# SEZs AND LABOUR GEOGRAPHIES: A CASE STUDY OF NOIDA SEZ

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# **MASTER OF PHILOSOPHY**

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# **DECLARATION**

This is to certify that the dissertation entitled " SEZs AND LABOUR GEOGRAPHIES : A CASE STUDY OF NOIDA SEZ " submitted in partial fulfillment for the degree of MASTER OF PHILOSOPHY of Jawaharlal Nehru University, New Delhi, is my bonafide work and may be placed before the examiners for evaluation. This Dissertation has not been submitted for any other degree of this University or any other University.

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(Reecha Sharma)

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#### CHAPTER I

#### INTRODUCTION

## I.1 Definition

Special Economic Zones (SEZs) are specific geographical regions that have economic laws different and more liberal than a country's typical economic laws (Sanjoy Chakravorty, 2000). In India Industrial free zones (enclaves) are called SEZs. The SEZ scheme introduced by the government of India in April 2000 has its genesis in the Export Processing Zone (EPZ) scheme, which was introduced way back in 1965 when the first zone was set up in Kandla.India, was the first Asian country to take the free zone initiative in 1965. By the late 1990s, seven more zones had come into existence. Under the new scheme, however, all existing EPZs were converted into SEZs(Aradhana Aggarwal,2007). Noida Special Economic Zone (NSEZ) the only Central Government SEZ in the northern India, headed by the Development Commissioner, was set up in 1985 in Noida Phase-II on a 310 acre plot of land. SEZs are being projected by the government of India as an important strategic tool for accelerating the process of industrialisation in the country. This concept is based on the framework of the cluster approach . SEZs are considered as industrial clusters where industrial and business units realise economies of scale and other advantages which help in reducing the cost of production of the operating units. In the phase of scarcity of the foreign exchange in 1950s and 1960s.India devised Export Promotion Zones as a strategy to promote exports. The EPZ at Kandla was set-up in 1965. But it was the phase of regulated capitalist development and this strategy could not make a mark in terms of performance. Following a change in policy regime in 1991 and the formation of WTO with India becoming its founder member in 1995, the country opted for a liberalised capitalist strategy. In this phase EPZs were converted into SEZs. In April 2000 India announced a policy for SEZs which replaced EPZs. (Sucha Singh Gill,2007).In 2000, the government replaced the old EPZ regime by a new scheme of Special Economic Zones . In 2005 it enacted the SEZ Act and the SEZ rules were notified in February 2006(Aradhana Aggarwal, 2006). The Indian SEZs are believed to be inspired by the Chinese SEZs, the first of which were set up by Deng Xiaoping as far back as 1980.India has already fully embraced the liberalized and capitalist mode of development whereas in china the SEZs were meant to be experiment stations for testing out capitalist and liberalized modes of production. In India SEZs constitute domains where a more intensive application of the principles will be undertaken .(Siddhartha Mitra,2008).

A SEZ is typically an enclave of units operating in a well defined area within a geographical boundary of a country where the certain economic activities are promoted by a set of policy measures that are generally not applicable to the rest of the country. According to SEZ Act 2005, a SEZ is a specifically delineated duty free enclave and shall be deemed to be foreign territory for the purposes of trade operations and duties and tariffs. There are 3 stages in approval for setting up SEZs i.e. approval in principle, formal approval and notification.

Approval in principle: The proposal for setting up of a SEZ where the land is not in the possession of the developer is considered for the grant of approval in principle.

Formal approval: All proposals for setting up SEZs are considered for final approval by a broad and finally by the empowered group of ministers if the land is in the possession of the developer and other necessary procedure are complete.

Notification: The final approval is followed by a notification of the SEZ allowing the developer to start operations for the development of the SEZ and subsequent setting up of units. (Vineeta Sharma,2007)

# I.2 Main objectives of SEZs in India

SEZs are created mainly for these objectives which can bring about many desired benefits for the host country : increase in employment, FDI attraction ,general economic growth, international exposure and transfer of new technologies and skills. Hence,many developing countries are also developing the SEZs with expectation that they will provide the engines of growth for their economies to achieve industrialization . The idea behind SEZs was to promote and create hassle free territorial production complexes that could be established to secure regional balance in development opportunities, to substantially increase export avenues, reduce production costs and generate employment both direct as well as through multiplier effect.(Ramachandran and Biswas,2007). SEZs are needed in India primarily to build world class infrastructure,woo foreign direct investment (FDI) and make up for the current infrastructure gap and administrative bottlenecks and spur additional industrial activity and export promotion(Manab Majumdar,2007).

I.3 Creation of Employment (a myth or reality):

The free zones cannot be counted as a panacea for solving the unemployment problem, they are nonetheless a viable source of employment creation. In the case of India total SEZ

employment increased from less than 80,000 in 1998 (when the number of zones was 8) to 1,78,000 by late 2006 when SEZ sector had seen more rapid expansion. At present old and new SEZs are providing direct employment to more than 2,30,000 people. Admittedly, this number still constitutes a miniscule percent of total manufacturing employment in India. But what is noticeable is that the new generation SEZSs are becoming increasingly successful in setting up labour intensive manufacturing industry (Manab Majumdar, 2007). Sometimes it is also argued that employment opportunities created within SEZs are not the net addition to employment, they replace old jobs outside the zones. There is therefore a very small net employment effect of zones (Aradhana Aggarwal, 2007). If SEZs are providing jobs then they are rendering many jobless also particularly people from the agricultural community. Concerns have been raised about the Project Affected People, At least 10 lakh (1,000,000) people who primarily depend upon agriculture for their survival will face eviction (Vineeta Sharma, 2007). The jobs in the SEZs are likely to create will be of the high skill variety which the displaced farmers (with different skills or with low skills) would not be able to perform. Further ,given their enclave like character they would not encourage the entry of low skilled workers displaced from the rural economy flooding their territory. Such people would of necessity become encroachers and slum dwellers in some urban areas(Arun Kumar,2007)

# Women's employment

SEZs have proved particularly beneficial for female employment. The zones have opened up job opportunities for women in organised sectors, thus increasing their employability and also raised their position in the household (Aradhana Aggarwal, 2007). Women's employment in export-oriented manufacturing industry, much of the use of female labour in export production in India has been in informal and unorganised workplaces, including home based work. There is a link between export employment and the feminisation of employment(Jayati Gosh,2002). Majority of women are young ,single and come from rural and poor background. Female employment is concentrated in low paying and low productive jobs. As the nature of employment in SEZs evolves women are thrown out of employment. It has been observed that the proportion of women in SEZs has declined over time. As wages rise, more men are attracted to SEZ employment and as production requirement increases (such as supervisors and skilled workers) demand for male workers increases. Thus SEZs are a mechanism of exploitation and not of women empowerment (Aradhana Aggarwal,2007). Moreover, once the displacement takes place, who is going to pay the cost of the transition in

which a community is broken up and which involves the suffering of the women and the children displaced from hearth, schools, etc. (Arun Kumar, 2007).

# I.4 Land Acquisition

One of the main issues related to the SEZs is the case of land acquisition .SEZ is one of the most controversial issues in India in the recent times .This process of planning and development is under question as the states in which the SEZs have been approved are facing intense protests from the farming community, accusing the government of forcibly snatching fertile land from them, at heavily discounted prices as against the prevailing prices in the commercial real estate industry(Dan,Guhathakurta and Gupta,2008) .The step towards industrialisation and economic development is always related to the conversion of land from agricultural to non-agricultural land use. With this issue of land acquisition are the related issues of displacement and compensation. Usually this change in land use is accompanied not only with large scale displacement of the people but also transformation in their socialcultural economic life .Somewhere down the line policy makers have failed to take the common man along in the process of industrialisation and subsequent economic liberalisation .The objections are raised mainly on account of the vested interests that get developed over diverting agriculturally more fertile land invariably without appropriate mechanisms for compensation to the to the farmers .The centre has said that the uniform rate of compensation is not possible. The contract is unfair since the land for SEZs is acquired at the current rate or a lower rate. As soon as an SEZ starts coming up, the rate of the land also shoots up. The result being, the farmers who have been displaced cannot buy alternative land and this create further inequalities .But, according to Vineeta Sharma,2007 the title holders have reinvested the compensation money in purchasing agricultural land in the nearby region at a much lower rate. This has enabled them to increase their landholdings and income manyfolds. Real estate market is booming on the periphery of the site.

Besides the loss of agricultural land concerns have also been raised about the project affected people. Estimates show that close to 114,000 farming households (each household comprises of five members )and an additional 82,000 farm worker families, who are dependent upon these farms for their livelihoods will be displaced. In other words, at least 10 lakh people who primarily depend upon agriculture for their survival will face eviction. Experts have calculated that the total loss of income to the farming households and the farm worker

families is at least Rs.212 crores a year. This does not include the other income lost due to the demise of the local rural economies such as the income of the artisans. The government has promised 'humane' displacement followed by relief and rehabilitation. However, historical records do not offer any room for hope on this account .Dan,Guhathakurta and Gupta(2008) proposed a model for land acquisition which provides for rehabilitation of those displaced outside the perimeter of the SEZ.

The protests are not so much against SEZs as much as they are against the fear of losing their identity attached with the land.

Other issues include misuse of facility through real estate speculation, possible relocation of units from other parts of the states to SEZs and the loss of revenue remain inadequately addressed. A segment of stakeholders and the civil society has vehemently opposed the manner of its implementation (Ramachandran and Biswas,2007). There is the colonisation of land in the distant suburbs and outer peripheries of metropolitan agglomerations by private developers and builders. This is being sold by urban development authorities.(Praful Bidwai,2006)

#### I.5 Infrastructure

Infrastructure: These zones offer high quality infrastructure facilities and support services and allow duty free imports of capital goods and raw materials. Extensive and high quality infrastructure is an essential driver of competitiveness, significantly impacting economic growth and reduction in poverty and inequalities. The problem is India's infrastructure requirements far exceed its domestic funding capacity. A study by Planning Commission has estimated a funding gap of Rs.1,60,164 crore in infrastructure investments over the 11<sup>th</sup> plan. We just do not have enough resources and because some intervention is necessary. Part of the huge gap may be attracting mega investment through the SEZ route (Manab Majumdar,2007). To sustain the high rate of economic growth major infrastructure development projects such as construction of new airports, roads, power generation plants etc are coming up. Although all this and more through large scale diversion of fertile agriculture land. (Bhaskar Goswami,2008). The development of SEZs is expected to ease supply bottlenecks through better infrastructure and productive physical capital . One should also note that government in the field of infrastructure has often been plagued by poor planning

and rampant corruption. SEZs should lead to the creation of centres of excellence in the industrial and services sector . (Siddhartha Mitra,2008). According to official argument as India cannot grow fast without foreign investment for which "world class infrastructure" is an imperative and which the state possibly cannot provide throughout the country in a short time ,it is necessary to invite capital to provide it initially in chosen pockets (Swapna Banerjee-Guha,2008). A set of attributes such as accessibility, proximity to large urban centres, access to water sources, availability of poor quality marginal agricultural land and proximity to sources of raw material that are essential to the location and development of SEZs. Some of these attributes obviously would be collinear for example proximity to large urban centres may be associated with accessibility to railways , highways, airports, relatively better infrastructure base etc(Ramachandran and Biswas,2007). Land has always been a scarce resource and property prices follow basic economies of demand and supply . Looking at the price trend in the last few years in the areas with close proximity to Special Economic Zone the expected infrastructural development causes a sharp appreciation in land prices (Dan,Guhathakurta and Gupta,2008).

### I.6 Social impact

Dismantling of the agrarian structure :The social interdependence within the agrarian structure has been dismantled. The strong interdependence between landowners and agricultural labourers has been replaced by social exclusion of agricultural labourers and the emergence of companies' agents.

Impact on the vulnerable group: The agriculture labourers are economically and socially the most vulnerable group .The impact has been harsh for women and children alike. The economic constraints faced by this group will adversely affect the financial autonomy of women and the education of the children(Vineeta Sharma,2007).

As the change in the land use and economic activities from the agricultural to non agricultural use comes with the risks of livelihood, joblessness ,homelessness ,impoverishment ,dismantling the social fabric of the project affected people which can lead to serious social, economic and environment risks. The social outcome has been the most severe for agricultural labourers in terms of net recapitalisation and impoverishment risk(Vineeta Sharma,2007).

# I.7 Linkages

Fostering linkages with rest of the economy: Other potential benefits of SEZs includes deepening backward/forward linkages with the rest of the economy and technological developments .Technological transfer may be realised through forward linkages from a supplier of products in the zone to a buyer in the domestic tariff area(DTA). On the other hand ,there are two main forms of backward linkages namely, utilization of domestic raw materials and inputs and sub-contracting arrangements between firms inside and outside the zone.The build up linkages would put pressure on DTA companies to manufacture high quality products so that the firms located in the free zones find it cost efficient to source inputs from them instead of depending on imports .Often the share of domestic inputs in products manufactured in a free zone is used as an indicator of its integration into the overall economy(Manab Majumdar,2007). The Reserve Bank of India says that large tax incentives can be justified only if SEZ units establish strong "backward and forward linkages with the domestic economy"(Praful Bidwai ,2006).

According to Jenkins and Tallman(2010) Maskell distinguishes vertical(supplierbuyer)cluster relationship with a primary cooperative basis from horizontal cluster relationships that have a primary competitive basis.

The overall impact of zones on the economy depends significantly upon the business linkages that they develop with the rest of the economy. If these linkages are weak, then other domestic firms do not benefit from the SEZs firms. Employment opportunities also fail to multiply .The early zones in India tried to promote exports and attract foreign investment within their limited areas, whereas there was hardly any effort to do so outside. Given the completely different objectives and policies governing firms in zones and outside, the linkages were bound to be weak. Further improper locational choice also hurt some of these zones. The best example is the oldest Kandla which has suffered as a result of being located in a much remote area as compared with the Santa Cruz ,Madras and Noida which could develop better links(Palit and Bhattacharjee,2008)

# I.8 Other Negative aspects

The neoliberal trade and economic policies have already resulted in the spread of an exploitative work culture in India and other developing countries especially with regard to unorganised labour. Moreover, since industries in the zones are export oriented, the emphasis

is on minimising production costs so that prices are competitive in the international market. It is the workers who bear the brunt of tight competition in the global market(M.Suchitra,2008).Many have opposed SEZs,being created by the SEZ Act 2005 is an intriguing economic decision that has been castigated by the left ,criticised by the Finance Ministry, cautioned by the Reserve Bank of India(RBI) and frowned upon by International Monetary Fund (IMF).

# I.9 Solutions Suggested

Those currently displaced should be compensated to cover the value of land and their current incomes rising at the planned growth rates of the economy need to be protected through compensation (Dan,Guhathakurta and Gupta,2008).

They have discussed a model which suggests a novel land acquisition plan which envisages acquiring land in surplus to relocate the land among those displaced from the core area. This would ensure that the appreciation of land prices or upward revision of land prices due to land development and change in the land type would accrue to the ones displaced and hence it would minimize the possibilities of protests.

Appropriate and timely rehabilitation of the project affected people is imperative (Vineeta Sharma.2007)

The International Labour Organisation has over the years made many recommendations towards the improvement of the working of the SEZs. Each zone ,says ILO, should provide all basic amenities like housing, hospitals and schools for workers and their families(M.Suchitra,2008).

SEZ is an enclave development .The SEZ area will develop substantially at the expanse of non-SEZ areas. This is likely to accentuate the already rising disparities. Loss of taxes will lead to shortage of funds for development in the non-SEZ areas.Solution suggested for these problems is to declare the whole country an SEZ this will prevent differentiation ,the supposed benefits of SEZs will not be confined to limited areas and further aggravation of disparities can be stopped (Arun Kumar,2007) . Although application of the incentives at such a large scale nullify the whole idea of SEZs and rather than reducing can accrue the number of problems .

# I.10 Labour Geography

An emerging subdiscipline of geography which researches the ways in which organised and disorganised labour has helped to sculpt the geographical landscape.

Two sources of inspiration led to the development of the labour geography. First . Political Geography has traditionally been unconcerned with the questions of labour while the Economic Geography has tended to examine either the geography of labour- a description of the geographical distribution of different kinds of labour- or to include labour as a factor of production . Marxist analyses went further ,insisting that labour was an active agent in the making of economic landscapes , but the overwhelming concern lay with the movements of capital and tended to treat labour as subordinate . Labour Geography provides the sharper sense of the ways in which the geographical differentiation of the economic landscapes takes place. There are different approaches :

Labour geography approach: Labour geography approach is in which the workers are being involved in the creation, manipulation and use of space. It is an effort to see the making of the economic geography of capitalism through the eyes of labour by understanding how workers seek to make space in particular ways, that is to say, how they seek to make the landscape in their own image.

