

AN EMPIRICAL INVESTIGATION INTO LOCAL PUBLIC OPINION ON SPECIAL ECONOMIC ZONES IN SELECTED DISTRICTS IN TAMIL NADU

R.Alagarsamy

Research Scholar, Politics and Public Administration, University of Madras

Dr.R.Srinivasan

Prof. and Head, Politics and Public Administration, University of Madras

Abstract

The concept of Special Economic Zone (SEZ) is described by different countries in nineteen different terms such as Free Trade Zone (FTZ), industrial Zone (Singapore), Maquiladoras (Mexico), Export Processing Zone (EPZ) and the common variants are FTZ, EPZ and SEZ. (Kusago & Tzannatos,1998). In India the concept of SEZ can be traced to earlier policy of promoting Export Processing Zones (EPZ). SEZ are geographical region, created through public policy that has economic laws that are more liberal than a country's typical economic laws.

Keywords: National Development, Special Economic Zone, Free Trade Zone, industrial Zone, Export Processing Zone, economic laws

The key question this study tries to address is how the local people perceive SEZ. What knowledge, attitudes and values guide their perceptions? Are there individual and locational differences in this local public opinion? There have been only few empirical studies that have examined the public opinion on SEZ from the point of view of local people.

The Backdrop

The controversy over the potential of Special Economic Zones (SEZ) to propel economic development has never been so intense in India. Serious concerns have been expressed over the loss of agriculture land to industrial development, which many critiques argue, is tantamount to land grabbing. SEZ paradigm is seen as one that facilitates private capital to make huge profits at the expense of small property owners and marginal farmers, with limited benefits to the country in the form of foreign exchange revenues. Realising the backlash, Prime Minister Manmohan Singh in an address to the National Development Council meeting on 23rd December 2006, said, "I agree that we must minimize the diversion of agricultural land and given the choice, must opt for using wasteland for non-agricultural purposes. However, it must be kept in mind that industrialisation is a national necessity if we have to reduce the pressure on agriculture and provide gainful, productive employment to millions of our youth who see no future in agriculture."(The Hindu, 24 December, Chennai, 2006)

On one hand the government, central and state; have placed their faith on SEZ as a means of stimulating economic growth. SEZs can provide scale-related advantages via the creation of clusters, reducing manufacturing costs. SEZs can be particularly helpful for small- and medium-scale entities that cannot afford to set up captive infrastructure facilities, but can share the costs in a large group. Finally, they can attract foreign capital and technology. SEZ is seen as a logical extension of the on-going economic reform and governments' commitment to liberalize export-import policy in line with perceived

demands of globalization.

On the other hand critiques have questioned this wisdom, arguing that SEZ policy would lead to disempowerment of marginalized groups, through unjustified land acquisition, undermining of local government and loss of agricultural productivity (Jose Arun, 2007). SEZ policy has been criticized for ignoring lessons learnt from previous developmental projects that have gone astray. These include threat of massive displacement from agricultural areas, lack of bargaining power for the poor land owners, loss of traditional livelihood of farmers leading to further marginalization and inadequate ground work before the implementing the concept of SEZ (Arun Kumar, 2008).

Statement of the Research Problem

The overarching problem this study tries to address is the question why the wild-fire of protest has spreads in some regions, while in others it is either doused l or perceived not as a fire but as a well spring of hope. What can explain the regional differences in public responses to SEZ?

Significance of the Study

Government of India had looked into the benefits of SEZs by considering the following questions: a) whether exports are being generated from SEZs or not? b) Whether employment is being generated or not? c) Whether SEZs are resulting in the development of local area or not? There is a recognition that SEZ matters to the local community and hence a need to study the perspective of the local stakeholders.

The perspectives of people most to gain or lose from such a policy has been largely ignored both at the time of development of the policy and during its rapid implementation phase. Such an approach would generate considerable discord when the political institutions that are supposed to manage tensions are ill-suited to the task. Ultimately, the SEZ raises questions about equitable development. Stakeholders understanding of 'fairness' distribution of development benefits is likely to be a critical factor in the long term sustainability of the policy.

