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## IMPACT OF SPECIAL ECONOMIC ZONES (SEZs) IN RURAL LIVELIHOOD-A CASE STUDY OF POLEPALLY SEZ IN TELANGANA

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### ABSTRACT

**T**he present study is to examine the Impact of Special Economic Zones (SEZs) in rural livelihood of the farming people in India in the case of Polepally SEZ in Telangana State. The setting up of Special Economic Zones (SEZ) policy probably has become the most controversial economic reforms announced in recent time in India as well as in Telangana State. The people of agriculture families from the rural areas are suffered from the displacement a lot by the establishment of Special Economic Zones. The present inquiry relies exclusively on primary data which is collected through interviews, observation and discussions with the Polepally SEZ in Telangana State. This paper also deals with the nature and extent of state development policy impact on human life in Telangana State. Finally this paper examines to the establishments of SEZs are created an Socio-economic impact in rural areas and displacement of rural livelihood in India as well as in Polepally SEZ in Telangana State.

**KEYWORDS:** SEZ, Displacement, Development, agriculture, economic reforms

### INTRODUCTION

The economic reform process started in India during the late 1980s and early 1990s have begun to show their impact on the economic fabric of the country. India is now moving at an accelerated pace with annual GDP growth rate crossing 9 percent. In order to further accelerate the pace of economic growth India is experimenting with different policy measures. One of such policy measures is starting of Special Economic Zones (SEZs).

Special Economic Zones (SEZs) have become rather popular trade policy instruments

since their modern revival in the late 1950s. Special economic Zone is one of the many trade policy instruments used to promote non-traditional exports. Other such instruments include import tariff drawback arrangements, temporary admissions and export subsidies. Often, when countries use these alternative trade tools to promote non-traditional exports successfully, Special Economic Zones (SEZs) can play a large role in the trading and development process (K.N. Ghorude, 2008).

According to the Special Economic Zones policy announced by the government of India SEZs

are deemed to be foreign territory for the purpose of trade operations, duties and tariffs. The parliament passed the SEZ Act in 2005 and it was implemented from 10<sup>th</sup> February, 2006.

Many reviewers of the performance of SEZs have found, hence, a yawning gap between the promise and performance. Unlike the private industrialist in the past, who usually purchases land as per his requirements, the present SEZs endeavour is the gobbling of a large piece of land with government acting as the facilitator. It is now the experience documented by many researchers that a SEZ takes altogether too much land along with the livelihood it gives, but in return altogether too little. Every SEZ is not simply one factory or a launch of factories but a township that is planned. Though townships are likely to foster industrialization and hence employment doubts have been expressed whether it will create much indirect employment if not direct employment as malls and other modern artifacts may not provide the right type employment for dispossessed village artisans. Further in most of the villages where land acquisition had taken place, the commons used for grazing cattle, drawing toddy from palm trees, fishing in streams and other water bodies, quarrying of stone, collection of forest produce apart from other useful may also be lost, for SEZ is established in a materials contiguous area.

## **METHODOLOGY & OBJECTIVES**

The main aim of the present research paper is to observe the emergence of special Economic zones in India as well as in Telangana. Further, the study aims at explained the socio-economic problems of victims of Polepally SEZ in Telangana State. The survey conducted Polepally SEZ in Mahbubnagar district of Telangana. The secondary data was collected from various research journals and eminent scholars' opinions, Commerce and Ministry of India.

## **SOCIO-ECONOMIC PROFILE OF THE POLEPALLY SEZ**

Before the establishment of SEZ at Polepally, land acquisition had been started with the help of funds from centre. The Central government released Rs.30.05 corers for the setting up of a

growth centre on 30<sup>th</sup> September, 2003. United APIIC procured 954.22 acres of land during the period 2003-06, In addition to Rs 6.45 corers released by the centre, the state government released Rs 45 Lakhs and APIIC had spent Rs 21 lakhs on this centre. Actually a growth centre had to be set up at this place, but the congress government decided to start a green industrial park for which 835.24 acres had been allotted. As no major industry has come forward to start their units in this SEZ, the Pharmaceutical industry had expressed its intention of setting up of units in 250 acres, for which permission had been accorded from Commerce and Industry Ministries at the Centre in October, 2006. Aurobindo Pharma limited, Hetero Drugs Private Limited had entered into lease agreements with the State government for setting up their units. The terms of lease agreement are such that these units should pay Rs 7 lakhs per acre besides 1% rent on lease premium for a period of 25 years. Each unit had been given 75 acres under their lease agreement. CAG had found loopholes with the whole procedure (Indian Reality News, 2008). Even then the state government had given permission for setting up of these pharma companies. The real problem had started from the time of setting up of these units.

People who lost their lands in the village of Polepally, Gundlagadda thanda, Mudireddy Pally villages expected that they would get some employment opportunities due to the setting up of SEZ in their area. But to their dismay, they did not get those opportunities. Many tribals and scheduled caste families lost their land. In Polepally alone 350 scheduled caste families lost their land. Prior to giving up their land, every year they were growing castor, red gram, black gram, paddy, cotton and other cereals on the government assigned land as well as land purchased by them. After their lands have been taken away, they were hopeful of getting some sort of employment in the SEZ. After the formation of SEZ they realized that their chances of getting employment under SEZ were meager or almost nil. Then they realized that they have been duped by the government and they started agitation for the protection of their livelihood.

