

COMMENT

New SEZ Policy

THE CATAclysmic EVENTS AT Nandigram on March 14—in which no one still knows how many people were killed, how many raped, how many are still missing—led to the scrapping of the 10,000-acre SEZ—Special Economic Zone—for the Indonesian Selim Group and the CPM's hasty retreat from the area.

For one thing, the central government was forced back to the drawing board. It came out with some not 'insignificant' changes in SEZ policy.

There is now a ceiling of 5,000 hectares (12,500 acres) put on an SEZ. There was no cap earlier. Much more significantly, state governments can no longer acquire land for an SEZ on behalf of private developers. In other words, though the government stopped short of spelling this out in so many words, no recourse is going to be taken to the Land Acquisition Act of 1894. It is also left unspecified whether SEZs are to be treated as a "public utility" nonetheless, exempting them from the full operation of the Industrial Disputes Act (which gives workers various bargaining rights).

Nor can state governments form joint ventures with private developers if they do not already have land in hand to offer the project. States can also acquire land to develop SEZs on their own, provided they stick to the new relief and rehabilitation package to be announced soon.

Moreover, at least 50% of the total area in an SEZ is to be earmarked for processing units. Earlier, the norm was 35% for multi-product SEZs. SEZs will also have tougher export norms to meet—instead of being merely net foreign exchange earners, they will have to have export earnings at least equal to their purchases from the domestic tariff area.

These were the major changes announced. Also, the new policy implies that private developers will have to deal directly with farmers and landowners to acquire SEZ land. There is also the risk that the company may fall short of the minimum land required for the industry in question due to the unwillingness of one or a few owners to sell their property.

This was the very reason that the Land Acquisition Act of 1894 was invoked to accumulate land for SEZs. The state would then effectively act as a broker for private companies, hardly a role befitting a democratically elected set of people's representatives. The conflicts and protests during the last several months in West Bengal, Maharashtra, Punjab—Haryana and elsewhere, have revealed the moral folly of such an approach.

Despite cosmetic changes, peasants will continue to cope their livelihood and face uncertain future if the Centre goes ahead with their policy of establishing so many SEZs.

SEZ is not necessary in the first place for economic development. It means disaster but, the far left is yet to develop a comprehensive policy against SEZ. Spontaneity cannot sustain itself for long. Nor can one Nandigram stop the march of Salims, Ambanis and their like. □□□