This research attempts to examine dynamics of state SEZ policy, land acquisition, local governance at macro and micro level with reference to SEZ in the state of Tamil Nadu. Working within the framework for the study of public opinion drawn from field of political communication, this study will examine the stakeholder perceptions of opportunities and risk in promoting SEZ as a local development strategy. The present study hopes to chart these multiple perspectives in different context with an explicit intention of broadening the scope of the debate, which includes in the voices of those who are likely to be directly as well as indirectly affected by implementation of SEZ.

Stakeholders understanding of 'fairness' of development process is likely to be a critical factor in the long term sustainability of the policy. These perceptions, along with local contextual factors, determine the extent to which the stakeholders see opportunities to influence policy through participation in social movements that seek to represent their collective interest. The nature and extent of local people's opinion on anti-sez activities can be seen as an indicator of public support to the policy. The key drivers of these participations are the attitudes and perceptions of the stakeholders. Hence the studies significance lies in its attempt to map these local people's opinion.

Objectives of the Study

This research will identify regional differences and factors that can account for local community responses to SEZ. The study will also examine the implications of the finding to local governance, and forms of social exclusion and critically evaluate the Indian

government's proposed land acquisition bill that seeks to address some of the anomalies in SEZ policy such as transparency and transactional fairness. The over arching objective of the research study would be to:

- To understand and map the range of opinion expressed by different demographically defined stakeholders on Special Economic Zone (SEZs)
- To identify and explicate attitudes related to special economic zones held by different stakeholders
- To examine regional and individual level differences in local public opinion of SEZ
- To offer an explanation for regional and individual level differences in terms of theoretical perspective based on political opportunity structures.
- To offer recommendations to improve SEZ policy as understood by the research participants.

These objectives, it is hoped, would lead to an integral view of SEZ that honours the perspectives of different stakeholders and while acknowledging the partiality of positions on offer on public debate.

Research Context: SEZ in Tamil Nadu

Taking the case of Tamil Nadu, this research proposes to examine local and individual level factors that can explain such variations in responses. In order to get a better understanding of the issue, we need to look at how SEZ policy was enacted and implemented in Tamil Nadu. This discussion will set the context for the present study.

The state of Tamil Nadu one of the four southern states of Indian sub-continent is considered "a pioneer in implementing many developmental programs such as nutrition noon-meal scheme for school children, integrated rural development program, adult-literacy programs, low cost rice for poor, and more recently self-help group based micro-finance initiatives. It has also been a forerunner in implementing industrial policy focused on small scale industries and marginally successful land reform that sought to distribute land to landless farmers. Tamil Nadu has followed a unique trajectory that blended industrial policy and developmental initiatives, which have withstood the vagaries of local politics, corruption and other malaises that have been traditionally associated with governance in India."(Arunachalam.P, 2008). Tamil Nadu, being among one of India's most industrialised states, shows certain unique patterns emerging in the establishment of SEZs.

The SEZ policy in Tamil Nadu (TN) provides an opportunity to examine how public opinion is mobilized, sustained and incorporated into the existing policy. Even before the central SEZ Act was passed in 2005, Tamil Nadu had formulated its policy on SEZs in 2003 and passed the Tamil Nadu SEZ Act in 2005. Since 2005, a series of public hearings were organized by various civil society groups, political parties and government agencies. Civil society groups have argued that the bulk of the land being acquired for SEZs is fertile agricultural land, especially in case of the multi-product zones.

Opposition to SEZ in Tamil Nadu

There were growing concerns over the impact of SEZ on local communities such as loss of agricultural land, unfair land transactions, undermining of authority of local government, environmental degradation and fears of emergent gated communities. The feasibility and profitability of SEZ are also being re-evaluated in the light of growing opposition to SEZ and volatile markets.

Literature Review

The academic literature on Indian SEZs has both dealt with the positive aspects of SEZs (Aggarwal 2007; Ananthanarayanan 2008; Gopalakrishnan 2007; Sivaramakrishnan et

al. 2009) as well as its negative consequences (Basu 2007; Bhattacharya 2007; Patnaik 2007). Kadir, (2010) provides an extensive discussion of these literatures, especially those related to land acquisition issues. The literature review on SEZ in India is complicated by the fact that the issue cuts across several cluster of problems, such as land acquisition and agricultural productivity that merits individual considerations.