Neoclassical approach : Neoclassical approach presents an economic geography devoid of workers both as individuals and as a members of social groups because it is the firm which acts, neoclassical location theory does not need to theorize workers as active makers of economic geographies. As far as the capital is concerned for traditional location theory profit is the criterion, wages are simply labour costs.

Weber's approach : In Weber's mind labour play absolutely no role in explanations of the economic geography of a particular industry. Weber goes so far as to suggest that labour costs can only become factors in location by varying from place to place.

- The literature on branch plant location in peripheral region frequently emphasizes the importance of lower labour costs relative to those found in core regions (Andrew Herod ,1997).
- Spatial Fixes : Labour in its own quest for social reproduction has a guiding and sometimes decisive hand in the Geography of capitalist production and investment. Herod argues

that capital labour requires certain 'spatial fixes' for its own perpetuation. The quest to achieve these spatial fixes goes beyond the matters of securing housing ,schools shopping and the like . It moves directly into the domain of how and where capitalist productions and capitalist flows are sited.

Labour Geography researches the ways in which broadly political struggles by labour, organised and disorganised has helped to sculpt the geographical landscape. Labour geography is centrally concerned with questions of scale insofar as the geography results of the labour struggles are not only visible at specific scales but contribute to the moulding and remoulding of specific scales. Thus the labour geography arguably provides a sharper sense than a capital centered economic geography of the ways in which the geographical differentiation of the economic landscape takes place. While focusing on political struggles, labour geography has developed a broader purview that involves social, cultural as well as political perspectives(Andrew Herod,2001 a).

Noel Castree(2007)has discussed the signature characteristics of labour geography.Castree has argued that labour geographers ought to more carefully conceptualize and study worker agency; to connect labour migration more organically with existing research on place-based workers; to develop a more substantive understanding of how states regulate employment and workers' lives; to look to synthesize different geographical dimensions of workers existence and strategy; to aim to examine working peoples' lives holistically.

I.11 Multinational Enterprises

#### Location Choice

Multinational enterprises (MNEs) are willing to agglomerate with other MNEs because there will be positive balance between knowledge inflows and outflows. MNEs tend not to agglomerate with domestic companies as they perceive potential knowledge inflows to be lower than positive leakages ,unless domestic companies enjoy some comparative advantages (Mariotti,Piscitello and Elia, 2010)

MNEs' location choice has been widely investigated by economic geographers. The relevant factors can be summarized in three broad categories as follows:

i. Endowment effects, which explain why a particular economic activity would be 'naturally' drawn to a given location

- ii. Agglomeration effects, refferin gto the Marshallian availability of labour and to the easy and cost-effective access to specialized inputs and to knowledge spillovers
- iii. Policy-induced effects

Relying on this framework, Mariotti et al. advocate that MNEs' decision-making regarding location is strongly influenced by information, externalities and knowledge spillovers.

The general argument is that multiplant firms(MPFs) will tend to locate their information intensive activities and facilities in knowledge centres ,such as dominant dynamic cities while locating more routine and standardized activities in more geographically peripheral regions ,in order to take account of lower local factor costs. As such ,the interregional product-cycle geography of the MPF within an individual country should exhibit a similar pattern to the international geography of MNE (McCann and Mudambi ,2005)

Beugelsdijk, McCann and Mudambi(2010) in their paper have mentioned that the analysis of location in the traditional economic geography and regional science literature tended to highlight the crucial importance of both place and space in that the economic and social characteristics of the locality are examined in detail alongside explicit notions of distance and connectivity. The main objective of these literatures were to explain the spatial distribution of economic activity in an explicitly one or two dimensional geographical setting . Beginning in the 1950s and 1960s these literatures developed critical insights into the firms optimal location problem, the relationship between input-output linkages, transportation structures and spatial behaviour, spatial labour mobility, spatial patterns of uneven development and the internal structure of agglomerations.

# I.12 Clusters

Specialized knowledge no longer available throughout host nations but concentrated in specialized city regions, industrial districts or geographical clusters. Clusters in specific industries develop in specific locations based on historic factors and on the advantages of co-location for competitors in those industries. Out of the five propositions two are

- i. Firms within a cluster will outperform firms that are outside .
- ii. Knowledge flows will be greater between formal partners and within multinational firm structures than through informal relationships (Jenkins and Tallman, 2010).

Industrial clusters provide the individual firm with valuable local resources, inputs, infrastructure and opportunities for learning from other local firms. (McCann and Mudambi ,2005).

Transactions- costs approach

In economic geography and regional economics firm location behaviour is discussed at the subnational regional level. In international business analysis this has been done primarily by incorporating the Porter 'cluster' literature. But, however by adopting a transactions- costs approach we show that such a 'clusters' concept is unable to distinguish between whether a multinational enterprise should and should not locate in the particular region (McCann and Mudambi ,2005)

If a transactions costs perspective is adopted there are three distinct types of industrial clusters according to the nature of firms in the cluster and nature of their relations and transactions within the cluster.

- i. Pure agglomeration
- ii. Industrial complex
- iii. Social network

# I.13 Objectives

- 1. To analyse the distribution pattern of SEZs in India.
- 2. To examine the relationship between location of SEZs and levels of development.
- 3. To measure the depth of subcontracting activities in districts having SEZs vis-a-vis districts not having SEZs.
- 4. To look at the incentives given to SEZs.
- 5. To examine the labour geographies with special reference to Noida SEZ in terms of labour characteristics, job security and working conditions, and income and economic conditions.

# I.14 Research Questions

1. Are the districts with existing infrastructure attracting more SEZs?

- 2. What are the geographical patterns of depth of subcontracting in districts having SEZs as compared to districts not having SEZs?
- 3. What are the nature of incentives that attract SEZs? What are the advantages and disadvantages of Government incentives given to SEZs?
- 4. What is the nature of labour geographies that emerge in SEZ, Non-SEZ and subcontracting firms located outside the SEZ?

# I.15 Database

Different data sources used in the study are

• Census (2001)

For data on urbanisation and primary workers

• CMIE (2000) Centre for the Monitoring of Indian Economy, Profiles of District .

For data on indicators like Percentage of villages electrified 2000, Road Length per 100 sq.km. '95, Telephone Connections per 100 persons 2000, Banking (Credit to industries Rs.per capita) 2000.

• www. sezindia.nic.in

Number of SEZs (Formal Approval ) and (operational SEZs)

• NSSO (Sixty- Second round: July 2005 – June 2006 ) National Sample Survey Organisation

District wise data on firms that work on contracting

• Primary Survey was conducted to get information about workers(2011).

Problems were faced while collecting data regarding workers as most of the owners of units refused to take interview of workers. Such paucity of data restricted the analysis of workers to a small sample size of 30 workers in each category of workers (workers working in Noida SEZ, in Noida but outside SEZ and in units working for units (contracting). Primary survey was conducted in Noida(Salalpur. Bhangel, Barola), New Delhi, Shadarah and Faridabad.

I.16 Methodology

Most of the work on SEZs in India have been done on the issues of land acquisition, employment etc. And very less work has been done on SEZs from the perspective of regional development and Labour Geography of SEZs.

Kandall's Ranking method is used for forming the composite Index.

Percentage of urbanisation and percentage of primary workers is calculated from the census data.

Computer Cartography technique (Arcview) is used to show the spatial distribution of SEZ and related aspects .

Pie charts and Bar graphs are used for the analysis.

Average and Standard deviation are also calculated at one point .

Expected percentage increase in the monthly salary  $=\frac{\text{Expected salary} - \text{Monthly Income}}{\text{Monthly Income}} * 100$ 

#### CHAPTER II

#### DISTRIBUTION AND DEVELOPMENT

#### **II.1** Introduction

Special Economic Zones have been in news for quite some time now for mainly wrong reasons. But will they actually lead to development is a question to answer .Which are the areas where SEZs will come up in the future . Are they being developed in the areas which is already highly urbanized or in the rural areas, are they being developed where plenty of non-primary workers are present which can supply cheap labour/labour in abundance. Are these coming up in the areas which already have good infrastructure in the form of roadways, communication and banking facilities. Is it uniform throughout India or is it large scale for uniformity and variations are seen and exceptions are found.

#### II.2 SEZ and Development Theories

By looking at the highly skewed distribution of the SEZs in a few districts can we say that India is a the neoliberal nation-state and is simultaneously a reduced state(less concerned about promoting regional balance) and an enlarged state (directing development toward selected regions).(see Sanjoy Chakravorty 2000). The distribution of SEZs in different districts is a matter of regional development through the process of industrialization.

The first perspectives on regional development came from pioneers in development economics: Myrdal (1957) and Hirschman (1958) suggested the cumulative causation and core-periphery models. In the more well-known cumulative causation view, regional imbalances are likely to widen in the absence of state intervention, where such intervention is politically necessary and inevitable and improves the distribution of welfare. The more hopeful approach is that of Hirschman and Friedmann-where the core is the locus of change, where new ideas, technology, and capital intersect to generate economic and cultural dynamism, while the nonmetropolitan periphery initially falls behind in relative and, sometimes, absolute terms. Eventually, expanding markets and urbanization, the spatial diffusion of innovations and culture, and political demands from the periphery (mediated by state actions) should lead to some narrowing of the core-periphery gap. This can be seen in the distribution of SEZs, maximum number of operational SEZs are concentrated in and around the core areas and in the list of formal approvals SEZs are dispersed although the

core periphery gap seems to reduce as in the core areas due to already high concentration, peripheral gaps are chosen for the industrial development.

The dominant economic approach, however, is neoclassical, where regional development models are equilibrium and convergence seeking, rest on export driven growth and the economies of agglomeration in dynamic nodal regions, and where most regions derive long term benefits from modernization and technical change. In metropolitan regions there are contradictions between the economies of scale, location, and agglomeration, on the one hand, and size-related congestion diseconomies on the other. Or, in Krugman's terms, there is tension between centripetal forces higher labour productivity, larger plant size, access to markets and products (backward and forward linkages), thick labour markets, and knowledge spillovers and centrifugal forces higher land rents, commuting costs, congestion and pollution, all leading to higher wages and taxes . For indeterminately long periods of time after industrial development begins, large cities offer increasing returns to capital investment. Eventually, though, the costs of size related congestion rise, so that higher returns are possible in smaller urban centres. That is why the less number of SEZs are located in highly congested cities .

Regional differences are likely to widen in the absence of state intervention (Myrdal), which is not necessarily a negative outcome (Friedmann), because in the long run regional differences may decline anyway. But the case of Andhra Pradesh for example equilibrium and convergence seeking and the state intervention is likely to reduce the regional difference as almost all the districts will have SEZs and special diffusion may take place later on ,once they come up.

Perhaps the most important structural factor to consider in underdeveloped countries is the availability of infrastructure. In developing nations, metropolitan regions have by far the highest standards of physical infrastructure in power, roads, housing, telecommunications and social infrastructure, such as health and education. Following the East Asian model, the national state sees foreign investment as the key to spurring economic growth; it also logically sees its metropolises as likely foreign investment destinations. It invests in infrastructure in the leading metropolises and encourages competition between cities and regions for other investments (see Sanjoy Chakravorty 2000).

## II.4 Distribution of SEZs

The distribution of SEZs is expected to favour (a) advanced industrialized over lagging less industrialized regions; (b) metropolitan over nonmetropolitan regions; (c) coastal over inland regions.

The national state, still fulfilling some obligations to regional equality, will invest more heavily in the inland and nonmetropolitan regions than in the coastal or metropolitan regions. In Andhara Pradesh almost all the districts except three have SEZs whether coastal or inland, metro or non metropolitan .Even the lagging regions with high value of composite index means low in development have SEZs.

The metropolis will undergo an accelerated process of internal restructuring (moving toward polycentricity, or multiple centers) to accommodate the new growth impulses. More capital will be invested in the edge areas than in the overbuilt urban core. This will mitigate the diseconomies of congestion in the large metropolitan areas, and will be helped by state investments in Export Processing Zones (EPZs), technology parks, industrial enclaves, and so on.As in Maharashtra Pune, Thane and Raigarh have come up as multiple centers.

Consider the hypothesis that the already advanced regions and states would attract more investments in the form of SEZs. Andhra Pradesh and Maharashtra attracted the largest number of SEZs followed by Haryana and the coastal states of Tamil Nadu ,Karnataka and Gujarat. But it is not the case with Punjab which is an advanced state but has less number of SEZs. This shows the emergence of India's new economic geography- a leading edge of non-metropolitan districts that are in reasonably close proximity to metropolitan areas. Most of the SEZs seem to be concentrated in the south of the Vindhyas. It appears to be true that the advanced regions have been favoured but within the advanced regions some changes are taking place : the old most favoured districts no longer enjoy that primacy ,but different districts usually within the same region have forged ahead .Maharashtra continues to be in favour.Many of the coastal districts have SEZs but then a lot many SEZs have inland locations as well . The metropolitan areas will undergo internal restructuring, where the edge will rise over the core .eg. In Mumbai and Delhi the suburban districts have become more important than the core urban districts .

The SEZ policy in India has suffered from permission being granted for far too many SEZs which are either sub optimally sized or are appendages to mega cities. Such appendages will magnify the diseconomies already associated with large size of these cities. (Siddharta Mitra 2008)

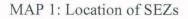
In most of the states concentration of SEZs is in a few districts .Such dense concentration of industrial service sector activity should result in the generation of both economies of scale and agglomeration .

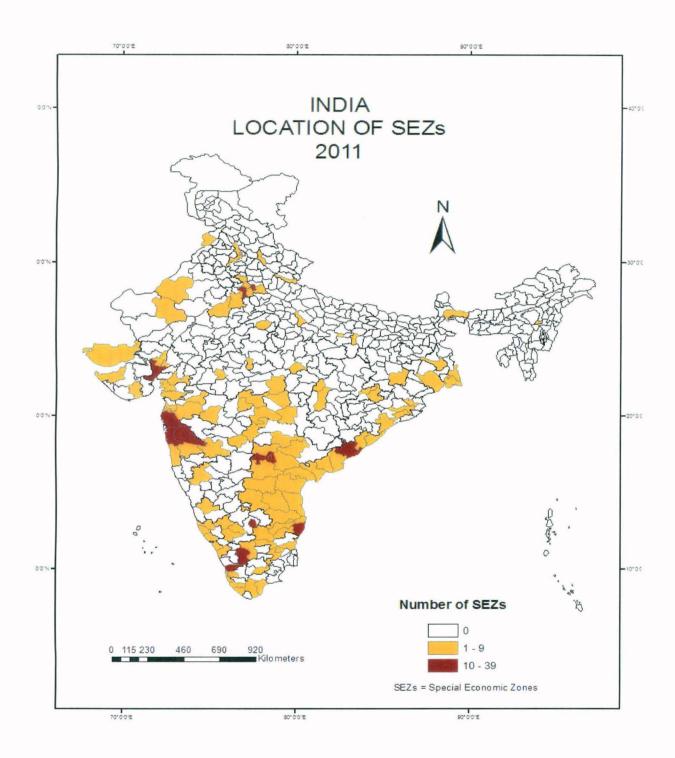
Industrialization and urbanisation are the twin phenomena ,these industrial/ service centres should grow into towns / cities. The existence of economies and diseconomies of agglomeration / scale makes it very important that land for SEZs is parcelled out such that the size of SEZs is neither too small nor too large.

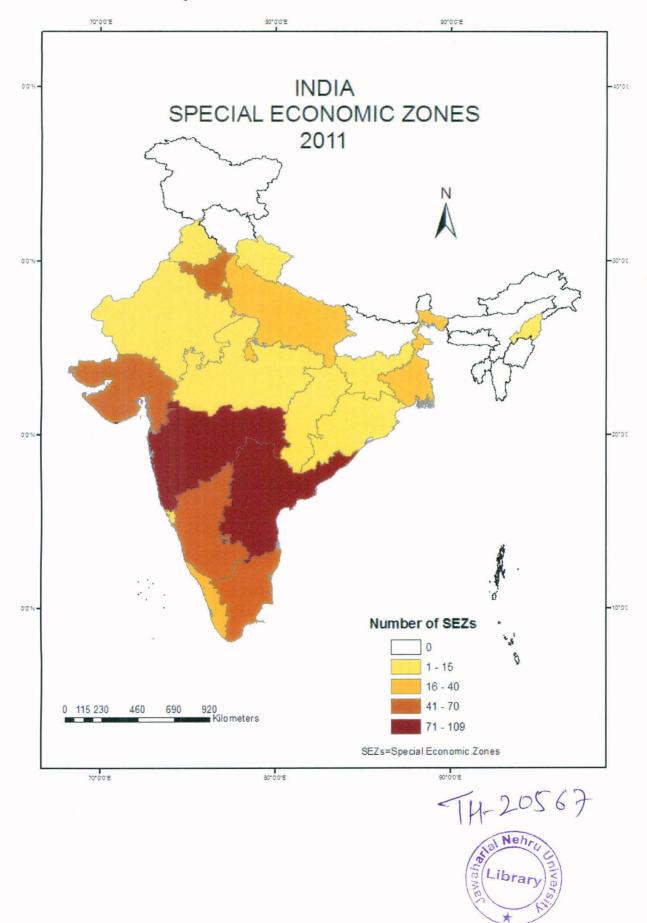
A certain maximum size/ population density should not be exceeded in order to avoid long travel times, congestion and loss of efficiency in travel therefore most of the SEZs are concentrated in a few districts .A government would be wasting its incentive package if it accorded SEZ status to processing agglomeration or single units which were not appropriately sized to generate economies of scale/agglomeration.

