 1998 to 26 percent in 2011 of India's total exports. Furthermore, within exports, the IT services segment was the fastest growing at 22.7 percent, aggregating export revenues to US $ 33.5 billion which is more than...
50 percent of the total export revenues from the IT-BPO sector (NASSCOM website).\textsuperscript{64}

A recent, but rather interesting development, in these ITES sector SEZs is that the majority of these zones are mainly operating, or are planning to set up BPO units within them (SEZ News March, 2008). During the field visit to West Bengal, an employee in one of the operational Wipro IT SEZs in West Bengal, said that all of the units operating within the SEZ are providing back-office services for software, financial, data entry and other official works for firms based in US and EU (Interview, Kolkata, September 2009). Secondly the enthusiasm of the developers to set up IT sector zones was due to the fact that IT tax holiday scheme was about to expire in 2009 and it was later extended till 2011 (SEZ News March, 2009). This allowed the developers to fast track their SEZs on paper which will enable them to get tax benefits even if they develop the SEZs after the holiday scheme has expired (Interview Dr. Aseem Srivastava, New Delhi, August, 2009).

The figures on the developers who have got approvals from BOA to set up SEZs suggest that most of the formally approved SEZS in India are being developed by private entrepreneurs from real-estate backgrounds. The development of the IT-BPO sector requires subsequent development of real estate to house their office complexes and other commercial and residential spaces. Accordingly the real estate sector in India has grown tremendously with the growth in IT-BPO sector. According to Corporate Catalyst India (CCI), a specialist firm providing business solutions, the realty sector is largely driven by growth in the Indian economy which has spurred the demand for residential, commercial and retail real estate. Additionally the granting of permission for foreign direct investment, up to 100 percent, in the realty sector has further created huge demand potential for projects. The development of SEZs has hence further allowed significantly large investments going towards real estate.\textsuperscript{65} Also, some observers have claimed that the rapid development of SEZs might turn into a huge real-estate scam (Ranjan, 2006; Citizen Research Collective Report, 2009).\textsuperscript{66}

Data from the Export Promotion Council for Export Oriented Units (EOUs) and SEZs in India (EPCES) suggest that close to 60 percent of SEZs approvals given to developers to date are from the real-estate industry (Ministry of Commerce and Industry, Government of India, 2010). The traditional activities that characterised the production processes in these zones were labour-intensive export-oriented
manufacturing as a means of gaining foreign exchange. However, the real estate development in SEZs is a clear divergence from the earlier objectives of these kinds of zones with which they were introduced. There is a danger of activities getting away from manufacturing for exports towards creating enclosed spaces for capital regeneration for further accumulation. The two different kinds of developments (majority IT/ITES SEZs and large number of real-estate developers) have further difficulty in keeping pace with the world economy which has been contracting since 2008. Consequently the speed with which approvals were given for SEZs in India did not match with the pace with which they became operational. There are only 132 SEZs functioning, in contrast to 586 approved SEZs (Ministry of Commerce and Industry, Government of India, 2011). Some of the developers have even filed applications to de-notify the zones for which they got approval. DLF Ltd, India’s largest real-estate company, has got the highest number of SEZs, and has lately applied to de-notify five of its 11 zones owing to the financial crisis resulting in sluggish demand for real estate projects. Sanjay Roy, spokesman for DLF in an interview said, ‘what is the point of constructing a property or for that matter a SEZ when there is little demand for it. It is as simple as that’ (The Telegraph, June 28, 2009). Greater integration with the world economy has huge repercussions on domestic economic activities. Any fear of market collapse in the world economy will force many of the investors in any domestic economy to react accordingly. Interestingly there is no clause in the SEZ Act for de-notification of the approved zones. However, when officials in the EPCES were asked if there is any provision for de-notification, one of the officials explained that although there is no provision as such, the BOA can cancel the zone only if it is of the opinion that the developer is unable to discharge his duties according to the Act and rules specified. The developer can then re-submit the proposal for the same land to the BOA and can once again get fresh approval (Interview, EPCES, New Delhi December 2009). However, the SEZ Act of 2005 does not specify whether the developer can re-submit the proposal for fresh approval. The BOA can only transfer the letter of approval for a particular zone in consideration to another developer (SEZ Act 2005; Chapter III-Clause 10).

3.3.3 Spatial distribution of SEZs in India

One of the objectives with which the SEZs in India were established was to develop good infrastructure. That is one of the reasons why SEZs are often equated with ‘planned cities’ or ‘integrated townships’ (Business Today August, 2007).
possible corollary of their development was that SEZs would instil infrastructural development in 'backward' areas and hence advance the overall development of the area. However, the development of SEZs has not gone towards the backward areas of the country but in fact they have concentrated around some of the already developed regions and metropolitan areas and their hinterlands where the pressure on land and resources is already very high.

Their spatial distribution all over the country highlighted a few interesting characteristics. One is their development in the inland areas far away from the coastal regions. This observation is a disturbing element in India's SEZ policy and in complete opposite to the pattern of the development of SEZs in China where almost all the SEZs are situated along the coast. The SEZs that the government of India established prior to the reform period were largely located at port cities, with the exception of Noida in Uttar Pradesh.\(^6\) This zone was largely set up for gems and jewellery exports such as of diamonds, the majority of which are polished and cut in India for further export to other countries (Asia Pulse News, 2008 cf. Carmody, 2010).\(^6\) The locations of the zones were concomitant with the long-established notion that production activities should be along main transportation lines; be it port, railways, or road transport. Nearness to the transportation routes would reduce the cost of inputs and hence the cost of output or produced materials which subsequently means greater profits. Labour-intensive manufacturing required raw materials which would be brought in and then manufactured materials transported to other parts of the world. Since the SEZs are meant to produce for exports to foreign countries, the bulk of which is carried out via sea routes, the previous SEZs developed by central government were all but one, situated at port cities. However, in the period since the reforms began in India, the situation changed dramatically. Many of the SEZs have developed in locations that are far away from port cities. Although some of them are still being developed at port towns, the majority of the zones are located in the interior.

The second important characteristic was their unequal distribution among different states of India. A composite map of the distribution of SEZs in India is shown in Figure 3.3 below, which confirms the unequal distribution of SEZs both at inter-state and intra-state level. We can see from this that the majority of the zones are being developed in the southern states, mainly in Andhra Pradesh, Maharashtra and Tamil Nadu. Western and Southern States together account for 73 percent of the formally approved SEZs in India (See Figure 3.4 below). The southern states are
relatively more developed in comparison to northern states both in economic terms (net state GDP and per capita GDP) and in social indicators such literacy rates (Reserve Bank of India, Handbook of Statistics of Indian Economy, 2009-10). 70

Even with the Government of India's intervention through SEZ policy to provide a better investment climate and preferential policy treatment, which allows investors to set up SEZs in any part of the country, investors have overlooked the backward states of the country. The reasons for such bias among the investors stems from both socio-economic and political factors. States which have the least concentration of SEZs (M.P., Chhattisgarh, Jharkhand, Orissa and Rajasthan) occupy most of central India with desert on the west in Rajasthan and barren ravines and plateau region in central India extending towards East into Chhota Nagpur Plateau. One official in the EPCES, which is a subordinate body of the Ministry of Commerce and Industry, especially set up to coordinate the development of SEZs, said that developers do not want to go to these places which lack basic infrastructural facilities such as transport links, adequate power supply and lastly suitable physical terrain (Interview, New Delhi, December, 2009). Moreover the central and some parts of eastern India are home to rebel movements such as Naxalites and Maoists, which have also affected the economic development of the states in this region. The political instability in these states sometimes forces investors to look for safer areas.
Figure 3.3: Consolidated view of SEZs in India in 2008 (black polygons in the map indicate clusters of SEZs around six major Cities of India)

The establishment of SEZs in the advanced states of India will further undermine the development of the already backward areas. These states will then find it more difficult to provide impetus to their industrial development plans, because in the period of intense competition among states since the reforms, investments opportunities will be lost to advanced states. Investors are unwilling to invest in the backward regions and neither do these states have the capacity to actually offer attractive incentives to private investors. In fact, some of the less developed states like Madhya Pradesh (M.P.), Chhattisgarh, Jharkhand and Rajasthan have the lowest concentration of SEZs among all states. However some of the more developed states such as Gujarat have already tried to invite investors to set up industrial and manufacturing units. A delegation of 20 members of the Gujarat government went on a visit to the US on January 2009 to attract investment in the state (The South Asian Times, 2010). Also, the state of Gujarat requested TATA Group to relocate their small car (Nano) factory, (although not for SEZs) after TATA’s project met with heavy and violent resistance in Singur, West Bengal (Ground Report October, 2008). Eventually TATA relocated their plant to Gujarat and had already launched that car in 2009.

The majority of the zones developed after the SEZ Act of 2005 are in the IT/ITES sector. The IT/ITES SEZs mainly involve internet and other communication technologies responsible for the majority of the exports generated. These zones,
therefore, require an adequate supply of skilled labour. This explains why the majority of the zones have developed in states with higher literacy rates and skilled labour force. This also attracts the investors to form industrial clusters and thereby benefit from agglomeration economies. This can further accentuate intra-regional disparities not only in the backward regions but also in many of the developed states as well. Figure 3.3 shows that the majority of these zones have now developed around the big metropolitan cities which are the centres of globalisation in India. Large numbers of firms both domestic and international, operate their office complexes from these cities. Starting from North India, the concentration of SEZs can be found around the national capital New Delhi; in the South their concentration is around Hyderabad, Mumbai, Bangalore and Chennai while in the east it is only Kolkata. Therefore, the states will see only a few possible clusters emerging as pockets of investment under globalisation while rest of the regions may still remain backward.

This kind of development has huge repercussions both at the state level and at regional or city level (Kennedy, 2009). The increasing demand for land to accommodate the growth of cities in India has expanded urban development towards the hinterland, which often encroaches on rural areas (Hart, 1976; Vinning et.al, 1982; Briggs, 1991; Nanda, 2005; Rahman et. al. 2008). The National Institute of Urban Affairs estimated that close to 50-70 satellite towns will emerge around SEZs (most often around the already existing and strained metropolitan cities) each having a population of 500,000 to one million (Kennedy, 2009). This will initiate a rapid process of urban encroachment on agricultural lands, where many of the big cities in India have already encroached upon the neighbouring areas, affecting the natural and social life of the locality (Breese, 1963; Mangla, 1988; Kundu, 2003). The development of SEZs will create spaces of globalisation and urbanisation superimposed on the rural geographical locations of India. It should be made clear here that even though many SEZs are developed around metropolitan cities, they can still be situated on agricultural land. For example, one of the SEZs by Oval Developers in West Bengal was given approval by BOA in 2008. This SEZ was identified on the irrigated agricultural land which falls within the administrative territory of the Kolkata city (Field trip observation July, 2009). Cities do have defined administrative boundaries on paper but these boundaries do shift and expand with time to accommodate the growth of cities often encroaching on nearby agricultural lands.
The implication of this kind of urban growth also brings up the issues of redefinition and restructuring of territorial governance (Kennedy, 2009) of these distinct spaces of capital accumulation. The SEZs are governed by a single authority, the Development Commissioner, who is solely in-charge of a particular SEZ and holds several executive and judicial powers to govern the lives of hundreds of the human beings inside the zones. Since the SEZs are enclosed spaces within the already existing spaces of governance whether at state, city, urban or rural level, it provides enormous latitude to the concerned governments to regulate, or not to regulate the firms operating within the SEZs (Burman, 2007 cf. Jenkins, 2011: 55-56).

In order better to understand the overall implications of the SEZs, it will be useful to evaluate the performance of SEZs in India in terms of their aims and objectives. Their main objectives are to generate foreign exchange, export earning and generate employment to promote overall development of the areas where they are being developed. In the next section I will examine their performance based on some of the data available, on these variables, primarily through Ministry of Commerce and Industries, Government of India.

**3.4 Performance of SEZs in India**

In the above sections I have so far discussed a general geography of the SEZs in India which included their sectoral and spatial distribution in the country. To summarise, the following important points need to be kept in mind:

a. there is an increasing trend towards private ownership of the SEZs in India;

b. most of the SEZs are established for IT/ITES/software development;

c. only a few SEZs have become operational as of now and

d. the current trend is that SEZs are now increasingly developing and encroaching on rural areas.

These features of SEZs in India have profound effects on their performance in one way or the other. To begin the discussion I first analyse their export earnings. Data from the Ministry of Commerce and Industry suggest that the total exports from the functioning SEZs during 2010-11, as of March 2011, stands at US $ 49 billion, registering a growth of 43 percent over 2009-10. The total export earnings from the SEZs in India is close to 18 percent of the total exports from the country. On-the-
other-hand, the total imports for the SEZs in India are valued at US $ 38 billion which means that the net export earnings from the SEZs is only around US $ 11 billion (Ministry of Commerce and Industry, Government of India, 2010). However, much of what is shown as 'export' from the SEZs can actually be misleading. One of the objectives behind production activities in SEZs is exporting the finished products to a foreign country. Since the SEZs are deemed to be 'foreign territory' within India, the sales and purchases to within the territorial boundaries of India are considered as exports and imports. In 2007, the Comptroller and Auditor General of India’s (CAG) Union Audit Report (2007) in its study on 550 SEZ units found that much of what is shown as exports by these units is actually sales within the ‘Domestic Tariff Area’ (DTA), i.e. products sold within India (cf. SEZ News Letter, 2008). Therefore the figures on exports shown by the Government of India have a large component of domestic sales that is sales within the DTA. This has two important implications; one is that the sales from SEZs are not real ‘export earnings’ for these zones and the second is the far graver issue of revenue loss for the government due to tax and duties being waived for SEZs which I discuss in a later part of this section. Moreover, the real total export earnings from the SEZs in India to other countries are unknown and, besides, no effort has been made by the Government of India to publish any data or reports on this situation.

Similarly, the figures for the total FDIs in SEZs are unavailable, mainly because very few SEZs have become operational. However, the only data available from the estimates of the Ministry of Commerce and Industry is on the total investment (both domestic and foreign) made in SEZs as on December 31, 2010 which was US $ 43 billion. However, the component of foreign investment in these SEZs is unavailable, which makes the matter opaque. It is also worth noting that the majority of the SEZs are being established by domestic private capitalists, close to 90 percent of the operational SEZs are developed by domestic investors (Ministry of Commerce and Industries, Government of India, 2010). This means that what is shown as investment (often confused as FDI) has a major domestic component, rather than a foreign component, which was one of the objectives of developing SEZs in India. Even these investments have come at the cost of various import and export duties forgone and other tax concessions provided by the Government of India to the developers of the SEZs. The Ministry of Finance, Government of India however, conducted a study on the cumulative figures of the revenue loss from tax holidays to all the SEZs over the period of the first four years of the SEZ until
2009-10 which was around US $ 39.1 billion (SEZ News Letter, 2008). Annually, this amount is equivalent to 6-7 percent of the central government's receipts during 2005-06. Moreover this is nearly four times the total annual allocation of the National Rural Employment Guarantee Scheme (NREGS) (ibid).

Apart from the investments and export performances from the SEZs, one of the main objectives of these zones is to generate employment. During the debates on the SEZ Act 2005 in the Lower House (Lok Sabha) of the Parliament, the then Commerce Minister stated that the main focus of these zones would be to create employment-driven investment (cf. Gopalkrishnan, 2007). Several estimates put total employment generated in the first five years from 2005 to be around 1.5 million, while one multi-product zone alone in Mumbai that was supposed to be developed by Reliance Industries Ltd was expected to generate 2.5 million jobs (Interview Commerce Minister, Indian Express, 2006 cf. Gopalkrishnan, 2007). Neither of these claims are true to the extent that this wild claim of 2.5 million jobs from one zone is more than the total organised-sector jobs created during the reforms period beginning in 1991 until 2005 (Citizens Research Collective, 2007 cf. Gopalkrishnan, 2007).

Another way of analysing the scale of employment generated in SEZs is to look at the growth pattern of India since 1991 which has been mainly capital intensive (Ananthanarayanan, 2008) resulting in eight percent annual economic growth in India since 2000, while employment in the organised sector grew by only one percent (Bhaduri, 2009). Investments in SEZs from 1998 to 2003 increased by 73 percent, but employment increased by only 13.7 percent (Gopalkrishnan, 2007). Moreover, the total employment figures as of December, 2011 provided by the Ministry of Commerce and Industry in India is 644,073 jobs out of which nearly 211,837 were generated by Central Government SEZ and 63,655 jobs were created by State Government/Private SEZs; all of them set up before the SEZ Act was passed. Hence, the total new employment generated by these zones is around 368,581 persons. Moreover this figure can be further complicated because there is evidence of enterprises trying to submit their proposals to BOA to convert their already existing production units into SEZs. This means not many new jobs will be created but, rather the employment figures will only shift their places.

Aggarwal (2007), in her study on SEZs in India, concluded that fresh investments in SEZs might help in generating huge employment potential in the national
economy. However the investment-driven employment policy has failed in the past in India. One such spurious claim of employment generation was made by one of the world's leading beverage companies PepsiCo, when it entered India in the 1980s promising 50,000 jobs; in 1991 the Food Production Ministry acknowledged that it had created only 482 (Sharma and Goswami, 2007 cf. Ananthanarayanan, 2008). Therefore, the argument that investment in SEZs in India, which is mainly capital intensive, will generate new jobs for the rural poor and that too in the millions was grossly overstated.

A different way of looking at the employment potential of the SEZs in India is to look at where this employment is being generated in the zones. To recall the basic points from the discussion in the previous section: (a) SEZs are mainly in the IT/ITES sector and (b) are being developed in rural areas. Both these characteristics point to why the employment generation potential of SEZs will be unsustainable in the longer run. This will have a huge impact on the employment and livelihood potential of the poor and unskilled population who are being affected with the establishment of these zones mainly in rural areas. One of the reasons is that the majority of the investment is for IT/ITES/software development which requires a highly-skilled workforce. However, the population affected by SEZs in rural areas earns its livelihood from agricultural land and most of them are illiterate and unskilled. There can be some temporary unskilled and semi-skilled employment available for the people in the rural areas in construction works, security services and other auxiliary works during the initial set up of the SEZs. However, in the longer run this section of the population will find itself unemployed because the jobs being created by these SEZs will be mostly unsuited to their skills. This creates conditions of increasing poverty due to declining incomes and hence inequality among different social groups across the country.

In one of the earliest studies done on these zones, Frobel et. al (1981) acknowledged that these zones will not solve the problems of unemployment in the respective countries. The development of SEZs begins with the acquisition of the land and the provision of other resources (labour, water, power and other natural resources). This sometimes involves forceful displacement from the land (ibid: 376-78). One of the biggest problems with many existing studies on SEZs in India, and for that matter anywhere in the world, is that these studies have not taken into consideration that these zones require land for their development. Rather, they simply either take it for granted that SEZs will develop without any land acquisition
or simply ignore it to concentrate on the issues of economic benefits generated due to their development (Wei Ge, 1999; Jayanthakumaran, 2002; Schweinberger, 2003; Aggarwal, 2007).

Recent trends in the development of SEZs in India indicate a disturbing picture when the total employment figures generated by the SEZs were matched against an estimate of the number of livelihoods destroyed immediately due to their development. However, due to the unavailability of the data on the displacement induced by the SEZs in India it becomes difficult to analyse the exact scale of this. Nevertheless, we can roughly estimate the number of people displaced due to SEZs using a simple mathematical calculation. The average population density in India is 358 persons per sq kms and the total land requirement for all the approved SEZs is approximately 2,100 sq km (Ministry of Commerce and Industry, Government of India 2009). This data was first accessed on the Ministry’s website on April 10, 2010 where it showed the total area of all SEZs (whether they are in-principle approvals, formally approved, notified and functional) was only 0.0006 percentage of that area to the total agricultural land available for cultivation. However, there have been subsequent changes made to the website and the current area of all the approved SEZs along with notified SEZs is merged and is shown to be only 687.57 sq kms.74

This gives a rough estimate of 750,000 persons being displaced because of land being acquired for SEZs. This estimate is far greater than the current total employment figures given by the government. Additionally, to consider that some of the states where the land is being acquired for SEZs the population density is very high, especially in West Bengal which has the highest population density in India at a state level (908 persons per sq kms), this means there could have been more people being displaced than estimated.75 A counter argument may be that some of the SEZs might have been developed on marginal lands. However, as discussed earlier, SEZs have rarely been developed over areas of Central and Eastern India where land is either barren, with ravines (states of M.P and Chhattisgarh), deserts (Rajasthan), in plateau region (Jharkhand) or even North Eastern states. All these states have low densities of population in comparison to other states. On-the-other-hand SEZs are concentrated around the high population density areas mainly around cities. New Delhi, Mumbai, Chennai, Bangalore and Kolkata have densities as high as 11,000 persons per square kilometre. Moreover the government hardly ever estimates or reports the total tally of displaced persons in its reports or gives
consideration to enumerate them project-wise. It becomes far too ambiguous to see how these zones will solve the problems of unemployment when they require vast tracts of land at the very outset. In effect, employment figures given by the Government of India do not take into account the number of people who will actually lose their livelihoods permanently because the land acquisition and its associated displacement will take the local population away from their existing source of livelihood while the opportunities for the new jobs created in the SEZs will be most of the time unsuitable to the needs of the local people.

3.5 Conclusions

So far, in the above sections of the chapter, I have discussed the evolution and development of SEZs in India. The growth of SEZs in India gained momentum only after the large-scale liberalisation programme carried out after 1991. At the same time there has been a dynamic shift in their geographical distribution. First of all majority of them are developed under private ownership. Secondly, manufacturing in SEZs have shifted from labour-intensive production activities towards IT/ITES and software activities. Therefore the Government of India's argument, behind SEZs development that they will act as the driver of industrialisation in rural areas remains largely invalid. First these zones have been unable to propel large-scale industrialisation in India as argued by the planners. The growth of IT/ITES SEZs remains unsustainable over the long run in an increasingly globalised economic environment. The growth of SEZs in India was affected by the financial crisis of 2008 whereby only a few SEZs became operational despite large number of them getting notified after land acquisition was completed.

The analysis so far suggests that the SEZ policy in India will be most helpful to private capitalists who will manage to extract huge profits by evading taxes and duties on exports and imports. India's budget deficit is already straining the condition of the Indian economy (Economic Survey of India, 2011) and huge taxes and duties forgone for SEZs could only worsen the economic growth risking a financial and economic crisis in the future. The fact that this policy has not been able to propel private-sector development (as far as generating FDI and exports are concerned) is likely lead to increasing calls for further liberalisation of the domestic economy. Advocates of the SEZ policy have been putting the blame for the slow growth of SEZs in India on its still tighter regulations in place which are providing
a hindrance to the development of the SEZ by the private investors (Aggarwal, 2007).

At the same time, this policy has not been able to provide development opportunities (as far as employment generation is concerned) to the bulk of the Indian population which lives in the countryside. The development of these zones in advanced technology industries (IT/ITES and software) meant that many of the employment opportunities generated will be for the skilled labour, while much of the population getting displaced is unskilled. Furthermore the geography of the development of SEZs suggests that advanced state and city regions have attracted much of the investment in SEZs. This lopsided development of SEZs, favouring certain regions and particular sectors of the economy, will further create imbalances and increase inequalities in the Indian society. This will create further scepticism among the critics of the liberalisation and globalisation, as well as the poor of India over the path chosen by the Government of India, which is oriented towards free markets and free trade.

The SEZ policy will put the small group of economic elites (corporate capitalists) who control the policy making processes and large section of the disempowered poor in an intense battle of growth and survival. As the influence of the powerful economic groups has relatively increased since the economic reforms began, they will focus on calls for future ‘growth-enhancing reforms’ from the Indian government. The continued insistence on rapid economic growth models largely based on an ethos of liberalisation and globalisation, means that the power of the corporate capital will continue to grow in India. Therefore SEZs as models of globalisation in India will lead to continued importance of primitive accumulation in India.

The development of SEZs in India threatens the existence of rural populations and places immense pressure on agriculture and other primary activities which continue to support more than two thirds of the Indian population. The current trends of their development suggest that they are encroaching rural area mainly agricultural land. Hence this policy has increased the potential for deep conflicts and dissent between different classes of the Indian society.

Above all, the enclave nature of these zones makes them unsustainable due to the fact they are only acting as small pockets of prosperity of varying sizes which are super imposed on the wider pools of deprivation and poverty. Since their
development begins with land acquisition, it often involves displacement and dispossession of the population depending upon the land concerned thereby destroying existing livelihoods. Hence, it becomes far more difficult to understand their role in overall development of the local population and the regions where they are being developed. This will have tremendous impacts on the lives of the ordinary citizens of the country, mainly in the rural areas, who continue to depend upon land as their source of livelihoods.
4. Case studies and methodological issues

This research uses multiple case studies to understand the political economy of Special Economic Zones (SEZs) in India. Comparative case study research enables the researcher to examine and analyse specific entities such as organisations, events, persons or phenomenon to draw causal inferences through cross-case comparisons (Gerring, 2007). This chapter first outlines the concept of case-study research and then situates its application as a research strategy depending upon the logic of inquiry. The second section of the chapter discusses the importance of studying SEZs in India through multiple cases. The fieldwork and data-collection techniques used for this study are discussed in the third section of the chapter. Next the data analysis for the case studies is discussed (which is the most difficult part of qualitative research) and the chapter concludes by outlining some of the limitations faced during this research.

4.1 Case study research

A 'case study' is an empirical enquiry to examine in depth, a 'case' within its real-life context (Yin, 1994: 13) which focuses on the analysis of the interrelationships that constitute the context of a specific entity such as organisation, events, phenomenon or persons (Mills et. al. 2010). For Yin, the case study method is applied to research situations when the research addresses either 'descriptive' (what happened) or an 'explanatory' question (how and why it happened). Moreover, it gives an extra advantage of producing a first-hand understanding of people and events. As such, a case study's strength lies in its ability to employ a range of evidence such as documentation, archival records, artifacts, interviews and field observations. The main motive behind this is to 'triangulate' or establish converging lines of evidence to make the research findings more robust (Yin, 2006).

A case study thus deals with a distinctive situation of varied interest points with their contextual and causal relationship to a single entity, relies on multiple sources of evidence and also benefits from prior developments of theoretical propositions to guide data collection and analysis (Yin 1994). In other words, a case study is an all encompassing method which is not either a data collection tactic or merely a research design alone, but a comprehensive research strategy (ibid). Similarly, Mills et. al. (2010: xxxiii), argued for the case study as a research strategy rather than a method (survey, interviews and observations etc) or methodology whereby researchers can have at their disposal various methods or
different methodological frameworks to conduct a case study. Therefore a case study is a necessary and sufficient approach for a certain type of research in social sciences, and has distinctive advantages over others in social science research methodology due to its ability to incorporate different methods while carrying out research (Flyvberg, 2006). A good example of such a mixed approach to case study research can be found in Gidwani (2008). His research addresses two important questions; ‘how did Lewa Patels become the dominant caste of agrarian capitalists in the central Gujarat region; how should we account for their eroding rural dominance in recent decades despite an agro ecological upheaval- advent of canal irrigation- that putatively favours consolidation of the status quo’. Gidwani used a mix of archival, ethnographic and survey research to study the case of entrepreneurial land owning ‘Lewa Patel’ caste in the central Gujarat region of Western India. Thus, several mixed methods can be combined within one particular case study whereby it can be exploratory, descriptive or explanatory depending upon the research questions to be answered (Yin, 1994).

4.1.1 Cases for the case study research

The case selection for case-study research carries a common misconception that cases have to represent a ‘sample’ to enable generalisation (Yin, 2006: 7). Rather, instead it should reflect some issues of interest allowing some analytical generalization. Since in a case study the researcher does not control real-life events, there is room to arrive at broader logical inferences that need not be confirmatory cases, contrasting cases or even theoretically divergent cases alone. Yin (1994) classified basic types of design for case studies into a 2x2 matrix (Figure 4.1 below).

**Figure 4.1: Basic types of designs for case studies.**

<table>
<thead>
<tr>
<th></th>
<th>Single Case Designs</th>
<th>Multiple Case Designs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Holistic (Single Unit of Analysis)</td>
<td>Type 1</td>
<td>Type 3</td>
</tr>
<tr>
<td>Embedded (Multiple Units of Analysis)</td>
<td>Type 2</td>
<td>Type 4</td>
</tr>
</tbody>
</table>

*Source: Yin (1994: Figure 2.4: 39)*

A single case may be intrinsic to the interest of the researcher if one wants to study a particular phenomenon, programme or policy. Thus, a programme is itself of interest and research is not attempting to compare it with others. Two or more
cases can be added if they lend themselves to the broader understanding of the issue and phenomenon beyond the case. Multiple cases are hence studied to see if they produce results that are similar (literal replication) or contrasting for predictable reasons (theoretical replication) (Yin, 2006: 46). Although there can be no doubt that sometimes single case studies may reveal more in-depth information than multiple case studies; multiple case studies have their own advantages especially for the replication logic. Yin (1994: 45-50) distinguished replication logic applied in experiments or case studies from sampling logic, as in surveys, in the ways that sampling requires a number of respondents to represent a sample of larger pool of respondents. While replication is like doing experiments with say three critical cases each of which act as three separate experiments done for some predictable results, whether the same or different across the cases. Hence, sampling logic should be avoided and rather the selection of cases should serve specific purposes within the overall scope of enquiry which can entail a previous theoretical framework to explain such diversity. Several other things should also be kept in mind while selecting cases for a dissertation or thesis study, such as the availability of the relevant data, preliminary evidence, accessibility of the cases and timeline within which it had to be completed.

4.2 Rationale for case selection

My selection of the SEZs as the cases to be studied for this research depended upon a number of criteria that reflect the overall theoretical propositions of this research and the research questions. The overall objective of the research is to investigate the impacts of the development of SEZs on the lives and livelihoods of local populations. The dissertation specifically analyses the issues around land acquisition and its associated displacement and dispossession around SEZs in India; giving rise to violent conflicts and resistance movement across much of the country. Since this dissertation also examines the role of SEZs in transforming the political economy of India, it helps reveal broader patterns in the globalisation of India; increasing inequalities and poverty among different classes of the Indian population. Therefore it is useful to conduct multiple case study research to reveal whether patterns are replicated in different cases across the country as well or not.

My research’s impetus comes from the fact that SEZs in India have met with heavy and violent resistance throughout the country, mainly in rural areas. The reasons for the resistance movement stem from the government’s plans to establish SEZs
through forcible land acquisition in the rural areas forcing many out of their lands and livelihoods. As such, many of the sites of SEZs faced resistance against land acquisition. One of the pitfalls of following this line of selection is that you cannot precisely measure the level of violence and resistance and not all local resistance is documented. In order to avoid this I have relied on those accounts of SEZs which have been documented and are reported on the national media. There were resistance movements against several SEZs in Andhra Pradesh for example and some other south Indian states (Seethalakshmi, 2008). Moreover, the time and financial constraints compelled me not to consider SEZs situated in south India, comprising the states of Andhra Pradesh, Maharashtra, Karnataka, Tamil Nadu and Kerala. At this point states mainly in North India and East India remained potential research areas for the cases to be selected from.

This thesis tries to unravel the complexities around the displacement and dispossession of the local people from the land they own. Since these SEZs require land for their development it becomes imperative to consider SEZs that entail displacement of some considerable population. However, as a point of caution, my selection of large-sized SEZs does not undermine the importance of small SEZs and the associated displacement and dispossession of the local population. Therefore, I considered those SEZs which have areas of more than 100 hectares. This greatly reduced the number of available SEZs to be considered as cases to be studied.

The SEZ Act of 2005 generated a renewed interest among developers, both the private and public sector, to establish these zones away from either port regions or in urban areas. Although urban areas have been able to attract investment in SEZs, there is a growing concern with the speed which SEZs are being developed in rural areas. This shift towards rural hinterland areas comes at a time when agriculture in the country faces a huge crisis in terms of its growth and food-security conditions. Accordingly this move, by the government to direct the attention towards rural areas which are poorer in comparison to urban areas, showed its commitment towards the globalisation of the countryside through SEZs. Therefore foremost importance was given to those SEZs developed in rural areas and on agricultural lands. States in North and East India namely Punjab, Haryana, Uttar Pradesh, Bihar, West Bengal and Orissa comprise together a large proportion of the Great Fertile Plains of Indus-Ganga and Ganga-Brahmaputra Basin (Spate, 1954). Also, these states have almost two-thirds of their population dependent on agriculture (Economic Survey of India, 2011). This means that many SEZs
developed in these states would be developed on agricultural lands and be ideal choice for the case selection.

One of the interesting characteristics of the SEZs in India is the way they have undergone a radical change in their ownership. While SEZs developed prior to the SEZ Act were mainly under the public sector, the majority of SEZs developed after the Act are under the private sector. To provide more room for variations it was decided to include SEZs that would be representatives of both the phases which will help in understanding the changing policy approaches of the government over the years since the first zone was established in India. One of the reasons for doing this was that the SEZ Act of 2005 acts as a watershed in the remodeled and renewed export-oriented free trade policies of the government of India.

It was also decided to consider SEZs both from the public sector and the private sector. This was intended to facilitate a better understanding of the changing role of the state in the liberalisation and globalisation of the domestic economy. The decision to consider private-sector SEZs was due to the need better to understand the land-acquisition process for SEZs. Although the procedure for the public and private sector SEZs are not different, it is the ownership of land after acquisition has been completed that is controversial. The Government of India can acquire land for 'public purposes' and which is to be developed by the government itself, the land remains under the government control. The word 'public purpose, as defined in the act, refers to the acquisition of land for the provision of village sites, putting up educational institutions or schemes such as housing, health or slum clearance, apart from the projects for rural planning or formation of sites (Land Acquisition Act 1894, Government of India: Section-3: Clause [f]). Since the government of India has been acquiring the land from the stakeholders and then transferring the title of land to the private developers, it is a very important mechanism of such transfer. This involved the use of the controversial Land Acquisition Act of 1894 in the Constitution of India under which land can only be acquired by the government for 'public purposes'. Since the majority of SEZs developed after SEZ Act of 2005, are under private-sector ownership, this makes the usage of Land Acquisition Act of 1894 highly controversial and questionable.

The initial choice for this research was Nandigram SEZ whose development marked the beginning of massive resistance and protests throughout the country in late 2006. It is a private-sector SEZ and being one of the first sites of resistance against
SEZs across the country is of critical importance to this research. The second case chosen was the Gurgaon SEZ in Haryana, which was also the site of substantial resistance against the acquisition of large amount of land (Frontline, October 07, 2006: Cover Story). The amount of land proposed for acquisition in each of these zones is very large. The Nandigram SEZ in West Bengal state was designated for 14,000 hectares, while the Gurgaon SEZ in Haryana state was 12,000 hectares. Since these two states have majority of the population dependent upon agriculture, this makes the case stronger in their favour. Also, the density of population in these two states is amongst the highest in India and hence the density of population dependent upon agriculture is also high, which means large-scale displacement would be evident. These zones were established under SEZ Act 2005 and are located on rural lands where the majority of population is dependent upon primary activities.

