

Special Economic Zones in India: China's Way of Development

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ENGINES OF GROWTH ARE BULLDOZERS OF IDENTITY: NON-ECONOMIC IMPLICATIONS OF SEZ INITIATIVES AND PEOPLE'S RESPONSE IN GOA¹

Ganesh Somayaji

"The current promotion of SEZs is unjust and would act as a trigger for massive social unrest, which may even take the form of armed struggle."

—Vishwanath Pratap Singh, former Prime Minister of India, in *Frontline*, 20 October 2006.

"The apathy of the government has only resolved the people towards further action. We may not appear to be able to forecast what course of action this movement will take, but we remain strongly convinced and resolved that the people of Goa will oppose the establishment of any SEZs in Goa and will fight towards the scrapping of all the existing SEZs by all means, even if it means risking our own very lives".

—Charles Fernandes, Convenor of the SEZ Virodhi Manch (SVM), Goa.

INTRODUCTION

The initiatives aimed at economic transformation of India at the dusk of the 20th century were encapsulated in the mantra of Liberalisation, Privatisation, and Globalisation (LPG). This mantra took new avatars as SEZ policy as an extended arm of the LPG. The SEZ initiatives are LPG's direct encounter with the life-worlds of the Indian citizens. As long as the mantra of development through LPG was confined to the abstract level of intellectual discussion and bureaucratic brainstorming the common men and women in the civil society were not much disturbed by it. Notification of special economic zones and acquiring huge patches of land for non-local capitalists inaugurated the direct confrontation between the macro-developmental initiatives and micro-livelihood systems.

Different regions of the subcontinent reacted to the issue of formation of SEZs in ways specific to local aspirations, ideologies, and leadership. The present paper narrates people's perception and response to the SEZs in Goa. The paper reiterates the sociological wisdom that economic development is related to socio-cultural milieu and economic development is only one dimension of development.

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After an elucidation of the juncture at which the SEZs have been introduced in Goa, the paper describes the imposed structure of the SEZ initiatives, the nature of land alienation and implications for the real estate enterprise. After examining the perception of SEZs as bulldozers of identity by the members of the civil society and the resultant de-notification of the SEZs in Goa, the paper attempts a sociological appraisal of the SEZ initiatives in general and the SEZ initiatives in Goa).

We know that India began to open up her economy through the mantra of Liberalisation, Privatisation, and Globalisation (LPG) in the 1990s when the hitherto followed mixed economic model steadily changed to capitalist friendly economic regime. With the decline of *licence raj*, private initiatives have been introduced in various sectors of economic growth. The LPG marked a paradigm shift as far as political economic practices in India were concerned.

The arrival of various Multinational Companies (MNCs), the GATT and the subsequent WTO are developments in the macro level of economic development with which the masses were not directly involved. However, the flooding of the markets with imported goods and services, growing culture of consumerism, and availability of alternative goods and services in the market brought about changes in the every day life of the masses. The changes in the arena of consumption are the by-products of the processes accelerated by the LPG. One has to note that even in the early periods of planned economic development consumerism started to grow and Madan wrote as early as 1970: "Consumerism is coming in the wake of consumption. This, of course, also gives a keener edge to income disparities and to one's sense of disappointment over the inability to buy the many consumers' goods and services that have become available" (quoted in Madan 1983: 35-36). In the context of this paper, I am only submitting that the people started to experience the impact of the liberal economic practices in the form of enhanced consumerism during the first half of the 1990s. Hitherto unavailable goods started to flood the market and hitherto distant services started to knock the doorsteps of the people. Other than this, there were not many ways in which the economic transition affected the people: They were not made to sell their land for government fixed prices in the initial years of LPG nor were there forced acquisition of land for industries. Until then land alienation was confined to highways, railways and other developmental activities in the name of '*eminent domain*', which were scattered and by and large accepted with the nationalist spirit by the masses. While making this statement, of course, I am aware of issues relating to development, land acquisition, and displacement and struggles against large-scale land alienation and rehabilitation.

