INTERNATIONAL CONFERENCE
DYNAMICS OF RURAL TRANSFORMATION IN EMERGING ECONOMIES

14TH To 16TH April 2010

Hosted by:
PLANNING COMMISSION, GOVERNMENT OF INDIA
INSTITUTE OF HUMAN DEVELOPMENT, INDIA,

Theme 5:
URBANISATION AND RURAL-URBAN LINKAGES

Paper Title:
SPECIAL ECONOMIC ZONES AND THE EMERGENT THE RURAL URBAN DYNAMICS

Bejene S Kothari, Assistant Professor in Architecture, College of Engineering, University of Kerala, Trivandrum, Kerala, India

Dr. D Vijay Kishore, Principal, School of Planning and Architecture, Jawaharlal Nehru Architecture & Fine Arts University, Hyderabad, Andhra Pradesh, India
Dr. V Raghavaswamy, Urban Studies and Geo-informatics Division, National Remote Sensing Centre (NRSC), Government of India, Department of Space, Balanagar, Hyderabad, Andhra Pradesh, India
Dr. Shaik Galab, Senior Fellow, Centre for Economics & Social Sciences (CESS), Begumpet, Hyderabad, Andhra Pradesh, India
“Now with the emergence of many of these special economic zones, we expect economic explosion in and around these special economic zones, rural India is experiencing it.

This process of rural city development without actually turning villages into cities, it is not that our villages are turning to cities.

It is referred to as “rurbanisation” – rural urbanisation in a county of 1.1 billion people, 70% of them who are rural based, sets the stage for growth for opportunities which I think can only be termed as explosive”.

Address by Shri. Kamal Nath, Hon'ble Minister of Commerce and Industry (2004-09), India Economic Summit 2005
28 November, 2005, Taj Palace Hotel, New Delhi
This paper presents the preliminary observations of the exploratory literature & field survey done, as part of the research work on:

“Modeling Peri-Urban Dynamics of the Rural-Urban Fringe Induced by Special Economic Zones: A case of Hyderabad Metropolitan Region”

The presentation is structured in 3 parts:

- Fundamentals of the SEZ paradigm & Its “Spatial” connotations
- SEZ’s & Suburban “Socio-Spatial Transformation”
- Notion of “Rural Urban Continuum”
Fundamentals of the SEZ Paradigm

……. based on the concept of ‘Free Trade’

……. an offshoot of the earlier ‘Export Processing Zones’

While the former EPZ’s were ….. static, labour intensive, incentive driven, exploitative industrial enclaves,

The new SEZ’s are ….. an “attractive economic tool” .... an integrated township with fully developed infrastructure ..... hence ..... dynamic, enabling, management driven and investment intensive

... a township ... with no promise ... to house its employees ...
Internationally ......

...... Special Economic Zone (SEZ) is a geographical region that has economic laws, more liberal than country's typical economic laws, intended to function as zones of rapid economic growth, using tax and business incentives to attract foreign investment and technology

But in India ......

...... Special Economic Zone (SEZ) is a specially demarcated area of land, with assured infrastructure facilities, owned and operated by a public/private company, deemed to be foreign territory for the promotion of exports, having various tax holidays & customs duty exemptions

... from a geographical region ... to a specific area of land ...
Indian SEZ's
.... a strategic tool for expediting the process of Industrialization

Stated purpose
... promotion of exports

Apparent benefits
... attract global manufacturing
... incentives for infrastructure development
... transfer of modern technology
... new employment opportunities
... inclusive development encompassing all states

... no upper ... nor lower limit on the ... number of SEZ's per state ...
SEZ policy was also referred to as a part of a wider foreign trade strategy that ......

... encourages local industries &

... enhance their productive capacity

so as to achieve

... balanced trade and commerce

leading to

... generation of additional economic activity &

... creation of newer employment opportunities

... SEZ’s & supporting industries ... versus ... local industries ...
The current state-of-art of Indian SEZ’s:

insulated industrial/business enclaves

and/or

self contained industrial/business township with commercial, residential and recreational developments

of international standards

for manufacturing exports

... at the stake of ... impoverished/under employed ... local community ...
Institutional Framework of an Indian SEZ

Development Commissioner
- Grant all local and state level clearances, etc. delegated by the Central / State Government.
- Monitor such approvals, licenses, registrations, etc.
- Make town planning regulations

Board of Approval
- Approving proposals to set up SEZs
- Approval of "authorized" operations in an SEZ
- FDI Approvals to Developers, Units
- Approvals for infrastructure provision (through co-developers, etc.)

