

**A STUDY OF SPECIAL ECONOMIC ZONE IN PUNE CITY**

**A THESIS SUBMITTED TO**

**TILAK MAHARASTHRA VIDYAPEETH, PUNE**

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**BY**

**MR. AMAR MARUTI DHERE**

**UNDER THE GUIDENCE OF**

**DR. DHANARAJ A. PATIL**

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**2012**

## **CERTIFICATE**

This is to certify that the thesis entitled “**A Study of Special Economic Zone in Pune City**” is a genuine and bonafied work prepared by **Mr. Amar Maruti Dhere** under my guidance and direct supervision. The research report has been submitted to Tilak Maharashtra Vidyapeeth, Pune in fulfillment of the award of the Degree of Doctor of Philosophy.

To the best of my knowledge and belief, the matter presented in the thesis has not been submitted earlier for award of degree of Doctor of Philosophy of Tilak Maharashtra Vidyapeeth, Pune.

**Place: Pune**

**Date:**

**Research Guide**

## **DECLARATION**

I undersigned hereby declare that the thesis entitled “**A Study Of Special Economic Zone In Pune City**” is a genuine and bonafied work prepared by myself under guidance of Dr. Dhanraj A. Patil and submitted to Tilak Maharashtra Vidyapeeth, Pune for the award of Doctor of Philosophy Degree.

The present research work is original and conclusions drawn there in are based on data collected by myself. To the best of my knowledge and belief, the matter presented in this research has not been submitted to any award of nay Degree wither from Tilak Maharashtra Vidyapeeth, Pune or any other institute or academic organsiations. The list of references for secondary data is attached in the bibliography.

**Place: Pune**

**Mr. Amar Maruti Dhere,**

**Date:**

**Research Student**

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## **ABSTARCT OF THE THESIS**

**ON**

### **A STUDY OF SPECIAL ECONOMIC ZONE IN PUNE CITY**

#### **THE PROBLEM**

India embraced economic reforms and started introducing modern liberalization policies, like Free Trade Area, General Agreement on Tariffs and Trade (GATT), Export Processing Zone, Foreign Direct Investments, Special Economic Zone and so on in 1991. This created debates on economic development and societal transformations in India.

However, issues related to Special Economic Zone have created collisions. From the economic point of view, it has been claimed that the policy of SEZ will help to create huge domestic and foreign investments in various sectors. This may help to generate employment and economic development through foreign direct investment. However, questions like resettlement and rehabilitation of affected people, regional disparities, social unrest and public resistance, labor rights, deregulation of many laws have raised serious discussions over SEZ policy in the Indian context (See Aggarwal; 2006&2007:4&1, Palit;2008:47, Arunachalam; 2008:3, Bibhu et al; 2008:12). This debate has raised some pertinent questions regarding SEZ, which needs to be explored. The renowned economist (Dr. Amertya Sen) also advocated conducting empirical studies on the pros and cons of SEZs in India (See A. Sen; 2009:2). Since focus of the study is not directly to address any issues like capability approach, proposed by Dr. Amertya Sen.

SEZs have created dramatic transformations in both rural and urban parts of India (See Acharya; 2006:4, Chakraborty;2008:1, Mahendra Kumar et al.;2008:7), which needs to be studied carefully. Furthermore, the SEZ projects in India have generally been criticized by not only the political parties, but also by civil society organisations and development communities. The focal opposition of SEZ projects in India is basically related to its formation, functioning, land rights issues and most importantly the one time fixed financial benefit to the land owners that creates question of sustainability.

Against this background, in the case of Magarpatta City SEZ Pune, one of the unique features is in its formation, where the land rights have been protected and the land owners have come together and formed their own SEZ, which is an entirely innovative and inclusive concept.

The unprecedented and rapid pace of growth of Pune has put tremendous stress on urban infrastructure and general living standards. While the last two decades witnessed the boom of real estate in both residential and IT sector, the surrounding dominantly agricultural lands fell prey to the lure of the quick jump, thus selling off parcels of land in a piecemeal manner, that led to haphazard growth. The natives (original landowners) were also displaced to other fringe areas. The peripheral growth of Pune quickly succumbed to a disjointed and chaotic development, in which, the development authorities were finding it hard to stop it, whereas suburban areas like Magarpatta and Hadapsar grew rapidly. These processes had created an environment and condition for the making of Magarpatta City SEZ - a model case by the native Magar peasant community.

However, Magarpatta City SEZ is distinctive because of many reasons such as, it is developed by participatory actions of the native peasant community and the practices like ecology preservation acts as a model of the gated community. This SEZ has evolved as a path finding model for other developmental projects in the era of post modern economic reforms in India. The development community has also appreciated this model (Mehta; 2009:29, Chiaravalli; 2012:19, Balkrishnan;2013:112, Sami Neha;2012:1, Sami Neha;2013:152). For instance, the former President of India Dr. APJ Abdul Kalam during his visit to Magarpatta City SEZ advocated it (See Neeyati Saha; 2009:1).

“the successful project of Magarpatta City SEZ to a model project where the interest of peasant has been protected by giving them equity in the project and training their children for participation in the project execution.”

Building of Magarpatta City SEZ on the agricultural land with a view of sharing the gains in the appreciation of land values was the peasant's answer to the

challenges posed by these developments. Therefore, in the context of post liberalization and globalization, the model of Magarpatta City SEZ raises some vital questions such as:

- 1) How has the idea of Magarpatta City SEZ emerged among the native Magar community?
- 2) Under what circumstances have the native peasants come together to form such a SEZ (then company)?
- 3) Is there any role of leadership in the Magar community who was instrumental in making of Magarpatta City SEZ?
- 4) If there was a leader, what are the prime initiatives, motivation and directions that she/he had taken?
- 5) What are the legal provisions?
- 6) What are the possible socio-political networks, which promoted to form the company?
- 7) How did the peasants raise capital to form such a massive project?
- 8) What are the unique features of Magarpatta City SEZ?

Furthermore, sociologically, it is interesting to explore that after a sudden economic shift among the native peasants, what kind of dominant changes have occurred among the first and second generations of the native community?

Thus, this study attempts to find answers for such questions, which have significance in the matters of policies.

## **METHODOLOGICAL AND CONCEPTUAL FRAMEWORK**

### **Objectives of the Study:**

The general objective of the present study is to understand the process of the emergence of Magarpatta City SEZ and to explore some of the key changes that occurred among the native peasant community after Magarpatta City SEZ. However, the study intends to address itself to the following set of three specific objectives:



1. To explore the underlying features responsible for the formation of Magarpatta City SEZ.
2. To find out the peculiar features that made Magarpatta City SEZ a unique model.
3. To study some of the dominant features of change aroused within the Magarpatta community after a sudden economic advancement.

**Method of study:** This is an exploratory study. This project is probably one of the first SEZ projects exclusively formed by the native peasant community located in the outskirts in Pune. Hence to assess micro qualitative features, a case study method has been adopted.

**The universe and sample:** This is an intergenerational study which includes samples from first and second generation of native community.

**Table No. 1 Study sample profile**

Sample Group	Male	Female	Total
First Generation	45	05	50
Second generation	47	44	91
<b>Total sample size</b>	<b>=</b>	<b>141</b>	<b>141</b>

The total household (123) of the Magarpatta City SEZ formed universe of the present study out of those total 50 households has been selected purposively for the convenience of this micro investigation which is quite ideal for conducting an in-depth study of this kind.

The data for the present study were collected from the heads of the 50 households. In this study, the head of the household refers to the person who is the prime shareholder of the Magarpatta City SEZ. The names of the 50 shareholders have been mentioned in the annexure-I. However, for further qualitative analysis and to explore intergenerational changes, 91 respondents (47male and 44female) have also been selected from the respective households. These samples represent the second generation of native peasant. The change among the second generation helps to analyse the fundamental shift as well as

changes in first and second generation. Thus, the total sample size of study consists of 141 respondents (see table number 1).

**Techniques of Data Collection:** The data for the present study has been collected by using the following techniques which are both qualitative and quantitative in nature.

**A) Interview Schedule:** This technique had been used for the collection of primary data. To collect the required data, an interview schedule with both open and close ended questions were prepared and pre-tested (Annexure-II). Careful attention has been paid while constructing and structuring the schedule. The questions included in the interview schedule were framed in such a way that they could elicit both qualitative and quantitative data.

**B) Observation:** The observation technique was adopted in various steps in order to study various aspects in the research site. Frequent observations on Magarpatta City SEZ were made in different time periods during the field work.

**C) Interviews of key Informants:** For the informal interviews of key informants, a checklist was prepared. The issues were the causal factors for the change among the native community of Magarpatta City SEZ and the objectives of this study. There were frequent interactions with the entire family members during the field visits to the Magarpatta City SEZ. Furthermore, an in-depth interview of Mr. Satish Magar (Managing Director, Magarpatta City SEZ), who is one of the influential and charismatic personalities among the native community and had played an important role for making the Magarpatta City SEZ as a model of participatory SEZ has been conducted (see chapter 3). These interviews have immensely helped to understand the micro qualitative insights related to the problem of the present study.

**D) Document review:** Since the study is exploratory in nature, the researcher has extensively relied on this method using the written records, composed of documents, reports, statistics, manuscripts, websites and other written, oral, or visual materials, personal diaries and correspondence, or even brochures and pamphlets related to the topic.

**Method of data analysis and presentation:** All the collected data was analyzed both qualitatively as well as quantitatively. Quantifiable raw data was analyzed by using the Micro Soft Excel 7.0 Windows. While presenting the data, simple statistical tools like; frequencies, percentage and cross tabulation. Likewise, tabulation and graphical representation was also made. Similarly, suitable photographs taken during field visit were inserted for better illustration (See Annexure-III).

**Duration of data collection:** The field visits were performed in two phases for six months. The details of the field visits are as follows:

A) December 2011 to March 2012 - 3 months

B) June 2012 to September 2012- 3 months

**Conceptual framework:** A theory of social change has been used as a focal framework to study the processes of change among the Magar community.

## **SOCIAL CHANGE**

Society is a system of social relationship which is never permanent; rather they are subject to incessant changes. The human composition of society changes over time. *Social change* is an ongoing *process* that can be spontaneous or purposeful. In other words, change is the unchangeable law of nature. The term 'social change' is used to indicate the change that takes place in human inter-relations. According to H.M. Jonson (1936:96) "Social change refers to the change in social structure." According to K. Davis (1960:622) "By social change is meant only such alternation, that occurs in the society, that is, the structure and function of society." In the view of Jones ( 1949:47) "Social change is a term used to describe variation in or modification of *any aspect of social process, social pattern, social interaction or social organization.*" (Not necessary in all aspects). According to Merrill and Eldredge (1952:513), "Social change means, that a large number of persons are engaging in such activities that differ from those which they or their forefathers have engaged sometime before." However, there may be few exceptions. Because continuity and change are interrelated: processes of change are usually continuous, not isolated into a series of discrete events (See Kuppuswamy;1979:43, Gillin & Gillin;1950:561, Maciver; 1945: 523).

The most vital question in understanding Social Change would be : *Is the Pace of Social Change Accelerating?* The answer is yes. *Critics frequently observe that the pace of social change accelerated during the 20th century. Processes of industrialization, globalisation, demographic change, human-induced environmental change and most importantly revolution in Information and Communication Technology (ICT) all occurred more rapidly at the end of the century than they did at the beginning. Therefore, a 17<sup>th</sup> and 18<sup>th</sup> century understanding of gauging the span of change has changed drastically and dramatically (See Rudel and Hooper:2005:75).*

Likewise, the speed of social change is not uniform. It differs from period to period. In the modern society, the speed of social change is rapid or faster than the traditional society. Thus, keeping the overall canvas in view, the study intends to capture the nature and signs of changes which occurred among the native Magar community after Magarpatta City SEZ. It also tries to find out a few dominant changes particularly in social, economic and cultural sphere along with the continuities.

## **ECOLOGICAL MODERNISATION**

In terms of social change, ecological modernisation highlights the fact that, there is the need for restructuring of the existing models within the modern society. Instead of viewing the modern society as a bane in helping out with the ecological crisis, it is possible to bring about changes within this modern society that would help in tackling the environmental situation.

“Ecological modernisation can be defined as the discourse that recognizes the structural character of the environmental problematique but nonetheless assumes that existing political, economic, and social institutions can internalize the care of the environment” (See Hajer; 1995:1).

The acceptance of ecological modernization as one of the mainstream environmental sociological perspectives, the pervasiveness of ecological modernization can be gauged by the fact that a broad range of environmental social scientists have found it necessary to address even if only to critically respond to the rising influence of this perspective (See Mol, Aurther and Spaargaren; 2000:2). Furthermore the ecological modernization is employed is as

a notion for depicting prevailing discourses of environmental policy (See Buttel F.H.;2000:7).The theory of ecological modernisation helps to analyse the ecological practices adopted by Magarpatta City SEZ.

**Indicators for measuring social change:-**

Social change is complex and multi-faceted phenomenon. Since change in one sphere affects other spheres of social life, it is desirable to take an integrated view of the processes of social change. There are many barriers to measuring social change- the first being the perception that social change cannot be measured or defined by metrics or data points. It is generally believes that, qualitative information can be very effective in measuring social change (So, Alvin Y; 1990). Hence, considering the socio-cultural morphology of the native community the following indicators and measuring variables have developed.

**Table No. 2 Indicators and variables for measuring social change**

<b>Indicators</b>	<b>Variables</b>
<b>Social</b>	Intergenerational educational mobility
	Upliftment of girls in higher education
	Political Power
	Emancipation widow
	Hierarchical relations
<b>Economic</b>	Changing sources of livelihood
	Income level
	Credit (Loan)
	Saving(Investment)
<b>Cultural</b>	New beliefs
	Inter-personal and Power relations
	Disappearing of Collectivism
	Marriages and Dowry
	Family Solidarity

**Review of literature:** - This section includes review of studies related to economic development, problem and prospects of SEZ and SEZ and change. However, due to scarcity of studies on SEZ and changes among the natives very

few available studies have been reviewed which shows the following trends and gaps.

- 1) Majority of studies focuses the role of special economic zone on economic development, human resource development and regional development.
- 2) Earlier studies on SEZ have mainly been conducted by economist with economic perspective while sociological and anthropological studies have mainly been relied on the aspects like SEZ and food security, SEZ and land acquisition problems, SEZ and displacement of people, SEZ and regional disparities and SEZ and environmental issues.
- 3) There is a need to study participatory model of SEZ's mainly developed by the native communities like Magarpatta SEZ in Pune City.
- 4) There is a need to study SEZ with holistic perspective.

## **CHAPTER SCHEME**

### **Chapter One: Introduction**

The first chapter of the thesis has two objectives. The first objective is to define the problem of the study and the second objective intends to overview the facets of SEZ at international and national levels with special reference to the legal aspects and flow sheet of SEZ policy in India. The chapter also tries to take cognizance of major agitations against SEZ projects in India.

### **Chapter Two: Methodological and Conceptual Framework**

This chapter of the thesis includes the methodological and conceptual framework of the present study which is divided three sections: methodology, conceptual framework and review of literature.

### **Chapter Three: Exploring the Formation of Magarpatta City SEZ**

This chapter covers the intricacies involved in the process of the making of Magarpatta City SEZ. In the first section, an attempt has been made to explore the initial conditions responsible for the inception of the Magarpatta City SEZ and its induced participatory actions by the native community.

The second section offers an in-depth interview of one of the key informants Mr. Satish Magar (founder and Managing Director, Magarpatta City SEZ), that

immensely helped to understand few subtle issues and his influential leadership role in the formation of Magarpatta City SEZ.

#### **Chapter Four: Unique Features of Magarpatta City SEZ**

The earlier chapters that Special Economic Zones in India were shrouded with many tribulations. SEZ policy in this nation raises serious problems like forceful land acquisition and eviction of previous users, inadequate compensation and rehabilitation, loss of revenue, violation of Indian Acts, environmental concerns and so on. However, an initiative like the Magarpatta City SEZ has brought up new hopes in this depressing scenario. The Magarpatta City SEZ is governed by the native peasant for the native peasant. This project provides possible alternative answers to the challenges posed by SEZ's such as land acquisition and eviction of affected people. The present chapter exclusively tries to explore the features that made the Magarpatta City SEZ one of the unique projects in India. In this chapter, the word unique is related to those aspects related to the SEZ which have not identical to others.

#### **Chapter Five: Dominant Changes among the natives of Magarpatta City SEZ**

This chapter analyses the dawn of Magarpatta SEZ as one of the alternative models for inclusive development without losing the land. Various studies have found that there is a strong co-relationship between economic development and change (See Ahuja;1999:33, Epstein;1954:74, Srinivasan;1958:43, McMichael, Philip; 2004:41, Polanyi, Karl;1944:1). Fundamentally, the process of change is based on two factors: The first factor is random or unique 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.

#### **Chapter Six: Summary of Findings and Conclusion**

The final chapter of this thesis gives a summary of the major findings and presents the conclusion. The findings are based on the focal objectives of the study:

1. To explore the underlying features responsible for the formation of Magarpatta City SEZ.

2. To find out the peculiar features that made Magarpatta City SEZ a unique model.
3. To study some of the dominant features of change aroused within the Magarpatta community after a sudden economic advancement.

**Annexure-**

The list of the respondents of native community, comprehensive interview schedule and photographs are included in the annexure.

**SUMMARY OF MAJOR FINDINGS**

**Chapter-I**

***1. Export Processing Zone to Special Economic Zone: Need to revise a SEZ Policy***

Earlier, the export processing zones and free trade zones dealt the foreign trades around the world. Since 2005, Special Economic Zones emerged in India converting the export processing zones and free trade zones. India acquires SEZ policy from China with little modification. However, after its implementation it is found that SEZ policy faced opposition from the Indian society because of many awful effects. Since its implementation in 2006, the SEZ Rule was continuously amended and recently the government approved SEZ Rule 2013 where the minimum land requirement for SEZ is specified. Many researchers believed that, India should review the SEZ policy keeping in view the structure of Indian society.

***2. Concession and Benefits to SEZ units makes path for parallel economy in India.***

After analysing the concession and benefits to Indian SEZ, it is believed that, this may create path for the parallel economy structure to the present Indian economy. For giving the waivers of various incomes, revenue by duties and taxes to SEZ had violated Indian regulations. It is also believed that, SEZ pulls the black money in the market, where capitalist may get more benefits because of this policy.

***3. Social unrest and oppositions to SEZs in India.***

History of SEZ in India have witnessed social unrest, opposition and protest. The famous controversies of SEZ are Nandigram and Singur in West Bengal, where farmers protesting against the forceful eviction and land



acquisition for the SEZ. One more example is the Reliance proposed SEZ in Konkan in Maharashtra, opposed by local people, which resulted police firing on peasants who were aggressive. It is a common belief that, Special Economic Zone is one of the reasons for unrest in the Indian society.

### **Chapter III**

#### ***1. Forces and processes behind the making of Magarpatta City SEZ***

Magarpatta City SEZ was owned by the Magarpatta City Township Development and Construction Company (MTDCC), which is established by the native peasant community named as 'Magar' in the 'Hadapsar' suburb at Pune. The native peasant community came together to join hands for developing this SEZ under the leadership of the native peasant Mr. Satish Magar.

The following factors are closely connected for making Magarpatta City SEZ.

(a) In 1982, a draft plan of Pune Municipal Corporation declared Magarpatta area as Future Urbanised Zone under the Urban Land Ceiling Act. This creates fear among the native peasant, who were to lose their ancestral land.

(b) Since 1990 onwards, native 'Magar' peasant community realized the mushrooming of many unorganized constructions works around their agriculture land. This trend also influenced them to save their ancestral land for future generations and for alternative source of income.

(c) The Magar community decided to develop their land, but they don't have any legal and financial aids. Meanwhile one of the native peasants, Mr. Satish Magar, an agricultural graduate, who belonged to a political family raised the idea for a collective development of land. He motivated the native peasants to join the hand to establish the company. Thus, 123 landowners decided to develop their land themselves and joined in the Magarpatta Township Development and Construction Company (MTDCC), which was over more than 423 acres of land.

(d) In 1993, the peasants registered the private company named Magarpatta Township Development and Construction Company (MTDCC), which was run by the managing director (Mr. Satish Magar) and the technical director in consultation with eight board members drawn from the peasant's families. The idea of the private company rather than the cooperative was mooted because of the earlier experience of the sugar cooperative and also varied landholding sizes.

(e) Magarpatta Township Development and Construction Company formed a proposal for the development of their land and presented to the Maharashtra state government. Then Chief Minister, Mr. Sharad Pawar, liked and supported this idea and forwarded the proposal to the urban ministry. Here, one can observe the role in the making of Magarpatta City SEZ from beginning in the framework of development politics. Meanwhile, Chief Secretary of Maharashtra took the hearing of the involved native peasant for their willingness to join in this company and issued a draft to convert the land from agriculture for urbanisation. While, earlier, the Pune Municipal Corporation kept reservation of land as 'Future Urbanised Zone' gave waiver and passed the resolution for development of Magarpatta City SEZ in the general body meeting.

(f) Initially, the MDTCC raised the ₹2 crore loans from the HDFC bank for construction and afterward, HDFC had supported at every stage and provided nearly 65% funding to the project. At present, the management of Magarpatta City SEZ is in a process to settle up 60% loan to HDFC.

(g) The first phase of the construction included simultaneous building of the villas, a few apartment blocks, some commercial space as well as part of the IT Park. The money that was generated by selling or leasing these funded further construction. Also, the company assured itself a constant revenue stream by not selling any of the commercial space in the IT Park, but only leasing it.

(h) After announcing the SEZ policy in 2005, the Board members made a resolution that Magarpatta City can apply for Special Economic Zone. Then immediately (in August 2005), MTDC applied under the Electronic Hardware and Software including ITES sector SEZ and in December 2005, they got the approval from the Government of India.