There were seven zones developed prior to the SEZ Act under government control. Two of these, developed in the early 1970's, were left out because it was difficult to trace the stake holders who lost their lands and were displaced. Other zones later developed in the 1980s were difficult to access because of time and financial constraints. However one in Falta, West Bengal suited best because it was located close to one of the sites of study (Nandigram). It later turned out that most of the locals were relocated to a site close by and were easily traced during the field visit there in August 2009. Since only a few zones were developed prior to the SEZ Act of 2005, only one potential SEZ was selected, although Noida SEZ in UP was also close to the second case study in Gurgaon. However, it had to be left out of consideration because rapid urbanisation of Noida district makes it far more difficult to trace the original land holders.

Another important aspect while doing a case study research, according to Yin (2006), is defining the unit of analysis which needs to be outlined in relation to the initial research questions. Since this research looks at the impact of the establishment of SEZs on the local population, the foremost important unit of analysis is the individual concerned who is affected by the development of these zones. There is also a concern to reach a general picture of their impacts among the local population. This involves looking for consistent patterns of evidence across the unit of analysis. At the same time, this thesis also s the changing relationship between the state and capital, hence it also involved central-government officials, state officials and local administrations involved with the planning processes,
especially the SEZ policy. Hence, this study falls under Type 4 case study design (See Figure 1 above) with three cases with embedded units of analysis—farmers and peasants affected by the land acquisition along with government officials, both at centre and state level, responsible for the functioning of the SEZs in India.

4.3 Fieldwork

The fieldwork for this research began in late July 2009 and lasted for nearly 7 months until mid of February 2010 (A map of fieldwork location is given in Figure 4.2 below). The first phase of the research began in the first week of August 2009 in West Bengal and concluded in the last week of October 2009. It entailed interviews with the Development Commissioner (DC) of East Zone\textsuperscript{84} who looks after all the SEZs in East India incorporating states of Bihar, West Bengal, Jharkhand, Orissa and all the North Eastern States, government departments and offices such as the Land Acquisition Department and West Bengal Industrial Infrastructural Development Corporation (WBIIDC), NGOs working in West Bengal and academics in Kolkata.\textsuperscript{85} Information was also gathered on the role of different departments and offices towards the working of SEZs and their overall development.
Figure 4.2: Location of the case studies in two states of Haryana and West Bengal (highlighted in orange colour)

Initially during the field stay in West Bengal, visits to some of the other established SEZs was carried out. BOA had given clearances to several SEZs in and around Kolkata, the capital city of West Bengal. This was done to gain an understanding of the current developments of SEZs in West Bengal and the effects on the surrounding localities. Local village Panchayat offices normally have records for the land ownership in the area. So any sale and purchase of land is normally recorded in these offices. The visits to these offices were done in order to ascertain the awareness of the local officials about the SEZs. It also involved visits to academic institutions such as University of Calcutta Library and Centre for Studies in Social Sciences (CSSC) Library which hosts some of the important works published on SEZs and conflicts around them.

The second phase of the fieldwork in Haryana began in early November 2009 and lasted until early February, 2010. Initially some of the meetings were arranged with academics who have written previously on SEZs in India. Dr. Aradhna Aggarwal, Professor at Delhi University and Dr. Aseem Srivastava, an independent writer were consulted to ascertain the nature of development in Haryana in particular and developments at an India level in general. Dr. Srivastava was one of the key informants who provided a great deal of information regarding the concerned SEZ in Haryana. His contacts in both West Bengal and Haryana proved highly useful during the fieldwork. This further allowed approaching the site of study and conducting interviews with officials and local villagers in a more informed way.

The initial visits for the field work in Haryana were sought to access information on the villagers whose land was acquired by indentifying them through the Land Acquisition Office in Gurgaon. However, negative responses from the officials forced me to then gather information on the villagers through key informants involved in the protest movement against land acquisition in Haryana. Dr. Srivastava proved to be the major informant on the situation and current development, who had contacts with people involved in the anti-SEZ campaign both in Haryana and at pan-India level. An interview with an Ex-Army Captain later provided some more local contacts that finally assisted in accessing the site. Besides getting into the site through some local references, I also met and coordinated with village heads in the area that formed one of the best ways to organise the interviews with the villagers. Since a village head in many Indian villages is still considered as a person of some moral and political authority, approaching the villagers through them made the
informants more comfortable in revealing more detailed information on the issues concerned.

4.4 Data collection

Data for case studies can be drawn from a variety of existing datasets or may be drawn from original research by the investigator. These techniques include ethnographic field research, semi-structured interviews or structured surveys and none of these are unique to the case study. They usually differ from discipline to discipline and depend upon the objectives of the particular research (Gerring, 2007).

Social-scientific explanations involve analyses and description of human intentions and motivations and institutions. To paraphrase Becker (1970), better understanding of the range of possibilities, social norms, cultures and other explanations of behaviour which are commonly appealed to, should involve the actor's view on the situation they face. Thus, deep insights into people's understanding of their social world require qualitative information which can be interpreted as per the judgement of the investigator rather than suggesting the general trends in the sample quantitatively.

Semi-structured qualitative interviews with different actors/stakeholders were used to gather detailed information for the three SEZs. The stakeholders included local villagers in all three case studies, officials in the EPCES in Ministry of Commerce and Industry New Delhi, offices of the Development Commissioners in West Bengal and Haryana and NGOs working in both these states. The responses of the stakeholders can be best outlined through storytelling from the perspective of the informants concerned. Since semi-structured qualitative interviews provide a dialogue between investigator and respondent, it allows richness in responses and nuances to be captured and questions to be improvised by the investigator during the course of the interview.

Primary data for this study was generated mainly from individuals identified as farmers and peasants, village heads, government officials and NGO workers. It also came from two small discussion groups that were unintentionally formed during the field visits. The first of the groups was formed during the field work in Falta SEZ West Bengal in August 2009 when, during an interview with a man a group of five old men all in their late 60s or early 70s gathered around and agreed to tell
stories regarding land acquisition for the SEZ. According to them they were the ones who could better explain the situation they had faced during the establishment of SEZ in Falta. Similarly during one of the visits to a village head in his house in Haryana in December 2009, three more 'Sarpanch' from neighbouring villages were present already and agreed to be interviewed.

Selection of respondents, mainly farmers and peasants, was largely done through a snow-ball technique (Salganik and Heckathorn, 2004), which began by identifying some of the key informants in each of the sites prior to the commencement of the field work and then following the links they provide from there onwards. This was advantageous in that it provided contacts with intended informants during the course of collecting information and it was also cost and time efficient. It also helped build a rapport between the respondents and the researcher which could be utilised during the later course of research. However, to ensure that number of respondents remained limited it was decided before-hand to conduct 60 interviews at each site. This technique is mainly criticised due to biases, for example a dispossessed farmer may and often suggests his friend as another respondent. To avoid such biases it is helpful to contact some key informants from different backgrounds such as a local news reporter or journalist. Similarly, academics who have worked in the area before always provide some further key contacts in the study area. For this study, local journalists and some of the NGO workers in both West Bengal and Haryana were also helpful in providing information for data collection.

In all, 180 interviews of local villagers were conducted; 60 in each of the three sites selected for the study. The interviews lasted about one and a half hours for each respondent. To provide enough space for the respondent to discuss his views regarding the subject matter, respondents were allowed to narrate their stories at great length while the interview notes were recorded in a note book. During the first field visit in Falta, West Bengal, some of the villagers showed concerns about the presence of a camera and the voice recorder. Moreover the area of research was relatively violent, especially in Nandigram, and it was in the interests of both the interviewer and interviewee that interviews should not be recorded to avoid any controversies. One of the apprehensions among the majority of the local villagers was their identity and in order to protect it, the respondents are anonymously referred. Respondents are identified with numbers (1, 2, 3, 4...) and case studies are given alpha-numeric denomination such as Gurgaon case study is CS1,
Nandigram is CS2 and Falta is CS3. Therefore, an individual 23 from Gurgaon would be referred as CS1, 23. Similarly, an individual 51 from Nandigram would be referred as CS2, 51 and an individual 39 from Falta would be referred as CS3, 39. Except for Dr. Aseem Srivastava, all of the key respondents in the three case studies have their names changed.

The purpose of the interviews with the villagers was to assess the impacts of SEZs and associated land acquisition among the farmers and peasants of the locality. Since land acquisition results in the loss of access to the farmland for the farmers, it also means rising unemployment unless there are opportunities created for those displaced. Hence, one of the important purposes of the interviews was to gather opinions on the SEZ policy from the local population concerned on the issue of land acquisition and associated monetary compensation awarded to the land holders. Another important focus was on the main impetus for resistance movements against land acquisition processes, ways to improve the land acquisition process and compensation packages. Some of the other issues inquired about were the alternatives to industrialisation programmes and development programmes for farmers and landless labourers.

The villages in each case study were identified on the basis of the information gathered by both the key informants and reports where resistance movements took place. For example, both in Gurgaon and Nandigram the area of the SEZ was so large that many villages fell within their boundaries. However, only a few locations became the centre of violent conflict and resistance against land acquisition. Therefore four villages, in Gurgaon Haryana were identified with the help of Ex-Army Captain Satvir Singh, who was one of the key informants in this case and his name was suggested by Dr. Aseem Srivastava. Captain Satvir was one of the leaders of the protest movement in Haryana against land acquisition. With his help those villages identified were Gadauli, Harsaru, Khandsa and Mohammadpur and in each of the villages 15 respondents were contacted by identifying them through village heads who were contacted at the start of the field visit (see Figure 4.3 below). As for Nandigram, the original hot bed of violent resistance against SEZs in India, the area of the SEZ incorporated nearly 27 'mouzas' (group of villages for planning purposes in West Bengal) in East Medinipur district. Hence, it was also decided to cover those villages where major protests were held, as advised by a local journalist in Haldia; a town on the eastern bank of Haldi River which separates Nandigram and Haldia (See Figure 4.4). Four important villages, namely
Nandigram, Khejuri, Sonachura, Garchakraberia were identified. Moreover they were in close proximity to one another which facilitated the commuting between the villages. Fifteen respondents from each village were interviewed following on the information from a local journalist, Abhijit Mondal from Haldia, who first introduced the researcher to a shopkeeper, Bimal Dey in Nandigram, who also became one of the key respondents for Nandigram.

Finally, for the Falta SEZ which is the smallest of the three SEZs chosen for case studies, only three villages were relocated due to land acquisition and the entire population was shifted close to the SEZ. Therefore there was no choice left but to consider all of them. Therefore twenty respondents from each village in Falta were interviewed instead of fifteen as for the other two case studies in Gurgaon and Nandigram. Respondents were identified with the help of two key informants; Abhoy Das and Marfat Sheikh both workers in Falta SEZ and residents of Hainan village located nearby Falta SEZ.

Interviews normally lasted from roughly half an hour to two hours with a special focus on the details of the land acquisition process that took place at that time, compensation package given to them, change in occupation and the experience so far. At the beginning of the interviews locals were asked some closed questions on their socio-economic status and political affiliations before moving onto more open-ended questions (Appendix: IV (a)). This was basically done to gain background information about the respondents that helped better understand their views on current SEZ policy in India. For example, a farmer with small land holdings may have less sympathetic views on SEZs policy than a large land-owning farmer who sees immediate monetary gains arising if he loses some part of his land and is compensated. Similarly in West Bengal, political affiliations played an important part in the whole Nandigram controversy\textsuperscript{88} which means ruling party workers often have favourable views on SEZs while the opposition strongly condemned such development plans.\textsuperscript{89} Other issues that were discussed were based on the experiences they shared such as satisfaction level with SEZ, and any resentment with these kinds of industrialisation programmes.
Figure 4.3: Flowchart showing researcher's connection with the respondents
A total of fifteen interviews of government officials, NGOs and academia were conducted during the first month of the fieldwork in West Bengal to gain background information on the SEZs in general. These interviews covered different topics and issues depending upon the respondent’s role. For example, the interview with the DC in West Bengal was on the government’s rationale behind large-scale development of SEZs in India along with mechanisms and the functioning of the zones, while the Land Acquisition Officer was asked about the procedures of land acquisitions and compensation awarded to families. Similarly, academics were questioned on the workings of existing political and social systems which affected the progress of SEZs in West Bengal. Apart from that, information on the current state of SEZs in West Bengal was provided by Office of the DC Falta SEZ in Kolkata; data on the nature and timeline of conflicts was collected from various sources such as Citizen Initiative, a NGO in Kolkata and Medical Service Centre Kolkata. All these sources of information formed a good platform for doing the interviews with stakeholders’ in this case local villagers who comprised of village heads, farmers, landless labourers, artisans and craftsmen.

Secondary data for this study was collected from a variety of sources depending upon the kind of information required. Data on SEZs relating to its framework of
operations, export performances, employment generation and the area of land acquired etc. was generated from the government publications. These originated from various ministries and the departments of the Government of India mainly Ministry of Commerce and Industries, its associated and specialized cell for SEZs that is Export Promotion Council for EOUs and SEZs Units (EPCES) and Ministry of Finance. Data on the Indian economy was largely generated through the Economic Survey of India and the Midyear Review of Indian Economy published by Ministry of Finance every year. All of these data are available online through the websites of these ministries. A table on different sources of data used in the thesis is given in Table 4.1.

Table 4.1: *Sources of data used in the thesis*

<table>
<thead>
<tr>
<th>Sources of data</th>
<th>Nature of information sought</th>
<th>Uses in the thesis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Key informants</td>
<td>Political economy of case studies; background information of SEZs policy; land acquisition and compensation; key events of resistance movement.</td>
<td>Developing timeline to resistance movements; story developing on political economy of case studies (Chapter 5).</td>
</tr>
<tr>
<td>Local villagers</td>
<td>Interplay of social, economic, cultural and political forces in the locality; opinions on SEZs; income and employment status and opportunities; nature of resistance.</td>
<td>Developmental impacts of SEZs; validating claims/counter-claims by the government (Chapter 5).</td>
</tr>
<tr>
<td>Government reports</td>
<td>Official stance on SEZs; geography of SEZs in India; land acquisition and monetary compensation policy;</td>
<td>Political economy of SEZs (Chapter 3 and 6); selection of case-studies (Chapter 4); validating claims/counter-claims by the respondents (Chapter 5).</td>
</tr>
<tr>
<td><strong>Newspapers and journal articles</strong></td>
<td>Secondary NGOs reports</td>
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<td>----------------------------------</td>
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<td></td>
</tr>
<tr>
<td>Political economy of India; stories of resistance movements against SEZs; nature and scale of conflicts.</td>
<td>Narrative on political economy of India (Chapter 3, 5); appraisal of SEZs policy, events and conflicts. (Chapter 3, 5 and 6).</td>
<td></td>
</tr>
<tr>
<td>Third party observation on SEZs; nature of civil resistance movement.</td>
<td>Appraisal of third party observations of SEZs policy and resistance movements; developing timeline to conflicts against SEZs (Chapter 5).</td>
<td></td>
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Moreover, information on violence and the protest movement was generated through documentary evidence arising from the notes of NGOs workers, newspapers and various journal articles. Besides this, information from field observation and notes during the course of fieldwork, along with some internet blogs such as ‘Sanhati’ were good unobtrusive sources of data.\(^{90}\) Unobtrusive measures according to Denzin (1970) are any method which directly removes the observer from the set of interactions or events being studied. Webb et. al. (1966) first introduced this method and more recently Lee (2000) extended his ideas to the role of the internet in providing such information. For example, the common discourse of locals in Nandigram differs greatly from those stories published elsewhere by individual researchers and NGOs. At various points and times, these kinds of data proved useful to cross check the responses from interviewees. Webb et. al. (1966) argue for greater triangulation of data in social research by utilising any such sources for example graffiti, pictures, mass media and picture postcards. Lee (2000) further expanded this concept to internet blogs, emails and newspaper articles available through the internet which can themselves act as ways of producing complementary data. However, they have their own weaknesses and strengths, for it might be difficult to say whether or not the stories posted by the internet bloggers are influenced by certain biases. Still this can be a useful and creative approach when approaching a subject.
4.5 Data analysis

One of the most difficult tasks of a qualitative research project is to analyse and interpret the data. Data analysis consists of examining, categorising, tabulating, or otherwise recombining the evidence to address the initial propositions of a study (Yin, 1994). There can be several techniques of analysis which can be employed. Some of the prominent ones used in a qualitative case-study research are pattern building and explanation building (Yin, 1994). In an explanatory case study of a qualitative nature, explanation building suits best to provide some causal links about the case/cases to be studied. Since explanation building is considered as a form of pattern building where the analysis is carried out by building an explanation of the case, it is well suited for this research which is also an explanatory case study. Salkind’s (2010) suggestion to a researcher doing a case-study based research is systematically to review the data, first making a detailed description of the case and the settings. Providing a chronology of events and actions may be further helpful. Moreover, deriving some general lessons from the cases by deducing some empirical implications that correspond to a specific theory help to address the intended objectives of the study (Given, 2008).

The enquiries into human behaviour and meanings contained in social actions are difficult to interpret. Therefore explanations of these sorts also require one more aspect of the interpretation of data and its analysis; finding similar contextual patterns emerging across cases in a multiple case study research. Responses from the individuals across different cases may appear different on paper when written or heard over recorded audio/video tapes but they may have some similar context or tones, which can be important aspects of the analysis. This can be done by considering each case separately and building a pattern of similar responses over each of the issues and then cross analyzing these patterns. The success and failure of these different strategies depend upon the analytic skills and the ability of the researcher to interpret data. Further analysis may require researchers to examine data for one case at a time for patterns of actions and instances of issues. For a multiple case study, a cross case analysis is then conducted to find what patterns are consistent and under what conditions and factors other patterns are apparent (Salkind, 2010).

Holliday (2002) also gave another important means to organise and analyse data in qualitative research; thematic analysis which can emerge from the raw data
collected during the field work. As good and important as this is for many qualitative forms of research especially in social sciences, I have not given thematic description in my results chapter for two reasons. First of all thematic analysis can be best used when doing a single case-study based research, as unique themes can be developed from one particular case only and may vary across multiple cases. Secondly, different locations have unique socio-political and cultural characteristics, something which is very pronounced in a diverse country like India. Therefore geographical research must deal with these kinds of variations in order to keep the characteristics of the various locations intact. Since I have done multiple case studies, I have preferred to provide analysis on a case-to-case basis rather than thematic analysis. Each case highlights particular critical issues individually. Hence case studies in the results chapter are dealt with separately as a sub-chapter. Each case's background is discussed against the transforming Indian political economy. This was done to ensure that the narrative for each case study is coherent and expose the nuances of the local political economy of each case study. The case studies show that social and cultural settings of the localities play an important role in determining the outcomes of the globalisation processes carried out by the central and state governments. This helps best describe the local political economy of cases more explicitly and avoids blurring the geographically varied characteristics of the cases. These case studies also highlight the relationship between capital and state and the nature of class formation in different localities both historically and geographically. However, I have kept common themes within these cases explicit. For example, all SEZs require land for their establishment, therefore, land acquisition and monetary compensation are central to their development process. Therefore their impacts on the lives and livelihoods of the local population may vary across different case studies. Hence the outcomes of such resistance movements are dependent upon the historical trajectories of development processes and programmes already practised in particular locations. These variations can be best described in case-to-case analysis rather than thematic analysis.

The analysis of information, generated through qualitative interviews completed across three cases, was largely done by categorising responses of interviewees across cases and within a case into sets of ideas. The interview questions used for this study were inserted in the Microsoft Excel 2007 Sheets and the responses on the closed ended and Likert-type questions were plotted. The open-ended questions
and responses of the villagers were similarly placed across the cases after grouping them into sets of ideas. For example, villager's responses on the idea to make the SEZ policy better varied between better monetary compensation; relocating the SEZs on non-agricultural lands or scrapping them once and for all. This helps in finding similar patterns across the cases and variants within them. Moreover, information generated from government reports, journals and some other sources prior to fieldwork and during fieldwork always offers good vantage points for any research. Data analysis for this study hence depended largely on explanation building strategy through interviews, notes and field observations taken during the fieldwork. At times, these are supplemented by interview quotes where necessary. Notes arising from the field observations were also used to add nuances to the arguments. Moreover, some charts and tables are also prepared from closed end questions used in the interviews to suggest some general trend in the responses from the farmers and peasants. This helped in cross analysing the responses across the three cases for further clarification.

4.6 Limitations

All studies are subject to limitations and this research is no different. I have studied only three zones out of nearly 600 currently in India, which makes it difficult to argue the representativeness of the cases. However I have tried in this regard to keep general characteristics of the SEZs intact. For example, the three sites studied represent variant cases of private and public sector SEZs. All developed under different political authority or time period which is an important factor in analysing the changing structure of power relations among different classes. At the same time, all the three SEZs are located in rural areas on agricultural lands, whereas two SEZs have undergone land acquisition that is Falta SEZ and Reliance SEZ in Haryana, while one in Nandigram has been relocated to a nearby site which means the land acquisition for this zone will be completed in the future.

In terms of fieldwork and data collection I used a snowball technique to identify the respondents which has its own limitations, such as bias in selecting the interviewees. However the data on beneficiaries whose lands were acquired was difficult to obtain through government sources. Any effort to extract this information through government offices is time consuming, which would have made it difficult to finish the fieldwork on time. In one such incidence, the Land
Acquisition officer in Gurgaon straightforwardly declined to provide any information on those whose land was acquired for SEZs. He instead suggested consulting the Haryana State Industrial and Infrastructure Development Corporation Limited (HSIIDC).
5. Developmental impacts of SEZs in India

5.1 Introduction

The biggest reason of the Indian state for the development of SEZs is sluggish growth in agriculture and its allied activities since Independence. The rise of 'competition states' and widening income inequalities within and between different states of India are one of the important consequences and characteristics of the neoliberal globalisation in the country. Growing inequalities between the rich and the poor and the urban and rural areas have led the government of India to push for liberalisation and globalisation programmes in the backward and rural areas of the country. It is hoped among the planners that further liberalisation will help the Indian economy to grow more rapidly and simultaneously that this growth will trickle down over the years to poorest of the poor in India (Bhagwati and Srinivasan, 1993; Bhagwati, 1998, 2006).

SEZs, as one of the models of liberalisation and globalisation, were expected to have a positive impact both on the national economy and on the lives of the local population (Aggarwal, 2007). Accordingly the SEZs were assumed to initiate industrialisation in the rural areas thereby generating employment and income opportunities for the rural poor. Thus they were somehow hoped to bridge the gap between rich and poor and also between the urban and rural areas. Through a grounded analysis of three SEZs in rural India as case studies for this research, I analyse the impacts of SEZs on the lives and livelihoods of the local population where these zones are being developed.

SEZs are thought to have broader impacts on the workings of the Indian economy. These impacts are mainly centred on economic growth, trade, and export linkages with the world economy and additional economic activities which are created due to increasing industrialisation in the country. These zones were therefore expected to create employment and income-generating opportunities for the wider population of the country. Therefore, these zones were promoted as having catalytic impacts on the development of the poor, especially in the rural areas of the country. Since SEZs impact on so many areas of the Indian political economy, Table 5.1 categorises the developmental impacts of the SEZs in India. It provides an illustrative view on the different types of impacts both on the Indian economy, much of which is derived from the discussions in Chapter three, and on the local population. The categories and characteristics of these impacts are for illustrative
Table 5.1: SEZ's Developmental Impacts in India

<table>
<thead>
<tr>
<th>Types of Impacts</th>
<th>Economic</th>
<th>Social</th>
<th>Regional</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Growth</strong></td>
<td>Export based; short-term growth.</td>
<td>Mainly for highly-skilled and literate workers</td>
<td>Skewed regional growth; uneven geographical development.</td>
</tr>
<tr>
<td><strong>Trade</strong></td>
<td>Rising exports accompanied by rising imports (capital intensive).</td>
<td>Domination of domestic investors (big corporate capitalists in India)</td>
<td>Trading activity mainly concentrated within DTA; growth of trade poles; cities and urban areas.</td>
</tr>
<tr>
<td><strong>Economic activities</strong></td>
<td>Driven by tax incentives; low level of industrial manufacturing; high services sector activities (e.g. IT &amp; software).</td>
<td>Pockets of good infrastructural facilities; planned city enclaves.</td>
<td>Formation of industrial clusters in already advanced regions (cities and states in southern India); uneven urban development.</td>
</tr>
<tr>
<td><strong>Governance issues</strong></td>
<td>States lobbying for central government funds.</td>
<td>Corporate governance versus representative governance.</td>
<td>Multi-lateral governance system. (Overlapping jurisdiction of SEZs governance with other levels of governance at village, municipal, city or state government).</td>
</tr>
<tr>
<td><strong>Land acquisition</strong></td>
<td>Sale of public assets (land) to private capitalists; loss of agricultural land.</td>
<td>Compensation for land owners only; richer farmers main beneficiaries</td>
<td>Largely done in areas of flat topography; easy transportation routes; near rural-urban fringe of big cities (Metropolitan cities of India).</td>
</tr>
<tr>
<td><strong>Employment generation</strong></td>
<td>Low employment generation capability.</td>
<td>Low level of skill transfers to workers; casualisation of labour; unorganised employment;</td>
<td>Migration towards urban areas; increase in rural unemployment.</td>
</tr>
<tr>
<td><strong>Poverty reduction</strong></td>
<td>Contributes marginally and temporarily (immediate monetary compensation for land).</td>
<td>Landless workers worst affected;</td>
<td>Number of poor increase in both rural and urban areas.</td>
</tr>
<tr>
<td><strong>Income inequality</strong></td>
<td>Rise in income inequality.</td>
<td>Consolidation of wealth both among the rural and urban elites.</td>
<td>Rural-urban and rich-poor conflict.</td>
</tr>
<tr>
<td><strong>Displacement of population</strong></td>
<td>Occupational displacement more evident than physical displacement.</td>
<td>Resettlement and rehabilitation policy not in place.</td>
<td>High in densely populated states; Northern and eastern states with high level of agriculturally dependent population.</td>
</tr>
</tbody>
</table>
purposes only and remain interwoven into one another and therefore must not be read or understood exclusively but in totality.

I show in this chapter that the SEZs in India accentuate income inequality and poverty among the rural population. SEZs are also one way of redistributing assets and wealth to the dominant elites- corporate houses and big land-owning farmers, often to the detriment of the lower strata of the Indian population- mainly small and marginal farmers, landless labourers and other ‘backward’ classes such as scheduled castes and scheduled tribes.

In these terms, the Indian government’s recent drive to ‘bring globalisation to its countryside’ through SEZs has met with strong resistance in the rural areas. Rapid, and sometimes forceful, extension of capitalist relations into the rural areas through the development of SEZs has generated waves of anger and despair among the rural population. Hence, these zones have become a source of disparities, discontents and conflicts in rural areas. The resistance movement against the land acquisition for the SEZs not only signifies the struggle against dispossession alone, but it also highlights resistance against the capital accumulation practices which have become accentuated since the economic reforms began in India in 1991.

This chapter discusses three case studies. The case studies highlight emerging discourse on globalisation around the issues of state transformation in the era of neoliberalism which is increasingly becoming more market-oriented (even if the ruling government at the state level is anti-market, as is the case with the West Bengal’s communist government led by the Left Front) and restructuring of the class power favouring the elite capitalist class, to the detriment of the poor and marginalised classes. Thus, the market oriented policies such as SEZs, through active transfer of wealth from poor to the rich are actually pushing the most vulnerable sections of the societies further into marginalisation and poverty. These case studies hence show that SEZs are becoming one of the prominent vectors of the transformation of the Indian political economy in the era of neoliberal globalisation.
5a. Case study 1: Gurgaon SEZ (Haryana)

5a.1 The political economy of the state of Haryana

The introduction of high yielding variety (HYV) of seeds for wheat and later rice and farm mechanisation helped productivity levels of the food grains to rise tremendously during the 1970s (Economic Survey of India, 2010-11: Ch. 8). This phenomenon has been described as ‘Green Revolution’ (Indian Institute of Science).\(^3\) India did manage to increase its food production and established itself as one of the world’s leading agricultural producers (ibid). However, the Green Revolution only benefitted a small proportion of the population, mostly large land holding farmers in these states, much to the detriment of small farmers (Shiva, 1991; Das, 1999; Zwerdling, 2009).

The Green Revolution favoured richer farmers, who had the capacity to bear the expensive technologies, HYV seeds and also have the large farmlands that worked in unison to increase the crop yields. However, smaller farmers could not afford the rising cost of these inputs and hence the benefits of the Green Revolution bypassed them (ibid). In one way the Green Revolution as one of India’s earliest programmes of development, helped India to become self sufficient in terms of food grain production but it increasingly polarised the benefits in such a way that the gap between the already rich farmers and poor farmers widened (Das, 1999). Therefore only certain states of the India benefitted from the Green Revolution and within these states richer farmers became powerful both economically and politically. Furthermore the output price support and input subsidisation schemes of central government benefitted richer farmers who, over time, increased their dominance over small and marginal farmers (Bardhan, 1999 and Jodhka, 2012). Das (1999) had argued that the unevenness of the Green Revolution can be explained not only in terms of technology access and crop ecology but also in terms of class relations and the role of state.

Haryana was one of the few states which were the greatest beneficiaries of the Green Revolution, the others were mainly Punjab and Western parts of Uttar Pradesh; together they are currently the most important contributors to food grains production of India (Economic Survey of India, 2011). The state of Haryana enjoyed significant success since the Green Revolution era of 1970s much due to the fact that majority of the operational land holdings are in large categories. The Haryana Ceiling on Land Holding Act of 1972 capped the size of permissible land holding to
7.25 hectares for irrigated farmland and 10.19 hectares for un-irrigated farmland (Haryana State Gazetteer, 2005). However Haryana continues to be a ‘large land holding state’, and 46% of the total land area is operated in large and medium category in comparison to West Bengal where the corresponding figure is only 3.9% (Department of Agriculture, 2001, tables are given Appendices V (a, b and c).

Since the introduction of the new economic policy of liberalisation and globalisation in 1990s, fewer and fewer farmers are involved with agriculture as their primary occupation and are maintaining other viable employment mainly in urban areas (Jodhka, 2012). A significant proportion of those who have found jobs in urban areas or who have moved away from farming are large land holding upper castes farmers (ibid). Thus, the large land owning households newly acquired power comes not only from the huge amount of land owned but also from the urban centres (most importantly New Delhi and major cities of Haryana- Gurgaon, Faridabad and Jhajjar to name a few) through professional education and political connections (Harris-White, 1996; Omvedt, 1992; Rutten, 1995; Upadhya, 1988). Balgopal (1987: 1545) describes this socio-political transformation of the big farmers in these lines,

'A typical family of this class has a landholding in its native village, cultivated by hired labour, tenant or farm servants and supervised by the father or one son; business of various descriptions in town managed by other sons; and perhaps a young and bright child who is a doctor or engineer or a professor'. It is this class that has been most vocal about injustice done to the village'.

Some scholars have shown how the farm labour relations have changed in Haryana in the last thirty years (Brass, 1999; Saini, 2009; Jodhka, 2012). There has been a decline of the old system of tenancy- cultivation on sharing basis where half or quarter of the produce by the tenant goes to the land owners (Jodhka, 2012). There is also evidence that cultivation practised by large proportions of big farmers is on the basis of contractual farming, mainly carried out by migrant landless labourers and also done by local lower castes workers from Haryana (Brass, 1999 and Jodhka, 2012). These contractual labours worked at wage rates lower than the going market rates during the agricultural season (Bhalla, 1999). A large proportion of the small and marginal farmers also work as wage labourers (Bhasole, 2010) which has given rise to debt obligations in the state among both the landless
labourers and the small and marginal farmers (Brass 1999; Jodhka, 2012). These seasonal agricultural labourers supplement their income by some urban non-farm employment during the off peak season in the winter months (Brass, 1999).

Bhalla (1999: 26) noted that, 'in India in recent decades, the factor which has mattered most in the determination of the farm wages is the availability of alternative, non-farm jobs as reflected in the shifts in the structure of a growing workforce in favour of industrial, trade, transport, communications and service sector employment'. Nearly 43 % of income for all rural classes combined comes from wages (both farm and non-farm employment), which shows that opportunities to work in rural non-farm sector have increased in recent years (Bhasole, 2010; Chadha, 2003) mainly in construction, trade and transport (Planning Commission, Government of India, 2002: 14). The experiences from Haryana, in terms of rural employment figures between 1993 and 2000, suggest that employment in agro-based manufacturing grew by 14.12 %; much higher than West Bengal (1.5 %) and India as a whole (2.16 %). Employment in other manufacturing activities for the corresponding time period grew by 6.39 % in Haryana, while in West Bengal it declined by 0.63 %. Finally, rural employment in the services sector (mainly in transport, finance, real-estate and insurance) also grew during the same period largely due to growth in finance and real-estate activities in Gurgaon (Figures above are from Chadha, 2003: see Table 5.2 below). More importantly, Bhalla (1999) demonstrated that rising opportunities in the non-farm sector have allowed the landed households to move into hired labour markets in substantial numbers, thereby reducing the number of days available for landless agricultural workers. Therefore even with rising wages among the landless agricultural workers, their income level has not improved over the years as they are left with fewer days available to work. The already poor landless workers have become worse off in the face of both the green revolution technology and new liberalised economic policy adopted by the Government of India in 1991, while the benefits have accrued to the rich both in relative and absolute terms (Bhalla, 1999).
<table>
<thead>
<tr>
<th></th>
<th>Haryana</th>
<th>West Bengal</th>
<th>India</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>1.83</td>
<td>-0.07</td>
<td>0.71</td>
</tr>
<tr>
<td>Field Crop Production</td>
<td>0.99</td>
<td>0.58</td>
<td>1.88</td>
</tr>
<tr>
<td>Plantation</td>
<td>-24.84</td>
<td>28.68</td>
<td>2.01</td>
</tr>
<tr>
<td>Livestock</td>
<td>4.79</td>
<td>-1.98</td>
<td>-7.07</td>
</tr>
<tr>
<td>Agricultural Services</td>
<td>10.22</td>
<td>2.16</td>
<td>3.02</td>
</tr>
<tr>
<td>Forestry &amp; Logging</td>
<td>-14.96</td>
<td>2.58</td>
<td>-26.69</td>
</tr>
<tr>
<td>Fishing</td>
<td>5.78</td>
<td>-1.66</td>
<td>4.09</td>
</tr>
<tr>
<td>Non-Crop Activities</td>
<td>5.02</td>
<td>-2.16</td>
<td>-6.4</td>
</tr>
<tr>
<td>Mining</td>
<td>1.58</td>
<td>-2.61</td>
<td>-7.2</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>-0.23</td>
<td>10.1</td>
<td>6.32</td>
</tr>
<tr>
<td>(a) Agro-based Manufacturing</td>
<td>-0.46</td>
<td>14.12</td>
<td>6.78</td>
</tr>
<tr>
<td>(b) Other Manufacturing</td>
<td>-0.05</td>
<td>6.39</td>
<td>4.65</td>
</tr>
<tr>
<td>Utilities</td>
<td>9.72</td>
<td>15.77</td>
<td>0.32</td>
</tr>
<tr>
<td>Construction</td>
<td>6.39</td>
<td>8.23</td>
<td>6.37</td>
</tr>
<tr>
<td>Trade</td>
<td>8.26</td>
<td>-1.62</td>
<td>5.39</td>
</tr>
<tr>
<td>(a) Wholesale Trade</td>
<td>11.62</td>
<td>-11.32</td>
<td>11.66</td>
</tr>
<tr>
<td>(b) Retail Trade</td>
<td>10.11</td>
<td>-0.99</td>
<td>4.79</td>
</tr>
<tr>
<td>Transport, Storage and Communication</td>
<td>9.36</td>
<td>-0.01</td>
<td>5.35</td>
</tr>
<tr>
<td>Finance, Insurance &amp; Real Estate</td>
<td>5.36</td>
<td>19.1</td>
<td>5.41</td>
</tr>
<tr>
<td>Community, Social and Personal</td>
<td>4.14</td>
<td>-4.73</td>
<td>3.46</td>
</tr>
<tr>
<td>Services</td>
<td>4.63</td>
<td>2.51</td>
<td>5.32</td>
</tr>
<tr>
<td>All Sectors</td>
<td>2.54</td>
<td>0.7</td>
<td>2.13</td>
</tr>
</tbody>
</table>

Source: Derived from Table 9 in Chadha (2003: 81-90)
5a.2 The SEZ in perspective

The SEZ in this study is a private venture developed by Reliance Industries Ltd (RIL), the largest private-sector conglomerate in India by market value and ranked 126th in the Forbes Global 2000 list 2010. The site proposed for the concerned SEZ in Haryana is Gurgaon town situated along the National Highway 8 connecting New Delhi and Jaipur (See Figure 5.1 and 5.2 below). It is almost 45 km from New Delhi and nearly 15 km from Gurgaon. Gurgaon serves as one of the important commuter towns for New Delhi. Several IT, software and outsourcing firms in North India have set up their offices in the National Capital Territory (or Region) of New Delhi (NCR- which comprises of Gurgaon, Noida, Faridabad and Ghaziabad as its satellite towns) which has contributed towards the growth of these towns (IT Data House, 2010). According to Business Today, a fortnightly magazine in India, Gurgaon is described as the ‘call-centre capital’ of India (Business Today, June 9, 2009). Its recent growth in the last decade has led to some commentators calling it as the city of India’s globalisation story (Damien Grammaticus, BBC News March 27, 2009).

