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# Appraisal of the Report on SEZ Functioning

## ABSTRACT

*Parliamentary Standing Committee Report on the Functioning of Special Economic Zones is a very comprehensive and sensitive document. It is comprehensive because it takes into account consideration of food security, defense, loss of massive tax revenue due to a plethora of exemptions indiscriminately granted both to entrepreneurs and developers, composition of Board of Approvals for SEZ projects, need for replacement of Land Acquisition Act (1894) by a more modern legislation for SEZ, and providing level playing field for industry in Domestic Tariff Area (DTA) and SEZs. It is a sensitive document because it voices the concerns of the farmers, sharecroppers and other co-workers who are the stakeholders in the implementation of SEZ policy.*

## 1. INTRODUCTION

Parliamentary Standing Committee Report on the Functioning of Special Economic Zones is a very comprehensive and sensitive document. It is comprehensive because it takes into account consideration of food security, defense, loss of massive tax revenue due to a plethora of exemptions indiscriminately granted both to entrepreneurs and developers, composition of Board of Approvals for SEZ projects, need for replacement of Land Acquisition Act (1894) by a more modern legislation for SEZ, and providing level playing field for industry in Domestic Tariff Area (DTA) and SEZs. It is a sensitive document because it voices the concerns of the farmers, sharecroppers and other co-workers who are the stakeholders in the implementation of SEZ policy. It endeavors to build democratic structure of the Special Economic Zones Authority (SEZs) by widening its composition to include various stakeholders, in place of the bureaucratic structure of six nominees of the Central Government without even including any representative of the State in issues which require further consideration of the State in issues which require further consideration by the Government and the people of the country, more especially the issues pertaining

to labour rights, welfare and representation on the authorities of Special Economic Zone.

## 2. APPRAISAL

First issue pertains to the attitude of the State Government towards the Standing Committee itself. It was highly distressing to note following observation of the Committee :  
*“The role of the State Government or the local administration should have been to facilitate the Subcommittee to meet the affected people, especially the farmers, who had come to express their grievances before the Sub-committee. However, they were prevented from itself. It created the impression that the local administration at those places did not want the Subcommittee to meet the farmers and to go into the question of land use, land sale and rehabilitation. The Committee expects the State Government to ensure that in such cases co-operation from their local administration is forthcoming.”*

It is really distressing to read such a straight indictment of the local administration and the State Government. It appears that the Committee showed decorum in this regard and did not precipitate the issue then and there. In case of their search for truth, the Committee should have devised its own

procedure and used some extraordinary measures to meet the affected farmers, by planning a visit to the villages from which the farmers had come to meet the Sub-committee.

Secondly, there are two issues require immediate action. It has been argued that land Acquisition Act (1894) has become outdated because it was designed by the imperialist power to facilitate acquisition of land to suit their objectives. The situation has dramatically changed after independence. Most politicians believe, and rightly so that this Act needs replacements by a modern legislation. The Government also concedes the need for doing so, but has not initiated any concrete steps to prepare a draft for the consideration of the Parliament. In this context, the Standing Committee should have done a great service, had it applied its energies in preparing draft legislation. Similar is the case of framing the National Relief and Rehabilitation Act. It is now accepted by all political parties that besides the landowners, there are other stakeholders like sharecroppers, landless laborers and co-workers whose livelihood is seriously affected by displacement. It would have been in the fitness for things that the representatives of all political parties should have applied their mind to prepare the draft of Relief and Rehabilitation Act and with this *fait accompli*, forced the government to address this issue in the interests of providing sustenance to those during the interim period of their rehabilitation. Such a step would have gone a long way to resolve this important issue which has become a hindrance to progress on industrial front.

Thirdly, the question of declaring SEZ as a 'public utility service' and thus abrogating the application of Labour Laws also needed serious consideration. It is very easy for the Commerce Minister to say that export activity and thus SEZs should be declared as 'Public utility' but to defend it with convincing

arguments has been its shortcoming. In post-independent India, public utilities have acquired a connotation, and expanding its frontiers to declare any activity as public utility cannot be justified, though Mr. Kamal Nath may use this term to overcome a hurdle in a very irresponsible manner. To take garb under this clause, and Contract Labour (Regulation & Abolition) Act would not stand the test of public scrutiny.

Lastly, the composition of Special Economic Zones Authority is very undemocratic. The Committee have taken note of it and recommended its expansion from six members to twelve members. However, in the proposed composition give below, entrepreneurs and developers have been provided 3 nominees, but resident workers only 1 nominees. This token representation will not ensure better labour participation. The accepted principal in Labour Economics is equality of membership between employers and labour. Following this, there should be three representatives of labour. Moreover, the history of trade unionism reveals that nominated internal members never exhibited the seal to pursue the cause of labour in an effective manner. It is the external members who have shown better bargaining power. It is, therefore, necessary that the share of workers in SEZA be reconsidered, and it should be raised to three, one from among the workers and two representatives of trade unions. Once the principal is accepted, the modalities of representation can be worked out.

### 3. CONCLUSION

It may be stated that the Standing Committee Report of SEZ is a path breaking document which indicates the direction in which the country must move if it wants to pursue industrialization with a human face. It is an attempt to take care of problems that are likely to arise if industrialization is pushed ruthlessly without taking care of concerns of the displaced families. In that sense, the

Report does commendable service to the nation. To advance the path outlined in the Report, there are some areas in which gaps have to be filled up. In our appraisal, we have drawn attention of the policy makers to urgently take up the question of designing a modern legislation on Land Acquisition and also framing a Relief and Resettlement Policy which helps those who are displaced, leading

• to a smooth transition to new sources of  
• livelihoods.

• There is also a great need to usher in  
• policies in the functioning of SEZ so that  
• workers are assured a fair deal in the value  
• added in SEZ. They cannot be treated as  
• foreign enclaves in which entrepreneurs and  
• developers shall have unlimited freedom to  
• exploit labour and maximize profits.

#### **REFERENCES**

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