## ***2. From Peasant Community to Peasant SEZ: An Emerging Model of Participatory Community SEZ***

An emerging model of SEZ has been evolved from the participatory actions of native peasant 'Magar' community. One of the vital factors behind this was the personality factor Hegans's (1962:43) styled quality of creativity<sup>1</sup>, which is reflected in through the decisions and actions of Mr. Satish Magar, who had

been one of the key originators of Magarpatta City SEZ. Furthermore, it is found that equality; ownership right and sustainability are the key factors for a successful participatory model.

## **Chapter IV**

### ***1. Key features responsible for making of Magarpatta City SEZ a unique model***

Magarpatta City SEZ is one of the unique SEZ than other SEZs because of various features mentioned below:

- a) Magarpatta City SEZ is developed by the peasants through process of mutual participation. The peasant develops their own land. Hence, this model was called Farmer's Direct Investment (FDI).
- b) Native peasants collectively-willingly develop their land, therefore there are no forceful land acquisitions like other SEZs.
- c) Magarpatta City SEZ provides lifelong revenue generated model for the native's future generations too.
- d) Shareholders (native peasant) of Magarpatta City SEZ retain the land right and have no eviction and rehabilitation.
- e) Magarpatta City SEZ gives sustainable economic benefits to their share holders (native peasants) from the dividends, vending and contracts and entrepreneurial activities. In other SEZ's, the benefited stakeholders also started new businesses, but it was outside the SEZ, which is established on their own land. This is one of the key distinctions between the Magarpatta City SEZ and other SEZs in India.
- f) Magarpatta City SEZ provides guaranteed jobs to land laborers who had been working on their farm.
- g) Magarpatta City SEZ carries the preservation of ecology and environment which acts as a model for ecological modernisation.

### ***2. Magarpatta City SEZ in the frame of Ecological Modernisation***

Despite the debates on the environmental related problems and SEZ in India, the case of Magarpatta City SEZ is somewhat an encouraging example to preserve the ecology and carry out environment-friendly practices<sup>3</sup>. It is amazing to see that Pune Municipal Corporation (PMC) appreciated the SEZ's ecological

practices and awarded 10% wave off on property taxes. Magarpatta City SEZ maintains the ecology and preserves environment sustainability through certain unique practices,<sup>2</sup> which also bonds with the ecological modernization. Another significant finding regarding the uniqueness of Magarpatta City SEZ is that it acts as a model of gated community<sup>3</sup> which is a distinctive example when compared to other conventional SEZs in India.

## **Chapter V**

### **A) Magarpatta City SEZ and changes in social sphere**

#### ***1. Changing educational nature signaling imprints of entrepreneurship***

There are two important findings. Educational mobilisation is the most significant change between the first and second generation of the native community. The educational priority of the second generation native community is highly oriented towards management, commerce and business related courses. In contrast to this, many first generation natives did not even complete schooling where, some natives were illiterate.

The changes in educational structure are found in the majority of second generation, who successfully completed their higher education degrees from reputed institutions from developed countries. It is further found that, the education system adopted by the second generation natives highly supports chances to enhance their business skills. The above findings are also tied to the theory of Reasoned Action by the Ajzen and Fishbein (1980:27) that discovered that, fixed aim and goal with parental support are key motives to students to choose the field. As Judge and Bal (2008:44) found that, there is a definite relationship between economic change and the emergence of new education, which further enhance skills, which is highly beneficial for changing traditional identity.

#### ***2. Changing political structure and dominance among the natives***

There are five major findings related to the changing political life of the native community. It is noteworthy to see that the structure and functions of political engagements of natives are completely modified to achieve the supremacy among the community.

The aim of the native community to join politics is mainly motivated to become political elite. This is simply an outcome of desire to hold important positions in politics and civic organizations and business. The rising aspirations to become political elite partially motivated them to channelize their capital for political gains.

The changing wish to become a political elite is also harming the traditional peace family institution of the native community. Some of the important causes are political activism, varied political opinions and strong loyalties to different political parties. However, the paradoxical findings noted that, division in the joint family by political cause has purposive strategic actions to uphold a power within a single family. The hidden agenda behind this action is probably to provide political benefits to every family member as a whole. On the other hand, this political transformation has also given rise to intra-family resistance hence, those who were good friends in past are now competitors in politics and business.

It seems that the establishment of political connections through children's marriages is one of the appealing findings of this study. This consolidates family relations as well helps it fulfill its political ambitions. Overall, it was found that economic transformation after SEZ is one of the key associated reasons that led to restyling of the political life of the native community.

### ***3. Changing traditional behaviour of the second generation native***

Losing parental control and authority over the second generation native is one of the fundamental changes seen in the traditional native community. The possible key reasons are alienation from family values, family ties and loyalties and the influence of modern ethos as well as western education taken away from home, economic independence and individual freedom. Such chains of transformations have taken place in the native community and these have eroded the sense of belonging and affection attached to the family institution, which is the root of traditional authoritative power.

#### **B) Magarpatta City SEZ and changes in economic sphere**

##### ***1. Changing mode of production: From agrarian community to elite business class***

One of the important findings of this study is a drastic shift in the mode of productions of the native community from traditional to modern. Before SEZ, traditional agriculture was the sole and staple occupation of the native, but it was

tough and unprofitable. At present, the native community is recognized as a set of successful and dynamic entrepreneurs. There were also few push and pull factors such as rapid urbanisation, neo-liberal economic policies and modern forces, that largely influenced native community to become an elite business class. Magarpatta City SEZ has provided a platform and created a zeal and confidence among the natives to shift their traditional mode of production (occupations).

## ***2. Becoming the billionaires: Natives charisma of Magarpatta City SEZ***

One of the direct changes in the native's income is the most appealing finding of this study because income is a major factor, which is directly interlinked to social and cultural transformations (See Scarlet Epstine;1954:83). It is found that the present monthly earning from the business has obviously gone up to the range of ₹10 lakhs to ₹ 50 lakhs. This is attributed to changing income modes from traditional to modern<sup>4</sup>. Henceforth, it is proposed that this SEZ is not only a path finding model of entrepreneurships to the natives, but also it makes them elite and capitalist. In this context, the role of second generation natives is also noteworthy, who have selected more resourceful businesses.

### **C) Magarpatta City SEZ and changes in cultural sphere**

#### ***1. Magarpatta City SEZ creates an environment for replacing traditional beliefs and ideas with modern beliefs and ideas among the natives.***

There are two important findings on changing traditional beliefs and practices to modern and western beliefs and practices in native community. The new beliefs like hanging wind chime and keeping pyramid in the living room is witnessed in the native houses. This is cultural traits is nothing, but the expansion of trade in cultural products, which increases the exposure of local societies to foreign culture. The exposure of foreign cultural goods, thus brings a transformation in the local and traditional beliefs, value and practices.

The next finding shows the dying nature of traditionalism among the natives. The illustrations and observations admit the propagation of westernization, that lie among the first generation native in general and second generation native in particular. For instance, Christmas celebrations, consumption of western food items and dressing pattern are more commonly evident in the native community. It is also found that modern beliefs and practices do not completely change all sets of traditional beliefs and practices. However, it is interesting to note that the traditional footprints have only remained among the first generation natives. The main reason for this change is the globalization, which erode the local culture and 'capitalism' that sets the process of 'creative destruction' referred by Schumpeter (1934:194). Therefore, it is believed that foreign culture has undermined the native's traditional identity, where SEZ is found an influence and a means of transformation.

## ***2. Economic development helps to collapse bond from consanguinity to conjugality***

The changing economic dynamics are constrained to altering the family and kinship relations. This study gives the findings related to the degradation of family relations among the natives community. The 76% of the natives agree to break the bonding with close friends, brothers, sisters and other family members. It is remarkable to note that, capitalistic and materialistic attitude of natives have superseded the relational ties from affection, sympathy, love and harmony to animosity, disdain, dislike and discard respectively. Furthermore, the observations of this study have found that, the loyalty, respect among family relatives is rapidly disappearing especially among the second generation natives. In this context, a classic study conducted by an anthropologist Scarlet Epstein (1957:74) also analysed the collapsing of relational ties and loosing the affinity in village people in India by the modern economic reformations. The products of neoliberal economy such as SEZ have deeply altered the traditional ethos of Indian family system, which may harm the very fabric and sustainability of the Indian culture.

## **CONCLUSION**

Indian SEZ policy, apparently would be more controversial. Forceful land acquisition, eviction and pitiable rehabilitation are few of the reasons for the social unrest and violent protest against the SEZ among the peasantry in India. For peasants, land is most valuable source of livelihood and therefore they would like to retain the right of their land even after the development of the project. This notion creates a platform for the peasant's SEZ. Peasants realize that, one time compensation, promised jobs and other benefits wouldn't be better than an ownership in the industry and steady source of life long income. The peasants of Magarpatta have the sense of inclusive and sustainable dynamics, which founded the most probably India's first peasants SEZ in Pune.

Urbanisation deterred the native peasants, who decided that, to pool their land jointly and convert it into real estate and then to Magarpatta City SEZ. After a careful analysis, it is noted that, Magarpatta City SEZ is the benchmark for others, where peasants collectively and without any hassles develop their own land as well as hold on to their ownership. The land also continues to be

registered in their name, maintaining ownership and giving them a sense of security.

In factual sense, it is proved that the model like Magarpatta City SEZ is differing than other SEZs because of many reasons. The community participation, equity, homogeneity, involvement, life long benefits, economic security, ownership and the dynamic leadership of Mr. Satish Magar are the striking features of the making of peasant's owned SEZ. This SEZ would be one of the causes for rejuvenating the life of the peasant community to transform them from toiling farmers to enterprising entrepreneurs. Thus, it is can conclude that participatory and inclusive nature embedded in Magarpatta City SEZ has the main tools to improve the status of weaker and deprived sections in the community. While India is on the threshold of dispute and controversies of the SEZ policy, the model like Magarpatta City SEZ has truly emulated traditional cooperative outlook designed by and for the peasantry community.

The brief visits to the native community raise more questions answers. The SEZ may also alter the basic structure and functions of the social institutions among the native community. The changes among the first and second generation natives clearly shows the patterns in which, the first generation natives have become semi-modern and the second generation natives are more inclined towards the modern spirit of capitalism. The modern western ethos adopted by the native community has helped native women to acquire socio-educational rights. The upward economic mobility among the natives has influenced them to become political elite and this change has created various complexities as well as opportunities. The overriding desire to get political supremacy among the native have facilitated the channelizing of their capital to secure reputed positions in the society. On the other hand, with the advent of new economic institution like SEZ and the modern ethos, the social sets are drastically customized among the native community.

It is concluded that, as per the extent of modernization, the native community's future generations will represents the Davos culture like in the western societies. The expansion of the native community's economic activities



and capitalistic ventures continue to create dramatic alteration in the societal as well as in the cultural horizons.

The native's individualistic tendencies have become dominant with economic growth, affluence and capitalism subsequent to SEZ. Even though, the native community's individualistic character is the most clashing determinant, which is reverse to their earlier participation and inclusive action that had led to the development of Magarpatta City SEZ. Thus, it is concluded that, the rate and nature of participation at the initial stage may not be possible to be sustained in the later stages of the development process. As conceptualized by many social scientists (See Dube;1998, Tadashi;1964, Srinivas M.N. and Karve D.G.;1958, Epstine;1954), this study also supports the classic notion of change that, although there is a change in several aspects, a few traditional ethos still linger among the native community. Finally, it is concluded that, SEZ is one of the key catalysts in changing the native community of Magarpatta, that is not only confronting the combined effects of these alterations; but these effects, over the period, have also accelerated pace of change especially among the second generation native community. The rate of change is not constant all the time and in the last two decades, the native community has seen mounting pressures and a quickening of economic pace, social and cultural shifts from the traditional to a modern community. However, Magarpatta City SEZ shows a pathway to old cooperative model as well to the other peasant community and the government, who are exploring alternative answers to form people friendly SEZ.

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# **ABBREVIATIONS**

ABS – Abhimanyu Sabale Sports Centre.

AC - Air Conditioning

B.J.P. - Bhartiya Janata Party

BNY - Bank of New York

CNBC - Consumer News & Business Channel

DFL - Dewang Housing Finance Limited

DGM - Director and General Manager

DJ - Digital Jockey

EDS - Environmental Design Solutions

HDFC - Housing Development Finance Corporation Limited

I.C.S.E.- Indian Certificate of Secondary Education

I.C.U.- Intensive Care Unit

IT – Information Technology

LED- Light Emitting Diode

M.Tech.- Master in Technology

MBA – Master in Business Administration

MCA – Master in Computer Administration

MCCI – Maratha Chamber of Commerce and Industries

MIDC – Maharashtra Industrial Development Corporation

MLA – Member of Legislative Assembly

MP- Member of Parliament

MS- Master of Science

MTDCC- Magarpatta Township Development and Construction Company

OPD – Out Door Patient

PGDEMS -Post graduate diploma in Emergency Medical Services (PGDEMS)

PGDHHM - Post Graduate Diploma in Hospital and Healthcare Management (PGDHHM).

Ph.D.- Doctor of Philosophy

SAS- Statistical Analysis System

SEZ- Special Economic Zone

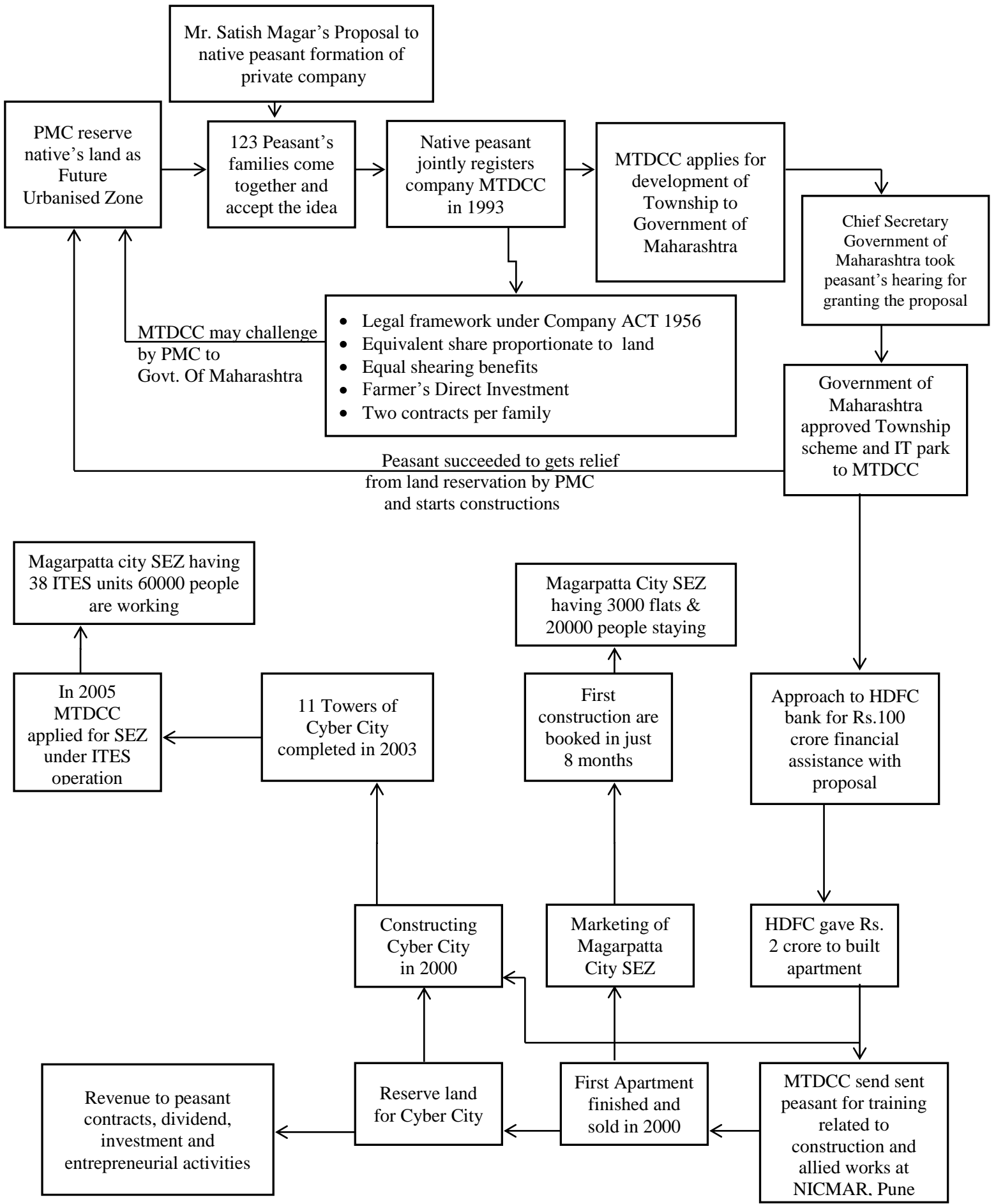
SPSS- Statistical Package for Social Science Research

TV- Television

USA- United States of America

WCD- Woman and Child Development Committee

WMC- Windows Media Centre



**Figure No.3.6: Flow sheet shows development stages of Magarpatta City SEZ.**

# CHAPTER - I

## INTRODUCTION

### 1.1 Introduction

The first chapter of the thesis has two objectives. The first objective is to define the problem of the study and the second objective intends to overview the facets of SEZ at international and national levels with special reference to the legal aspects and flow sheet of SEZ policy in India. The chapter also tries to take cognizance of major agitations against SEZ projects in India.

### 1.2 The problem

India embraced economic reforms and started introducing modern liberalization policies, like Free Trade Area, General Agreement on Tariffs and Trade (GATT), Export Processing Zone, Foreign Direct Investments, Special Economic Zone and so on in 1991. This created debates on economic development and societal transformations in India.

However, issues related to Special Economic Zone have created collisions. From the economic point of view, it has been claimed that the policy of SEZ will help to create huge domestic and foreign investments in various sectors. This may help to generate employment and economic development through foreign direct investment. However, questions like resettlement and rehabilitation of affected people, regional disparities, social unrest and public resistance, labor rights, deregulation of many laws have raised serious discussions over SEZ policy in the Indian context (See Aggarwal; 2006&2007:4&1, Palit;2008:47, Arunachalam; 2008:3, Bibhu et al; 2008:12). This debate has raised some pertinent questions regarding SEZ, which needs to be explored. The renowned economist (Dr. Amartya Sen) also advocated conducting empirical studies on the pros and cons of SEZs in India (See A. Sen; 2009:2). Since focus of the study is not directly to address any issues like capability approach, proposed by Dr. Amartya Sen.

SEZs have created dramatic transformations in both rural and urban parts of India (See Acharya; 2006:4, Chakraborty;2008:1, Mahendra Kumar et al.;2008:7), which needs to be studied carefully. Furthermore, the SEZ projects in India have generally been criticized by not only the political parties, but also by civil society organisations and development communities. The focal opposition of SEZ projects in India is basically related to its formation, functioning, land rights issues and most importantly the one time fixed financial benefit to the land owners that creates question of sustainability.

Against this background, in the case of Magarpatta City SEZ Pune, one of the unique<sup>1</sup> features is in its formation, where the land rights have been protected and the land owners have come together and formed their own SEZ, which is an entirely innovative and inclusive concept.

The unprecedented and rapid pace of growth of Pune has put tremendous stress on urban infrastructure and general living standards. While the last two decades witnessed the boom of real estate in both residential and IT sector , the surrounding dominantly agricultural lands fell prey to the lure of the quick jump, thus selling off parcels of land in a piecemeal manner, that lead to haphazard growth. The natives<sup>2</sup> (original landowners) were also displaced to other fringe areas. The peripheral growth of Pune quickly succumbed to a disjointed and chaotic development, in which, the development authorities were finding it hard to stop it, whereas suburban areas like Magarpatta and Hadapsar grew rapidly. These processes had created an environment and condition for the making of Magarpatta City SEZ - a model case by the native Magar peasant community.

However, Magarpatta City SEZ is distinctive because of many reasons such as, it is developed by participatory actions of the native peasant community and the practices like ecology preservation acts as a model of the gated community<sup>3</sup>. This SEZ has evolved as a path finding model for other developmental projects in the era of post modern economic reforms in India. The development community has also appreciated this model (Mehta; 2009:29, Chiaravalli; 2012:19, Balkrishnan;2013:112, Sami Neha;2012:1, Sami Neha;2013:152). For instance, the former President of India Dr. APJ



Abdul Kalam during his visit to Magarpatta City SEZ advocated it (See Neeyati Saha; 2009:1).

“the successful project of Magarpatta City SEZ to a model project where the interest of peasant has been protected by giving them equity in the project and training their children for participation in the project execution.”

Building of Magarpatta City SEZ on the agricultural land with a view of sharing the gains in the appreciation of land values was the peasant's answer to the challenges posed by these developments. Therefore, in the context of post liberalization and globalization, the model of Magarpatta City SEZ raises some vital questions such as:

- 1) How has the idea of Magarpatta City SEZ emerged among the native Magar community?
- 2) Under what circumstances have the native peasants come together to form such a SEZ (then company)?
- 3) Is there any role of leadership in the Magar community who was instrumental in making of Magarpatta City SEZ?
- 4) If there was a leader, what are the prime initiatives, motivation and directions that she/he had taken?
- 5) What are the legal provisions?
- 6) What are the possible socio-political networks, which promoted to form the company?
- 7) How did the peasants raise capital to form such a massive project?
- 8) What are the unique features of Magarpatta City SEZ?

Furthermore, sociologically, it is interesting to explore that after a sudden economic shift among the native peasants, what kind of dominant changes have occurred among the first and second generations of the native community?

Thus, this study attempts to find answers for such questions, which have significance in the matters of policies.