Neo-Marxist Critique of SEZ--SEZ as Neo-Liberalism

We examine the perspectives on SEZ from neo-Marxist framework. Banerjee-Guha offer neo-Marxist analyses of the spatial relations of capital associated with Indian SEZs and conceive the establishment of SEZs as part of the global process of accumulation by dispossession. Their work offers a compelling analysis of the creation of SEZs within the wider space of the neo-liberal global economy (Banerjee-Guha, 2008). Kadir Others has argued that SEZ is tool for consolidation of market power over welfare state. The development of these controversial social spaces has been regarded as 'one of the starkest manifestations of India's neo-liberal economic policies' (Ananthanarayanan 2008: 39) (Cited in Kadir, 2010)

Drawing upon Marx's concept of primitive accumulation, Harvey propounded the concept of "accumulation through dispossession" to explain the processes of accumulation that have been operating under neoliberal capitalism in the world today. Harvey's hypothesis is that accumulation by dispossession releases a set of assets at very low or, at times, zero cost. The over accumulated capital, which is lying idle without profitable, seizes hold of such assets and turns them to profitable use (Harvey, 2003). It is argued that the neoliberal corporate industrialisation has become predatory in nature and is demanding concessions from the state exchequer and dispossessing farmers from their land and displacement from their habitat (Patnaik, 2007).

Levien adopts and extends the David Harvey's concept of "accumulation by dispossession" (ABD) to examine the political economic consequences of implementation of SEZ for rural India. His research, based on 16 months of fieldwork researching a functioning SEZ in Rajasthan and interviews with business and government officials, argues that "In the case of SEZs, the accumulation generated by dispossession occurs through the creation of capitalist reinters who develop rural land for IT companies and luxury real estate and profit from the appreciation of artificially cheap land acquired by the state. While such development only minimally and precariously absorbs the labor of dispossessed farmers, it creates a peculiar agrarian transformation through land speculation that absorbs fractions of rural elite, drastically amplifies existing inequalities, and fuels non-productive and pre-capitalist economic activity. Given the minimal benefits for rural India in this model of development, farmer resistance to land dispossession is likely to continue." (Levien, 2011).

Conceptual Model: The Need to Investigate Local Public Opinion

Many public opinion surveys fail to make a distinction between people off-hand superficial opinion (mass opinion) and peoples considered opinion(public judgment) (Yankelovich, 1991). Any gap between local public perceptions of SEZ and government and civil society discourses on the issue can be viewed as a sign of weak link in democratic institutions (Ferguson, 2000). To move ahead with a public policy without public support is to invite failure in the long run. The institutions that promote SEZ aggressively (e.g. ministry of commerce, industry associations like CII, state industrial corporations) need to understand the responses of local public to adapt the implementation of a policy to the local context. Public judgments of SEZ, then, can be seen as an important dimension of this context. Decision makers need to know which stakeholders have expressed their views on

the issue and why. Importantly they need to understand if and if so, how these perceptions vary along key factors that constitute the issue-e.g. how various occupational, employment status, socio-economic class relate to the policy.

We need more independent and credible surveys of local perception of policy issues-local to the extent that the policy is spatially oriented intervention. These surveys can gauge public sentiments and considered opinions on issues that have personal relevance for them. However any attempt to independently test such a position is rejected on the grounds of well-known methodological limitations of public opinion surveys. Unfortunately, such rejections provide scope for projecting partisan, ideologically motivated positions as somehow “true opinion of the public”. Even when critiques express their misgivings about public opinion surveys, there is a tendency to assume some form of “public opinion” rather than none. On contentious issues, adversaries often claim that the “majority” support their specific policy position--be it for or against an issue. While trying to improve the validity and reliability of the research design, we need to keep the information channel between the general public and decision makers (government or in non-government organisations).

Research Design

A survey was conducted amongst the people representing five local communities within the SEZ region in Tamil Nadu. The study adopted a survey design in line with previous research on public opinion studies. The questions were derived from material collected from the field work, media and government reports. Since the range of issues under discussion were wide, the researcher decided to restrict our survey to specific questions that pertains to the assumptions made about local people’s perceptions about SEZ in the reports and press releases sent out by civil society organisations.

The overall sample size was 885. The samples were drawing from 25 villages located near six SEZ covering the following districts- Tirunelveli, Coimbatore, Madurai, Kancheepuram and Thiruvallur.

A screening question related to whether they belong to the locality (native of the village) and if the answer is in affirmative, they were requested to answer the question. This strategy ensured that a diverse range of local people were interviewed instead of only those showing special interest in SEZ.