This SEZ is situated on the rural-urban fringe of Gurgaon town (See Figure 5.3 below). The poverty level data for the area is unavailable, but at the state level it is around 20 % (Planning Commission of India, 2007). The population around the area designated for the SEZ practices a mix of economic activities, although agriculture is still practiced by the majority. Informal services sector, industrial manufacturing, some trading activities mainly in agro-based products are also important income generating activities for the people of the villages around the SEZ (Field observations, December 2009).
Figure 5.1: Map of Haryana showing Gurgaon district and its administrative divisions (coloured in blue)

Figure 5.2: Road map for Haryana with Gurgaon connecting New Delhi, (Gurgaon town is shown inside the black polygon)

Note: This is the map before the Mewat district was formed out of Gurgaon and Faridabad in 2005. Figure 1 gives the location of Mewat district.

The growing IT and outsourcing industry led to large-scale migration of the working middle class into the town (Debroy and Bhandari, 2009). Hence the demand for residential and commercial spaces in the city has contributed to the real-estate boom in the city. There are numerous real-estate dealers dealing in land and other properties for commercial, industrial, residential and other recreational purposes. This has further put pressure on the land prices to escalate enormously and the price for an acre of land during the time of fieldwork in 2009 range from US $ 50,000 to more than US $ 100,000 per acre (Interview, a property dealer, Gurgaon, December, 2009). At certain places the prices are as high as US $ 354,000 per acre (Government of Haryana, District Gurgaon portal). These places are located either along the National Highway 8, which connects New Delhi and Jaipur, or along the Manesar Palwal Expressway, or along the city’s sprawling shopping complexes and residential estates (Field Notes, Gurgaon November, 2009). One of the important developments responsible for such an exponential rise in land prices is the announcement of the Delhi Mumbai Industrial Corridor Project and the recent establishment of a large number of SEZs in Gurgaon. Gurgaon has the highest number of SEZs for any district in India (Ministry of Commerce and Industry, Government of India). It had made land a very important resource to possess and purchase (Interview, a property dealer in Gadauli village, December 2009).

This SEZ was supposed to be one of the largest zones in India covering around 12,000 hectares of land (a hectare of land is equivalent of 2.5 acres) when it was first announced (The Times of India June 20, 2006). Immediately after the announcement by the BOA, this project came under heavy resistance organised by the local villagers in the area. As a result, the acquisition of the entire land could not be completed. The state government transferred 133 hectares of land (which was under Haryana State Industrial Development Corporation (HSIDC), while the rest of it was directly purchased by the developer from the locals (The Telegraph, August 3, 2009). This SEZ was later notified on November 14, 2007 as over 440 hectares of land (Ministry of Commerce and Industry, Government of India). This information was later verified during the course of fieldwork through two key respondents, one a local property dealer in the area and other an Indian Army’s Ex-Captain Satvir Singh. Captain Satvir Singh agreed that it was found that HSIDC had transferred the land for the concerned SEZ (Interview, New Delhi, December, 2009).
The land acquisition for the SEZs is done with the help of concerned state. Hence the land acquisition office of the state was the best option to find the total amount of land acquired and number of people who were given compensation. However, the reluctance of the Land Acquisition Officer in Gurgaon, during a meeting in his office to provide any further information on the land acquisition for the SEZ, forced me to look for other sources. The Land Acquisition Officer said if the land was transferred by HSIDC they would have all the details (Interview Gurgaon, November 2009). HSIDC would not disclose any information on the identity and number of people who sold their land and EPCES did not have this information (Interview, coordinator EPCES, New Delhi, December, 2009).

Interestingly though the area of the SEZ can be further extended, according to the information obtained from the Export Promotion Council for Export Oriented Units and Special Economic Zones (EPCES), Ministry of Commerce and Industry, so long as the additional land is vacant and it makes the existing SEZ contiguous. One of the crucial issues with the notification and acquisition of the land for the SEZs is that the entire land should be contiguous within a common boundary. However, in the case of multi-product SEZs, where the contiguity is broken due to roads, railways and streams etc, the BOA will consider it on a case by case basis (SEZ Act 2005). The concerned SEZ in Gurgaon is not contiguous with a highway connecting Gurgaon with Pataudi town, a railway track and a small rivulet passing through it (Field Observations and also see Figure 5.3). The map below is modified from the Master Plan of the Gurgaon City for 2021 by the Haryana Urban Development Authority. This map is for the Gurgaon city alone and not to be confused with the Gurgaon district which has other smaller town areas as well (see Figure 5.2 above). The area within the black polygon on the map below is the SEZ. However the point that needs to be noted is that although the area has been classified for planning purposes as an SEZ, not all of the area shown within the polygon has been acquired by the developer. The large scale resistance movement has impeded the land acquisition process for the SEZ.
Figure 5.3: Location of the SEZ in Gurgaon Haryana (White area within the black polygon is for the SEZ)

Source: Modified from Gurgaon Master Plan 2021, Haryana Urban Development Authority, not to scale.
5a.3 Trajectories of the resistance movement in Gurgaon

There are voices of dissent and discontent among the villagers in the area. Yet there are subtle trajectories that deviate from a straightforward understanding of the protest movement. For example, a broad picture from Gurgaon is of a high level of discontent against the SEZ policy among the villagers, rich, small and marginal farmers alike (see Figures 5.4 and 5.5 below). However their dissent differs over the understanding of monetary compensation and as such the dispossession from the land and livelihood and its future implications on their lives.

The resistance movement in Haryana against the government’s planned land acquisition for the SEZ has two different lines of explanation; one that finds its origin in the form of resistance against SEZs as the struggle against dispossession from the land mainly comprising small and marginal farmers and wage labourers. The other line of resistance comes from the richer farmers’ struggle to move up the social ladder by leaving farming. The introduction of industries in the rural areas of Haryana through SEZs, first of all opens up avenues for the small and marginal farmers to seek permanent employment in other areas. Hence, it enables them to break away from the older labour relations which have kept them under a debt cycle for a long time. However, the very nature of the establishment of SEZs through land acquisition has two important attributes for the lower sections of the rural population. One is that land acquisition leaves landless farmers and wage labourers unemployed without the access to land. Secondly, the monetary compensation does not give any consideration to them and they are often left without any immediate forms of livelihood except to find work as daily wage labourer in the nearby town.

The other kind of resistance centres on the large land owners and richer peasantry’s struggle to move out of farming and into urban areas. The market value of land has risen very rapidly in recent times and the main beneficiaries have been the large land holding farmers in the state. The land acquisition for SEZs in India allows the richer farmers to have huge amounts of money through the sale of land. Their struggles therefore rest on the extraction of the highest possible rent from the land; so that it enables to opt for non-agricultural occupation and also maintains their socio-economic status in the locality.
5a.4 The problem with monetary compensation

The major issues around the resistance movement by the locals in the area were mainly directed at what they considered to be the unfair level of monetary compensation the Government of India is offering, along with the issues of land displacement and dispossession of the livelihoods. The monetary compensation to the locals in the area was awarded on the basis of the prevailing market price per acre of land in 2006 by the Government of India. According to one of the village heads in the area,

'most of the people in the village who agreed to sell their land received US $ 42,000 per acre. Many of the villagers had already collected their cheques from the land acquisition office'

(Interview Gurgaon December, 2009).

However, it can be debated whether or not this is an adequate amount; whether it actually pays back the livelihood of the person for their entire life. I would argue that this type of monetary compensation is inadequate especially to the small and marginal farmers. Monetary compensation given to the small farmers is much less in comparison to large scale farmers. Small or marginal farmers would have received anywhere between US $ 20,000 to US $ 80,000 for their land. This amount is expected and thought by the government officials to provide livelihood opportunities for these farmers for their entire life. As a matter, of fact this amount does not provide a long-term solution to the livelihoods these villagers are able to earn through the cultivation of land. One of the respondents CS1, 11, lost less than an acre of his land. He received US$ 33,000 as compensation. He replied,

'I could barely provide sufficient food to my children with INR 2000 a month (US$ 36.6) income. I have pottery skills and also use to set road side tea stall in winter months to supplement my income. For more than 20 years I have been doing the same. I am thankful to god and try to be content with what I do. That is enough for me. But they (policy makers) should ask themselves, can they manage their family affairs with this much money for their entire life?' (Interview Gurgaon, December, 2009).

The amount that he suggested he earned as a farmer comes out to be only US $ 36.6 a month. This is almost around US $ 1.25 a day poverty line set by World
Bank. He has got two options. One is to live off the compensation money for his entire life spending around that poverty line expenditures. He would manage to spend the entire compensation amount himself in around 75 years. Now multiply this amount to six members of his family, each needing roughly the same amount. This money will then be spent in only 12 years approximately. The other option he has is to look for opportunities to generate income from this compensation money. The rationale directed in favour of this type of monetary compensation is that once the money is given to these farmers they can buy land elsewhere. However, the rise in land prices in the vicinity of the SEZ makes it difficult for farmers like him, to purchase land for cultivation or for housing and other purposes. The Government of Haryana published a report on the land prices in Gurgaon District in 2011. The report suggests that many places in Gurgaon have seen exponential rise in land prices since mid 2009, rising almost five-fold in 2011. This was also confirmed during the later stages of the field work and is discussed in this section below. Furthermore, this type of compensation gives no consideration to the family size displaced or dispossessed: that depends upon the land being acquired. For example a family of eight would have got the same amount as the family of four or fewer. Thus, bigger families would find it increasingly difficult to meet their livelihood needs when the only source of their future income is a fixed amount they received.

Also, big land holding farmers usually employ contract labourers and sharecroppers who depend on the same land as well. This section of the population has been completely ignored from the compensatory deals for the land acquisition process. The notion that only land holders will be awarded monetary compensation highlights one of the oldest contradictions of the market based economy and governance. The promotion of private property rights system under the capitalist mode of production gives undue advantage to the land owning population while the landless population is excluded from the policy sphere of the governments. Since the landless workers do not have entitlement to the land, they remained absent from the land acquisition and monetary compensation for the SEZ policy. They are, therefore, considered neither displaced nor dispossessed from the land and other assets. Of the nearly 70% of the Indian population that lives in rural areas, 10% of those households are completely landless (International Fund for Agricultural Development (IFAD), 2011). Even among those who own land, a majority of them own marginal plots such that Government of India describes them as mere landless
(0.002 hectares) which provides them with little, if any, in terms of food security (Poorest Areas Civil Society, No date).114

Government officials, when contacted on the issues of adequate monetary compensation, had different views. Bharti Singh, a Coordinator in the EPCES, Ministry of Commerce and Industry said,

"The Government of India is providing the land owners the market price of the land. This has been the government’s policy whenever it acquires land for public purposes. The money awarded to the villagers is sufficient enough for them to lead a better life than before. Locals can invest in other activities namely purchasing property, setting up small business, shops and other investment opportunities in banking and stocks etc’ (Interview, New Delhi November, 2009).

When Bharti Singh was asked about those families who do not own the land but worked on it, and would they be given any compensation, the issue which needs to get special attention but has been constantly ignored. She replied,

"the government had planned to give 25 percent of the price of the total land on which these landless labourers work apart from the compensation paid to the land owning family’ (Interview New Delhi January, 2010).

However, there is no such clause in the SEZ Act 2005 for the compensation to be paid to those who do not own. The government’s argument on this type of compensation for landless agricultural labourers is a reactive response trying to curtail the heavy and violent resistance among the local population. This type of compensation was only announced once the local population in and around the areas of the SEZ organised state level protests and various meetings of the civil activists who raised this issue that due consideration must be given to landless farmers as well. Moreover, this 25 % compensation is not at pan-India level, but rather confined to Haryana, and was not even confirmed in West Bengal where the compensation package was different (see discussion on Nandigram). There is no evidence of any such compensation having been awarded to the landless farmers in the area at the time of writing.
The majority of the villagers in the area were of the opinion that the monetary compensation designed by the government was not adequate and were hence highly dissatisfied (See Figure 5.4). It also appeared that despite the fact that a significant number of the respondents (42 locals) have actually taken up the compensation cheques, the majority of the respondents strongly opposed the idea of SEZs. Accordingly, the level of discontent and opposition against the SEZ among the local population in the area was high. The respondents were asked to rate their opposition to the SEZ on a five point scale from strongly opposed to strongly in favour (see Figure 5.5). The nature of opposition to SEZs remains varied. For small and marginal and farmers, the land acquisition and the destruction of viable livelihoods without any provision of long-term prospects was the main concern. A respondent CS1, 23, owned less than an acre of land, and worked as agricultural labourer before the land acquisition took place. He was of the opinion that,

'The acquisition of the land has simply taken away our only dependable source of income, which was farming. Earlier as a farmer I knew, I can somehow manage to bring food for my children every evening. They did not have to go to sleep hungry. Since I have lost the land, all I am left with is the money I got from land acquisition. But that is not sufficient enough for the entire life time of my family. Someday it will simply be gone. And I will be left with nothing' (Interview Gurgaon, December, 2009).

Contrastingly, the richer farmers’ opposition highlights the discrepancies of the monetary compensation which the government had provided (see Table 5.3). Respondent CS1, 26 belong to a wealthy land owning 'thakur' (upper caste) family of Gadauli village Gurgaon. He pointed out that,

'We agreed to sell our land on the market prices of the land. The government acquired our land long before they paid us the compensation. During the one year time period, we had no access to land; the prices of the land went up in the locality. Then they started giving us compensation based on old rates. They should have given us on the basis of market rates that were recent' (Interview Gurgaon, December, 2009).
Figure 5.4: Satisfaction level among the villagers in Gurgaon over the compensation for land (figures in parentheses represent number of respondents)

Source: Data generated during the fieldwork in Gurgaon through the interviews with the villagers.

Figure 5.5: Opposition to the SEZ Gurgaon, Haryana (figures in parentheses represent number of respondents)

Source: Data generated during the fieldwork in Gurgaon through the interviews with the villagers.
Table 5.3: Nature of opposition among the respondents in Gurgaon

<table>
<thead>
<tr>
<th>Nature of opposition</th>
<th>Number of respondents who accepted compensation cheques</th>
<th>Number of respondents who refused compensation cheques</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Small/marginal farmers</td>
<td>Medium/Large farmers</td>
</tr>
<tr>
<td>Land acquisition</td>
<td>25</td>
<td>14</td>
</tr>
<tr>
<td>Monetary compensation</td>
<td>13</td>
<td>6</td>
</tr>
<tr>
<td>Industries by private developers</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Total respondents (60)</td>
<td>42</td>
<td>13</td>
</tr>
</tbody>
</table>

Note: *Five respondents were landless so they did not receive any compensation.

Source: Data generated during the fieldwork in Gurgaon through the interviews with the villagers.

5a.5 Impacts on the local population

The introduction of SEZs through land acquisition in rural areas has the potential to disturb the socio-political formation in the rural Haryana. The two different trajectories of the resistance movement in Gurgaon therefore offer important insights to the deeper processes of rural transformation in light of the ongoing neoliberal globalisation discourse in India. In what follows I have tried to present these subtle nuances to analyse the impacts of the SEZ on both the rich and poor farmers, while keeping the overarching picture of discontent and resistance against the SEZ.
5a.5.1 Displacement and dispossession

Central to the development of SEZs is the land acquisition by the state using the Land Acquisition Act of 1894. It sometimes involves displacement and dispossession of the population depending upon the land concerned thereby destroying already-existing livelihoods. Cernea (1999: 17), in his study on displacement and resettlement, comes to the conclusion that for people in rural areas 'expropriation of the land removes the main foundation upon which [rural] people's productive systems, commercial activities and livelihoods are constructed'. Therefore, dispossession from one's mean of production (farmland for farmers) results in the loss of economic security as well as social empowerment of the dispossessed family (Guha, 2007).

Respondent CS1, 6 was a young man in his early 20's and an undergraduate in commerce. He has a big family with two elder brothers and two younger sisters. They have their single-storey house located along the state highway connecting Gurgaon with the Pataudi town. There is one newly constructed section at the entrance of his house, which appears to be for a shop of some sort. A buffalo is also tied to the ground outside his house. His father and his brothers were engaged in farming before land acquisition took place for the SEZ. After land acquisition, he said,

'my family lost a hectare of land which we used to cultivate. We produced enough food for our family for the entire season. We also used to have half a dozen cows and buffalos which were an additional source of income to my family. After the land is taken up by the Reliance, these animals have gone, although we have kept one (buffalo) for ourselves because it provides us milk on a daily basis. The money we received was spent on house repairs and construction of a room on the first floor. We also built a shop floor in the front in which we hope to start some business. Besides that, some was spent on the marriage of one of my sisters last year and other social functions in the family. What we have managed and saved from that we bought two auto-rickshaws and they run on hire between Gurgaon and Pataudi' (Interview Gurgaon, December, 2009).
Respondent CS1, 6 further added that,

'\textit{the compensation amount did help my family to pay back our loans from the last year. But it had created some other problems. First of all the money is spent very quickly and we are left with very small amount in the bank. Therefore it is not going to last very long. Secondly, one of my brothers is left without any work. I have finished my degree and I have got no job. So both of us are not contributing towards our family income}' (Interview Gurgaon, December, 2009).

One of the reasons for the families, like that of CS1, 6, who had accepted the compensation cheques initially was that it allowed them to have access to large sums of money instantly, which they had dreamt of. Second, with falling rates of growth of agriculture in the country, this has left the small farmers further in debt. Therefore the monetary compensation for the land first of all helps them to stave off their impending debts.

According to 59th round of the National Sample Survey Organisation (NSSO) survey report, 48.6 % of the rural households in India were in debt (The Economic Times, September 4, 2011). In terms of the average amount of debt among the rural households in major states in India, Haryana stood at third place with Rs. 12,359 (US $ 234 per household) and with Kerala and Punjab occupying the first and second position respectively (NSSO, 2002). In large parts of rural India, small and marginal farmers and landless peasants have been exploited by the rich farmers. Small farmers need extra cash in times of medical emergency or social functions (weddings and festivals). They have raised cash by taking loans from the richer farmers who provide them with easy cash immediately. Most of the time, land is used as security by these small farmers to get access to money and the landless labourers are obliged to work on the farms of these large land holding farmers. Since small and marginal farmers practice subsistence farming, they remain more vulnerable to crop failures and have often seen their incomes decline sharply over the season. Thus, their inability to pay back loans and debts either completely or partially in one season only compounded their problems for the next season. This continuous cycle of interest on loans has only multiplied their debts over generations (Shiva, 2004).
In the face of rising cost of agricultural production and falling prices of farm commodities, farmers across the country have become vulnerable to increasing liberalisation and globalisation in India, such that between 1997 and 2005 one farmer committed suicide every 32 minutes in India\(^{117}\) (UN Division for Sustainable Development, 2008).\(^{118}\) In May 2008, the UPA government announced a farmers' debt waiver scheme whose major beneficiaries were expected to be small and marginal farmers. That scheme was estimated to have cost government around US $11.5 billion dollars (Press Information Bureau (PIB), 2008). Now that scheme has been reviewed by the CAG, who is investigating whether the beneficiaries were the big farmers (The Times of India, February 20, 2012).\(^{119}\) Nevertheless, it helped the UPA government to win back the parliamentary elections in 2009 for the second time.

For families like CS1, 6 who accepted the compensation; their opposition to the SEZ has two important attributes. One is that money they received is spent frivolously and has not generated rapid rates of return. Secondly they have been left unemployed due to loss of access to farmland. Access to farmland ensures that these families have the option to go to work on the land during the cropping seasons. Table 5.4 provides the employment status of the respondents in Gurgaon before and after land acquisition for the SEZ. It is clearly seen from the table above that casual labour significantly increased after land acquisition. Moreover, persons reporting themselves as unemployed also doubled. The fact that soon after land acquisition, the villagers were left with fewer choices of employment, meant that they either end up doing daily wage work both in the farm and non-farm sector or were rendered unemployed.

**Table 5.4: Employment status among the respondents in Gurgaon**

<table>
<thead>
<tr>
<th>Mode of employment</th>
<th>Number of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Before land acquisition</td>
</tr>
<tr>
<td>Casual labour</td>
<td>14</td>
</tr>
<tr>
<td>Salaried</td>
<td>9</td>
</tr>
<tr>
<td>Self employed</td>
<td>33</td>
</tr>
<tr>
<td>Unemployed</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
</tr>
</tbody>
</table>

*Source: Data generated during fieldwork in Gurgaon through interviews.*
Since the new economic policy has been put in practice, the prospects of higher employment generation among the rural population have not been good. Data on the composition of rural usual status workers in India suggest that incidences of persons reporting their status as self employed and regular employees have decreased (Chadha, 2003). Thus, the quality of employment also appears to have been deteriorating which is evident from the increasing degree of casualisation among the rural workers. A table adapted from Chadha (2003) is also given in Appendix V (e). The India level index of casualisation has increased among the rural workers from 283 in 1983 to 411 in 2000 (Chadha, 2003). Furthermore, in terms of income which, a casual worker gets in rural areas was lower than a casual worker in urban areas (NSSO, 2004). Therefore, small farmers have seen their incomes decline since land acquisition took place (detailed discussion later in the section). Therefore one of the driving factors, for accepting the monetary compensation, was economic to gain a handful of money.

There are some locals in the area who had accepted the monetary compensation due to both economic and socio-political factors. Small and marginal farmers are willing to give up their land and move out to work in the non-farm sector mainly due to the declining performance of agriculture (Mehta, 2004). This section of the population has seen its share of income and wealth stagnate since the new economic policy was put forward in 1991 (Jayadev et. al, 2011). Faced with hard choices of continuing with agriculture as their main livelihood and living with debts forever, these farmers have found an option in the form of land acquisition to give up farming and look for alternative employment. Furthermore, failure of agriculture to improve their standards of living is a push factor but the prospects of better paying jobs in secondary and tertiary sectors is pulling this section of the population away from the agriculture, often with bad experiences. A respondent CS1, 45, was a farmer who owned close to 1.5 hectares of land and cultivated it to support his family of five. He said,

'I was unwilling to give away my land straight away but then I had to support my family and provide my children with good education so that they do not have to suffer like me. I never wanted my children to become farmers. I barely managed my farmland properly as I have to look after it on my own. My land was not productive as well. So I accepted the compensation for my land. There was this hope that once SEZ will start we all
will get jobs. I set up a small grocery shop near the road. I have admitted one of my daughters and my younger son to a private English medium school. Now it has become a bit tougher for me to manage family affairs. Now I needed extra sums of money to give fees for the schools, stationery and other things such as medical expenses and also manage my shop as well.’ (Interview Gurgaon, December, 2009).

When he was asked whether he was given an assurance of a job in the zone, he replied he did not know about any promises of employment being made in the zone itself. In fact, none of the respondents agreed that there was any promise made by the government during the time of land acquisition for the SEZ. However, those who have been offered jobs were directly contacted by the Reliance group who is the developer of the zone. Some of the villagers, mainly influential locals with well established political connections, have been offered jobs during the process of land acquisition so that land can be easily acquired without much protest among the villagers. An army man was offered a job as a Security Officer for the zone by the developer itself (discussed later in this sub-chapter). There is in fact no clause in the SEZ Act which binds the developer or the government to provide employment to those whose land is acquired. Respondent CS1, 45 was finally asked if he had accepted his compensation, why is he opposing the SEZ and what was his nature of opposition to the SEZ? He replied,

‘the way they (government) were acquiring land, I thought there will be construction activities in the area and I will find some alternative very soon. It’s been more than three years and nothing has come up here’ (Interview Gurgaon December, 2009).

The families of respondents like CS1, 6 and CS1, 45 who had accepted the compensation cheques were able to start a new life away from farming partly because they were willing to move away from farming. The fact they were still unhappy with the monetary compensation might be for two reasons; one that they think it is insufficient because it is only a one-time commitment and secondly that their investments might not have generated significant returns for them in a short period of time.
Another reason for their dissatisfaction is that land is still the significant form of property in rural India (Jayadev et. al, 2011). Accordingly, land is the most important determinant of economic well being, social status and political power in rural India (Agarwal, 1994). The fact that families like those of CS1, 45 have lost ownership of land and have not been able to improve their socio-economic status significantly, is reflected in the negative views of the large number of locals towards the SEZ in Gurgaon. Moreover, the compensation amounts handed to these small farmers is not sufficient enough for them to purchase land near the same area. Since the price of land has gone up enormously after land acquisition, there are many families who have sought to purchase land in nearby districts.

Huge amounts of money directly being paid to farmers in Haryana have led to a recent surge in the sale and purchase of the agricultural land in the state (See Appendix V (d)). This has important implications on the farm labour relations in Haryana in such a way that changes the land tenancy arrangement which allows the sale of agricultural land directly from farmers to entrepreneurs. Instead of previous tenancy arrangements where a large proportion of land is leased out on a labour share-cropping basis (Jodhka, 2012), now both the big farmers and small and marginal farmers have the option of selling out their lands to the private industrialists. Given the socio-political status of the big farmers, they do not participate in physical work on their farm land (Jodhka, 2012: 11). This gives leverage to the big farmers to sell their land to private capitalists hoping for higher rents they can extract from the land through market transactions.

On-the-other-hand, small farmers are finding it difficult to maintain their lands because either they do not have the capacity to maintain their small plots of land due to fragmentation of land holdings or members of their family having got engaged in non-farm employment in the nearby town. Moreover, the idea that they might get higher remuneration by selling their land to private industrialists than to the government, have led to this rapid development of land market in and around Gurgaon town. There is also a fear that if the government acquires the land it will be compulsory and they will have no option but to sell it and get whatever amount is given to them (Personal communication with the village head, Harsaru Gurgaon, December 2009). Nevertheless, small and marginal farmers who are either selling their land voluntarily or under government compulsion are finding it increasingly difficult to purchase the same amount of land elsewhere. Thus, the emerging land
market in Haryana has important implications on income inequality and poverty conditions in the state among the farming community.

There is evidence of ten families which have moved away further into to the rural areas, as far as 50 km, in search of land to cultivate (Interview Sarpanch Mohammadpur village, December 2009). Since much of the income generated by these small and marginal farmers is dependent upon the land cultivation, loss of land available for cultivation meant their proportion of income also decline substantially. Not everyone who moved away from Gurgaon to other areas has been able to purchase the same amount of land they had cultivated. A respondent, CS1, 48, was contacted upon the information provided by the Sarpanch of Mohammadpur village. He lost two acres of land for this SEZ project. He eventually purchased an acre of land near a small town, Pataudi lying a further 26 kilometres south of the Gurgaon city. He was asked how satisfied he was with the land acquisition process and the compensation he received. He replied,

'First of all I have lost more than what I owned before. I used to cultivate two acres of land for myself. I produced enough from the field that helped feed me and my family. But supporting my family with that much amount of income was sometimes hard, especially if there is a lean season. Now I have less than two acres of land left with me. I think it will become further hard for me to maintain the same amount of income' (Interview Gurgaon December, 2009).

Local villagers like CS1, 48 have been losing on two different accounts due to the establishment of SEZs on the agricultural lands. One is that they now possess less land than before. The reason for this can be two-fold. One and perhaps the most important reason, is the rise in land prices meant now lesser land is available, for the amount of money received by villagers especially small and marginal farmers, to purchase. Second that most of the time money received by the villagers is quickly spent on tasks that have been pending due to the lack of it, for example, housing repairs and also in some cases marriages and purchase of bikes, mobiles, and television sets. A table showing land holding pattern before and after the land acquisition for SEZ among the respondents in Gurgaon is given below (See Table 5.5). It suggests that a significant proportion of the respondents have moved towards small and marginal category of land holdings while many of them have
become landless after the land acquisition for the SEZ. This is consistent with the national-level data on land ownership among the rural households which suggests that since early 1990s the landlessness has increased at national level and in most of the states (NSSO Survey, 2003; Chandrasekhar and Ghosh, 2003).

Table 5.5. Land holding pattern before and after the land-acquisition in Gurgaon

<table>
<thead>
<tr>
<th>Size Category (in hectares)</th>
<th>Before Acquisition (No. of respondents)</th>
<th>After Acquisition (No. of respondents)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Landless</td>
<td>5</td>
<td>13</td>
</tr>
<tr>
<td>Marginal (&gt; one hectare)</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>Small (1 to 2 hectares)</td>
<td>6</td>
<td>9</td>
</tr>
<tr>
<td>Semi-medium (2 to 4 hectares)</td>
<td>10</td>
<td>4</td>
</tr>
<tr>
<td>Medium (4.0 to 10.0 hectares)</td>
<td>18</td>
<td>14</td>
</tr>
<tr>
<td>Large (10 hectares or more)</td>
<td>14</td>
<td>12</td>
</tr>
</tbody>
</table>

Source: Data generated during the fieldwork in Gurgaon through the interviews with the villagers

This means that landholders will be cultivating a smaller area and hence low productivity unless the yield per hectare increases. Secondly an increase in yield per hectare will be difficult for them as, since the year 2000, the Central Government has been spending less and less on agriculture. Public-sector spending for agriculture and its allied activities in 2000 stood at US $ 1.37 billion. It rose only marginally to US $ 1.93 billion in 2009, while the corresponding figures for Industries and minerals rose from US $ 1.24 billion in 2000 to US $ 6.48 billion in 2009. More importantly, the government spending on irrigation and flood control in 2000 were US $ 2.45 billion and it was reduced to US $ 79.7 million in 2009 (All the figures quoted above are from Reserve Bank of India, 2009: Table 107- all figures are quoted at current prices). Thus, the withdrawal of the farm support system leaves these small-scale farmers in a more vulnerable position than they were before, with both central and state government's active support through
subsidised seeds, irrigation water and farm electricity diminishing (Shiva, 2002; Shiva, V., Jafri, A. H. & Jalees, K, 2003).

On-the-other-hand, a few of the families which were highly satisfied with the compensation package had actually sold large amounts of land and belong to the wealthier farming class of the area. They were engaged in contractual farming, where other families worked on their farms and kept a share of the harvest for themselves while giving away the rest to these rich farmers. Richer families of big landowning farmers, who have benefitted from the land acquisition for the SEZ, have actually found themselves in the possession of large sum of money which they have utilised to move away from farming and emerge as private entrepreneurs. A big land owning farmer in the area CS1, 8 sold 12 hectares of land. He had two younger brothers. One of whom works for the Indian Railways in a clerical position in Overhead Depot in Rewari, a town almost 60 kilometres further south of Gurgaon. CS1, 8, along with his other brother looked after his land. After land acquisition was completed, he started purchasing small plots of land in and around Gurgaon city, which were being developed for residential and commercial purposes. He managed to double his investment in one year. His first purchase of land cost him around US $ 66,000 per acre. He sold this land in one year for about US $ 115,000. He was able to purchase more land and currently has around 18 hectares of land but not in the same village. CS1, 8 also owns a sedan, Ford Fiesta and runs a thriving property business in Gurgaon and Manesar (Field Notes Gurgaon, December, 2009). According to him,

'If I can make more money from the sale of land while not engaging myself in farming, I am going to invest that way. I agreed to sell my land because that was the best option for me. Now I have started my own property business which is thankfully doing very good. I have purchased some more land in other areas. I am making more money than farming so why should I practice it' (Interview Gurgaon, November, 2009).

Another big farmer, I interviewed in Gadauli village, CS1, 17 had his 16 acres of land acquired for the SEZ. Since the land has been acquired, he had set up his own property business. He has been selling and purchasing land as far as Pataudi, south of Gurgaon and Badli town in the east. When he was asked about his views
on the policy of land acquisition and the monetary compensation for the SEZs, he replied,

'I think if government can pay us the right amount which is according to the prevalent market rates then there should not be a big problem among the villagers. We were demanding the right prices for our land. What the government was offering was lower than the prices in Hissar and Sirsa' (Interview Gurgaon, December, 2009).

He was further asked if he is against the development of the SEZ on their farmland and what does he think is bad about the SEZ. He replied

I am not against this zone. We wanted proper compensation. Once the government announced that it will pay a royalty fund for the land for the next 33 years, we stopped our movement. Many of the villagers thought that once the SEZs would come up, there will be jobs for the people which are better paid. We all wanted good infrastructural facilities. Have you seen the road that connects Gurgaon with this village? We wanted good roads and medical facilities. I personally agreed to sell my land because I hoped that would help me and my family get employment away from the agriculture. My son never wanted to work on the fields. He just completed his Diploma in Engineering. He wants to have a good job. We are hoping this SEZ will provide some employment' (Interview Gurgaon, December, 2009).

