

Impact of SEZ on Employment and Development in Alwar District of Rajasthan

Abstract

Rajasthan state has a great potential for industrial and economic growth as it is a state with diversified natural resources. Matsya-Region of the state is in the proximity of the Delhi International Airport and ports of the western coast makes it an ideal location for export-oriented industrial development on a large scale, proposed Delhi-Mumbai industrial corridor (DMIC) will pass through this region throwing up enormous possibilities for development of industrial hubs such as Special Economic Zones along the corridor.

Somani Worsted Ltd. Khushkheda, Bhiwadi, Alwar (SEZ) is already notified in this region. These regions also have Japanese and South Korean Zones for Industrial production. More possibilities are there in this region for these type of Industrial Settlements as well.

Keywords: SEZ (Special Economic Zone), FTZ, EPZ, Harmonious Growth, Direct Investment, NCR, ITES, Disparities, Bimaru.

Introduction

India adopted Russian Model of five year planning to develop the various fields like infrastructure, agriculture, industrial and public welfare in India. Studies have found that there is a strong relationship between economic development and change in public welfare (Epstine, 1954:74; Srinivasan, 1958:43; Ahuja, 1999:33; McMichael, 2004:41). Fundamentally, the process of change is based on factors such as climate and weather, while the other includes systematic factors such as stable and flexible government, successful development projects, and enough free and available resources, SEZs have created dramatic transformations in both rural and urban parts of India (Acharya, 2006; Chakraborty, 2008; Kumar, et.al., 2008), this has to be studied and analyzed carefully. The SEZ projects in India have generally been criticized by not only the political parties, but also by civil society organizations and development communities. The focal opposition of SEZ projects in India is basically related to its formation, functioning, land rights issues, and most importantly its socio economic and environment impact on local community. Claimed to promote exports and foreign exchange earnings, they are also criticized as merely encouraging the relocation of existing firms, causing huge loss of tax revenue and the undermining of workers' rights. They are also been seen as policy response to commercial pressure on land, allowing the state to act as an agent for private companies in making prime real estate available to the later through forced acquisition. They have thus met with nationwide resistance from local communities faced with displacement from their land (Rawat, et.al., 2011).

Statement of the Problem

The proposed study is planned to assess the impact of special economic zone on environment, employment and development in India. For this a sociological study of SEZ at Alwar District in Rajasthan will be conducted in this regard to find out changes occurring in socio-cultural, economic and environmental spheres of the region due to establishment of SEZ in Alwar District in state of Rajasthan.

Objectives of the Study

The state government has planned up for the establishment of Rajasthan special economic zone in order to originate a not taxable territory in the state, which will be treated as a foreign territory. These types of industrial – settlements have the great potential for economic and other allied activities to boost. These settlements revolutionized the social, economic and political scenario of the region.

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To put in government's own words the main objectives of the SEZ are:

1. Generation of additional economic activity;
2. Promotion of exports of goods & services;
3. Promotion of investment from domestic and foreign sources;
4. Creation of employment opportunities;
5. Development infrastructure facilities;
6. Understanding the increase in employment opportunity understanding changes originated from the development of SEZ in Alwar;

Hypotheses/Research Questions

Based on literature review discussed above, following research hypotheses are formulated, which will be tested in the proposed study:

1. SEZ has changed the social structure of local community.
2. SEZ has changed cultural beliefs of local community.
3. SEZ has changed the economic activities of local community.
4. SEZ has adversely affected the local environment.

Database and Methodology

The present study is based on data drawn from varied secondary sources. Data related to location of SEZs, area, and type category have been obtained from the official website of ministry of commerce, government of India, which has also served as main data source for the study. Various statistical methods such as average, percentage etc have been used while analyzing the study problem. In

addition, at the time for presenting data effectively pie diagrams and bar diagrams have also been used in the study.