The survey team obtained information from a cross-section of people on demographic characteristics gender, age, education, employment, occupation and self-reported income, subjective class along with opinion and attitude questions.

Measurement and Operationalization

Based on the field work and argument mapping, the researcher developed an item pool for survey questions. Content validity of the items was established through assessment of two experts. The researcher translated the item pool in Tamil. The researcher adopted the technique of cognitive interviewing to improve the quality of the survey questions and also validate the question content and response categories. Standard demographic questions were included not only for the purpose of classification, but also as the key exploratory variables through which we identify individual level differences.

A series of questions was developed to measure multiple dimensions of perceptions of SEZ. These included

1. Interest in SEZ,
2. Level of Knowledge, Extent of Understanding,
3. Support-Opposing to SEZ and
4. Political Participation related to anti-sez activities.

Attitude towards Special Economic Zones

What can explain public perception of SEZ? What are the antecedents of these perceptions? Since this research primarily focuses on the individual level factors, one key candidate for this explanation could be found in the underlying attitude systems of the individuals. On an issue that involves collective decision and action our attitudes are the key guide for our actions. Attitudes are informed by values which are enduring set of core beliefs that enable us to make sense of the world. If one considers the conventional definition of politics as "authoritarian allocation of values by the government" then the debate over SEZ is as much a question of values as it is of socio-economic impacts. The relevant question then would be what attitudes have guided the public's perception of SEZ?

To answer this question we identified the following themes to be critical to formation of specific attitudes towards SEZ. These themes were derived from the literature review and argument mapping analysis that that was conducted earlier. The themes are,

- a) Attitudes related to government and private promoters
- b) Attitudes related to land acquisition and who is to take responsibility
- c) Attitudes related to the economic impact of SEZ on the local community
- d) Attitudes related deprivation of traditional livelihood.

Limitations of the Research Design

There are several limitations that need to be born in mind. While the sampling sought to ensure maximum of diversity in the respondent profile, it is still not statically random sample. Hence the significance testing should be seen as an indicator of possible relationship, but not confirmation. Second there are now over 20 SEZ that are fully operational in Tamil Nadu, but the researcher was able to include only five regions due to lack of resources. The total sample size could have been much higher, given the opinion survey design, but due to financial resource constraint the researcher was not able to increase the size further. However the sample size satisfied the statistical requirement of having enough power to make valid conclusions about the estimations of relationships.

Conclusion

To summarize the preliminary findings, contradictory to the critical perspective on SEZ, the study finds that local perceptions are overwhelmingly in support of SEZ in Tamil Nadu. Where there is division, the perceptions of local people tend to be moderate. Of course these perceptions might change in response to the extent to which the expectations are fulfilled. This calls for close monitoring of people's perceptions on specific developmental issues and the need to carry out mid-course corrections. But the overriding conclusion is that somewhat counter-intuitively, SEZ has drawn support from the local people, this support base of public opinion has mitigated any radical opposition to SEZ derived from those who have been dispossessed.

The need is to create opportunities for partnership between stakeholders, with a conscious attempt to broad-base the concept of stakeholders. Broader lessons from this study include the need to consider the public opinion environment of the local community in implementation of development interventions.

Political participation from community on specific policy issues like the SEZ is a sign of democratic vitality and consolidation. The civil society engagement in SEZ policy debate in Tamil Nadu even though contentious, can be seen as effective political strategy to the extent that such interventions foster creative and critical dialogue with the state and the local public. Civil societies can foster greater participation on inclusiveness through

mobilisation of public opinion and public criticism. However such a task leads to polarisation of the debate with accompanying risk of distortion, if there is a mismatch between the position of the civil society organisations and the local public opinion. Civil society activism has a potential to create and sustain a critical dialogue with the state as well as the market. The effectiveness of civil society strategies can be best gagged by examining the extent to which these groups, state, and market actors are receptive to local public opinion. However in Tamil Nadu the struggle over sez policy has produced a civil society stance that's stands apart from the position of local public.

Tamil Nadu's relative success with the SEZ policy has to be understood within the context the social, economic and political transformations the state has witnessed. Tamil Nadu has developed a political opportunity structure that has created an environment in which local public opinion often supports an overtly modernist, industrial development intervention. The result has been that local people, unlike the critics' assumption, see wider possibilities holding only a moderate stance on SEZ.

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