### **1.3 Overview and facets of SEZ**

In India, the SEZ policy is formulated by the Central Government in a 2000. The SEZ Act 2005 came in February, 2006. Looking at the real conceptualization of SEZs as an economic, social and cultural success, one has to look at emerging problems more historically. Special Economic Zones has brought a positive transformation in the infrastructures, employment generation, and attracts foreign direct investments. This nurtures the economy vis-a-vis social development. Pitiable infrastructures, employment, poverty, illiteracy, food scarcity, loss of livelihood are the current problems, which arise more frequently and worsen still are the many social and economical problems such as forceful land acquisition, eviction of native people and improper rehabilitation of affected people, loss of livelihood, social unrest and protest against SEZ. The Indian Government tries to solve any problems with economy than the social means. The government's desire is to get more foreign currency for this nation so that it can grow and develop. It is found that SEZ is an instrument that the Government uses for Foreign Direct Investment (FDI). The application and promotion of SEZs have many negative aspects. The first is food security; because of fertile land acquired for SEZs; the second is loss of livelihood; peasants, farm workers, artisans have lost the current jobs; the third is environmental degradation and the injudicious utilization of fundamental natural resources cause scarcity and pollutions; the fourth is the migration of the rural and backward folks, the fifth is the social problems viz. delinquency of backward classes (SC/ST), loss of traditional skills, divide in the typical Indian family system, crime, rape etc as has been reported in several studies (Basavaiah;2008:6, Chandrasekharn;2008:10, Dileep;2008:34, Mehta and Pahariya;2009:110, Palit;2008:114).

**1.3.1 Definitions and Concept of Special Economic Zones:** Many terms are used to define economic zone or free trade zone. According to Shrivastava (2007:5), 'it is a specially demarcated area of land, owned and operated by private developer, deemed to be foreign territory for the purpose of trade, duties and tariffs with the intent of increasing exports.' Within SEZ, production can be carried out by investing companies, who utilize a large

number of concessions like tax exemptions, guaranteed infrastructure and the relaxation of labour and environmental standards.”

The Free Trade Zone or economic zone is an ‘Isolated, enclosed and policed area in or adjacent to a port of entry without resident population, furnished with the necessary facilities for loading and unloading, for supplying fuel and ships store, for storing goods and for reshipping them by land and water; an area within which goods may be landed, stored, mixed, blended, repacked, manufactured and reshipped without payment of duties and without the interventions of custom officials’ (See Thomas; 1956:43).

The World Bank described Export Processing Zones<sup>4</sup> (EPZs) as ones that exist of the free trade zone element and industrial park element. This serves as a fruitful division: though there can be other elements as well although these characteristics are always present and important.

SEZ meant to add and attract foreign direct investment, create jobs and promote the development of service firms as a geographical region that has economic laws that are more liberal than a countries typical economic laws. The category SEZ covers a broad range of more specific zone types, including Free Trade Zone (FTZ), Export Processing Zones (EPZ), Free Zones (FZ), Industrial Estates (IE), free parts urban enterprise zones and others.

Special Economic Zone (SEZ) is a geographical region that has economic and other laws that are more free-market-oriented than a country's typical or national laws. ‘Nationwide’ laws may be suspended inside a Special Economic Zone.

## **1.4 Commencement of Economic Zones**

Before knowing the commencement of special economic zones in India, it is essential to review the progress of the Indian society and technology. The literature given below states the background before the beginning of the SEZ policy in India.

**1.4.1 Social and Economic history of Present day India:** After a century under the British rule, India gained independence in 1947, and was seen as one of the poorest countries in the world. Bhagwati and Desai (1970:34) and Bagshi (1972:76) describe how economic growth and societal progress had

been virtually non-existent for the 50 years and saw a relative decline in industrialisation. Shortly after independence, India started to become isolated by relying on import<sup>5</sup> substitution. This was due to a deep distrust of trade as a means to promote growth, in the light of the fact that the exploitative trade system under colonial rule had been detrimental to the Indian economy and society.

In the 1970s, the beginning of liberalization was through reductions of non tariff and quantitative restrictions on imports and enhanced incentives for exports. In the 1980s, several export promotion schemes are introduced, while finally in the early programmes are introduced to bring serious liberalization in free trade (See Acharya;2006:10).

According to the World Bank Survey<sup>6</sup> (2007:12), India ranked 134 out of 175 countries in the ease of doing business. Licensing is still a problem for entrepreneurs; social development is restricted with some major cities, where rural parts are not connected with primary facilities.

Industrial and IT development were seen in modern and progressed states especially in the cities. Educational progress was limited to the particulate in the class of society. In this social and economic situation, the government started a new liberal policy for economy based social development.

**1.4.2 Beginning of Trade zones at Global level:** Concept free trade zones are at least as old as western civilizations and have existed in the Phoenician city of Tyre<sup>7</sup>, Roman Empire and in the Greek Island of Delos (300 B.C ), which became one of the wealthiest islands in the world for centuries (See Das;2001:27). The oldest SEZs were free ports and their origin traced back to the Leghorn Free Port which was set up in 1547 in the Bay of Genoa in the North West of Italy (Meng;2005:76). In the early 17<sup>th</sup> century, Free Ports (FPs) emerged in some European cities, which gradually transmitted into 'Free Trade Zones' (FTZs). Initially, FTZs are small, fenced-in, duty-free areas, offering warehousing, storage and distribution facilities for trade, trans-shipment and re-export operations and were located in most ports of entry around the world.

The first EPZ of the modern era was set up in 1959 at Shannon in Ireland<sup>8</sup>. The concept of establishment of EPZ was adopted by Puerto Rico in

1962, followed by India in 1965. The world first known economic zone is at an Industrial Park setup in Puerto Rico<sup>9</sup> in 1947. In the 1960s, Ireland and Taiwan followed suit, but in the 1980s, China made the SEZ to gain global currency with its largest SEZ (See Paramasivan et al;2009:91). Initially, export processing zones handled services like storage and distribution of goods.

**Table No. 1.1 : Evolution of terms economic zones.**

Term	Ground and year
Free Trade Zone	ILO (1982)
Foreign Trade Zane	India (1983)
Industrial Free Zone	Ireland (1970), Liberia (1975)
Free Zone	UAE (1983)
Maquiladorad	Mexico (1970)
Duty free Exports Processing Zone	Republic of Korea (1975)
Export Processing Free Zone	Stenberg Institute (1977)
Export Processing Zone	Philippine (1977)
	Malaysia (1980)
	Pakistan (1980)
	Singapore(1982)
Special Economic Zone	China (1979)
	India (2005)
Investment Promotion Zone	Sri Lanka (1981)

Source: ILO/UNCTC (1998:19)

The economic zones are refereed by various names according to their categories in different nations. The main aim of these economic zones is to promote the foreign direct investment. In 1983, India started the policy of Foreign Trade Zone. Then, it was converted to Export Processing Zone and now it is called as Special Economic Zone. Likewise, the zone is referred by various names in each country.

**1.4.3 Spread of SEZs:** By the end of the 1970s, China designed its own model of ‘Special Economic Zones’ (SEZs). Unlike the export processing zones, which are enclosed industrial estates, SEZs are mega industrial towns spread over several square kilometers. SEZs are generally a much broader concept and typically encompass much larger areas. They accommodate all types of

activities, including tourism and retail sales, permit people to reside onsite and provide a much broader set of incentives and benefits. These are inspired by the Becattini (1990:76) concept of industrial district<sup>10</sup>. Industrial District is defined as a socio-territorial entity which is characterized by the active presence of both community and cluster of firms in one bounded area. These zones have played an important role in attracting FDI, promoting exports, and creating global cities in China (See Zheng;1999:54, Li; 2001:23).

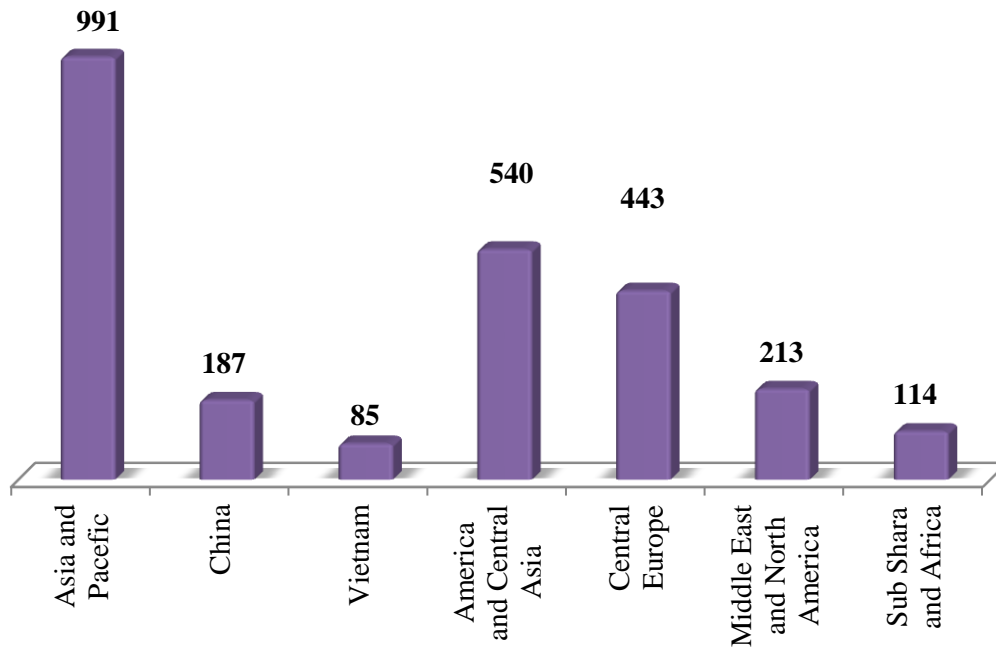
**1.4.4 Worldwide Special Economic Zones:** Since the early 1990s, there has been a sharp increase in the number of Special Economic Zones (SEZs) across the world. The number of SEZs increased from a mere 79 across 29 countries in 1975 to 3,500 across 130 countries in 2006 (see Table Number 1.2). This surge in the number of zones has not only been due to increased number of countries setting up zones, but also due to more zones per country. The average number of zones per country had increased nine times from 3 to 27 during the same period. The total employment in SEZs almost tripled within 10 years, from 22.5 million in 1997 to 66 million in 2006. China alone employed 40 million people in SEZs in year 2006, an increase of 10 million people since 2002. The growth in SEZ employment was faster outside China, where it doubled from 13 million to 26 million between 2002 and 2006.

**Table No. 1.2 : Situation of SEZs at World level.**

Year	1975	1986	1997	2002	2006
Number of Countries with EPZ	25	47	93	116	130
EPZ or similar types of zones.	79	176	845	3000	3500

Source: ILO database on export processing zones (revised), April, 2007:102.

In 1975, there are only 25 nations, which had EPZs, while up to 2006, it had increased up to 130. Similarly, there were 79 EPZs, which in 1975 and their number further increased by 3,500 in 2006.



**Figure No. 1.1 :SEZ in different regions.**

Source: Arunachalam;2008;3

The highest number of SEZs are in Asia Pacific region (991) followed by the America and Central America (540). However, Central Europe had 443 SEZs and China alone had 187 SEZs which is the largest than in any other nation.

**Table No. 1.3: Historical review of World level economic zones.**

Country	Experience of SEZ
China	<p>The first country in Asia to establish a well designed SEZ. The areas like Shenzhen, Xiamen, Zhuhai were selected for SEZs in 1979.</p> <p><u>Output:</u></p> <ul style="list-style-type: none"> <li>➤ Growth rate is 8.2% from 1980 to 1991; GDP of Shenzhen grew at 28.5%.</li> <li>➤ Choice of location with good transportation infrastructure and connected to other communities that might be investing in them.</li> <li>➤ Having very large and chief labor</li> </ul>

	<p>supply.</p> <ul style="list-style-type: none"> <li>➤ Small towns are developed in well sophisticated industrial centres.</li> </ul>
South Korea	<p>It is the center of the vast Asian market.</p> <p><u>Output:</u></p> <ul style="list-style-type: none"> <li>➤ An investor in the SEZ is benefited by relaxed tax laws, economic growth and international exposure.</li> <li>➤ Foreign export of the country is improved.</li> <li>➤ SEZs create immense employment opportunities.</li> <li>➤ Diversified industrial base contribute to the overall development of the locations.</li> <li>➤ Transfer world class infrastructure and technology.</li> <li>➤ South Korea is a cheaper location than China and Japan.</li> </ul>
Philippines	<p>It has 96 SEZs</p> <p><u>Output:</u></p> <ul style="list-style-type: none"> <li>➤ Income tax holidays given for 4 to 8 years.</li> <li>➤ Special domestic sale allowances result increase in GDP.</li> <li>➤ Exemption from export tax attracts foreign exchange.</li> </ul>
Mauritius	<p>Approach with competitive regulatory framework and focus on techno support services for developing favorable business environment. Mauritius sales</p>



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give tax holiday, fast track approval, institutional support and duty free entry of raw materials and equipments.

Output:

- Growth of GDP for almost 15 years.
- Dramatic fall in unemployment, contributing significantly to poverty reduction is key success factor.
- Policy maker, local business leader and labors are owner and stakeholder.

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**Sources:** Naga;2008:2, Esquivel et al; 1988:45, Rao, 2008: 23.

The countries like Singapore, Indonesia and Thailand experience benefits with major indigenous developments (Naga; 2008:2). Most of the Indonesians EPZ factories produce garments in 14 provinces and 22 estates are run by the private sector. Sri Lanka gives 100% ownership with tax holiday, tax exemption on the wages (ibid).

The Export Processing Zones have been extensively located throughout Latin America and Caribbean to promote foreign investment and export oriented industry. During the 1990s, the Mexican production focused on the assembly of textile and electronics. Mexico and Dominican Republic enjoyed duty free access to the US market (Esquivel et al; 1988:45).

In line with the changing world over economic environment, the government of India also upgraded its 'Export Processing Zones' (EPZs) to 'Special Economic Zones' (SEZs) in 2000 and enacted a SEZ Act in 2005. This is to encourage industrial growth through the development of special economic zones. It was expected that, 'The Act will provide confidence and stability to domestic and foreign investors and signal the government's commitment to the SEZ policy framework' (Economic Survey, 2005-06).

However, the implementation of the Act and the Rule for setting up SEZs, that sparked off nationwide debate over the usefulness of SEZs. While the policy makers and supporters of SEZs claim that the SEZ policy has made a significant impact on investment, exports and employment, distress have been expressed over the displacement of peasants associated with land acquisition, land grab, misuse of the policy for the real estate development rather than for generating exports, loss of fertile agricultural land, food security, huge revenue loss to the exchequer, uneven growth, labour exploitation and environment degradation (Aggarwal;2006:16).

**Table No.1.4 : Evolution Economic Zones and their current Status in different nation.**

Country	First stage	Second stage	Third stage	Current status			
China	Late 1970s	Large comprehensive SEZs developed by central government	Late 1980s	Economic high zones at state provincial level	1990s	EPZ variety zones*: EPZs FTZs, HIIZ BECZ, THZs TIZ , AHIDZ	All varieties of SEZs are operational
Korea	1970	Free export zones of EPZ variety	2000	Duty free zones of FTZs variety	2003	Free economic zones of comprehensive SEZ variety	All varieties operational
Taiwan	1966-97	EPZs: labour intensive 1989-97: capital intensive and technology intensive 2001: logistics	1980s	Science parks	2003	FTZs	All varieties operational
Indonesia	1978	Bonded zones and warehouses equivalent to FTZs	2009	Special economic of EPZ varieties			Large FTZs converted into SEZs
Thailand	1979	EPZs and bonded	2007	Free zones			EPZs are converted to SEZs
Philippine	1969	warehouses	1995	with enhanced package and			Upgraded free trade

		EPZ		better regional integration of Eco zone varieties			zones to EPZs and then converted into SEZs
Vietnam	1991	Export processing zones and industrial estates both treated at par in terms of incentives and administration	2003	Eco zones (Comprehensive ve SEZs)			All varieties are operational
Jordan	1973	Free port	1983	Free zones EPZ variety	2001	Special Economic Zone	All varieties are operational
UAE	1980	Free zones: all industrial estates with trading , manufacturing and service sector activities					All varieties are operational
Pakistan	1980	Traditional EPZ	2001	Project based EPZs leased to foreign companies	Planned	Planned cities	All existing varieties are operational
Bangladesh	1972	Traditional EPzs	2007	Private SEZs	Planned	Eco zones of comprehensive SEZ variety	All existing varieties are operational
Sri Lanka	1978	EPZs in and around	Late 1990s	Country wide locations			All existing varieties are operational

Colombo							
Egypt	Early 1970s	Free zones of EPZ variety both public and private	2002	SEZs of comprehensive variety	2004	Quasi industrial zones (QIZ) for exports to US markets.	All varieties are operational
Mauritius	1971	Traditional EPZ	1992	Free ports of FTZ variety			Both varieties operational
South Africa	2001	Industrial Development Zone					Operational
Russia	1991	Free economic zones equivalent to free trade zone.	2006	Industrial development zones, technology-innovative zones, tourist and recreation zones; and port based zones			All zones are upgraded to SEZs
Poland	1994	Special economic zones : Industrial clusters with special incentives. In addition, there are FTZs and bonded warehouses	-	-	-	-	Operational
Czech Republic	1991	Free zones : equivalent to FTZs	1998	Industrial zones : Industrial clusters of EPZ variety			All varieties are operational

Brazil	1967	Free trade zone	1988	Free trade zone with manufacturing	2007	SEZs of Export processing zone variety	All varieties are operational
Mexico	1967	Maquiladoras of EPZ variety near US border	1994	Locational flexibility granted to Maquiladora	2006	An extended version of maquila: Maquiladoras and export services companies	Maquila companies regulated by IMMEX

Note: National Border and Economic Cooperation (BECZs), National Tourist and Holiday Resort (THZs), Taiwanese Investment Zone (TIZs); and National Agricultural Hi-Tech Industrial Demonstration Zone (AHIDZs).

Source: Aggarwal;2010: 8-9.

Table number 1.4 gives the details of the current status of special economic zones in various nations. From this, it is clear that, initially all the economic zones are started by respective nation's government for foreign trade. Their nature and scope change after the arrival of globalization and in the third stage, a majority of the nation accepted SEZ policy because of the miracle development by China. However, all the SEZs, EPZs and Trade Zones are still functioning over the World.

**1.4.5 Indian Export Processing Zone:** India is one of the first in Asia to recognize the effectiveness of the export processing zone model for promoting exports. Asia's first EPZ was set up in Kandla (Gujarat State) in 1965. The initial period of Indian economy was protectionist and did not support export. It did not permit competition in the economy by opening its gates to foreign investment and technology. During the late 1980s, during the Rajiv Gandhi's government, the economy opened up in terms of foreign capital, technology and higher productivity. After the progress, from April 1991, India entered the era of liberal, privatized and globalizing economy<sup>11</sup>. Before this, India setup export processing zones during 1965-1980 to augment the foreign exchange earning to increase export promotion. SEZ policy was launched because of the failure of EPZs where less than 40% of the approved projects run effectively, while employing 0.01% of labor force. Exports were less than 4 % and imports were more than 60% of export (See Rao, 2008: 23).

### **1.5 Export Processing Zone to Special Economic Zone**

In 1965, the Kandala Free Trade Zone (KFTZ) started in the Gujarat State. This has been established and has become operational from 1966-67. This was done mainly as a means of promoting the backward Kutch region (KPMG: 2002). Santa Cruz Electronics EPZ near Mumbai followed in 1974. This originally dealt with electronics tools and in 1986, extended to gems and jewelry. In 1980, induction of a scheme for Export Oriented Units (EOU) was initiated, where up to 1988, only 110 units were started. Meanwhile, four more EPZs are added, in Madras (now Chennai), Noida, Falta (Kolkata) and Cochin. A seventh zone approved in the Vishakhapatnam in 1989 became operational in 1994 (See Ghourde ;2007:34).

Out of 21 Asian EPZs that existed in end of 1970s, only a few could have matured after passing through from the active economy period (See UNCTC;1991:1). Indian EPZ's enjoyed several concessions/incentives from the beginning, which increased further in the later years. These are also nearly duty free enclaves. These EPZs enjoyed fabulous discounts with 5% of total export

only (See Arunachalam ;2008:2). EPZ policy were not able to emerge as an effective instrument for export promotion because of the multiplicity of control and clearness, absence of excellent infrastructure and an unstable fiscal regime. The EPZ policies were deficient in factors like limited power of zonal authorities, absence of single window facility within zone, rigid custom procedures for bonding and bank guarantees, restrictive FDI policy, procedural constraints and server infrastructural deficiencies (ibid).

### ***1.5.1 Different EPZs in India:***

**a) Kandla Free Trade Zone (KFTZ):** This is Asia's first free trade zone which extends over 700 acres of land, out of which 334 acres are fully developed. It is located on the west coast of India in the Gulf of Kutch. This zone generates direct employment to 12,000 workers, of which nearly 60% are male workers. The number of production units increased from 114 to 131 units during the period of 15 years (See Ghorude;2008:72). In case of exports, it increased from ₹224.99 crores to ₹ 543.66 crores, during the period of one and a half decade. KFTZ had provided employment opportunities to 8,510 – 12,200 persons during the same period. The performance of various sectors within the zone (except for plastic) other sectors showed negative trends. Some favorable factors, which supported KFTZ were low labor cost, low rentals, duty free imports of capital goods and raw materials, quick customs clearance, five year tax holiday and reimbursement of central sales tax facilities. The unfavourable factors were the backward area, costly and irregular electricity, inadequate water supply, poor transportation and communication facilities and lack of industrial culture, non- availability of trained and insufficient facilities for repair.

**b) Cochin Export Processing Zone:** It was set up in 1984 and become operational from 1986. Cochin EPZ was located at Kokkandu on 103 acres of land. There are 45 units in operation. The zone has a work force of 5,800 people of which 4,100 are female employees. The leading exports from the zone were garment, plastic, rubber, software and agro-goods. There is a high potential for the export of rubber and its sub-products because of the production and availability of natural rubber in Kerala. Up to 1998-99, the value of export reached up to ₹ 200.06 crores. Unfavourable factors in this zone are high rentals, shortage of housing, too much paper work, insufficient public transport, complicated documentation procedures and strong trade unions.