There are other aspects of SEZ policy which show that economies of scale are not being considered. Many of these SEZs are being developed as appendages to big cities .Therefore they will suffer the direct or side effect of congestion and unmanageable size of these cities. E.g. delays caused by traffic grid locks will spill over in to the SEZs. Examples of such SEZs are Denkuni near Kolkata in West Bengal and Reliance SEZ near Mumbai. Many SEZs granted formal approval are in million plus cities and in the megapolises of Delhi, Kolkata, Mumbai, Chennai, Bangalore, Hyderabad, Ahmadabad and Pune. Appending SEZs to existing large cities may not be a good policy given the reasons stated above and the fact some of the cities to which these SEZs are being appended have already gone beyond the optimum city size of around 1.4 million. It is possible that viable proposals of SEZ development are coming up largely for the areas near or in the big cities. The reason is the absence of good infrastructure(rail/road/ power etc )in other places . SEZ expansion is not a substitute for government's role in extensive infrastructure provision and expansion, rather its role is in fostering centres of excellence in manufacturing and service provision which are more than internationally competitive . Diversification, expansion and improvement of road and rail networks and expansion of power generation capacity and distribution and

transmission networks throughout the country would stimulate a dispersed development of SEZs and thereby dispersed urbanization. Such a dispersed development of SEZs would not only take the population pressure off agricultural land but also facilitate the maximization of economies of agglomeration. India might do well to follow its policy of setting up SEZs to increase its urbanization rates and absorb agricultural labour. SEZs can be used to promote urbanization along with employment generation and export promotion if they can be developed on a stand alone basis and are large enough to fully reap the economics of agglomeration. absorption of agricultural labour is necessary for sustained economic development of a developing country. "Special Economic Zones" constitute a medium for such sustenance. However, the SEZ policy in India has suffered from permission being granted for far too many sub optimally sized SEZs or for others to serve as appendages to mega cities already suffering from overcrowding, infrastructure and a size which far exceeds the optimum (Siddhartha Mitra 2008)







MAP 2: Distribution of Special Economic Zones

## II.5 SEZ and Indicators of Development

Six different indicators of development(percentage of urban population ,percentage of nonprimary workers , percentage of villages electrified,road length per 100 sq.km., telephone connections per 100 persons and banking (credit to industries Rs. per capita)) are taken along with the number of SEZs and a composite index has been calculated based on the Kandall's method and a comparison has been made between the districts with different concentration of SEZs. Usually the distribution of SEZs in the states are skewed with most of the SEZs concentred in a few districts .

Developed states have attracted the maximum number of SEZs(Vineeta Sharma,2007). The real issue pertains to the classical debate of balanced development versus unbalanced or leading sector development. The proponents of balanced growth theory favour simultaneous development of all sectors of an economy. Though this in itself is quite desirable, the fact remains that a developing or the least developed country would not have sufficient resources to make necessary investments in all sectors /areas at the same time, (this is the case for India) therefore should the country wait for a potentially long and uncertain duration to accumulate enough finances for pursuing a balanced development strategy? Alternatively would it not be worthwhile to invest the available resources in a few key leading areas which could help pull up other areas?(Manab Majumdar,2007). As far as uneven growth is concerned ,there is a strong possibility that SEZs will be set up in states where there is already a strong tradition of manufacturing and exports .This will aggravate regional disparities. The that are most industrialised have more percentage of SEZs. But the counter argument for SEZs is that almost every state will have SEZs under the policy. This will promote infrastructure development and industrialisation in states such as Uttar Pradesh, Orissa ,West Bengal(Aradhana Aggarwal,2006).

In Andhra Pradesh SEZs are distributed in all the districts except the 3 districts of Khammam, Adilabad and Nizambad, but with the concentration of maximum number of SEZs in 3 districts of Rangareddy(38(number of SEZ)),Hyderabad(16) and Vishakhapatnam(12). 20 out of 23 districts have SEZs.The Government activity in planning the future distribution of industries for reducing regional disparities can be seen in this state as seen in the first map.

It seems that number of SEZs are more in districts where urbanisation is also high. The districts with the maximum number of SEZs also has minimum number of primary workers.

The prior existence of a labour force is attractive to industry unless there are strong are reasons to the contrary.Labour supply is important in two respects(a)workers in large numbers are often required;(b)people with skill or technical expertise are needed. In our country,modern industry still requires a large number of workers in spite of increasing mechanisation .There is no problem in securing unskilled labour by locating such industries in large urban centres.Although, the location of any industrial unit is determined after a careful balancing of all relevant factors.

Almost all the districts of Andhra Pradesh are 100% electrified except Adilabad(0) and Chitoor (1). Availability of electricity might be one of the reasons for the equal distribution of SEZs in the state of Andhra Pradesh.

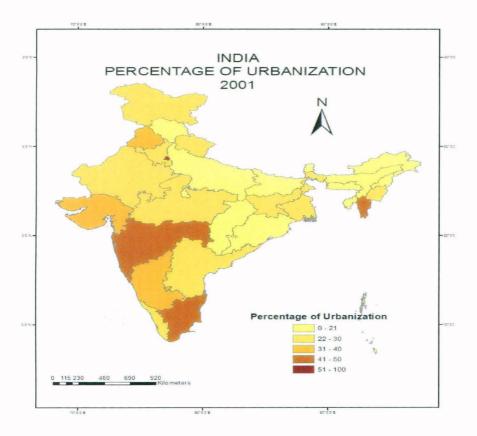
Connectivity seems to be an important criteria .As industrial development also furthers the improvement of transport facilities, it is difficult to estimate how much a particular industry owes to original transport facilities available in a particular area.

The value of composite index is low that means the districts(Visakhapatnam,Hyderabad,Krishana and Rangareddy) are more developed .Except Krishana all other three have high number of SEZs.Mahbubnagar which is least developed have 4 SEZs with a high value of composite index .

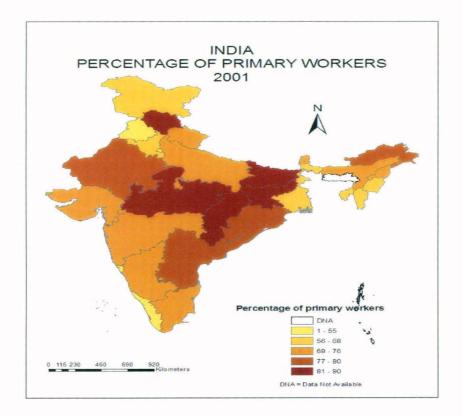
In Uttar Pradesh Gautam Buddha Nagar has the majority of SEZs 27 out of 33, 3 in Kanpur, 1 each in Bulandshahr, Chandauli and Sant Ravidas Nagar .There is no SEZ in any of the other districts in Uttar Pradesh.The distribution of SEZs in the state is highly skewed . Gautam Buddha Nagar shares its border with Delhi. Baghpat(0),Meerut,Ghaziabad(0),Bulandshahr are near Delhi but don't have SEZs.

In Uttar Pradesh Gautam Buddha Nagar (27(number of SEZs)) has lower urbanisation of 37.38 than Gaziabad but more than Bulandshahr, the two districts from which it had been carved out. There is a tendency to set up industries in rural areas because the cost of land has shot up in urban centres. Meerut Other districts like Lucknow and Ghaziabad have high urbanisation but no SEZ.Ghaziabad(0) is near Delhi than Bulandshahr(1) but law and order situation is not good in this part of the country. Other districts also have high percentage of urbanisation and low percentage of primary wokers but Gautam Buddha Nagar is near Delhi and that is the positive point it has. As per composite index Gautam Buddha Nagar is less

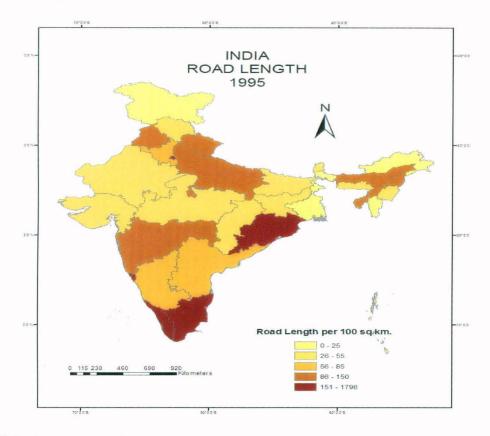
# MAP 3: Percentage of urbanization



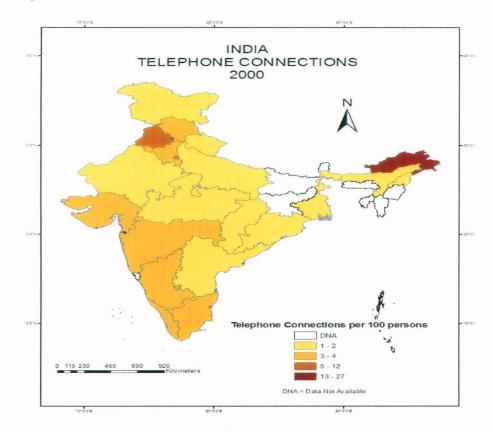
MAP 4: Percentage of primary workers

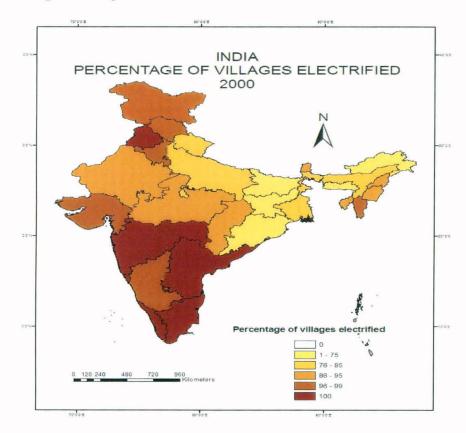


# MAP 5: Road length



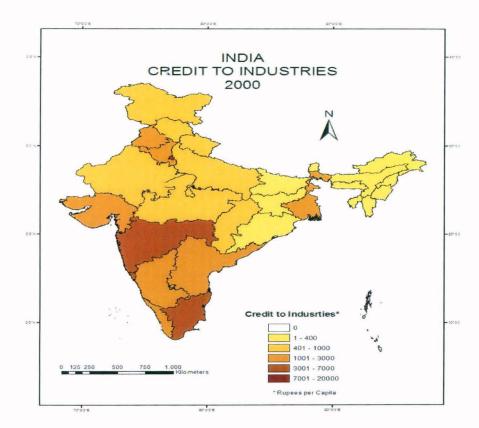
MAP 6: Telephone connections





MAP 7: Percentage of villages electrified

MAP 8: Credit to industries



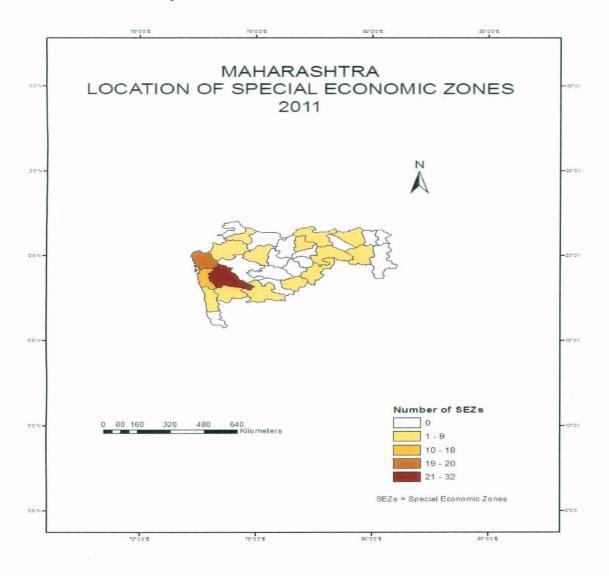
developed than Agra(0) and Lucknow (0),But has highest number of SEZs because of its proximity to Delhi.

In State of Haryana as in many states the distribution of SEZs is highly skewed .Only 3 districts have SEZs out of 19 districts. In that too Gurgaon has 39 SEZs from the total of 45 SEZs. It is because it shares its border with Delhi ,its a part of National Capital Region (NCR).Both Faridabad(3)and Sonipat(3) shares its border with Delhi along with Jajjar.

There are two SEZs in the union territory of Chandigarh .The urbanisation is 89.77% which is very high and most of the people are educated, so the availability of skilled labour is convenient. The percentage of primary workers is 4.02 in Chandigarh which is very low. It has 100% rural electrification . Road density is very high 1483.64/100 sq.km.So. the connectivity is extremely good.The credit Chandigarh received in the year 2000 is higher than the districts of Haryana, Punjab and Uttar Pradesh.But still it has only 2 SEZs whereas its neighbouring district of Mohali in Punjab has 5 SEZs.It can be because of higher land values and lack of availability of large open spaces for the development of industries.The extreme type of climate of north-west India hinders the development of particular type of industries.

The districts which are highly urbanised in Punjab are industrialised and congested These maximum number of SEZs are located in other district.

SEZs should ultimately help to absorb surplus agricultural labour of which there is plenty in the country. The diversion of agricultural labour is beneficial if the diverted labour can be gainfully employed in other sectors . To facilitate such employment the reqired investment must come forth from entrepreneurs. This is standard Lewis mechanism. Poor provision of public goods by thegovt will discourage such investment, thus blocking the propagation of the Lewis mechanism. By loosening the infrastructure related constraints through private sector participation in the construction of SEZs, the road block to the smooth propogation of the Lewis mechanisms can be removed (Siddhartha Mitra, 2008).



MAP 9: Location of Special Economic Zones in Maharashtra

Many of the concerns with primacy and the advocacy of decentralization stem from the perception that the existing metropolitan central business districts are very congested, and, therefore, unmanageable and inefficient. Clearly, growth has to be accommodated elsewhere within the metropolitan area. High technology sub-centers may emerge in existing or newly created satellite townships, and small to medium-scale manufacturing establishments may locate in the existing industrial suburbs, whereas large-scale manufacturing may find new locations on the edge of the metropolis. In Maharashtra the concentration of SEZs is not as much concentrated in Mumbai as in adjoining districts of Pune, Thane and Raigarh .Price of land seems to be the major reason also here , in a federal structure, the role of the local state becomes important. It identifies or designates industrial or technology parks and high-tech or

export-processing zones and provides basic infrastructure to attract new industry to these locations. Eventually, as the evidence from mega cities around the world seems to indicate, the traditional monocentric city is replaced by larger poly-centric urban regions.

Assam and Bihar have no SEZs ,the average urbanisation of Assam is 12.90% and percentage of primary workers is 69.64% where as in the case of Bihar its 10.46% of urbanisation and 83.85% of primary workers .In both cases urbanisation is low and percentage of primary workers is high. Although no other state has urbanisation lower than these but percentage of primary workers fluctuate . Moreover these are disturbed areas and law and order conditions are not very good in these state. There is no SEZ in the states of Himachal Pradesh , Jammu and Kashmir and North eastern states except Nagaland .Site requirement for the industrial development are of considerable significance .Sites should be flat and well served by adequate transport facilities. Large area is required to build factories. Climate also plays an important role in the establishment of industries. The cold climate in these areas can be one of the reasons for the lack of development of SEZs. Manipur and Mizoram do not have SEZ .These states are in the North Eastern part of the country and have hilly terrain .Jammu and Kashmir doesn't have SEZ because of site, climate and terrorism.

# II.6 SEZ and Sub-contracting

Percentage of sub contracting firms with SEZs and without SEZs is also calculated to examine if districts with SEZs have more subcontracting activity. The states with the high number of SEZs like Maharashtra and Andhra Pradesh have medium subcontracting activity. But the State of Tamil Nadu with the high number of SEZs have high percentage of subcontracting. Sates like Punjab and Haryana have low percentage of subcontracting. Percentage of contracting units to total units is given in Appendix II.