In the second half of the 1990s there was a slow down in the economic growth due to such reasons as bureaucratic red tape, administrative procedures, rigid labour laws and poor infrastructure (Acharya 2006 quoted in Aradhana 2006: 4534). To address these issues the government reverted to the policy of Export Processing Zones (EPZs) believing that they are the "engines of growth". In a major initiative to boost export led growth and motivated by the success of

Chinese SEZs, the Government of India replaced the EPZ scheme with the SEZ scheme at the dawn of the 21st Century (Aradhana 2006: 4534). The then Commerce Minister's China tour was also an impetus to introduce SEZs in India. This initiative is a consolidation of previous liberalising economic ideas into specific political economic practices.

Though considered at the macro level as "engines of growth", at the level of the day-to-day lives of the masses, the SEZs led to the colonisation of the social and the cultural domains by the economic domain. The SEZs are perceived as "bulldozers of identity" by the local communities throughout the country in general and in Goa in particular. Large-scale acquisition of land and arrival of men and machines from outside the region resulted in apprehensions about the usefulness of the SEZs for the local population and large-scale oppositions to SEZs erupted throughout the length and breadth of the subcontinent. Vidarbha Jan Andolan Samiti from Nagpur, for example wrote an open letter on 17 February 2007 to the Prime Minister and the Chairperson of Empowered Group of Ministers, opposing SEZs in rural India.

In order to grasp the tone and content of the opposition to SEZs in rural India I enlist here the arguments put forward by the above-mentioned Samiti in the open letter. The SEZs lead to:

1. large scale forced acquisition of land and promotion to real estate business;
2. loss of traditional livelihoods;
3. lack of equal and non-exploitative employment opportunities for local communities in SEZs;
4. increasing burden on natural resources like land, water, forests and environmental destruction; and
5. breakdown of governance systems especially of the local self-governments with the creation of foreign enclaves.

These oppositions are the unintended consequences of economic actions that have produced unacknowledged conditions for re-structuration² of social practices. Leadership emerged from among the masses to mobilise, to protest, and to suggest programmes of action for political leaders to retain the interests of the local while responding to the directives of the national leadership. In this paper an attempt has been made to narrate such a re-structuration process in Goa in the context of the intended economic transformation through the SEZs and the emergent unintended social and political mobilisations. This is not an economic account of SEZs in Goa, nor is it a commentary on their functioning. It deals with the confrontation between macro economic aspirations and local ecological and cultural sensitivities.

INITIATION AND ANNULMENT OF SEZ POLICY IN GOA

The "Special Economic Zone" (SEZ) policy, announced by the Government of India enables the creation of SEZs in the country, with a view to provide an internationally competitive and hassle-free environment for exports. These zones

are designated duty-free enclaves, and are deemed foreign territories for the purpose of trade operations, duties and tariffs. The policy offers several fiscal and regulatory incentives to developers of the SEZs as well as units within these zones. In consonance with the Central SEZ Act the coalition Government of Goa, headed by the Congress Chief Minister, too notified its SEZ policy, considering the SEZs as engines of growth.

The preamble to the SEZ policy of the government of Goa states:

“Government of India have notified Special Economic Zones (SEZs) Act 2005 and notified Special Economic Zone Rules 2006 on 10/02/2006 with a view to augmenting infrastructure facilities for export production. Setting up of Special Economic Zones is permitted in the public, private, joint sector or by the State Governments. These SEZs are to be deemed foreign territory for tariff and trade operations. The concept of SEZ is expected to bring large dividends to the State in terms of economic and industrial development and the generation of new employment opportunities. The SEZs are expected to be engines for economic growth” (Goa SEZ Policy Notification 2006).³

As per this policy the government invited applications by the interested entrepreneurs to apply for developing SEZs. The government received around 15 applications to develop SEZs in different parts of the state and out of them seven have been processed positively and sent to the central government for notification. Among them three had been notified by the Board of Approval (BoA) of the Central Commerce Ministry at the outset and the remaining four were being studied. At this juncture, the state government showed “uncalled for enthusiasm” and allotted disproportionate amount of land to the companies within these SEZs. The distribution of disproportionate land and appearance of men from outside Goa in large number enraged the people of Goa.