**c) Madras Export Processing Zone:** Madras export processing zone is located at Tambaram, Tamil Nadu. This is one of the four multi-product zones setup in 1984 and become operational in March, 1986. It covers an area of 262 acres of which about 200 acres is fully developed. There are many gems and gold jewellery complexes within the zone with special security arrangements. Exports in this zone increased from ₹0.54 crores in 1985-86 to ₹545.2 crores in 1999-2000. In the generation of employment, the contribution of this zone is quite appreciable. It supplies employment for 150 people in 1985-86 to 20,000 persons in 1999-2000. There are 70% female workers engaged mostly in garments and electronic sectors. This zone has efficient rail, road, water and air transport facilities. Telecommunication facilities are also excellent. The labor union activity is very limited due to the public utility status to the zone enterprises. However, several factors create difficulties in the functioning of this zone. There is also a lack of co-ordination and understanding between the zone administration and Tamil Nadu State Government authorities. Besides, power, medical, canteen, sports and recreational facilities are also deficient.

**d) Noida Export Processing Zone:** This multi-product zone was set up in 1984 with the other three zones. It is located in the Gautam Buddha Nagar district of Uttar Pradesh, built in close proximity to Delhi. This zone covers 310 acres, out of which 260 acres are fully developed. The zone has 111 functional units. It has a work force of 16,000 out of which 25% are female employees. The number of actual production units in the zone increased from 6 units in 1985-86 to 114 units in 1999-2000. This zones export had recorded an appreciable growth rate. It has increased from ₹701 crores in 1985-86 to ₹845.60 crores in 1999-2000. Standard infrastructure, prompt customs facilities, skilled and trained manpower, easy documentation producer's friendly labor relation, single window clearance, confessional rental, security and proximity to Delhi are the positive factors. High-low pressure power supply, pollution, urbanization problems and rigid documentation procedures are the unfavorable factors.

**e) Vishakhapatnam Export Processing Zone (VEPZ):** This zone was sanctioned in 1989 and has abundant natural and human resources in the hinterland, well developed infrastructure facilities and with high-quality public transportation. This zone has 360 acres of area. This zone was sanctioned in

1989, but the development of the phase was completed in 1995. Since, there are 15 operational units in this zone. In 1998-99, the export turnover was ₹18.14 crores. The units in this zone are involved in manufacturing/ processing of garments jewellery, automotive parts, software and agro based products. Along with the above five EPZs, two more EPZs viz. Falta EPZ and Santacruz EPZ are in operation. This EPZ created a foundation to the special economic zones in India. The structure and objective of the SEZ is broader than the EPZ.

**1.5.2 Performance of EPZ:** In the early 1980's, when EPZs were gaining popularity, some of the objectives were somehow met to an extent. EPZ area were generally isolated from the domestic economy (See Warr,1988: 342). India had EPZs for most of the major commodities. For example, engineering goods, export promotion council, computer software, readymade garments, gems and jewelry, special agri-promotion council, electronic goods etc. These EPZs enjoyed a fabulous discount/ incentives, but the share of exports of these zones is more 5% of the total exports of India (See Arunachalam; 2008: 61).

However, the EPZs were not able to emerge as effective instruments for export promotion because of the multiplicity of control and clearness, absence of excellent infrastructure and an unstable fiscal regime. The EPZs were deficient by several factors like limited power to zonal authorities , to absence of single window facility within the zone, restrictive FDI policy, procedural constraints and severe infrastructural deficiencies. In its later stages of development, EPZs lost its popularity. Average annual growth rate of EPZ exports declined continuously over the years, falling steeply over the period from 77% in the first phase (1966-80) to 7% by (2001-03) (See Aggarwal;2006:21). The average annual growth rate of export processing zone shrunk continuously. Initially, the foreign exchange earning from EPZ was one of the main expectations, but the ratio of net exchange to export did not record any appreciable increase (See Upadhaya; 2005:29).

**1.5.3 Failure of EPZ:** Arunachalam (2008:215) stated the reasons for the failure of EPZ in India. The major reason for the failure are: .

- a) Less than 40 % of approvals fructified rests are cancelled or lapsed
- b) employed only 0.01 % of labor force
- c) FDI was less than 20%
- d) Accounted for less than 4% of exports. Net exports was much lower than imports, that were over 60% of exports,
- e) EPZs are smaller in size
- f) Inadequate infrastructure,
- g) restrictive policies
- h) lengthy procedures and no 'Single Window' clearance
- i) location disadvantages and
- j) Stringent labor laws.

## **1.6 Dawn of SEZ in India**

The post independent India developed an industrial policy, which directed the growth of industrialization in India. Since India is a democratic country, these industries were answerable to public in case of in-fragment of their rights. In extreme cases, people could approach the courts. There were many trade unions which fought for the rights of the working classes. In other words, the industries had to abide by the laws of the land and were answerable to the public. The import and export by these industries required the permission of State and Central government in foreign direct investment (See Chandrashekharn;2008:10).

Capitalist and industrialists thought that they were under pressure because of the democratic system in India, 'We are not able to establish large scale industries in this system, which must to completely free from all restrictions' and government interference. Neither constitution nor labor laws are applied here' say, Chandrashekharan (2008:13). Constant lobbying and pressure tactics employed by these forces led to the emergence of SEZs.

The officials of the government and politicians were taken to China for an exposure visit to the government owned SEZs. They decided to take SEZ as a role model for development in India. Special economic zones in China were owned by the government and the goods produced there are available at cheap prices. The Indian delegate was amazed to see structure and size SEZs in China. The former Commerce and Industry Minister, Mr. Murasoli Maran initiated the plan for SEZ in 1999 and later in the year 2005, Mr. Kamal Nath, Minister of Commerce and Industry introduced the special economic zone bill in 9<sup>th</sup> May, 2005 at the *Lok Sabha* (See Car; 2007:156).

Mr. Murasoli Maran (Former Cabinet Minister for Commerce and Industry, Govt. of India) visited China in 1999 and observed remarkable achievements of special economic zones in export oriented growth in China, especially great commodity production and prosperity. Mr. Murasoli Maran was impressed and thought of repeating the same performance as a part of modernization and development (See Rao;2008). The Special economic zone was announced as per Export-Import (EXIM) Policy 2000. The main feature of this scheme is to designate duty free enclave to be treated as foreign territory only for trade operations and duties and tariffs (See Paramasivan and Sacratees; 2010:212).

To provide stable economic environment for the promotion of export-import of goods in a quick, efficient and hassle free manner, the Government of India enacted the SEZ Act, which received the assent from President of India on June 23, 2005. The SEZ Act, 2005 and SEZ Rules, 2006 were notified on February 10, 2006. The SEZ Act 2005, a major piece of economic legislation with profound implications, was passed fairly, and a report of the steering group on foreign direct investment was prepared quickly. This committee's report and other policy documents were vital inputs into the process by which SEZ Act 2005 was formulated (See Sen; 2008:31).

The emergence of SEZ in a conservative society like India aimed at changing the Indian outdated thinking and socio-economic environment. The

main aim of introducing SEZ is not only for development in the financial sector but also introduced international ethics, thereby making civilization better than ever (See Mukul and Singh; 2008:22).

In this respects, all EPZ's are converted into SEZs from 1<sup>st</sup> November 2000. The EPZ units, who were not desirous to operate under the SEZ scheme will have to move out of the zone.

**Table No. 1.5 :Comparison of EPZ and SEZ in India.**

Aspects	EPZ	SEZ
Land Acquisition	By Private agency or owner	By State Government
Numbers	Limited in number	No limitation on numbers and units
Area	Very Small (up to 300ha.)	Comparative large (Up to 10,000ha.)
Status	Private utility some government control	This declared as public utility services
Indian Legislation	Full to partial control	No control laws are exempted <sup>12</sup>
Trade Unions	Allowed	Not allowed
Processed Goods	Only quality goods are expand	100 % exported
Use of Natural Recourses	Controlled utilization of natural resources.	No control on use of natural resource. Natural resources are gift to these units.

Sources- Mukul and Singh ; 2008:4, Prabhu;2009:43, Chandrashekharn; 2008:8.

### **1.7 How SEZ is different from EPZ**

The EXIM Policy 2000 framework to the EPZ units and the SEZ units have much in common. The facilities available for EPZ units are also being provided to SEZ units. Ghorude (2008:65) marked these are as follows-

- (1) SEZ units are allowed to import / procure any goods required by it duty free whereas, in respect of EPZ units, the list of goods, which are allowed

import / procurement, is mentioned in the notification. The implications are greater degree of freedom than the EPZ units.

(2) Sold goods of SEZs are not entitled to any specific duty concession, whereas EPZ units avail the central excise duty concession.

(3) In the SEZ, duty free raw material are used up to 5 years unlike EPZ, where the period is one year.

(4) SEZ units are permitted to retain 100% foreign exchange

(5) No routine examination by customs exports and import cargo in SEZ.

(6) Labor law is sought to be considerably relaxed for the SEZ units

(7) SEZs procedures and operations are more liberal than EPZs.

**1.7.1 Structure of SEZ in India:** There are four stages in Indian the evolution of SEZ; this has been notified by Aggarwal (2004:32). These are listed below.

A) Initial Phase (1965-1985): India was one of the first in Asia to recognize the effectiveness of EPZ model to promote exports. Asia's first EPZ was set up in Kandla in 1965. It was followed by the Santacruz export processing zone in Mumbai in 1973 (See Tondon Committee;1980:4). The policies were rigid and the packages of incentives and facilities were not attractive (See Bhanumate;2008:43). In 1980, the government introduced the export oriented units scheme (EOU). Beyond the boundaries of EOU, the responsibility of administering these units was also entrusted to the zone administration.

B) Expansionary Phase (1985-1991): The Government of India decided to establish more zones, but they were not in operation before 1994.

C) Consolidating Phase (1991-2000): In 1991, the reform in trade and industrial policy had led to liberalization of the Indian economy and various measures were taken by the Government for revamping and restructuring EPZs. The scope and coverage of the EPZ scheme was enlarged in 1992 by including the agriculture, horticulture and aqua culture sector units. In 1994, the trading-engineering and reconditioning units were also permitted to be set up.

C) Emergency Phase (2000 onwards): EXIM Policy introduced a new scheme in 2000 viz. SEZ rooted in different parts of the country. SEZs are permitted to be set up in the public, private, joint sector or by the state government. SEZ

policy is most significant that contributed towards the success of export processing zones.

**1.7.2 SEZ ACT.2005:** SEZ Act, 2005 tends to provide to the establishment, development and management of special economic zone for the promotion of exports and matters connected therewith or incidental. There are 58 sections in the Act and two schedules.

**Definition of SEZ:** Section (2) of the special economic zones Act, 2005 defines SEZ as-

‘Special Economic Zone means that each special economic zone notified under the provision to Sub-section (4) of Section 3 and Sub-section (1) of Section 4 (including free trade and ware housing zone) and includes an excising special economic zone.’

Sub-section (4) of Section 3 says: in case a state government intends to set up a special economic zone; it may after identifying the area, forward the proposals to the board for the purpose of setting up the special economic zone.

The Central Government may provide sanctions :

- a) after consulting the concerned State Government
- b) without referring the proposal for setting up the special economic zone to the board; and
- c) after identifying the area; investors can set up and notify the special economic zone

Sub-section (1) of Section 4 says: The developer shall, after the grant of letter of approval under Sub-section (10) of Section 3, submit the exact particulars of the identified area referred to in the Sub-section(2) of (4) of that Section, to the Central Government and there upon that Government may, after satisfying that the requirements, under Sub-section (8) of Section 3 and other requirements, as may be prescribed, are fulfilled, notify the specifically identified area in the state as a special economic zone.

The existing special economic zones shall be deemed to have been notified and established in accordance with the provision of this Act and the provision of this Act shall, as far as many apply to such zone accordingly.

Further, the Central Government may, after notifying the special economic zone, if it considers appropriate, notify subsequently any additional area to included as a part of that Special Economic Zone section.

(2)The ‘free Trade and warehousing zone’ means the special economic zone wherein mainly trading, warehousing and other activities related thereto are carried out (See Bibu; 2008:9).

The SEZ Act provides exemption from taxes, duties and cess livable under various statues listed in the first schedule to the SEZ Act in the respect of any goods or services exported out of or imported in to or procured from the unit in an SEZ or developer (See Chythanya;2006).

**1.7.3 Amendments in the SEZ Act 2005:** Special economic zone has taken one more turn, when the announcement from the Empowered Group of Ministers (EGOM) occurred.<sup>13</sup>The freeze on them has being lifted, but several parameters will be changed to accommodate the peasants, tribal and civil society groups who have been agitating against the SEZs. From the earlier ‘no limit’ set on the maximum size of multiproduct SEZs, the limit has been fixed at 5,000 hectares. The State Government is prohibited from a joint venture with a private player unless the latter has land to offer for their own SEZ and provided that they take care of the relief and rehabilitation as per the new policy to be announced. Now the SEZs should utilise at least 50 percent of the land for processing units as compared to earlier 35 percent so that the real estate component would be lower (See Arunchalam; 2008).

**1.7.4 Objectives of SEZ Act 2005:**

- 1) Generation of Additional Income: SEZ would bring progressive changes in the economic growth and development of the country. It can be a win-win process for all sections of the society and we all must strive to make it happen.
- 2) Employment generation: Employment generation is the main objective for setting up SEZ in a populated country like India.
- 3) Encouraging Foreign Direct Investment: FDI up to 100% is permitted in most sectors. The SEZ Act 2005 says that, 100 percent FDI is provided for the manufacturing sector with no caption on FDI for small scale industrial items.
- 4) Export of goods and services: The government gives attention to boost the export of goods and services. For this, they need separate enclave known as special economic zone.
- 5) Infrastructure Development: Modern communication tools and superiority infrastructure bring change in social and economy in the Indian society through the special economic zone.



**1.7.5 SEZ Rule, 2006:** Considering the need to enhance foreign investment and promote exports from the country and realizing the need that must be made available to the domestic enterprise and manufactures to be competitive globally, the EXIM policy (1997-2007) through the Indian government introduced a new scheme from April 1, 2000 for the establishment of SEZ in different parts of the country (See SEZ; 2007:1).

The Special Economic Zones (SEZs) Bill 2005 was introduced in the Lok Sabha (Lower House of Indian Parliament) by Shri.Kamal Nath, Minister of Commerce and Industry, on 9<sup>th</sup> May, 2005. The bill was passed without debate and discussion Lok Sabha which was expected to the country (See Sikidar and Hazarika:2008:1565). Clusters in the form of SEZs marked by very special economic systems and polices have the ability to tremendously boost export performance and FDI. However, it is unfortunate that over the years, the debate around SEZs in India has been political. This has resulted in a lack of understanding around their ability to accelerate employment generation and export growth (See Dominic Barton; 2007:33).

This rule is divided in six chapters and four schedules. The words and rules are defined as per the SEZ Act 2005. From the beginning, this rule has fourteen amendments, which were made to regularize the SEZs. The amendments and the set of laws of this rule are based on the SEZ Act.

**1.7.6 Amended SEZ Rule 2013:** On 12<sup>th</sup> August, 2013 SEZ Rule was amended. Some of the amendments are as :

A) SEZ Rule 2013 encourages agro-based industries in SEZs. A new sector 'agro-based food processing' sector has been introduced. A sector specific SEZ would require a minimum land area requirement of 10 Ha.

B) IT /ITES Sector: The minimum land requirement criteria of 10 Ha. for setting up of IT/ITES SEZs as envisaged in SEZ Rules, 2006 has been dispensed with. There will be no minimum land area requirement for IT /ITES SEZs, but they will have to conform to a minimum built-up area requirement. Furthermore, the amendments provide that the minimum built up area requirement of one lakh square meters will now be insisted upon for the seven major cities viz: Mumbai, Delhi (NCR), Chennai, Hyderabad, Bangalore, Pune and Kolkata. For the other set of

Category B cities, 50,000 square meters norm will be applicable and for the remaining cities/locations. 25,000 square meters of minimum built-up area will be insisted upon.

C) Sectoral broad-banding provisions have been introduced for the categories of sectors to encompass similar/related areas with each broad-banded sector to be treated as a single sector for the purposes of the minimum land area criteria. The principle of broad-banding would be applied taking into account the fact that; no additional environmental externalities would be required for the additional units, which would come up on account of such broad-banding. Some illustrative examples of such broad banded category comprising a sector would include:

- Textile, apparel, hosiery, fashion garments, wool and carpet
- Leather, leather handicrafts, leather garments and sports goods
- Auto components/parts, light engineering
- Biotechnology, Pharmaceuticals and chemicals
- IT, ITES, Electronic components and hardware manufacturing, non- conventional energy, BPO (including legal, medical and similar services), KPO and R&D Related ancillary services of the sector and R&D services will be included and treated as an integral part of the sectoral broad-banding. The Board of Approval (BoA) will have the discretion to allow additional categories to be broad-banded into a sector based on compatibility of area requirement etc.

D) Norms have been laid down in Rule 74A, which allow a SEZ Unit to opt out of a SEZ by transferring its assets and liabilities to another entity by way of transfer of ownership including sale of subject to the conditions enumerated in the Rule. These include that the Unit has held a valid Letter of Approval as well as lease of land for at least a period of five years and has been in operation at least two years. The transfer will be approved by the Unit Approval Committee keeping in mind the

fulfillment of all eligibility conditions by the new entity to be a SEZ Unit.

***1.7.7 Administrative Setup and Approval Mechanism of SEZ:*** The SEZ Act was advertised by the Indian government as a single window clearance mechanism in which the responsibility for promoting and ensuring the orderly development of the SEZ is assigned to the Board of Approval (BoA). The Board of Approval was constituted by the Central Government through the powers conferred under the SEZ Act. All the decisions are taken in the Board of Approval by consensus. The Board of Approval has 19 members (sec. 8 SEZ Act). It comprises of various joint secretaries and other officials from several ministries, such as the Ministries of Commerce, Economy, Science and Technology, Home Affairs, Defence, Environment, Law, Overseas Affairs, Urban Development and Finance as well as that of a nominee of the state government concerned, a professor at the Indian Institute of Management or the Indian Institute of Foreign Trade. Thus, this Central Government institution is the major authority for applications and approvals regarding the establishment of SEZs. Earlier on, the Central Government wanted to dispense with the right of the states to have a say in the approval procedure. This pressure of the states, had to be revoked, so as to safeguard the support of the left-wing parties in the Indian Parliament, which tolerated the minority coalition government led by the Indian National Congress (See Dohraman;2008:4).

The developer, which may be the (Central and state) government itself, a private developer or a joint venture in which both parties are involved, is entitled to set up an SEZ after identifying the proposed area. The procedure for setting up a zone like this may vary according to the nature of the developer. The private developer submits his proposal for establishment of an SEZ to the state government concerned (sec. 3 para. 2 SEZ Act). Notwithstanding, the private developer may also approach the BoA directly (sec. 3 para. 3 SEZ Act) and thereafter get the

concurrence of the state government concerned. The state government has to get its proposal screened directly by the BoA according to sec. 3 para. 4 SEZ Act. After consulting the respective state government, however, the Central Government may set up and notify the SEZ *suo motu* (sec. 3 para. 4 SEZ Act). The state government has to forward the private developer's proposal to the BoA within 45 days of the date of receipt along with its recommendation (sec. 4 para. 1 SEZ Rules). The BoA, then has the power of approving or rejecting the proposal or modifying such proposals for the establishment of SEZs. In the event of approval, the BoA communicates the same to the Central Government, which, in turn, grants a formal approval to the developer (sec. 3 para. 10 SEZ Act) through a Letter of Approval (LoA) within 30 days of receiving the communication from the BoA. The LoA is valid for a period of three years, during which, the developer must take all necessary steps to ensure the implementation of the approved proposal. The powers also include the decision-taking regarding authorised operations to be carried out in the SEZ by the developer as well as granting approval to the developers or units in the SEZ for foreign collaboration, foreign direct investment and regarding infrastructure facilities (sec. 9 para. 2 SEZ Act).

Regarding the overall establishment of an SEZ, one has to differentiate between various processes. The aforementioned process describes the steps involved in an SEZ approval. After introducing the other official agencies, which is necessary to understand the further procedures in the SEZ framework, the other procedures that are required to get the SEZ notified in order to acquire a grant of approval for authorised operations and for setting up a unit in the SEZ are as stated below.

Once the approval for setting up an SEZ is obtained, the developer has to get the SEZ going. First of all, a notification of the SEZ is essential for this, after which approval for authorised operations

could be sought. Later, separate units – the actual life filling entities of the SEZ – can be applied for.

**Table No.1.6: Procedure of SEZ notification and demarcation.**

Step No.	Details	Remarks
1	Land acquisition process has to be completed by the developer	<ul style="list-style-type: none"> <li>• Land should be vacant and contiguous with no encumbrances or public thoroughfare</li> <li>• Land may be freehold or leasehold</li> <li>• If leasehold, the period of lease has to be for a minimum of 20 years</li> </ul>
2	Submission of landholding details to the Central Government (sec. 7 SEZ Rules)	<ul style="list-style-type: none"> <li>• The exact particulars of the land in question need to be submitted along with proof of legal ownership. A certificate from the state government is required to show that the land is unencumbered</li> <li>• In case of any additional terms in the LoA, the acceptance of the same needs to be shown</li> </ul>
3	Notification of the identified area as an SEZ (sec. 8 SEZ Rules)	<ul style="list-style-type: none"> <li>• Central Government will issue a notification identifying a specific area as an SEZ.</li> <li>• This will be published in the Official Gazette and will contain all the details of the land which has been identified as an SEZ</li> </ul>
4	Central Government appoints the Development Commissioner and notifies the Approval Committee	<ul style="list-style-type: none"> <li>• Has to be done within a period of six months from the date of establishment of the SEZ</li> </ul>
5	Work of the Development Commissioner	<ul style="list-style-type: none"> <li>• The Development Commissioner demarcates the areas within the SEZ as processing and non-processing zones</li> </ul>

Source: Dohrmann ;2008:71

Having the Letter of Approval or the notified and demarcated SEZ area does not mean that the operations in the SEZ can begin. In fact, two more approvals are required which are shown in the Table number 1.7.