# CHAPTER III

#### **INCENTIVES**

# **III. 1 Introduction**

A SEZ is typically an enclave of units operating in a well defined area within the geographical boundary of a country where certain economic activities are promoted by a set of policy measures that are generally not available to the rest of the country.

The SEZ comprises of both processing and non-processing areas. The processing area includes manufacturing units : trade and commerce, godowns and warehousing; port and port related activities, airport and related uses ,rail ,road and water circulation and spaces for parking and others ; public utilities and other essential service; incidental and other activities for safety and security; governmental use and activities to manage and for proper functioning of such processing areas .Meanwhile, the non-processing area includes the industrial township including the residential ,commercial and recreational areas along with social infrastructure like education ,health care and socio-cultural facilities.

# **III.2** Benefits of incentives

These zones offer high quality infrastructure facilities and support services and allow duty free imports of capital goods and raw material. In addition, attractive fiscal benefits, related labour laws and simpler procedures are also offered in such zones. The SEZs today are not only a tool for export development but also contain the potential of generating an economic spin-off of enormous proportions leading to regional development.

Certain amendments to the rules were made making it clearer that tax benefits would be available only to those units which fulfilled certain conditions such as those not formed by splitting up or reconstruction of a business already in existence or formed by transfer to a new business of machinery plant previously used for any other purpose. However second hand machinery imported into the country would be treated as a new machinery.

Many tax concessions have been announced. Profitability is being ensured so investment will flow into the SEZs to take advantage of these features.

Among the many concessions being offered to the developers of the SEZs, one is cheap land close to cities and new highways. Developers hope that there will be shift of industries to the new site.

The SEZs with vastly improved infrastructure, fiscal concessions, simplified and quick procedures could act as a catalyst for attracting FDI. In fact there are numerous instances of free zones pushing up flow of investments, both foreign and domestic. In China, Thailand, Vietnam, Malaysia and UAE zones have been a driving force in drawing foreign investments that in turn helped in building up manufacturing capacity.

The crux of the argument is that the revenue loss would occur to the extent the investments into SEZs are not 'incremental' and they simply involve 'migration' or realignment from already existing locations to Special Economic Zones. While the economic logic of this of this critique is broadly valid, revenue loss in our view is unlikely to occur in any significant degree because of (i)fresh investments which would be drawn to the zones and (ii) additional revenue generation due to expanded economic activities. If we take the example of Shenzhen SEZ, the cumulative amount it returned to the Federal and provincial Governments exceeded 50 billion Yuan in 1980-85, more than offsetting the funds the zone received from Government sources.

However, there is a more fundamental point to look at in respect of the incentives. The real issue pertains to the classical debate of balanced development versus unbalanced or leading sector development. The proponents of balanced growth theory favour simultaneous development of all sectors of the economy. Though this in itself is quite desirable, the fact remains that a developing or least developed country would not have sufficient resources to make necessary investments in all sectors/areas at the same time(this is the case for India). Therefore, should the country wait for a potentially long and uncertain duration to accumulate enough financial wherewithals for pursuing a balanced development strategy? Alternatively, would it not be worthwhile to invest the available resources in a few key leading areas which could help pull up other areas and sectors through exploiting the complementarities and interdependencies among them?

Some parts of India are not 'competitive' and SEZs can be used to increase the competitiveness of such areas .This can be seen as the provision of urban amenities in rural areas (PURA) or Bharat Nirman idea . But the question is where the resources are going to come from. Are they going to be public or private ones? Notwithstanding fiscal incentives,

private resources don't flow into backward regions until public investments in physical and rural infrastructure perform a catalytic function. However, if public resources are scarce, one might not be in the position to invest across the board since there is a trade-off, should they then be directed at specific sectors or geographical areas so as to make them competitive? This is the old balanced versus unbalanced growth argument.

There is always this dilemma. But it has to be pointed out that many of the serious constraints like overstretched infrastructure, excessive regulations and bureaucratic hassles can be overcome through appropriate use of the SEZ tool backed by an array of incentives. We have to appreciate that an incentive structure in the form of SEZ is a potent instrument to compensate for competitiveness shortfalls that would otherwise have been almost impossible to improve in the short run. By creating SEZs through a high concentration of infrastructural investments, a low equilibrium trap can be avoided while important spill over effects could be generated elsewhere.

Even at practical level it is not difficult to find other countries offering generous incentive packages. As regards cost of such preferential measures and concessions, it is observed that the free and special economic zones in Korea, China, Indonesia, Malaysia and Sri Lanka are economically efficient and have generated returns well above the estimated opportunity costs. Drawing on a case study of Shenzhen ,Ge (1999) concluded that the benefits which a country could draw from a successful SEZ operation are far greater than the costs involved. Interestingly, the amount of tax revenue generated by Shenzhen SEZ, grew at an annual average rate of 50 percent during 1979-1995.

In the export context, should one reduce or exempt duties and simplify procedures for selected enclaves since liberalisation across the board isn't politically feasible, even if such reforms are sometimes revenue neutral ? But the special dispensation can also be geographical ,which is where SEZs come in.

If the present round of SEZs is differentiated from the earlier round of Free Trade Zones (FTZs)/Export Processing Zones (EPZs),one point of difference is private investments as opposed to public ones. But even there one ought to be careful revenue forgone also has opportunity costs and direct figures on public investments are thus under-estimates, because they don't factor in fiscal incentives.

Countries create zones because they help in selective application of policies and give incentives in the particular area. e.g. encouraging exports is one of the main objectives of most zones. Such encouragement is often provided through specific incentives. The latter usually include different kinds of tax exemptions, liberal rules for handling foreign exchange and well developed logistics and facilities such as warehousing that are typically required by exporters.

For most developing countries suffering from poor physical infrastructure ,SEZs offer opportunities for creating so. Infrastructure development across the world has usually been led by national governments. But lack of public resources in many countries constrains government from investing in new facilities. By offering fiscal incentives and friendly business climates in zones. Governments expect private developers to come forward for building infrastructure.

For many countries ,particularly developing economies ,it is easier to provide such benefits with in a small geographical area, rather than in all corners of their country. This is all the more relevant if benefits include somewhat politically sensitive incentives like flexible labour laws that allow enterprises located in zones to easily shed and recruit people. The proponents of zones argue that these can generate significant economic gains in terms of job creation and human resource development. However, these can occur only over time.

### III.3 Critic

A number of policy makers, economists and institutions have criticised the tax benefits offered by India's SEZs on the ground that they would be a drain on revenue ,this has been mentioned by the Government of India's Ministry of Finance ,IMF and others. The Ministry of Finance put the loss in tax revenue at Rs.1,750 billion by the year 2011. According to the National Institute of Public Finance and Policy (NIPFP) estimates, the Government is likely to lose about Rs 1,000 billion in revenue on account of fiscal concessions to SEZs.

Justifying particular incentives and policies for the entire economy by highlighting the anticipated profits is not always easy, more so if the achievements are not immediately visible.

For producers, particularly exports, easy access to land ,tax benefits, sound infrastructure and an enabling business environment are strong motivations for locating in zones. However if the best conditions for business can be created within a limited area, why cannot they be reproduced in the rest of the country? This is usually the question that is raised by the critics of the zone model. For developing country authorities, one of the common responses to this criticism is that scarce public resources do not allow growth of such capacities in every nook and corner of the country. Ditto for likely to arouse political and social discontents. So zones emerge as viable alternatives. In this sense, however, there is little doubt promoting zones is essentially on of the best choice; something that is resorted to when desired policies could not be applied over larger domains.

SEZ promote industrial growth by offering facilities such as cheap land for building factories, easy power and water supply and marketing opportunities. Sustained incentives in the form of low or zero taxes on income and export profits and duty free imports are offered to industries for maintaining their expansion, This not only helps creating more jobs, but also improving the quality of existing jobs.

How does one determine the level of new investment that is taking place purely because of incentives and that which would have occurred notwithstanding incentives ? The firms located in SEZs and availing incentives might have been elsewhere too. The reason why they are not is probably because they do not got these tax exemptions and incentives elsewhere.

The critics of the SEZ policy argue that if new business can beattracted purely on the basis of the economic advantage that a country offers(e.g. cheap skilled labour, good infrastructure etc.) then they jeopardize public finances by offering tax exemptions?

However the supporters of SEZs maintain that even if new investments are encouraged by economic factors, the agglomeration benefits of SEZs viewed as a package of fiscal incentives and good facilities, increase the volume of such investment and all future benefits that flow from the latter. The bottom line ,therefore, is whether new investments would have happened in spite of SEZs.

The evidence from existing research regarding the role of fiscal incentives in attracting FDI is somewhat ambiguous. There is little doubt that even if they are significant, they are lower in the pecking order of keys factors encouraging FDI. Such as cheap skilled labour large market, technological competence, developed foreign firm decides to invest in a particular country, specific incentives might influence its eventual location decisions within the country. This means that within a particular country, the quantum of benefits available in SEZs vis-a-vis

those elsewhere might play a role in determining where the foreign firm eventually settles and it is in this regard that concerns have been expressed over the role of SEZs in accentuating inequalities by encouraging growth of industrial 'pockets'.

Given the slew of benefits offered by SEZs, the units located outside become poor country cousins of those in SEZs since they do not enjoy any of those benefits. This drives a wedge between the two groups and demotivates the non-SEZ units from performing better. As a result ,production outside the zones suffers. In the longer term, some units from outside are tempted to relocate to zones. If they actually do and more units follow suit, then industries start getting confined to the zones only. Such development has serious repercussions for balanced industrial growth. A skewed pattern of industrialization also adversely impacts the job market, development of infrastructure and overall allocation of rresources.

SEZs have been declared 'public utilities' making collective bargaining and strikes illegal. Infrastructure like power, roads and water supply has been guaranteed to investors and developers, not to people of the region.

Furthermore, given the concessions on import duties (not merely for the investors who will produce exportable items but also for the developers who will not), there are likely to be foreign exchange losses (rather than gains). Importantly ,tax exemptions apply not just to the developer's activity and those of the SEZ units. They also apply to activities happening in the non-processing area of the SEZ, which implies that the shopping malls ,amusement parks, residential high rises or other luxury amenities are created in the non processing part of the SEZs will not be taxed.

The concessions in taxes and relaxation in environmental regulation and labour laws are expected to make operations in the SEZ highly profitable. All this is being done in the name of exports to make these zones export competitive by helping industry in these zones to have lower costs of production and high profits . There is no doubt that with the concessions announced and the privileged position that is being granted to the SEZs, they will get investment so that they will generate employment and output. However, it is equally true that they will also displace production that was already ongoing in the area where SEZs will come up. Further , given the concessions, much of the investment in SEZs is likely to be at the expense of the investment in the rest of the economy. SEZs are likely to involve concessions in income in income tax, corporation tax , excise, customs and sales taxes so that there will be substantial revenue loss compared to the potential tax collection. Further , to the extent ,

industry will shift from the non-SEZ areas where they are required to pay taxes to the SEZs where taxes would not be required to be paid, there would be a decline in tax collections. Most of the time these cuts tend to be in the social sectors which will worsen the situation for the poor.

Incentives are given in the limited area .Would the SEZs turn ultimately into treasure islands of prosperity in a sea of poverty and misery, unaccountable to the vast majority of citizens in the neighbourhood. The foregone tax revenue every year is 5 times the annual allocation for the National Rural Employment Guarantee Scheme and is enough to feed 55 million people each year, who go to the bed hungry each day.

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#### CHAPTER IV

## LABOUR GEOGRAPHY IN CONTEXT OF NOIDA SPECIAL ECONOMIC ZONE

#### **IV.1** Introduction

Labour Geography is an emerging sub-discipline of geography which researches the ways in which organised and disorganised labour has helped to sculpt the geographical landscape.

Labour geography is constitutive of employment issues, its emphasis on worker agency. It is argued that labour geographers ought to more carefully conceptualize and study worker agency, to connect labour migration more organically with existing research on place-based workers, to develop a more substantive understanding of how states regulate employment and workers' lives, to look to synthesize different geographical dimensions of worker existence and strategy; to aim to examine working peoples' lives holistically.

Labour Geography provides the sharper sense of the ways in which the geographical differentiation of the economic landscapes takes place. Labour Geography has developed a broader purview that involves social, cultural as well as political perspectives.

#### IV.2 Focus of the Chapter

In this chapter various aspects of labourers in different geographical location are analysed. More specifically, it deals with the spatial impact on labourers of a Special Economic Zone, which is a space differentiated as a result of Government policies. Focus of the study is on the characteristics of labour like age, gender, education and migration. Further working conditions are analysed, like whether the workers get any written appointment letter ,number of jobs they have done so far, nature of job, job security, benefits like casual leaves, earned leaves, medical leaves, provident fund and loan. In income and economic conditions, income of the labourers in current jobs, expected income and ownership of landholdings are examined.

NSEZ (Noida Special Economic Zone) the only Central Government SEZ in the northern India, headed by the Development Commissioner, was set up in 1985 in Noida Phase-II on a 310 acre plot of land. This is a land locked SEZ, contrary to other zones which are situated in Port Towns and hence emphasis of type of units to be set up are those with high value and low volume (www.sezindia.nic.in). Proximity to Delhi provides easy access to financial and commercial infrastructure of the capital. Employment in SEZ is offered for skilled, semiskilled and unskilled workers including women workers. But the employment is generated also in the industries that are working outside the SEZ. Its not clear if the SEZ is creating additional employment by virtue of being located within the zone because had the firms been outside the SEZ it can be perceived that employment of same dimension would have been generated.

As mentioned above, besides workers working in the SEZ, labourers of subcontracting units are also interviewed. Sub-contracting implies a type of inter-firm relationship between large and small firms whereby the large firms delegate partially or completely, production of components, parts and even complete products, as well as certain operations such as sub-assembly to a number of small firms according to mutually agreed terms and conditions. The understanding of sub-contracting rests on the central concept of 'linkage' either in the inter-firm of the inter-sectoral sense . Subcontracting as a form of inter-firm linkage explains inter-organisational behaviour in the context of vertically related markets (Rita Mukerjee, 1986). SEZs are not working in isolation and are well connected with the domestic economy.

### IV.3 Primary Survey and its Limitations

For analysing the parameters mentioned above within the larger framework of labour geography. A primary field survey was conducted in Noida SEZ. The analytical framework that has been used for this study is driven by the assumption that there would be differences visible in the working condition of the labour associated with the New Economic Spaces that are a characteristic feature of the post globalization phase. This difference, it is assumed, would be visible in two ways; one, between the workers working inside the SEZ for the firms set up there and workers working in the same geographical space (i.e. in NOIDA) outside the SEZ, and two among the workers working for the SEZ, the first category, in the premises of the SEZ engaged directly by the firms in the SEZ and the second category, working for a firm, often in the informal sector, who have been sub-contracted a production process, outside the premises of the SEZ. Survey was conducted in Bhangel, Salalpur in Noida, New Delhi, Shahdara and Faridabad.

For collecting the data primary survey was conducted through structured questionnaire .We asked questions from 90 workers, selected through stratified random sampling. The workers were divided into three different strata mentioned above.

Data collection from the firms suffers from some limitations. It was important for our analysis to be able to relate the labour characteristics with the firm characteristics. This could not be effectively done as the labourers had to be interviewed at their residence, since factory owners were not forthcoming with information about the industrial units. Reservation was expressed by owners in divulging the information. So we got the addresses of the workers and interviewed them at their residences.

VI.4 Comparison of Labour Characteristics in the SEZ, Outside SEZ and Sub-contracting Firms working for the SEZ

To start with the labour characteristics, the average age of workers working in the units in SEZ is as shown in the table 3. There is no significant difference in the average age of the workers in the three locations that we have compared. An inherent hypothesis that was formulated while comparing the age of the workers was that since the SEZs may need more skill for entry of the workers, the average age would tend to be somewhat higher here compare to the other two locations. All of them are in the economically productive age group and the incidence of child labour is not found. Willmore's (1977) hypothesis that the majority of labour working in SEZs enter the labour market for the first time and zones equip them with skills and experience seems to be true as for 63.3% of the workers working in SEZ, its their first job.