There had already been a people’s political mobilisation against another developmental policy by name the Regional Plan 2011 (RP 2011). In order to introduce and monitor the planning process, the newly liberated Union Territory of Goa, Daman, and Diu set up the Department of Town and Country Planning in December 1964. This Department had to prepare and implement the periodic regional plans and the master plans for the rapidly growing coastal towns. On 22 November 2005 the revised draft RP 2011 was published and suggestions and objections were invited from the public. The final RP 2011 was notified in August 2006 with major modifications that were not published for the public to send in their objections and suggestions (Krishnankutty 2007: 93). The people of Goa opposed this plan. Goa Bachao Abhiyan (Save Goa Campaign), an umbrella organisation of all NGOs working for preserving the environment and identity of Goa, was formed to fight against the implementation of this plan. The organisation received support from Goans residing in Goa and also outside Goa. The Goa Bachao Abhiyan’s motto was: “First, analyse. Next, organise. Then, mobilise (Goswami 2007: 89)”. The political mobilisations pressurised the Government to de-notify this plan.

The arguments of the leaders of anti-RP 2011 clearly indicate popular Goan sentiment against threats to Goan environment and identity. As this argument

was later on extended to the SEZs also, let us familiarise with it as formulated by Malini Krishnankutty, who contributed to the technical analysis of the RP 2011 undertaken by the Goa Bachao Abhiyan during 2006-2007 as she is a trained architect and planner.

“As notified, RP 2011 would have created an unprecedented concrete jungle all over Goa. Such a jungle would also have been empty of people, since it would have been built only for speculative purposes given that the slow population growth of the state did not require such an excess of buildable land. Since a large amount of real estate speculation in Goa helps increase the value of non-Goan investments, the environment of Goa would effectively have been sold off permanently for the benefit of non-Goan financial interests ((Krishnankutty 2007: 93)”.

The fears expressed by the social activists are genuine, for it has become a fashion among a few neo-rich and the affluent from across India to own a house in Goa and keep it locked to return to stay there occasionally. In and around Panjim we come across buildings having several such houses purchased by the people from outside Goa. As a result, the land and flats have become so costly that even genuinely interested middle class Goans are now not in a position to purchase.

The RP 2011 could guide developmental activities in Goa not even for a year. On 18 January 2007 the Government of Goa de-notified it bowing to the popular sentiments against it and for preserving Goa's ecology and identity. Exactly during this time the Government inaugurated the SEZ regime. The anti-SEZ political mobilisation became a continuation of the identity-related struggle in Goa. No popular government can survive if it turns dumb ears to strong public opinion especially in a “micro-region”⁴ such as Goa, which has unique socio-historical and political background.

Goa is a micro-region because she is distinct from the rest of India in various respects though she shares many aspects of society and culture with neighboring Maharashtra and Karnataka. As far as size is concerned Goa is very small: 105 km long and 65 km wide covering a total area of 3,701 sq. kms. Goa is similar in physical features to the neighboring regions of coastal Karnataka and coastal Maharashtra. The most sought after part of Goa by the tourists is the coastal belt which runs from north to south, while the less known is the Western Ghat region, which also runs from north to south in the hinterland. Though similar to the neighboring regions geographically, socio-culturally and historically, Goa is quite different from the rest of India.

When India attained independence and moved onto the world stage as a major new de-colonized power in South Asia on 15 August 1947, Goa still languished under colonial subjugation. After the Liberation on 19 December 1961, Goa started to be integrated into the political processes of the Indian subcontinent from which it had been separated for 450 years.