**Table No.1.7: Procedure for a Grant of Approval for authorized operations in an SEZ.**

Step No.	Details	Remarks
1	Submission to the BoA of the details of the operations proposed in the SEZ by the developer (sec. 9 SEZ Rules)	Fiscal concessions only available on the basis of the authorized operations after the grant of approval
2	Authorisation by the BoA (sec. 9 SEZ Rules)	The BoA may authorise the developer to undertake any operations that the Central Government may authorise
3	The BoA may authorise the developer to undertake any operations that the Central Government may authorise	<ul style="list-style-type: none"> <li>• Developer to make a list of the items/goods and services which will be required to carry on the authorised operations in the SEZ and to seek permission from the Approval Committee for the procurement of the same</li> <li>• The Approval Committee will approve the import or procurement of the goods/services from the DTA or the authorised operations</li> </ul>
4	Steps to be taken thereafter by the developer (sec. 22 SEZ Rules)	<ul style="list-style-type: none"> <li>• Developer undertakes the various steps required to commence authorised operations such as execution of a Bond and Legal Undertaking regarding adherence to SEZ laws</li> </ul>

Source: Dohrmann ;2008:71

**Table No.1.8: Procedure of setting up unit in SEZ.**

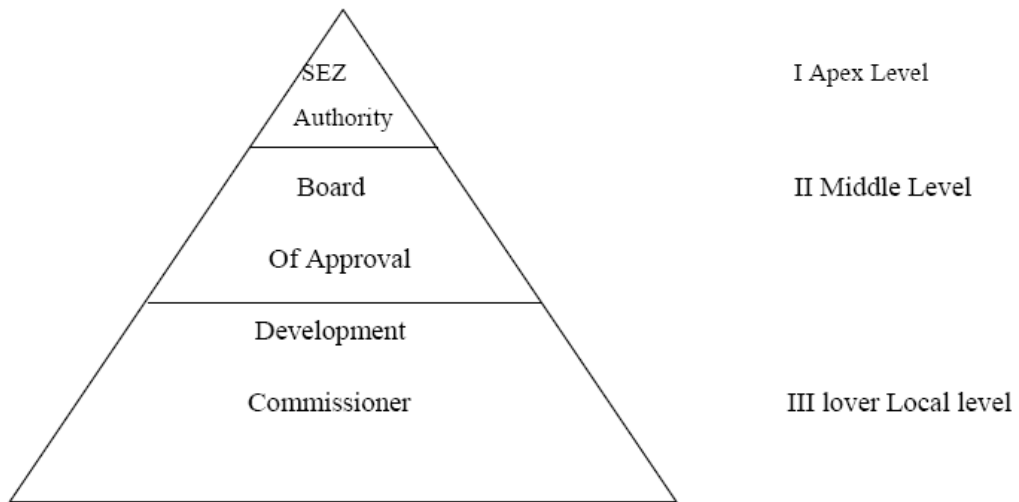
Step No.	Details	Remarks
1	Proposal for setting up a unit in an SEZ made to the Development Commissioner (sec. 17 para. 1 SEZ Rules)	<ul style="list-style-type: none"> <li>• The proposal has to be submitted to the Development Commissioner</li> <li>• Existing units from former EPZs, etc. shall be deemed to have been set up in accordance with the provisions of the SEZ Act and will not require any fresh approval</li> </ul>
2	The Development Commissioner forwards the proposal to the Approval Committee (sec. 17 para. 2 SEZ Rules)	<ul style="list-style-type: none"> <li>• On receipt of the proposal, the Development Commissioner shall submit the same to the Approval Committee for its approval</li> </ul>

3	The Development Commissioner forwards the proposal to the Board of Approval (sec. 17 para. 3 SEZ Rules)	<ul style="list-style-type: none"> <li>• In the following cases the Development Commissioner will have to forward the proposal to the BoA for approval: <ul style="list-style-type: none"> <li>- proposal for units for foreign collaborations and foreign direct investments in the SEZ for its development, operation and maintenance</li> <li>- proposal for a unit engaged in providing infrastructure facilities in an SEZ</li> <li>- proposal for granting a licence to certain industrial undertakings to be established as a whole or in part in an SEZ</li> </ul> </li> </ul>
4	Approval by the Approval Committee (sec. 18 SEZ Rules)	<ul style="list-style-type: none"> <li>• The Approval Committee may either approve the proposal with or without any modification subject to such terms and conditions as it may deem fit to impose, or reject the proposal</li> <li>• In case of modification or rejection, the person concerned must be given reasonable opportunity to be heard, after which the proposal will be modified or finally rejected</li> </ul>
5	Grant of Letter of Approval (sec. 19 SEZ paras. 1 to 3 Rules)	<ul style="list-style-type: none"> <li>• The Development Commissioner may, after approval of the proposal grant, send a Letter of Approval to the person concerned to set up a unit and undertake such operations. Every operation authorised this way shall be mentioned in the Letter of Approval</li> </ul>
6	Start of operations (sec. 19 SEZ para. 4 SEZ Rules)	<ul style="list-style-type: none"> <li>• The Letter of Approval will be valid for one year, within which time the unit must start the operations for which it has been granted approval</li> </ul>

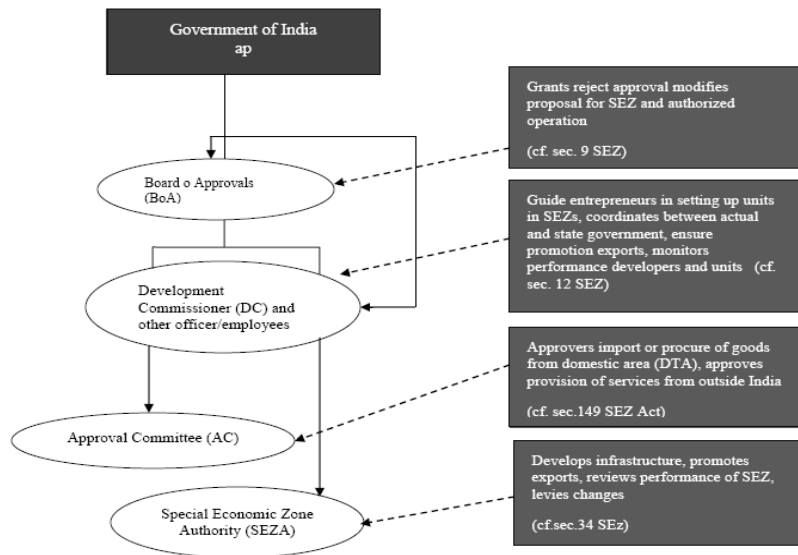
Source: Dohrmann;2008:72

The functioning of the SEZ is governed by a three tier administrative setup. The Board of Approval is an apex body, headed by the Secretary, Department of Commerce. In the third tier, the

Development Commissioner (DC) is the Chief Executive Officer of the SEZ. The Development Commissioner is normally chosen from the Indian Administration Services (IAS) cadre. The Development Commissioner has an assistant: the Joint Development Commissioner; followed by the Controller of Imports and Exports, Assistant Collector of customs, Accountant Officer, Administrative officer, Public Relation officer and Estate Manager and so on (Ghorude;2008:76).



**Figure No.1.2: Three tier administrative structure of Indian SEZ.**



**Figure No. 1.3: Actual administrative structure of Indian SEZ.**

The developer submits the proposal for the establishment of SEZ to the concerned State Government. The State Government has to forward the proposal with its recommendation within 45 days from the date of receipt of such a proposal to the Board of Approval. The applicant also has the option to

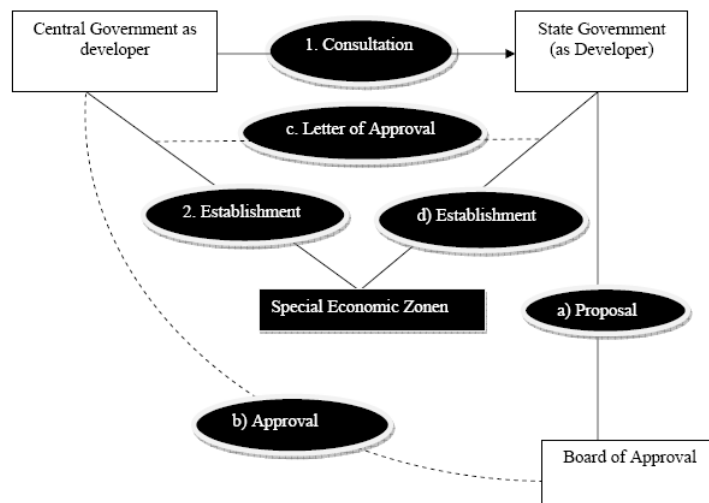


submit the proposal directly to the Board of Approval. The Board of Approval has been constituted by the Central Government in exercise of the powers conferred under the SEZ Act. The Board of Approval has 19 members. Their hierarchical positions are as follows:-

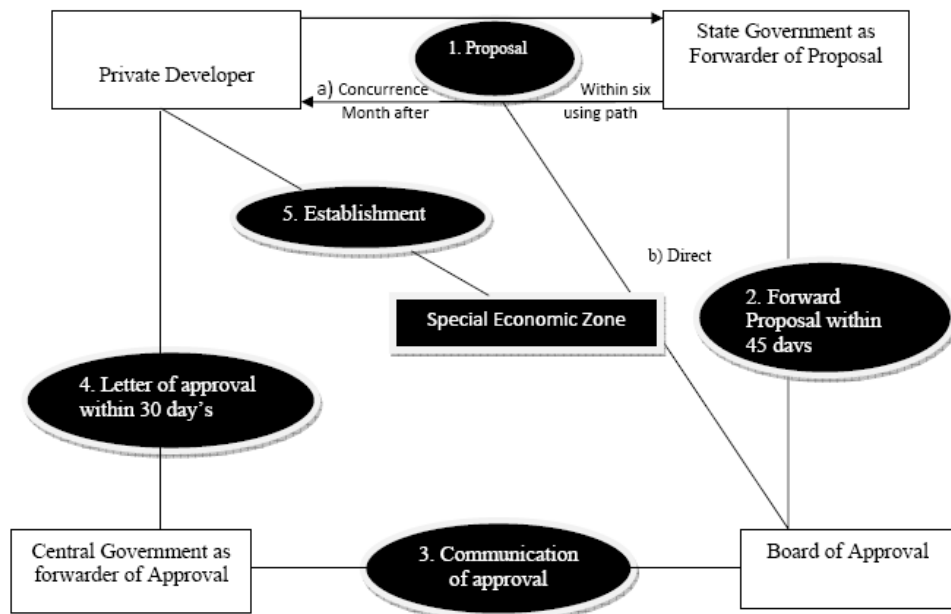
- |   |             |
|---|-------------|
| 1. Secretary Deptt. Of Commerce   | –Chairman   |
| 2. Member, CBEC   | – Member.   |
| 3. Member, IT, CBDT   | – Member.   |
| 4. Joint Secretary (Banking Division) Deptt. of Economic affairs, Ministry of Finance | –Member     |
| 5. Joint Secretary (SEZ) Deptt. of Commerce   | – Member    |
| 6. Joint Secretary DIPP   | – Member    |
| 7. Joint Secretary Ministry of Science and Technology                                 | – Member    |
| 8. Joint Secretary ministry of Small Scale Industries                                 | – Member    |
| 9. Joint Secretary, Ministry of Home Affairs  | – Member    |
| 10. Joint Secretary Ministry of Defense   | –Member     |
| 11. Joint Secretary Ministry of Environment and Forests                               | - Member    |
| 12. Joint Secretary, Ministry of Law and Justice                                      | -Member     |
| 13. Joint Secretary, Ministry of Overseas Indian Affairs                              | -Member     |
| 14. Joint Secretary, Ministry of Urban Development                                    | -Member     |
| 15. Nominee of State Government (Concerned)   | -Member     |
| 16. Director General of Foreign Trade or his nominee                                  | -Member     |
| 17. Development Commissioner  | -Member     |
| 18. A Professor in the IIM or IIFT  | -Member     |
| 19. Director or Deputy Secretary, Ministry of Commerce and Industry                   | - Secretary |

Once, SEZ has been approved by the Board of Approval, the Central Government has notified notifies the area of the SEZ and units are allowed to be setup in the SEZ. All post approval clearances including grant of importer-exporter, code number, change in the name of company or implementing agency; board banding diversification are given at the zonal level by the Development Commissioner. The performance of units in the SEZ is periodically monitored by the approval committee and units are liable for penal action under the provision of Foreign Trade (Development and

Regulation) Act,<sup>14</sup> in case of violation of the conditions of the approval (See Bibhu and Kumar; 2008:5).



**Figure No.1.4: Approval mechanism of SEZ for developer state.**



**Figure No. 1.5: Approval mechanism of SEZs for private developer.**

**1.7.8 Management of SEZs:** SEZs are constituted as departmental undertaking of the Ministry of Commerce, Government of India. Each zone is headed by a Development Commissioner (DC), a civil servant appointed by Central Government. The authority meets periodically to review the SEZ and co-ordinate interdepartmental issues.

All approvals, licenses and other matters are dealt with by the concerned SEZ board, which meet regularly under the chairmanship of Additional Secretary, Ministry of Commerce with the representatives of the concerned ministries. The Development Commissioners have been delegated the authority for the management of zones including granting permission to the functioning of the units. However, the state governments provide support for power and water supply, public transport, approach roads, social and economic infrastructures. The matters concerned with public utility falls under the respective State Governments' and they give direct permission to SEZs. But, the State Governments' are directly involved in the management of the zones. SEZs claim to provide hassle free environment for the day to day operations. Henceforth, the Assistant Commissioner of Custom are available in the zone to ensure expeditions, clearance of export and import of cargos, as and when it is required. It not only facilitates sub-contracting and sales in the domestic tariff area, but also takes care of other allied customers. SEZ have supportive staff for project evaluation and estate management (See Ghorude;2008:112).

## **1.8 Types of SEZ and Incentives to SEZ**

*1.8.1Basis on different products:* Arunachalam (2008:40) proposed types of SEZ on the basis of products. They are classified as follows-

- 1.Multi-Product SEZs occupying minimum 1,000 hectares of land may produce garments and automobiles.
- 2.Sector-specific SEZs occupying minimum 1,000 hectares of land for example, such as leather to electronics items.
3. Gems and jewellery.
4. IT/ ITES/BPO.
- 5.Bio-Tech SEZs occupying minimum 1,000 hectares of land.
- 6.Services and Warehousing SEZs.

**Table No.1.9: Minimum land required for the various SEZs in India.**

Type	Minimum Area	Minimum area special States/ UTs
Multi-Product	1000 ha.	200 ha.
Multi Services	1000 ha.	100 ha
Sector Specific	100 ha.	50 ha.
IT	10 ha. and minimum build up area 1 lack sq. meter	10 ha. And minimum build up area 1 lack sq. meter
Gems and Jewelry	10ha. and minimum build up area 50,000 sq. meter	10 ha. and minimum build up area 50,000 sq. meter
Bio-tech and non conventional energy	10ha. and minimum build up area 40,000 sq. meters	10 ha. and minimum build up area 40,000 sq. meters
Free Trade warehousing zone (FTWZ)	40ha. and minimum build up area 1 lakh sq. meters	40 ha. and minimum build up area 1 lakh sq. meters

Source- Dan et al; 2008:44

Minimum land requirement for the multi-product SEZ is very high when compared to the IT and Gems and Jewellery SEZ. However, for the Free Trade Warehousing Zone, more land is required. The minimum land requirement for these SEZs is varied in the state and union territories.

**1.8.2 Basis on different processes:** SEZ is classified on the basis of the nature of process inside the clusters:

A) Free Trading and Warehousing Zones: Free trading and warehousing zones are a special category SEZ with a focus on trading and warehousing. The objective of such a zone is to create trade related infrastructure to facilitate import and export of goods and services with freedom to carry out trade transaction in free currency. The state wise distribution of these types of SEZ is shown in Table number 1.9.

**Table No. 1.10: State wise distribution of services and warehouse SEZ.**

State	No.	Percent
Maharashtra	5	33.33%
Haryana	3	20.00%
Tamil Nadu, Andhra Pradesh	2	13.33%
Goa, Gujarat,	1each	6.67%

Source- Arunachalam; 2008:4.

**B) Multi-product SEZs:** SEZ units may be set up for the manufacture of two or more goods in a sector or goods falling in two or more sectors or for trading and warehousing or rendering of two or more services in a sector or rendering of services falling in two or more sector multi-product SEZ as shown in Table number 1.10.

**Table No. 1.11: State wise Multi Product SEZs.**

State	No.	Percent
Gujarat	8	38.36%
Maharashtra	5	22.72%
Andhra Pradesh	3	13.64%
Tamil Nadu	2	9.01%
Nagaland, Orissa, Pondicherry & Uttaranchal	1each	4.45%

Source -Arunachalam, 2008:5.

**C) Manufacturing:** Apparel, garments and leather, automobile and auto components, engineering–light, heavy and applications, pharmaceuticals, food processing telecom equipment, computer hardware and micro-electronics, consumer electronic goods government gives many incentives.

**Table No. 1.12: Different types of Export Zones in India.**

A) EXPORT ZONES	
FTZs/ Bonded warehousing	FTZs are small, fenced-in, duty-free areas, offering ware housing, storage and distribution facilities for trade, transshipment and re-export operations and located in most ports of entry around the world.
EPZs	EPZs are industrial estates offering special incentives and facilities for manufacturing and related activities aimed mostly at export markets with the entire area within the zone reserved exclusively for export-oriented enterprises licensed under an EPZ regime.
Hybrid EPZ	Hybrid EPZs are typically sub-divided into a general zone open to all industries regardless of export orientation and a separate EPZ area reserved for export-oriented, EPZ-registered enterprises.
SEZs	SEZs are generally a much broader concept and typically encompass much larger areas. They accommodate all types of activities, including tourism and retail sales, permit people to reside on site, and provide a much broader set of incentives and benefits.
Enterprise specific (single factory)	These schemes provide incentives to individual enterprises regardless of location; factories do not have to locate within a designated zone to receive incentives and privileges. EOUs or STPI in India are examples of such zones.
Sector specific	Special economic zones have also evolved into highly specialized facilities, configured to the needs of specific industries and activities.
High tech parks	These zones to promote research and development activity and high technology or science based industries; petrochemical and heavy industry.

Country specific zones	These are zones set up by foreign companies/governments and are expected to bring in huge FDI. Taiwan investment zone in China; Chinese, Australian and Saudi Arabian EPZs in Pakistan; Singapore SEZ in Indonesia and Korean EPZ in Bangladesh are some noted examples of this type of SEZs.
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B) OTHER ZONES

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Enterprise zones	Enterprise zones are intended to revitalize distressed urban or rural areas through the provision of tax incentives and financial grants. Most zones are in developed countries, for example the United States, France, and the United Kingdom, although South Africa is developing a similar mechanism .
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C) TRANSNATIONAL ZONES

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Cross border SEZs	Cross border zones are industrial estates that are benefited by the location advantages of complementary factor endowments, availability of cross border infrastructure and reduced border barrier.
Regional integration agreements	These are enlarged transnational SEZs with reduced trade barriers and preferential investment policies. They can take various forms: preferential trade agreement, comprehensive economic agreement, custom unions, common markets and economic and monetary unions.

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Source: Aggarwal; 2010:11.

**1.8.3 Facilities and Incentives Available to SEZs :** SEZs are one of the many means to attract foreign investment, generate employment, earn foreign exchange and improve trade for native firms. Thus, the Government of India has announced range of facilities for SEZ developers and SEZ units. These facilities have prescribed guidelines as per SEZ Rule 2006 (See Geeta; 2009:2, Aggarwal; 2006:10, Arunachalam, 2008:6, Ghorude;2008:13), which are as follows-

A ) Facilities and Incentive for SEZ developers:

1. Duty free import or domestic procurement of goods for development, operation and maintenance of SEZs.
2. 100% foreign direct investment are allowed for:
  - a) Township with residential, educational and recreational facilities on a case to case basis.
  - b) Franchise for basic telephone services in SEZ.
3. Full authority to provide services like water, electricity, security, restaurants, recreation centers etc. on commercial lines.
4. Income Tax benefit under (80 IA) to developers for any block of 10 years in 15 years.
5. Exemption from Service Tax.
6. Exemption from minimum alternate tax under section 115JB of Income Tax Act.
7. Facility to develop township within the SEZ with 100% FDI.
8. Exemption from Central Sales Tax on sale made from Domestic Traffic Area to SEZs.
9. Generation, transmission and distribution of power or electricity in SEZ allowed.
10. Investment made by individuals in SEZ is eligible for exemption under section 88 of Income Tax Act.

B) Facilities and Incentive for the units under SEZ: To develop quality infrastructure and foreign direct investment for economic gains, Government of India offers many incentives to SEZ units (See Bher;2006:12). The major incentives are enumerated below:

1. Customs and Excise: SEZ units may import or procure from the domestic sources, duty free, all their requirements of capital goods, raw materials,



office equipment, DG sets etc., for the implementation of their project in the zone without any license or specific approval. Duty free import/domestic procurement of goods for setting up of SEZ units. Goods imported/ procured locally duty free could be utilized over the approval period of 5 years. The domestic sales by SEZ units will now be exempt. The domestic sale of finished products, by products on payment of applicable custom duty. The domestic sale rejects and waste and scrap payment of application custom duty on the transaction on value.