Location of workers working in:	Average age	Standard Deviation
SEZ	28.07	6.063
Noida but outside SEZ	30.87	6.837
Subcontracting units	29.67	8.335

Table 1: Average age of workers

Source: Field Survey (2011)

## Table 2: Education level

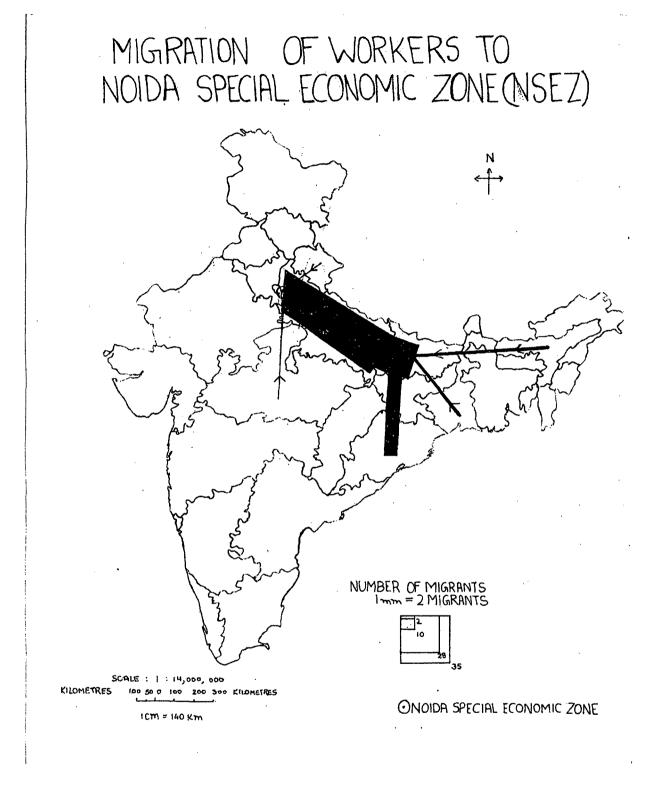
		Ed		
		Middle school and below	High school and above	Total
	SEZ	7 (23.33)	23(76.66)	30(100)
-ocation	Outside SEZ(in Noida)			
Locé	Sub contracting	12(41.37)	17(58.62)	29(100)
		4(13.33)	26(86.6)	30(100)
	Total	23(25.84)	66(74.15)	89(100)

Source: Field Survey (2011), values in parentheses are percentages.

In table 4 it can be seen that workers working for SEZ directly or indirectly are more educated then workers working outside the zone. Most of the workers are secondary and senior secondary pass-outs. However, there are no alternative employment opportunities for them in the formal sector in adjoining areas and from that perspective, zones are viewed as instrumental in generating employment and alleviating poverty of the areas where they come from .

Most of the workers are migrants .They have migrated from states of Uttar Pradesh, West Bengal, Orissa, Uttrakhand and Assam for employment purposes. A few who have not migrated are the first generation of migrant parents.

MAP 10 :Migration of workers to Noida Special Economic Zone (NSEZ)



Source: Field Survey(2011)

VI.5 Working Conditions and Job Security: A Comparison of SEZ with other Control Spatial Units

We started with the assumption that the new economic spaces, which is represented by the Special Economic Zone here would have higher job security compared to the other two categories we have compared it with. It needs to be mentioned here that the labourers taken from NOIDA (industrial area phase II), that are located outside the SEZ mostly work for the formal sector, whereas the sub-contracting firm are primarily in the informal sector.

It is not clear if SEZs are a significant source of new employment because although most of the SEZ workers interviewed have worked in SEZ for the first time but there are many workers who switch from one firm to another. The number of months spent in working in the current job is an indicator of the job security. It needs to be mentioned here, however that this indicator suffers from limitations as it would also reflect workers who change job out of choice. Table 5 reveals that a higher percentage of workers working with the sub-contracting firms have worked for a shorter period for their current job. This is expected as the sub-contracting firm belong to the informal sector. There is no difference, however, between the SEZ and outside SEZ formal sector units in terms of this variable/

The number of months the worker has worked in the current job has been grouped into the following groups:

Months Years		Groups	
1 to 24	1-2	1	
25to 120	2-10	2	
121 to 300	10-25	3	

### Table 3 : Number of months in Current Job

			Duration in job (mont		
		Groups $\rightarrow$	1	2	3
uo	SEZ(Noida	)	18(60)	9(30)	3(10)
Cati	Units outside SEZ	in Noida)	15(50)	11(36.6)	4(13.3)
Sub contra		ing	21(70)	6(20)	3(10)

Source : Field Survey (2011)

It is assumed that appointments through appointment letters would reflect a more secure job condition. Though a majority of the workers have not had the privilege of getting employed through a written appointment letter, there is a distinct difference between the sub-contracting firms and the other two spatial units that are being compared. While not a single labourer has been employed through a written appointment, in SEZ and outside SEZ in Noida, both of which consist of formal sector units, around 25 to 30 percent of the workers have had the same (Table 6).

			Written Appointment		
		no	Yes	Total	
	SEZ	22(73.3)	8(26.6)	30	
ocation	Outside SEZ( Noida)	21(70)	9(30)	30	
ا د	Sub contracting	30(100)	0	30	
	Total		17	90	

Table 4 : Percentage of Workers hired through Written Appointment Letters\*

Source : Field Survey(2011), \*Chi-square significant at 0.005.

Interviews with labourers however revealed that even where written contracts are given these are short, which are renewed from time to time so that their status is not that of permanent workers. This implies that the labourers do not demand for more additional rights which are due to permanent workers. Contractual flexibility is found in the employment pattern, wherein the workers are offered jobs between duration of 6 months to sometimes on month to month basis. However, despite these indications that these jobs are not very secure, about 50% regarded their job as secure in SEZ. There is a significant difference between the labourers working for the sub-contracting units with the workers working in the SEZ in this respect as none of the former felt that their jobs were secure. When the labourers in the SEZ is compared with the ones working in NOIDA in other formal sectors, a somewhat lower proportion of workers, i.e. 40% felt that their jobs were secure. From this analysis the implication that emerges is that the SEZ workers are somewhat better off compared to the other two spatial units that we have compared it with.

		J	Job Security				
		poor	moderate	secure			
Ę	SEZ	8(26.6)	7(23.3)	15(50)	30		
Location	Outside SEZ (Noida)	6(20)	12(40)	12(40)	30		
Ľ	Sub contracting	1(3.33)	29(96.6)	0	30		
	Total	15(16.66)	48(53.33)	27(30)	90		

Source : Field Survey(2011), \*Chi-square significant at 0.000

The nature of leaves that is given by an employer to the employees is known to have a significant impact on the welfare status of the latter. In this section, an analysis of three types of leave, casual, earned and medical has been carried out, which have been presented in Tables 8-10. These tables reflect somewhat similar patterns as the earlier ones. In other words, the labourers working for the subcontracting firms have lower access to all kinds of leaves, though they are comewhat better off in terms of medical leaves. There is practically no difference within the SEZ and other formal sector in NOIDA in terms of these variables.

Regarding the nature of benefits that they get in the present job 53.3% workers in NSEZ get casual leave while 76.7% in subcontracting units don't get casual leave. Chi-Square is significant at 0.026.In NSEZ 53.3% don't get medical leave but 23 out of 30 i.e. 76.7% workers in sub contracting units don't get medical leave, for this too chi square is significant at .046. 66.7% get the provident fund in SEZs and 33.3% don't get . Chi square is significant at .001. They get these benefits after they work for particular number of months in the same unit. This shows that workers in SEZ are in a better situation . Refer to the tables IV(h) to IV(j) in Appendix III.

Post retirement benefits are also an important indicator that characterises job conditions. Table 11 reveal that once again only 23 % working for the subcontracting firms as opposed to 67 and 63 percent in the SEZ and non-SEZ formal sector avail of provident funds.

## Table 6: Provident Fund\*

			Provide	nt Fund	
			no	yes	Total
	sez		10	20	30
		% within Location	33.30%	66.70%	100.00%
ion	outside sez noida		11	19	30
Locat		% within Location	36.70%	63.30%	100.00%
	sub		23	7	30
	contracting	% within Location	76.70%	23.30%	100.00%
			44	46	90
	Total	% within Location	48.90%.	51.10%	100.00%

Source: Field Survey(2011), Chi-square significant at 0.001

VI.6 Income and Economic conditions of Labourers working in SEZ and Other 'Control' Spatial Units

One of the most powerful arguments of scholars of 'New Economic Spaces' is that the works associated in such places are comparatively more favoured compared to other spatial units, and particularly the ones that are occupied by the subcontracting firms. It is argued that profit margins of the firms operating in SEZs which are favoured locations in terms of a number of benefits given to the firms operating in it, is actually maximized by sub-contracting and establishing a liason with the informal sector through which workers hired under informal arrangements.

For making the analysis comparable, workers from the lower end of production process has been taken. Also the distribution of unskilled, semi skilled and skilled has been kept the same. Most of the workers are earning between Rs. 3500 to Rs. 5499. Different workers are getting different amount of money which varies from firm to firm, the duration of time spent in the job and the kind of work done. Due to the availability of labour at low wages, developing countries generally attract investment into simple processing labour intensive industries.

		N	Mean	Std. Deviation
Monthly income	SEZ	30	6004.93	3989.866
	Sub contracting			
		30	4530	1008.977
Expected salary	SEZ	30	7600.07	4418.252
	Sub contracting			
L		30	5266.67	827.682

Table 7: Comparison between monthly income and expected income

Source: Field Survey (2011), significant at 0.054

Significant difference is found between the mean monthly income and mean expected income of the workers working in SEZ and in subcontracting units. Labourers in SEZ earn significantly more than workers in sub contracting units. This is one of the reasons why work is contracted out of the firms in zone to other units outside as the cost of sub contracting work outside is cheaper as they pay less to the workers.

During the survey it was found that the labourers are employed in two ways, First, by direct employment by the firms and second, through labourer contractors. In the second case, the labourers are getting significantly less money. While the labourer is earning some Rs. 3000 to 5000 per month, the contractors are earning around Rs.25000 per month. These labourer contractors bring labour from the place where they come from. Workers switch from one factory to other as the labourer contractor dictates or move if they get more money at some other place. They work at the mercy of labourer contractors and the owners of the units.

After coming for their respective states labourers live in very poor conditions near the SEZ and other industrial area, which is within three to five kilometres, in the places like Bhangel, Salalpur and Barola in Noida. One family lives in one room or two to three boys in one room (those who have came alone and not brought their families along with them).

Many critics also suggest that employment is feminised in the SEZs and particularly when women are young, unmarried and can be easily exploited. During the survey one worker told that they have to work at low wage as to survive on agriculture is difficult and secondly women workers agree to work on low wages, so men workers get less income too.

According to Aradhana Aggarwal (2007), women's share to total employment in SEZ is substantially higher than both the economy as a whole as well as the manufacturing sector outside the SEZs but according to the data collected from the Development Commissioner's

office of Noida Special Economic Zone (NSEZ), the men workers are more in NSEZ than the women workers and also the field survey conducted ,in the sample of thirty workers working outside the SEZ proportion of men workers is more than the women workers .

Our survey data reveal that women workers gat significantly lower wages than the men workers. However, there is no difference in the gender composition in the three industrial spaces that has been compared.

Table 8 : Wage difference of male- female workers

	Gender	N	Mean	Std. Deviation
monthly income	male	68	5521.118	2855.707
	female	22	4215.727	725.018
expected income	male	68	7166.206	4305.327
	female	22	5168.182	882.8452

Source: Field Survey (2011), Significant at .037

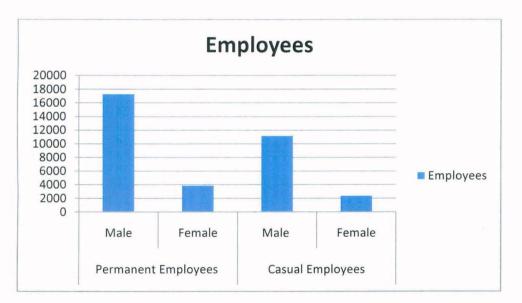


Figure1: Number of employees working in Noida Special Economic Zone.

Source: Office of Development Commissioner, Noida Special Economic Zone .

There are 17278 male and 3844 female permanent employees in the Noida SEZ in all the units that are located in NSEZ and 11141male and 2374 female casual employees

In some firms, women workers are more than the men workers like A.P.K indentification, AMS Fashions PVT,LTD. According to Madani (1999), women workers get these jobs because women workers are considered more disciplined and hard working. It is found that employers prefer female workers to male workers in the belief that manual dexterity, greater discipline and patience make women more suitable for the unskilled and semiskilled activities carried out in the zones. But in Noida Special Economic Zone in majority of units this is not the case, more male workers are working as male workers are easily available in large numbers, most of them are ready to migrate alone from the villages in search of the job and work with the low amount of income that they get from the employers or through labourer contractors.

A majority of workers come from rural and poor background and majority of them have marginal agricultural land.

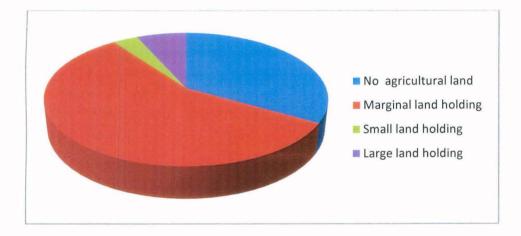
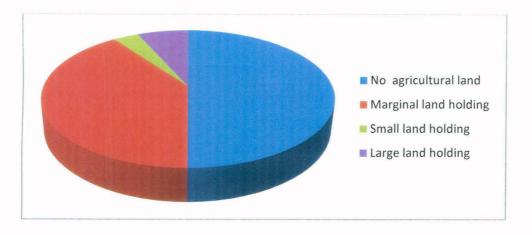


Figure 2: Number of workers of NSEZ with different sizes of land holdings.

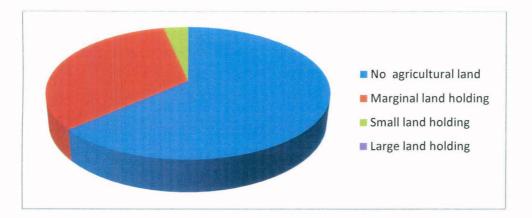
Source: Field Survey(2011)

Figure 3: Number of workers in units outside SEZ (in Noida) with different sizes of land holdings.



Source: Field Survey(2011)

Figure 4: Number of workers in sub contracting units with different sizes of land holdings.



Source: Field Survey(2011)

It is observed in Fig 2 to Fig 4 that the condition of the workers in the subcontracting firms are the worst in terms of supporting livelihood conditions, which have been analysed here through land ownership conditions. The workers in the NSEZ are best situated in terms of land ownership conditions followed by the ones working outside the SEZ. However, this is due to the fact that the ones working in the latter industrial space are mostly non-migrants from Delhi who do not own land.

Those who are from Delhi don't have any agricultural land and others have marginal to small land holdings in their respective villages these marginal farmers and the landless migrate to urban areas in search of work.

Many came alone in the search of a job and later brought their families along with them Workers who are working in SEZ are staying in the residential area near SEZ. These are the places within three to five kilometres of SEZ. For many low-wage workers, the issue of transportation is of paramount importance. In general SEZs are established at the periphery of the cities and the high transport costs may reduce workers' already low incomes leaving them with little savings .But, in Noida workers are residing in the near by residential area which is located on the Noida -Dadri main road. Although living conditions are very poor , but cheap transportation is easily available. The workers travel through company's bus, local bus, shared autorikshaw, cycle or simply prefer walk to work. Near SEZ is the industrial area of Noida and the workers stay together in these areas of Bhangel, Salalpur and Barola. Most of the workers take 15 minutes to reach to their place .Out of ninety workers surveyed 34.4% take 15 minutes and 25.6 % workers take 30 minutes to reach their work places . In NSEZ 50% workers don't spend anything on commuting and 40.0 % spend some four rupees (use shared auto or local bus). But in all (90 workers), 57.8% i.e. 52 workers don't spend anything on the conveyance and 21.1% spend 5 to 8 rupees. Chi square is significant at 0.001.

None of the workers surveyed work in any other job as they hardly get time from their 8 hours of work. A few of them do overtime in the same company that they work in. Overtime is not compulsory. They do it at their own will. Overtime is for two to four hours .But compulsory overtime is not widely practiced in the zone.

60% of total workers have bank accounts. Mostly companies have opened bank accounts for their workers . Where the companies transfer their incomes. Workers have ATM cards also.

Of all the 90 workers surveyed, those who have kids are sending them to school. Only one unskilled worker who is working in the subcontracting unit said that he is not sending his kids to school because the income is too less to pay the school fees. Many workers have send their kids to the villages where they are studying in school.