The small coastal state of Goa has become the first state in India to repeal the policies and programmes initiated to create the SEZs. This decision of the state's coalition government has put it in conflicting position with the central

government which has a legal problem with de-notifying once notified SEZs and also with the powerful developers across the country⁵ who have invested money in various parts of the state in view of the proposed SEZs. The repealing was announced on 31 December 2007 when the entire state was experiencing agitation and there was threat to the New Year celebrations. Mr. Mathani Saldana, an ex-MLA and a leading figure of an anti-SEZ movement even gave ultimatum in local press to the tourists to leave Goa or face consequences. Even the Catholic Church became sympathetic to the agitators and took anti-SEZ stance. All people's associations related to environmental preservation and identity struggle such as Goa Bacho Abhiyan (GBA) and SEZ Virodhi Manch (SVM) have threatened the government of intensifying agitation. Goa being a place attracting both domestic and international tourists during the New Year season and also sensing the identity related popular sentiments, the Cabinet took a decision repealing the SEZs on the eve of the New Year celebrations.

The decision to shut the doors for the SEZs was not certainly the economic one. While promoting the SEZ policy the Congress lead coalition government in Goa was only trying to oblige the economic agenda of the similar central government, which has been considering the SEZs as engines of growth. Due to the compulsions generated in the civil society, the government has been compelled to consider the SEZs as bulldozers of identity. It is a sociologically interesting exercise to look into the making of this popular ideology, which demonstrated the power of regional forces in opposing economic programmes and suggesting alternative economic decisions at the collective level. Such an exercise necessitates a discussion on the process of brandishing of SEZs as anti-Goan economic initiatives.

ETHNIC POLITICS AS THE CONTEXT OF SEZS IN GOA

In order to grasp the social dynamics leading to the implementation and repealing of SEZ initiatives in Goa we have to consider the events specific to Goa that formed the context forming background for the 'identity dynamics' in Goa which can also be perceived as ethnic politics. The annulment of SEZs has been made possible due to the linguistic, nativist and regional forces. While elaborating the relationship between ethnicity and politics in independent India Gupta (1997: 228-240) prefers to conceive linguistic, nativist and regional politics that constitute ethnic politics as of different in nature and timing of their occurrence. The similarity is that all the three are political mobilisations which did not threaten the unity and integrity of the nation-state as a whole. Gupta wrote in the larger context of ethnicity and politics after India's independence. The difference among the three types of mobilisations is very subtle yet significant. The linguistic movements demanding unilingual states which reiterated primordial identity were the first to occur. Soon after the major demands for linguistic states had been met on a national scale, India witnessed the emergence of nativist movements. In these mobilisations along with the gift of the tongue the demands for tangible economic opportunities were put forward. In the case of regional movements which Gupta treats as a third case, language and nativism were not the crucial condensing factors. The demands

were now primarily economic and were specific to the region. (*Ibid*: 233). The anti-SEZ mobilisations in Goa represent the regional mobilisation in Goa.

Ever since her liberation on 19 December 1961, the people of Goa have been experiencing varied forms of identity struggles. The struggle against the SEZs is the latest in these series. As soon as liberation, Goa faced a unique situation in which her political identity had to be decided. The newly liberated region was too small to be declared as a state. It had an independent language Konkani but the powerful pro-Marathi lobby considered it as a mere dialect of Marathi.

The question of Goa's political identity became entwined with the question of cultural identity, with language serving as a major vehicle in the process of identity formation. The supporters of Marathi favoured Goa's merger with Maharashtra. The pro-mergerists formed the Maharashtrawadi Gomantak Party (MGP). The single item on their political agenda was to merge Goa with Maharashtra. To meet this end, they alleged that Marathi was the language of Goans and Konkani was Marathi's dialect. They started promoting Marathi at the cost of Konkani.

The supporters of Konkani and separate identity for Goa opposed merger. The United Goans Party (UGP) was formed in October 1963. It took the stand that Goa should not be merged with Maharashtra. The collective political mobilisation that followed the merger question, and which had language as the main issue, finally culminated with the Opinion Poll of 1967. Both the groups lobbied hard to fulfil their respective wishes. The majority in Goa rejected merger and asserted their faith in Konkani as the language of the people in Goa.