Study Area

In the present study Alwar district has been selected as the basic unit of analysis. Alwar is situated in the north-east of Rajasthan. It lies between 27°34' and 28°4' north Latitudes and 76°7' and 77°13' east Longitudes. It is bounded on the north and north-east by Gurugram (of Haryana) and Bharatpur district and on the north-west by Mahendragarh district of Haryana, on the south-west by Jaipur and on the south by Sawai-Madhopur and Jaipur districts. The total area of District is 8380 sq. kms. Its maximum length from south to north is about 137 Kms and maximum breadth from east to west is about 156 kms. The city is located at a distance of 165 Kms from Jaipur, the state's capital city, which is also the nearest airport. Excellent rail and road links connect Alwar to the rest of the state. On the development front, Rajasthan is far lagging behind in the race of progress among Indian states and that's why in developmental literature it is mentioned as 'BIMARU' state of India. And to alter this "Developmental Attribute" (of BIMARU state) Rajasthan followed the route of development through SEZs. Rajasthan has made various policies to lure foreign and Indian companies to establish SEZs here by providing special incentives i.e. tax holidays etc. but Bhiwadi industrial area is main SEZs area in Alwar district. Formal and In-principle approved SEZs in Alwar

S.No.	Name of SEZ	Area of location	Category of SEZ	Area (in Hec)	Status
1.	Adant Exports Ltd.	Bhiwadi	Multi-product	1000	IP
2.	Suncity	Khushkhera	Multi-product	3000	IP
3.	SRM Infrastructure Pvt. Ltd.	Tapukda	Multi-product	1000	IP
4.	Society of Innovative Education and Development	Bhiwadi	Multi-product	323.89	IP
5.	DLF Ltd.	Bhiwadi	Multi-product	2024	IP
6.	PS Jaipur SEZ	Bhiwadi	Multi-product	205	IP
7.	Arihant Infratech	Seherakhurd	Multi-product	220	IP

Note: IP means formally approved In-principle.

Source: Ministry of Commerce, Government of India.

Key Finding

1. The Development of SEZ mainly seen in urban areas.
2. There are many industrial areas in Alwar district but the development of SEZ mainly took place in Bhiwadi, Tapukda, Khushkhera, Seherakhurd.
3. SEZs in Alwar are related to multi-products or to multi-services, whereas, in the other parts of India IT related SEZs are in lead.
4. The majority of the SEZs are confined to major urban areas eyeing markets of urban centers and existing infrastructure structural facilities.

Significance of Study

It is found that SEZ is an instrument that the Government uses for Foreign Direct Investment. SEZs have received both appreciation and apprehension from different quarters of society. Many scholars argue that SEZs can act as engine of economic growth of Indian economy, based on their

spillover effects on the domestic economy (Aggarwal, 2005; 2006) including improvements in social and physical infrastructure (Shah, 2009). The SEZs are also viewed as a mechanism to promote higher levels of growth and development, through optimum utilization of resources and reduction in inefficiency (Tantri, 2012). Based on such premises, it is also stated in the literature that, there is anyhow no other alternative to Indian economy (Menon and Mitra, 2009). Many negative aspects of SEZs, including threat to food security, loss of livelihood, environmental degradation and the injudicious utilization of fundamental natural resources cause scarcity and pollutions, migration of the rural and backward folks, various social problems viz. delinquency of backward and marginalized sections of community, loss of traditional skills, divide in the typical Indian family system, crime, rape etc. have also been reported in several studies (Basavaiah,

2008:6; Chandrasekharn, 2008:10; Dileep, 2008:34; Palit, 2008:114; Mehta and Pahariya, 2009:110;)

SEZs are found to be located in districts that are much above the national average in terms of development parameters (Mukhopadhyay, 2009). This in turn is believed to have had adverse impacts on the urban infrastructure due to congestion and diseconomies of scale (Mitra, 2007); specifically, it is feared that these zones may ruin the existing infrastructure without actually adding to the new infrastructure base in the country (Mukhopadhyay and Pradhan, 2009). Thus, SEZs may pose two types of threats in the promotion of balanced development: One, the developed states have received the lion's share of SEZ approvals in the country compared to other states. This, in turn, has widened the already existing gap between developed states and lagging ones, and threatened to further worsen the same. Second, too much concentration of zones in a region exhausts the resource base of the region and results in diseconomies of scale and congestion, which in turn give rise to a completely different set of challenges (Tantri, 2014).

Conclusion

The role of SEZ in the development of an industrial Area is increasing rapidly in the world. The establishment of SEZ in industrial area of Bhiwadi, in Alwar district of Rajasthan, which comes in the NCR, has established multinational companies, resulting in

multi-product and Multilayer developed as well as structural improvement areas population was employed and various products were established in the market so the SEZ should be established in the development chamber.

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