### VI.7 Summing up

The analysis in this chapter throws up a few interesting points. In general, what has come out of the analysis is that there is a significant different in some important indicators of worker characteristics, working conditions and wages between workers working in the SEZ and outside SEZ in the formal sector compared to workers working in the subcontracting firms which are in the informal sector. The number of sample is limited in our study and no difference emerges in the labour geographies of the SEZ and non SEZ in the same place, both in the formal sector. Thus what appears to matter is whether the firm belongs to the formal and the informal sector and not whether it is located within or outside the SEZ from our limited analysis. It is difficult to say from our analysis the degree of influence that the location of the firm may have had on the labour working and economic conditions. However, it is clear that through the process of vertical linkage with the informal sector, the firms within SEZs, which work under favoured conditions, manage to maximise profits through accessing labour through the process of sub-contracting.

#### CHAPTER V

#### CONCLUSION

A lot has been written about Special Economic Zones regarding displacement, land acquisition, rehabilitation ,trade and exports but there are a very few studies are on development and labour geographies of Special Economic Zones in India, though such literature is available in the west. Special Economic Zones are industrial clusters and are concentrated in the few districts. These have developed in specific locations and if we see the list of formal approvals, except a few states, these will come up in the selected districts, based on historic factors and on the advantages of clustering for competitors in those industries that are located in the Special Economic Zones.

Further research can be done on its (SEZs') industrial cluster characteristics. Special Economic' Zones provide the individual firm with valuable local resources, inputs, infrastructure and opportunities for learning from other local firms.

Is India a reduced and an enlarged state in context of location of SEZs? If we see at the distribution pattern of Special Economic Zones then except the few states like Andhra Pradesh, Maharashtra, Tamil Nadu and Kerala, in most of the other states distribution is skewed. Within these states as well the location quotients of some of the districts are very high.

Regional imbalances are likely to widen in the absence of state intervention as private developers will consider the profit first, whereas government will try to reduce the regional imbalances as it can be seen in some of the states but its not the case everywhere. Obviously to start with these will come up in a few places but should these be the places that are already developed, to benefit from the already present infrastructure.

In the Hirschman and Friedmann approach, if we see the list of operational and formally approved Special Economic Zones, we find that the core –periphery gap will reduce. In some states where places like Delhi and Mumbai are highly congested and the land prices are sky rocketing high, the Special Economic Zones have and will come up in the peripheral areas. In these areas tensions can be seen in the centripetal and centrifugal forces.

Following the East-Asian Model, foreign investment is seen as a key to the economic growth and metropolises are seen as the destination for the foreign investment therefore investments are made in infrastructure. Advanced regions with lower value of composite index are favoured over other districts which are less advanced in terms of infrastructure. In India metropolitan city is the one having the population of over 4 million, Mumbai, Delhi , Chennai , Kolkata, Bangalore , Hyderabad , Pune , Ahmadabad , Nagpur , Nasik and the Surat are the cities that qualify. Among these Chennai , Kolkata, Pune , Ahmadabad will have the maximum number of SEZs in their respective states. But in Maharashtra the concentration of SEZ will increase as one moves away from the Mumbai. Multiple centres have also come up . As in Maharashtra the adjoining districts of Mumbai, Pune , Thane and Raigarh have come up as multiple centres .

Considering the hypothesis that the already advanced regions and states would attract more investments in the form of SEZs, Andhra Pradesh and Maharashtra attracted the largest number of SEZs followed by Haryana and the coastal states of Tamil Nadu, Karnataka and Gujarat. But it is not the case with Punjab which is an advanced state but has less number of SEZs. This shows the emergence of India's new economic geography- a leading edge of non-metropolitan districts that are in reasonably close proximity to metropolitan areas. Most of the SEZs seem to be concentrated in the south of the Vindhyas. It appears to be true that the advanced regions have been favoured but within the advanced regions some changes are taking place: the old most favoured districts no longer enjoy that primacy, but different districts usually within the same region have forged ahead .Maharashtra continues to be in favour whereas overbuilt congested, expensive Greater Bombay district is relative out of favour. Many of the coastal districts have SEZs but then a lot many SEZs have inland locations as well. The metropolitan areas will undergo internal restructuring, where the edge will rise over the core .eg. In Mumbai and Delhi the suburban districts have become more important than the core urban districts .

The SEZ policy in India has suffered from permission being granted for far too many SEZs which are either sub optimally sized or are appendages to mega cities. Such appendages will magnify the diseconomies already associated with large size of these cities.

In Special Economic Zones government has given the incentives that are not available to the rest of the economy. With the incentives SEZs become a tool for export development but also contain the potential of generating an economic spin-off of enormous proportions leading to regional development or it will only be an expansion of already developed adjoining areas.

Among the many concessions being offered to the developers of the SEZs, one is cheap land close to cities so that the developer could get the benefits of the presently available infrastructure. But this has created problems with the farmers, who do not want to give away their lands at through away prices.

Indian government thinks that with the incentives it will be able to attract the foreign direct investment as the other south east Asian countries have successfully been able to do.

A number of policy makers have criticised the tax benefits offered by India's Special Economic Zones on the ground that they would drain the revenue. But it is said that the fresh investments and expanded economic activities would pay the revenue.

Regarding the classical balanced growth theory and unbalanced or leading sector development, India with Special Economic Zones seems to have adopted the latter. The hope to spread the development in the areas where SEZs have or will come up and boost the manufacturing sector is not likely to be realized even if the spread effect works efficiently, since most of the SEZ clusters have come in the areas with developed infrastructure. In other south-east Asian countries SEZs have generated returns well above the estimated revenue costs.

In India public investments in physical and rural infrastructure perform a catalytic function as private resources generally don't flow into backward regions.

Countries create zones because they help in selective application of policies and give incentives in the particular area like encouraging exports and its easier for developing countries like India to provide benefits in a small geographical area rather than it all the corners of the country. However the results will reap only over time.

As far as the growth in industrial 'pockets' is concerned, then inequalities bound to occur initially but there is no evidence to suggest whether with the passage of time differences will reduce as the development takes place.

The field survey was conducted to study the labour geography of the workers. Broadly characteristics of workers, working conditions and their economic conditions are examined. All of them are in the economically productive age group. Incidence of child labour is not found.

Most of the workers in Noida Special Economic Zone and sub contracting units are more educated than the workers working outside in other firms. But most of them are either secondary or higher secondary pass outs therefore they are not educated enough to do any skilled labour and have limited job opportunities. Most of the workers are migrants and majority of them come from the states of Uttar Pradesh followed by Bihar and then Orissa.

Regarding working conditions, most of the workers are doing their job for the first time. Willmore's (1977) hypothesis that the majority of labour working in SEZs enter the labour market for the first time and zones equip them with skills and experience holds good.

The analysis of labour geographies in the NOIDA SEZ throws up a few interesting points. In general, what has come out of the analysis is that there is a significant different in some important indicators of worker characteristics, working conditions and wages between workers working in the SEZ and outside SEZ in the formal sector compared to workers working in the subcontracting firms which are in the informal sector. The number of sample is limited in our study and no difference emerges in the labour geographies of the SEZ and non SEZ in the same place, both in the formal sector. Thus what appears to matter is whether the firm belongs to the formal and the informal sector and not whether it is located within or outside the SEZ from our limited analysis. It is difficult to say from our analysis the degree of influence that the location of the firm may have had on the labour working and economic conditions. However, it is clear that through the process of vertical linkage with the informal sector, the firms within SEZs, which work under favoured conditions, manage to maximise profits through accessing labour through the process of sub-contracting.

Special Economic Zones have the potential to enhance the human capabilities so are the other firms that are located outside the SEZ. But for this potential to be realised, the government must devise strategies to strengthen the opportunities that are likely to emerge, protect interests of the workers and forge linkages between SEZs and the domestic economy.

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# APPENDIX I

# Table I.a: Indicators of Development

STATE ANDHARA PRADESH	DISTRICT	No.of SEZs	Percentage of Urban Population 2001	Percentage of non- primary workers 2001	Percentage of villages electrified 2000	Road Length per 100 sq.km. '95	Telephone Connections per 100 persons 2000	Banking (Credit to industries Rs.per capita) 2000
1	Adilabad	0	26.53	26.49	99.24	0	0.91	239
2	Anantapur	7	25.26	17.90	100	0	0.86	181
3	Chitoor	1	21.65	22.29	92.17	65.37	1.13	609
4	Cuddapah	2	22.59	18.88	100	0	0.92	275
5	East Godavari	3	23.50	23.22	100	0	2.29	793
6	Guntur	2	28.80	18.74	100	0	1.46	1129
7	Hyderabad	16	100.00	96.56	0	58.53	9.84	14111
8	Karimnagar	1	19.44	24.54	100	0	0.91	174
9	Khammam	0	19.81	18.48	100	44.23	0.91	113
10	Krishna	2	32.08	19.75	100	30.55	2.36	791
11	Kurnool	11	23.16	17.21	100	12.8	1.03	385
12	Mahbubnagar	4	10.57	17.60	100	0	0.56	310
13	Medak	7	14.36	25.94	100	0	0.92	1319
14	Nalgonda	1	13.32	18.51	100	0	0.75	409
15	Nellore	6	22.45	21.27	100	38.36	1.04	399
16	Nizambad	0	18.11	31.29	100	13.07	1	390
17	Prakasam	1	15.28	21.04	100	21.01	0.75	301
18	Rangareddi	38	54.20	44.80	100	50.63	0.39	1693
19	Srikakulam	1	10.98	17.79	100	74.83	0.45	478

20	Visakhapatnam	12	39.95	36.87	100	81.39	1.73	3231
21	Vizianagaram	1	18.33	19.34	100	56.11	0.62	201
22	Warangal	2	19.20	17.67	100	20.46	0.82	290
23	West Godavari	1	19.74	21.45	100	0	0	578
UTTAR PRADESH								
1	Agra	0	43.30	54.28	100	0	0	736
2	Allahabad	0	24.45	27.71	90.59	0	0	281
3	Bareilly	0	32.93	40.60	81.09	0	0	490
4	Bulandshahr	1	23.15	46.53	98.97	0	0	375
5	Gautam Buddha Nagar	27	37.39	53.25	0	0	0	(
6	Ghaziabad	0	55.20	62.66	100	0	0	4170
7	Kanpur Dehat	0	6.89	19.30	0	0	0	486
8	Kanpur Nagar*	3	67.12	48.42	100	0	0	3110
9	Lucknow	0	63.63	48.95	100	0	0	1367
HARYANA	······							
1	Ambala	0	35.20	55.83	100	46.19	0	232
2	Faridabad	3	55.65	38.45	100	55.81	0	434
3	Gurgaon	39	22.23	42.96	97.82	62.22	0	4422
4	Kurukshetra	0	26.11	42.41	100	27.11	0	134
5	Panipat	0	40.53	47.66	0	0	0	448
6	Rohtak	0	35.06	33.90	90.7	50.69	0	80
7	Sonipat	3	25.12	28.49	100	49.82	0	366
8	Yamunagar	0	37.73	65.22	0	0	0	183

CHANDIGARH								
	CHANDIGARH	2	89.77	95.98	100	1483.64	0	16881
PUNJAB								
1	Amritsar	1	39.51	52.23	0	98.17	0	2186
2	Jalandhar	0	47.48	62.42	97.9	120.05	0	2861
3	Kapurthala	0	32.67	57.64	85.62	98.16	0	2378
4	Ludhiana	0	55.84	77.01	100	156.96	0	8677
5	Patiala	1	34.94	51.12	99.24	114.62	0	2521
6	Rupnagar(Mohali)*	5	32.47	60.95	97.88	163.55	0	2845
GUJARAT								
1	Ahmadabad	13	80.18	46.50	100	0	0	8818
2	Amreli	1	22.45	15.10	100	0	0	331
3	Banas Kantha	0	11.00	27.80	100	0	0	77
4	Bharuch	8	25.72	23.95	98.48	0	0	3679
5	Gandhinagar	7	35.02	43.40	100	0	0	3275
6	Jamnagar	2	43.91	24.14	99.71	0	0	3802
7	Kachchh	7	30.00	42.52	98.87	0	0	1512
8	Mahesana	1	22.40	43.67	99.63	0	0	974
9	Surat	1	59.97	27.17	100	0	0	2868
10	Vadodara	4	45.20	19.73	99.88	0	0	9095
11	Valsad	1	27.02	18.44	99.88	0	0	3228
JHARKHAND								
	West Singhbhum	1	16.85	13.79	0	0	0	0
MADHYA								

Bhopal	1	80.43	51.02	100	19.05	0	2119
Chhindwara	1	24.45	11.21	99.68	27.08	0	241
Gwalior	2	60.23	31.84	79.18	32.03	0	2383
Indore	7	70.17	40.08	99.36	37.15	0	5856
Jabalpur	3	57.05	37.92	59.15	53.77	0	1571
							<u> </u>
Cuttack	1	27.39	40.40	0	92.22	0	407
Ganjam	2	17.60	17.90	-0	129.48	0	106
Jajapur	2	4.49	34.04	0	0	0	0
Jharsuguda	1	36.47	35.05	0	0	0	0
Khordha	4	42.92	42.86	0	0	0	0
Sambalpur	1	27.12	35.06	0	145.75	0	515
Dehradun	2	52.94	53.10	0	0	0	0
Hardwar	0	30.84	51.25	0	0	0	0
Udham Singh Nagar	1	32.62	30.63	0	0	0	0
DELHI	3	93.18	95.10	0	0	0	0
Alwar	1	14.53	17.49	97.69	0	0	1237
Bikaner	1	35.54	25.76	98.45	0	0	331
Jaipur	5	49.36	40.82	100	0	0	2099
Jodhpur	1	33.85	16.66	100	0	0	908
	Chhindwara Gwalior Indore Jabalpur Jabalpur Cuttack Ganjam Jajapur Jharsuguda Khordha Sambalpur Dehradun Hardwar Udham Singh Nagar DELHI DELHI Alwar Bikaner Jaipur	Chhindwara1Gwalior2Indore7Jabalpur3Jabalpur3Cuttack1Ganjam2Jajapur2Jharsuguda1Khordha4Sambalpur1Dehradun2Hardwar0Udham Singh Nagar1DELHI3Alwar1Bikaner1Jaipur5	Chhindwara 1 24.45   Gwalior 2 60.23   Indore 7 70.17   Jabalpur 3 57.05   Jabalpur 3 57.05   Cuttack 1 27.39   Ganjam 2 17.60   Jajapur 2 4.49   Jharsuguda 1 36.47   Khordha 4 42.92   Sambalpur 1 27.12   Dehradun 2 52.94   Hardwar 0 30.84   Udham Singh Nagar 1 32.62   DELHI 3 93.18   Alwar 1 14.53   Bikaner 1 35.54   Jaipur 5 49.36	Chhindwara   1   24.45   11.21     Gwalior   2   60.23   31.84     Indore   7   70.17   40.08     Jabalpur   3   57.05   37.92     Cuttack   1   27.39   40.40     Ganjam   2   17.60   17.90     Jajapur   2   4.49   34.04     Jharsuguda   1   36.47   35.05     Khordha   4   42.92   42.86     Sambalpur   1   27.12   35.06     Dehradun   2   52.94   53.10     Hardwar   0   30.84   51.25     Udham Singh Nagar   1   32.62   30.63     DELHI   3   93.18   95.10     Alwar   1   14.53   17.49     Bikaner   1   35.54   25.76     Jaipur   5   49.36   40.82	Chhindwara   1   24.45   11.21   99.68     Gwalior   2   60.23   31.84   79.18     Indore   7   70.17   40.08   99.36     Jabalpur   3   57.05   37.92   59.15     Cuttack   1   27.39   40.40   0     Ganjam   2   17.60   17.90   0     Jajapur   2   4.49   34.04   0     Jharsuguda   1   36.47   35.05   0     Khordha   4   42.92   42.86   0     Sambalpur   1   27.12   35.06   0     Cuttack   1   27.12   35.06   0     Sambalpur   1   27.12   35.06   0     Cuttack   1   27.12   35.06   0     Cuttack   1   30.84   51.25   0     Udham Singh Nagar   1   32.62   30.63   0     Udham Singh Nagar   1   393.18	Chindwara 1 24.45 11.21 99.68 27.08   Gwalior 2 60.23 31.84 79.18 32.03   Indore 7 70.17 40.08 99.36 37.15   Jabalpur 3 57.05 37.92 59.15 53.77   Jabalpur 3 57.05 37.92 59.15 53.77   Cuttack 1 27.39 40.40 0 92.22   Ganjam 2 17.60 17.90 0 129.48   Jajapur 2 4.49 34.04 0 0   Jharsuguda 1 36.47 35.05 0 0   Khordha 4 42.92 42.86 0 0   Sambalpur 1 27.12 35.06 0 145.75   Dehradun 2 52.94 53.10 0 0   Hardwar 0 30.84 51.25 0 0   Dehradun 2 52.94 53.10 0 0   Mar 1 32.62 30.63<	Chhindwara   1   24.45   11.21   99.68   27.08   0     Gwalior   2   60.23   31.84   79.18   32.03   0     Indore   7   70.17   40.08   99.36   37.15   0     Jabalpur   3   57.05   37.92   59.15   53.77   0     Cuttack   1   27.39   40.40   0   92.22   0     Ganjam   2   17.60   17.90   0   129.48   0     Jajapur   2   4.49   34.04   0   0   0     Jarsuguda   1   36.47   35.05   0   0   0     Khordha   4   42.92   42.86   0   0   0     Sambalpur   1   27.12   35.06   145.75   0     Marcina   2   52.94   53.10   0   0   0     Lindwar   0   30.84   51.25   0   0   0   0