2. Income Tax: Physical export benefits 100% Income Tax Exemption (10A) for the first 5 years and 50% for 2 years thereafter. Reinvestment allowance is to the extent of 50% of back profit and the carry forward of loss.
3. Banking / Insurance / External Commercial Borrowing: Setting up off shore Banking Units allowed in SEZs.
  - ❖ OBU allowed 100% Income Tax exemption on profit for 3 years and 50% for next two years.
  - ❖ External commercial borrowing by units' up to 500 million a year allowed without maturities restrictions.
  - ❖ Freedom to bring in export proceeds without any time limit.
  - ❖ Flexibility to keep 100% of export process in EEFC account.<sup>15</sup>
  - ❖ Exemption from interest rate surcharge on import finance.
  - ❖ SEZ units allowed to 'write-off' unrealized export bills.
4. Foreign Direct Investment : In the SEZ, 100% foreign direct investment is under the automatic route and is allowed in manufacturing sector's SEZ units excepts arms and ammunition, explosive, atomic substance, narcotics and hazardous chemicals, distillations and brewing of alcoholic drinks and cigarettes and tobacco manufacture corporations.
5. Central sales Tax Act: Exemption to sales made from Domestic Tariff Area (DTA)<sup>16</sup>to SEZ units.
6. Exemption from Service Tax to the SEZ units.
7. Sub-contracting / Contract farming: SEZ units may sub-contract part of production or production process through units in the Domestic Tariff Area or through other EOU/SEZ units may also sub-contract part of their production process abroad. Agriculture/ horticulture processing SEZ units

- allowed providing inputs and equipments to contract peasants in DTA to promote production of goods as per the requirement of importing country.
8. Companies Act: Enhanced limit of ₹2.4 crores per annum allowed for managerial remuneration. Agreement to opening of regional office of register of companies in SEZs. Exemption from requirement of domicile for 12 months prior to appointment as director.
  9. Environment: SEZs permitted to have non-polluting industries like IT and other facility like golf courses, desalination plants, hotels and non-polluting service industries in the coastal regulation zone area.
  10. Drug and Cosmetics: Exemption from port restriction under Drug and Cosmetic Rules.
  11. In the SEZs processed products, no routine examination of cargo by customs.
  12. For every unit in the zone, the percentage of scrap and waste is fixed and this can be disposed of in the DTA after payment of duties.
  13. SEZ units are declared as public services under the Industrial Disputes Act and strikes without adequate notice are rendered illegal.
  14. Exemption from the state sales tax and other levies as extended by respective State Governments. Special economic zone is a specifically delineated duty free enclave and shall be a foreign territory for the purpose of trade operations and duties and tariffs. Goods going into special economic zones shall be treated deemed export and goods coming from the SEZ area into DTA shall be treated, as if the goods are being imported (Ghorude;2008:65). SEZ units may import and export their goods from ports, airport, custom stations, courier mode and post parcel. All rights of the Labour Commissioners are looked after by the Development Commissioner. For SEZs, provision has been made in the notification, that the duty would be levied on capital goods, raw materials, components, waste or scraps.

#### ***1.8.4 Opinion on Incentives and Benefits to Indian SEZ***

SEZ s attract enterprises for business in India after tax break or tax holiday for several years. This may lead to investment and reinvestment from the profit (Reigastand;2007:14). But, the Reserve

Bank of India (RBI) says that, large incentives can be justified only if: SEZ units establish strong ‘backward and forward linkages with the domestic economy, which is doubtful.’ Even the International Monetary Fund’s (IMF), and the Chief Economist and Governor of Reserve Bank of India Mr. Raghuram Ranjan has warned that ‘not only the SEZ policy in India make losses, they also offer firm incentives to shift existing production to the new zones at substantial cost to society’ (See Ramesh and Srinu;2008:8). Mr. Sen (2008:4) commented on the revenue losses in terms of taxes and duties forgone. This could have been otherwise gainfully unutilized for the economic development and social sector.

Foreign investors hesitate to do business, because of the extensive laws and regulations in India. It is observed that, loosening of the regulations can lead to higher employment through a better investment climate (See Ahluwalia;2002:6). In case of environmental legislations, some countries are happy to allow the same provision for FDI (See Erlend; 2007:15). Therefore, it is assumed that multi-product units in the SEZs are responsible for environmental pollution (ibid).

Excessive bureaucracy can be a significant detriment for investments, especially foreign units who significantly influenced the investments. The SEZ Act created a fast-track road to ensure effective procedures, where the import and export through the SEZ with hassle free environment and the labor laws are not stringent. This can be crucial in countries, where labor unions are powerful and hostile to business. Another reaction on the SEZ is that it will lead to the exploitation of poor and marginalized people. Because, the SEZ is a cluster of units, which are autonomous to their own decisions and called as ‘different country within country’ (See Shukla; 2008:10). The SEZ policy would involve acquisition of large tracts of continuous lands leading to massive eviction and displacement of rural folks and their

loss of livelihoods, apart from the diversion of cultivated lands to non-agricultural purposes (ibid).

The Ministry of Finance presented estimates on revenue losses amount of ₹1, 73,487 crores between 2005-2010 on account of various concessions. This has, been contested by the Ministry of Commerce as an incorrect estimate and the correct estimates of revenue foregone will be only ₹ 33, 425 crores by Das Samarijit (2009:21).

#### ***1.8.4 Infrastructure by SEZs***

The availability of good quality infrastructure improves the business climate and reduces the operation cost and furthers profitability (See Naga; 2008:4). The term 'infrastructure' includes water, electricity, warehousing, transport, telecommunication, police stations, fire stations and banks, while external physical infrastructure to the zone includes transport facilities to reach in the zones and port facelifts, social infrastructure within the zone comprises of residential complexes schools, hospitals and recreation facilities (Arunachalam; 2008:44).

Foreign direct investment based on the quality infrastructure on BOT (Build Operator Transfer) variants projects have already started in India, but a majority of these are roads, while, technical structure that support the society such as water supply, power grid, waste water treatments, flood management system, communication are not sufficient (Balasubramanyam et al;2003:77). The Infrastructure, which is critical to the development of industry and country as a whole, has great relevance. Arul V.N. (2008:19) argues that the current pattern of unplanned and chaotic and often illegal construction of housing and non-housing structures within and around modern business clusters has become a bane of urban development in India. Therefore, he believes that SEZ provides us opportunities to bring the infrastructure to compete with developed nations.

The SEZ Act 2005 concentrates more on providing good infrastructure at low cost for SEZ units and developers. The Act is also mindful of the need for uninterrupted and cheap power (See Arunachalam;2009:21). Communication services need to be strengthened to reach these SEZs, which are more often in the for-flung areas and not close to urban centers (See Kamlesh;2007:20)

such as the Adani group which is developing a SEZ in the port town of Mundra in Gujarat. They acquired 7,000 acres of land, which has been taken over on a 30 year lease. The largely barren area has been changing to the value of the land, which gives best value to the local population. Thus, the private sector has managed to bring in the much needed infrastructure to the rural backward areas (See Laben et al;2004:1204).

### **1.9 Progress of Indian SEZ**

Prior to the SEZ Act 2005 and up to 30 June 2010, 577 SEZ proposals were in the process of approval, which contributed to the investment of ₹1,66,526.43 crores. These SEZs contributed to generate 5,50,323 total employment and export of ₹58,685.46 crores goods and services. This export growth is 68% as compared to the last year (Table 1.13).

**Table No. 1.13: Fact sheet on Special Economic Zones in India.**

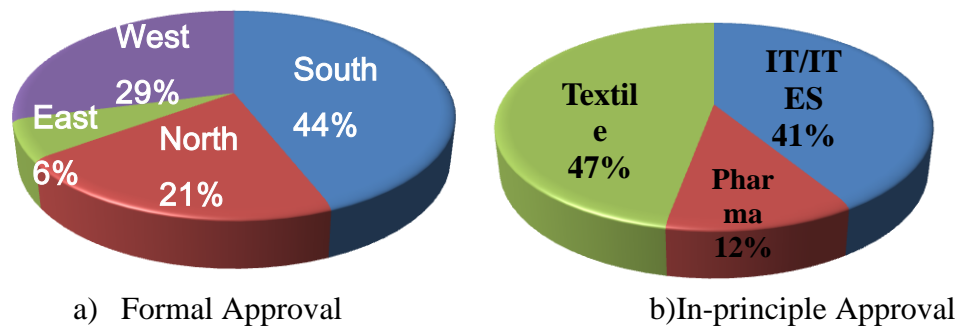
Number of Formal approvals	<b>589</b>			
Number of notified SEZs (As on 17 <sup>th</sup> July, 2013)	<b>423</b> (out of 589) + (7 Central Govt. + 12 State/Pvt. SEZs)			
No. of valid In- Principle Approvals	48			
Operational SEZs (As on)	<b>153</b> (Break up: 17 are multi product SEZs, remaining are IT/ITES, Engineering, electronic hardware, textiles, Biotechnology, Gem & Jewellery and other sector specific Special Economic Zones)			
Units approved in SEZs (As on 31 <sup>st</sup> March, 2012)	<b>3,400</b>			
	<i>Notified SEZs</i>	<i>Formally Approved (FA) incl. notified SEZs</i>	<i>Valid In Principles approvals (IP)</i>	<i>Total area for proposed SEZs (FA+IP)</i>
Lands for SEZs	<b>3,400Ha</b>	<b>71,502 Ha</b>	1,29,668 Ha	1,98,992 Ha
<i>Total area for the notified SEZs would not be more than 0.01 % of the total land area of India. Land is a state subject. Land for SEZs is procured as per the policy and procedures of the respective State Govts.</i>				
INVESTMENT (As on 31 <sup>st</sup> March, 2012)	Incremental Investment		Total Investment	
SEZs Notified under the Act	₹ 1,82,750.74 cr		₹ 1,82,750.74 cr	
State / Pvt. SEZs setup before 2006	₹ 5,881.30 cr		₹ 7,637.61 cr	

Central Government SEZs	₹ 9,207.21 cr	₹ 11,486.41 cr
<b>Total</b>	<b>₹ 1,97,839.25 cr</b>	<b>₹ 2,01,874.76 cr.</b>
<b>EMPLOYMENT</b>	<b>Incremental</b>	<b>Total</b>
(As on 31 <sup>st</sup> March, 2012)	Employment	Employment
SEZs Notified under the Act	5,52,048 persons	5,52,048 persons
State / Pvt. SEZs setup before 2006	66,547 persons	79,015 persons
Central Government SEZs	91,617 persons	2,13,853 persons
<b>Total</b>	<b>7,10,212 persons</b>	<b>8,44,916 persons</b>
Exports in 2008-09	₹ 99,689 Crore (Growth of 50% over 2007-08)	
<i>Deemed Exports</i>	₹ 13708.67 Crore (13.75% of total production)	
<i>DTA Sale</i>	₹ 5793.56 Crore (5.81% of total production)	
Exports in 2009-10	₹ 3,15,867.85 Crore (Growth of 121.40 % over 2007-08)	
<i>Demand Exports</i>	₹ 29093.02 Crore (8.11% of total production)	
<i>DTA Sale</i>	₹ 13881.20 Crore (3.78% of total production)	
Export in 2010-11	₹ 58,685.46 crores (Growth of 68% over the corresponding period of 2009-10)	

Source: [www.sezindia.nic.in](http://www.sezindia.nic.in) (data up to 7<sup>th</sup> July, 2013).

There are 589 SEZs, who have got formal approvals, out of which, 423 SEZs are notified SEZs. From the above table, only 153 SEZs are in operation and cover nearly 3,400 different units. The total land required for the SEZs is 1,98,992 hectare. It is only 0.01% to total land in country. The total incremental investment of these SEZ is ₹1,97,839 crores and the total investment is ₹2,01,87,476 crores. The investments of notified SEZs are more than this. SEZs provide employment to 8,44,916 people and again the share of notified SEZs are more.

The first SEZ was developed in Kandla in Gujarat. Subsequently, the proposals have come from the other State Governments. As many as 577 SEZs have been formally approved, out of which, 155 in-principle approvals and 360 are notified SEZs. The highest approvals are from Maharashtra followed by Andhra Pradesh, Tamil Nadu etc(Table No. 1.13). Most of these SEZs are located in coastal areas, where transportation and other supporting infrastructure facilities are available for export processing. A majority of formal approvals of SEZs comes from the south of India and the least from the east (See Fig. No.1.6).



**Figure No. 1.6 :Region-wise approval of SEZ.**

**Table No.1.14: State wise distribution of SEZs in India.**

State	Formal approvals	In-principle approvals	Notified SEZs
Andhra Pradesh	106	4	73



Chandigarh	2	0	2
Chandigarh	2	2	0
Delhi	3	0	0
Dadra & Nagar Haveli	4	0	2
Goa	7	0	3
Gujarat	47	13	30
Haryana	45	17	32
Himachal Pradesh	0	3	0
Jharkhand	1	0	1
Karnataka	51	10	31
Kerala	28	0	16
Madhya Pradesh	14	7	6
Maharashtra	108	39	61
Nagaland	2	0	1
Orissa	10	3	5
Pondicherry	1	1	0
Punjab	8	7	2
Rajasthan	8	11	7
Tamil Nadu	70	19	57
Uttar Pradesh	34	5	17
Uttrankhand	3	0	2
West Bengal	23	14	11
Grand total	577	155	80

Source: [www.sezindia.nic.in](http://www.sezindia.nic.in) (data up to 30<sup>th</sup> June,2010).

In 1990, the engineering sector accounted for the largest share of exports followed by drugs, electronics and gems and jewelry (CII Report; 2006). In 2002, this sector accounted for more than 75% of the total exports from SEZs in India. The sector wise distribution of SEZ is shown in table number 1.15. TI/TTES/EH/semiconductor SEZs have more shares followed by Biotechnology and next pharmaceuticals/chemicals. The numbers of TI/ITES

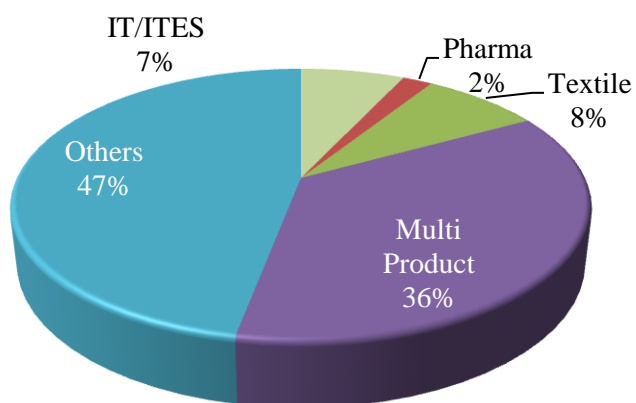
special economic zones account for Andhra Pradesh and Karnataka, while other states like Maharashtra, Gujarat and Punjab have progressed in manufacturing industries.

**Table No. 1.15: Sector wise distribution of SEZs in India.**

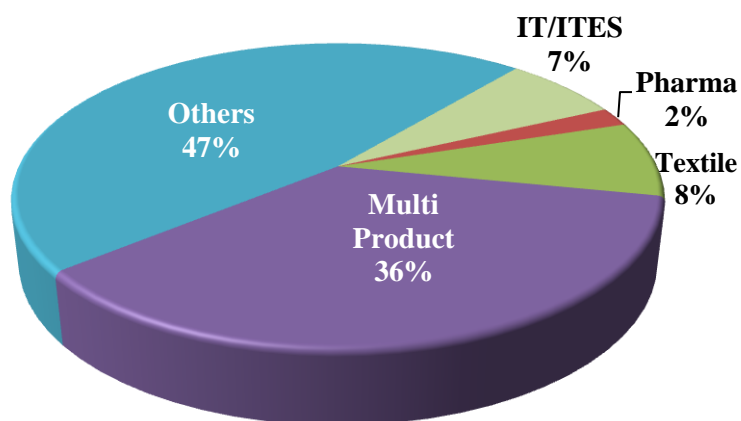
Sectors	Formal approvals	In-principle approvals	Notified SEZs
Aviation/Aerospace/Copper	2	2	2
IT/ITES/EH/Semiconductor	350	11	223
Textiles/Apparel/Wool	19	13	12
Pharma/chemicals	23	3	20
Petrochemicals/ petro. /Gas	4	0	2
Multi-Product	22	55	15
Building product /material	1	2	1
Beach & mineral/metals	2	0	2
Bio-tech	33	0	17
Engineering	21	10	15
Multi-services/Services	17	13	8
Metallurgical Engineering	1	0	0
Electronic Goods	3	4	3
Auto and related	3	5	1
Footwear/Leather	7	2	5
Gems and Jewellery	12	4	5
Power/alternate energy/Solar	5	2	2
FTEZ	10	10	4
Metal/Stain. Steel/Alum/Foundry	9	6	5
Food Processing	5	2	4
Non-Conventional Energy	5	0	3
Plastic processing	0	2	0
Handicrafts	4	1	2
Agro	6	4	5
Port-based multi-product	7	1	2
Airport based muti-product	3	2	0

Writing and printing paper mills	2	0	1
Strategic manufacturing	0	1	0
Granite Processing and Industries	1	0	1
Grand Total	577	155	360

Source: [www.sezindia.nic.in](http://www.sezindia.nic.in) (data up to 30<sup>th</sup> June,2010).



a) Formal



b) In-principle

Figure No. 1.7: Sector wise distribution of in India.

**Table No.1.16: Exports from the functioning SEZs.**

Year	Value in ₹ (Crore)	Growth rate Cover previous year.
2003-04	13,854	39%
2004-05	18,314	32%
2005-06	22,840	25%
2006-07	34,615	52%
2007-08	66,638	93%
2008-09	99,689	50%
2009-2010	2,20,711.39	<b>121.40%</b>

Source: [www.sezindia.nic.in](http://www.sezindia.nic.in) (data up to 30<sup>th</sup> June,2010).

**1.9.1 Role of SEZ in the inclusive development :** Over the past 30 years at world level, the a number of economic zones in developing countries have achieved and made their development (See Omar and Stover; 2008:34). The SEZ administrators and government officials, have recognized the essential role of SEZ in the infrastructure, technology development to increase export and employment. SEZs play an activate role in employment generation, poverty reduction and human development. SEZ generate employment on the direct or indirect sources. There is direct employment for skilled and unskilled labor, especially for women (See Aggarwal; 2007:12). The former Joint Secretary of Ministry of Commerce and Industry, Mr. Anil Mukim enumerates the benefits of special economic zones in India. He states that, SEZ policy has a very decisive function to play in the inclusive growth of the nation's economy. Mr. Kamal Nath, Former Minister Commerce and Industry also said that, SEZs would lead to the growth of all sections of society and the development of economy. SEZ would futher human capital formation, and

upgradation of technology. It is also believed that SEZs create forward and backward linkages for human development.

The above mentioned analysis gives idea about the relation about the SEZs and human development. There are three linkages viz. employment generation, skill or human capital formation and technology up gradation. Each of them exerts two types of effects. Direct and indirect employment is generated through opening of new firms and new vacancies. The indirect employment is generated through the construction, infrastructure development, logistic services, food and catering services and related supplemental services. The skill formation occurs when the workers are gone under the specific training offered by the firm. Indirect channels are operative, when the spill over's take place through movement of workers to the domestic area.

Finally, the new technology, managerial and marketing networks invented through the forging collaborations due to technology divide in the forging and domestic firm leads to spill over technology. Outside the SEZ, units cause indirect technology transfer.

## **1.10 Special Economic Zones: Zone of Controversy**

**1.10.1 SEZs and Land acquisition:** The issue of land acquisition has been central to the debate on special economic zones. In the postcolonial social movement, a new dimension has been added to the land question in India. Big dams, mines, factories and Industrial Township were declared to the temples of modern India. SEZs were not the first reasons due to which land was acquired by Central and State Government for building industries. The origins of today's land acquisition for SEZ Act can be traced to 1824, when the British colonial power felt the need to codify the undisguised forcible seizure of land (See Bibhu and Kumar;2008:3). Many studies reported that, land acquisition for the SEZ is 'Land Grabbing Policy' (See Mukul and Singh;2008:4 ISAS; 2009:3, Dileep;2008:3, Advocacy ISAS;2009:3, Advocacy Internet;2006:17, Basavaiah;2008:9, Gangopadhyay;2006:17, Bijoy;2009:369). The establishment of SEZs required substantial land to be acquired or purchased by the developer. It is estimated that 2 lakh hectares of land was required for the establishment of in-principle approved SEZs (See

Bijoy;2007:10). The establishment of any Central and Public enterprises was done through the Land Acquisition Act of 1894.<sup>17</sup> This acquisition is done under the umbrage of ‘Public Purpose’ as provided in the land Acquisition Act; 1894.

The total geographical area of the country is 328.7 million hectares. While, the gross cropped area is to the tune of 190 million hectares, the net sown area is only 141 million hectares. The net area under irrigation is 57 million hectares with a cropping intensity of 134%. In 1964-65, of the 151 million hectares under all crops, this has increased to 191 million hectares by 2005-06, making it a 26 % increase in 41 years. The declaration of SEZ policy created a fear of acquisition of good fertile agricultural land (See Palit; 2009:07, Bijoy;2007:11).

**Table No. 1.17: Farm land acquisition for major SEZs in India.**

<b>Sr. No</b>	<b>SEZ Developer</b>	<b>Land in Ha.</b>	<b>Villages</b>	<b>Agricultural &amp; Barren Land</b>
1	Bharat Forge	7,000	17 Villages of Toluca in Pune district ( Gilani, Wadgaon, Kanshar, Nimgaon)	70% agricultural ' 30% barren
2	Reliance Industries	14,000	24 villages in Pen, 1 in Panavel and 22 villages in Uran Taluka in Raigad district	100% agricultural.
3	Reliance Industries	10,117	23 villages in Jhajjar district and 16 in Gurgaon district Haryana	90% agriculture 10% barren
4	Haryana Hi- Tech SEZ	323	10 – 12 villages	80% agricultural 20 % barren
5	Flextronics SEZ	412	25 Villages in Sriperumbadur district	70% agricultural and 30% Barren

Source : Iyer ; 2008:12

The Study report by the Planning Commission of India reveals that 73% of cultivable land in the country is owned by 20% of the population. Devindar Sharma (2007:11) argued that, with more and more peasants have be displaced through land acquisition, either for food proceeding and technology parks or for real estate purposes. Further, land is being accumulated by the elite and resourceful persons for various purposes. This development will lead to marginalization of the farming community.

