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**Editorial****Far from over**

Where do SEZs stand today, four years after the policy was launched? And how effective has the anti-SEZ movement been? These two questions are very pertinent, especially in the context of the ongoing global recession.

The global recession has had a profound impact on India's business environment, dramatically altering both the financing of industrial projects as well as the markets for their final products. This has impacted SEZs particularly. Remember, SEZs are high-investment projects, meant to produce for the global market, even if there is a harmlessly minimalist "net positive foreign exchange" stipulation clause in the SEZ Act of 2005, for a developer to maintain the SEZ status of his investment.

Due to the high cost of borrowing, poor market forecasts, and long-standing problems over land acquisition, the demand for new SEZs has slowed down dramatically.

The negative impact of the recession is being felt especially by real estate developers who have invested heavily in SEZs. The reason for this is that they had all borrowed heavily both domestically and abroad during the years before the recession began, when money was cheap. Now servicing those loans has become a burden as their revenues have fallen and interest costs have grown. So they have serious cash-flow problems and are often keen to "de-leverage"

their investments by selling off liquid assets – land at their disposal being one of them.

In recent weeks two major developers, DLF and Rahejas, have asked for several of their SEZs to be de-notified. Though there are no provisions related to de-notification in the SEZ Act, the law ministry has told the commerce ministry that since the Board of Approvals has power to notify zones, it can also scrap them, if developers want to exit the zones. Following this advice, the BoA has granted Rahejas' request in their latest meeting on June 20. DLF had received approval for denotification of four of its IT-based SEZs on June 3.

One important reason why many want denotification is because more than half the SEZs are in the IT sector (to allow it to continue to enjoy tax privileges beyond 2009-10, when the tax holiday for the IT industry is meant to expire). The slowdown in the IT sector is significant. Since the recession began, it has lost over 100,000 jobs nationally out of a total of 2.2 million. (According to

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Acknowledgement Pairvi

research done at the Centre for Policy Research, more than two-thirds of the jobs which SEZs are expected to generate are in the IT sector.)

Have SEZs been performing as per the promises of the government? Exports have certainly been growing, though the recession has certainly had an strong adverse impact. However, much of what is shown as “exports” is actually sales within what is called the “Domestic Tariff Area” (in other words, produce sold within India). After a review of at least 500 SEZ units, the office of the Comptroller and Auditor General found that export claims made by many of them were misleading as the net foreign exchange earnings projected by them had been met through domestic sales and not exports. The possibility of such fraud has been pointed out repeatedly ever since the SEZ Act was passed. The export numbers can be made to look good artificially.

One reason to doubt the government’s numbers on SEZ exports has already been given: given the massive layoffs in the IT sector, it simply doesn’t add up if you claim that exports have been growing fast. They have not.

Next, consider investment. SEZs were supposed to be the big draw as far as investment was concerned. Of the Rs.576,000 crores promised for over 550 SEZs that have been cleared by the government, less than Rs.200,000 crores are under implementation, according to the Centre for Monitoring Indian Economy. This accounts for only about 7% of the total investment in the economy. And

the share has been falling since 2006.

What about employment? As the data given for the IT sector indicates, here the success is even more modest. The total employment generated from SEZs is 3.5 lakhs, of which 2.15 lakhs has come about since February 2006, when the SEZ Rules were implemented. Government SEZs (in existence from before 2005) have an employment of 1.93 lakhs, private SEZs (since 2005) of 1.57 lakhs. Compare this with some of the employment claims that have been projected by different governments in the country (59 lakhs in Maharashtra alone!).

The government, the corporate world, as well as the media have been trying to sell SEZs as India’s great employment hope. It is clear beyond the shadow of a doubt that the sort of investment that SEZs are attracting is capital-intensive, and cannot be expected to tackle India’s huge unemployment crisis.

Incidentally, a growing fraction of the labour force in SEZs is made up of women. Some of the SEZs, like Nokia in Tamil Nadu and Falta in West Bengal, have more female than male employees. Women are preferred as employees because they are felt to be more diligent and docile than men. They are also cheaper. This is the sort of “labour reforms” consistent with what most of our economists welcome.

Given all these sobering facts, it is time for the government to seriously reconsider its SEZ policy, especially given the resentment it has already caused for all

too few benefits, even for those who had hoped for something from it.

### **The ground reality**

While over 250 SEZs are already functional and over 550 have been approved, the struggles against land acquisition continue around the country. The rural population in general, and farmers in particular, continue to stand in defence of their lands and livelihoods in many, many places. In some places, the story has been resolved in their favour, albeit often at great human cost. In Nandigram, for instance, the West Bengal government’s desired handover of fertile cultivated land to Indonesia’s Salim group was foiled by the courageous defence put up by the farmers of the area, led by their women. 14 people fell to the bullets of the security forces while Nandigram was defended in March, 2007. (Unsurprisingly, the CPM government has not given up on its plans for the chemical hub, planning one now on the loose, deltaic soil of Nayachar.)

The big story in recent weeks has been that of the Mahamumbai SEZ in Raigad, Maharashtra. This is by far the largest SEZ planned in the country – the largest private one in the whole world. Reliance is the developer. It had submitted a proposal for setting up a multiproduct SEZ in Raigad district in 2003. They proposed to acquire 14,000 hectares of land (an area the size of Chandigarh) in 45 villages in Pen, Panvel and Uran tehsils. An investment of Rs 40,000 crore and jobs for 20 lakh people were promised. Reliance claimed that its package for affected

farmers was the best across the country.

As the project gained momentum, the anti-SEZ committee in the area launched an agitation, prompting a historic referendum in September 2008. Over 85% of the voters in 22 villages where polls were held voted against the project, refusing to part with their lands, the reason perhaps why the Maharashtra government hasn't officially disclosed the results. This is the very first time that a public vote of this kind has been taken on an industrial/infrastructure/mining project anywhere in the country. And the results indicate why democracy is seen as such an inconvenience by the government and the business elites.

The project was still on till recently, even if only 13% of the desired land has been acquired by Reliance in six years of negotiations with farmers. But a few weeks back the Supreme Court dismissed the promoter's plea for staying the land acquisition process for its project. A stay would have rendered the deadline for land acquisition (2 years from approval) irrelevant. In May the Bombay High Court had asked the MSEZ to move the SC for expediting land acquisition as various public interest petitions pertaining to the issue were pending before the apex court.

The SC's dismissal all but puts paid to the project. Government approval for the project was given in June 2005 and it was given two extensions to acquire land. The latest deadline expired on June 9, the farmers resolute in defence of their land.

As the results indicate,

local activists in Raigad have worked very hard over the past few years to inform and organise farmers in the area to defend their lands and livelihoods against the project. The final word on the project will perhaps not be out until after the Maharashtra elections later this year. But in any event, the SC judgment will be hard to reverse.

Goa is a step ahead of Maharashtra. Massive public protests over the past few years have led the government to withdraw the SEZ policy altogether. 12 of the 15 proposed SEZs have been scrapped. 3 SEZs, that had been notified, await a decision from the BoA.

The other huge Reliance multi-product SEZ spanning large parts of the Jhajjar and Gurgaon districts of Haryana is intended to cover 25,000 acres of land. This is a PPP project, with 10% share with the Haryana government. Even now, more than three years since the MoU was signed, most of the desired land has not been bought, even though the project has got "in-principle" approval from the Central government.

The huge POSCO steel project in Orissa, meant to bring in a record foreign investment of over Rs.50,000 crores, is still stalled because of massive public opposition to land acquisition. The Lok Sabha election from the area was won by the opposition CPI candidate, who had stood against the project.