Approval Committee
- Approve imports of goods and services into the SEZ
- Approve proposals for establishment of SEZ units
- Allow foreign collaborations / FDI proposals duly cleared by the Board of Approval
- Monitor compliance by SEZ Developer, units

Township Authority
- May be appointed by the State Government, with powers and functions as may be prescribed

Special Economic Zone

Developer
- Planned development of SEZ
  - Prepare development plan
  - Demarcate and develop sites
  - Allocate and transfer plots, buildings
  - Regulate the erection of buildings in accordance with the plan
  - Develop, operate, maintain infra
  - Demarcate Zone boundary

SEZ Authority
- Monitoring of infrastructure services & export performance of the SEZ

Proper Officer
- Customs administration

Co-Developer
- Provider of infrastructure facilities

... neglecting urban/regional planning/local governance mechanisms ...
SEZ Statistics
- in different stages of approval/development

(As published by the Union Ministry of Commerce & Industry on 11th Feb. 2010, http://www.sezindia.nic.in/)

<table>
<thead>
<tr>
<th>Description</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEZs notified after 2005 Act</td>
<td>348</td>
</tr>
<tr>
<td>Formally approved SEZs</td>
<td>571</td>
</tr>
<tr>
<td>SEZs with in-principle approval</td>
<td>147</td>
</tr>
<tr>
<td>SEZs functional before SEZ Act 2005</td>
<td>19</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>718</strong></td>
</tr>
</tbody>
</table>

...... and still many more **awaiting formal approval**.

... less than 50% notified ... / ... more than 40% still not functional ...
States with maximum SEZ approvals
Andra Pradesh
Tamilnadu
Maharastra
Karnataka
Haryana
Gujarat

States with no SEZ approvals
North eastern states
Bihar
Jammu & Kashmir

Distribution of SEZ’s in India

... SEZ concentration around mega cities & its tier ii counterparts ...
Notified SEZ’s within various States

Geographic locations of these SEZ’s have comparative advantages over other areas because of better infrastructure and services.

... regional disparity ... in the distribution ... of SEZ’s ...
The SEZ Act, 2005 also specifies that the fundamental precondition of any SEZ as:

Land in a single piece capable of being fenced off

and can be treated as a foreign territory

The SEZ policy projects requirement of very large parcels of land, with a minimum area of 10 Ha extending upto a maximum area 5000 Ha (50 sq. km.)

... 50 sq. km ... “A New Corporate City-State”? ...
### Min./max. land area & min. processing area requirement for SEZ's

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Nature of SEZ</th>
<th>Minimum Contiguous Area Required (Max 5000 ha)</th>
<th>Minimum Processing Area Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Multi Product</td>
<td>1000 ha</td>
<td>100 ha *</td>
</tr>
<tr>
<td>2.</td>
<td>Sector Specific</td>
<td>100 ha</td>
<td>50 ha *</td>
</tr>
<tr>
<td>3.</td>
<td>SEZ in Port or Airport</td>
<td>100 ha</td>
<td>100 ha *</td>
</tr>
<tr>
<td>4.</td>
<td>SEZ for Free Trade Zone and Warehousing</td>
<td>40 ha</td>
<td>40 ha *</td>
</tr>
<tr>
<td>5.</td>
<td>Gems and Jewellery, Bio-technology, Non-conventional Energy</td>
<td>10 ha</td>
<td>10 ha *</td>
</tr>
<tr>
<td>6.</td>
<td>Electronic Hardware and Software, Information Technology</td>
<td>10 ha</td>
<td>10 ha *</td>
</tr>
</tbody>
</table>

* In selected states like Goa, Meghalaya, Tripura, Assam, Sikkim, UTs, etc

---

... states opted abolition of ULC & R Act, 1976 for approving SEZ’s ...
SEZ consists of a minimum 50% **Processing Area (PA)** designated exclusively for industrial activity having one or several SEZ units & a **Non Processing Area (NPA)** with a maximum of 50 % of the total land area.

... 50% NPA ... the new profit paradigm ... corporate real estate ...
Processing Area (Industrial purposes)
- SEZ units
- Free Trade & Warehousing Zones (FTWZ)
- International Financial Services Centre (IFSC)

Non Processing Area (Business and social purposes)
- Residential & Business complexes
- Hospitals & Education Institutions
- Hotels, Recreation & Entertainment facilities

... an environment fostering international standards ...

... in stark contrast with the local surroundings ...
SEZ’s & its “Spatial” Connotations

SEZ’s, an urban phenomenon ... by scale and nature ... & most of them sub optimally sized ... are located as appendages to mega cities

... planned neither self sufficient nor self supporting ... depend on the parent city for survival ... burdening the already exhausted urban infrastructure & civic amenities.

... approval mechanisms give least consideration to ... consequent urban growth and management.