The worst case scenario then emerges for the landless workers or wage labourers who worked on the farm land for these richer farmers. They do not own the land in the first place, which means acquisition of land leaves them without any immediate means of livelihood. Thus they could be considered as 'occupationally displaced'. Both CS1, 8 and CS1, 17 had kept landless agricultural workers who worked on his farms to cultivate and harvest it every year. Some of them were migrants from the state of Bihar, who would cultivate his land and share the produce with them. Now that the land is gone those workers on his farmland have also gone. When CS1, 8 was asked what happened to them, he replied,
"Those men were working for me on my land. They cultivated it and therefore were given their share of produce after every harvest. Since I do not have any land available I cannot keep them. I am not responsible for them" (Interview Gurgaon, November, 2009).

There were five respondents, who were landless labourers, who use to work on the farms nearby on seasonal basis. Since the land acquisition has taken place for the SEZ, all of them have lost access to the land and related work, because the land owners have sold their land for the zone. During the interview with CS1, 53, a landless worker, who use to work on a six acre farm with one of his fellow workers, said,

"He (the landowner) came one day and told us that I am selling the whole land. What else can I do? I have no say in the entire process, because I have no land of my own. I cannot force him not to do so. I earn only if I work that is our arrangement. I will have to find work somewhere else" (Interview Gurgaon, December, 2009).

There are two disturbing elements present in his statement. One is that the nature of his relationship with his landlord is mainly contractual and wage based, which reflects the signs of an emerging capitalist mode of agricultural development in rural areas of Haryana (Jodhka, 2012). Richer farmers prefer to have contractual workers who work on lower wages. Simultaneously, it allows landless workers to opt out of working on someone else land in an attached relationship. Opportunities for them to work in non-farm employment meant that farm work has become more optional. Another landless worker CS1, 39 said that, he preferred to work in a place where he is not socio-economically tied to someone else. He said,

"You know the good thing about working on a contract basis in the town is that I only have to work for set hours and time. If my working hours finish at 5 p.m. daily, I leave the place by 5.15-5.30 and start over tomorrow. But when I worked on the ‘khet’ (agricultural field), I have to finish my work no matter how late it is. Sometimes when I used to irrigate the fields it usually takes me 10-11 in the night before I close the pump and go back home. The land owner would come in the morning and complain..."
about everything. And now if I do not like the place where I am working now or the 'maalik' (boss or owner) creates too much problem I can leave that work' (Interview Gurgaon, December 2009).

The landless workers might have got a bit of freedom in terms of working choices they have now experienced. However, the problem is more compounded and that is the second disturbing element present in Rajkiran's statement above. This relates to the unfreedom these landless workers have, since they are not the owners of any property, they are left with no choice to sell their labour power in the market once more. The ups and downs of the capitalist economy also pose threat to sudden decline in the available employment both in the farm and non-farm sector. The exploitation of these landless workers by market forces will become more pronounced as the capitalist economic system penetrates more deeply into the rural areas of India. It will be interesting to see whether or not the opportunities in the non-farm sector provide these landless workers stable employment. Therefore, the chances of income vulnerability become pronounced for these landless workers.

5a.5.2 Inequality conditions

Richer farmers like respondents CS1, 8 and CS1, 17 have purchased land elsewhere. They have been able to increase their earnings substantially largely due to their thriving property business. This also suggests that while big farmers continue to increase their share of income and assets, landless and small farmers will see a sharp decline in their income largely due to the land acquisition for industrialisation programmes like SEZs.

This is indicative of the processes of widening inequalities both in the area concerned and at national level. The income gap between the poorest and the richest states increased during the 1990s (Pal and Ghosh, 2007). Between 1993 and 2000 the Gini co-efficient as a measure of inequality has increased at national level both for urban and rural areas (Pal and Ghosh, 2007; see also Figure: 5.6). According to Radhakrishna (2002) the economic reforms of 1990s seem to have aggravated the rural and urban divide. Estimates from the Pal and Ghosh (2007) suggest that inequality increased both in rural and urban India during the first ten years of economic reforms between 1990 and 2000. This increase in the gap between the rural and urban areas has been attributed to low level of employment generation for both urban and rural areas. The low level of employment generation
in agriculture has been particularly associated with further casualisation of the labour force in India (Pal and Ghosh, 2007: 25) which is pushing rural people further into conditions of increasing poverty.

There is a general perception that population living below the poverty line in India has declined considerably over the years especially since the economic reforms began in India. The estimate from the WB (2009: 61) suggests that while the poverty ratio has declined in India since 1981, there has been an increase in the total number of poor living in India from 420.5 million in 1981 to 455.8 million in 2005. This means that India has more poor living in the country than in sub-Saharan Africa. Bardhan (2010) makes a strong point that rate of poverty reduction in India was slower during 1990-2005 in comparison to 1981-1990. While poverty in urban areas declined faster during the reforms period (Pal and Ghosh, 2007), there has been a slowdown in the decline of rural poverty with rapid trade liberalisation in India (Bardhan, 2010).

**Figure 5.6: Gini Coefficient as measure of income inequality in India**

One of the important characteristics of the liberalisation and globalisation of the Indian economy has been the growing potential for capital accumulation in the country. Jayadev et. al (2011), while discussing patterns of wealth disparities in India during 1991-2002 found that liberalisation and globalisation of the Indian economy have the unleashed potential for large-scale accumulation of wealth for the India's urban elites. The data suggest that the wealthier groups, both rural and urban elites, have continue to consolidate their position relative to the rest of the
population as far as the ownership of assets are concerned in India (Jayadev et. al, 2011, Table 6.1: 84). According to NSSO Survey (2002) on household assets, land and buildings together comprises 87 % of the total value of assets in rural areas and therefore important indicators of wealth in rural India. Land alone comprises more than half of the total assets in rural areas although its share has declined in comparison to data for 1991. During the time period for which the data is available there has been a growing trend towards the concentration of wealth among the top 10 % of the population which possess more than half the total wealth (whether measured in terms of assets or net worth) (Jayadev et. al, 2011). Although Jayadev et. al’s (2011) work is massive which cannot be discussed here, the prominent feature of their argument has been that since 1991 there has been a consolidation of the wealth and assets among the rural and urban elites. The programmes of globalisation like SEZs in India, help corporate capitalists like Reliance, on one hand, to purchase thousands of acres of land across the country. On-the-other-hand the monetary compensation package, offered to the land owners due to land acquisition, benefits more the already large land holding farmers who have been able to purchase land elsewhere. Opportunities in non-farm employment have simply compounded their income unlike the lower sections of the rural population.

There is evidence to show that the income of the top one percent of the population has also increased, after falling for the first thirty years of independence (Pal and Ghosh, 2007). According to the World Bank (2006) classification, India is a lower-middle income country with an average per capita income of US $ 720 at 2004-05 prices which comes out an average of almost a US $ 2 a day. Even though the average per capita income level crossed the US $ 1000 mark in 2010-11 at current prices, much of this growth is inflationary (The Times of India, February 1, 2012). Furthermore, population at the 90th percentile of the income distribution in India have much lower incomes than those at the 10th percentile in the OECD countries (World Bank, 2006: 3, adjusted at 1993 purchasing power parity equivalents). When the income level of the respondents before the land acquisition in the area were analysed, it was found that large proportion of the respondents were earning an annual income of more than US $ 600. Table 5.6 below shows the income level of the respondents both before and after land acquisition in the area. It can be clearly seen that the proportion of the respondents, who are in the annual income bracket of less than US $ 447, has increased significantly after land acquisition. Thus, more and more people are earning less after the land acquisition

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for the SEZ has taken place. On the other hand, the proportion of the respondents in the higher annual income bracket of US $ 897 has shown no significant change after land acquisition. This indicates that the introduction of the SEZ in the rural areas has increased the opportunities for capital accumulation among the richer farmers in comparison to the small farmers.

Table 5.6: *Income level of the respondents before and after the land acquisition in Gurgaon*

<table>
<thead>
<tr>
<th>Annual Income category (US $)</th>
<th>Before land acquisition (number of respondents*)</th>
<th>After land acquisition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below Rs. 2000 (less than US $ 450)</td>
<td>11</td>
<td>18</td>
</tr>
<tr>
<td>Rs. 2000-4000 (US 450-897)</td>
<td>18</td>
<td>13</td>
</tr>
<tr>
<td>Rs. 4000 or above (more than US $ 897)</td>
<td>27</td>
<td>25</td>
</tr>
</tbody>
</table>

*Note: *Four respondents refuse to reveal their income. Source: Data generated during the fieldwork in Gurgaon through the interviews with the villagers

This represents the fact that big farmers dominate the rural landscape of Haryana and operate large land holdings and, hence, their income level is close to the national average and much higher than the small and marginal farmers. This is further indicative of the fact that Green Revolution and processes of economic reforms have widened the gap between rich and poor in the rural India. The Green Revolution had already benefitted the big farmers like Nandram who are the largest recipients of the state subsidies for agricultural development. Programmes like SEZs which depend on land acquisition for their development have given these big farmers another opportunity to increase their share of income and assets. As a matter of fact of out of those big farmers who have accepted the monetary compensation, more than 50% have raised opposition to the amount of compensation given to them rather than the SEZ policy itself or the land acquisition (See Table 5.2 above). Their demand, as CS1, 17 pointed above, was to extract the highest possible rent from their land.

Small farmers on-the-other-hand have experienced their income-generating opportunities to decline. The compensation amount despite being huge has only
momentarily increased their wealth but because they could not increase their income out of it, their total annual income has continued to decline. The lack of alternative opportunities for employment once the land is gone has made the small and marginal farmers and especially the landless workers more vulnerable to income uncertainty. Small and marginal farmers fall back to the monetary compensation to meet their needs for a period of time. If a suitable opportunity does not arrive quickly, much of that amount is spent rather quickly. Out of the 11 respondents in the US $ 450 income category before the land acquisition, seven have experienced slight declines in their annual income owing to joblessness in the face of loss of land. Even though monetary compensation did help them have access to money, that was only temporarily as most of it was spent quickly during the time period they were unemployed.

There are also several villagers in the area who have not given in to the desire for large sums of money. Thirteen respondents have refused to pick up the compensation cheques. They have lodged complaints in the court against this package arguing about the unfair deal. A respondent CS1, 3, a lawyer in the District court of Gurgaon, is well versed with the judicial system in India. He holds nearly nine acres of land which he and his only brother cultivated. His land falls within the designated area of the SEZ. Once the notice was issued for land acquisition, he refused to pick up the cheque from the land acquisition office in Gurgaon. He also lodged a court case demanding a fair deal and increase in the compensation money. He was asked why he thinks this amount is unfair. He said,

'I am only receiving US 42,000 per acre of my land which lies along the road. The price of land should be greater because it is in a much better location. The land lying more than 200 metres from both sides of the road is not of the same value as that within 50 metres. The government has valued every piece of land equally without considering the location factor' (Interview, December, 2009).

Respondent CS1, 3 further recounted that a local acquaintance, a farmer, from one of the neighbouring villages received US $ 95,000 per acre (Interview December, 2009). When these prices were verified it was found that those who received higher compensation in areas surrounding the SEZs had actually sold their land directly to private investors and not for the SEZ (Interview, a local property dealer,
December, 2009). Hence, this could not be classified as compensation for the SEZ. Since the declaration of the SEZ and various infrastructural projects in and around Gurgaon, several private investors have been willingly purchasing land at a rapid pace, although not necessarily for the SEZs and hence they approach land owners directly. This provides more leverage for the individuals who own land to actually bargain the prices of his/her land. This makes the land more costly in the markets to purchase and sell.

Local villagers continue to assert that they could have got higher prices had they sold their land to private investors directly. Moreover, the prices these villagers received for the SEZ were according to market prices at the 2006 rates when this project was notified, but the cheques were distributed a year later in 2007 (Interview, a Property Dealer Gadauli, January, 2010). The prices of the land during the year went up since the declaration of the SEZ in the area. The time lapse between the policy formulation (when the land acquisition was planned on paper) and the implementation (when it was carried out) creates a difference in the prices of the land and hence the amount received by the local population is usually less.

Ranjan (2006), in his study, pointed out that the land for the concerned SEZ in Gurgaon was put at a value close to US $ 800 million. However, it was acquired by the government through the payment of compensation of around US $67 million to the locals, while it was then subsequently offered to Reliance at US $ 80 million. The government usually acquires land for public purposes mainly infrastructural projects and hence the government enforces this land acquisition sometimes even by force. The compensation it offers to the local populations is often binding for the people to accept even if the payment they are receiving is at lower than market rates. Moreover, the complicated legal procedure to fight a court case against the government would take decades to resolve. As such, the local population prefer to take the compensation amount even at the deflated prices. Therefore, the fear of having to accept whatever is offered if the government acquired the land often makes the land holding families sell their land to private developers directly.

5a.6 Opposition to private-sector development

Apart from the opposition directed by the locals towards the monetary compensation for the land acquisition for SEZ in their locality there is also a group of locals who actually thought that private companies should not be allowed to encroach on rural lands. They thought that the government is retracting from the
promises of supporting the rural poor made during the Nehruvian era. A respondent, CS1, 32 is the ex-village head from the Mohammadpur village said,

‘government should have thought of supporting the farmers before they made such a decision of uprooting us from our lands’ (Interview Gurgaon, December 2009).

I had a group discussion with three village heads during a meeting in CS1, 32’ house. One of the village heads said,

‘the government earmarked the land for industries during the early 1990s which since then has remained for the industrial development projects. It is the duty of the government to develop this land and build some schools, public spaces or whatever is useful for the locals. Instead they have invited a private company (Reliance Industries Ltd) to set up industries which is unacceptable to the villagers in the area’ (Personal Communication Gurgaon, December 2009).

The rural elites have forged a strong relationship with the Indian state in such a way that creates rent-seeking opportunities for them, if the state continues to have strong influence over the allocation of resources. Much of the rural political economy is built around the meddling of the government officials and civil servants who used to have strong relational ties or social kinship with the village community. The rural population has developed a complex network of deals to demand various welfare and developmental benefits that are carried out through the government offices and civil servants (Chatterjee, 2011). The government has provided the rural community long-standing support through beneficial agricultural policies such as a subsidised power supply, seeds, fertilisers and price support over the years. Many of these policies have ultimately benefitted the big farmers in the states of Haryana and Punjab- the biggest beneficiaries of the Green Revolution. In Haryana where the majority of the land holdings lie in the hands of big farmers, active state support to agriculture has been able to keep them in a commanding socio-economic position. The Government of India has also been able to initiate various rural-development programmes for the small and marginal farmers and agricultural labourers. These include, Indira Awas Yojna (Rural Housing Programme), National Rural Employment Guarantee Programme (NREGP) and Provision of Urban Amenities (PURA) (Ministry of Rural Development website).
Many of these programmes were controlled by richer farmers or the village heads. Hence, the position of the rural elites remains intrinsically important today and they are the ones who remain largely opposed to the idea of SEZ developed by a private industrialist in the area. Their struggle against the SEZ was more directed towards the disruption of the class relations in the rural community in light of the private industrialists taking over their lands. The idea of private developers initiating the process of industrial development in their area has not gone down well because they might find it difficult to negotiate with these capitalists. According to the CS1, 32,

‘if Government would have taken the land and built schools and colleges or any industries then we would not have raised our voices. But why are they giving land to the Reliance’ (Interview, Gurgaon January, 2010)?

Thus a new field of negotiations opens up where peasants accuse the state of discrimination and subsequently the violence in these resistance movements has a utilitarian logic of seeking attention to specific grievances and government benefits (Dréze and Sen, 1995; Chatterjee, 2011). One of the responses of the government to the demands of resistance movements is to break up the benefit seekers and hence divide the potential oppositions to the state (Corbridge et. al., 2005). Private capitalists have also tried to reach out to influential men in the rural areas to break down the resistance of the local population. One of the important and interesting stories was that of another army man, named as CS1, 5, who had retired 25 years ago. He belongs to a wealthy land-owning family who owned 19 acres of land between four brothers. He is a respected man in the Gadauli village that falls within the designated territory of the SEZ. He, along with Captain Satvir Singh, was one of the few people in the area who initiated these protests against the SEZ and its compensation package. However, lately he withdrew from the resistance movement. One of the shopkeepers in the village told me that the respondent CS1, 5 was also offered additional compensation and a job as the Security Officer of the SEZ by the Reliance itself in order to keep him away from the resistance movement. Captain Satvir who was also in the resistance movement with him told me,

‘the purpose of the resistance movement was to bring justice to all the people who were affected by the project. We wanted right prices for the land that was acquired in fraudulent manner by
the Reliance. Personal interests of the people involved actually took away the strength of the movement because some people began to walk away and eventually I had to also withdraw myself because of these differences’ (Interview New Delhi, December, 2009).

Currently the developer has not been able to start production because the land acquisition process is still incomplete. Constant resistance from the locals and the issues of the contiguity of the area has made it difficult for the developer to begin the process of development of the property. As a result, the BOA had finally turned down the appeal of the RIL to give a third extension for the development of the zone (The Times of India, December 6, 2009). The zone now stands with some boundaries and barbed fencing around the land acquired by the developer (Field Observations and See Figure 5.7 below). At the time of the field work in 2009-10, some farmers who had willingly sold out their land felt they were tricked into this land acquisition for SEZ. Three years after the land acquisition, one of the respondents CS1, 57, felt dejected after the promises of employment and other facilities failed to materialise. He said,

‘We were assured that Reliance is here to give us money and jobs. We all would have a better life, good education and medical facilities. We cannot even use our land, even though they have done nothing with it. In three years, Reliance has not been able to dig up one hole. They promised to get us small plots inside the SEZ and royalty will be paid for the land sold. I have not received a single ‘paisa’ (subunit of Indian Rupee; 100 paisas = 1 INR) yet’ (Interview Gurgaon, January, 2010).
5a.7 Lessons to be learnt

One of the foremost important lessons that come out of the above discussions is that the programmes of economic liberalisation and globalisation in India, like SEZs, have a big aspect of class dimension, where the rural elites are the eventual beneficiaries. Contrastingly, the poor in the rural areas (both landed and landless) have suffered the most due to the land acquisition for the SEZ. There is an analogy building between earlier programmes of development and modernisation carried out by the Indian state before opening the economy in 1991. Programmes like the Green Revolution have helped India to become self-sufficient in the food grain production and avoid large scale famine during the 1970s. However it helped richer farmers increase their share of income and assets, thereby gaining powerful political and economic position in India. Similarly, policies like SEZs adopted by the Indian state recently were designed to speed up the industrialisation process in the country and through export-oriented manufacturing help the Indian economy develop greater link with the world economy and boost its growth. However, the SEZs have become an important tool for the active transfer of wealth and assets from the rural poor to the rural rich and the corporate capitalists. In the
discussions above, I have argued that the land acquisition process for the SEZs may treat every individual equally as far as monetary compensation based upon the amount of land is concerned. However, this process of land acquisition has been designed in such a way that it eventually benefits richer farmers, while poor farmers are seeing their income decline substantially.

The SEZ programme in the study area has resulted in richer farmers getting a better deal in comparison to the small and marginal farmers. Richer farmers possess more land than small and marginal farmers therefore they have received more money in terms of compensation than small and marginal farmers. Land acquisition for the SEZ provided these richer farmers with the instantaneous possession of huge amount of wealth. This would have been certainly difficult if they had continued their dependence on the farming sector. The fact that their discontent is oriented towards higher monetary compensation rather than the land acquisition and its associated dispossession from the land, further highlights the desire among the richer farmers to move away from farming. Hence, they have willingly and at times tried to strike a better deal with the government and make a move towards non-agricultural livelihoods. Men like CS1, 3 are educated and well-off people in the area who are familiar with loopholes in the political economic system (judicial and legislative) and are willing to exploit those in order to get better bargain for themselves.

The neglect of the government towards the prospects of small and marginal farmers also made it easier for poor farming communities to exit agriculture if an opportunity arises. The small and marginal farmers such as respondent CS1, 6 and CS1, 45 had to reluctantly accept the monetary compensation because they had no other option. Furthermore, any involvement in the legal battle would have eventually resulted in the deferral of the offer. Therefore the struggles of these poor farmers are to be seen first against the displacement and dispossession from the land and, second, against the type of compensation being offered to them. The fact that a majority of the respondents have accepted the compensation despite feeling highly dissatisfied with it, shows that the prospects of instant possession of wealth has opened up the new gates of exit for the small and marginal farmers as well. Jenkins (2011), during the course of his research, has also shown that fear among the locals of the acquisition of land by the government, which would result in lower prices for the land, have prompted them to start selling their land in the market mainly to the private companies. The emergence of the land market in the vicinity...
of the Gurgaon city further strengthens this point. Small and marginal farmers are opting to sell their land before the government acquires it compulsorily at a price often lower than the market price (ibid).

Contrastingly, one of the most controversial subjects relating to the land acquisition for the SEZs has been the prospects of the landless labourers and other migrant workers who work either on a wage or contract basis. Assuming that the government fulfils its promise of 25% of the price of land to landless labourers who use to work on the land being acquired, it is very hard to imagine how this policy will work out for all the agricultural workers whether they are from Haryana or from other states. In Haryana, much of the farming is under the control of the large land holding farmers, who often have contract workers either from the locality or migrant workers from Bihar and UP. The land acquisition has left these sections of the population simply 'invisible' on the policy documents. Jodhka’s (1994, 1995 and 2012) work has shown the farm relations has been changing in Haryana and much of the peak season work for the large farmers has been carried out by migrant workers from Bihar and UP on a short-term basis rather than the attached labour who are from the state. Furthermore instances of labourers running away with outstanding debts to the employer farmers have also given rise to increasing tendency of large farmers to employ casual and contractual workers on a fixed cash rate (Jodhka, 2012: 9). Much of the contractual relationship between employer farmers and workers is not based on legal papers or documents; therefore it will be difficult to identify who are the real workers for the concerned piece of land. If history is a stark reminder of anything, then the abolition of ‘Zamindari’ system and its abuses by the large land holding farmers tells us that administrative processes and judicial delays have allowed the richer farmers frequently to manoeuvre the land ceiling act it to their benefits (Haque and Sirohi, 1986; Thakur, 1989). Similarly, the sale of land for the SEZs and various other industrial projects in the market makes it more attractive for the large farmers to either sell their land directly to private investors or add some of their distant relatives as contractual workers, so that the benefit of the 25% compensation accrue to their family eventually.

This leads us back to the argument made earlier on changing labour relations in Haryana. Influence of the big farmers in Haryana has been rising not only due to enormous wealth they possess, largely through the ownership of land, but also due to a rise in non-farm employment opportunities in the area. Men like CS1, 8 and
CS1, 17 represent the upper segment of the agrarian society that have gained powerful positions through their engagements with the state and the peasantry. Much of the rural development funding is distributed through village Panchayat which is largely controlled by the richer and politically powerful villagers with connections to the state and national parties. Richer farmers and members of the upper castes have often controlled the village affairs. Thus, these men exercised strong influence over the rural poor who are often dependent upon these funds provided by the state and hence continue to be subjugated much to the benefit of these richer men.

In Haryana, there is a dominance of large land owning farmers, who occupy majority of the land holdings in the state. Hence, the richer farmers remain key players in the rural political economy of Haryana. This also lends weight to the fact that much of the outcome of the resistance movement in Haryana has been determined by the richer farmers. In Gurgaon Haryana, the resistance movement right at the outset was less towards the rejection of the SEZ, but more inclined towards securing better compensation for the villagers and mediating demands with the government and the developer concerned to secure a better compensatory package.

Contrastingly, for states where the majority of the land holding are in small and marginal categories, such as West Bengal, it is very extremely important to understand how small farmers shape the resistance movement and the nature of their opposition to SEZ. It also helps to analyse how the introduction of SEZ would impact the rural population in West Bengal who do not have the opportunities to diversify their income sources and opportunities, unlike in Haryana. Thus, the next two case studies- Nandigram and Falta, in this chapter are very important. First of all these case studies offer an alternative understanding to the interplay between the local political economy and nature of state-society relations which are different to Haryana. Hence, they also bring insights as to how the globalisation programmes are grounded in geographical locations which have different political, economic, social and cultural characteristics. More importantly, the Nandigram case study highlights how in the era of neoliberal globalisation in India, the state government has transformed itself and has become more market oriented. Therefore the radical introduction of industries in the rural areas disrupts the already existing forms the state-society relationship which was built on the popularity of the land reforms carried out by the Left Front once it came to power.
in 1977. The Falta case study on-the-other-hand highlights how the changes in the SEZ policy by the Government of India over time had differential impacts on the local population of Falta and how the characteristics of those impacts differ from Gurgaon.
5b. Case study 2: Nandigram SEZ (West Bengal)

5b.1 The political economy of the state of West Bengal

5b.1.1 Land reforms

Aspirations of the rural people for their development in West Bengal were built upon the immediate agricultural prosperity brought about by the land reforms- one of the landmarks in the history of West Bengal’s development process also known as ‘Operation Barga’- carried out rather successfully under the Left Front government since it first came to power in 1977 (Da Costa, 2007). A critical review on the success and failures of land reforms in West Bengal can be found in Bandyopadhyaya, (1981), Leiten (1990), Majumdar (2003) and Bandhopadhyay, (2003). Several studies have confirmed that the status of agricultural and rural development in West Bengal was better in comparison to other states of India following the period of Operation Barga during 1980s and 90s (Saha and Swaminathan, 1994 cf. Banarjee et. al., 2002). The state was able successfully to distribute a significant amount of surplus land (420873 hectares of land to 2.5 million households, which is 34 % of the total agricultural households in the state) to land-starved peasants (Majumdar, 2003). According to some accounts, West Bengal accounts for almost 24 % of all surplus land redistributed in India since independence (Ministry of Rural Development, Government of India, 2009). In terms of the distribution of land ownership there is clear evidence of increase in small and marginal holdings and a decline in the large land holdings in West Bengal (see Table 5.7 below). The distribution of the operational land holdings in West Bengal is heavily concentrated in the small and marginal categories which account for nearly 90 % of the total operational holdings in the state due to the successful implementation of the land reforms in the state (Tables on operational holdings in West Bengal, Haryana and at India level are given in Appendix V (a) and (c)).
### Table 5.7: Changing patterns of landownership in West Bengal by categories of landholding (figures in parentheses are area in acres)

<table>
<thead>
<tr>
<th>Categories of households</th>
<th>Percent of household and (area) in WB</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marginal (0-1.00)</td>
<td>77.62</td>
<td>81.6</td>
</tr>
<tr>
<td></td>
<td>(17.45)</td>
<td>(27.28)</td>
</tr>
<tr>
<td>Small (1.01-2.00)</td>
<td>12.64</td>
<td>11.5</td>
</tr>
<tr>
<td></td>
<td>(25.97)</td>
<td>(25.69)</td>
</tr>
<tr>
<td>Semi-Medium (2.01-4.00)</td>
<td>7.3</td>
<td>5.54</td>
</tr>
<tr>
<td></td>
<td>(28.81)</td>
<td>(27.72)</td>
</tr>
<tr>
<td>Medium (4.01-10.00)</td>
<td>2.39</td>
<td>1.29</td>
</tr>
<tr>
<td></td>
<td>(24.30)</td>
<td>(18.61)</td>
</tr>
<tr>
<td>Large 10.00 +</td>
<td>0.05</td>
<td>0.08</td>
</tr>
<tr>
<td></td>
<td>(0.7)</td>
<td>(1.54)</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
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Source: Adapted from Table 1 in SinghaRoy (2005: 5506)

The West Bengal Human Development Report, prepared by the Development and Planning Department of the Government of West Bengal in 2004, argues that the land reforms initiated by the Left Front Government more than three decades ago are essential for social and economic empowerment of ordinary peasants and workers and meaningful democracy. The report asserts that:

'The land reform programme was definitely the most radical that India has witnessed in the recent period, but it still remained a limited programme of reform, which could not completely transform the existing agrarian relations, even though it clearly mitigated some of the more oppressive features. Land reforms played an important role in unleashing productive forces in cultivation and in improving the balance of class relations in the countryside in favour of the poor and the working classes and peasantry generally. They have contributed to the economic (and therefore social and political) empowerment of the scheduled Castes and tribes' (Development and Planning Department, Government of West Bengal, 2004: 42).
The Left Front government through these land reforms provided the local population, especially the peasantry, with some sense of self identity and respect. In many parts of rural India, land is considered as supreme asset where many family functions (marriages), the social status and the prosperity and wealth of the family are estimated by the amount of land a family owns. The class structure in India is to a large extent determined by land ownership where the upper classes of the society with large amount of land in possession are still commonly referred as 'Zamindar' or 'Chaudhary'- the titles which suggest a 'landlord' or person of high repute. Moreover the introduction of the decentralised form of government by the Left Front had built a broad base of electorates from the rural areas. Therefore the Left Front in West Bengal has been able to develop strong local networks of members in rural areas and hence it has been able to mobilise huge population of the rural areas. For more than three decades, this kind of institutional and grass-roots mobilisation has kept the Left Front in the state government.

Yet there had been no significant improvement in the economic status of the peasantry in West Bengal even after the implementation of the land reforms, more so since the market-oriented reforms began in India (Bandyopadhyay, 2003). In 1981 in West Bengal, 29.76 % of the rural population consisted of cultivators who performed agriculture on their own lands, while 24.53 % were agricultural labourers who work on others farms. Furthermore, in 2001, only 19 % were cultivators, while the proportion of the agricultural labourers remains almost the same at 24.9 % (SinghaRoy, 2005: 5505). A report shows that 13 % of the peasants who received surplus lands under Operation Barga had been dispossessed of their lands due to various reasons such as land eviction and sale of lands since the nationwide economic reforms began (The Times of India, August 23, 2002). The growth of employment in agriculture in West Bengal between the period of 1987-88 and 1999-00 was only 0.08 %, in spite of the growth of income in agriculture during the same period (Chadha, 2003). It also has the highest rate of rural unemployment in the country with 17 %, as against the national average of 7.2 %. The overall poverty rate in West Bengal declined from 39.4 % in 1993 to 34.3 % in 2004 (Planning Commission, Government of India, 2009). While rural poverty has increased from 54.15 % in 1993 to 56.16 % in 2001, the urban poverty has decreased from 20.97 % to 16.74 % during the same period (Human Development Report, 2004). Yet the report goes on to argue that its poor performance in terms of human development indices is the result of the division of economic responsibility...
between Centre and States, where much of the power still lies with the Central government. It further goes on to argue that although the economic reforms of 1991 have allowed states some autonomy in terms of resource mobilisation, there has been a greater concentration of fiscal powers and reduced flow of resources from the Centre to the States.

5b.1.2 Economic reforms

The development model of the 1950s, based on an import-substitution strategy and state-led industrialisation programme, was heavily centralised, which means that States in India were dependent upon the funds allocated from the central government for their development programmes. The state is currently run by the Left Front government with the alliance of two big left-leaning political parties the Communist Party of India (CPI) and Communist Party of India (Marxist) (CPM) since 1977. The Party constantly blames the decline in economic competitiveness of West Bengal on the discriminatory central government licensing policies and budget allocation practices originating due to centre-state ideological differences (Sinha, 2005).

The state of West Bengal is still one of the better performing states in India in terms of the net state GDP (Economic Survey of India, Government of India 2009-10), although its share in total value of industrial output in India was 9.8% in 1980-81, it declined to five percent in 1997-98. Public enterprises declined in the mid-1980s mainly due to the decline in share of West Bengal in all-India public investment largely due to decline in railway investment in the Durgapur- Asansol industrial area. Private investors feel less secure to set up industries in West Bengal due to militant labour unions which have impeded the performance of the state economy. During the 1980s, West Bengal had the highest percentage of the chronically loss incurring industries, vociferous labour militancy and rates of unemployment in India (Pedersen, 2001 and Kohli, 2006 cf. Da Costa, 2007: 298).

The major economic reforms taken up by the Central Government since 1991 has provoked a new phase of inter-state competition for private investments resulting in unequal growth and performance. As such, states mobilise their resources at their disposal to channel and attract investments (Kennedy, 2009). In order to restore faith among private investors and put West Bengal back on an economic development path, the new Left Front government that was formed in 2001
promised some market-based economic reforms, followed by party level changes in the political leadership at the state assembly elections.

The new Chief Minister of West Bengal, Mr. Buddhadeb Bhattacharjee, and his government tried to implement some market-based reforms by providing a 'business friendly' environment for the state and says that to restore West Bengal's economy it needs investments (The Economist November 22, 2007). He himself travelled extensively both within India and overseas meeting corporate delegates to build an image for West Bengal by promoting its success stories in IT and other services industry (The Times of India February 28, 2004; The Times of India September 1, 2005). During a meeting organised by the Confederation of Indian Industries in Hyderabad, he also assured industrialists that they would not face the problems of militant trade unions like before (The Times of India January, 31, 2004). The Left Front government under his leadership, through market-based economic reforms, looks to address some of the socio-economic problems in rural areas such as poverty, inequality and lack of employment opportunities. The programmes of rural industrialisation, like SEZs, create jobs and income generating opportunities for the rural poor. In doing so, the state government aims to build a wider political economy of support in the rural areas of the state. Secondly this also allows the Left Front government to mask its short-comings of its more than three decades of rule. Thus inviting private investors to initiate rural industrialisation helps to create a positive image of the Left Front, which is seen as anti-market, among the private investors. Finally it also enables the Left Front to gain political economic leverage over its arch rivals in the state- All India Trinamool Congress (TMC). TMC has gained substantial rural political economic support among the poor population in the last 20 years or so largely on the back of Left Front inability to increase the prospects of rural development in the state.

SEZ policy adopted by the Government of India provided West Bengal, like any other state in the country, such an opportunity. The introduction of these zones in West Bengal initiated a series of private investments for industries both in services and manufacturing etc. The state government did manage to attract some fresh private investments. Notable among them are the country's largest integrated steel plant proposed at Salboni, West Medinipur district; a small car factory at Singur by TATA Groups and a Chemical hub in Nandigram under the SEZ Act of 2005. Since a large number of these projects were new, they required lands for their establishment. The land acquisition for these industrial activities created anger
created anger among the local people. Therefore these initiatives by private investors, both domestic and international, to set up industries and other business activities have been met with resistance and violent protests by the people of West Bengal especially in the rural areas. One of the reasons for such a state wide resistance movement has to do with the historical narrative of development in West Bengal which is heavily oriented towards agricultural activities mainly concerned with land redistribution and decentralised form of governance at village level. The state government’s plans for industrialisation in the rural areas are seen as destroying the aspirations of the rural communities, who have long kept their faith in the Left Front government.