All this is not to say that public opposition to land acquisition for SEZs has been so successful that the policy is about to be

repealed. In places like Mundra, Gujarat, huge areas along the coastline (adding up to several thousand hectares) have been given to the Adani group to build a port-based SEZ, in open violation of the Coastal Regulation Zone, killing off yet another beach on the Indian coastline. Apart from pastoralists and farmers, more than 10,000 fisher-folk have lost their livelihood and over a million mangrove trees have been destroyed to enable this. Wonder what a half-decent cost-benefit analysis of the project would have revealed!

But there are far too many stories emerging from different regions of the country – from Nandigram and POSCO, to Goa, Raigad and Jhajjar – which suggest that peoples' struggles in defence of their land, water, forests and livelihood have had a profound impact on the viability of a model of 'development' and industrialisation which routinely transfers assets and opportunities from marginalised social groups in the countryside to those of us in the cities, already thriving under the thick canopy of privilege. Even where protests have failed to stop the project (as for instance in the case of the Mihan airport SEZ project near Nagpur, where in the village of Shipnagaon, women shaved off their heads in protest against the government's land-grab) peoples' movements have been successful at drawing attention to the obvious injustice of the SEZ policy.

The struggle against SEZs is far from over, for either side with stakes in the battle.

•Aseem Shrivastava

## A Citizens report card on Special Economic Zones

• Manshi Asher

### I. Brief background of Issues

#### Raised

Members of the academia, people's movements, action groups and representatives of various community based organisations have for the last four years been consistently raising several concerns in the matter of the SEZ legislation passed by the UPA government in 2005 followed by the widespread establishment of SEZs across the country.

The UPA government has been amply aware but has chosen to ignore, resistance against forced land acquisition for creation of Special Economic Zones in various parts of the country - West Bengal, Maharashtra, Gujarat, Andhra Pradesh, Tamil Nadu, Punjab and Haryana. Despite repeated demands made by farmers and affected communities to stop this forced acquisition and grabbing of resources for these zones, governments across the country instead of having a dialogue have used force of the state machinery, coercion and fraudulent means to subvert and suppress people's protests be it in Nandigram (Salim SEZ), Kakinada (KSEZ and GMR SEZ), Kalinganagar (Jindal SEZ) or Jagatsinghpur (Posco).

Apart from the conflict over acquisition of land the key issues that have been raised in the context of SEZs include:

1. Large scale forced acquisition of land and promotion of specula-

tive real estate businesses; resulting in loss of agriculture, fisheries based and other traditional livelihoods

2. Lack of clear policy directives to ensure equal and non-exploitative employment opportunities for local communities in SEZs
3. Increasing burden on natural resources like land, water, forests and uncontrolled environmental destruction
4. Revenue losses and lack of real and balanced economic development
5. Breaking down multi stakeholder pattern by supporting hegemonic monopolistic business model and centralisation of capital and resources
6. Breakdown of democratic governance systems especially of the Local (both Urban and Rural) Self Governments with the creation of independent private enclaves
7. No effort by the government to initiate or open public consultation on the matter

With the UPA government back in power for the second consecutive term at the Centre, there is an urgent need for a review of the SEZ policy with all the above concerns. This report card aims to describe some of the ground realities as well as serious apprehensions which need immediate action and attention.

### II. PROFILE OF SEZs - An Overview

The latest available statistics on Special Economic Zones from 8th December 2008 display a continuation of the pattern which has been evident since the amended SEZ act in 2005. With the significant economic slow-down towards the end of 2008 for the first time we started to see companies applying to de-register/denotify SEZs and it remains to be seen what the net effect will be. If the recession is a short-lived one SEZs might regain popularity. In the meantime it is expected that we will at least see a lull in the applications for new zones in the coming months. Nevertheless, as of December 2008 the Central government gave formal approvals to a staggering 552 SEZs in 19 states; 272 of these have been notified.

#### Sector-wise

The overwhelming part of SEZs continues to be in information technology and related industries. 181 notified SEZs exist for IT companies representing 66% of the total number of SEZs. Additionally there are 341 formally approved and 11 in-principle approvals. The share of IT is thus slightly lower among the formally approved compared to the notified SEZs probably since the smaller IT SEZs manage to acquire land quicker than the large multi-product SEZs. With all the different SEZs taken together at various stages of approval the IT sector still accounts for more than half at 55% of the total. The second

largest sector will be multi-product with 9% of the all zones.

### Regionally

Andhra Pradesh tops the list of notified SEZs with 57, followed by Tamil Nadu on 44 and Maharashtra on 43. Maharashtra has the most SEZs waiting to be notified however with 104 formally approved and 34 in principle, compared to AP's 99 and 2 respectively and Tamil Nadu's 66 and 18. These three states thus account for almost half of all the SEZs in the country. The share is especially significant among the already notified SEZs with 144 out of the total 274.

Even more imbalanced is the spread of SEZs when one considers the locations within each state. 48 out of the 99 formally approved SEZs in Andhra Pradesh are in or close to Hyderabad, while 34 of 66 formally approved are similarly in or close to Chennai. The main number of SEZs can thus easily be characterised as being in the IT-sector and in one of primarily Western or Southern cities. This said, almost every state has tried to get a couple of SEZs to be established within their territories including tiny Dadra & Haveli's 4, and Pondicherry's 1 formally approved zones.

### Land requirements

53 multiproduct SEZs are at the in principle approval stage meaning they might soon become formally notified. These are the zones which require really large areas of land and have been

contentious on the issue of displacement. Recently the rule preventing larger SEZs than 5,000 hectares was lifted which lead the Adani group to apply for and get granted a merger between the 3 zones of (4498 + 2658 + 2648 hectares) it had created next to each other at Mundra in Gujarat to avoid the land ceiling.

Among the actually operating SEZs the biggest ones apart from the Mundra zone(s) in Gujarat are APIIC 2,206 ha SEZ in Visakhapatnam, and the Kakinada SEZ 1,035 ha both in Andhra Pradesh, and the Navi Mumbai SEZ 1,223 ha in Maharashtra.

So far the notified<sup>1</sup> have officially required 30,122 ha of land. But with the many really large multi-product SEZs in the In Principle category these cover an area of 1.22 lakh hectares, or 869 hectares per SEZ on average. In Andhra Pradesh the 7,400 ha converted into SEZs is less than Gujarat's almost 10,000 ha (9,997) despite there being 56 SEZs in AP compared to Gujarat's 21. Gujarat has clearly prioritised large-scale multi-product SEZs when the rest of the country has seen mainly IT zones. Maharashtra and Tamil Nadu who also have a large number of SEZs use up far less area, 5,018 and 2,307 ha respectively again indicating mainly IT SEZs being notified (so far).

## III. ISSUES OF CONCERN

### 1. Social Implications and Livelihood Issues

#### Large scale requirement of land and Forced Acquisition of Land

Despite issuing of guidelines by the Ministry of Commerce and the EGoM, that no forced acquisition of land will take place for private SEZs, nearly all states are using the Land Acquisition Act 1894 to acquire the land for developers of SEZs and that too in the absence of any provision for rehabilitation. In some states like Tamil Nadu and AP the governments are even using the urgency clause – 17/4 of the LAA to acquire land compulsorily. In states like Maharashtra state supported land acquisition was brought to a halt in projects like Karla (Mahindra and Mahindra SEZ), Raigarh (Reliance SEZ), Nasik (India Bulls SEZ), Nagpur (Mihan SEZ) after issuing land acquisition notices under (Section 4 and 6) LA Act or issue of public notice. However, the acquisition notices are yet to be withdrawn. Infact, except for Nandigram in West Bengal and Amritsar in Punjab, there have been no cases of withdrawal of notices.