### **Box No.1. 1**

#### **Government land to the Landless poor and take back.**

Upcoming 1,200 acre alumina refinery SEZ by JSW Aluminum in Shreeharikota, Vizianagaram district of northern coastal Andhra Pradesh can show how particular tribal peasants, who made a living off assigned land been acquired . The irony is that they were located only a few kilometers from the scheduled areas, were non-tribal land and the ownership was banned. In the 4 revenue villages, land where 10-12 independent hamlets with largely tribal population lived was acquired for the refinery . All these tribal villages are e happy to know they are out of grip from the forest department and able to invest in professions, which would move them away from being marginal peasants. More importantly, they had all received plots of land and few of the peasants have sold this land to outsiders. Being close to the irrigation dam, they are not interested in farming. This is because of the illiteracy, poverty and limited support from the government.

There is much ambiguity in the Environmental Impact Assessment (EIA) report. This says ‘out of the area for alumina refinery, which consists of 1,350 acres 85% is government land, since displacement was ‘minimal’ only affecting 30 families and hence land acquiring is unproblematic.’ The Revenue Department was more precise in instruction by the Government Order 892 issued on date 28<sup>th</sup> June,2007 to acquire big acres of assigned land (66% of tall) to the uniform value of ₹ 2 lakh 500 per acre and also 209 acres of government land was part in this order. The remaining 200 acres of private land which existed in pockets in between the assigned land was acquired directly by the company and no records mentioned the ownership of this land or any compensation they received.

Approximately 400 households are losing land and rehabilitation has not been done suitably. Compensation was given in cash for the land and a job was provided for one member in the family, in this way they will become a shareholder. But, agriculture used to give employment to the entire family. Further, nobody ever mentioned the agricultural laborers and the minor, forest produce dependent sheep herders and others.

Source: Oskarsson; 2009:369-370.



***1.10.2 SEZ and issues of evictions and displacement of affected people:*** Previous history states that the government make promises, but lose the confidence in the effective implementation of big projects and cause displacement. It is argued by the Bibhu and Kumar (2008:5), that certain big projects have forced the people to migrate. In the world, 20 million people have been displaced because of developmental projects. This displacement generally referred as Development Induced Displacement (DID)<sup>18</sup> (See Bibhu and Kumar; 2008:4) forces individuals, families and communities out of their homes, farmlands, and cause the geographic displacement (See Dileep; 2008:3). The displacement of affected people causes a fundamental dilemma such as the economic development of people improves the living conditions, but displacement can harm people and restrict their ability to make choices in life (Seabrook; 1993:213).

Large scale acquisition of lands has been creating the displacement of the peasants and farm laborers. Arunachalam (2008:6) in his article Performance of Indian Economic Zone, states that landless peasants are forced to become coolie workers and marginalization of the rural landless laborers occur because of the special economic zones in India. At present, in different parts of the country peasants and tribal's, who were displaced because of SEZs and were strongly opposing it (See Baronial and Mamta; 2007:66).

According to the estimates of Indian Society of Sustainable Agriculture (2006:43), a close to 1.14 lakh farming households, on an average of five members and an additional 82,000 farm worker's families would be displaced. In other words, at least 10 lakh people, who primarily depend upon agriculture for their survival will face eviction. The National Sample Survey Organization (NSSO) (2005:756), results shows that, the average income to the farming and

farm worker families is ₹2,115 per month (it is differentiated as ₹ 969 from cultivation, ₹91 animal farming, ₹919 from wages and ₹236 from nonfarm business). This does not include other income lost due to the loss of local rural economies. It is put forth that the first two income sources will be immediately lost if SEZ project is implemented. Thus, each farming household would lose ₹12,720 in one year. The total income loss of the displaced 114 lakh people would be ₹145 cores (See Basavaiah; 2008:9).

A study by the National Labour Commission (NRC) (2007), says that an average agricultural worker get 159 days of work in a year, where NSSO (2005) gives that the average daily wage of agriculture labour is ₹51 and thus, the loss of 82,000 agricultural laborers wages is ₹67 crores. The total estimated loss of income for the farming and farm work households would be ₹212 crores per year. In the country, almost 80% of the agriculture population owns about 17% of the total agriculture land (See Chakraborty; 2008:5). Those who lose their land for projects got the compensation but there is no compensation for those who don't have land. Those people with minimum skills are bound to become more possessive about their means of survival. Many scholars argue that compensation never addresses the worries and fear and does not cure the loss of traditional occupation (See Basavaiah; 2008:10, Chakraborty S.;2008:4, Bibhu and Kumar; 2008:5).

Those people who lose the land would get market price of their land and they invest in other projects or business. Baranwal (2007:54) analyzed that those peasants who receive compensation for land would not really know any activity other than agriculture and invest in the businesses and waste most of the capital they get. People engaged in non-farming activities like potters, herdsmen, carpenters would not get any compensation. These have been evicted from the occupation and the unemployed category. The experience of HEF, Ranchi and BHEL in

Haridwar shows that the neighboring area have remain largely backward (See Ranade; 2007:27).

**Box No. 1.2 SEZ: Look Who's Smiling in Haryana.**

Reliance Industries in a joint venture want to establish SEZ in Haryana.<sup>19</sup> This SEZ faced strong opposition from peasants. Opinion of the affected peasant gives reality and fear to be displaced from their own land. Kannaiya, a peasant whose land has been acquired by the Haryana Government for the proposed SEZ says, 'this land belongs to us for generations. I had to leave this land. What did I get in return just an amount of ₹20,80,000? Krishnan Lal, another peasant says, 'government has taken my land, what did I get? Now we hear one SEZ will come up here. But god knows who will benefit from it?'. .

Haryana State Government acquired 1,500 acres of agriculture land from these peasants for SEZ. The affected peasant reveals that, the government brought this fertile agricultural land from us, the price ₹20, 80,000 is far below the prevailing market rate. The peasants, who used to own this land have been asking the government, why they were paid just a few lakhs for the land that could easily have fetched lakhs or crores. They are surprised, why the government handed over this fertile farm land to the Reliance Group for real estate. .

Source - Prabu;2009:41

These days, displacement of people is a serious problem but there is no effective international and national legal and institutional mechanism to address the resettlement of affected people. It is the primary duty of the states to protect its citizens from the abuse of human rights. If the displacement is for the 'public purpose'<sup>20</sup> entity, then this must be justified and no displacement can be carried, unless a structured plan for resettlement and rehabilitation of affected people takes place(See Murickan; 2008:332). The government should bring a

law that would ensure financial compensation and jobs to the affected people (See Chakraborty;2008:4). The resettlement and rehabilitation of affected people. The government records state that 75% of displaced families are awaiting the rehabilitation (See Menor;2006:37). The resettlement and rehabilitation of large number of persons are displaced by development project has been far from successful. Though government should start ‘agro-based processing and town village enterprises’ for inclusive growth (See Basavaiah;2008:9). A major obstacle has been that the government is reluctant to adopt a clear ‘land for land’ policy. Gurudasan P.K., former Minister for Labor and Excise, government of India noted that, the peasants and the others, displaced due to the other developmental projects must be rehabilitated so that they are assured of new place to live and get adequate compensation.

***1.10.3 National Rehabilitation and Resettlement Policy, 2007:*** The Preamble of this policy mentions the provision of public facilities or infrastructures that often requires the exercise of legal power by the state. Under the principle of ‘eminent domain’<sup>21</sup> for acquisition of private property, leading to involuntary displacement of people, depriving them from their land, livelihood and shelter; restricting their access to traditional resource base and uprooting them from socio-cultural tradition.

The National Rehabilitation and Resettlement Policy have been pushed by Ministries and Committees and consistent alternatives have been proposed by voluntary organizations and people’s groups. Even large scale displacement due to several mega projects continue, yet the government has still not accepted any of the drafts proposed after post consultation (See Bibhu and Kumar; 2008:3). Some of the policies are: (1) it turns away from the principle of justice and avoiding displacement to the principle of ‘eminent domain’ of the state in land acquisition and put forth ‘minimizing displacement as its objective.’ (2) The policy repeatedly speaks of acquisition for public purpose or ‘any other

reasons' and has no mention of the need to amend the Land Acquisition Act in defining 'public purpose.' This policy drafts lacks detail in all aspects.

**Box No. 1.3 Reliance Package for Rehabilitation of People.**

The Organisation (*Maha Mumbai Shetkari Sangharsh Samiti*) protested against Reliance Group's Mumbai SEZ (MSEZ) in Raigad. The package offered by the government in association with Reliance is the best package been offered till now. The government policy advocates retuning for 10% of land to the affected people, whereas Reliance's MSEZ has return of 12.5% of developed land to the affected families. The MSEZ has shown willingness to purchase land at ₹10 lakh per acre and unproductive lands at ₹5 lack per acre in the project area. According to the MSEZ packages, the land owner has a choice to opt employment or nomination of family member for the same. For women, the company would provide suitable vocational training to one nominee of each family. The MSEZ would also spend ₹90 crores on upgradation of village amenities and facilities. This package looks much more lucrative than the benefits offered by the national policy. The Reliance groups said that the package given by them contains more attractive monetary benefits and jobs than the national ones.

Source - Charaborty;2008:6.

**Box No. 1.4**

**Bogus Rehabilitation Plan of SEZ**

For the Polepally SEZ in Andhra Pradesh, the government acquired land and offer packages to the affected peasant. Andhra Pradesh Government earns crores of rupees in the sale of the developed land to SEZ. Andhra Pradesh Government gave house site pattas, were closely examined. The peasants were shocked to see that the patta is just a lease hold on 200sq. yards of land. The document of the house pattas land belonged to APIIC and the peasant may not sell or transfer this land to anyone. Thus, the peasants in Polepally lost their agriculture lands and the government house pattas were meaningless.

Source- Konatham; 2008:7.

### Box No.1.5

#### **₹17 Lakh Per Hector A Buy Back Policy and Job.**

Mohan Daundkar of Kaneorsar, village 60 km from Pune, gave up his barren land three years ago to the Bharat Forge. The Maharashtra Industrial Development Corporation (MIDC) joined to start a Special Economic Zone. It is 76:24 joint ventures between Bharat Forge and MIDC spanning over 7,192 hectares across 17 villages. Today, Mohan travels in a Chevrolet Tavera, has rebuilt his house, owns two trucks and makes nearly ₹ 1 lakh every month from his business. 'I am happy that I gave up our land for the project' says Mohan. His barren land was taken for the project and he got compensation of ₹17 lakh per hectare. In the buyback policy, the peasant got 15% land at the cost of 50% on going rate. Once he got the money, Mohan opened a bank account with the State Bank of India in his village. He invested ₹30 lakh for running a transport business, the rest was spent in buying some of the land. Apart from this rehabilitation policy, MIDC also offered employment to one member from every family.

Source- Sunday Express, Sept.;19 2010:10-11.

**1.10.4 SEZs for development of new township:** In the SEZ scheme, the same fiscal incentives were given to the non-processing purposes, due to the buildup of the social infrastructure. The incentives should be stronger. The proposed township should be away from the existing metros and big cities, to prevent the growth of slums. There should be adequate provision of housing, affordable means of mass transport and access to basic social infrastructure amenities for people in the low income category (See Business Line; 2008:5).

The need for a policy of new township development is supported by another important factor. In the Indian context, unlike in China, the variable size of SEZs makes it almost impossible to design the same. Therefore, the idea is to develop SEZs as self contained entities in terms of the use of residential units, commercial space and attendant social infrastructure and amenities, such as hospitals and educational

institutions. Besides, there are problems associated with the commercial variability and administrative ease of doing so (See Arul; 2008:9). In other words, there should be flexibility in the use of new township for benefit of the people.

**1.10.5 Loss of Revenue:** There are contradictory perceptions on tax incentives for the SEZs. This is seen in the SEZ Act of 2005 and the SEZ Rule of 2006, with reference to the fiscal and non-fiscal incentives and facilities for attracting investment into SEZs. Many research scholars and economists reveal that, these tax incentives (generally referred as tax holidays) result in the loss of revenue, which is used for the policies, schemes and projects (See Basavaiah; 2008:7, Arul;2008:10, Muthu; 2008:6, Mehta; 2009:101, Arunachalam; 2008:281). The Ministry of Commerce claims that SEZ carry multiple benefits of creating jobs, augmenting exports, building infrastructure of international standards and bringing forging investment, which would touch to \$ 60 billion (₹ 3,00,000 crores) (See Basavaiah;2008:7). On the contrary, many studies show the impact of tax holiday on revenue loss.

According to Arul (2008), the Ministry of Finance has estimated the loss of revenue to be ₹97,000 crores until 2010 and ₹50,000 crores due to loss of direct taxes and the rest as loss of custom and excise duties and other central taxes respectively. The Finance Ministry estimates the revenue loss of tax incentives to SEZs to be more than ₹ 1,60,000 by 2010. It is estimated that over the five year period (2005-10) there may be revenue loss to the tune of ₹1,75,847 crores due to various tax incentives to SEZs (See Mehta and Pahaiya;2009:102). Initially, in the four year period, from 2006-10 the loss of tax revenue was at ₹93,000 crores and later increased upward to ₹1,02,621 crores (See Arunachalam;2008:28). In 2006-07, the revenue loss due to the direct concession to all STPI and SEZ units was estimated to be ₹

9,938 (ibid). This raises the questions on the survival and future of SEZs.

The report by Asian Development Outlook<sup>22</sup> (2007:65), says that, Indian Governments are expensive and have come at the time when SEZs are unnecessary. SEZ tax inducements are expensive and have come at the time, when the Government is struggling to provide adequate infrastructure in the wider economy. The report adds that, better infrastructure and greater bureaucratic efficiency in SEZs will be needed to stimulate investment from potential investors (See sSEZ India; 2007). The Reserve Bank of India (RBI) has also questioned the tax concession granted to SEZ. RBI equated the establishment of SEZ to real estate developmental activities and has asked the banks not to treat SEZs as an infrastructure project (See Basavaiah;2008:7).

The Report of the Parliamentary Standing Committee states that, in the next twenty years, the revenue loss is estimated at ₹0.45 per rupees invested for the infrastructure of the multi-product SEZs. The same report further states that there would be yet another loss from the taxes at the rate of ₹0.16 crores for single sector and ₹1.60 crores for multi-product SEZs (ibid). The Parliamentary Standing Committee report comments that in the year 2004-05, the tax concessions resulted in a loss of ₹41,000 crores, of which one of income tax exemption is 28% and on customs duty reduction is 72%. Oxfam study (2008:48),<sup>23</sup> entitled 'Tax Heavens Releasing the Hidden Billions for Poverty Eradication' estimated that the developing countries would incur losses of \$50 billion per year as a result of corporate tax exemption.

Based on the above discussion, it is inevitable to note that, the Department of Commerce, is in favor of tax exemption or incentives to the SEZs. The estimation made by the Revenue Department does not reveal the true picture of the situation, because the calculated revenue



loss due to SEZs would not be more than ₹33,065 crores. On the other hand, it has estimated that due to the additional economic activity, the GDP will increase to ₹8,45,160 crores (See Mehta and Pahariya;2009:102). Aggarwal and Kumar (2007:31) says, even if we assume zero net benefits to the account of export activities infrastructure investment of ₹1,2,648 crores over the next three years, it will itself contribute significantly at to the objective of the policy.

After considering all these facts and observations, the Reserve Bank of India (RBI) justified the revenue loss only if the SEZs ensure forward and backward linkage with the domestic economy (See Birdges Weekly Trade News; 2007:5).

#### ***1.10.6 Confrontation against Special Economic Zone:***

SEZs all over World are opposed mostly by the peasants, peasants, farm labourers and artisans (See Sarkar;2006:6). The Chinese Public Security Minister, Mr. Zhou Yongkang told Reuters that, 74,000 ‘mass incidents’ involving over 3.8 million people had taken place in 2004, an increase from 5,800 protests in 2003. In response to handle (curb) this social tension. The Chinese Government formed specialized heavily armed ‘anti terror’ and riot police units in 36 cities, including Beijing, Shanghai, Chongqing and Tianjin. The first 500 squad has been sent to Zhengzhou, the capital of very poor Henan Province (See Basu; 2007:6). In China, the peasantry is one of the most rebellious of the social layers. If it is hindered by the external forces then they oppose it. Similar events happened with other SEZs in China.

However, most of India’s land are farms located in villages, where poor citizens barely meet their necessities by cultivating their land. In India, the agricultural area is 51.6% of the total land and this provides livelihood support to about two-third of the country’s population (See FAO;2006:45). The key reason for the protests against

the SEZ is that, the acquired land is arid and fertile rather than the non-agricultural land. This is one of the major reasons for the protests by the peasants and allied sectors. According to Sarkar (2006:9), the Government decides to build mega cities in the name of SEZs. Contradictory close look at the Chinese and Indian SEZs show that the whole scenario is contradictory. In China, the land is owned by the states and benefits are transferred directly to the people. In case of India, if peasant's land are handed over to the developers, then they get the benefits (See Sarkar; 2006:7). Some of the main protests against SEZs are narrated below.

***A) Sakar can't be Zamindar- Gramsabha Passes Resolution against SEZ:***

*'Industries can be complementary to agriculture, but not the cost of agriculture. Approval from 'Gram Sabhas' should be pre-condition.'*

- Medha Patkar

A historic event took place in Kalmaburse village in Uran tahasil (Dist-Raigad, Maharashtra) on 15<sup>th</sup> August,2006. People came for this *Gram Sabha* register their protest against the land acquisition for Reliance Group SEZ (i.e.Maha Mumbai SEZ). The *Sarpanch* (elected head of village) Mrs. Anita Patil says 'we don't want this SEZ because we heard that the Government will give us very little money and there will be new zones, which will restrict our movements.' The Women's wing in the village has staged protests and *gheraod* the officials. Santosh Pote, one of the protester says, 'our land is very costly, it is close to the Jawaharlal Nehru Port Trust (JNPT) which offers high prices for our land to house their containers. Why should we allow our lands to be forcibly acquired, when we have a choice of buyers.'

People in this area already had the bitter experience of giving their land for Navi Mumbai (New Mumbai) and City and Industrial Development Corporation (CIDCO) projects. Mr. Sanjay Thakur, a member of *Maha Mumbai Shetkari Sangharsh Samiti* (an peasants organization) tired of the SEZ says, 'earlier the government acquired land for public projects, now they acquire land for capitalists'. Protesters like Mr. Vishwanath Mhatre, whose

village has agriculture, sand quarrying and fishing as major source of livelihood, says, 'I am the third educated person from my family and today I am a successful business man with two fishing trawlers. We don't need SEZs to develop us.' Most of the 1,200 peasants who got notice for the SEZ, had opposed land acquisition ( See Patkar; 2006:927&929).

**B) *We don't want SEZ, but we want PEZ:*** *The* tale of Nandigram protests is one of the thrilling, controversial, disgusting and appeals us to re-think the SEZ scheme. The Nandigram SEZ controversy, which caused the Nandigram massacre, started when the West Bengal State Government approved Salim Group, an Indonesia's Chemical hub under the SEZ at Nandigram in Pura Medinipur district (See Sarkar A.; 2007:1435). When the peasants received the land acquisition notice they protested. In Nandigram, the proposed SEZ required not only a large tract of agricultural land, but also residential areas, which displaced the entire population of 27 villages. Thereafter, the whole village community instantly woke up to defend their mother land. The first reaction of the peasants in Nandigram village took in the form of mass upsurge immediately after the notice was sent by the Haldia Development Authority to the concerned *Grampanchayat* offices intimating the impending programme of land acquisition.

Whether the notice was properly authorized or not is a different question because this project would causes displacement of nearly 65,000 people living in 3 villages. These villages dominated by the Left Front Parties and the same patry ruled the government in the West Bengal (See Banrjee;2008:11). The present peasant movement was against the CPI and the opposition Party Trinamool Congress party supports this movement. This had created a platform for strong battle ground over SEZ. In this protest movement, dozens of protestors were killed, more than 2,000 people left their home and around 20,000 were supposed to be affected (Sarkar;2007:1436). Indian Military and Central Reserve Police forces (CRPF) were called to control the situation. Police opened the fire and many people including women and children were killed. After this tragedy, the State Government surrendered and withdrew the SEZ policy from Nandigram (Named before village of cow). This Nandigram episode gave the message that SEZ is not only the instrument of development, but also displacement. The Law and

Politics must address the same, if development has any meaning of wellbeing for all and ensures national happiness (See Bibhu and Kumar; 2008:17). Now the peasants and artisans say, 'we don't want SEZ, but we want PEZ (People's Economic Zone).'

***C) Communities' responses against SEZ-An Referendum in Raigad :***

Reliance Industries Ltd. Proposed an SEZ on 10,000 hectares of fertile agricultural land from 45 villages in the Raigad district. The angry people agitated against the RIL's MSEZ. On this ground, the Maharashtra Government conducted the nation's first referendum on 21<sup>st</sup> September, 2008 (See Patil and Mane; 2008:9, Bullivenkaiah; 2008:10). Out of 45 villages, people of 22 villages called for voting. These villages are spread out over 2,992 hectares in the command area around the Hetawane dam. The referendum was in accordance with the Land Acquisition Act. As a part of the referendum, out of 30,057 interested persons from affected 22 villages, 6,151 had taken part. The Raigad collector Mr. Nipun Vinayak says 'it is not correct to call it voting because we received only 6,151 votes, these are amongst the 30,057 affected villages whom we had served notices earlier.' There are 24,000 account holders, who did not submit their opinion and argued that the peasants who had surrendered the part of their land for the SEZ project have now changed their mind and submitted anti-SEZ opinions (See Patil and Mane; 2008:6). The 80-85% of the votes against the SEZ and peasants prove that they did not want SEZ in their land.

