

## IMPACT OF SPECIAL ECONOMICS ZONES ON AGRICULTURAL SECTORS

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The idea of setting up SEZ was first conceived by the NDA Government at the Centre. The model in view was the existing special Export Zones, which were meant to boost country's exports so that the adverse payments balance in the external sector of the economy is reduced to manageable limit. The idea behind SEZs was to promote industrial growth, encourage manufacturing industrial growth, encourage manufacturing industries and thereby to promote economic growth, improve Gross Domestic Product (GDP) growth rate, and expand employment. However, the concrete shape to SEZs was provided by the UPA Government through the SEZs Act, 2005. SEZs are crucial for generating employment, boosting manufacturing and allowing India to compete with countries like China. In India, the existing Export Promotion Zones (EPZs) at Kandla, Santa Cruz, Cochin, Surat, Noida, Falta, Chennai and Vizag were converted into SEZs in 2003. There has been a rush in India to set up SEZs across the length and breadth of the country since the SEZ Act, 2005 came into effect in Feb. 2006. The total numbers of formal approvals and in principal approvals across 21 states as on February 13, 2008 are 439 and 138 respectively, with 195 functional SEZs.

### What is SEZ : ?

SEZ is nothing but it is only the rainfall of various types of concession and incentives on the export base industries. In other words SEZ is a region with special tax laws and duty exemptions, permission to have captive power plants and distribute power, therefrom, have their own water and gas supply units. They have their own civic administration. They are mini cities in themselves with their own infrastructure including ports, airports, roads, bridges and so on. The models as well as inspiration in Shenzhen, Chinese premier SEZ which covers almost 20,000 hectares with only 26 small factories with a total industrial output of less than \$ 10,000 exports more than whole of India and attracts more Foreign Direct Investment (FDI) than whole of India does. It has its own ports, water supply, power generation, export and import terminals and practically free hand in management of its civic and economic affairs. Regarding the establishment of the SEZ there were two scenes whether the fertile land or waste land it is to be brought into utilisation. When fertile agricultural lands were under threat of snatching for nothing then protest, anger and anguish become the order of the suppressed, whereas when SEZs were established on non-agricultural/waste land no agitation took place and the every thing went

up smoothly. This is precisely the IMPACT of SEZs on the various sector of Agriculture in India. The paper has the main objective to assess the Impact of special Economic Zones on the following grounds.

(1) Promotion of Exports and Services.  
(2) Promotion of Employment. (3) Promotion of FDI & Domestic Investment. (4) Promotion of Infrastructure Facilities.

**SEZ, EXPORT & SERVICES & AGRICULTURE SECTOR**—The share of Agriculture and allied activities in GDD has declined from 56.5% in 1950-51 to 20.7% in 2005-06. Every year this share is going on declining. Yields are not up to the mark. Sub-division and fragmentation of land is going on increasing which prevents the use of machine. Subsidies on Agriculture are vanishing. Apart from their Agriculture sector is facing other problems like low aspiration, institutional obstacles, lack of finance, traditional method of cultivation, inadequate irrigation facilities, marketing facilities, indebtedness social factor, transportation and warehousing problem etc. The SEZ has to play an important role to develop the Agriculture sector. For that, SEZ has to provide an input and basic necessity. In order to promote exports and services. Hence, we have to take efforts to develop Agriculture SEZ first for exports & services.

**SEZ, Employment & Agriculture Sector**—Agriculture is the backbone of Indian Economy. It provides livelihood to about 2/3 rd of our labour force. It occupies a very prominent place in our Economic system. Agriculture is the single largest sector providing large scale employment. According to 2001 census, 59% of India's working population derived its livelihood directly from Agriculture. Now, SEZs have a large ready-made platform for providing substantial employment by providing machineries, technologies, equipments that should be good, affordable, customized to Indian cultivation needs which in turn enhance the Agriculture production & employment. SEZ could put a positive impact on Agriculture & employment if they only shrink to the IT or other sectors. SEZ policy must be re-formulated. Un-employed or under-employed workforce must be utilized without displacing from their native. The centre Govt. requirements for 5000 hectares of land for SEZ. The Govt. should not interfere in acquiring the land from farmers. The Developers should directly purchase the land from Farmer at Market price. Developers must provide employment to the affected families. Developer should absorb at least two family

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members from the affected family. If SEZs has to put a positive impact an Agriculture sector then it is the urgent need of the time that Govt. should announce compulsory Agri SEZs at least one or two in every state of the country. These could become role model for the rest of the SEZs.