It is argued that much of the land being diverted for SEZs is already available with the State Industrial development Corporations (IDCs). While this is a fact, it needs to be specified that in many cases lands which had previously been acquired by IDCs and are now being transferred to SEZ developers also used the Land Acquisition Act. These sales are obviously at much higher rates than their original acquisition price from the farmers, which has spurred a whole new set of issues and there are several

court battles being fought for better compensation by original owners.

Further, not all the states had IDCs with readily available lands and given the rate at which the SEZ approvals were being granted, it became clear that the IDCs lands would not suffice. As a result, the IDCs have also started acquiring fresh land to be transferred to SEZs.

#### **Landless and Agricultural labourers displaced without compensation**

Almost 80% of the agricultural population in India owns only about 17% of the total agriculture land, making them near-landless workers. Far more families and communities depend on a piece of land (for work, grazing) than those who own it outright. However, compensation is being discussed only for those who hold titles to land. No compensation has been planned for those who do not.

In states like Gujarat a large part of the land being diverted to SEZs is in the category of common or gowcher land (referred to wrongly as 'wasteland'). Much of this land is in the coastal and dryland areas and fishing and grazier communities depend on this land for their day to day livelihoods. Since these lands are 'common lands' with no individual titles, they are transferred without even consulting the local communities and panchayats. Temple or Manchami land in Tamil Nadu and Waqf board lands in Andhra Pradesh are other examples of Public lands that have been

expropriated and privatised for SEZs.

The most outrageous acquisitions are taking place in Andhra Pradesh which has the highest number of SEZ approvals, in the form of acquiring assigned lands (allotted to Dalits and Scheduled Tribes) for SEZs. . This has been seen clearly in places like Polepally, Kakinada, Chittoor and Anantapur where SEZs are proposed. These are acts against the letter and spirit of Indian Constitution, which guarantees right to life and livelihoods to citizens through the Constitution Article 21.

#### **Destruction of Agro-based and rural economies**

Loss of local agriculture, fisheries based and other traditional livelihoods leading to large scale displacement and food and livelihood insecurity are matters of grave worry. The bulk of land being acquired for SEZs is fertile, agricultural land, especially in case of the multi-product zones. Agriculture Scientists have estimated that close to 1.14 lakh farming households (each household on an average comprising five members) and an additional 82,000 farm worker families who are dependent upon these farms for their livelihoods, will be displaced. The total loss of income to the farming and the farm worker families, then, is an astounding Rs.212-crore a year. These were the estimates in 2006 after the initial SEZ approvals which are now multiplied three-fold.

The coastal SEZs in states like Gujarat, Maharashtra, Tamil Nadu and Andhra Pradesh have led to serious opposition by fisher people who are losing their access to the sea, especially as a result of the post based SEZs. Saltpan workers are the other affected community in case of coastal SEZs.

#### **Creation of exploitative employment opportunities and working conditions resulting from nullification of labour protection laws**

The harsh condition of workers in existing SEZs in India and China is already well known. The power in the hands of the development Commissioner to declare SEZs as "public utility services" under the Industrial Disputes Act would mean that in SEZ areas workers will have no rights to strike or even to form unions and organize collectively to bargain for better wages or working conditions. The SEZ policy of the government transfers all the powers of the state Labor Commissioner to the Development Commissioners of the SEZs. In Maharashtra the Directorate of Industrial Safety and Health cannot carry out inspections in SEZs without the permission of the Development Commissioner. Andhra Pradesh is offering concessions in minimum wages and is allowing work for 365 days per year, even for 24 hours a day (if overtime is paid). In the Noida EPZ workers have been sacked for demanding the implementation of labor laws.<sup>2</sup>

## 2. Economic Implications Revenue Losses due to unnecessary tax concessions:

The Ministry of Finance conducted a study, and came up with the figures that the cumulative revenue loss from tax holidays to SEZs over the period 2004-05 to 2009-10 is estimated to be 1,75,487 Cr. Annually, this is equivalent to about 6-7% of the central government's receipts during 2005-06. The foregone tax revenue is four times the annual allocation for the National Rural Employment Guarantee Scheme (NREGS) and can feed each year 50 million hungry people every day. The SEZs approved are too small, and it is close to declaring that every large factory in the country is an SEZ. If this happens, it would be a tax scam of monumental proportions.

In its performance audit-report on indirect taxes for Union Government tabled in parliament on 11 March 2008, the CAG brought 370 SEZ units under scanner with a limited objective to verify if they had complied with existing Customs Act, Rules, notifications etc. The review brought out systemic as well as compliance weaknesses that caused lost revenues to the tune of Rs.246.72 crores. Furthermore, the CAG threw light on the absence of enabling provisions which resulted in Rs.1724.67 crores of revenues forgone, or irrecoverable. (See details in Section IV)

### Regional and sectoral imbalances.

If we look at the distribution

of the lands within SEZs approved we find that 70% of the land is concentrated in the hands of the 25 to 30% of medium and large sized multi product zone developers. The rest of the smaller SEZs are mostly in the IT sector. Most of the SEZs are also concentrated around urban areas and their peripheries and other infrastructurally developed centres in the top 5 states, already considered as industrially progressive. Further if we look at the IT sector approvals we find that it is real estate companies like Rahejas, Unitech, DLF, Parsavnath, Emaar and many others who are dominant. These companies have found their own methods of subverting the ceiling laws by floating subsidiaries. According to a news report, DLF (a major SEZ developer) has floated 68 subsidiaries, each of which have subsidiaries. EMAAR, another infrastructure developing company has 350. The Parliamentary Standing Committee in its 83<sup>rd</sup> Report on 'functioning of SEZs' has also shown concern about real estate speculation in areas where SEZs are coming up. With only 35 to 50% processing area the rest remains open for housing and entertainment, due to which real estate firms are dominating SEZs. This point has been emphasized by the Parliamentary Standing Committee report as well (Refer to Section V)

### Stated objectives remain fulfilled?

The Secretary of the Ministry of Commerce has admitted

that 40% of the SEZs approved may never really "take off the ground" (Panos- Kalpavriksh media dialogue on SEZs -December 2008). Additionally the figures of 3.5 lakhs employment and 90,000 crores investment generated by SEZs are being questioned on their authenticity and efficacy since these have to be established through a detailed and independent evaluation. Now with the economic recession being faced across the globe and country the IT, real estate and export sectors have been the most hit. The MoC itself admits that 50000 jobs have been lost in SEZs alone in the last six months. And many developers are lining up to 'denotify' their SEZs or cancel the received approvals.

### 3. Democratic Process Challenged Breakdown of governance systems especially of the local self governments with the creation of foreign enclaves

The SEZ Act (Section 9, 11, 12 and 31) takes power back to the center and bureaucracy (by creating 'Board of Approvals' and 'Development Commissioner' and 'SEZ Authority', whose accountability is not certain. The fact that the SEZs would have their own regulations, the rights for environmental and labour related clearances, security arrangements, means that they would be 'self contained privatized autonomous entities', where existing constitutional rights would be difficult to exercise.

There is no transparency in

the guidelines formulated for selection, modification and rejection of SEZ proposals by the BoA. The representation and role of key ministries like Agriculture, Labour, Environment was undermined. The Chairman of the Administrative reforms committee, M Veerappa Moily's report on SEZs states that 'We need to restructure the Board of Approval by putting in people who are objective and can take a balanced view.'