5b.2 Nandigram SEZ

One of the tasks of this thesis is to look for the reasons behind people’s resistance against the state government’s plan for industrialisation of the rural areas. The resistance against these activities was directed at the government’s planned initiatives to acquire land for industrial purposes. In this regard a proposed SEZ in Nandigram, East Medinipur district of West Bengal, sparked major nationwide violent protests and resistance movements against the land acquisition for these new industrial zones. Nandigram is a rural area in East Medinipur district of West Bengal some 150 km away from the capital Kolkata (See Figure 5.8 and also a map of West Bengal state is given in Appendix V (f)). Ninety one percent of the population in the area depends upon primary activities (agriculture and fishing) and nearly 31 % of the population lives below the poverty line (West Bengal State Census website). More than 60 % of the population are illiterate (See Figure 5.9).
Figure 5.8: Location of Nandigram SEZ West Bengal (area within the polygon was the proposed SEZ)

Figure 5.9: *Literacy in East Medinipur district of West Bengal*

Source: East Medinipur District website, at

The controversy over land acquisition in Nandigram began with a notice served by the Haldia Development Authority in Nandigram block on December 28, 2006. The notice said that nearly 27 'mouzas' (block) would be acquired for a Chemical hub of SEZ status by Salim Group of Indonesia. The total area reported to be acquired was around 14,000 hectares. Local villagers began to gather around the Block Development Office (BDO) in Nandigram. They eventually burnt the BDO down and formed a people's committee against land acquisition, the Bhoomi Uchhed Pratirodh Committee (BUPC) (Committee for Resistance against Eviction from Land) which has membership from both the Left Front and TMC. A voluntary organisation of medical professionals, Medical Service Centre in Kolkata, interviewed the convenor of BUPC who said that local people have formed this alliance to resist against any land acquisition programme by the government because no single political party was willing to help them (Medical Service Centre website).

The initial violence in Nandigram took place during a series of events between January-November 2007 in the wake of people's fear that their lands and livelihood would be taken away. Some earlier skirmishes between villagers and security forces had already created tension among the people and leaders of the area. Frontline, one of the popular weekly magazines in India which covered the Nandigram SEZ issue extensively reported in its January 13-26, 2007 issue that rumours of land acquisition spread across different villages that fell within the Nandigram block administrative boundary. This eventually led to widespread protests and in an effort to control the angry mob on March 14, 2007 security forces fired live ammunition which led to the killing of 14 villagers (Frontline Magazine January, 2007).

It is important to mention that the struggles against the land acquisition did not begin in Nandigram. In late 2006 in Singur, a place some 35 kms away from Kolkata, where the reported struggles against acquisition of agricultural land first appeared in late 2006. This land acquisition was done by the state government for a small car factory being set up by one of India's largest private sector conglomerates TATA Group (Forbes Global 2000 list, 2010). The controversies of Singur created a heightened awareness in the minds of rural people with regard to the state government's intention of large-scale land acquisition for industries. The events of Nandigram therefore grew to a much grander scale than earlier incidences, which not only led to some bloodshed in 2007 but also created some
political cleavage at Panchayat (local form of government) level elections later on. The accounts of events remain controversial with many different versions of the events. Questions remain about who started firing first and if there was any presence of rebel groups such as Maoists and Naxalites. Hence, the account of events presented here is to highlight common facts appearing in most of the reports published in the newspapers, articles, accounts of some NGOs and that told by villagers in the area during the field trip.\textsuperscript{141}

5b.3 Understanding the resistance movement in Nandigram

The resistance movement of the local people in Nandigram was directed against land acquisition for industrial purposes. The Left Front government in West Bengal, in an effort to promote industrialisation in rural areas, appeared to have damaged the aspirations of the local people that it had built over the years through land reforms. While the Left Front in West Bengal is seen as the saviour of the peasantry its effort to develop SEZs in the rural lands is seen as a U-turn in the state government’s policies that were once pro-farmers and have now become pro-capitalist. One of the farmers, CS2, 17 in Nandigram block commented during an interview with a political fervour,

\begin{quote}
'We voted CPM to be in the government because they understood us...And then they started to do the same thing as the others (other political parties). They are trying to build factories on our lands. If they wanted this land, why did they give us in the first instance?' (Interview Nandigram, September, 2009).
\end{quote}

Another respondent CS2, 10 pointed towards a similar argument. He said,

\begin{quote}
'they (CPM) were the people who first of all helped me get access to the farmland. Now they want this land back just because they want to set up industries and destroy my only source of livelihood' (Interview Nandigram, September, 2009).
\end{quote}

A similar point was raised by a respondent CS2, 26 who was a very small farmer and cultivated less than $1/4$ th of a hectare. He said,

\begin{quote}
'If "party" wants to take our land, where do we live' (Interview Nandigram, September, 2009).
\end{quote}
Not only that the Left Front government is leveraging itself through the decades of local support it has built, it has also disturbed the class formation that characterised West Bengal as peasant friendly. The land acquisition for SEZs in West Bengal threatens the very structure of development of its electorates mainly rural population i.e. land reforms and continuous agricultural support from the state government. It further hampered the Party’s political motives which are heavily dependent upon the rural support and local elections at Panchayat levels.

One of the important aspects of the Left Front Government is its commitment to provide efficient local government at village level where decision making is entrusted to the local people, with respective village heads representing them. However, the local forms of government have their own limitations. On the one hand the mobilisation of the peasantry around identity and self consciousness in West Bengal provided the Left Front with dominance over the rural people. However on the other hand it also gave subordinated groups freedom to express themselves actively under the local forms of government, thus opening up new fronts of opposition that regularly challenge the government. Hence the state government cannot avoid the local people’s voices and aspirations. One of the respondents CS2, 43 in Nandigram block was asked why he was involved in protests against the planned land acquisition for SEZs, when he does not own a piece of land, He replied,

'I work on a farmland as a sharecropper to feed my family sufficiently. That is the only source of income for me. If that is gone, where will I go? I see no reason, why "Party" wants to take away my land when we are happy with our lives' (Interview Nandigram, October, 2009).

Farmers like CS2, 43 in West Bengal have built a strong community support for themselves and hence the resistance movement in Nandigram should be seen as a collective action by the peasantry. Another respondent, CS2, 31 who work as agricultural labourer and also usually engage in fishing activities, was asked about his opposition to SEZ. He said,

'We farm on our lands. We sow this soil. We grow our own food. The only thing we know is to work with mud, water and earth.' (Interview Nandigram September, 2009).
It also puts the policy space for the state government dependent upon the choices of the local people. Thus not every policy and programme formulated by the state government would be welcomed especially if it adversely affects the majority of the local population. More than two thirds of the population of West Bengal is dependent upon agricultural activities and normally refer themselves as farmers. One of the respondents CS2, 23, a woman who during the rainy season would catch fish in the nearby pond to be sold in the weekly village market told that,

'We catch fish in the ponds and rivers nearby. We also till the land so that we can survive. We are all farmers here. If the government acquires this land from us, how can we survive' (Interview Nandigram, September, 2009).

Land acquisition for private investments puts both the landless farmers and land owners at risk by uprooting them from their livelihoods which is mainly farming. The state government on the other hand found newly opened opportunities by the liberalisation programmes to extract rents from the sale of natural assets. Therefore even the Left leaning CPM, the ruling party in West Bengal, which champions itself to be the protector of the poor has gone on to carry out a globalisation campaign in rural West Bengal.

The protests in Nandigram which began as the collective resistance movement (landed farmer, landless farmers and agricultural labourers alike) against radical industrialisation on the agricultural lands in West Bengal turned into a political struggle between the two biggest political parties in the state. Nandigram had long been a CPM bastion. The main opposition party TMC, along with small parties such as Socialist Unity Centre of India (SUCI), and some big national parties which have a small presence in West Bengal, such as Indian National Congress (INC) and Bhartiya Janta Party (BJP)\textsuperscript{142}, have tried to ‘secure political mileage’ (Da Costa, 2007: 315) out of the resistance of the villagers and subsequent action by the ruling party and security forces.\textsuperscript{143}

The opposition political parties in India have often played an important role in determining the outcomes of any policy programmes by organising a political front against the ruling party. For example, BJP was the ruling party when the EXIM Policy 2000 was framed after one of its Ministers went on a trip to China and upon his return he proposed a SEZs plan for India modelled on Chinese SEZs. However, when the Act was passed in 2005, BJP was sitting in the opposition at the Centre
and were opposing INC ambitions to set up these SEZs (The Economic Times, October 10, 2007). Similarly, CPM and INC were in a coalition government at the Centre in 2004, when this SEZ Act was passed and the Nandigram issue began to gain momentum. Despite this INC was at the front criticising the CPM and the state government’s inability to deal with the issue to secure political advantage at local elections.\footnote{144}

The Left Front in West Bengal has been able to provide a decentralised form of government and planning at village level. As such the role of village leaders, wealthy farmers and close political associates in the villages has also been an influential factor in the domination of the Left Front government in West Bengal. The programmes for rural development such as Operation Barga, Integrated Rural Development Programmes (IRDP) and other development funds and schemes are largely controlled by these “big men”\footnote{145} of the villages. Thus, they wield strong influence through party affiliations at Panchayat level to mobilise locals. Despite a large proportion of the respondents strongly opposing the SEZs policy (Figure 5.10 below) and feeling that the development of SEZs is bad for their own livelihood, there were some local leaders\footnote{146} who thought that the SEZ would have solved some of the problems of poverty and unemployment in the area. However some of them were of the opinion that a proper impact assessment of the schemes should be done before making a decision on such a big scale. A local CPM leader, CS2, 57 when he was told that a majority of the people in the area were unhappy with the idea of industries on the farmland, he replied,

‘The ‘Party’ has always been on the side of the rural people and had supported them. For the betterment of the poor in the rural areas, the Party had developed schemes of industrialisation which will help them achieve better standards of living. The locals are making incorrect statements and they do not understand the benefits of the industries in the area. They will have better jobs which will provide them with more income than they can earn from agriculture. However if there was to be any land acquisition from the rural areas, the “Party” should have informed us first. Besides they should have designed a proper plan for the scale of impact it would have on the land and the people of the area.’ (Interview Nandigram, January, 2010).
Respondents in the area were then asked to share their views on industrialisation of the kind projected by government where it offers monetary compensation for land acquisition. In an area dominated by small and marginal farmers, who are heavily dependent upon subsistence farming and some fishing as well to support their livelihood, it is not surprising that most of the locals give their land more importance than anything else. A respondent, CS, 39 in her early 30s, said,

'We have always lived besides our land. It is hard to simply let our ancestral land go so suddenly. We cannot even imagine how to feed our family without it. If they really want our lands then they have to kill us, we are ready to die' (Interview Nandigram, October, 2009).

Her husband, who also reiterated similar sentiments, said,

'We are demanding from the government not to take our motherland from us. But if they continue to do so, then we are ready to fight against them. We will try to defend our motherland at all costs' (Interview Nandigram, October, 2009).

Moreover, the kind of industrialisation the SEZs policy is promoting in rural areas does not provide sufficient longer-term prospects of livelihoods for the rural
population. Since only monetary compensation is paid in lieu of land while carrying out land acquisition under the SEZs policy, it becomes hard for the farmers in the area to think of alternate livelihoods away from land. A respondent CS2, 4 who owns a small shop in Nandigram, thought the government is playing cards of luring them into giving up their lands in exchange for jobs. He said,

'We supported this government for thirty years. Now they think they can make us do whatever they want. They are wooing villagers with the prospects of government jobs. They are telling us to give our lands and they will give us money and jobs. But we do not want these jobs. We are happy the way we are' (Interview Nandigram, August, 2009).

The rules in the SEZ Act 2005 do not bind the developer to provide jobs to those who are evicted or displaced from the land due to the development of a SEZ. A respondent, CS2, 31, said:

'I have been able to feed my family by working in the nearby town, Haldia during off season (for farming). And in the rainy season I work in the paddy fields in the nearby village. What if a factory or big industrial plant is established, I have to move away from farmlands. I would be unable to support my family because of the fact that I am illiterate and would not find a job elsewhere easily. I have to move to town (Kolkata) which will be difficult for me since I do not have enough money saved to start a new life' (Interview Nandigram, September 2009).

Accordingly, the issues around displacement from the land are one of the central aspects to have been highlighted by the majority of the respondents in Nandigram. First, the unavailability of alternate livelihood away from farming would leave these farmers in a vulnerable condition to support themselves and their family. The bulk of the population in the region remain illiterate and unskilled and would find it hard to get better jobs. Large sections of the population go to Haldia, a nearby town, to work as casual daily wage workers mostly engaged in construction activities and other informal services such as security. Another issue has to do with the land acquisition which means eviction from everything they own, be it their house, farmland, shops or other socio-cultural places such as religious places, schools and parks. During an interview with the members of Citizen Initiative, a
NGO in Kolkata, which has worked extensively in West Bengal in supporting people’s struggle against land displacement, one of its workers, Dibyajyoti Das expressed concerns about the nature of SEZs and other industrial activities carried out by the Left Front Government. He said that:

‘the land acquisition and subsequent events in Singur have somehow shaped resistance movement in Nandigram. In Singur when the land was transferred to the TATA groups for small car factory, that 996 acres of land was immediately fortified with concrete walls and blocking access to a nearby highway for one of the villages. Although the project is currently abandoned those boundary walls still exist. Similarly the enclave nature of SEZs meant that either the access to these amenities will be blocked for the civilians or these will be destroyed to make way for another type of built environment especially for capital accumulation’ (Interview and Field Observation Singur, August, 2009).

Responses from the people in Nandigram were very much in relation to Singur’s controversial land acquisition and in many ways were oriented to prevent anything of such scale happening in their locality. In the words of a roadside shopkeeper, respondent CS2, 7 in Nandigram,

‘We all knew what had happened to people of Singur before. They were deprived of their own land and the government forcibly took their land away. We thought our land will be taken soon for this zones and that our houses, temples, mosques and schools will all be gone. It created an anger wave and panic among locals and hence the villagers vandalised the Block Development Office. We wanted to ensure that no one in our community would face what people of Singur had faced’ (Interview, Nandigram September, 2009).

The aspirations of the rural people in West Bengal, built over a long period of land reforms were shaken through this rapid and large-scale land acquisition in rural areas. The majority of the respondents were of the view that the government had broken its promises of rural development and that the governments’ stand on the land acquisition issue was ‘very bad’ (see Figure 5.11). One of the respondents,
CS2, 46 a small farmer who is sharecropping an acre of land just outside the Khejuri village, was asked to share his views on what is bad about these type of industrial zones that the Government of West Bengal is promoting. He said,

'What guarantee is there they will provide us jobs after the land is taken over...They say once the money is paid for the land, it will belong to Salim (the developer of the SEZ). How can money alone replace my livelihood?' (Interview Nandigram, October, 2009).

The main problem with the government’s policy of acquiring land is the monetary compensation itself. The monetary compensation is paid on the basis of current market value of land which is dependent upon its geographical location. So land which is near the vicinity of a town, transportation lines will be costlier in comparison to farmland away from the cities. Moreover the monetary compensation is only a one time transaction which needs rational investment on the part of farmers if it to be secured for longer terms. A local leader in one of the villages in Nandigram CS2, 59 shared similar arguments as CS2, 46. He said,

'How long the money will last? Our land is the most prized possession we have. We do not want to leave our land' (Interview Nandigram January, 2010).

There are several important points that need to be considered. One is to do with the fact that a one-time payment may not be invested properly by the large section of illiterate and unskilled population in Nandigram. Hence, the money gained as compensation may well be spent very soon and eventually leave them without any assets of value (again the Gurgaon case study sheds more light on this issue). Second is that bulk of the population derives its livelihood on a regular basis through farming and other activities such as livestock rearing mainly from their farmland. So access to farmland gives a sense of economic security which seems to be lost when the land is acquired.
A second major problem was the issue of setting up the SEZs in an area productive for farming which supports more than 80% of the population. Some studies have confirmed that the performance of agriculture in West Bengal in recent years has degraded significantly due to the state government’s failure to provide some institutional reforms in the agriculture sector such as credit mechanisms, diffusion of technical infrastructure and adequate farm support system for the farmers in periods of failed crops. Yet this does not suggest that radical replacement of agriculture with industries in rural areas, without prior transfer of skills to the rural population adequate for skilled employment required in the secondary sector, might be the best strategy. A woman, CS2, 9 who used to work during the Kharif season (autumn harvest season where crops are sown with the onset of monsoons in June and July: main crops are rice, millets and maize) in the rice fields along with her husband, said that:

‘the government should focus on agricultural development of the area which will be beneficial to everyone in the area’.

On the issue of industries replacing agriculture in the area, she said,

‘this is our only occupation and this is all we know. After the crops are sown my husband would go the Haldia to find some casual daily wage work. Although it provides us with additional
income, it is temporary and unsustainable. Several times he would return home without work' (Interview Nandigram, September 2009).

The lessons to be learnt here are multi fold. One is that the policies for liberalisation and globalisation do not operate in an empty space but are very much tied with the geographical characteristics of the region- political, social, economic and cultural. The introduction of high-end economic activities (IT/ITES) in the locality may create linkages with the local economy through the demand for food and other services; thus helping the local population to gain from such opportunities. However, the problem with such assumption is that those linkages and employment opportunities are created over a longer run of time. Moreover, in West Bengal much of the workforce is engaged in primary economic activities mainly agriculture and most of them are illiterate. Therefore, any programme of globalisation, such as SEZs policy by the Government of India, must understand that the immediate loss of land and livelihoods will result in local population getting marginalised. Since there are minimal alternatives in place to provide livelihood opportunities for those displaced from land, it leaves them further vulnerable to economic and political disempowerment. Besides, the record of the Indian government in terms of resettlement and rehabilitation is poor and some estimates put total displaced persons during 1947-2000 was 40 million (Fernandes, 2004). With private companies vying for more land and resources, it has speeded up the process of land acquisition and therefore chances of greater level of displacement and unemployment among rural population. This puts further pressure on the government plan outlays for welfare programmes as more and more people will become dependent on the government schemes for social welfare provisions.

Second is that in an increasingly interconnected world economy, some opportunities may be created for employment of the poor people by linkages with the local economy. However, these opportunities will be quickly lost in an economic downturn and most of the time the biggest losers are the poor or those in the lower income bracket. This is more critical for the developing economies like India which are dependent on the demand from the advanced economies for their growth. Much of the growth in SEZs in India has come from the demand for IT/ITES in Europe and US. Financial crisis in these countries has resulted in a slow growth of SEZs since 2009. This means that while many zones are notified after land acquisition is
completed, yet majority of them have not been able to start up production in the last three years. Thus construction activities for SEZs, which may have absorbed a portion of those who are rendered unemployed due to land acquisition, have not started. In the current economic downturn across the world, construction activities and other businesses have closed down leading to a reduced demand for workers both skilled and unskilled. Therefore it will become hard for daily wage labourers, who are mostly unskilled, to find alternative casual work on a regular basis. This means that people without access to land are vulnerable to the income irregularities and hence more susceptible to social, political and economic risk. Thirdly, West Bengal has land holdings in small and marginal categories. Thus, the majority of its population operates small farms unlike Haryana where large farms are being operated by rich farmers. Therefore the opportunities for diversification of income sources are comparatively less pronounced for the farmers in West Bengal than Haryana. Accordingly, loss of access to farmland leaves the rural population in West Bengal with increasing chances of lower income. Aspiration for better standards of living might force them into migration to towns (Kolkata, New Delhi and Mumbai) and other states (Haryana, Delhi and Punjab the most attractive ones) where they end up living as casual labourers in slums or squatter settlements.

SEZs in India, with active transfer of land to private capitalists, will contribute toward the accumulation of assets and wealth and the consolidation of the class power of the upper segments of the society. These zones are therefore going to consolidate the agrarian structure of the colonial times in India where big landlords, farmers and other big capital owing classes dominated the Indian social structures. I have already discussed this argument through my case study in Gurgaon, Haryana where there were glimpses of such transformation. More importantly it is the Indian state that is actually promoting such transfers of assets and wealth which favours certain sections of the society- big capital owing elites over the rural population. An elderly man in his 70s, CS2, 60, said,

‘if the government wants to set up industries why don’t they go to some other places where farming is either not productive or where it is not practised. Moreover if government is concerned with our development why is that they are giving this land to someone else (Salim Group of Indonesia) and rather they should
set up industries themselves' (interview Nandigram, January, 2010).

There is certain perspective behind his argument, that some sections of the population still sees Indian state as their saviour, a mindset that was built over a long period of command economy. The state is expected to respond to the needs of the people, especially in West Bengal, where the Left Front has built its power base on the back of rural poor. Moreover private capitalists and their activities are still viewed with suspicion and are likely to be unwelcomed in the traditional rural societies, especially in West Bengal.

Despite assurances from the policy makers over a generous monetary compensation package, which they consider adequate by paying back the land owners the existing value of land at the market price, there were earlier examples from the Singur controversy where the state government only distributed cheques for the land owning families. The landless peasants and sharecroppers were not considered in that case for the compensation. These developments make it harder for the local villagers actually to believe in the policies of the government. Similarly the land involved in Nandigram was to be acquired for a SEZ and the compensation package involved only monetary compensation at the market value of the land. However, the government continues, to insist that it remains committed to providing adequate compensation. The Chief Minister of West Bengal Mr. Buddhadeb Bhattacharjee, in an interview with a leading TV channel NDTV, said that the government is discussing giving a stake to the dispossessed farmers in the development of the property that will take place on their land. He remained silent on the issue of whether the private capitalists will actually welcome this government initiative and provide farmers with enough of a stake or equity to calm relations with local villagers. Furthermore, the nature of the stake in the property (share holdings in the companies who are developing SEZs) being developed remains controversial and it depends upon the respective state government to decide. Thus, relatively advanced states will be in a position to offer better deals to the displaced population whether in the forms of higher monetary compensation or stake in the land development or a combination of both. For example, only the state of Haryana has agreed to provide 25 % of the land value to its landless workers who depend on the land being acquired. However, no such compensation has been offered by governments of the states of UP, Bihar, Orissa and MP. These states have less revenue and resources at hand and therefore will be competing on two
different fronts. One has to do with the competition with advanced states where these poor states are losing the inward investments. In order to attract such investments they are proposing higher and better incentives for the private capitalists but cannot afford to provide attractive compensation to its population while acquiring land. This is bound to escalate the conflicts in these states and not surprisingly the states of Orissa, West Bengal, and parts of Jharkhand have been centre of widespread resistance movements.

The SEZ policy in this regard provides state governments a separate line of authority as far the land acquisition for the SEZs are concerned which comes directly under the state government’s control. It not only puts the State governments against the Central government into a nexus which can be both accommodative (if both the governments are of the same political parties like that in Haryana- currently ruled by Congress Party which is also in the government at the Centre) and conflicting (where they are of different political parties such as the case of West Bengal-ruled by Left Front and the Central Government-ruled by Congress Party). Moreover, the separate line of governance in SEZ creates a new coalition between the state governments and private capitalists, who bargain on issues such as land requirement, locations and some other subsidies such as energy supplies etc. However, the political institutions charged to oversee the policy making (in this case SEZs) are still rooted in the hierarchical order. Hence the decision making and the policies are practiced and implemented often ignoring the local government (Kennedy, 2009) to serve the interests of only certain sections of the population, mainly private capitalists and richer farmers (see Gurgaon case study). Despite the huge outcry from the various sections of the society about the rhetoric of large-scale industrialisation over agricultural land, West Bengal government’s insistence on industrialisation through SEZs may be put forward as important for development but is based on the terms negotiated with capital rather than citizens. As the Assistant Development Commissioner of Falta SEZ, S. N. Chakravarty said,

'\textit{these SEZs will bring dollars to the country which will be good for the entire nation}' (Interview Kolkata, August, 2009).

He denied commenting explicitly on the Nandigram land acquisition controversy. However he did point out that the whole issue was a political affair along lines of party affiliations, religious and caste based differences rather than a simple
resistance movement by the locals in Nandigram over the issues of displacement and loss of livelihood. The government remained committed towards its agreement with the private capitalists and defended its decision to invite different private investors (for SEZs as well) in the state no matter what kind and scale of opposition it faces at national and state level.

The Chief Minister of West Bengal Mr. Buddhadeb Bhattacharjee during an interview agreed that his government did commit some mistakes in failing to gain the confidence of the rural people involved, while claiming the resistance movement has been largely and falsely organised by opposition parties. In recent times there has been an escalation of the regional coalition politics in India where influential political parties at state level have come to play an important part at the central government.\textsuperscript{152} The Chief Minister was further asked whether he will roll back some of the private investments notably the Singur Car Factory in the state because of the opposition coming from different sections of the society. He said,

‘Not possible! For the interest of the state if I roll back in this case I will never be able to raise my head again. And that will send a very wrong message all over the world and country. I cannot afford this’ (Interview NDTV, February, 2007).

According to him, the chemical hub in Nandigram will be beneficial to the locals in the area. It will change the economy of Nandigram. However he added that his government is also committed in accepting the final words of the people of the Nandigram. He also claimed that if the people of Nandigram did not accept this project, he would relocate this SEZ because West Bengal needs this chemical hub (Interview with NDTV, February 2007).\textsuperscript{153} Since the Left Front needed to gain popular political support from the rural population during the state assembly elections of 2011, it cancelled the project from Nandigram and planned to relocate this project at other location. However the Left Front Government was voted out of power in 2011 state assembly elections. The TMC, the main opposition party, came to power mainly on the back of anti-industrialisation campaign led through its strong opposition for the Singur Car plant, and then immediately afterwards the Nandigram SEZ.

Eventually the SEZ in Nandigram was put on hold after the killings on March 14, 2007 and finally on September 4, 2007, it was announced that the proposed SEZ was to be shifted to a sparsely populated island, Nayachar (see Figure 5.12 below)
nearby Nandigram. This site does not involve large-scale eviction of residents and hence both the ruling party and opposition parties had no objection to it. However, since it involves another public body (Coastal Regulation Zone which currently administers the concerned island), new rounds of negotiations with different government offices are required which are still heavily red taped. Thus, in the last three years there has been almost no further development in the project as this SEZ now had to go through environmental impact assessment by an expert panel as the island is under a coastal regulation zone where industries are not permitted under existing rules (The Times of India September 4, 2007).

**Figure 5.12:** Location of the Nayachar island off the banks of Hugli river

![Map of Hugli river and Nayachar island](http://www.flickr.com/photos/peace-on-earth/438160267)  
5c. Case study 3: Falta SEZ (West Bengal)

As already noted before, Falta SEZ is one of the seven SEZs developed by the central government in 1984 before the new SEZ Act 2005 was passed in order to boost exports from the country. The zone was set up for labour-intensive manufacturing such as leather goods, plastic processing, ceramics, textiles and some industrial assembly units as well which requires low-skilled or unskilled labour. However, very recently, a few skilled and semi-skilled production units have also been set up for the manufacturing of solar cells and modules and compact discs [Information Booklet supplied by the Development Commissioner (DC) Office Falta SEZ]. In terms of total number of manufacturing units available, there is space for 131 units, while only 78 units are in operation. The Falta SEZ employs nearly 2,500 employees, both male and female, who are on the payroll of the companies operating inside the zone, while temporary and contractual staff are more than 10,000 (Falta SEZ official portal).156

The zone is governed from Falta SEZ Development Commissioner Office in Kolkata which is also authorised to govern other SEZs in the Eastern parts of India comprising the states of Jharkhand, Orissa, West Bengal and seven North Eastern states (commonly referred as Seven Sister States). The zone is in the Diamond Harbour II Block of South 24 Parganas District of West Bengal. It is situated along the banks of Hugli River some 60 km away from Kolkata (See Figure 5.13 below and also a map of South 24 Parganas district in which Falta is located is attached in Appendix V (g)). It is built on an area of 115 hectares which is smaller than the other two zones discussed above. The total population living below the poverty line is nearly 40% at district level, while block and village level data is unavailable (South 24 Parganas, District Census Handbook, 2001). This zone was established after relocating the population of the three villages; two on the eastern side just opposite of the current location of the SEZ, and a third one just to the north side of the SEZ157 (See Figure 5.13, 5.14 and 5.15 below). The combined population of the three villages which were relocated at the time was nearly 4,500. According to the 2001 census, it was around 11,000 (District Census Handbook West Bengal, 2001) while the data on the current population was unavailable at the time of writing.
Figure 5.13: Map of Falta SEZ

Source: Reproduced from Wikimapia an online map service
Figure 5.14: Falta SEZ viewed from the road opposite to it.
Figure 5.15: One of the villages just opposite Falta SEZ

Note: Picture 5.14 shows some of the units of the Falta SEZ on the background while Figure 5.15 shows one of the villages (housing structure visible among the trees) relocated just on the left side of the road shown in picture on the previous page (Source: Taken during the field trip September 3, 2009).
5c.1 History of land acquisition in Falta

The land acquisition for this zone was carried out under the guidance of the central government which also governs the zone through the DC Office in Kolkata. The small population of three villages was easily relocated in the surrounding areas of the SEZ. Falta SEZ also experienced less resistance against land acquisition. The reason for this had to do with the kind of compensation given to the displaced population. All villagers were provided with new land to build their houses. The land measured 15 X 20 feet in dimensions. This included both the landed and the landless farmers. However, the families of the land-owning farmers additionally received monetary compensation in lieu of the land they had lost. No such monetary compensation was given to the landless farmers (Personal Conversation, local priest Hainan, August, 2009).

One of the respondents, CS3, 5 recounted the story that goes behind the land acquisition for the Falta SEZ. He said,

"the government officials came to the village with the plan of having this zone over our lands on which we live. People in these villages instantly thought of losing their lands they inhabited and cultivated for ages. As such they immediately resisted the idea of any industrial area in the locality. However, some of the affluent locals along with village heads then persuaded some of the villagers to part with the land. Villagers were lured into the prospects of better standards of living and jobs to support their families. Government officials then came with folded hands. They agreed to provide land to the villagers on the opposite side of the road few hundred metres away just to ensure there is no violent resistance by the villagers. The assurance of the money along with the land for the houses weakened the stand of the villagers and everyone eventually decided to leave the land" (Interview Falta, August 2009).

The way in which land acquisition was carried out in Falta as described by respondent CS3, 5 in many ways deviates from the process of land acquisition in the other two cases studies discussed above. First, the compensation package offered to the locals was different in the two other case studies (Nandigram and Gurgaon), where only monetary compensation was awarded and only to land-
owning families. In Falta all the sections of the population whether landed or landless were considered for compensation. The acquisition in both the Gurgaon and Nandigram cases was carried out by the state government without consultation with the village Panchayat and the villagers. Contrastingly for Falta, the state government was willing to discuss, negotiate and convince the local population to give up their land. Another respondent CS3, 13 who was an elderly man in late 70s told that government official from Kolkata visited this area several times. They would come and talk to some people in the villages and then go. He further said,

"One of the local Panchayat members came with several men from Kolkata. These men told all of us that government want factories to be built in the land nearby so that we can work. The government will pay for the land and will offer jobs to everyone inside the factories. They were willing to offer us land for houses elsewhere and then they decided to give us here which was easier for everyone in the village to relocate' (Interview Falta, August, 2009).

One of the reasons might be that since the Falta SEZ was the central government's initiative, it means added responsibility for the state government while carrying out land acquisition for lobbying purposes to get some additional developmental funds allocation from the centre. Since the land in the Indian constitution comes under the states' jurisdiction, the respective state governments' are responsible for land acquisition. Hence the involvement of the villagers and other local leaders in Falta would have been encouraged by the government of West Bengal to facilitate the smooth transfer and acquisition of the land.

Land acquisition for any industrial activities in India is carried out using the Land Acquisition Act of 1894. However, the procedural difference between land acquisition done before and after the economic reforms began in the country in 1991, is neoliberal in nature. Hence the landless farmers are being neglected from the compensatory deals during the land acquisition process. Land acquisition for the Gurgaon and Nandigram SEZ was carried out by the state government under the SEZ Act of 2005 for private capitalists, whereas in Falta it was carried out for the Central Government before the Act was passed.
It was also later revealed by one of the factory managers who has been living inside the zone since 1990, that compensation for the land that was acquired in 1984 is still being paid in installments. Few villagers, according to him, received compensation a year before the field visit (Personal Communication Falta, August, 2009). One of the respondents, CS3, 26, later confirmed that he got compensation in December 2008 (Interview Falta, September, 2009). This mode of payment of the compensation for land acquisition appeared different to that in Haryana, who have received it in one installment. However, no government official in the DC office, Falta SEZ or in the Land Acquisition Office, Kolkata commented upon it when approached.

A plausible way to explain this variation in the mode of the payment for land acquisition is the passing of SEZ Act of 2005. An important factor is that most of the land acquisition undertaken for the SEZs after the Act was for the private sector, while before the Act the majority of the SEZ were central- or state-government owned. The SEZ Act of 2005 has allowed both state governments and private investors to apply for SEZ projects. Private investors can apply for an SEZ either through the relevant state governments or directly to the BOA after identifying the land for the zone. In many cases, private investors are willing to approach the land holders directly (which was evident in Gurgaon) in order to purchase the land quickly. Also, state governments have collaborated with private investors to acquire land for them. Private investors are willing to pay a huge amount of money directly to the state governments to acquire land for them. Therefore, state governments have been able to pay the entire amount for land acquired from the villagers in one installment. Also, if the state government wants to set up the SEZ it can acquire the land from the owners and then transfer it to private developers, which was the case in Gurgaon which Ranjan (2006) showed how Haryana government acquired the land and then sold it to Reliance at higher prices (see discussion in Gurgaon case study).

The amount of compensation being given to the villagers in Falta was not confirmed as people in the area were reluctant to reveal it. During the interview with the land acquisition officer in Kolkata, he advised that this information could only be traced from the West Bengal Industrial Development Corporation or Falta SEZ Development Commissioner Office. Since it is a SEZ, it is governed by a separate entity and hence the land acquisition office has no access to any information of such nature (Interview Land Acquisition Officer, Kolkata, September, 2009).
Moreover, the Development Commissioner Office for the Falta SEZ, denied having access to such information. Despite passing of the Right to Information Act, it is still difficult to trace any information from the government offices which involves much bureaucratic 'red tapes' and is a lengthy procedure. It took several hours of discussions to convince one of the staff sitting in the Falta SEZ Office that this was only for the research purpose and nothing else. At one point, one of the lady staff in the DC Office asked me, 'But why are you doing your research in India, why not somewhere else' (Personal conversation, Kolkata, 2009). Even that was not enough and several visits to the above mentioned government bodies proved futile.

This also highlights the changing role and relationship of the state with Indian society which is increasingly becoming more capital oriented such that the influence of capitalist classes has grown considerably (Jain and Mukund, 2003; Kohli, 2006; Varshney, 1999; Jenkins 1999, 2011). A quote from Chatterjee (2011: 25) sums up this argument considerably well, where he acknowledges that 'the dominance of the capitalist class within the state structure as a whole can be inferred from the virtual consensus among all major political parties about the priorities of rapid economic growth led by private investment both domestic and private. The fact that Left leaning political parties such as CPI (M) in West Bengal has advocated programmes of economic liberalisation and export oriented industrialisation (SEZs) in the state, meant that further 'state support for rapid economic growth is guaranteed to continue' (ibid).