WEST BENGAL								
1	Barddhaman	4	36.94	43.22	97.87	27.76	0	682
2	Jalpaiguri	1	17.84	44.36	98.77	20.76	0	401
3	Kolkata	9	100.00	98.71	0	0	0	18790
4	Medinipur	1	10.24	29.33	52.06	15.24	0	413
5	North 24 Parganas	2	54.30	65.82	94.12	63.19	0	313
6	South 24 Parganas	5	15.73	39.88	82.02	0	0	764
CHATTISGARH								
1	Raipur	1	13.39	9.13	0	0	0	0
2	Rajnandgaon	1	18.05	8.74	0	0	0	0
MAHARASHTRA								
1	Akola	1	38.49	23.35	97.78	82.86	0	260
2	Amravati	1	34.50	15.92	100	43.2	0	145
3	Aurangabad	6	37.53	25.23	96.15	33.01	0	2045
4	Chandrapur	1	32.11	16.98	98.71	26.22	0	402
5	Dhule	1	26.11	14.29	93.32	67.78	0	289
6	Kolhapur	1	29.81	29.16	94.87	93.39	0	1095
7	Latur	1	23.57	13.77	96.83	0	0	200
8	Mumbai	8	100.00	99.38	0	0	17.47	38468
9	Nagpur	4	64.26	40.61	100	77.33	0	2692
10	Nanded	1	23.96	16.58	94.06	72.17	0	232
11	Nashik	3	38.80	24.85	95.87	82.87	0	849
12	Pune	32	58.08	41.78	92.95	80.48	0	5125
13	Raigarh(Mah)	18	24.22	28.82	98.33	64.82	0	1484
14	Ratnagiri	3	11.33	18.69	91.49	40.89	0	640
15	Satara	2	14.17	18.81	91.27	98.72	0	462

16	Solapur	1	31.83	24.14	96.65	70.82	0	58
17	Thane	20	72.58	43.79	100	57.78	0	219
18	Yavatmal	1	18.60	11.37	94.55	44.79	0	10
GOA								
1	South Goa	5	45.05	51.70	0	0	0	
2	North Goa	2	55.82	59.28	0	0	0	,
KARNATAKA								
1	Bangalore	35	88.11	81.27	100	0	0	1301
2	Belgaum	1	24.03	14.93	100	0	0	46
3	Dakshin Kannad	7	38.43	86.28	100	0	0	149
4	Hassan	4	17.70	17.55	95.95	0	0	32
5	Mandya	1	16.03	15.72	98.1	0	0	22
6	Mysore	6	37.19	20.79	94.72	0	0	120
7	Shimoga	2	34.76	19.98	97.82	0	0	55
KERALA								
1	Alappuzha	2	29.46	68.15	0	0	3.1	103
2	Ernakulam	14	47.56	77.42	0	0	4.26	503
3	Kannur	1	50.35	66.23	0	0	2.86	57
4	Kasaragod	1	19.41	78.31	0	0	2.69	19
5	Kollam	1	18.02	62.80	0	0	3.07	208
6	Kottayam	1	15.35	67.19	0	0	0	102
7	Kozhikode	3	38.25	77.57	0	0	2.96	80
8	Malappuram	1	9.82	64.35	0	0	1.5	]4
9	Thiruvananthapuram	4	33.75	68.31	0	0	4.06	105

TAMIL NADU								
1	Chennai	17	100.00	96.95	0	0	14.33	23758
2	Coimbatore	12	66.02	51.63	100	0	0	11616
3	3 Cuddalore*		33.01	17.38	0	0	0	0
4	Dharmapuri(Krishnagiri)*	2	15.96	18.49	97.98	0	0	743
5	Erode*	2	46.25	32.75	0	0	0	0
6	Kancheepuram*	17	53.34	34.80	0	0	0	0
7	Madurai	3	56.01	24.34	100	0	0	0
8	Parambalur*	1	16.05	9.07	0	0	0	0
9	Salem	2	46.09	29.94	100	0	0	2150
10	Thiruvallur*	4	54.45	44.44	0	0	0	0
11	Thoothukkudi*	2	42.28	44.67	0	0	0	0
12	Tiruchchirappalli	1	47.10	25.62	90.3	0	0	996
13	Tirunelveli-Kattabomman	3	48.03	44.27	100	0	0	1332
1.4	Tiruvannamalai-	2	10.22	14.52	0	0		
14	Sambuvarayr	2	18.33	14.53	0	0	0	0
15	Vellore	1	37.62	31.36	0	0	0	0
NAGALAND								
1	Dimapur	2	37.08	44.83	0	0	0	0
1	DADRA & NAGAR HAVELI	4	22.89	16.64	0	0	0	C
1	District - Pondicherry	1	68.81	51.41	0	0	0	0

Source: Centre for the monitoring of Indian Ecomomy(CMIE): Profiles of district , www. sezindia.nic.in, Census of India (2001).

Table Ib : Indicators of Development (Ranks)

STATE ANDHARA PRADESH	DISTRICT	Percentage of Urban Population (RANK)	Percentage of non- primary workers (RANK)	Percentage of villages electrified 2000 (RANK)	Road Length per 100 sq.km. '95 (RANK)	Telephone Connections per 100 persons 2000 (RANK)	Banking (Credit to industries Rs.per capita) 2000 (RANK)	Composite index
1	Adilabad	6	5	21	18.5	13	19	82.5
2	Anantapur	7	19	10.5	18.5	15	21	91
3	Chitoor	12	9	22	3	6	8	60
4	Cuddapah	10	15	10.5	18.5	10.5	18	82.5
5	East Godavari	8	8	10.5	18.5	3	6	54
6	Guntur	5	16	10.5	18.5	5	5	60
7	Hyderabad	1	1	23	4	1	1	31
	Karimnagar	15	7	10.5	18.5	13	22	86
9	Khammam	13	18	10.5	7	13	23	84.5
10	Krishna	4	13	10.5	9	2	7	45.5
11	Kurnool	9	23	10.5	13	8	14	77.5
12	Mahbubnagar	23	22	10.5	18.5	20	15	109
13	Medak	20	6	10.5	18.5	10.5	4	69.5
14	Nalgonda	21		10.5	18.5	17	11	95
15	Nellore	11	11	10.5		7	12	59.5
16	Nizambad	18	4	10.5	12	9	13	66.5
17	Prakasam	19	12	10.5	10	18	16	85.5
18	Rangareddi	2	2	10.5	6	22	3	45.5
19	Srikakulam	22	20	10.5	2	21	10	85.5
20	Visakhapatnam	3	3	10.5	1	4	2	23.5

21	Vizianagaram	17	14	10.5	5	19	20	85.5
22	Warangal	16	21	10.5	11	16	17	91.5
23	West Godavari	14	10	10.5	18.5	23	9	85
UTTAR PRADESH								
1	Agra	4	1	2.5	5	5	4	21.5
2	Allahabad	7	2	6	5	5	8	33
3	Bareilly	6	3	7	5	5	5	31
4	Bulandshahr	8	4	5	5	5	7	34
5	Gautam Buddha Nagar	5	5	8.5	5	5	9	37.5
6	Ghaziabad	3	6	2.5	5	5	1	22.5
7	Kanpur Dehat	9	7	8.5	5	5	6	40.5
8	Kanpur Nagar*	1	8	2.5	5	5	2	23.5
9	Lucknow	2	9	2.5	5	5	3	26.5
HARYANA								
1	Ambala	4	2	2.5	5	4.5	5	23
2	Faridabad	1	6	2.5	2	4.5	3	19
3	Gurgaon	8	4	5	1	4.5	2	24.5
4	Kurukshetra	6	5	2.5	6	4.5	7	31
5	Panipat	2	3	7.5	7.5	4.5	1	25.5
6	Rohtak	5	7	6	3	4.5	8	33.5
7	Sonipat	7	8	2.5	4	4.5	4	30
8	Yamunagar	3	1	7.5	7.5	4.5	6	29.5
CHANDIGARH								

	CHANDIGARH			1	1	1	1	4
PUNJAB								
1	Amritsar	3	5	6	5	3.5	6	28.5
2	Jalandhar	2	2	3	3	3.5	2	15.5
3	Kapurthala	5	4	5	6	3.5	5	28.5
4	Ludhiana	1	1	1	2	3.5	1	9.5
5	Patiala	4	6	2	4	3.5	4	23.5
6	Rupnagar(Mohali)*	6	3	4	1	3.5	3	20.5
GUJARAT								
1	Ahmadabad	1	1	3	6	6	2	19
2	Amreli	9	11	3	6	6	10	45
3	Banas Kantha	11	5	3	6	6	11	42
4	Bharuch	8	8	11	6	6	4	43
5	Gandhinagar	5	3	3	6	6	5	28
6	Jamnagar	4	7	8	6	6	3	34
7	Kachchh	6	4	10	6	6	8	40
8	Mahesana	10	2	9	6	6	9	42
9	Surat	2	6	3	6	6	7	30
10	Vadodara	3	9	6.5	6	6	1	31.5
11	Valsad	7	10	6.5	6	6	6	41.5
JHARKHAND								
	West Singhbhum		1	1	1	1	1	5
MADHYA PRADESH								

1	Bhopal	1	1	1	5	3	3	14
2	Chhindwara	5	5	2	4	3	5	24
3	Gwalior	3	4	4	3	3	2	19
4	Indore	2	2	3	2	3	1	13
5	Jabalpur	4	3	5	11	3	4	20
ORISSA								
1	Cuttack	3	2	3.5	3	3.5	2	17
2	Ganjam	5	6	3.5	2	3.5	3	23
3	Jajapur	6	5	3.5	5	3.5	5	28
4	Jharsuguda	2	4	3.5	5	3.5	5	23
5	Khordha	1	1	3.5	5	3.5	5	19
6	Sambalpur	4	3	3.5	1	3.5	1	16
	· · · · · · · · · · · · · · · · · · ·							
UTTARAKHAND								
1	Dehradun	1	1	2	2	2	2	10
2	Hardwar	3	2	2	2	2	2	13
3	Udham Singh Nagar	2	3	2	2	2	2	13
	DELHI	1	1	1	1	1	1	6
RAJASTHAN	<u> </u>	+				· · · · · · · · · · · · · · · · ·		
1	Alwar	4	3	4	2.5	2.5	2	18
2	Bikaner	2	2	3	2.5	2.5	4	16
3	Jaipur	1	1	1.5	2.5	2.5	1	9.5
4	Jodhpur	3	4	1.5	2.5	2.5	3	16.5
WEST BENGAL								

1	Barddhaman	3	4	2	2	3.5	3	17.5
2	Jalpaiguri	4	3	1	3	3.5	5	19.5
3	Kolkata	1	1	6	5.5	3.5	1	18
4	Medinipur	6	6	5	4	3.5	4	28.5
5	North 24 Parganas	2	2	3	1	3.5	6	17.5
6	South 24 Parganas	5	5	4	5.5	3.5	2	25
CHATTISGARH								
1	Raipur	2	1	1	1.5	1.5	1	8
2	Rajnandgaon	1	2	2	1.5	1.5	2	10
MAHARASHTRA								
1	Akola	6	10	6	4	10	14	50
2	Amravati	8	15	2	13	10	17	65
3	Aurangabad	7	7	9	15	10	5	53
4	Chandrapur	9	13	4	16	10	12	64
5	Dhule	12	16	14	9	10	13	74
6	Kolhapur	11	5	11	2	10	7	46
	Latur	15	17	7	17.5	10	16	82.5
	Mumbai	1	1	18	17.5	1	1	39.5
9	Nagpur	3	4	2	6	10	3	28
10	Nanded	14	14	13	7	10	15	73
11	Nashik	5	. 8	10	3	10	8	44
12	Pune	4	3	15	5	10	2	39
13	Raigarh(Mah)	13	6	5	10	10	6	50
14	Ratnagiri	18	12	16	14	10	9	79
15	Satara	17	11	17	1	10	11	67
16	Solapur	10	9	8	8	10	10	55

17	Thane	2	2	2	11	10	4	31
18	Yavatmal	16	18	12	12	10	18	86
GOA								
1	South Goa	2	2	1.5	1.5	1.5	1.5	10
2	North Goa	1	1	1.5	1.5	1.5	1.5	8
KARNATAKA				· · · · · · · · · · · · · · · · · · ·				
1	Bangalore	1	2	2	4	4	1	14
2	Belgaum	5	7	2	4	4	5	27
3	Dakshin Kannad	2	1	2	4	4	2	15
4	Hassan	6	5	6	4	4	6	31
5	Mandya	7	6	4	4	4	7	32
6	Mysore	3	3	7	4	4	3	24
7	Shimoga	4	4	5	4	4	4	25
KERALA						· · · · · · · · · · · · · · · · · · ·		
1	Alappuzha	5	5	5	5	3	4	27
2	Ernakulam	2	3	5	5	1	1	17
3	Kannur	1	7	5	5	6	7	31
4	Kasaragod	6	1	5	5	7	8	32
5	Kollam	7	9	5	5	4	2	32
6	Kottayam	8	6	5	5	9	5	38
7	Kozhikode	3	2	5	5	5	6	20
8	Malappuram	9	8	5	5	8	9	44
9	Thiruvananthapuram	4	4	5	5	2	3	23
TAMIL NADU								

	T		· · · · · · · · · · · · · · · · · · ·			<u> </u>		
1	Chennai	1	1	11	8	1	1	23
2	Coimbatore	2	2	2.5	8	8.5	2	25
3	Cuddalore*	12	13	11	8	8.5	11	63.5
4	Dharmapuri(Krishnagiri)*	15	12	5	8	8.5	6	54.5
5	Erode*	8	7	11	8	8.5	11	53.5
6	Kancheepuram*	5	6	11	8	8.5	11	49.5
. 7	Madurai	3	11	2.5	8	8.5	11	44
8	Parambalur*	14	15	11	8	8.5	11	67.5
9	Salem	9	9	2.5	8	8.5	3	40
10	Thiruvallur*	4	4	11	8	8.5	11	46.5
11	Thoothukkudi*	10	3	11	8	8.5	11	51.5
12	Tiruchchirappalli	7	10	6	8	8.5	5	44.5
13	Tirunelveli-Kattabomman	6	5	2.5	8	8.5	4	34
	Tiruvannamalai-							
14	Sambuvarayr	13	14	11	8	8.5	11	65.5
15	Vellore	11	8	11	8	8.5	11	57.5
						·····		
NAGALAND								
1	Dimapur		1	1	1	1	1	5
1	DADRA & NAGAR HAVELI		1	1	1	1	1	5
1	District - Pondicherry		1	1	1	1	1	5

Source: Centre for the monitoring of Indian Ecomomy(CMIE): Profiles of district , www. sezindia.nic.in, Census of India (2001).