The Commerce Ministry had made public announcements of various studies/ comparison of SEZ with other countries. Mr. Kirit Somaya filed an RTI regarding this, and in the answer that was given stated - "study of export of nearby countries of Bangladesh and Sri Lanka was done. No other studies or scientific analysis available."

#### **No space for popular concerns or public consultation:**

The SEZ Act was passed in haste without much public debate. There was no public consultation; participation and debate on the SEZ Act facilitated by the Ministry. In both houses of Indian Democracy has passed this bill was passed within a day (10<sup>th</sup> and 11<sup>th</sup> May 2005) with virtually no discussion, undermining many of the objections that were raised.

Further, information that has been demanded from the Ministry of Commerce on the approved projects under the RTI Act, 2005 has been denied on the clause of maintaining "trade secrets". This has been done despite the fact that many of these

projects have initiated acquisition procedures displacing livelihoods of a large number of people and therefore the information about them should be provided in Public Interest. In Tamil Nadu, a researcher-activist was indicted by the Tamil Nadu Industry Department for asking too many questions and this case is still ongoing in the Madras High Court (Case number WP33936 of 2007). Once the above information request had been made in 2006 the appeal process was a lengthy one with several hearings at the Tamil Nadu Information Commission towards the end of 2007. In the end the commissioner chose to allow the request and also made some strong remarks on the lack of transparency of the industry department.

#### **IV. ISSUES RAISED BY CAG**

The Comptroller and Auditor General of India's (CAG) Union Audit Report 2007 outlined that some existing SEZs are operating within a system that enables the government to forego tax revenue. Tabled in parliament on 11 March 2008, the CAG report brought 370 SEZ units under scanner with a limited objective to verify if they had complied with existing Customs Act, Rules, notifications etc. The review brought out systemic as well as compliance weaknesses that caused lost revenues to the tune of Rs. 246.72 crores. Furthermore, the CAG threw light on the absence of enabling provisions, which resulted in Rs.1724.67 crores of

revenues forgone, or irrecoverable. Duty foregone by the Government on the SEZ scheme during the period 2000-01 to 2005-06 was Rs. 8,842 crores. The budget estimates of the duty foregone for the year 2006-07 was Rs. 2,146 crores.

It was observed during the audit, that 22 SEZ units had been achieving the prescribed "positive" Net Foreign Exchange mainly through domestic sales and this defeats one of the sub-objectives of the scheme, which was to augment real exports. While an overall export of Rs.7,149.23 crores was made by these 22 units, the actual export content was only Rs.1,999.27 crores (28 per cent) and the remaining Rs.5,149.96 crores (72 per cent) related to Domestic Tariff Area earnings. The range of the domestic earnings as a percentage of total export earning in these units was 59 to 100. Customs duty of Rs. 1,043.29 crores was foregone on import of goods by these units.

The report further indicated that credits received by SEZs place them at an unfair advantage over non-SEZ units that do not receive the tax credit. The CAG reported, "no provision had been made to recover duty foregone on inputs procured by the SEZ units and used in the manufacture of products which were cleared at 'nil' rate in DTA. The government needs to address this disparity to ensure a level playing field for units in DTA as well as in the SEZ" (ibid).

The government was denied Rs. 285.81 crore because

duty was not levied/ short levied at seven SEZs in cases where imports were being made in violation of the SEZ conditions. Through the audit, the CAG confirmed that irregular DTA sales led to a non levy/ short levy of Rs. 84.37 crore in Central Excise duty. The report further outlines specific cases where the CAG determined that individual SEZs were: not achieving minimum net foreign exchange performance (NFEP). "Duty free irregular imports made by EOUs are a huge drain on the Government revenue. There is an urgent need to put in place a workable co-ordinate mechanism between Commerce and Finance Ministeries, to detect such lapses and recover duty in time" (ibid).

CAG Audit Report on Madhya Pradesh for the year ending March 31, 2005 has indicted MPSIDC for allotting a tract of land that was acquired 22 years back and was lying vacant, to Indore SEZ at cheaper rates, resulting in loss of revenues worth Rs 22.58 crore.

### Goa Irregularities

Similarly CAG Audit Report on Goa for the year ending March 31, 2008 probed into land allotments by Goa Industrial Development Corporation for seven SEZs and found out that tracts of land that were specially procured in August 1992, August 2001 and March 2007 were lying unutilised and were handed to SEZ developers at cheaper rates. The audit scrutiny pointed out the loss of revenue worth Rs 102.64 crores.

Reviewed by the Goa Legislative Assembly in early 2009, the CAG report on Goa acknowledged major discrepancies in land transfers related to SEZs in the state. The Comptroller and Auditor General of India's review of the Goa Industrial Development Corporation (GIDC) reveals that the actions of the corporation lacked transparency, occurred in some instances without mandate, had major irregularities, and cost the state significant losses in revenue. (CAG, Goa State Report, Chapter VII Government Commercial and Trading Activities). Among others, the report highlighted inconsistencies in the land allotment to SEZs in the Verna Industrial Estate. The report says, "allotments of land at Verna Phase IV to SEZs were irregular as the land was acquired for an industrial growth centre with financial assistance from the government of India" (ibid). The Goa government received 10 crore of financial assistance from the Industrial Growth Centre (IGC) Scheme of the Government of India to establish and promote the Verna Industrial Estate with small and medium units. In turn, the GIDC allotted land acquired within the estate to SEZs, which is in contradiction to the mandate of the scheme. The CAG concluded that the state is required to refund the contribution of Rs 10 crore received from GOI.

The report further explains that the GIDC, which technically was not assigned any role under

the SEZ policy, allotted 38.41 lakh sq m of land to seven SEZs. "Allotment to SEZs was made without publicizing, that too before the State government formulated its SEZ policy", says the CAG (ibid). The GIDC also provided four SEZ developers with more land than what was officially approved by the SEZ Board of Approvals, and the land was allocated at a lesser rate costing the state over Rs. 36.89 crore.

The CAG report on the Goa Industrial Development Corporation, referred to the Government of India in June 2008, concluded (direct quotes):

- Corporation deviated from its established role, of acquiring and allotting land directly to the entrepreneur, by allotting land to developers for further allotments by them
- Allotments were made without any transparent selection procedures
- Allotments to SEZs were made without publicizing, that too before the State Government formulated its SEZ policy
- Land acquired for small and medium scale industries under IGC (Industrial Growth Centre) Scheme was allotted to SEZ violating GOI guidelines
- Revision of premium rate of Verna Phase IV (industrial estate proposed to house SEZs) only after major chunk was allotted at lower rate, tentatively fixed, resulted in loss of Rs. 36.89 crore
- Allotment of land contiguous to

the land allotted to four SEZs at lesser rate resulted in loss of Rs. 39.47 crore

- Allotment of 14.36 lakh square metre land to two SEZ developers without adopting approved formula resulted in loss of Rs 17.76 crore .

(Source: The Comptroller and Auditor General of India, Goa State Report, Chapter VII Government Commercial and Trading Activities)

#### **V. POINTS RAISED BY PARLIAMENTARY STANDING COMMITTEE ON COMMERCE**

The Parliamentary Standing Committee on Commerce of the previous government under the Chairmanship of Murlidhar Joshi submitted its 83rd report on the 'Functioning of SEZs' to the parliament on 20th June 2007. The report raised some very pertinent points on the SEZ policy and its implications. The most critical recommendation made by the committee included the need to 'pause and ponder'. The report clearly expressed concern about the fast pace at which approvals have been granted by the BoA despite apprehensions raised from all quarters.