The SEZs policy with its attractive incentive packages for private capitalists is going to further speed up their development across the country and land acquisition for these zones along with other industrial activities which have grown tremendously since the country wide reforms began in 1991. Since the economic reforms began, different state governments in India have been actively acquiring land for industrial purposes mainly for private companies (Fernandes, 2004: 1192). For example, Andhra Pradesh acquired half as much land during the first 10 years of reforms for industry as it did in the 45 years since independence (Fernandes et. al, 2001: 69-70). The government of West Bengal has also been acquiring land during the same period, which some consider is at a faster rate than the land redistribution during the land reforms itself (Guha, 2007a).
5c.2 Impacts on the local population

Across all the three villages in Falta, a large proportion of the respondents lost the ownership of farmland due to land acquisition, while some of them still retained a portion of their farmland since it fell outside the boundaries of the zone (Table 5.8). The table suggests that majority of the respondents have lost access to farmland and, in fact, the land acquisition for SEZ has resulted in more respondents becoming landless. After land acquisition had been done for the SEZ, almost 50% of the respondents have become landless and those in the small and semi-medium category of land holdings have moved towards the marginal category.

Table 5.8: Land holding pattern after the land-acquisition in Falta

<table>
<thead>
<tr>
<th>Size Category</th>
<th>Before Acquisition (No. of respondents)</th>
<th>After Acquisition (No. of respondents)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Landless</td>
<td>0</td>
<td>33</td>
</tr>
<tr>
<td>Marginal (&gt; one hectare)</td>
<td>24</td>
<td>19</td>
</tr>
<tr>
<td>Small (1 to 2 hectares)</td>
<td>19</td>
<td>5</td>
</tr>
<tr>
<td>Semi-medium (2 to 4 hectares)</td>
<td>14</td>
<td>2</td>
</tr>
<tr>
<td>Medium (4.0 to 10.0 hectares)</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Large (&lt;10 hectares)</td>
<td>1</td>
<td>0</td>
</tr>
</tbody>
</table>

Source: Data generated during the fieldwork in Falta through the interviews with the villagers

The table above also shows a very interesting characteristic of the way land acquisition for these zones have taken away the surplus from the poor and accumulated at the top sections of the society. The land acquisition for the SEZ seems to have pushed the rural population in the area further towards marginalisation. This appears to be a reversal of the land reforms programme carried out by the Left Front government in West Bengal which helped landless and sharecroppers become land owners. One of the landless farmers, CS3, 21 who has been working inside the zone as contractual labourer, indicated this transformation and feared for his future livelihood. He said,
At first I was a "krishak" (Bengali for 'farmer') now I am "majoor" (Bengali for labourer). Then I had both farmland and my house. Now I have only my house. What if they ask me to move away from this place? They will take away my house this time. Do we have any options left ultimately?" (Interview Falta, August, 2009).

The respondents in Falta were then asked to rate the compensation according to the satisfaction level on the scale of five from highly satisfied to highly dissatisfied. There are noticeable sections of the population who appeared dissatisfied with the land acquisition and its associated compensation. A respondent CS3, 34 was asked to share his views on land acquisition and the monetary compensation that government paid to the villagers. He said,

'The money is long gone. I have nothing left at the moment' (Interview Falta, August, 2009).

Another respondent CS3, 10, reiterated the point about money when he said,

'You assume that "taka" (Bengali for money) will always remain with us. It is with us today but may not be tomorrow. I will give you INR 10,000 and ask you to live with this for your entire life. Can you?' (Interview Falta, August, 2009).

Nearly 35 % of the respondents were highly dissatisfied and still think it was not a good policy by the government to establish industries by acquiring agricultural lands and relocating them to other places (Figure 5.16 below). Another respondent, CS3, 41, who lost his farmland, said that:

'these people (government) do not understand what it feels like to be landless. Land is an essential part of our family. Our life depends upon it. We have a sense of pride if we have even a small parcel of land that we can cultivate. Once you take it away it becomes difficult for us to live a life same as before' (Interview Falta, August 2009).
Even though the villagers in the area were provided with monetary compensation and an additional piece of land to build their houses, they had a hard time adjusting to a new life. Respondent CS3, 19, a 45 year old local craftsman- a small scale weaver used to produce embroidered ‘sarees’ (a traditional women garment of 5 to 6 metres long) for the markets in nearby towns. He has been hand crafting these sarees for past 20 years from his one-room house. He inherited this occupation from his father. His son, who is 21 now, helps him with the work. His family was always dependent upon his craftsman skills. He produces two or three sarees per week. The amount he gets for every saree depends upon the designs and details worked on it. Thus, more complex design and finer details would usually earn him on an average US $ 15-18 (INR 800-1000 per piece) while sarees of simple designs would fetch US $ 7-10 (INR 400-600 per piece).

For CS3, 19’s family the SEZ and its development has contributed almost nothing either to their skills or their family income. Over the last 25 years his earnings have remained more or less the same. Before the land acquisition for SEZ, his family also cultivated 1.25 hectares of land. The land that they cultivated would help them secure enough food for the year. Now that is gone, this means additional portion of his income is gone in purchasing the food supplies for his family. He explained,
'My father use to produce same number of sarees 25 years ago which I am producing now. There is no big market where I can sell my sarees. I mainly depend on the orders that I get from the local traders mainly in Kolkata who would offer me to work on a small consignment....My son is inexperienced and I have to look after him most of the time and tell him how to hold the needle and where to start and what to work on first. Any defects in the saree and it loses its value...I also go sometimes to sell my own designed sarees in the local market but the price I get is very low. Besides producing sarees on your own and selling them in the market is a risky affair. Most of the traders are not willing to purchase them. I sometimes end up having them stocked in my room' (Interview Falta, August 2009).

Much of the dissent among the people in the villages near by Falta stem from the issues of 'broken promises' of employment and better livelihoods. Some employment has been generated for the villagers but only for some of them. Respondents were asked to report their current principal employment status. Table 5.9 provides the breakdown of employment status of the workers. At the time of fieldwork, twenty five respondents reported working on a daily wage basis. Out of those 25 as casual workers, 15 were working inside the zone on a temporary contract basis at the time of fieldwork in August, 2009. Only four were on a regular salaried job, all inside the zone, while 17 persons reported being self employed. Out of 17 respondents, who reported as being self employed, 13 were still engaged in farming while the remaining four were small scale traders and contractors, having links with factories inside the zone. A significantly high proportion of respondents reported being unemployed with no job at the time of interview.
Table 5.9: Employment status among the respondents in Falta

<table>
<thead>
<tr>
<th>Mode of employment</th>
<th>Number of respondents</th>
<th>Before land acquisition</th>
<th>After land acquisition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Casual labour</td>
<td>18</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>Salaried</td>
<td>1</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Self employed</td>
<td>31</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>Unemployed</td>
<td>10</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>60</td>
<td></td>
</tr>
</tbody>
</table>

Source: Data generated during fieldwork in Falta through interviews.

The data on the total number of employed persons (both registered workers and temporary, seasonal or contractual workers) from the three affected villages was unavailable and can only be sourced from the individual production units inside the zone. Since this was beyond the scope of this research it could not be generated. However, the total employment figures provided by the DC Office Falta SEZ, suggest that the total number of employed persons on various companies' payroll is less than the total population of the three villages relocated (Falta SEZ, 2011 website). In addition there are close to 11,000 temporary and contractual workers who face constant threats of layoffs and receive lower wages than the official wage rates inside the zone.

According to a respondent, CS3, 32 who works inside the zone, used to get US $1.45 per day (equivalent of INR 65 per day at current prices) as against the standard rate of US $ 1.8 per day at current prices (equivalent of INR 81 per day) set by the government (Interview Falta, August 2009). This difference between what they get and what is on paper is due to labour contractors who are given charge of distributing the wages to the daily workers and they pocket the difference. A factory supervisor inside the zone told me that he had a labour contractor, who is responsible for the labour supply in the factory (Interview Falta, September, 2009). He then showed me a special corner in the factory compound where the labour contractor would normally come and sit in the afternoon and the workers would line up and collect their wages. The supervisor said,

'Labour contractors ensure that whenever excess supply of labour is required by our company, we have them quickly. Even if we needed hundreds of them he would get it. It is their
responsibility to meet our demands for the labour supply. Contractors are like our additional hands for the factory. We would not be worried about labour and their wages anymore. We make the payments to the contractors and they would simply pay out to the workers on a daily basis. Our job and work becomes easier as we can concentrate and focus more on the quality of our goods’ (Interview, Falta August, 2009).

I met one of the respondents, CS3, 54 in his house in the Hainan village, opposite Falta SEZ. He has been working for a jute-bag manufacturing factory inside the zone. His wages are dependent upon piece-rate work, whereby he would earn depending upon the number of bags he is able to sew. He sits on one end of the factory floor working alongside 10-15 fellow workers as first step of the production process, stitching two pieces of jutes sheets together. These would then proceed to another set of workers who would be attaching the strap to the bags and the final step would be putting a seal of the company which ordered them. CS3, 54 spoke about the exploitation he faces inside the factory because of the piece-rates basis. He said,

‘Working on the basis of number bags I can stitch is helpful to an extent that I can earn more. If I need more money someday I can simply try to get a bigger bundle of maybe 100-150 jute sheets instead of usual 60-80. The problem I have is if I am sick and do not go to work, I would not earn a single “taka”. I have also seen some of my fellow workers who do not turn up for work were fired the next day. This job is not regular. I am working today and the next day the manager can simply fire me’ (Interview Falta, August, 2009).

Even the total number of man days available for these workers depends upon the demand for the products. Another respondent CS3, 37 worked for a textile unit inside the zone. He usually works for the company on a contract basis. During the start of the winter season, the demand for the products usually gets higher and he would work for the company for two to four months and then he would be laid off for rest of the summer and the rainy season. He said,

‘I used to work inside the zone but that too depends upon the demand for labourers inside the zone. The [labour] contractor
would inform me if the factory inside needed workers during the peak days. The total number of days for us to work in the factory varies between a few weeks to three months (90 days) and sometimes may be six months. Last year I turned up for work in front of the factory and the manager simply told 25 of us that he does not want us. I got no work for the next four months...It has been a very bad experience for me and my family. I had difficulty at first finding immediate employment to earn a living. Earlier I used to work on a farmland to ensure I have enough money to support my family. But sometimes that is not enough' (Interview, Falta August, 2009).

The nature of the work contract for both respondents CS3, 54 and CS3, 37 is most of the time insecure in terms of provident funds, annual bonuses, employee sickness insurance etc. Chari (2004), in his work on working classes in Tiruppur town, mentioned how piece-rate work in this South India town come to become the new forms of production relations, even though they were exploitative in nature. The existence of labour unions in Tiruppur meant they fight against labour exploitation against heavy workloads, longer working days and lower wages. However, no such support is available for workers in Falta, as the labour unions are banned inside the SEZs. So the workers inside the Falta SEZ have no options but to accept the working conditions that are present or leave the work at all.

Moreover, the number of days that CS3, 37 works in the zone is close to that of National Rural Employment Guarantee Programme's minimum employment of 100 days per year. Yet it remains highly erratic and sometimes the sluggish demand may force factory managers to lay off workers early, forcing them into unemployment. The population in the locality has become more vulnerable to the workings and functioning of the zone which is, in turn, related to the broader economic conditions of the country and the world. This means that even though there are some employment opportunities being generated, they nevertheless have not translated into stable jobs and income opportunities for many individuals living in the vicinity of the zone. This has further translated into lower wages and, hence, lower-income generating opportunities for the population of the surrounding villages. The fact that majority of them work on contract basis, the chances of facing a period of unemployment, lower income and poverty, are always higher for the villagers.
facing a period of unemployment, lower income and poverty, are always higher for the villagers.

The respondents in the area were then asked to reveal their annual income before and after the land acquisition for the SEZ. However, many of the respondents were unable to provide information on their income level before the land acquisition. The land acquisition took place almost 25 years ago and ascertaining the income level for that time period from the individuals was a difficult task. Historically, the state of West Bengal has seen its per capita income decline from being the richest state in 1960 along with Maharashtra it slipped to 5th richest in 1980-81. It further slipped to 7th in 1990-91 (Sachs et. al. 2002). It is to be noted that although the average annual income of the people of West Bengal grew, its growth rate was slower than other states and below national growth rate (Ministry of Statistics and Programme Implementation, Government of India, March, 2012 and Lahiri and Yi, 2004). The average annual income for the people of West Bengal during 2011-11 was US $ 640 at 2004-05 prices, which was close to, but below the national average of the US $ 720 (Ministry of Statistics and Programme Implementation, Government of India, March, 2012).

Table 5.10 below outlines the changes in the income level of the respondents who were able to share their income level before and after the land acquisition in Falta. It suggests that the number of respondents in the income bracket of less than US $ 450 rose considerably after the land acquisition took place. Since a large proportion of the respondents lost ownership to land after the establishment of SEZ, their income level dropped considerably. However, a few respondents witnessed an increase in their income over the years largely those villagers who did not lose all of their farmlands and were able to continue practising farming.
Table 5.10: *Income level of the respondents before and after the land acquisition in Falta*

<table>
<thead>
<tr>
<th>Annual Income category (US $ at current prices)</th>
<th>Number of respondents(^a) (before land acquisition)</th>
<th>Number of respondents (after land acquisition)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below Rs. 2000 (less than US $ 450)</td>
<td>13</td>
<td>23</td>
</tr>
<tr>
<td>Rs. 2000-4000 (US 450-897)</td>
<td>24</td>
<td>19</td>
</tr>
<tr>
<td>Rs. 4000 or above (more than US $ 897)</td>
<td>9</td>
<td>11</td>
</tr>
</tbody>
</table>

Note: \(^a\)Not all respondents revealed their income.

Source: Data generated during the fieldwork in Falta through the interviews with the villagers.

A respondent CS3, 58 who was a small farmer and his family lost their ancestral house. He received a small portion of land to build his house, but retained some of his farmland since a portion of it did not fall within the area earmarked for land acquisition. His father continued with farming. When he was asked how he managed to fare better than many of the villagers, he replied,

'We just like others were allotted a new plot to build our house. It was difficult for us to initially to do that. At least we were practicing farming. Our land produced enough food for the whole family. We somehow managed to support our family of eight people. Financially it was a bit tough for us. But after a while, I began working in the zone in a factory which produces seamless tyres. My wages supported other household expenses such as medical services, education and other social activities. Later I was asked to supervise the operations of the company’s office in Kolkata five years ago. I was given a pay rise. It became much easier for my family. Since my father passed away, my younger brother is looking after the family affairs back in Falta. He cultivates our farms. We have even managed to build another house. Maybe I was lucky' (Interview Falta, September 2009).
Some respondents like CS3, 58 have been able to diversify their income sources. Therefore they appeared to have favourable views towards the SEZ. Of the five respondents who were highly satisfied with the compensation package given to them by the government were those who retained the ownership of the land. This means that even after the zone was established, these families were able to derive additional income from farming. Much of what they earned from farming went towards food and other immediate necessities such as clothing and medical expenses. The arrival of the factory work allowed them to enhance their chances of increasing their family income by working inside the zone.

The satisfaction level of the respondents in the area is, however more differentiated from that of Gurgaon where the majority of the respondents were highly dissatisfied with the monetary compensation. There can be several reasons for this. Foremost is the fact that Falta SEZ is now more than 25 years into its existence. This means that some of the respondents might not even have been born when this SEZ came into existence. While some would have been too young to understand the complexity of the situation prevailing at that time, unlike Gurgaon SEZ, which was established recently in 2006, where memories of land acquisition and discrepancies of the monetary compensation are relatively fresh in the minds of the villagers. Secondly, the differences in the socio-political and cultural formations of the rural community in Falta and Gurgaon meant that the views towards monetary compensation were varied. Gurgaon in Haryana is dominated by large land holding farmers, whose aspirations are qualitatively and quantitatively different to farmers in Falta, who are mainly small and marginal farmers. Large land holding farmers in Gurgaon, Haryana are occupationally diversified and farming has become less and less important for these big farmers as their main source of income (Jodhka, 2012). Contrastingly, in Falta West Bengal, small and marginal farmers are still practising subsistence farming and considered land as their main source of livelihood. Therefore their attachment to the land remains more important be it farmland or their houses. The third important reason, connected to the second, is the changing nature of land acquisition policy and the compensation packages designed by the Government of India. Land distributed for housing purposes to all the villagers in Falta, in addition to money for the acquisition of land would have helped subdue the discontent among the villagers.

Nevertheless not many people in Falta have been able to benefit in the same way as CS3, 58. However, the villagers in the area appeared to have adjusted to the
situation and tried to forget what happened in the past. According to one of the respondents CS3, 8 the establishment of the SEZ has not contributed to the overall development of the villagers lives in the area. When he was asked what is bad about this zone, he replied,

‘When we were dependent on agriculture, it was not enough for us to provide any luxuries to our family. But there was a sense of self independence that we enjoyed. We used to grow our own food on our fields. We were able to live in a community that supported each other in good and bad times. However some things have changed since the coming of the SEZ, at least we have constant power supply (although only for the few villages nearby) and the road is good now to Sarisha Hat. But what is the use of it. Not many people in the villages have got permanent work. To work in the zone people are dependent upon labour contractors. We have got no option but to rely on them despite the fact they exploit villagers and pay them less than the wage rate set out by the government for the workers inside the zone’ (Interview Falta, August 2009).

For the villagers who do not work in the zone, the aspirations are to get employment inside the zone. The unavailability of alternative livelihood opportunities has forced these villagers to be systematically abused by the workings of the SEZ. The introduction of the SEZs did help some locals to get industrial employment but that also initiated the age-old problem of the capitalist mode of production- exploitation of labour. Even though employment is generated for the villagers in the area, it is most of the time under subjugated conditions. Most of the time workers in the factory have to work at lower pay rates than the minimum rates set for the SEZ by the Falta SEZ DC office. Since a majority of the working population inside the zone comprises temporary and contractual staff, the benefits such as pensions and contribution towards provident funds are not given to these workers. Moreover, the SEZ Act of 2005 prevents any form of labour unions inside the zone which leaves them unprotected in cases of discrimination by the factory owners. The villagers who work inside the zone demand better treatment of the workers inside the zone, better pay rates and working conditions. A respondent, CS3, 43 was 25 years of age and was unemployed for four years, soon after he finished his high school. His father owns a small pawn shop and
barely manages the family affairs. In 2007, he got a job in a Compact Fluorescent Lamp (CFL) producing factory inside the SEZ. His work commitment inside the factory is to stamp the CFLs with the company’s name before they are being packed. He sits in the corner of the assembly house of the factory and normally does his work for five straight hours before getting a lunch break between 1-2 PM and finishes his shift at 5 PM. When he was asked what is bad about this zone? He said,

’For two years, I have been putting seals on these bulbs. The heat coming from the electric lamp above the dye is almost unbearable. I thought I will be able to get some increment in a year or so. The wages I get, hardly does any good for me. But I am left with no choice’ (Interview Falta, September, 2009).

Similarly another respondent, CS3, 45 also works for the same factory in the SEZ as CS3, 43. He lives with his wife, father and an elder sister. He earns Rs. 3,500 a month which is equivalent of US $ 78 per month at current prices and is just over US $ 2 a day- the median poverty line considered more relevant for middle-income countries, since they have higher poverty lines than the main standard of US 1.25 a day as described by the World Bank (2008c). He lost his farmland to the SEZ and has since been struggling to earn a sustainable living. Since he is an illiterate the prospects of getting a promotion or finding a job in a bigger town are also slim. Hence, he also relies on working in the factory which can at least provide some earnings for the family. He was asked why he is unhappy with the SEZ in the area. He said,

‘How can you pay back the livelihoods for entire life in the form of money? We earn it through our lands and we owe our existence to it. Once land is gone, it is difficult to start over. Also the government distributed the compensation amount in several installments sometimes taking a few years to get one cheque. That left us with little money at our possession immediately to start a new living. My father started going to Diamond Harbour for work but it was difficult for him to find a job’ (Interview Falta, September, 2009).

He was further asked what could have been done for the betterment of the villagers. He replied,
'the government should have provided at least some land for cultivation so that we could have continued with farming. Or at least they should have guaranteed us with the promise of a job in the zone to support us. It took few years before the factories started to come inside the zone. That time was the toughest we faced in our lives' (Interview Falta, September, 2009).

More than 50% of the respondents opposed the idea of having a SEZ which displaced them from their established mode of livelihood and failed to provide them with sufficient employment as a replacement (see Figure 5.17 below). Respondents in Falta were also more resistant to the idea of a SEZ on their farmland. However a little less than a third of the respondents actually favoured the idea that Falta SEZ had beneficial effects on their livelihoods. A respondent CS3, 12 whose family was once dependent upon farming before the SEZ was established, was introduced by Abhoy Das. He has four brothers and two sisters. His youngest brothers lives in Kolkata and works in the Treasury Office as junior clerk. He himself is now a contractor and supplies labour and building materials to the SEZ. The rest of his three brothers lives in Falta and work along with him. He used to work in the zone some 15 years ago. But then upon the request of the factory manager, he started to bring few of his friends and acquaintances to the factory he worked for. The commission he earned for every person he supplied grew and he was able to accumulate enough to get workers himself from the Sarisha Hat to work inside the zone. He was of the opinion that the SEZ had helped people in the area to earn a decent living, better than when it was an agriculturally-dependent community. During the interview, he was asked how the SEZ has impacted on the local population. He said,

'SEZ has improved the standards of living in the locality. Before the SEZ was established, people had to travel several miles to buy durable and non- durable consumer products and now they can get these products in the vicinity of the SEZ. The villages in the area did not have electricity and proper roads before the SEZ was established, but now they have access to power supply and a surfaced road connecting Diamond Harbour road to Falta. Many people have now gotten themselves television sets and some of them have refrigerators as well' (Interview Falta, August 2009).
Figure 5.17: Opposition to SEZ in Falta, West Bengal (figures in parentheses represent number of respondents)

Source: Data generated during the fieldwork in Falta through the interviews with the villagers

However, during a group discussion in the Hainan village, respondent CS3, 12’s remarks did not translate into the general assessment from the area. There were three elderly men, probably in their late 60s, who were of the opinion that SEZ has done little for the locals in the area. According to one of the men in the group, a 67 year old man said,

‘Not everyone in the area benefitted in the similar way as he did. He has built a big house that is why he is saying like that we have electricity and fridges and TVs. How many houses can you see in the village like his? SEZ did provide some employment for the locals. However not all the villagers work inside the zone. Those who work, the uncertainty attached over the temporary and contractual work inside the zone has left some of the villagers far more dissatisfied with the workings of the SEZ. We work like a ‘bandhwa mazdoor’ (bonded labour) now. We were free when we were farmers. We eat what we grew. Now we have to buy the same stuffs from the markets that we used to grow in our fields’ (Group Discussion Falta, August 2009).
During the fieldtrip to Falta it was found that the nearest market for food products was some 14 kilometres far in Sarisha Hat, a small town connecting Diamond Harbour with Kolkata and a junction for changing buses to Falta (Field Observations and also see the map in Figure 5.13). There is a local bus service that runs from Sarisha Hat to Falta every half an hour from 6 AM to 7 PM, mostly bringing the workers who are employed in the SEZ. Also, most of the villagers in the Hainan village does not have access to electricity or a brick and cement house (a symbol of higher status in the village). This is another indicator that not everyone in the area has gained from the employment in the zone and increased income opportunities and hence not experienced improved standards of living.

The poverty-level data for the locality was unavailable to enable some comparative analysis between the time periods before and after the establishment of the Falta SEZ. Further impact assessment of the Falta SEZ on the poverty level and income inequality in the locality might be helpful. However, it appeared that Falta SEZ has benefitted some sections of the population who have transformed themselves into entrepreneurs as contractors and other small scale merchants. Yet there remains a majority of the population who do not have the opportunities of permanent work in the SEZ and because they cannot find alternative work either farm or non-farm employment rated SEZ a less favourable choice for their overall development. Since the Nandigram SEZ controversy the situation has become further complicated and rural areas have become more involved in community actions and remained highly suspicious of the Left Front Government in the West Bengal.

5c.3 Commonalities and differences across the three cases

The three cases I have discussed above provide some common characteristics in terms of the impacts of the SEZs on the local population. However there are also certain contrasting features among these case studies, which are the results of distinct historical and socio-political characteristics of each case. For example there are certain similarities between Gurgaon and Falta SEZ in terms of how the SEZs have impacted the local population as both cases provide evidence that SEZs are further concentrating the land holdings in India in small and marginal category and that after land acquisition for SEZs in these locations, landlessness among the local population has increased. Therefore the argument, that marginalisation of land holdings has made farming unviable, and the land holdings should be consolidated and used for industrialisation, has lost on several accounts. First,
that development of SEZs further leads to marginalisation of land such that more and more rural population is falling back to smaller pieces of land. Secondly, consolidation of land has resulted in wealth and assets accumulation in fewer hands mainly rich farmers and corporate capitalists. Thirdly, this has not resulted in the industrialisation in the rural areas on the scale as it was hoped among the planners. Therefore, in both these cases, it is the small and marginal farmers who have experienced conditions of assets loss and wealth depletion. However, the richer farmers and already well off villagers have been able to reap in the benefits of the SEZ in their locality. They receive higher monetary compensation and hence were able to purchase land elsewhere.

Yet the nature of opposition to SEZs in both Falta and Gurgaon remain highly varied. This is dependent upon the local class relations developed in each of the cases. In Gurgaon Haryana, large land holding farmers occupy a dominant position both economically and politically. Moreover, the location of Gurgaon SEZ is close to a major town and the population in the surrounding areas has started to practice a mix of economic activities and many of the families have some of their members working in the non-farm sector. Therefore the opposition to SEZ in Gurgaon was directed more towards the monetary compensation which provided an easy exit option for them to leave agriculture. Contrastingly, the Falta SEZ is situated far away from a big town. The majority of the respondents were small farmers, who practiced agriculture as their main occupation. Therefore the opposition was more oriented to the loss of land and livelihood and hence the presence of SEZ on the farmland per se.

Similarly, both Nandigram and Falta, despite being situated in West Bengal have experienced different trajectories of development. While the Falta SEZ has managed to start production and is functioning, the Nandigram SEZ on-the-other-hand has been scrapped during its land acquisition process. This can be explained due to the different time periods of their development and also the fact that they were under a different authority. Falta SEZ was developed before the new SEZ policy was put in place, while Nandigram was developed under the SEZ Act of 2005. Hence the nature of Falta SEZ’s establishment and land acquisition policy was different from Nandigram SEZ. In Falta, all the displaced were considered for the compensation package even if they did not own any land at all, while landless workers were not considered for compensation in Nandigram. While the Falta SEZ is smaller in size, the sheer size of the Nandigram SEZ (14,000 hectares) was so huge that it involved
dozens of villages. Thus, violent resistance from the large section of population in these villages made it difficult for the state government to overlook the demand of the villagers. This begs the question then, why Gurgaon and Nandigram met with contrasting results in terms of land acquisition, when both of them were developed under the SEZ Act of 2005 and were almost of the same size.

This geographical unevenness in terms of the local response to a government policy is the result of very distinct local political economic relations developed in the states of Haryana and West Bengal. The dominance of the large land-holding farmers in Haryana meant that they were benefitting due the acquisition of huge amount of land for the SEZ. Richer farmers' political and economic power comes not only from the land they possess but also from the newly emerging urban economies. Thus they have diversified sources of income opportunities available to them. Land acquisition for SEZs provides these farmers with additional sources of wealth and hence they have been willing to sell their land willingly if the right compensation is given to them. However in West Bengal, majority of the land holdings are in small and marginal category. Therefore, small farmers' opportunities for their livelihoods remain attached to farming and land ownership. Hence, the farmers in Nandigram have been instrumental in violently resisting the SEZ programme in Nandigram, which led to its cancellation.
6. Conclusions

'In recent decades, those bearing the legacy of the Gandhian moral critique of market expansion and competition have joined forces with those espousing the left critique of capitalist exploitation of workers, peasants and other small people and their rights over resources, in building active grass-roots movement all over the country for the protection of the environment, of women rights, and of the traditional livelihoods of the indigenous people. In this growing movement, 'development' or 'market' has almost become a dirty world, synonymous with the dispossession of the little people and with the despoliation of the environment. Major strands in the Indian political culture thus provide a none-too-hospitable climate for market reforms, and, contrary to the wishful thinking of many economists and journalists of the Indian 'pink press', the process of economic reforms is not likely to be smooth sailing for quite some time to come. The prospects for more reforms are not bleak, but one should not underestimate the scale and nature of opposition' (Bardhan, 1999: 137).

6.1 Introduction

At its broadest level, this thesis tried to investigate the implications of the market-oriented approach towards the lives and livelihoods of the marginalised and poor that continue to live in the rural areas in India. It also sought to investigate ongoing globalisation debates largely centered on the neoliberal form of economics and transformation of the role of state in this current dominant discourse. This thesis also analysed the relationship between capital and the state. Capital does not operate in a free space but remains grounded in territorial context and hence falls in close relationship with the state. Thus the capital accumulation process is related to how the state actually functions, not only in relation to capital but also in relation to the society. The ascendance of neoliberalism as a policy choice among nation states is contingent upon the political, economic, social and institutional settings of the respective country. Thus any analysis of the capitalist transformation of a national economy must give significant consideration to the individual path taken by the respective nation states. Accordingly, the impacts of
emerging neoliberal practices around the world will vary and depend upon the geographical settings of the respective countries.

From this perspective, India is seen as one of the increasingly globalising countries of the world and hence it acts as an instructive location to better understand the processes of accumulation by the movement of capital into various geographical locations. The market-based neoliberal economic reforms of the last thirty years hint at an on-going shift in the Indian government's attitude towards neoliberalism as the Indian state is actively liaising with the private sector to adopt a more market-oriented approach to the overall development of the Indian society.

SEZs in India, which form the central theme of investigation for this thesis, are seen as renewed models of globalisation and liberalisation for the Indian economy. One of the main objectives of this thesis was to investigate the impacts of SEZs on the lives and livelihoods of the population living in rural India. It is not the intention of this chapter to restate the main findings of the thesis. Nevertheless, it draws attention to some of the major features of the transformation of the Indian political economy in light of the current globalisation discourse in India. This chapter also seeks to develop a more holistic framework better to understand the process of liberalisation and globalisation in India. It finally presents some future course of research on this subject matter.

6.2 Changing role of the state

Chapter two made the case that it is capital accumulation that drives globalisation and, in the contemporary era, neoliberalism as a political economic strategy has gained global prominence among numerous states across the globe. It also argued that although globalisation and neoliberalism are two different concepts, they should be treated in conjunction with each other such that the practices of neoliberalism aid globalisation processes (i.e. capital accumulation on a global scale). Globalisation for Saad-Fillho and Johnston (2005) is the international face of neoliberalism- a worldwide strategy of accumulation that doubles up as an imperialist project spearheaded by the ruling political and economic elites of the United States (US). Therefore, globalisation should be understood largely as a product of political decision making, influenced by those who control the sites of institutional power, including TNCs, where these decisions are taken and exercised.
Historically, neoliberalism emerged as a response to the crisis of Fordism (Chapter Two). Since crises are inherent to the workings of capitalism, neoliberalism should therefore be understood as one of the strategies of the capitalist system to restore capital accumulation globally. Neoliberalism as a dominant political economic discourse has, therefore, orchestrated the role of state ‘to create and preserve an institutional framework’ appropriate for global capital accumulation (Harvey, 2005: 2). Thus the neoliberal state form that emerged was in response to the failures of the Keynesian welfare state and state power was mobilized to achieve the wider objectives of extending and reproducing market rule (Tickell and Peck, 2003). As already discussed in Chapter Two, neoliberal transformation requires the state to become more market oriented in its approach towards the needs of capital accumulation. Thus

‘the state has to guarantee, for example, the quality and integrity of money. It must also set up those military, defense, police and legal structures and functions required to secure private property rights and to guarantee by force, if need be, the proper functioning of the markets. Furthermore, if markets do not exist then they must be created by state action, if necessary...State interventions in markets must be kept to a bare minimum...’ (Harvey, 2005: 5).

The state, therefore, plays an important part in maintaining and promoting the processes of capital accumulation historically. One of the key areas in the debates on globalisation is therefore the role of state. The literature on globalisation theory has strongly documented the changing role of the nation state in the increasingly globalising world economy (Strange, 1996; Mann, 1997; Held et. al. 1999; Gilpin, 2001). Historically, rapid expansion of capitalist relations into different territories of the world has rearticulated the role of the state as an active ‘agent’ of capital (Smith, 2002, cf. Kelly, 2008: 269). Many nation states have undergone this neoliberal shift quite rapidly with varying degree of ‘success’. Pedersen (2008: 11) summed up this debate by arguing that ‘while some forms of state intervention have been made redundant, others have increased in importance, the outcome so far being a change in rather than a decrease or increase of state power’.

Concerning this era of neoliberal globalisation, Jessop (2008: 191) remarked that states:
“are trying to manage the tension between potentially mobile capital’s interest in reducing its place-dependency and/or liberating itself from temporal constraints, on one hand, and, on the other hand, their own interest in fixing (allegedly beneficial) capital within their own territories and rendering capital’s temporal horizons and rhythms compatible with their statal and/or political routines, temporalities and crises tendencies.”

What this highlights is that states nevertheless remain important in the effective management of the contemporary capitalist world economy. Their role, however, has expanded beyond the management of national economies to managing a range of transnational actors and processes and creating appropriate spatio-temporal fixes (Jessop, 2008) that has been the hallmark of the rise of neoliberalism. Therefore, instead of having a homogenous transition to neoliberalism, Tickell and Peck (2003) argued for a qualitative understanding of neoliberalism that acknowledges its spatially-variegated, institutionally-specific and historically-changing forms. Thus, the processes of neoliberalism must take into account how different historical and geographical circumstances shape the emergence of neoliberalism at any particular geographical location. Therefore, the neoliberal-leaning state that emerges out of it is deeply embedded in a complex of policy networks, sets of institutions and political establishments that are manifestations of local geography. However, the ‘neoliberal state’ also has the capacity to adopt a variety of forms, try different institutional arrangements and to react and modify itself to internal contradictions and external pressures (Tickell and Peck, 2003).

As discussed in Chapter two, the crisis of Fordism was subverted through the search for new markets and sources of labour and raw materials. Cheap and abundant supply of unskilled labour and raw materials have made the countries in East and South Asia profitable locations for global capital to invest in industrial developments. Subsequent industrialisation in the form of export-oriented industrial zones in many developing economies, mainly in East and South-East Asia, allowed profitable outlets for capital re-investment. Thus, the advent of export-oriented industrialisation in the form of SEZs/EPZs represents one of the ways in which neoliberal globalisation has been grounded in different countries. If structural adjustment programmes were the policy prescription of the IMF/WB nexus, these zones to some extent are now being promoted by the individual nations themselves. Thus, there is room for political economic maneuvering in
designing the policies for the development of these zones. As discussed in Chapter Three, how India adopted a renewed policy for SEZ reflects its intention to become more exposed to the global capitalist economy. These zones provided countries such as India an easy way for large-scale industrial development and subsequent integration with the world economy, even if the these outward-looking trade strategies were not inevitably the most effective policies for all developing countries at all times (Weiss, 2002).