Once formulated and institutionalised the issue of identity started to be invoked to explain almost all aspects of societal transformation in Goa. In the 1980s Goa witnessed nativist movement, again, appearing as an extension of language controversy. Goa had to be converted as a full-fledged state with an official language. At the level of the elite, this movement remained as a language movement but to gain mass support the ideologues brought in nativist elements and the masses developed this as *Khare Goenkar* (Real Goan) movement which started to look at non-Goans as outsiders depriving the real Goans of the benefits of economic development. This nativist phase culminated in declaring statehood to Goa with Konkani written in *Devanagari* script as her official language.

The anti-RP 2011 and the latest SEZ Virodhi Manch are the examples of regional mobilisations in Goa, which appear to be extensions of earlier ethnic mobilisations. Gupta's (1997) conceptualisation of regional mobilisations as leading to the formation of regional political parties with whom the central government has ambivalent relationship is not empirically demonstrable in Goa especially with reference to the anti-SEZ mobilisation. This mobilisation is purely nativistic aimed at preserving the ecology and identity of Goa.

SEZs: NO PROSPECTS IN GOA

In Goa the SEZs have no prospects. The Goa Bachao Abhiyan and SEZ Virodhi Manch, the organisations that had spearheaded the anti-SEZ mobilisations since their beginning made it clear that they are apolitical in nature and are not

interested in converting their organisations into political parties. They also did not merge with any political parties. All the leaders are equivocal in their protest against the political leadership which, according to the masses, was ready to sacrifice the interests of Goa for other interests. These organisations are economic issue based political mobilisations which do not have enduring political goals. Unlike such regional political mobilisations as AIDMK and Akali Dal, the political mobilisations in Goa do not have anti-central Government sentiments or party political ambitions. They have not taken any active role in the election process. Their grievance is with the elected government and not capturing power in the state. Now that the Government of Goa has announced the Regional Plan 2021 and the economic development of Goa within the parameters of environmental conservation, all developmental activities in Goa need not look for any other economic development model from outside. According to this Regional Plan around 80 per cent of Goa will be no-development zone.

NOTES

1. This is a revised version of the paper presented at a two day national seminar on "Special Economic Zones: Engines of Growth and Social Development for India—Present Problems and Future Prospects" on 16-17 September 2008 in the department of sociology, Osmania University, Hyderabad.
2. I am using the word re-structuration as used by Singh (1993: 27) to denote the processes of structural transformations that are taking place in the Indian society. This word explains the structural readjustments in such domains of society as that of institutions and communities.
3. Though the SEZ Act was promulgated in the year 2005, as per the Government of Gujarat's SEZ policy statement, the Central Government of India announced the SEZ policy during March 2000.
4. If we consider uniqueness of historical experience as a criterion for considering a region as micro-region, Goa is a micro-region for it has a prolonged Portuguese colonial rule up to 19 December 1961 whereas the rest of India attained freedom from the British colonial rule on 15 August 1947. The peculiar linguistic situation, extreme identity consciousness and geographical seclusion from the rest of the subcontinent make it a micro-region. In fact the whole of the Indian subcontinent can be conceived in terms of different micro-regions and social and economic developmental activities should take place after taking into considerations aspirations and needs of these micro-regions.
5. The whole of Goa has become an attractive location for Realtors across the country. Especially with the now scrapped Regional Plan 2011 the land value has been enhanced to all time high. The initiation of SEZ policy has further added to the land value. For example in the Dona Paula area an IT habitat has been planned and the work has been started. There within a short span of three years, the land value has shot up from Rs. 5000 per sq. meter to Rs. 35, 000 per sq. meter. Even in the remote hilly and forest areas the land value has gone up. Surely the annulment of the SEZs is a blow to this national Real Estate business.

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