The report also stated that in the process of enquiry being carried out by the Standing Committee members, the local administration was not forthcoming, the state governments were not supportive and in some places the sub-committee was prevented from meeting people.

Most importantly the report criticised the escalation of

displacement as a result of the large SEZs leading to displacement and speculation in many situations. In the action taken report (87th report) submitted to the Rajya Sabha on 24th October 2008, the Ministry of Commerce has absolved itself of the responsibility of the land issues stating three points:

- that the MoC had issued guidelines stating that no land would be acquired by force after 5th April 2007 using the Land Acquisition Act, 1894 in case of private SEZs
- that the government had come out with two bills on amendment to the Land Acquisition Act and the Rehabilitation and Resettlement Bill 2007 in order to deal with the issue of displacement
- that ultimately land was a state subject and hence it's the prerogative of the state to follow the guidelines issued by the centre and avoid conflict of interest

All the three arguments are inadequate because they do not deal with the ground realities in the establishment of SEZs. While private SEZs are expected to carry out direct purchase of land, in many cases it is the IDCs which are being used to first acquire the land and then hand it over to the private companies. That the two bills introduced in the Parliament in the last session of the previous government, leave much to be desired, in terms of their redressal of the problem of displacement and alienation of farmers and rural communities from their lands has

been well argued.

Some of the other recommendations of the Parliamentary Standing Committee which were brushed aside by the Ministry of Commerce in the ATR include:

- Region wise cap on the SEZ approvals to allow for balanced regional development of SEZs.
- Imposition of restrictions on unnecessary social infrastructure
- Linking of fiscal incentives to exports
- Tax concessions in SEZs are similar to STPs and EoUs - then why is there a need for SEZs?
- Re-look at delegation of Labour Commissioner's powers to the Development Commissioner

Most importantly the Parliamentary Standing committee slammed the Ministry of Commerce on the ground that at the time of the release of the 83rd report there were 152 formal approvals and 82 notifications by the Board of Approvals and there was no effort to put a halt on the approvals despite the committee's recommendation to hold approvals till amendments were put in place. By the time the ATR was presented in the Rajya Sabha the total number of approved SEZs had crossed 500. The MoC has merely stated that it was in the process of getting a 'scientific evaluation' done on the performance and impacts of SEZs.

#### **VI. FINAL WORD**

The above mentioned issues were raised at meetings with the Union Minister of Commerce,

the Special Secretary MoC, Minister of State (MoC) in September 2006, Chairperson of the Empowered group of Ministers in April 2007 and with the Parliamentary Standing Committee on Commerce in May 2007 by delegations of civil society members, activists and representatives of affected communities. Each time assurances of consultations were given but no such initiatives were taken and the demands put forth have been completely overlooked till date. In the time that has lapsed more than 550 projects have received approvals and land grab continues.

We believe that the current SEZ Act and Policy provides

legislative and judicial support to privatization of the country's resources and has the potential to destabilize the democratic governance system. In addition to this, it threatens and overrides the existing rights of workers, farmers and other communities to be affected by SEZs. We are also concerned about the huge costs to the state exchequer as well as the economy of this country as a result of concessions provided to Private Corporations under the SEZ legislation and policy.

Therefore, we once again firmly demand that to ensure industrial and economic development which is sustainable,

equitable and democratic the SEZ Act be thoroughly reviewed. There should be a moratorium on further approvals and an independent review of the functioning of existing SEZs as recommended by the Parliamentary Standing Committee in its 83rd Report. In areas where there have been protests against approved and notified SEZs they must be cancelled or de-notified and land acquisitions already made be annulled. Recommendations of the CAG and the Parliamentary Standing Committee must be immediately and comprehensively acted upon.

## Resolution SEZ and Land Acquisition

**(In Guntur meeting of Socialists Front, several representatives of people's organisations and political activists met and passed the following resolution on June 14, 2009)**

This meeting of All India Socialists Front expresses its grave concerns on the Government policies on developing Special Economic Zones (SEZs) and land acquisition. SEZs, deemed as foreign territories, are direct attack on our sovereignty and our local governance. Due to large scale forced acquisition of agricultural land, several lakhs of farmers and landless workers are displaced from their land and livelihood. Also organisations of workers will be adversely affected because of non application of labour laws. By giving concessions in income tax, excise duty, import duty and other facilities to SEZ developers, industries outside SEZs, will suffer and there will be huge amount of revenue loss of Rs. 1,75,000 cores annually as estimated by CAG for the years

for 2005-06 to 2009-10. Because of relaxation of labour laws & environment laws the rule of law as contemplated by the Constitution will be eclipsed. All these are concerns which have agitated the people of country. People, especially farmers, are agitating against almost all SEZs, in all states, even sacrificing their lives. It is very unfortunate that the Government, instead of entering in dialogue with people, is going ahead more vigorously to implement this policy of SEZs and land acquisition for various projects.

This meeting pays respectful homage to the martyrs who have laid down their lives in stopping SEZs in Nandigram and Kalinganagar. It expresses its solidarity with all anti SEZs and land acquisition movement in the country.

The meeting demands that the central government should immediately repeal this anti people anti farmers & anti agriculture SEZ Act of 2005.

All participants in the meeting wholeheartedly support the formation of National Campaign against SEZs and Land Acquisition, an effort to put together strength of all concerned organisations and movements and awakened people to strengthen anti SEZ movement and appeal to all intellectuals, farmers, workers and students to join this campaign to free India from a new form of colonialisation. We urge the Raigad farmers to organise a national level convention on anti SEZ movement in October or November.

*(Moved by Ulka Mahajan, supported by Banwari Lal Sharma)*

## National Campaign against SEZs and Land Acquisition

After consulting various persons connected with different movements against SEZs and Land Acquisition, a consensus emerged to consolidate different efforts and form a National Campaign against

SEZs and Land Acquisition. In the National convention of Azadi Bachao Andolan held at Sevagram Ashram on Dec. 27 and 28, 2008, representatives of various organisations and movement

unanimously adopted a resolution to start this campaign. As a first step, it was decided to organise nation wide protests on Morel 25, 2009

## Nationwide Protest Against SEZs and Land displacement

Allahabad: Different peoples' organisations jointly organised a protest against SEZs Act.- 2005 and Land displacement. On March 25, they handed over a memorandum to the district magistrate of Allahabad for the President of India demanding

immediate scraping of the SEZ Act-2005. They said in the memorandum that several peoples' organisation, peoples movement, community organisations, intellectuals and social activists are jointly running a nationwide campaign against establishment of the SEZs

in the country. In the evening they assembled at civil lines crossing and distributed pamphlets. Socialist Front, Kishan Sabha, Lok Rajnitik Manch, Azadi Bachao Andolan, Insurance Employees union were main organisation in this campaign.

## Students of the Dayal Bagh Agricultural Institute

### stagnate a street play as a mark of protest against the proposed MSEZ in Mangalore

MANGALORE: Students of the Dayal Bagh Agricultural Institute, Ujjire, staged a street play as a mark of protest against the proposed Mangalore Special Economic Zone (MSEZ) project, in front of the Deputy Commissioner's office here on Wednesday. Similar protests against SEZs were held in various parts of the country on Wednesday.

Directed by theatre artiste Krishnaiah, the play revolved around the lives of a farmer couple and their child. It focussed on the possible environmental hazards of the MSEZ.