Accordingly, the Indian state has become an agent of capital and the capitalist classes of the country and an active promoter of the globalisation and liberalisation of the domestic economy. The continued propagation of liberal economic reforms by the Indian state also shows its commitment towards incorporation of the domestic economy with the world economy. In Chapter Three the case was made that the Indian state also tried the idea of export-oriented industrialisation with little success. Since then, it has been actively trying to align with neoliberal economic strategies over the years. SEZs are one of the vectors of that neoliberal globalisation processes in India. The economic reforms that began in 1991 were followed by a series of other measure to liberalise the Indian economy. Recently, some scholars have made the case for SEZs policy in India as 'third-generation' of economic reforms. While the first two can be characterised by the creation of a macro policy environment and institutions for regulating market, the third facilitates Indian domestic private capitalists to participate in the world economy (Jenkins, 2011). In other words, SEZs were designed to create an entry point for the big Indian firms to compete in the globalised world economy. The historical development of SEZs in India suggests that the Indian state has been modifying the policy rules and easing the procedures for the establishment of the SEZs through various acts and adopting different policy recommendations (Chapter Three). Thus, the Indian state has re-modelled its export-import policy from the old established notion of export-oriented industrialisation of labour-intensive industrial goods (such as textiles, leather and plastic etc) to capital-intensive and services sectors, driven to suit not only the growing demand in the world economy but also to harness its comparative advantage, mainly IT (Chapter Three).

6.3 Bringing globalisation to the countryside

The most important reason of the Indian state's push for globalisation strategies is the growing inequality between the rich and the poor and the urban and rural
areas. The period of state-controlled economy did not have significant developmental impacts in India. The globalisation and liberalisation of the Indian economy recreated that processes of unequal growth, which had tormented the Indian political economy in the first thirty years of Independence until the 1980s, when serious thoughts of overhauling the domestic economy through economic liberalisation began. It is hoped among the planners that further liberalisation will help the Indian economy to grow more rapidly and, simultaneously, that this growth will trickle down over the years to the poorest of the poor in India (Bhagwati and Srinivasan, 1993; Bhagwati, 1998, 2006). This led the government of India to push for liberalisation and globalisation programmes in the backward and rural areas of the country. SEZs, as one of the models of liberalisation and globalisation, were expected to have a positive impact both on the national economy and on the lives of the local population (Aggarwal, 2007).

Indian planners since independence have carried out various welfare schemes and programmes for the development of rural areas and their population. Many of these schemes were largely developed, funded and implemented by the Indian state. Over the years, the Indian government has failed to carry out these programmes successfully and, hence, the disparities between rural and urban areas have increased. Since the liberalisation of the Indian economy began, several new schemes were subsequently designed and implemented for the welfare of the rural areas such as Provision of Urban Amenities in Rural Areas (PURA). The emphasis this time is more on the role of private sector and therefore public-private partnership (PPP) framework is promoted, where the private sector is given a bigger role than before. This, it is argued, will bring greater expertise of both the public and private sectors and necessary investments to achieve the objectives.

Also the schemes like PURA will help address the problems of the rural areas, especially unemployment which, in turn will help generate more income and finally will help tackle increasing poverty and inequality in the rural masses. The vision behind schemes like PURA is that the provision of urban amenities and services in the rural areas will not only empower the rural poor but stem large-scale migration from the countryside to the urban areas. While this thesis does not study the successes and failures of the PURA, it nevertheless argued that, through several schemes, like that, the Indian government has been actively trying to push globalisation to more and more areas of the country, especially towards the rural areas. Since the economic reforms began in India, the Government of India is
leveraging the capacity of Indian planning bureaucracy in the transformed context of neoliberalisation, while also seeking to build a political economy of support in rural areas which have for long period of time suffered from underdevelopment, inequality and poverty.

SEZs which are central to this thesis are actively promoted by the Government of India. These zones are seen to act as drivers of industrialisation in the rural areas. Through the process of industrialisation, it was somehow expected that these zones will provide rural people with employment opportunities away from underperforming agriculture. These zones are also seen as an effort by the government to direct the attention of the Indian electorate away from some of the failed promises of eradicating poverty, inequality, unemployment and illiteracy while promoting these programmes in the rural areas. As such, these zones were expected to offer a two-pronged solution to the Indian state's ability to perform a second round of economic reforms which are necessary if the fruits of the liberalisation and globalisation are to be inclusive for the people of India. The SEZs policy was expected to help upward class mobility of the rural population which continues to depend upon primary economic activities, while also helping domestic private capitalists becoming major players in the world economy. Secondly, it was expected that these zones will become the drivers of industrialisation in India through their provision of well developed infrastructure facilities to private firms from both India and abroad. The SEZ policy is also proposed to ease the entry of foreign capital investments in the country. The Indian state in this sense is attempting to bring globalisation to the countryside through SEZs.

6.4 Failed objectives

The evidence so far suggests that SEZs in India have not been able to generate the scale of industrial activities meant for exports and also some of their other objectives remain unfulfilled (Chapter three). This in turn is dependent upon the nature of the policy itself. Although there is a clear limit of three years since the zone has been notified within which the developer has to start production, this is not often enforced on the developers (SEZ Act of 2005). More importantly, there is no clause of de-notification of the zones in the SEZ Act of 2005, yet many private developers have been able to cancel their projects (Chapter Three). The fact that only a few (132) of these zones have become operational suggest that the SEZ policy
may attract private capitalists for investments but that will not necessarily translate into robust industrial production in the country.

One of the main objectives of SEZs was employment generation, which was thought to solve the problems of high level of unemployment mainly in rural areas. However, this idea that SEZs will generate enough employment to absorb the unemployed population of the rural areas has been largely vilified. First, the structural shift of labour from agriculture to industries is not a simple mechanical process but it has a deeper political economic and socio-political content embedded in it (Mehta, 2004). This relates to changing production bases both in agriculture and industry in the country and for that matter in India. The processes of the Green Revolution and land-ceiling regulations had been beneficial largely to the already richer farmers in some states of India. The state-led industrialisation of the dirigisme era created a domestic industrial bourgeoisie in India (Bardhan, 1999). However, in the event of liberalisation and globalisation in India, this agro-industrial structure has been dismantled. First, withdrawal of the state support from agriculture since the new economic regime has been put in place in 1990s, is threatening the existence of small and marginal farmers in the country. It has to slight decline in the power of India’s agrarian bourgeoisie which in turn has opened ways to the ascendancy of the big capital (Indian and foreign) which is increasingly powerful (Vanaik, 2011). Secondly, the exposure to the world economy and liberalisation has led to the emergence of new capitalists in India that also threaten the old industrial classes (Bardhan, 1999).

A closely related development in the Indian political economy has been the development and growth of a new economy which is largely based on the growth of services sector, mainly in IT and the software sector. So the declining performance of agriculture in India is creating a push factor among the rural population to leave agriculture thereby creating a large unskilled reserve army of labour in rural areas. However, that unemployed population is not getting absorbed in a large scale due to the new economy which is based on a skilled labour force. So the problem for the rural areas still remains the same, which is rural unemployment.

These SEZs have not generated enough total employment so that the unemployed population in the rural areas can be absorbed. Besides that the current employment figures and the sectoral distribution of the SEZs suggests that employment generated by the SEZs would be largely in skilled and high end
manufacturing which requires educated and skilled labour force (Chapter Three). While those being displaced in the rural areas are mainly unskilled and semi-skilled, it becomes hard to imagine how the SEZ policy if pursued at the current pace would solve the problems of unemployment in the country more so in the rural areas. The rapid pace with which the SEZs are established in India and the land is acquired means that more people are being displaced and rendered unemployed. On the other hand the jobs are being generated in SEZs at a slow pace because very few SEZs have become operational to date. This will additionally put pressure on the unorganised sector which currently comprises 93% of the total workforce in India. Many of the unemployed from the rural areas end up getting absorbed in this unorganised sector which is the key feature of Indian capitalism (Harriss-White, 2003).

Furthermore, the nature of development of SEZs in India is a worrisome sign (Chapter three). The patterns and nature of their development in various states of India further point to a disturbing feature of liberalisation of Indian economy which is characterised by widening inequality among and within different states in the country. The evidence so far points that in a liberalised economic environment where states will compete with each other, poorer states are going to suffer the most. The current development path of SEZs puts less-developed states in India into a vulnerable position where they find it increasingly difficult to initiate industrial development programmes without public-sector investments. Moreover private investors are already moving towards lucrative incentives given by richer states. The fact that some of India's biggest private sector conglomerates constantly praised the leaders of some of the states such as Gujarat (The Times of India, January 14, 2013) is an indication of the strong alliance developing between private capital and state.

The liberalisation of the Indian economy has created competition between states trying to outbid one another in their quest for inward investments (Corbridge, 2011) and the introduction of SEZs is likely to heighten this competition. Moreover, the power entrusted to the state governments to set up their own SEZs would actually put each state into a state of intense competition. Thus, the private investors would have huge leverage over the state governments, particularly in the case of poor and backward states which are rich in mineral and other resources such as Jharkhand and Orissa. Above all, the enclave nature of these zones makes their contact with the wider domestic economy less feasible due to the fact they are
only acting as small pockets of prosperity of varying sizes which are super imposed on the wider pools of deprivation and poverty.

6.5 Class dimensions of inequalities and poverty

The central argument this thesis made is that, SEZ in India, instead of becoming the drivers of industrial development in rural areas, are recreating the conditions of poverty and inequality among different classes of the Indian population. The three case studies that I have discussed showed that SEZs in India are one way of redistributing assets and wealth to the dominant elites- corporate houses and big land owning farmers, often to the detriment of the lower strata of the Indian population. Moreover the rapid development of SEZs, especially in rural India has set off few disturbing trends. These trends relate to the idea of transforming rural areas by a radical mode of industrialisation through private capital investment and continued support of the policy makers for the SEZ policy despite their underperformance in terms of their objectives.

SEZs in India are seen as an important mode of bringing globalisation to the countryside. The discussions above show the SEZ policy will only further widen the inequalities not only between regions but also within the regions as well. As against the government's claim that marginalisation of the land holdings has made farming unviable therefore industrialisation is the best exit option for the poor in rural India, SEZs will help further marginalise the land holdings in India among the small and marginal farmers. The large-scale land acquisition for SEZs would only concentrate the land holdings in small and marginal category where the majority of the land holdings in India are currently operated (See Appendix V (b). This means that those who are dependent upon these land holdings will find it increasingly difficult to practice agriculture and maintain their income level let alone experiencing an increase.

Furthermore, the SEZ policy has systematically set in motion the large-scale land market in India where private capitalists have been able to directly purchase land from the land owners in the rural areas. This has been made easier because the poor conditions in the rural areas have forced the local population to look for exit options. SEZs policy has provided them with that option. Small and marginal farmers are selling their land to private investors in the hope of monetary gains that allow them to have a better living away from agriculture. Therefore, SEZs have resulted in transfer of assets from the lower to the upper segment of the
population. Thus, consolidation of land has resulted in wealth and assets accumulating in fewer hands mainly rich farmers and corporate capitalists.

This trend is consistent with the national level aggregate of asset and wealth ownership among the different sections of the population of India for the period 1991-2002 (Jayadev et. al. 2011). The share of the bottom 10 percent of the individual in terms of assets and net worth is only 0.4% of the total wealth and has decreased between 1991 and 2002 while top 10 have half the total wealth and continuously increasing (Jayadev, et. al. 2011: Table 6.5). The striking feature of this observation is that both the rural elites have consolidated their share of wealth and assets since 1991, and diversified into the urban sector (Jayadev et. al. 2011: 89-95). The reasons for this, as Srivastava (2006) mentioned, are rising prices of rural land due to increasing urbanisation, access to private education allows people to work in rapidly growing services sector (banking, finance, IT, tourism, retail and hospitality etc). Gurgaon, one of the case studies for example, has been the centre of India’s IT revolution and opportunities for local people have grown but rural elites have tapped these opportunities more profitably than the rural poor.

The discussions in Chapter five also show that the small and marginal farmers in the rural areas who depend on the farmland for their livelihood face huge challenges ahead in terms of securing their future. The slowdown of the decline in rural poverty in India is indicative of the difficulties displaced farmers and workers face in terms of adjusting to new activities and sectors opened up due to rapid globalisation of the rural areas (Bardhan, 2010). Pal and Ghosh (2007) had already argued that the opening up of the economy and financial sector liberalisation had serious repercussions for the weaker section of the population. Reduction in food subsidies and other welfare schemes had further contributed to disempowerment of the rural masses.

The differential impacts of SEZs upon different sections of the population are directly related to the land acquisition and its associated monetary compensation under new the new SEZ Act of 2005. Central to the development of SEZs is land acquisition by the state through its use of the Land Acquisition Act of 1894. It often involves displacement and dispossession of the population depending upon the land concerned thereby destroying the existing livelihoods. Cernea (1999: 17) in his study on displacement and resettlement comes to the conclusion that for people in rural areas, ‘expropriation of the land removes the main foundation upon which
people's productive systems, commercial activities and livelihoods are constructed'. Therefore, dispossession from one's mean of production results in the loss of economic security as well as social empowerment of the dispossessed family (Guha, 2007b). In that context, the Land Acquisition Act of 1894 and the Land Reform Act stand in antithetical relationship whereby the latter empowers the peasantry while the former disempowers the peasants (Guha, 2007b).

Moreover, the monetary compensation being given to land owners has another set of implications for the local population that is of class formation. The way monetary compensation impact different class of population offers interesting insights to the globalisation story of India. The Government of India's plan for land acquisition by paying monetary compensation to the land owners is first of all symbolic of the grounding of a market-based system in the country. By doing so, it automatically eliminates the vast majority of the rural population, who are not the owners of any property or assets- whom Chatterjee (2011) refers as 'political society', from the policy spheres and programmes. In a market-based capitalist economic system which focuses on individual property rights, the landless farmers do not own land and hence are considered not to be displaced or dispossessed. Accordingly they were not even considered for the compensation during the planning process. Therefore the government, while implementing such policies (land acquisition for SEZs), appears to be fair and transparent, only in theory. However, in reality, there are huge numbers of such people who are being both displaced and dispossessed due to such erroneous market transactions. Hence, many of the landless poor will be largely out of consideration in policies such as SEZs. Therefore, not only the government is somehow forcing these people further into poverty and marginalisation, but it is also significantly widening the inequality between owners of the property and those who are not the owners of any property.

To conclude that the SEZs will definitely bring large scale devastation to the local population may also be an erroneous one. The SEZ in Falta and Gurgaon had impacted differently on the local population where not everyone in the area had benefitted from the zone. Certain sections of the population are getting benefit from these zones. The opportunities for those who have links with the Indian polity, caste affiliations and occupational identity and they use it to their full benefit. However if the displacement and disempowerment of the majority of the local population comes with the 'reconstitution of the rural subjects [in small numbers though] as market entrepreneurs' (Da Costa, 2007: 293, [my emphasis]); then it
exposes the logic of capitalist accumulation which dispossesses one population by enriching another thereby widening inequalities between different classes.

These zones are, therefore, key to our understanding of the state-society relationship and the class transformation in India. The tendency of class transformation is concomitant with the broader theoretical discussions about the contradictions within the nature of capital which are recreated at various locations as struggles against displacement and dispossession due to capital accumulation (Harvey, 2003). As the processes of neoliberal globalisation in India spread to different regions of the country and deepen within different cultural and social environments, it is likely that the contradictions of capitalist system will also like to emerge on a greater scale. It is in the very nature of the capitalist mode of production that leads invariably to the loss of the means of production on the part of labour. The SEZ policy in India has demonstrated that very vividly as these zones will be developed in a larger numbers, the scale of primitive accumulation among the village societies is going to be large as well.

This SEZ policy, therefore, has increased the potential of deep conflicts and dissent between different classes of the Indian society, and the scale of which should not be underestimated. The emergence of strong resistance movements against these zones reflects the struggles against displacement and dispossession of land and livelihoods. These struggles are often associated with the political economy of a particular geographical area and its social and cultural settings. Thus, the discontent and resistance in various locales is reminiscent of the historical trajectories of development processes and programmes already practised in these locations.

The case studies highlighted that SEZs do inflict displacement whether it is physical or occupational. The distinction between the two is however an important aspect to consider. While physical displacement incurs the loss of land and houses people owned before; occupational displacement entails loss of livelihood that they secured through this land. The livelihoods of rural population are dependent one way or other on land. As such, both are entirely dependent upon each other and in a sense complement each other as physical displacement from the farmland will often result in the occupational displacement.

This does not means that rural population will continue to be marginalised through displacement and dispossession. But it will continue to engage itself with the state
through new ways and practices. These practices will vary historically and geographically depending upon the socio-cultural forms and practices of the regions. Resistance movements around SEZs in India have taken different forms where the peasants and local population have engaged themselves differently with policy makers. SEZs in West Bengal met with violent conflicts which led to the cancellation of one of the biggest SEZs in the country in Nandigram. On the contrary, the SEZ project in Gurgaon in Haryana has been negotiated by the local population through proper monetary compensation for the land acquired (See Chapter Five). If the struggle against land acquisition for the SEZs in West Bengal was waged to preserve the rural class formations mainly of the small and marginal peasantry of the state, in Haryana the struggle comes mainly to preserve the class formations of the big and rich peasantry.

6.6 Changing Indian political economy

The way policies of globalisation are pursued in India it appears that although the Indian state remains committed towards the development, but this development (industrialisation through SEZs) is on the terms negotiated with capital rather than with citizens. So far, the economic reforms in India have been able to proceed in a relatively smooth manner because of the stealthy tactics by the Indian state which avoided sectors and areas of the economy which touched the 'mass politics' (Jenkins, 1998). Furthermore the political elites were able to capture the new and expanded rents from the private sector developments (Jenkins, 1998). This is often influenced by the fact that Indian capitalists, who see enormous opportunities opened up by global flows of capital, goods and services, have increasingly begun to play an important role through their participation in the Indian planning process.

Corporate capitalists in India have come to dominate the policy-making establishment and hence attain the position of new economic elites. Chatterjee (2011) while writing on the democratic and economic transformations in India argued that since the reforms began in 1991 there has been transformation in the framework of class dominance in Indian society. He argued for a split in the domain of Indian political system between a well defined 'civil society' (urban middle class and professionals), working within the sphere of capitalist hegemony and an ill-defined 'political society', (large section of rural and urban poor) (Chatterjee, 2004). He proposed for that in the domain of the 'civil society', there is a general consensus is for rapid economic growth. He further argued that 'civil
society is where corporate capital is hegemonic, whereas ‘political society’ is the space of management of ‘non-corporate capital’ (Chatterjee, 2011: 27). While the fundamental logic of corporate capital is further accumulation of capital, for the non-corporate capital, profit is irrelevant and provision of livelihood is important.

According to him, the policies of economic reforms have put the capitalist class into a position of ‘moral-political hegemony’ over ‘civil society’, consisting principally urban middle class which has greater social acceptance, of professionalism and commitment to growth, of corporate capitalist sector. The liberalisation and globalisation of the economy has changed the structures of political power in such a way that class power has concentrated towards dominant economic elites or the upper income groups mainly in the urban areas. Thus capitalist classes have come to attain the position of economic elites while pushing the subordinated groups back towards poverty and disempowerment. The market-based economic approach hence remains at the heart of dominant economic elites. As the influence of the powerful economic groups has relatively increased since the economic reforms began, they will focus on calls for future ‘growth-enhancing reforms’ from the Indian government.

What is less clear from the Chatterjee’s thesis in light of recent political economic transformations and the grounding of SEZs in India, is the position of rural landed elites (large land holding farmers). It is accepted by Chatterjee (2011) that since 1990s the power of the landed elites has declined. However, in light of the three case studies for this research, it has becoming clear that subsequent large scale deepening of globalisation in India, through SEZs, have provided similar opportunities for rural landed elites to claim back that dominance. They are becoming rural entrepreneurs owing to large land holdings they continue to own. If electoral mobilisation was the source of political power of landed elites in post-colonial India, it is now the market logic that has become a source of domination for them. Being the owners of property they find themselves sitting on a ‘resource’ of high value which they are now leveraging in the market for rent extraction. How well this logic will serve these large land holdings rural classes in the long term needs to be investigated in light of the recent democratic mobilisations and the future trajectories of globalisation processes in the country. There is an interesting dynamic that is emerging in both rural and urban areas. As the landed elites in rural areas try to gain their political power through globalisation of the economy, they are also trying to move towards urban areas for better life prospects (Chapter
5). This means they will be encroaching the ‘civil society’ mainly of urban middle class professionals which means wider sphere of urban resistance in the contemporary neoliberal globalisation era.

However, the market based approach is also often opposed by the subordinated groups for being too reductionist, and therefore, ignoring any concern for the equitable development of all the classes of the society. These subordinated groups, which Chatterjee (2004: 40) calls ‘political society’ (large section of the rural population and urban poor), make claim to habitations and livelihoods through negotiations on a political terrain. They argue for their survival through their engagement with the state not in the form of rights but negotiating access to public services (Chatterjee, 2004). These groups are largely dependent upon electoral mobilisation, along caste, religious and lingual lines, and have conflicting interests than that of corporate elites because the programmes of capitalist development threaten their existence.

The resurgence of populist democracy has enabled the subordinated groups to negotiate their relationship with the state. Thus, the Indian state is an important mediating apparatus in negotiating between the conflicting interests of capitalists and subordinated groups, despite the autonomy of it in relation to these classes has been redefined (Chatterjee, 2011: 24). In this sense I find Corbridge and Harriss (2000: 169) argument very useful about how should one think of reforms in India, when they argue that:

‘the reforms are not simply about the renegotiation of India’s relationships with the global market-place, nor even are they about the relationships of private capital with the Indian state in the formal economy: the reforms are also about the reworking the idea of state itself and of the state’s capacity to work on behalf of those who stand outside India’s (expanding) social and economic elites’.

The concern among policy makers in the Indian government has been that the bulk of the politico-economic and social problems of India are not due to the globalisation and liberalisation of the Indian economy but the lack of it. Accordingly, it is proposed that further rounds of economic reforms are necessary if the gains of first round of reforms of 1991 are to trickle down. However, these policy prescriptions remain divorced from much of the knowledge of how the Indian
state is related to society and how the transformation of the Indian political economy is creating difficulties for the Indian state to pursue further those economic reforms, something which Pranab Bardhan's statement points at the beginning of this chapter. Bardhan's (1999) concerns emanate from the fact the Indian state so far has been able to carry out reforms in a 'stealthy manner' (Jenkins, 1998). However, these practices are becoming unsustainable over the longer run. Bardhan's understanding of the future economic reforms suggests far-reaching opposition against wide-scale liberalisation because some of the processes and practices of the economic reforms now fall into the domain of 'mass politics' (Varshney, 1999), something which is clearly evident with the nature of opposition against SEZs.

To make this matter more clear, let us consider one such policy prescription. The Economist, a leading weekly from the UK, published several articles since last year pressing for a second round of economic reforms. Its concern was that if the previous round of reforms in 1991 freed the markets for products, the future economic reforms must remove bottlenecks in the inputs markets such as power, energy and infrastructure etc (The Economist, 2011, various articles). The problem with this approach is that the input market is directly dependent upon land, water and associated natural resources such as coal and iron ore etc. It seems highly likely that any steps to reform these important sectors in India will affect adversely the bulk of the Indian population who directly depend upon and land and water for their survival. Very recently scholars have already shown examples of how the resource based economies of Africa are integrated into the world economy and it is this kind structural integration of African nations that are at the heart of resource competition and conflicts (Carmody, 2012). This does not suggest that similar outcomes may be faced by India but if that happened then the resultant resource conflict may be grander in scale.

Historically the experiences of Indian population mainly in rural areas remained bitter, where their habitat and livelihoods have been continuously destroyed due to several infrastructural projects in India. The estimates from Fernandes (2004) suggest the number of persons displaced by land acquisition (DPs) and others whom the development projects (particularly dams) deprived of land or other livelihood without moving them away physically from their habitat (PAP) during the period of 1947-2000, was about 40 million. Also to mention that these projects have been resisted by the local population, a particular example is Narmada Dam
project (Routledge, 2003). Therefore, any future economic reforms processes which target land, water and associated natural resources are likely to become the centre of struggles against displacement and dispossession for the bulk of the Indian population.

This does not mean that rural populations will continue to be marginalised through displacement and dispossession. The processes of capital accumulation are also often held back or punctuated by India’s democratic polity (Chatterjee, 2004). Even as the larger discourse is set for future economic reforms, it is often held back both by local resistance (such as the nationwide resistance movements against SEZs in India) and by the commitment of the Indian government to ‘reverse the effects of the primitive accumulation’ by other forms of intervention (for example, provision of ‘reservation’ in education and jobs and other rural employment guarantee programmes etc) (Chatterjee, 2011: 20-22).

Furthermore, Corbridge (2011) argued that the widening gap between rich and poor in the post-reform India has also heralded a range of exit options in the poorer states, namely by migration to richer states, resistance/armed struggle and pushing for demands for inclusion in the cycle of growth and reform. The rise of anti-state movements (Naxalites and Maoists) that directly threaten the existence of the Indian state, continued pressure from the lower castes for a greater role in the democratic processes, feminists movements, tribal conflicts and their demands for a better life and livelihoods and various other ethnic and separatists struggle against dispossession are examples of increasing checks on the capital accumulation processes opened up by liberalisation and globalisation of the Indian economy.

The ongoing neoliberal globalisation discourse, therefore, has created a paradox for the Indian state. For, globalisation of the domestic economy creates pressure for the Indian state to meet the demands of the increasingly interconnected capitalist world economy. Simultaneously, the resurgence of subordinated groups makes it difficult for the state to engage actively in capitalist transformation without some stealthy tactics (Jenkins, 1998) or violence which, in a technologically interconnected world, are increasingly becoming difficult.

The Indian state’s incapacity to provide equitable and sustainable development opportunities is often targeted by various political economic interest groups. The elites of India continue to see democratic politics as increasingly corrupt and
largely motivated by electoral mobilisation. Therefore they press for greater transparency and corporate capitalist control. The poor on the other hand, often disillusioned by the failure of the state towards their welfare, see opportunities opened up by neoliberal globalisation as an exit option and succumb to the market forces into further disempowerment. Therefore, in the current neoliberal globalisation discourse in India, the space of development, in the Indian context, for the rural poor, has become too narrow to be practised more equitably and sustainably.

6.7 Future course of research

Further research on the assessment of human and capital cost involved, due to the land acquisition for SEZs, such as displacement and unemployment would actually complement this study. Although there is some literature available, for example, on the loss of revenues due to taxes and duties forgone, to the government of India these remain largely independent individual estimates. A detailed and concrete research on such issues, either from the governing bodies or from the independent research organisation, would definitely inform the policy making process around SEZs in India. Data on the exact number of persons displaced and dispossessed of their assets due to the development of SEZs on their lands is largely absent. No government effort is made either to make this data available for the public or for research purposes. Also, independent research on this aspect up to this point has been constantly ignored. Since the scale of this type of research involves large scale-human and financial resources in addition to the amount of time needed to finish such a detailed study, it was not possible for this thesis to go into these research areas.

The immediate course of future research on this subject should also consider a more in-depth analysis of cases situated in south Indian states, where there has been a spurt in the growth of SEZ. A study on SEZs developed in south India might therefore offer perspectives on the differential impacts of these zones not only in terms of social variations but also spatial variations. This not only informs the geographical variations between north Indian and south Indian states terms of the broader processes of globalisation in India. It eventually debunks the theory surrounding the current neoliberal globalisation discourse in India, that it benefits all and everywhere without grasping the complexities of various geographical locations.
Notes to Chapters

Chapter One

1 The bourgeoisie here is defined from Engels note in the English edition of the Communist Manifesto (1988), and refers to the class of modern capitalists, owners of the means of social production and employers of wage labour. On the other hand, the proletariat is defined as a class of modern wage labourers who, having no means of production of their own, are reduced to selling their labour power in order to live (Footnote marked Bourgeoisie and Proletariat in Marx and Engels, 2002: 219).

2 A trans-national corporation is a firm that has the power to coordinate and control operations in more than one country, even if it does not own them (Dicken, 2007: 106).


5 Article dated may 17, 2012 can be found online at http://articles.timesofindia.indiatimes.com/2012-03-17/india/31204710_1_internal-security-home-ministry-naxal-affected, Retrieved on July 2, 2012.

6 Also see Aljazeera's report on farmers' suicides in India. Available at http://www.aljazeera.com/indepth/opinion/2012/03/20123281119073727.htm

7 I refer IFIs to as World Bank (WB) and International Monetary Fund (IMF).
Chapter Two

9 The term ‘West’ used here and in rest of the dissertation is not used in its literal meaning of countries lying in the Western Hemisphere of the world but in metaphorical meaning whereby advanced countries of the world are collectively called countries of the West, including the US and OECD countries like as Japan and Australia. Sometimes they are also referred to as ‘North’. As such when ‘South’ is used in this dissertation it refers developing countries of the world.

10 See Nilekani (2008) on India’s demographic dividend to be one of the responsible factors for India’s recent growth.


12 Both EPZs and SEZs appear similar in their functions as far as they are meant for overseas production with cheaper inputs. Yet there are certain differences which became evident over time with changing policies and incentives offered for such production. EPZs are an older construct while SEZs are of more recent origin especially associated with China and lately India. See details in Chapter Four.

13 Mono-causal explanations are largely centered on capitalism, technological change and modernity (Wallerstein, 1974, Giddens, 1990 and Castells 1996). However, some studies have pointed to the fact that as globalisation is such a complex phenomenon it is much better understood as a result of multiple factors. This should take into account social, economic, political, technological and cultural changes in complex relationships with each other (Robertson, 1992 and Held et. al 1999).
Nineteenth century intellectuals such as Marx and Durkheim regarded modernity as related to the decline of the feudal state and the rise of capitalism and the industrial system. For Harris (2000) it refers to social conditions, processes and discourses consequent to the Age of Enlightenment. This was also associated to the loss of religion and rise of scientific thinking and rationalisation.

Flexible accumulation is discussed in later part of this section.

This section is discussed relies on Harvey’s (1982) critical analysis of Marx’s Capital in his most critically acclaimed work ‘Limits to Capital’ unless otherwise stated in the text.

Further discussion on surplus value and value as explained by Marx can be found in Doel (2006).

The insatiable quest on the part of capitalists to appropriate surplus value impels perpetual revolutions in the productive forces. Productive force in its simplest form is the power to transform and appropriate nature through human labour. Technology is the material form of labour process through which underlying forces and relations of production are expressed. Now revolutions in productive forces can’t be made without a radical restructuring of social relationships and of the knowledge system. Thus, with new productive forces, men change their mode of production and in turn change their social relations and their mental conceptions of the world. However, powerful social checks may hold down these changes in society and social relations and give way to contradictions that are inconsistent with the accumulation of surplus value and reproduction of class relations. This gives rise to crisis in capitalism and each crisis may be resolved through the restructuring of productive forces and social relations. Thus the perpetual struggle to overcome the contradictions becomes the motor force of capitalism For further detail see Harvey, (1982).

Reproduction schemas of Marx have been under scrutiny for past many decades and analysed by many. A good discussion can be found in Harvey (1982) who forms the basis of
enquiry here. He makes reference to Sweezy (1968), Morishima (1973), Howard and King (1975) and Desai (1979).

Other useful critical accounts can be found in Cogoy (1973), Hodgson (1974), Christiansen (1976) and Hoass (1989).

This region acted as both markets and source for cheaper inputs of production.

Capital refers to that part of the material wealth accumulated through market transactions by earning surplus profits over initial investments and is available for further production of surplus profits through reinvestments. When that part of surplus capital although available for reinvestment (investments in industries, manufacturing, financial and stock market etc) but cannot be reinvested due to lack of profitable outlets, it becomes over accumulated and needs instant outlets for investments. The history of capitalism is full of such examples where over-accumulated capital opened up different areas of investments such as colonisation of Africa, Asia and Americas in the 18th and 19th century. Lately, in the middle of 20th century the relocation of the production process in developing countries, financialisation, IT, intellectual property rights and property sector have all opened up various outlets to be harnessed by over-accumulated capital. Refer to Harvey (1982, 2003 and 2005) and Luxemburg (2003).

See also Gregory (2004).

Sanctions imposed by United States (US) and EU on North Korea and Iran and many other countries around the world.

Many international institutions such as the WB, the IMF, the WTO, the International Court for Justice (ICJ) and International Criminal Court (ICC) represent the power structure of the world in such a way where advanced countries of the west have clear dominance if not monopoly. The most bizarre of them all, the United Nations Security Council (UNSC) has only five permanent veto powers with an additional ten non-permanent members on two-years terms, despite the United Nations being the representative of all the nations of
the world. Additionally, the veto power of the US in the IMF is another flawed international institutional arrangement.

A trans-national corporation is a firm that has the power to coordinate and control operations in more than one country, even if it does not own them (Dicken, 2007).

Hobsbawm (2004) noted several crises during the second half of the 19th century alone beginning with 1848, 1857 and 1866 with intermittent periods of growth between them. Christiansen (1976) while asserting Marx’s argument on crisis tendencies of capitalism saw crises as reassuring the accumulation process to continue by re-establishing profitable investment opportunities.

The name is directly associated with US, and was derived after the assembly line production of Ford Motors Model T cars was made profitable through assembly line production which pushed the prices of cars lower and high wages for the workers. Thus Fordism came to be related to the regime of accumulation during the 1940s to 1960s which centred upon utilisation of economies of scale and thereby mass production of low cost goods and high wages so that workers can purchase the products they are manufacturing themselves. The history and characteristics of Fordism are well documented elsewhere (Lipeitz 1987, Harvey 1989, Lipeitz and Cameron 1997 and also Koch, 2003).

Useful accounts of the transformation of capitalism with the demise of Fordism can be found in Brenner (1998) and Harvey (1989). A critical discussion on these two theorists can also be found in Albritton et. al. (2010). A brief discussion is done in this chapter in the section on neoliberalism where it is argued that neoliberalism advanced at the world scale when Fordism as regime of accumulation went into crisis.

For the simplicity of the usage I will ‘post-Fordism’ in the rest of the thesis in the metaphorical sense to refer to the period immediately after the decline of Fordism whose features are neither entirely new nor different from the Fordism of post Second World War.
But these are constantly being made, reformed and reworked at different political, economic, social and institutional conditions all over the world.

31 There are other theories of such transitions which Amin (1994) has mentioned, for example 'social structure of accumulation' of David Gordon, Sam Bowles and Herb Gintis, organised and disorganized capitalism based upon the work of Scott Lash and John Urry (1987 and 1993) and that of David Harvey's flexible accumulation to signal the rise of flexible labour practices and flexible geographies of production (Harvey, 1987, 1989 and 1991; Harvey and Scott, 1988).

32 One of the important criticisms of the regulation approach is its recognition of national diversity which undermines the notion of single, dominant Fordist logic. Thus Peck and Tickell (1994) mention different versions of Fordism as 'Classic Fordism-USA, Flex-Fordism- West Germany, Blocked Fordism-Great Britain, Hybrid Fordism- Japan, State Fordism- France and Peripheral Fordism- Mexico and Brazil (cf. Amin 1994). Nielsen (1991) argues that different combination of Fordist and non-Fordist features leading to specific national growth solutions which nonetheless are forced to measure up to Fordist best practice (cf. Amin, 1994).