**SEZ, Investment & Agriculture Sector**—Low Agricultural Productivity, Indebted farmers, suicide of farmers, scarcity of some foodgrains etc. arise the need of FDI or Domestic Investment in Agriculture sector. SEZ expected to attract investment of Rs. 1,00,000/- crore including FDI of Rs.25,000/- crore and create additional 5,00,000/- direct jobs by Dec- 2007. In the Modern eve of Globalisation & 4000 worldwide SEZ there is not a single case of FDI in the Agriculture sector. The reason is very clear, that everybody wanted to earn “Profit”. Foreign direct Investment always attracting towards profit making activities & ready to utilize infrastructure sector provide this quick gainful provision to the FDI’s so Naturally, they refrain from importance. There is no single policy of Investment through SEZs either by centre Govt. or by State Govt. Even private or public sectors, do not submitted any proposal of Agricultural – SEZ to the Govt. (out of 364 pending proposals). But a bright light has come across the horizon of Indian agriculture Sector in the shape of KISAN SEZ by Indian Farmers Fertilizer Cooperative Ltd – (IFFCO). The project has been given the green signal by the Indian Commerce Ministry on 29<sup>th</sup> January 2008. The Indian Farmers Cooperative Ltd (IFFCO) plans to establish a ‘Kisan SEZ’ at Nellore district, in Andhra Pradesh. The company has called the Rs. 2,400 crore agricultur – based food processing SEZ ‘Kisan SEZ’ as it intends to make farmers (kisans) direct shareholders in the project. “Kisan SEZ will be India’s first SEZ in which farmers cooperatives will participate as shareholders. This will not only boost industrialization of the area but also benefit the local people Intern of job of opportunities set employment. Modern infrastructure facilities will be developed for a range of industries with the focus on food processing and agriculture- based activities, (Agro base Industries) “In terms of employment and business opportunities, the SEZ is expected to generate employment for more than 10,000 persons, apart from large – scale economic development of the region.”. The SEZ is expected to come up on 2,800 acres of land already in IFFCO’s possession. Besides developing the Kisan SEZ, there are plans to set up state- of – the art technical training institute and construction training facility in the state to provide training in agriculture and post – harvesting technologies, grain storage facilities, and to upgrade construction –related skills. IFFCO plans to adopt certain it is in the region and upgrade their facilities. It will also train local manpower at the institutes. Remember Andhra Pradesh has the largest number of notified SEZs in the country (48), most of them in the IT and IT enable services sectors. Now again this state has taken lead in

the Agriculture – SEZ as KISAN – SEZ to lead and show the path to change the India agriculture sector to the prosperity. Instead of making Reliance fresh, Subhiksha, More, Agri – fresh etc etc, India needs Domestic Investment in huge amount in Kisan – SEZ like project. So far the criteria of SEZ was going flop but in new light of hope it’s impact on agriculture may be yieldful Meaningful.

**SEZ, Infrastructure Facilities & Agriculture Sector**—This is the most important factor of the SEZ’s impact on Agriculture Right from 1983 Govt. has increased the Amount of Rs. 221 crore on the construction of Dams (as on today) According to the officials of Irrigation Department Irrigated land should not be use for the other purpose. Govt. Increase public expenditure to develop Agriculture sector. Apart from this Govt. has increaser expenditure on creation of Infrastructural facilities, for example, construction, of Railways, roadways, National highways, canals, etc to promote Agricultural Development. When the SEZ come there was fear in the mind of people that, all the Infrastructural facilities will be utilize by the Developers. It will make the shortage of water & electricity etc. and Agriculture sector will be affected. But immediately two kinds of infrastructure start developing, one is for to meet Access demand of water and second is for to develop pollution buster infrastructure for the water system. When SEZ establish on the Agricultural lands then Numbers of technical & managerial workforce increase, But all these force should be use for the Development of the Roads, Buses, transport shops, restaurants hotels etc. These Infrastructural Development has to be done by different agencies other than the SEZs which in turn highly beneficial to the Infrastructure for Agriculture, directly. SEZ can put the positive impact on Agriculture sectors Infrastructure.

**Suggestion**—The Govt. should prepare a strategic plan for development of export potential zones region wise and then the minimum number of SEZs may be arrived at. The govt. should ensure that only non cultivable or waste land may be acquired for SEZ so that agricultural production will not hamper. The Govt. should encourage the SEZs like Kisan – SEZ. To get participation of the Farmers whose lands are being acquired should also be involve in the ownership of the Industrial units.

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