The couple sell their farmland to promoters of the project who in-turn convert the village into a toxic wasteland. The play ends with the death of the child after drinking water from an

industrially polluted well.

The simple narrative of the play was punctuated by folk song and dance performances. Addressing the audience after the performance, coordinator of the self-help group vimukti and producer of the play Wilfred Arun Moras said that awareness and uprising were the only way to combat what he termed "corporate imperialism".

## Villagers' protest against SEZs in Tamilnadu

Affected villagers from 8 districts of Tamil Nadu demonstrate against state government's forcible acquisition of land for special economic zones and industrial purposes on 25th March, 2009, villagers from nine districts of Tamil Nadu called for repealing of the Special Economic Zones Act (SEZ) 2005 and Rules 2006 stating that the Act has prompted the Govern-

ment to use coercive and forcible measures to acquire land, including multi-crop agricultural land, in violation of Tamilnadu's industrial policy. The protest was part of a nation-wide campaign and day of action against SEZs and Land Displacement, organized by Sirappu Proulaathara Mandala Edirpu lyakkam, a State level federation of people's movements opposing SEZs

and fighting for the land and livelihood rights of people.

Highlighting numerous instances of speculative land-bank acquisitions, the protestors condemned the Government for targetting the most vulnerable sections with eviction. Acquisition of bhoodan land Oragadam (Sriperumbabur), panchami land in Cheyyar (Thiruvanamallai), saltpan

land in Ennore (Thiruvallur), grazing land in Thervoy (Thiruvallur), tenancy land in Nanguneri (Tirunelveli), multi-cropping agriculture in Hosur (Krishnagiri), Sivarakottai, Puliampatti, Swamimalimpatti (Thirumangalam), Ranipet and Panapakkam (Vellore), agriculture land and homesteads in Mangal (Thiruvanamallai) are some examples of such forced acquisitions. Affected villagers from these areas participated in the protest.

Grazing land in Thervoy is being taken over by SIPCOT, despite three gram sabha resolutions passed against acquisition, for setting up a SEZ by French tyre company Michelin. Oragadam villagers highlighted the illegal acquisition of bhoodan land by the SIPCOT for automobile giants Nissan-Renault. This is in defiance of decisions taken by the Empowered Group of Ministers and

subsequent advisory to state governments by Ministry of Commerce which stated that "the Board of Approval will not approve any SEZs where the State Governments have carried out or propose to carry out compulsory acquisition of land for such SEZs after 5th April, 2007".

On 24th March, a delegation of villagers from Mangal, Ennore, Hosur, Oragadam, Thervoy met the Chief Secretary Shri K.S. Sripathi and submitted a joint memorandum demanding him to order an inquiry into specific instances of forcible acquisition of agriculture land, assigned lands, violation of due process and lack of transparency, impact on landless peasants and workers dependent on land. The Chief Secretary assured the delegation of enquiring into the specific cases of violations and forcible acquisition. To lend

support to the villagers, representatives from labour and social action groups, environmental groups, academics, activists and college students joined the protest.

### **Bareilly Protest in**

"SEZs are foreign islands. They will lead the country toward recolonisation. For SEZs, the government is acquiring fertile agricultural land of farmers and giving it to corporate houses. SEZs will have their own laws. They will be like independent city states. We will not tolerate them and fight to finish them. Government must scrap SEZ Act-2005 at once," Dr. Mahaveer Singh, President UP Sarvodaya Mandal declared at a protest meeting held in the Ambedkar Park in Bareilly U.P. on March 25. One-day satyagraha was observed by the Gandhian activists here. Later they gave a memorandum to DM for Prime Minister and Chief Minister of U.P.

## **Protest staged against SEZs**

### **People's organisations and NGO take part in the agitation**

**VISAKHAPATNAM:** People's organisations and NGOs staged a dharna in front of the Collectorate here on Wednesday demanding scrapping of SEZs Act as part of a nation-wide agitation.

The Gandhi Centre, the Sarvodaya Mandali, AP Vyayasaya Vrittidarula Union, the AP Vyayasaya Coolie Sangham, the Human Rights Forum, National Alliance of People's Movements, the Keratam Network and other organisations participated in the dharna programme.

Secretary of Vrittidarula Union P.S. Ajay Kumar said it was necessary on the part of people's organisations and others to

mobilise people against the SEZs since all the major political parties had not opposed the SEZ Act whether they were in power or not and also tried to create SEZs. He also reminded that there was a huge gap between the number of jobs the government promised when it allowed SEZs and the actual number of people engaged in the units of SEZs. The government said 25 lakh people would get jobs in the 57 SEZs notified in the State but the actual number of jobs provided was only 60,000.

Secretary of Human rights forum V.S. Krishan said the SEZs, coastal corridor and other projects would deny food grains to the

people and uproot the marginalised communities like fishermen and dalits. Fertile lands were being taken away and the sea would be polluted due to these industries, he said.

Octogenarians and Gandhians K.K. Sastry and S. Gopala Sastry, G.S.N. Sarma of Sarvodaya Mandali, Chalasani Prasad of Virasam, K.S. Chalam of Struggle Committee against Coastal Corridor, Teddu Naidu of Matsyakara Yuvjan Sangham, Arjilli Dasu of fishermen association, Boddu Vasudeva Rao of agricultural labour union, Lonja Rajababu of Fifth Schedule Sadhana Committee and others spoke.

## Repeal the Special Economic Zone (SEZ)-Act 2005

Memorandum sent to local, state and central governments by protesting groups, organisations, individuals and movements on 25th March 2009

As members of the civil society, academi, people's movements, action groups and representatives of various community based organisations, we have for the last four years been consistently raising several concerns in the matter of the SEZ legislation passed by the UPA government in 2005 followed by the widespread establishment of SEZs across the country. Today, at the eve of the Parliamentary Elections we once again consolidate our brutal and honest criticism of the UPA government's and other previous govt's SEZ policy and all the other parties which we feel has alienated the 'aam aadmi' more than ever. The UPA government has been amply aware but has chosen to ignore, resistance against forced land acquisition for creation of Special Economic Zones in various parts of the country - West Bengal, Maharashtra, Gujarat, Andhra Pradesh, Tamil Nadu, Punjab and Haryana. Despite repeated demands made by farmers and affected communities to stop this forced acquisition and grabbing of resources for these zones, governments across the country instead of having a dialogue have used force of the state machinery, coercion and fraudulent means to subvert and suppress people's protests, be it in Nandigram (Salem SEZ), Kakinada (KSEZ and GMR SEZ), Kalinganagar (Jindal SEZ) or Jagatsinghpur (Posco). Through our memoranda, petitions, representations and appeals we have repeatedly raised the following issues with our governments:

### **SEZ are Deemed Foreign**

**Territories:** SEZ Act-2005 gives deemed foreign territory status to

the SEZs. These foreign enclave like structure will have a different set of laws which are contrary to the latter and spirit of our constitutions and as such SEZs pose a grave danger to unity, integrity and sovereignty to the Indian republic.

**Large scale requirement of land:** As of December 2008 the central government has given formal approval to a staggering 552 SEZs in 19 stages; 272 of these have been notified. Reportedly, hundreds more have been proposed to the Board of approvals, and a majority have likely received what is known as "in-principle approval". The area being acquired by all the SEZs with "in-principle approval" is close to 200,000 hectares already (2000 sqkms, or greater than the area of Delhi in the National Capital Region).