33 According to Absolute Return magazine, the leading hedge fund CEOs earned on an average US $ 2.6 million in 2009 in comparison to US $ 1.5 million in 2008 despite being in the midst of worldwide economic downturn. In fact, one individual reportedly earned US $ 4.9 billion in 2010 where a year previous he lost almost 36 % value of his flagship Advantage Fund. See also Saad-Filho and Johnston (2005). More billionaires emerged in India in the last 20 years than anywhere else in the world. According to Forbes Magazine, there are currently there are 54 billionaires from India among the list of richest people in the world.

34 A number of renowned economists, historians and philosophers notably Friedrich von Hayek and Milton Friedman met in 1947 to form the Mont Pelerin Society which became the launch-pad for neoliberalism (Harvey, 2005).
One can refer to George (1999) for more on the history of neoliberalism. Also see Peck (2004) for a more nuanced view on the historical geographies of neoliberalism.

Fix here is used to refer to solving a problem or a difficulty.

There has been a lot of discussion on the recycling of the petrodollars through banks mainly in New York. David Spiro's (1999) work has shown how nation states use violence and threat of violence to distort the markets. In the case of hike in oil prices during 1973 OPEC countries were running trade surpluses and oil importing countries were having trade deficits. The US was determined to maintain its hegemonic power and keep the dollar as the reserve trade currency. The Arab-Israeli war of 1967-73 provided a backdrop of issuing a threat of attack to Arab nations by the US thereby allowing OPEC countries mainly Arab, to increase production and re-invest the dollars earned by oil export back to New York banks. At the same time, the US also tried to convince other industrialised nations to cooperate in the world market and not to go back to beggar thy neighbor policies of 1920 that lead to the 'Great Depression'. US ability to print dollars and pay for oil helped it further maintain its hegemony over world trade. Thus industrialised countries without oil, such as Japan need to export to US to earn dollars so that they can pay for oil from OPEC countries. Thereby enabling US to fund its deficit and maintain its interest rates.

The US is the only country in the IMF which has the veto power to block any decisions in supermajority (85 percent) in the IMF. It has 16.74 percent of votes and 17.09 percent of drawing rights (IMF, 2010).

See Sassen's (2006) argument on emerging global foot-looseness of capital due to the implementation of a global financial and credit system has transformed the role of nation-states in the global economy.

However a paradox is observed in countries where neoliberal policies were applied especially two of the famous ones- Chile and Iraq. While many sectors of the economy were privatised in Iraq such as banks along with many liberal trade policies such as full
repatriation of profits for foreign firms and 100% control of foreign capital of national firms only ‘oil’ was left not privatised because of its geo-political significance.


42 There are plenty of examples where the US had historically supported military coups to overthrow democratically elected governments in countries that do not comply with its regulations for example Iran, Cuba, Venezuela and Chile. The US has also not accepted the democratic elections in Nicaragua in 1984 and Palestinian elections in 2005 despite the fact that they were termed free and fair by observers from Canada, Ireland and European Economic Community. See Envio Team, http://www.envio.org.ni/articulo/2578. Last Accessed October 26, 2010.

43 Countries like Cuba and Venezuela still have strict control over the TNCs activities and the state there is the active promoter of liberalisation and globalisation of the economy

44 There is a wide body of literature on location strategies that one can refer to Marshall, (1925), Krugman, (1991), Dicken and Malmberg (2001) and Mudambi (2008).

45 Marx talks about it in various ways in his writings such as extensive subcontracting of its operations (1967) and to open up new branches of production that are typically small scale and labour intensive (1973) both attributed in Harvey (1982). This theme was later picked up by Sassen (2001) in her analysis of centralisation of the functions of firms in her influential work Global City.


47 Refer to what Castells (1996) had to say about space of flows. Also see the arguments of Hirst and Thompson (1996) on the dominance of Triad (US, Western Europe and Japan) in the world economy. Sassen’s (2001) argument on Global City is a useful addition.
The processes of subcontracting, subsidiaries and take-over have greatly increased in the last three decades (Citigroup of US constitutes nearly 3000 smaller corporations located in different countries all over the world (Dumenil and Levy, 2005). In fact, the restructuring of US firms had transformed the metropolitan corporate dominance during post 1980s mainly due to mergers and acquisitions and emerging service sector economy (See Holloway and Wheeler, 1991 in Yeung, 1994). Not only big firms from advanced countries have undergone such changes but quite recently firms from developing nations such as China (46 firms made it to 500 in Fortune 500, 2010), India (8 firms in the list) and Brazil (7 firms in the list) have also been a part of such extension or production activities (CNN Money, 2010). Much literature concerning the rise of TNCs from developing countries has been dedicated towards it (see Heenan and Keegan, 1979; Lall, 1983; Yeung, 1994).

Article Available online at http://www.ft.com/cms/s/0/002fd8f0-4d96-11e0-85e4-00144feab49a.html#axzz29N2QLmAA, Retrieved on October 16, 2012.

Venezuela, Cuba and Iran are some of the classic example.

Wages in India has gone down considerably in the last three decades (Karan and Selvaraj, 2008). Similarly the average wage of worker in US has declined considerably during 1966-2000 (See Harvey, 2005, Fig. 1.6: 25). Also see Bound and Johnson (1992) who found decline in real wages in US while relative increase in wages of highly educated workforce and attributed this to shift in skill structure of labour demand due to technological changes carried out at that time. This is also the case with India where average wage rates of urban workforce (mostly skilled ones) has risen while that of rural workforce (agricultural labourers) has declined.

Chapter Three

It is important to keep in mind that economic reforms in India in popular media are taken to have been initiated only after the crises of 1989-91. Since the reforms of 1991 were widely ranging in the sense that they covered new areas and sectors of the economy they were as such oriented to overhaul the entire domestic economy. However, small-scale reforms were carried out after the crises of 1965-66 and mid 1970s but they were only meant for one or two particular sectors of the economy such as promoting exports by opening up export-oriented production zones in 1965 or addressed one or two aspects of the economy such as introduction of the Open General License Category in 1978 which allowed free importation of the items used for domestic production save for those items that were specifically banned or restricted (Wolf, 1982 and Joshi and Little, 1995). Only after serious crises of 1989-90 were serious thoughts of overhauling the domestic economy begun, which culminated in much wider reforms carried out by the government in 1991 (Details are given later in the chapter).

This is the most controversial subject of inquiry into India's socio-economic performance since reforms begun in mid 1980s. Numerous accounts are present to discuss this. Bhagwati (2004) remains highly hopeful about globalisation of the economy to be the only way to bring prosperity to Indian society while Ahmad and Varshney (2008) and Pal and Ghosh (2007) showed some facts and figures on poverty level, income inequality and employment figures to argue that globalisation has not benefitted the masses especially in
the rural areas. One can also refer to Economic Survey of India available through Ministry of Commerce and Industry, Government of India website for the data on Indian economic and social indicators.

55 Several scholars have described various generations of reforms beginning in 1991 with SEZ bringing third generation of reforms. Whereas first and second generation of reforms pertain to liberal macro policy environment and institutions for regulating a market economy, the third generation of reforms to focus of facilitation of a global presence for India's private firms and development of physical infrastructure in the country (Jenkins, Ch. 4 in Ruparelia et. al, 2011). See for further discussion in Jenkins, R. in Jenkins and Khilnani (eds) (2004).

56 See also for example Borras Jr (2007) who showed that free market and export led development strategy hasn't been beneficial to agricultural masses in Philippine.

57 Much of the data on SEZs in India is collected from the Ministry of Commerce and Industry, Department of Commerce website unless and otherwise specified at particular places. The Ministry's website can be reached at http://www.sezindia.nic.in.


60 Available online at http://pib.nic.in/archive/eximpol00-01/eximpolh.htm, Retrieved on October, 2010.

61 State of Tamil Nadu for example has some SEZs which are joint ventures for example AMRL HiTech City Ltd, a multi product SEZ. Available online at http://www.indiabulls.com/realestate/Nashik_Sez/what.html, Retrieved on July 2012.
According to the Bank for International Settlements as of April 2010, average daily turnover in global foreign exchange markets is estimated to be US $ 3.8 trillion (BIS website, February 15, 2011).


CRC is an independent organisation which monitors land acquisition for SEZs in India and in its various reports on SEZs all over India it has summed up SEZs as being largely beneficial to private developers in terms of tax and duties waiver, huge pressure on public resources such as water, power and land. See its report on Nokia SEZ in Tamil Nadu available at http://d.yiming.com/kq/groups/18909023/1017950639/name/nokia_SEZ.pdf , Retrieved on June 25, 2011.


British Rule in India established links with interior locations, which were source of raw materials for the industries of England, to those towns and cities along the sea ports. As a matter of fact, the East India Company established several bases for imperial rule in India
Surat, Madras, Bombay and Calcutta in 17th century for the purpose of trade. Most of the cotton mills situated during the British Rule were in and around Bombay and similarly Jute Mills were around Calcutta. Even China, which is the most successful of all the countries which experimented SEZs, has all production facilities along the coastal China.

India is the third largest market for gems and jewellery with US and Japan leading the way (KPMG, 2007). India dominates the diamond processing trade with nine out of the ten rough diamonds are being cut and polished in India.


This SEZ has been de-notified now, see SEZ website.

Jindal Steel Group Ltd. Has applied to the BOA to convert their steel plant in Salboni West Bengal to SEZ in order for them to extract benefits of cheap raw material imports (Financial Times August 28, 2008). Similarly Essar Groups power plant in Gujarat (The Economic Times August 9, 2006), POSCO's Steel plant in Orissa (ibid, August 26, 2006) and TATA Group in Orissa (ibid, September 6, 2006) have submitted their proposals for SEZs. This is a disturbing trend in the development of SEZs in India since many small industrial units in India and warehouses would then plan to apply for SEZ status in order to get waiver on taxes, duties and labour laws. This can bring us to the stage where every form of investment in the country would then be done only under certain conditions of tax and duties waiver. Details are available online on the concerned newspaper's website.
74 Available online at http://www.sezindia.nic.in/writereaddata/updates/NEW_FACT

75 Also in the areas around metropolitan areas like as National Capital Region of New Delhi, where the number of SEZs are huge, the population density is close to several thousand. The population density in NCR based on 1991 area was around 22,917 persons per sq kms.


Chapter Four

76 Although several other methods also provide firsthand experience like surveys and ethnography but they have their own disadvantage such as for surveys investigator limits the number of variables to be analysed (Yin, 1994). While ethnographic work focuses on a site for a longer period of time which is sometimes difficult for a dissertation or thesis work. Yin stresses the fact that case studies are best when studying contemporary phenomenon. However in no way this should mean that some of the historical events cannot be case studies. Some of the best historical analyses also serve as excellent case studies such as Habib (1963) study on the agrarian system of the Mughal Empire in India.

77 Denzin (1970) first introduced this notion of triangulation as ‘multiple triangulation’ where by a researcher employs multiple methods to study one phenomenon thereby using multiple methods of data collection which also sometimes also involve use of multiple investigators and theoretical triangulation. However, one must bear in mind that triangulation strategies have been challenged by some scholars due to its combination of different theoretical backgrounds which may have origin in different assumptions (Blaikie, 1991). One of the ways through which these problems can be minimised is to use techniques that complement each other. This refers to using variety of techniques with-in any method to study an area or phenomenon. See also Gerring (2007). Case study can be
complemented by using surveys (Seiber, 1973 in Yin, 2006) or using semi structured interviews for qualitative analysis.

78 See Gerring (2007) for similar take on case study where he defined case study not by distinctive method of data collection but rather by the goals of the research. Also Stake (1994 in Yin, 1994: p. 17) who defined case studies not as a methodological choice but a choice of object to be studied.

79 Some of the common selection process for case study is given in Gerring (2007) where he identified selection based on several different factors such as typical, crucial, extreme, longitudinal and deviant cases.

80 See Thompson (1963) on the making of English working class. It is a single case study of working-class formations during industrial revolution but it speaks about their formation in England and not in say America or Asia. Also, Harvey’s (2000) work on the construction of utopian movements for a just society is an excellent example of single case study where he puts Baltimore as his case study to outlines the argument for more equitable world through what he calls ‘dialectical utopianism’. Alternatively Barrington Moore’s book ‘Social Origins of Dictatorship and Democracy’ on transformation from agrarian to industrial societies in six different countries- England, France, United States, China, Japan and India. Similarly Giddens’s (1973) book on class structure in advanced societies generalise their structure throughout advanced capitalist societies be it in England, France, Germany or America.


82 Density of Population in West Bengal is 904 persons per sq km while in Haryana 477 persons per sq km (Census of India, 2001). If we leave out the Union Territories which are normally cities with small area and hence high density then West Bengal stand 1st and Haryana 7th in terms of density of population among all the states.
Both these states have nearly 70 percent population which depends upon agriculture and other primary sector activities.

This is normally referred to DC Falta SEZ on government reports and papers, so from here onwards I would refer to DC Falta SEZ.

North Eastern States are usually referred as Seven Sister States comprising Arunachal Pradesh, Assam, Meghalaya, Manipur, Mizoram, Nagaland, and Tripura.

A point to note is that Dr. Aseem Srivastava was one of the leading informants on the locations and sites and some of the key informants in villages who could help during the course of fieldwork. He has worked on some of the controversial sites of SEZs and in this case both in Nandigram and Haryana. He has also written extensively on the issue since its inception as an Act.

In local languages a village head is called alternatively ‘Gram Pradhan or ‘Sarpanch’, and I will use ‘Sarpanch’ along with village head alternatively.


The communist Party of India (CPI) and Trinamool Congress (TMC) are the two main parties of West Bengal. It became later very clear that this is important as far as the resistance movement later became more of a two party fighting for pride and prestige. In Singur West Bengal, a small car factory also came under similar kind of controversy due to political interventions of these two parties one of which CPI rules the state and TMC is the main opposition party. As soon as the car plant was shifted to Gujarat, leader of TMC Mamta Banarjee who by then became Union Minister for Railways announced railways locomotive plant on the controversial site with no further plans how to bring justice to those who were robbed of their land in lieu of cash.

‘Sanhati was created in 2006 to resist neoliberal forces in West Bengal and to spread the spirit of dissent that had been sparked by Singur. The forced acquisition of agricultural
land and the consequent dispossession of thousands of farmers made many of us rally in Calcutta, elsewhere in India and abroad. Democratic forces, leftist forces, people who stand for human rights and civil liberties all came together to form the Chhatra Chhatri Sanhati Mancha in Calcutta. Sanhati was inspired by this solidarity of resistance’ (Editorial Statement, Sanhati. More can be found at http://sanhati.com/about/).

Yin further asserts that some lesser mode of analysis such as analysing embedded units, repeated observations and case survey approach can be used in conjunction with the earlier mentioned dominant mode of analysis. For Trochim (1989) pattern matching is the most desirable strategy for data analysis which does not necessary had to have a quantitative criteria while doing comparison between actual and predicted patterns.

Chapter Five

Growth rate of agriculture overall in India was 2.6 % during 1950-2006 (WB Central Database 2007 in Ahmad and Varshney, 2008: 5).


Bhasole (2010) argued that these big farmers derive almost 80 % of their incomes from farming.


According to the UN Department of Economic and Social Affairs, Population Division, NCR as an urban agglomeration is currently second largest in the world with a population of 22 million. Available online at http://esa.un.org/unpd/wup/index.htm, Retrieved on April 20, 2011.
Rural Urban Fringe can be described as the transition zone where urban and rural land uses; social and demographic characteristics mix and clash (Pryor, 1968 and 1969).


Maruti Suzuki India Limited is India's largest passenger car manufacturing company with nearly 50% of Indian domestic car market. Its production plants are located in Gurgaon and Manesar a town nearly 25 km from Gurgaon (Official Website) and have been a source of industrial employment to many in and around these two towns.


The land involved is a two crop land. In India there are two main cropping seasons, Kharif and Rabi season while at some places farmers are able to produce three crops a year where the rainfall is plenty and more evenly distributed round the year. Coastal areas and some parts of West Bengal produce three crops a year.

The article dated June 20, 2006 can be found online at The Times of India website at http://articles.economictimes.indiatimes.com/2006-06-20/news/27454860_1_reliance-
State Industrial Development Corporations were established at state levels in India in order to promote industrial activities and infrastructural development. SIDCs would identify lands for industrial development and then acquire it on demand for the bigger projects. As such various states and SIDCs have actually acquired land for private developers who want to develop SEZs. More information can be found at http://www.cosidici.com/states1.htm, Last Retrieved on March 1, 2011.

The Telegraph reported on August 3, 2009 that RIL had acquired 486 hectares the SEZ. Available online at http://www.telegraphindia.com/1090803/jsp/business/story_1131403, Last Accesses on March 18, 2010. However the area shown to have been notified by the Central Government is 440 hectares.

Booklet supplied by the EPCES on frequently asked Questions on SEZs in India (EPCES, December 2009).


The figure for landless population is not significantly different from the figures for the landless households in 1971-72 when it was 9.6 %. Available online at escapefromindia.wordpress.com/2006/12/09/10-of-the-rural-households-are-landless-in-india-survey/, Retrieved on September 29, 2012.


One of the best examples of such debt obligations and their impacts on small and marginal farmers is well demonstrated in a 1960 Bollywood film ‘Mother India’ and also very recently a film ‘Peepli Live’ (2011), a political satire on farmers suicides in India.

Employment status among workforce is identified on the basis of activities pursued by them during certain time specified reference period. These periods used in NSS surveys are one year (usual status), one week (current weekly status) and each day (current daily status).

The authors' own experience in this case is a perfect example to illustrate the government's compensation offer for the land acquisition. The broadening of a National
Highway in Fatehpur District of Uttar Pradesh state led to the acquisition of some of the author’s ancestral land in 2004 and the compensation was paid at the 2000 prices when this plan was formulated.

124 Dr. Aseem Srivastava one of my key informants in New Delhi, who worked extensively against the SEZs in India has documented this kind of approach from the Reliance in his article which is available online at http://radicalnotes.com/content/view/46/39, Last accessed on May 30, 2011.

125 In the absence of any farm support system several other states such as parts of Maharashtra, Karnataka and Madhya Pradesh, are facing growing levels of farmers’ suicides in the last 20 years much due to discriminatory policies of the central government that benefits the rich farmers in the states of Punjab, Haryana and some parts of Western Uttar Pradesh.

126 Dantwala (1959) estimated that more people were evicted from the land in the first ten years of Independence than in the previous hundred years as a result of laws to abolish intermediaries on the land.


128 Although ‘Zamindari’ was formally abolished in India in 1971, the practice of addressing people in the society with their old titles is still prevalent all over India.

129 The demonstrations and rallies by political parties in West Bengal is one of the most chaotic scenarios in India. Any Left Front rally in West Bengal would draw people from every corner of the state. There are arrangements made for the buses, local private transport and people would flock together even hanging at the back of loading trucks, vans and other transport mechanisms. Moreover, the kind of mobilisation Left Front have in West Bengal can be best observed on the occasion of ‘Bengal Bandh’ (Bengal Closed) when not a single shop can be found open along the main streets, no transport system (except
Railways) would be functional and if someone is unlucky as it happened to me and reached Kolkata on the day of Bandh, one has to stay at the railway station for several hours before you can pick up a private taxi.

Rural unemployment is defined here as involuntary idleness due to lack of farm work during a specific season. This could occur due to environmental factors (deficient rainfall or excessive rainfall) resulting in changing cropping patterns and schedules thereby influencing labour requirements for each crop. Unemployment in rural areas can also occur due to population growth which reduces the land availability per rural labourer, rapid urbanisation and mechanisation of agricultural activities. See Ali (1993), Paul (1988) and Raj (1976).

At the time of writing this chapter the government in West Bengal was run by the Left Front, however lately in the recent assembly poll in 2011, the Left Front was defeated by the All India Trinamool Congress and Indian National Congress Alliance (Election Commission, 2011). Available online at http://eciresults.ap.nic.in/, Retrieved on May 15, 2011.

'Party' is more popular connotation in West Bengal for CPM and will be used in the remaining part of the chapter for the Left Front government unless and otherwise specified.

The political parties on the left have largely been branded as anti-nationalist, more especially since the Sino-India war in 1962 when they took a pro-Chinese stance. However, the party has rebranded itself with more nationalist sentiments and recently was in coalition with Indian National Congress over the government at the Centre in 2004-09. There are still differences in the opinion over the nuclear treaty of India with US which forced CPM to withdraw its support from the second term of the coalition government in 2009.

Apart from these private investments there is a flurry of proposals of IT and software firms beginning to set up offices in Rajarhaat area of Kolkata and currently it houses offices complexes of some of the prominent IT firms such as Wipro, Infosys, Genpact, TCS and
Satyam (Field Observations). Rajarhaat area of Kolkata also has long local resistance against land acquisition.

135 The government of West Bengal also set aside 4000 acres of land for industry in areas like Durgapur, Asansol, Bankura ad Purulia (The Times of India March 20, 2010).

136 However, the resistance against these activities is not only confined to the rural areas. Urban areas in West Bengal have also shown resistance. Rajarhaat area of Kolkata Municipality is at the forefront of these struggles. A brief account of the land acquisition in Rajarhaat and bloodshed it behind it though largely ignored by the media and civil society can be found in Sengupta's (2008) account of Rajarhaat land acquisition since 1990's (Available online at http://sanhati.com/excerpted/945/ Accessed on August 2009).


138 A block is a group of villages for development programmes and tax purposes.

139 This documentary can be accessed online at http://medicalservicecentre.org/nandigram01.htm, Last Retrieved on February 15, 2011.

140 The information on the events in Singur land acquisition and controversy were largely acquired during the field trip to West Bengal. A NGO called Citizen Initiative provided with expansive first-hand information of their workers and volunteers who covered the whole issue in Singur. However several other sources of data were also brought into consideration such as newspaper articles, local journals and other individual works. A comprehensive account of Singur can be found in Citizen Initiative's report 'Our Experiences in Singur' (Available online http://citizeninitiativecal.blogspot.com/, Accessed on August 2009).


142 In 2006, state assembly elections INC contested on 262 seats and won only 21 while BJP contested on 29 and won no seats. Out of 294 total seats in state assembly CPM has got 233 seats including its alliance with some smaller parties (Indian Election, 2006 website).


145 Bardhan (1999) made a similar argument in his work on Indian political economy, that India's one of the important 'proprietary classes' in India-'rich farmers'-have used poor farmers to mobilise them against government plans that could harm them. There has been a series of farmers' protests against government policies towards agricultural development in the past. Most notably are the recent protests by the farmers of the Uttar Pradesh against the sugarcane price policy (The Times of India, November 19, 2009). Big landlords who own large pieces of lands in rural areas in India have used their leverage of land against small and marginal farmers to vote and support the candidates in the elections and protest against government policies. Similarly in the backward states such as Bihar, Uttar Pradesh, West Bengal and Orissa etc class and caste politics have always played a significant role in the rural elections (Jeffrey and Lerche, 2007).

146 A very good documentary on Nandigram events which shows direct responses from the villagers on the violent events in Nandigram can be found online here:
http://www.youtube.com/watch?v=IYISAxinf1g&feature=related, last retrieved on April 20, 2011. It clearly shed light on the political arguments about the role of political parties in the violence that happened in Nandigram.

A useful discussion on the role of agriculture in development can be found in Meijerink and Rosa (2007). Besides that several studies have also argued that agriculture should replace industries in order to generate more output which will be eventually helpful to the masses of rural population. Refer to Brooks (2006) and Duranton (1998).

Globalisation theories backed up by neoclassical economics tend to stress that agriculture is less productive in terms of the output it generates in comparison to secondary and tertiary sectors. Therefore agriculture should make way for manufacturing and services activities. It is expected that such a transition can be easily achieved under open market and free trade policies which promote greater integration with the world economy (Duranton, 1998, Bhagwati, 2004 and Brooks, 2006). Transition towards more open economies has resulted in only a few of advanced countries experiencing rapid growth. However, that growth has not translated towards a more equitable society and the evidence from the US suggest that it has become more unequal in terms of share of the income among different social and economic groups (Dumenil and Levy, 2004b). The evidences from Borras Jr. (2007) study on the Philippines and Khor's (2006) work on Ghana have confirmed the adverse effects of radical liberalisation and globalisation on agriculture, rural livelihoods, poverty and inequality. Free-market ideology prescribed by the IMF and WB transformed Philippines from being an agricultural exporting country to agricultural importing country. This has also failed to address the poverty and growing inequality in the country and also consolidated the pre-existing agrarian structure where a few landed and corporate elites remain powerful. The World Bank (2008) has reviewed that approach and shown tremendous interest in the development of agriculture as a means to fight poverty and inequality and hence overall development of the poor rural population of developing countries.

'Kharif' is the Arabic word for autumn while 'Rabi' is the Arabic word for spring.
The period before 1757, when the Battle of Plassey was fought between British East India Company and Nawab of Bengal, Siraj-ud-Daulah marked the establishment of the Company rule in India and South Asia and hence can be termed as pre-colonial. See detailed account of Battle of Plassey in Malleson (1885) and Harrington (1994). The period following the Battle of Plassey up to independence in 1947 is regarded as colonial.


Several influential state parties have become key players in determining the longevity of the Central government. These political parties bring large number of Members of Parliament (MPs) (especially from big states such as UP, MP, Andhra Pradesh, Maharashtra and Tamil Nadu) and hence their support for the national parties in forming the government if none of the big national parties such as INC and BJP gained outright majority. For example Left Front was in coalition with UPA during 2004 elections and decided to withdraw their support over the nuclear deal that UPA government wanted to enter. In the 2009 elections the Left Front opted out of a coalition but decided to give outside support to UPA.

The interview is available online at http://www.youtube.com/watch?v=liXBzIkxxp4&feature=related , Last Retrieved on February 28, 2011.

The population of the island comprises nearly 2000 people living as ‘encroachers’ and have got no rights to land and ponds for fishing. Official data had marked this island as uninhabited (The Telegraph, September 5, 2007).
Article dated September 4, 2007 can be found online at 


A reference map is available online to have better picture at 
http://www.wikimapia.org/#lat=22.2590733&lon=88.0926704&z=13&l=0&m=b, Accessed on March 4, 2011. One can observe that polygon to the east on the edges of the Falta SEZ are the villages relocated while one on the north is the third village.

Document available online at 

The map is also available online at 

Chapter Six

I use the terms organised sector and unorganised sector as defined by the Ministry of Labour, Government of India. According to them the organised sector comprises enterprises for which the statistics are available from the budget documents or reports etc. On the other hand the unorganised sector refers to those enterprises whose activities or collection of data is not regulated under any legal provision or do not maintain any regular accounts. Most of the small scale and cottage industries are considered as unorganised which grew by around 110 percent between 1980-2010 as such much of the employment generated in India is in unorganised sector (Dipankar Gupta, Guest Lecture at Trinity College Dublin, April 2011).
Gupta (2005: 757) has summarised the village level changes, in the face of economic liberalisation, of what he called 'the vanishing Indian village' where, 'from rich to the poor, the trend is the leave the village...'.

Chatterjee (2004) has discussed his distinction between 'political society' and 'civil society' in his earlier work on 'The politics of the governed'. He made this distinction whereby he considered 'civil society' to be the domain of urban middle class, professionals and corporate capitalists who continue to enjoy the patronage of the law and state. On the other hand 'political society' constitutes large sections of rural population and urban poor who make claims on government through negotiations rather than constitutionally defined rights. Scholars have made reservations about this thesis on accounts that his understanding of dichotomy in Indian society does not clearly present a future scenario where an equilibrium will be maintained in the years to come between these two or Indian political economy will face a volatile disequilibrium (Ruparelia et. al, 2011: 5).
Appendices

For Chapter Three

Appendix III (a)

Central Government SEZs till 1995

1. Kandla, Gujarat (1965)
2. Santa Cruz, Bombay Maharashtra (1973)

(Source: Ministry of Commerce and Industry, Government of India, website)
For Chapter Four

Appendix IV (a)

General Questionnaire for Farmers and Peasants

1. Name/Age.
2. Occupation: Previous and Current.
3. Did you own a house before land acquisition? Yes/No.
4. Do you have a house now after land acquisition? Yes/No.
5. Did you own farmland before the land acquisition? If yes how much (in acres)?
6. What was the land used for? Subsistence Agriculture/Commercial Agriculture/Animal Husbandry.
7. Do you own farmland now after the land acquisition?
8. What is land used for now? Subsistence Agriculture/Commercial Agriculture/Animal Husbandry.
10. What was your family income before land acquisition? Below Rs.2000/Rs 2000-4000/more than Rs.4000.
11. Was it enough to support your family? Yes/No.
12. What is your family income after the land acquisition? Below Rs.2000/Rs 2000-4000/more than Rs.4000.
13. Was there any consultative meeting in the village before the land is ascertained for acquisition? Yes/No.
14. Was there anyone in the village who supported these land acquisitions for SEZs? If so why?
15. Did you readily agree to sell your land? Yes/No.
17. Was there any pressure put on you to sell your land? Yes/No.
18. How much compensation did you received?
19. Are you satisfied with compensation? Yes/No.
21. How much opposed are you against these zones? Very Bad/Bad/Can't Say/Good/Very Good.
22. Was there any promise of employment made by private developers within the zone? Yes/No.
23. Will you work for them in these zones if given a job? Yes/No.
25. What was your first reaction when you heard that land will be acquired for SEZ?
26. What was the opinion of the Villagers towards this land acquisition?
27. What are your views on the land acquisition where government offer monetary compensation to the displaced?
28. Why are you against these zones?
29. What is bad about these zones?
30. What can be done to improve these shortcomings and betterment of rural areas?
31. Who supported you in protests against these zones?
32. Can you suggest someone else who can be helpful in providing further information on this issue?

Thank You
## Number of Operational Holdings by Major Size-Groups, 2000-01 ('000 Hectares)

<table>
<thead>
<tr>
<th>State</th>
<th>Marginal (&gt; one hectare)</th>
<th>Small (1 to 2 hect)</th>
<th>Semi-medium (2 to 4 hect)</th>
<th>Medium (4 to 10 hect)</th>
<th>Large (10 hect or above)</th>
<th>All Holdings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Haryana</td>
<td>704</td>
<td>294</td>
<td>278</td>
<td>202</td>
<td>50</td>
<td>1528</td>
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<tr>
<td>West Bengal</td>
<td>5462</td>
<td>1009</td>
<td>283</td>
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<td>1</td>
<td>6790</td>
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<tr>
<td>India</td>
<td>75409</td>
<td>22696</td>
<td>14020</td>
<td>6577</td>
<td>1228</td>
<td>119930</td>
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Source: Department of Agriculture and Cooperation, Agricultural Census Division.

## Change in the operational holdings in India between 1995-2001

<table>
<thead>
<tr>
<th>Category of Holdings</th>
<th>1995-96</th>
<th>2000-01*</th>
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<tbody>
<tr>
<td>Marginal</td>
<td>71179</td>
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<td>(Less than 1 hectare)</td>
<td>(61.6)</td>
<td>(62.3)</td>
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<tr>
<td>Small</td>
<td>21643</td>
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<td>(1.0 to 2.0 hectares)</td>
<td>(18.7)</td>
<td>(19.0)</td>
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<tr>
<td>Semi-Medium</td>
<td>14261</td>
<td>14021</td>
</tr>
<tr>
<td>(2.0 to 4.0 hectares)</td>
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<td>(11.8)</td>
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<tr>
<td>Medium</td>
<td>7092</td>
<td>6577</td>
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<tr>
<td>(4.0 to 10.0 hectares)</td>
<td>(6.1)</td>
<td>(5.5)</td>
</tr>
<tr>
<td>Large</td>
<td>1404</td>
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<tr>
<td>(10.0 hectares and above)</td>
<td>(1.2)</td>
<td>(1.0)</td>
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**All Holdings**

| 115580 | 119931 |

Note: Figures in parentheses indicate the percentage of respective column total.

* Excluding Jharkhand

Source: Department of Agriculture and Cooperation, Agricultural Census Division.
### Area Operated by Major Size-Groups, 2000-2001

<table>
<thead>
<tr>
<th>State/UT</th>
<th>Marginal ('000 Hectares)</th>
<th>Small ('000 Hectares)</th>
<th>Semi-Medium ('000 Hectares)</th>
<th>Medium ('000 Hectares)</th>
<th>Large ('000 Hectares)</th>
<th>All Holdings ('000 Hectares)</th>
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<td>3795</td>
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<td>1080</td>
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</table>

**Total** 29815 32144 38192 38215 21070 159436

## Data Not Collected for the year

Source: Department of Agriculture and Cooperation, Agricultural Census Division.
An interesting development that was noted very recently around various parts of the Haryana state has been the significantly large number of advertisements for the sale and purchase of agricultural lands (Where in City Classifieds). Two such advertisements for land sale are as follows:

**Example 1.** ‘Agricultural Land for sale in Barot Kaithal, Haryana. 2 pieces of 9+27 acres. Expected Price- INR 38 lakhs per acre (US $). (rates negotiable) Interested buyers may contact...’

**Example 2.** ‘I have 24 hectares, I want to sell with INR 30, Lakhs for each hectare (US $). It is very good agriculture. It has two [electricity] motors facility, river water through canal and now rice crop is grown. It is Ladhuwas near Boha at border of Haryana. It is 20 kms from Rattia [Fatehabad District].’

While the advertisement for the purchase of agricultural land is as follows:

**Example 1.** ‘8-10 acres of fertile agricultural land with proper watering system is required. Contact: email- abc@xyz.com (email Id changed).’

**Example 2.** ‘need 2 to 3 acres of agricultural land near Barwala Panchkula. [Punjab].

(All these ads can be accessed online at http://www.whereincity.com/classifieds/haryana/property/farm-land/20.htm Last accessed on July 14, 2012).
Composition of rural usual status (principal + subsidiary) workers in Haryana and West Bengal

<table>
<thead>
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<th>Mode of employment</th>
<th>Index of casualisation$^a$</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Self employed</td>
<td>Regular employees</td>
</tr>
<tr>
<td>Haryana</td>
<td>1983</td>
<td>70.2</td>
</tr>
<tr>
<td></td>
<td>1993-94</td>
<td>67.7</td>
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<td></td>
<td>1999-00</td>
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<td>West Bengal</td>
<td>1983</td>
<td>52.3</td>
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<td>1993-94</td>
<td>55.7</td>
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<tr>
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<td>1999-00</td>
<td>52.2</td>
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</tbody>
</table>

Note: $^a$index of casualisation shows the number of casual wage earners for every one hundred regular salaried employees

Source: Adapted from Chadha (2003) Table 7:
Map of West Bengal
Map of South 24 Parganas District
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- Counter Currents
- Envio Magazine
- Forbes Magazine
- Ground Report
- Haryana State Gazetteer
- India SEZ Politics
- IT Data House
- NDTV
- Press Information Bureau
- Radical Notes
- Rediff
- Sanhati
- The Economist
- The Financial Express
- The Financial Times
The Frontline
The Guardian
The Hindu
The Hindustan Times
The Huffington Post
The Independent
The Indian Express
The South Asian Time
The Telegraph
The Times of India