#### APPENDIX II

		Percentage of
	Percentage of Contracting	Contracting units to total
	units to total (in districts	(in districts without
States	with SEZ)	SEZ)
Andhra Pradesh	17.11	56.56
Uttar Pradesh	47.27	34.58
Haryana	6.85	7.15
Chandigarh	14.06	0.00
Punjab	15.90	24.53
Gujarat	33.12	11.28
Jharkhand	31.37	47.80
Madhya Pradesh	22.55	7.75
Orissa	43.60	8.62
Uttarakhand	6.06	4.15
Rajasthan	22.37	10.77
West Bengal	51.26	57.33
Chattisgarh	6.80	4.78
Maharashtra	19.70	20.42
Goa	23.47	0.00
Karnataka	52.99	23.71
Kerala	27.30	25.54
Tamil Nadu	53.19	50.48
Nagaland	55.75	33.12
D & N Haveli	0.00	0.00
Puducherry	5.51	14.71
India	35.66	<u>31.14</u>

#### Table Ic: Percentage of contracting units to total units

Source: NSSO (Sixty- Second round: July 2005 - June 2006) National Sample Survey

Organisation(Number of units working on contract basis)

#### APPENDIX III

		Migr	ation	Total
		0	1	
SEZ	Count	1	29	30
	% within Location	3.3%	96.7%	100.0%
	% within Migration	9.1%	36.7%	33.3%
Outside SEZ(in Noida)	Count	0	30	30
Noida)	% within Location	.0%	100.0%	100.0%
	% within Migration	.0%	38.0%	33.3%
Sub contracting	Count	10	20	30
	% within Location	33.3%	66.7%	100.0%
	% within Migration	90.9%	25.3%	33.3%
Total	Count	11	79	90
	% within Location	12.2%	87.8%	100.0%
	% within Migration	100.0%	100.0%	100.0%
	Outside SEZ(in Noida) Sub contracting	% within Location% within MigrationOutside SEZ(in Noida)Outside SEZ(in % within Location% within Migration% within MigrationSub contracting % within Location% within Migration% within MigrationTotalCount % within Location% within % within Location% within % within Location% within % within Location% within % within	OOSEZCount1% within Location3.3%% within Migration9.1%Outside SEZ(in Noida)0% within Location0% within Location.0%% within Migration.0%Sub contractingCount% within Location33.3%% within Location33.3%% within Migration90.9%TotalCount11% within Location12.2%% within Location100.0%	SEZ   Count   1   29     % within Location   3.3%   96.7%     % within Migration   9.1%   36.7%     Outside SEZ(in Noida)   0   30     % within Location   0%   30     % within Location   .0%   100.0%     % within Location   .0%   38.0%     Sub contracting   Count   10   20     % within Location   33.3%   66.7%     % within Location   90.9%   25.3%     Total   Count   11   79     % within Location   12.2%   87.8%

Table IV(c):Number and percentage of workers migrated for job

Chi Square: 0.000, 0=No migration ,1= migration

Source: Field Survey (2011)

			No Migration			Total
			0	1	2	
Location	SEZ	Count	1	17	12	30
, S	Outside SEZ (Noida)	Count	0	18	12	30
	Sub contracting	Count	10	4	16	30
	Total	Count	11	39	40	90

Source: Field Survey (2011), \*Chi-square is significant at 0.000

	······				]	Distance tr	avelled in	kilometre	s	<u> </u>		Total
			1	2	3	4	5	6	7	8	10	
	SEZ	Count	0	1	25	4	0	0	0	0	0	30
		% within Location	.0%	3.3%	83.3%	13.3%	.0%	.0%	.0%	.0%	.0%	100.0%
		% within distance	.0%	20.0%	61.0%	21.1%	.0%	.0%	.0%	.0%	.0%	33.3%
Location	OutsideSEZ (Noida)	Count	0	3	14	7	5	1	0	0	0	30
		% within Location	.0%	10.0%	46.7%	23.3%	16.7%	3.3%	.0%	.0%	.0%	100.0%
		% within distance	.0%	60.0%	34.1%	36.8%	62.5%	20.0%	.0%	.0%	.0%	33.3%
	Sub contracting	Count	3	1	2	8	3	4	3	5	1	30
		% within Location	10.0%	3.3%	6.7%	26.7%	10.0%	13.3%	10.0%	16.7%	3.3%	100.0%
		% within distance	100.0%	20.0%	4.9%	42.1%	37.5%	80.0%	100.0%	100.0%	100.0%	33.3%
	Total	Count	3	5	41	19	8	5	3	5	1	90
		% within Location	3.3%	5.6%	45.6%	21.1%	8.9%	5.6%	3.3%	5.6%	1.1%	100.0%
		% within distance	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Table IV (e): Distance travelled (in kilometres ) by workers from residences to work place\*

Source: Field Survey (2011), \*Chi-square is significant at 0.000

			No Agricultura land	l Own Agricultural land	Total
			0	1	
	SEZ	Count		8 22	30
		% within Location	26.7%	73.3%	100.0%
		% within agri_lad	19.5%	44.9%	33.3%
ų	Outside SEZ (Noida)	Count	1	4 16	30
Location		% within Location	46.7%	53.3%	100.0%
L		% within agri_lad	34.1%	32.7%	33.3%
	Sub contracting	Count	1	9 11	30
		% within Location	63.3%	36.7%	100.0%
		% within agri_lad	46.3%	22.4%	33.3%
	Total	Count	4	1 49	90
		% within Location	45.6%	54.4%	100.0%
		% within agri_lad	100.0%	100.0%	100.0%

# Table IV(f): Ownership of Agricultural Land\*

Source: Field Survey (2011), \*Chi -square significant at 0.017

Income groups are defined as follows :

Rs. 2500 to Rs. 3499 Group 1, Rs.3500 to Rs.4499 Group 2, Rs. 4500 to Rs.5499 Group 3, Rs.5500 to Rs. 6499 Group 4, Rs.6500 to Rs.7499 Group 5, Rs.7500 to Rs. 8499 Group 6 and Rs. 9000 to Rs.25000 Group 7.

Table IV(g): Income Groups of workers

					Income	Groups (pe	er month)			Total
		Groups→	1	2	3	4	5	6	7	
	SEZ(Noida)	Count	2	7	10	2	3	3	3	30
		% within location	6.7%	23.3%	33.3%	6.7%	10.0%	10.0%	10.0%	100.0%
		% within income	22.2%	29.2%	31.2%	16.7%	60.0%	75.0%	75.0%	33.3%
tion	Units outside SEZ (in Noida)	Count	2	10	9	6	1	1	1	30
Location		% within location	6.7%	33.3%	30.0%	20.0%	3.3%	3.3%	3.3%	100.0%
		% within income	22.2%	41.7%	28.1%	50.0%	20.0%	25.0%	25.0%	33.3%
	Sub contracting	Count	5	7	13	4	1	0	0	30
		% within location	16.7%	23.3%	43.3%	13.3%	3.3%	.0%	.0%	100.0%
		% within income	55.6%	29.2%	40.6%	33.3%	20.0%	.0%	.0%	33.3%
	Total	Count	9	24	32	12	5	4	4	90
		% within location	10.0%	26.7%	35.6%	13.3%	5.6%	4.4%	4.4%	100.0%
		% within income	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source : Field Survey (2011)

## Table IV(h): Casual Leaves\*

			Casual	eaves	
			no	yes	Total
	SEZ		14	16	30
		% within location	46.70%	53.30%	100.00%
uo	outside sez		14	16	30
Location	noida	% within location	46.70%	53.30%	100.00%
	Sub		23	7	30
	contracting	% within location	76.70%	23.30%	100.00%
			51	39	90
	Total	% within location	56.70%	43.30%	100.00%

Source : Field Survey (2011), \*Chi-square significant at 0.026

## Table IV(i): Earned Leaves\*

			Earned leaves		
			no	yes	Total
	sez		15	15	30
		% within location	50.00%	50.00%	100.00%
tion	outside sez noida		14	16	30
Location		% within location	46.70%	53.30%	100.00%
	sub contracting		23	7	30
		% within location	76.70%	23.30%	100.00%
	Total		52	38	90
	TOTAL	% within location	57.80%	42.20%	100.00%

Source : Field Survey (2011), \*Chi-square significant at 0.036

## Table IV(j): Medical Leaves\*

-

			Medical	Leaves	
			0	1	Total
	sez		16	14	30
		% within location			
			53.30%	46.70%	100.00%
Б	outside sez		14	16	30
Location	noida	% within location			
			46.70%	53.30%	100.00%
	contracting		23	7	30
		% within location			
		L	76.70%	23.30%	100.00%
Total			53	37	90
		% within location			
		<u> </u>	58.90%	41.10%	100.00%

Source : Field Survey (2011), \*Chi-square significant at 0.046

				Attend	ling School		Total
			yes	too young	completed schooling	not applicable	
	sez		14	4	0	12	30
		% within Location	46.70%	13.30%	0.00%	40.00%	100.00%
tion	outside sez noida		17	4	0	9	30
Location		% within Location	56.70%	13.30%	0.00%	30.00%	100.00%
	contracting		12	0	2	16	30
		% within Location	40.00%	0.00%	6.70%	53.30%	100.00%
			43	8	2	37	90
	Total	% within Location	47.80%	8.90%	2.20%	41.10%	100.00%

Table IV(k): Number and percentage of kids of workers attending school

Source : Field Survey (2011)

## Table IV(1): Mode of Conveyance\*

				Ν	Aode of Co	nveyance			Total
			company's bus	bus	auto	cycle	walk	motor cycle	
·	sez		7	9	3	3	6	2	30
		% within Location	23.30%	30.00%	10.00%	10.00%	20.00%	6.70%	100.00%
ion	outside sez noida		8	9	2	4	6	1	30
Location		% within Location	26.70%	30.00%	6.70%	13.30%	20.00%	3.30%	100.00%
	sub contracting		0	6	2	12	10	0	30
		% within Location	0.00%	20.00%	6.70%	40.00%	33.30%	0.00%	100.00%
			15	24	7	19	22	. 3	90
	Total	% within Location	16.70%	26.70%	7.80%	21.10%	24.40%	3.30%	100.00%

Source : Field Survey (2011), Chi-square is significant at 0.031

Table IV(m): Ownership of Agricultural Land

			Agricult	ural Land	Total
			0	1	
	sez		8	22	30
		% within			
		Location	26.70%	73.30%	100.00%
uo	outside sez noida		14	16	30
Location		% within			
		Location	46.70%	53.30%	100.00%
	contracting		19	11	30
		% within			
		Location	63.30%	36.70%	100.00%
			41	49	90
	Total	% within			
L		Location	45.60%	54.40%	100.00%

Source: Field Survey(2011), Chi-square significant at 0.071

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Table IV(n):Gender distribution in different locations

			Ge	nder	Total
			male	female	
	sez		23	7	30
		% within Location	76.7%	23.3%	100.0%
Location	outside sez noida		23	7	30
Loci		% within Location	76.7%	23.3%	100.0%
	sub contracting		22	8	30
		% within Location	73.3%	26.7%	100.0%
			68	22	90
	Total	% within Location	75.6%	24.4%	100.0%

Source: Field Survey(2011),

### APPENDIX IV

Table IV(0): Expected Percentage Increase In The Monthly Salary

Name	Location	Percentage	Name	Location	Percentage	Name	Location	Percentage
				Outside SEZ in			Sub	
Sher Singh	SEZ	0.00	Hareesh Mohanty	Noida	70.73	Neha	contracting	0.00
				Outside SEZ in			Sub	
Manik Thapa	SEZ	0.00	Bhishto priya	Noida	46.34	Priety	contracting	0.00
				Outside SEZ in			Sub	
Kalanti Shetti	SEZ	100.00	Santosh Kumar	Noida	57.14	Arjun	contracting	25.00
				Outside SEZ in			Sub	
Priya	SEZ	11.11	Radha krishna	Noida	0.00	Premlata	contracting	40.00
				Outside SEZ in			Sub	
Rajinder	SEZ	25.00	Vijay Chauhan	Noida	0.00	Jyoti	contracting	0.00
				Outside SEZ in			Sub	
Sunita	SEZ	56.25	Manju Sen	Noida	40.00	Ritu	contracting	25.00
				Outside SEZ in			Sub	
Krishan Mishra	SEZ	66.67	Ram ji charasiya	Noida	47.93	Mohit	contracting	0.00
				Outside SEZ in			Sub	
Avdesh Tiwari	SEZ	0.00	Rajan Kumar	Noida	0.00	Pooja	contracting	25.00
				Outside SEZ in			Sub	
arun chouhan	SEZ	0.00	Lakshmi	Noida	0.00	Preet	contracting	16.67
				Outside SEZ in			Sub	
lilly	SEZ	0.00	Ajit kumar	Noida	44.00	Suresh	contracting	0.00
	1			Outside SEZ in			Sub	
yoginder	SEZ	0.00	Maya Tripathi	Noida	40.63	Sudhir	contracting	0.00
				Outside SEZ in			Sub	
manish	SEZ	19.05	Anita Dubey	Noida	0.00	Ram lal	contracting	66.67
				Outside SEZ in			Sub	
Bhishmai	SEZ	50.15	Savinder Duvedi	Noida	13.64	Pritam	contracting	0.00
				Outside SEZ in			Sub	
manju	SEZ	28.21	ravi upadhay	Noida	275.00	Manoj	contracting	16.67
				Outside SEZ in			Sub	
Kausal kumar	SEZ	71.43	safeed	Noida	0.00	Ramesh	contracting	0.00
-				Outside SEZ in			Sub	
Bir Singh	SEZ	42.86	Fariyad Khan	Noida	40.00	Sant Ram	contracting	42.86
				Outside SEZ in			Sub	
Ram Pal Singh	SEZ	66.67	Vijender Singh	Noida	50.00	Lalita	contracting	38.89
<u></u>				Outside SEZ in			Sub	
Sunita	SEZ	0.00	Vishabhar Dubey	Noida	18.64	Shimla	contracting	53.85

				Outside SEZ in			Sub	
Om Prakash	SEZ	0.00	Muhammad Hasif	Noida	56.25	Moti	contracting	17.65
			Muhammad	Outside SEZ in		Prasad	Sub	
Tej Pal singh	SEZ	60.00	Mughal	Noida	40.00	Kumar	contracting	17.65
				Outside SEZ in			Sub	
Ravi	SEZ	11.43	M D Jan	Noida	40.00	Ram Kumar	contracting	47.06
				Outside SEZ in			Sub	
Prabhakar	SEZ	11.11	Smita Kumari	Noida	26.58	Raju	contracting	
				Outside SEZ in		Prahlad	Sub	
Ranjeet	SEZ	26.58	Bhagwan Prasad	Noida	0.00	Mishra	contracting	33.33
			Shayam Sunder	Outside SEZ in			Sub	
nihar	SEZ	108.33	Prasad	Noida	66.67	Mohan	contracting	11.11
				Outside SEZ in			Sub	
Amiya Ranjan	SEZ	33.33	Shahabudin	Noida	40.00	Lalit	contracting	11.11
				Outside SEZ in			Sub	
vipin	SEZ	0.00	Ram Kishan	Noida	27.27	Dev	contracting	11.11
Madan kumar				Outside SEZ in			Sub	
prasad	SEZ	0.00	Babita devi	Noida	20.00	Damodar	contracting	11.11
				Outside SEZ in			Sub	
vimal roy	SEZ	0.00	Ashok Kumar	Noida	0.00	Manoj	contracting	0.00
				Outside SEZ in		Rakam	Sub	
Rubi	SEZ	33.33	Santosh Kumar	Noida	57.14	Singh	contracting	25.00
Radhe sham				Outside SEZ in			Sub	
Pandey	SEZ	75.00	Ram Prakash	Noida	0.00	Shanti Ram	contracting	25.00
						SUM		
SUM TOTAL		896.51	SUM TOTAL		1117.96	TOTAL		571.83

Source: Field Survey (2011)

## QUESTIONNAIRE

1	2	3	4	5
Name	Working in : (A if Noida ,B if in subcontracting outside Noida)	Working for which firm (by product)	Working in the current job since:	Age

6	7	8	9	10	
Gender	Marital Status	Exact Nature of	Educational level	Income	
		job		daily	monthly

11	12	13	14	15
Working hours:	Expected salary as per your qualification	Do you have a written appointment letter from your employer?	How many jobs have you been in till date?	How many of these jobs were in the SEZ (only for the workers in the SEZ)

16	· · · · ·	Terms	of current	job:			
a	b	С	•				
Employed on	You rate your	Nature o	f benefits t	hat you ge	t in the pr	esent job;	
daily/monthly/	job security as	i.	ii.	iii.	iv.	v.	vi.
yearly/perman ent basis	poor/moderate/ secure	Causal leaves( no. Per year)	Earned leaves (no.per year)	Medica l leaves (no.per year)	Provid ent fund	gratuit y	Loan against provide nt fund/sal ary

•

17 How	does the present job con	npare with your earlier	jobs:
а.	b.	C.	d.
Higher/lower salary.	Better/worse job security	Better/worse leave facilities.	Better/worse savings facilities

18	19		20	21	22
Have you migrated from any other state to Delhi/Noida for employment purposes?	If yes, and fro where? when	m	If yes to 15, have you done so with your family?	Where is your current residence?	Do you have children?
				· .	

23	24	25					
If so	Are they	Details abou	it commuting:				
how	attending	a.	b.	С.	d.		
many?	school?	Distance travelled daily (up and down)	Mode of conveyance	Cost of commuting	Time taken for commuting (up and down)		

26				27		28	
Do you o one? If y	do any other ves,	work othe	r than this	Does your household own		Do you have a bank deposit?	
		Approximate	any agricultural land? If yes,		Yes/No		
nature	the	a	this job per	a.	b.	1	
of work.	secondary work per week?	regular nature? Yes/No	week?	How location much			