**Forced Acquisition of Land:** Despite empty promises and issuing of guidelines by the MoC and the Egom all states are using the Land Acquisition Act 1894 to forcefully acquire the land for developers of SEZ and that too in the absence of any provision for rehabilitation. In some states like tamil Nadu and AP the governments are even using the urgency clause- 17/4 of the LAA to acquire land compulsorily. In many cases lands which have previously been acquired by State Industrial development Corporations using the Land Acquisition Act are now being transferred to SEZ developers at much higher rates than their original acquisition price which has spurred a whole new set of issues. There have also been cases of court battles for better compensation by original owners.

### **Landless and Agricultural labourers displaced without compensation:**

Almost 80% of the agricultural population in India owns only about 17% of the total agriculture land, making them near-landless workers. Far more families and communities depend on a piece of land (for work, grazing) than those who own it outright. However, compensation is being discussed only for those who hold title to land. No compensation has been planned for those who don't. The proponents of SEZs are working against the letter and spirit of Indian Constitution, which promises right to life and livelihoods to citizens through the Constitution Article 21.

**Destruction of Agro-based economy;** loss of local agriculture, fisheries based and other traditional livelihoods leading to large scale displacement and food insecurity. The bulk of land being acquired for SEZs is fertile, agricultural land, especially in case of the multi-product zones. Agriculture Scientists have estimated that close to 1.14 lakh farming households (each household on an average comprising five members) and an additional 82,000 farm worker families who are dependent upon these farms for their livelihoods, will be displaced. The total loss of income to the farming and the farm worker families, then, is an astounding Rs.212-crore a year. These were the estimates in 2006 after the initial SEZ approvals which are now multiplied three-fold.

**Creation of exploitative employment opportunities and working conditions resulting from nullification of labour protection laws:**

The harsh condition of workers in existing SEZs in India and China is already well known. The power in the hands of the development Commissioner to declare SEZs as “public utility services” under the Industrial Disputes Act would mean that in SEZ areas workers will have no rights to strike or even to form unions and organize collectively to bargain for better wages or working conditions. The SEZ policy of the government transfers all the powers of the state Labor Commissioner to the Development Commissioners of the SEZs. In Maharashtra the Directorate of Industrial Safety and Health cannot carry out inspections in SEZs without the permission of the Development Commissioner. Andhra Pradesh is offering concessions in minimum wages and is allowing work for 365 days per year, even for 24 hours a day (if overtime is paid). In the Noida EPZ workers have been sacked for demanding the implementation of labor laws.

**Revenue Losses due to unnecessary tax concessions:** the Ministry of Finance conducted a study, and came up with the figures that the cumulative revenue loss from tax holidays to SEZs over the period 2004-05 to 2009-10 is estimated to be 1,75,487 Cr. Annually, this is equivalent to about 6-7% of the central government's receipts during 2005-06. The foregone tax revenue is four times the annual allocation for the National Rural Employment Guarantee Scheme (NREGS) and can feed each year 50 million hungry people every day. In its performance audit-report on indirect taxes for Union Government tabled in parliament on 11 March 2008, the CAG brought 370 SEZ units under scanner with a limited objective to verify if they had complied with existing Customs

Act, Rules, notifications etc. The review brought out systemic as well as compliance weaknesses that caused lost revenues to the tune of Rs. 246.72 crores. Furthermore, the CAG threw light on the absence of enabling provisions which resulted in Rs. 1724.67 crores of revenues forgone, or irrecoverable.

**Regional and sectoral imbalances:** If we look at the distribution of the lands within SEZs approved we find that 70% of the land is concentrated in the hands of the 25 to 30% of medium and large sized multi product zone developers. The rest of the smaller SEZs are mostly in the IT sector. Most of the SEZs are also concentrated around urban areas and their peripheries and other infrastructurally developed centres in the top 5 states, already considered as industrially progressive. Further if we look at the IT sector approvals we find that it is real estate companies like Rahejas, Unitech, DLF, Parsavnath, Emaar and many others who are dominant. These companies have found their own methods of subverting the ceiling laws by floating subsidiaries. According to a news report, DLF (a Major SEZ developer) has floated 68 subsidiaries, each of which have subsidiaries. EMAAR, another infrastructure developing company has 350. The Parliamentary Standing Committee in its 83rd Report on ‘functioning of SEZs’ has also shown concern about real estate speculation in areas where SEZs are coming up.

**Stated objectives remain unfulfilled:** The much touted goals of giving boost to employment and export remain unfulfilled even as more than 550 SEZs stand approved. The Secretary of the Ministry of Commerce has admitted that 40% of the SEZs approved may never really “take of the

ground”. Additionally the figures of 3.5 lakhs employment and 90,000 crores investment generated by SEZs are being questioned on their authenticity. Even if these are true it means that it takes an investment of 33 lakhs to create a single job in an SEZ. With the same investment, 10 to 50 times the jobs could be created through schemes like the NREGA. Besides if the MoC does not provide any figures on the livelihoods lost as a result of creation of an SEZ. Now with the economic recession being faced across the globe and country the IT, real estate and esport sectors have been the most hit. The MoC itself admits that 50000 jobs have been lost in SEZs alone in the last six months. And many developers are lining up to ‘denotify’ their SEZs or cancel the received approvals.

**Breakdown of governance systems especially of the local self governments with the creation of foreign enclaves:** The status of deemed “foreign territory” to SEZs will encroach upon the rights of the local self governments like Gram Panchayats’ and will be violation of the 73rd Constitutional Amendment. The SEZ Act (Section 9, 11, 12 and 31) is taking away this power back to the center and bureaucracy (by creating ‘Board of Approvals’ and ‘Development Commissioner’ and ‘SEZ Authority’), whose accountability is not certain. The fact that the SEZs would have their own regulations, the rights for environmental and labour related clearances, security arrangements, means that they would be ‘self contained privatized autonomous entities’, where existing constitutional rights would be difficult to exercise.

**No space for popular concerns or public consultation:** The SEZ Act was passed in haste without

much public debate. There was no public consultation: participation and debate on the SEZ Act facilitated by the Ministry. In both houses of Indian Democracy has passed this bill was passed within a day (10th and 11th May 2005) with virtually no discussion, undermining many of the objections that were raised. The entire process of approvals of SEZ is undemocratic and extremely centralized with the BoA approvals approving close to 30 SEZs in a 2 hour meeting based on virtually no information about the companies. Further, information that has been demanded from the ministry of Commerce on the approved projects under the RTI Act, 2005 has been denied on the clause of maintaining "trade secrets". This has been done despite the fact that many of these projects have initiated acquisition procedures displacing livelihoods of a large

number of people and therefore the information about them should be provided in Public Interest.

The above mentioned issues were raised at meetings with the Union Minister of Commerce, the Special Secretary MoC, Minister of State (MoC) in September 2006, Chairperson of the Empowered group of Ministers in April 2007 and with the Parliamentary Standing Committee on Commerce in May 2007 by delegations of civil society members, activists and representatives of affected communities. Each time assurances of consultations with people's groups were given but on such initiatives were taken and the demands put forth have been completely overlooked till date. In the time that has lapsed more than 550 projects have received approvals and land grab continues.

We reiterate once again that we are demanding the Repeal

of this Act because we believe that it provides legislative and judicial support to privatization of the country's resources and has the potential to destabilize the democratic governance system. In addition to this, it threatens and over rides the existing rights of workers, farmers and other communities to be affected by SEZs. We are also concerned about the huge costs to the state exchequer as well as the economy of this country as a result of concessions provided to Private Corporations under the SEZ legislation and Policy.