### **Case study-1**

Mala Jangillamma is a resident of Polepally. She is aged 45 years. Her family had been possessing 3 acres of land which was acquired by SEZ authorities in Polepally. She has two sons and a daughter. Earlier she was cultivating maize and paddy in their land. They have a bore well. Even though the crop raised in their land was not sufficient to meet their household needs, still they lived happily during that period. Her sons are educated up to 8<sup>th</sup> class and daughter is educated up to 5<sup>th</sup> class. The marriage of the eldest boy had been performed and the second son stays along with her and used to help her in the agricultural activities, while the elder boy had been driving an auto.

She told the researcher that her family started facing problems after the establishment of SEZ. As all their land of 3 acres had been acquired by the SEZ authorities. Meanwhile her husband had heart attack and he died suddenly. Actually when the authorities were forcibly taking away their lands, their whole family protested near a tamarind tree located on their land. They did this protest continuously for a week without doing any work. But police have resorted to laticharge and they removed them from that place. This had led to the heart attack of her husband.

The amount paid to them as compensation was partly used for clearing their earlier debts. Further they had to spend some more amounts for repair of the auto of their eldest son as it had met with an accident. Further they had to spend some amount for health purpose. As the amount they had was almost spent, they had no other source of income for their sustenance. Hence her second son approached the SEZ management for a job in the SEZ. But the management ridiculed him by saying that as they had protested earlier against the establishment of SEZ, why the management should provide a job to him. Disillusioned by their attitude and having no other avenue of employment, the younger boy left the village in search of a job to Hyderabad city and currently he is engaged as a worker in a hotel.

Jangilamma was very angry towards the political parties as they had pretended earlier that they were sympathetic to their cause but nobody came forward to help them. Hence the villagers, including her have contested in the election as candidates of united struggle against SEZ establishment.

She said that altogether 13 members had filed their nomination to contest in the election with a common manifesto. All of them had gone to the other villages in autos and canvassed their candidature. They also demonstrated their pathetic condition by donning a bruised saree, unkempt hair, an old bag in their hand where they kept their handouts, an earthen ware and pleading to others that sustenance should be provided to them while travelling barefooted to all the places.

She also informed that all of them put together could get 8000 votes. She said that she borrowed money in order to file her nomination. Other contestants have also done the same thing. As their lives had been affected by the attitude of politicians, by contesting in the election they wanted to demonstrate their anguish to these politicians and if by chance if they can defeat them, they can get back their lands. In this village every household had lost the head of the household in most of the cases and hence the question that was put had been whether the government has a concern for the poor people. Finally she said that, what they want is economic sustenance where food and shelter are provided to each family.

### **Case study-2**

Laxman Naik, who is 35 years old youth, belongs to Gundlagadda Thanda which is situated in the Polepally SEZ area. Earlier at the time of land acquisition by SEZ authority, their family has been possessing three acres of land. Their family consists of one brother and two sisters. She is educated up to 10<sup>th</sup> class. But her brother had to stop his education in the fifth class itself. They cultivated Maize, Corn, and Paddy on their land. All of them used to work in their field as family labour. During the lean season all the three male members, his father, himself and his brother used to go to Hyderabad to do construction work. After the notification of the SEZ they surrendered their

land. One after effect was that they could not perform the marriage of his sister with their maternal cousin as they were demanding dowry. They also rejected the marriage alliance, although earlier they agreed from the same. Due to the pressure on the family, their father became addicted to the drinks. Meanwhile their mother had got heart attack for non performance of their daughter's marriage and after some time, she died. The tragic situation for them was that they were not able to get six feet of land for the funeral of their mother. The situation has come to such a stage because all the members of the thanda had surrendered their lands. Apart from taking over their lands, the SEZ management had taken over even the government land, thus there was no burial ground left in their village. They were perplexed about the performance of rights to their departed mother. All the residents of thanda have agitated on this issue and as there was a by election that time a contestant from congress party had intervened in this matter. Finally the government officials have kept apart two acres of land as the burial ground. According to APIIC notification even their residential area of four acres was also to be transferred to SEZ management. But somehow they left this land and finally they could get the other two acres which had the burial ground. If it has not been for by- elections in their area, they would not have got even that land for burial ground. Hence he was expressing anguish that not only all of them have become dispossessed but they could not have the burial ground for their thanda.

Not only he lost his land but after the death of his mother, his wife divorced him and went to her native place. His brother and sisters had also migrated to Hyderabad. He was expressing his helplessness as there had been a reversal in their total life. Actually he along with other villagers had pinned hopes on the establishment of SEZ, as their original impression was that they could get some employment in the SEZ and their lives would improve to the better. But when they lost their land, there was no other alternative source for their livelihood. All the villagers are now bitter against the establishment of SEZ in their area. When he

approached the SEZ management in the early stages of construction of the factory, he was employed in the construction work. But after the factory was built, he was not employed by the management and there are no other jobs available for him in the thanda. Therefore, he continues life along with his father who has almost become a drunker as his health also failed. He is unable to do any job now. Ultimately, he was imploring others to visualize how their life can be improved in the future.

## **CONCLUSION**

The farmers who surrendered their lands in the SEZ have two main grievances where they firstly feel that the amount of compensation paid to them for surrendering their lands to the SEZ authorities had been unjust and secondly the establishment of SEZ did not auger well for them as the employment potential generated by these SEZs had been limited and even in the opportunities existing at the SEZs, the locals are not preferred for employment (Seeta Lakshmi, 2009). Hence their income sources have dried up and they are destined to lead the life of destitute.

Thus all these case studies highlight the deleterious effects of the establishment of the SEZs in their area where instead of improving their living conditions by providing direct or indirect employment, they are causing untold misery to their lives (Dr. Sadu, 2013). This study highlights primarily the changes in the livelihood patterns of those living in and around the SEZ areas where the SEZs have been established as harbingers of development in the respective areas as backward linkages also have a prominent role in development process.

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