... worsening traffic congestion, pollution, deprivation etc. ...
choice of location …
of SEZ’s demand …
access/proximity …
to major urban (Physical/Economic) infrastructure networks

… parasitic on existing local industrial & infrastructural networks …
SEZ’s & Suburban “Socio-Spatial” Transformation

Establishing SEZ’s involve … acquire/transfer/purchase large swathes of … rural (mostly agricultural) or semi-urban land … to public/ private corporations

… involves huge chunks of fertile agricultural land … in and around urban agglomerations … getting converted to industrial land use

… disrupting the lives … of many functioning communities … with long-established rights … over their livelihood resource

“…. a new population is invading local communities, bringing in national values and class consciousness at the same time that a new type of community associated with dispersed living in the metropolitan fringes is fast emerging …”

Pahl, R. E
... threat of **massive** displacement

... **lack of proper rehabilitation measures**

... **unfair compensation**

... still main reasons for sustained agitation ... against the acquisition of land for **SEZ projects** in the country.

... a “**public purpose**” ... neither serving any ‘**public good**’ ... nor satisfying any ‘**public need**’!

... still **SEZ’s** are emerging in a big way...
analyzing rural socio-spatial transformation

changing households ...

changes driven by the urban phenomena on the rural precinct ... having greater representation of under privileged class of population ... affecting people’s lives and livelihood ...

- Change from agricultural to non agricultural occupation
- Diversification of livelihood systems
- Life style changes (rural to urban ways of life)
- Changes in housing characteristics
- Improved sanitation & basic services
- Improved access to urban amenities
- Access to Information Communication & Technology
- Access to higher education facilities
- Changes in household & occupation related mobility pattern
- Mixed household economy
- Lower produce and higher dependency on consumer goods
- Active energy utilization

... ‘desakotas’ ... the village-town ... neither rural nor urban ...
... changing villages ...

changes occur in the physical environment of the rural precinct ... important livelihood/environment issues ... getting overlooked/unrepresented ...

- Non organized spatial pattern with a mosaic of interlocking land uses
- An intense mix of agricultural/nonagricultural activities
- A large percentage of population still engaged in farming activities
- Changing livelihood systems & occupational structure
- New transportation networks and connectivity to major urban corridors
- Extremely fluid movement of population & goods to and from urban centers
A large population of urban migrants
Increasing informal land developments
Overlap of urban/rural governance
Lack of planning/development controls
Changing built morphology
Changing social/community networks
Depleting environmental resources

... diverse area ... acting as a gateway ... between urban and rural ...
... an emerging unique spatial pattern...

...contemporary rural-urbanisation ...

... new challenge for regional planning ...
Notion of "Rural Urban Continuum"

... transformations induced by ... macro economic urban reforms ... in suburban locales ...

... reflects the emergence of a new urban growth phenomenon ... spatially represented by ...

... a multinucleated quilt of villages and small towns interconnected by a network of corridors ... which has strong economic links with the urban core

... facilitates a majority of rural population ... to transform their lifestyles and activities ... to urban pursuit’s in-situ

... depending on their affordability and access to various resources

... richer becoming richer and the poorer becoming poorer ...
... these are locations where ... process of urbanization ... advance at fast pace ...

... and subjected to adverse & most intense environmental impact ... characterized by;

changes in land use & competitive pressures of land markets

changes in farming systems & pattern of labour force participation

increased demand on infrastructure & depleting natural resources

issues of a sizable proportion of under privileged people being fully unrepresented

... sustaining livelihood ... key concept of rural urban continuum ...
... emerging need ... for evolving ... a comprehensive development strategy ... that
... encompass ... both rural and urban population ... and the interconnections between them ...
... acknowledges ... settlements & its livelihood system ... and other aspects of local context ... on being deprived access to its inhabitants ... influence the scale & nature of marginalization ...
... recognizes ... the typical urban & rural characteristics ... diverse in nature ... cause ... influence ... transform ... or ruin ... people's lives ...
... achieves ... equitable development that compromises ... private profit for public good
... rural urban continuum ... a constitutional right ....
Concluding Remarks

... current economically driven urbanization process ... offers tremendous opportunities ... to rethink our development priorities

... urban mega projects ... marginalizing local people ... once part of the development ... leading to socio-spatial segregation and privatization of public space.

... is planned “rurbanisation” a solution? ...

... rurban development ... where villages can access urban amenities ... without transforming themselves into cities ... renewed dimension to the PURA/RISC concept ...

... can SEZ’s rurbanise villages ... providing livelihood opportunities, better infrastructure, quality of life ... in lieu of the land expropriated from its inhabitants???...
... sustains a few ...  

... sustains many ...

THANK YOU