Therefore, we once again firmly demand that to ensure industrial and economic development which is sustainable, equitable and democratic the SEZ Act 2005 and the SEZs created so far under the this Act be scrapped. The land acquired for these SEZs be returned to its original owners.

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## Goa to Withdraw SEZ Policy

Goa government today decided to withdraw its Special Economic Zone (SEZ) Policy reasserting its strong resistance for setting up for these industrial enclaves in the state.

"We have decided to withdraw SEZ policy 2006," Goa Chief Minister Digamber Kamat told reporters emerging from the state cabinet meeting.

The chief minister said that the state has always reiterated their anti-SEZ stand as they were opposed by the public at large.

He said that the state has not given any thought for compensating the SEZ developers although the money paid by them in purchasing land would be reimbursed to them.

The state government had

notified SEZ rules 2006 on February 10, 2006 allowing the setting up of Special Economic Zones in the public, private, joint sector or by the State Governments.

The policy had said that these SEZ were to be deemed foreign territory for tariff and trade operation. "the concept of SEZ is expected to bring large dividends to the state in terms of economic and industrial development and the generation of new employment opportunities. The SEZs are expected to be engines for economic growth," it had added.

Responding to the government's openness for such industrial enclaves, 15 different promoters had acquired land to set up their shops here. Of them, three were notified while rest were at

different stages of notification.

Then Pratap Singh Rane led government bowing to the severe public pressure in December 2007 declared scrapping of SEZ in the State.

Goa government, however, is still nagged with the issue of three SEZs developers- Meditab Specialities, Peninsula Pharma Research Centre and K Raheja- which were notified.

Union commerce ministry's board of approval is yet to denotify these SEZs despite several communications from the state government opposing these industrial enclaves.

(From-rohan.dominic.mathews@gmail.com)

## Farmers' historic victory

### Maha-Mumbai-SEZ stopped to acquire land

On June 5, the Supreme Court dismissed a special leave petition of Mumbai SEZ Ltd (formerly known as the Maha Mumbai SEZ) seeking a stay on the land acquisition proceedings for its SEZ in Raigad district of Maharashtra. The company asked for a stay pleading that it had already sunk in Rs.600 crore in the project and that its entire acquisition process would lapse on June 8, which date marked the two-year deadline under the Land Acquisition Act for the purchase of the minimum required land. If the court had granted the stay, this deadline would not have been applicable and the company could have continued with its land acquisition exercise. Mumbai SEZ Ltd, which is promoted by Mukesh Ambani, his close associate and businessman Anand Jain and Jai Corp Ltd (promoted by Anand Jain), seeks to acquire 10,000 hectares for the project.

The ruling makes it almost impossible for the promoters to continue with their current plans. "The verdict has shown that a farmer can fight a big corporate house. It has set a good precedent," said the Maha Mumbai Shetkari Sangharsh Samiti, a grassroots organisation that led the agitation against the land acquisition, in a statement issued after the verdict.

Ulka Mahajan, one of the

Samiti's leaders, called it a "major and historic victory for the farmers". She added: "After the Supreme Court verdict, it will not be possible for Reliance to set up the SEZ on the proposed land."

If the company chooses to go ahead with the project, it will in all likelihood have to negotiate individually with each farmer – a process that not only is painstaking but also likely to be failure because farmers' reluctance to sell their lands was at the root of the resistance. Ulka Mahajan said, "If they want to go ahead, they will have to purchase 70 per cent of the land required, and farmers have already shown their opposition to this." The other option open to the promoters is to restart the process, though this too seems futile given the resistance. It is understood that the company is considering approaching the Union government's Board of Approval for SEZs for help. It is unlikely that the Maharashtra government will come to the rescue of the promoters.

The Mumbai SEZ project was first conceived as a massive foreign direct investment (FDI) magnet. It was billed as the "world's largest privately developed SEZ", with total investments estimated at Rs.400,000 crore. The SEZ was to be a 10,000-hectares multi-product trade zone and a

crucial Asian hub for commerce. The promoters had even thought of corollary infrastructure such as the Sewri-Nhava Sheva sea link bridge and the port at Rewas (Reliance was connected with both projects).

The SEZ would have affected 45 villages in Raigad district. The company initially offered Rs.25 lakh a hectare for productive land and Rs.12.5 lakh a hectare for "wasteland" plots. It promised to create 25 lakh jobs in over 10 years and improve infrastructure and health and education facilities. But the farmers of Pen, Uran and Panvel taluks were not interested. A referendum was organised but its outcome was never made public, but the large turnout implied solidarity among the farmers against the project.

The Supreme Court order goes beyond an obvious victory for the Raigad farmers. Activists say they hope it will be an eye-opener for similar struggles all over the country. Ulka Mahajan said: "Questions need to be asked before the government just sides with corporate interests. Farmers need to be consulted before acquisition notices are sent. There is an urgent need for long-term, large-scale planning that sees to livelihoods, land rights and food security, and does not impose decisions on people just because they are poor."

## 4 DLF SEZs denotified

On June 2, the Board of Approvals under the Commerce Ministry agreed to denotify 4 Special Economic Zones (SEZs) of real estate major DLF. It had earlier denotified DLF's one Delhi-based SEZ in December 2008. Now the realty major is left with 6 notified zones, almost half of what it started out with in 2008.

### Notified DLF SEZs which are scrapped

Location	Area (in hectares)
Gandhinagar, Gujrat	10.12
Rai, Sonapat, Haryana	10.12
Kolkata, West Bengal	10.50
Bhubaneswar, Orissa	10.23

Thus the land under the above-mentioned zones covers over 40 hectares or roughly 100 acres. DLF group CEO Ramesh Sanka declared that it would be used to build commercial complexes mainly for the IT sector.

## AI Forward Block to participate in Anti SEZ Campaign

According to Debvrat Biswas, Secretary-General to All India Forward Block, his party firmly believe that SEZs, being deemed foreign territories, are antipeople, antifarmers and anti-industries and they should not be allowed to be established or to function on our land.

Forward Block is organising a three day training camp for its workers on the SEZ issue. After the camp, FB will participate in the campaign against SEZs and cooperate with all those organisations that are fighting against SEZ.

## After DLF, Rahejas exit Navi Mumbai SEZs

On June 21, realty major K Raheja Universal got the government's nod to withdraw their two IFITeS SEZs Navi Mumbai.

## National Campaign against SEZ and LA

### People's hearings at SEZ Sites

In the months of August, September, October and November, 2009, people's hearings will be organised at those places where SEZs are approved in principle and local campaign committees will be formed there.

### National Convention at Raigarh

As proposed at the Guntur Meet, national convention is planned to be held at Raigarh sometime in the second half of November, 2009 where the biggest SE of the most powerful developer is stopped by the farmers. Efforts are being made so that representative activists from each the convention.

## Movements against land acquisition

Land, specially fertile land is being acquired for various projects against which farmer's movements are going on. We report here some of them:

Hazaribagh (Jharkhand) In three blocks Badkagaon, Keridari and Tandwa, 200 villages are being uprooted by 31 companies including NTPC for coal mining and thermal power generation. To prevent the displacement of over 3.5 lakhs people, farmers with Azadi Bachao Andolan have been struggling hard for the last 4 years and have not allowed any company to acquire land villagers have formed 20 groups of villages and established Producers companies, some of them already registered. These people's companies will do coal mining and manufacture electricity. On August 18, the movement is organising a big demonstration at Hazaribagh.

In Chandrapur (Vidarbha, Maharashtra), Almora (Uttarakhand) and Renukaji (Himanchal Pradesh), similar movements are going on and efforts are being made to form people's producer companies.