The Former High Court Judge, Mr. B.G. Kolse-Patil said, 'RIL has spent hundreds of land for the Bandar Karla Complex. Here, they are paying merely ₹10 lakh per acre for such a fertile land. They know that, tomorrow, this land will be a prime real estate after the construction of the Seweri Nava-Sheva Sea Link Project (See Advocacy Internet, 2006:40). Mr. Sadashiv Mhatre the from affected village Mothe Bhal, had replied 'don't ever make an attempt to bribe us. Even if Reliance

offers one crore rupees per hectares, we will not sell our land for the SEZ project. We are determined to ensure that the SEZ project does not come up in the Konkan belt. Our motto is '*SEZ Hatao Konkan Bacho*' (move SEZ save Konkan) (See Marpakwar;2008:32).

**Box No1.6**

**50,000 Peasants Rally against SEZ in Mumbai**

Over 50,000 peasants from the Pen-Panvel Tehasil of Raigad district in Maharashtra near Mumbai, called for a 'do away with SEZ' in a massive rally on 21<sup>st</sup> Sept,2006. The rally started from Kharghar near Panvel to Konkan Bhavan in CBD, Belapur and was organized by various peasant's organisations in Raigad district, including Peasant and Workers party,<sup>24</sup> *Pen- Panchkroshi Shetkan Bachaoo Parishad*, Anti-SEZ People's Struggle Committee of Maharashtra and others. In the rally, peasants and other villagers rejected the SEZ and its politically strong corporate promoter, the Reliance company of Mr.Mukesh Ambani outright. In the rally the people poured their opinion on Reliance company in choicest abusive words and demanded to throw out the company from the area. The Angry people reacted on the RIL's appointed agents, who continuously tortured the peasant to give land for SEZ.

Source-Advocacy Internet, 2006:45.

### **Box No.1.7**

#### **Medha Patkar led group protest against SEZ.**

Medha Patkar, a social activist lead a *morcha* (rally) of thousands of peasants against SEZ policy in Pune in 2006. This *morcha* was to give a memorandum to the Pune District Collector on the recommendation of the *Special Economic Zone Virodhi Sangharsh Samiti* (an organization against SEZ). The main clauses of this memorandum include a whole repeal of the SEZ Act and policy, and to stop land acquisition process in all the proposed SEZs. As far as the 11 SEZs have been approved (till 2006) in the district, over 33,000 hectares of fertile land was forcefully acquired by the government using Land Acquisition Act. The feeling of the peasants who participated in the rally reflected that they not want SEZ units. They say that the Government shift these SEZs to waste lands available in other districts. Medha Patkar raised questions on the job and compensation issues, which had only been announced, but has not happened yet.

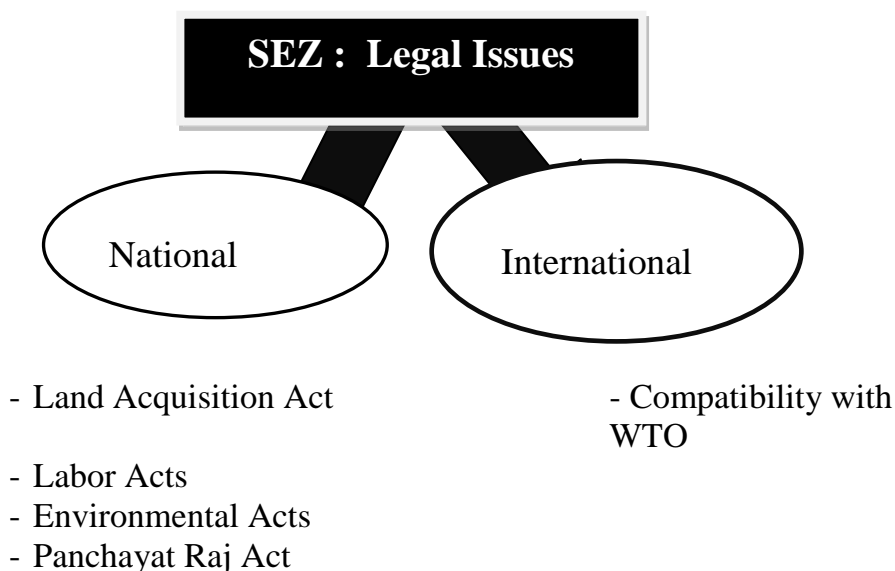
Source- The Battle Most Hard; 2006:6.

### **1.11 SEZs violate Indian Legislations**

In the history of legal reforms, India had witnessed an abolition of laws (See Bijoy; 2007:7, Bullivenkaiah; 2008:5, Arul; 2008:8, Chandrasekhar; 2008:3, Kumar; 2008:7, Bibhu and Kumar; 2008:3). Without much debate in the Parliament, SEZ's Bill passed as 'industrial township' under Article 243Q of constitution, which exempted them from the provision of Part IX of the constitution that provides for elected local governments. Instead, an industrial township authority is constituted with the same power and duties as a municipal body. There would be no democratic local governance institutions in SEZs. The developer has to construct the zone and also be effectively in control of the local governance in terms provision of infrastructure and basic services such as education, health, transportation and so on (See Bijoy;2007:7). The Development Commissioner, along with the developer, effectively replaces local democratic institution centralizing

power with every arm of the state such as public services, police, judiciary and local governance coming under the control of the Development Commissioner, the Developer and the Central Government.

Under Section 49 of the SEZ Act, the Central Government would modify or repeal any central law in its application to SEZs (with exception of labor law). This exception is related to trade unions, industrial and labor disputes, welfare of labor including conditions of work, provident funds, employer's liability, women's compensation, invalidity and old age pensions and maternity benefits applicable in any economic firm. Special courts are provided under the Act in SEZ's for both civil and criminal matters, which alone can try and adjudicate any dispute within SEZ (See Bijoy;2007:8). According to Jayashree (2008:7), India's SEZ is based on misinformation and half truth, because there are legal loopholes in the Acts.



**Fig. No. 1.8: Legal Issues related with Indian SEZ.**

**1.11.1 Land Acquisition Act:** The origin of Land Acquisition Act can be traced to 1824, when the British felt the need to codify the law, what was earlier an undisguised forcible seizure of land. When the Bengal Regulation-I<sup>25</sup> started in 1824, based on the principle of 'eminent

domain', which meant the power of the state is to take any private property for public use i.e. land acquired for roads, canals, railways and other public work. In 1870, this rule determined the compensation for the land acquired based on 'market value'. Further, the law evolved over a period of time under British rule and took the consolidation of the 'Land Acquisition Act 1894', which has remained almost unchanged to this day. The Constitution of India Article 372, allowed all British laws to remain in force, unless they were amended (See Bullivenkaiah;2008:07). Meanwhile the Land Acquisition (amendment in 1962) Act allowed to give the land for the company in name of public purpose. Further, modification were made in the law during Indira Gandhi's regime as Land Acquisition (Amendment) Act passed in 1984. This provided minor relief to the affected people from an improved solatium (compensation) and some time limited the acquisition process (See Naga; 2008:14).

The Land Acquisition Act 1894, has been used to acquire land for 'public use', which was originally devised to create public utilities like water canals, railway's and roads (See Rao K.R.;2007:10). As per the SEZ Rule 2006 (Rule 59), before recommending any proposal for setting up of a special economic zone, the State Government shall declare the Special Economic Zone as a 'Public Utility Service' under the Industrial Disputed Act 1947 ( No.14 of 1947) (See Palit:2009:119). Therefore, the question arises as to whether the land acquired under 'public purpose' for SEZ is justified or not.

Palit A. (2009:27), argues on the land acquisition for SEZ that, the role of State Government is to work as facilitators to handover the land to the developers. Under Section 4(1) of the Land Acquisition Act, the State Government had identified land for acquisition and cannot challenged in a court (See Box No.1.8 and 1.9). As per Section 3(F) of Land Acquisition Act, land can be acquired only for public purposes. But, the judiciary deftly reinterpreted it to say that once the



Government has acquired land it can sell, dispose or transfer the right of its land at will to any one i.e. shift from 'public purpose' to 'private profit' (See Jayashree; 20008:2).

In India, the agriculture and land acquisition are State Government subjects and have some inherent problems. India has few metro cities as compared to its size and has a large land area. SEZs does not have any experience, knowledge or planning regarding the investment. The research scholar commenting on the Land Acquisition Act were used for SEZ causes displacement of people and loss of livelihood (See Palit A. 2009:27).

**Box No. 1.8**

**Special Economic Zone Challenges the constitution.**

According to Section 49 of the Special Economic Zone Act 2005, they are exempted from all the Central and State legislations. Environmental Protection Act does not apply on them. The use of poisonous and hazardous chemicals and their discharge cannot be questioned. Similarly, the damage to life and health from these units cannot be questioned. The 75<sup>th</sup> Amendment in them, i.e. local elected bodies such as village *Panchayats*, city corporations and town municipalities have no control and job security and labour laws are not applicable.

Source - Chandrashekharn; 2008:8.

**Box No.1.9**

**Gujarat High Court Dismiss petition against Reliance SEZ Refinery.**

The Gujarat High Court dismissed the petition filed by the peasants, who challenged the land acquisition by Reliance Infrastructure Ltd. and the State Government for a Special Economic Zone refinery project in Jamnagar district. The Reliance Industries set up 27 million tonne refinery adjustment to acquire 10,000 acres and needed to acquire

10,000 acres of land for the SEZ project in Kanlus, Padana and Navagam village in Lallapur tahasil. The petitioner Miss. Kanti Depar and 50 others contended that, the process of land acquisition entrusted to the District Collector was violated because, the collector delegated his functions to the Deputy Collector for conducting an inquiry into the land to be acquired. The petitioners have challenged the land acquisition on the ground that the exercise initiated by the government was not for public purpose. The High Court rejected their plea, while holding that the company had not erred in the Land Acquisition Act and that it was done as per the SEZ Act 2005 and various decisions of the Supreme court. The High Court held that when the deputy collector had come to the villages to conduct inquiry about the status of the land, the petitioners had willingly participated and had not raised any objections. Source: Advocacy Internet;2006:16.

**1.11.2 Labor Laws:** Once the area is declared as SEZ, all constitutional powers and governing rules are handed over to the Development Commissioner and the respective developer. The Clause 5(f) of SEZ Act delegates power to the Development Commissioner to handle the worker- employer relation. All the functions of the labor commission are handed over to the Development Commissioner. This Act clearly mentioned that, the issues related to the labor welfare can be delegated to the Development Commissioner (See Kumar J.; 2008:2). Under Section 22 of SEZ Act, no invention, search related with labor should be carried out without the permission by the Development Commissioner except notified offences (See Roy and Rajawat;2007:41). Jayashree (2008:8) argues that a separate judiciary for the SEZ is nothing, but transfer of power over resources, governance and people within the zone to new economic, political and geographic entity.

Permission is required from the Development Commissioner even to enter for inspection of safety and environmental norms within the

factory. Therefore, it is assumed that workers are now completely at the mercy of the private owner i.e. accept inhuman working condition, working conditions are non-restrictive, loss of contract jobs (See Mrityunjayaram;2008:103). In the Factory Act, under ‘manufacturing’ term covers trading, warehousing and related activities. But SEZ units are converted because of relaxation in taxes and duties (See Jayashree; 2008:4). Because the ‘public utility’ services fall under SEZ, the workers have restricted the existing right to collective bargaining, right to join trade union, right to strike etc.

**1.11.3 Environmental Act:** Part IV of the Constitution of India<sup>26</sup> contains Directive Principles of State policy. Article 48-A of constitution fall under Part- IV of the states. The state shall endeavor to protect and improve the environment and to safe guard the forests and wildlife of country.’ Even protection and improvement of the natural environment including forests, lakes, rivers and wildlife is our fundamental duty offered by the Constitution Act, 1976. Units in the SEZ are exempted from Environmental Impact Assessment under the provision of the Environment (Protection) Act (See Mukul P. and Singh M.K.; 2008:4). Even the Environment Protection Act, Air Pollution Act, Water Pollution Act are no applicable to these units (See Jayshree; 2008:4). SEZ units are classified as non-polluting industries and do not require consent letter and the Development Commissioner gives clearance to the processes without consulting the pollution control board. The units are permitted to submit a compliance report for maintaining prescribed pollution standards. Although the Development Commissioner has powers for a random check, the units within the SEZ are free to follow their own methods (See Mukal and Singh; 2008:10). ‘Releasing of waste water and anthropogenic air emission causes the pollution without any restriction is a fear among the people. Manufacturing of toxic chemical and unscientific disposal of toxic and electronic wastes are responsible for disturbing the local environment.

**1.11.4 Panchayat Raj Act :** Panchayat Raj legislation is the most powerful for the decentralization of powers and ensuring people's welfare. As per the 73<sup>rd</sup> Amendment exempted to the SEZ Act mentions that Constitutions Part IX is not implemented on the SEZs. Therefore, the elected local governments lose the following rights (See Jayashree; 2008:10).

No right for elections and establish of elective bodies inside the SEZ. Restriction of meeting like *Gramsabha* and general body meeting.

Local authority permission is not required for the setting up SEZ. The area is like a foreign territory and many speculations arise with reference to the dissolution of the Panchayat Raj Act for Special Economic Zones in India.

### **1.12 Summary**

The issues and controversies of post modern economic policy and Special Economic Zones have greater scope to be analysed through sociological studies. In this chapter, an attempt has been made to present the problem of the research with few fundamental research questions, which also reviews the facets of SEZ with international and national perspectives. The present micro investigation finds the transformations in the native community since the Magarpatta City SEZ. Srinivas Bora (2008:22) concludes that SEZ were built to improve business environment and to provide a competitive platform to Indian entrepreneurs. SEZs can also provide scale related advantages via the creation of clusters and reducing manufacturing cost. Units inside SEZ are offered various tax benefits. Therefore, there would be a significant revenue loss to the government and will result in a kind of 'disguised industry' just as 'disguised employment.' SEZs require large scale of land, which result in land acquisition and displacement of peasants and alternative means of livelihood are not available for them unless the government compensates them before taking the land. There is a possibility that the special economic zone will be setup in regions where there is already a strong tradition of manufacturing and export. This in turn can aggravate regional disparities. The next chapter covers the research methodologies and conceptual framework of the present study.

## Notes:

- 1 The Magarpatta City SEZ is one of the unique examples, but not only one such kind of SEZ. Many researchers studied the uniqueness of Magarpatta City because of its different features other than SEZ. This SEZ is developed by the participation and native peasants under the able guidance of Mr. Satish Magar (who is the chief shareholder of Magarpatta City SEZ). This kind of participatory model of the SEZ solves problems of displacement and rehabilitation. However, this SEZ is unique because it carries the healthy ecological practices like segregation and disposal of garbage, providing hot water through chains of solar water heating systems, preserve and maintain more than 30% land area under garden and greenery, conserving water through rain water harvesting system, making valuable fertilizer through earthworm culture from degradable waste and so on. It is believed that, the Magarpatta City SEZ is the model of the gated community as well as it is the agent of social business responsibility by Kanchan (2013:7). This model is appreciated by many thinkers and researchers for example former President Dr. APJ Kalam in his book 'Target 3 Billion' acknowledge this model. Therefore here I refer Magarpatta City SEZ as the unique model in terms of its distinguished features.
- 2 The specific caste or homogenous families resided on ancestor land for a long period is called as a native community.
- 3 In its modern form, a gated community is a form of residential community or housing estate containing strictly-controlled entrances for pedestrians, bicycles, and automobiles, and often characterized by a closed perimeter of walls and fences.
- 4 World Bank document on 'A Review of the Role and Impact of Export Processing Zones' by Dorsati Madani. This report gives detailed structure of world wide export processing zones.
- 5 India's share in world export was 1.85% in 1950 and it went on declining till 1980. It only shows that the rate of growth of world exports was higher than India's rate of growth of exports during this period.
- 6 The 2007 World Bank Group Entrepreneurship survey database includes cross-country, time-series data on the number of total and newly registered businesses, collected directly from Registrar of Companies around the world.
- 7 An ancient Phoenician city on the eastern Mediterranean Sea in present-day southern Lebanon. The capital of Phoenicia after the 11th century 1291 is the Arabic town of southern Lebanon. In the 11th-6th centuries BC, it was a major commercial city, a centre of Phoenician civilization and a dominant sea power. Later, it was noted for its silken garments and Tyrian purple dye. It was probably founded before the 14<sup>th</sup> century BC.
- 8 The first EPZ, Shannon Industrial Estate, was established in Ireland in 1959 in an attempt to revitalize the old Shannon Airport.

- 9 World's first Special Economic Zone came up in Puerto Rico in 1947. Puerto Rico, decided to attract firms from the mainland USA to invest. In 1951, it passed a tax exemption law as an incentive to foreign and mainland investors. It also created the Economic Development Administration and the Puerto Rican Industrial Development Company (PRIDCO) to build infrastructure. By 1963, it had attracted 480 manufacturing firms to its 30 industrial parks.
- 10 Concept of industrial district elaborated by Marshall and then illustrated the main contributions from Italian scholars Becattini in 1990, who produced the famous Italianate variant of industrial district, meant as a socio-territorial entity which is characterised by the active presence of both a community of people and a population of firms in one naturally and historically bounded area.
- 11 The LPG model of development, which was introduced in 1991 by then Finance Minister Dr. Manmohan Singh with a big bang was intended to charter a new strategy with emphasis on liberalisation, privatisation and globalisation under Former Prime Minister Narasimha Rao,
- 12 SEZs in India have been exempted from the Land Acquisition Act, Labour Act, Panchyat Raj Act and Environment Act. For more details please refer 1.11 i.e. SEZs violate Indian Legislations pp.72. See for further clarification Bijoy; 2007:7, Bullivenkaiah; 2008:5, Arul; 2008:8, Chandrasekhar; 2008:3, Kumar; 2008:7, Bibhu and Kumar; 2008:3.
- 13 It has been decided with the approval of the Prime Minister to constitute an Empowered Group of Ministers (EGOM) to deal with the situation arising out of the special economic zone.
- 14 An Act to provide for the development and regulation of foreign trade by facilitating imports into, and augmenting exports from, India and for matters connected therewith or incidental thereto.
- 15 Exchange Earners' Foreign Currency Account (EEFC) is an account maintained in foreign currency with an Authorised Dealer, i.e. a bank dealing in foreign exchange.
- 16 Area within India which is outside the Special Economic Zones.
- 17 Land Acquisition literally means acquiring of land for some public purpose by government/government agency, as authorised by the law, from the individual landowner(s) after paying a government fixed compensation in lieu of losses incurred by land owner(s) due to surrendering of his/their land to the concerned government agency. Regulation I of the land acquisition act was first enacted by the British government in 1824. Its application was throughout the whole of the Bengal provinces immediately subject to the Presidency of Fort William. The rules empowered the government to acquire immovable property at, what was deemed to be, a fair and reasonable price for construction of roads, canals or other public purposes. In 1850, some of the provisions of regulation I of 1824 were extended to Calcutta through Act I of 1850, with a view to confirm the land titles in Calcutta that

were acquired for public purposes. At that time, a railway network was being developed and it was felt that legislation was needed for acquiring land for the purposes of the railways. Building Act XXVII of 1839 and Act XX of 1852 were introduced to obviate the difficulties pertaining to the construction of public buildings in the cities of Bombay and Madras. Act VI of 1857 was the first full enactment, which had application to the whole of British India. It repealed all previous enactments relating to acquisition and its object. Subsequently, Act X of 1870 came into effect, which was further replaced by land acquisition Act 1894, a completely self contained act, in order to purge some of the flaws of Act X of 1870. After independence in 1947, the Indian government adopted “Land Acquisition Act-1894” as a tool for land acquisition. Since then, the various amendments have been made to the 1894 act from time to time. Despite these amendments, the administrative procedures have remained the same.

- 18 The Development-induced displacements forced the communities and individuals out of their homes, often also their homelands, for the purposes of economic development. It is a subset of forced migration. It has been historically associated with the construction of dams for hydroelectric power and irrigation purposes. Development-induced displacement or the forced migration in the name of development is affecting more and more people as countries are moving from developing to developed nations. The people that face such migration are often helpless, suppressed by the power and laws of nations.
- 19 Reliance Haryana SEZ is a joint venture between Reliance Ventures Ltd, a subsidiary of RIL, and the Haryana State Industrial and Infrastructure Development Corp. Ltd, or HSIIDC, the state’s industrial development agency. While Reliance holds a 90% stake in the SEZ arm, the rest is with HSIIDC.
- 20 Part –I, Section 3 (f) of the Land Acquisition Act of 1894 defines ‘public purpose’ to include : i) the provision of village sites, or the extension, planned development or improvement of existing village site, ii) the provision of land for town or rural planning ,iii) the provision of land for planned development of land from public funds in pursuance of any scheme or policy of government and subsequent disposal thereof in whole or in part by lease, assignment or outright sale with the object of securing further development as planned, iv) the provision of land for a corporation owned or controlled by state, v) the provision of land for residential purposes to the poor or land less or to person residing in areas affected by natural calamities or to reasons of implementation of any schemes undertaken by government any local authority or corporation owned or controlled by the state, vi) the provision of land for carrying out any educational, housing, health, health or slum, clearance scheme sponsored by government or any authority established by Govt. for carrying out any such scheme, or with the prior approval of the appropriate government by local authority, or a society registered under societies Registration Act, 1860 (21 of 1860), or under any corresponding law for the time being in force in a state, or a co-operative society within the meaning of any law relating to cooperative societies for the time being in force in a state; vii) the provision of land for any other Scheme of development sponsored by government or with the prior approval of the appropriate

government by local authority, viii) the provision of any premises or building for locating a public office, but does not include acquisition of land for companies.

21. Eminent domain refers to the power possessed by the state over all property within the state, specifically its power to appropriate property for a public use. In some jurisdictions, the state delegates eminent domain power to certain public and private companies, typically utilities, such that they can bring eminent domain actions to run telephone, power, water, or gas lines. In most countries, including the United States under the Fifth Amendment to the Constitution, the owner of any appropriated land is entitled to reasonable compensation, usually defined as the fair market value of the property. Proceedings to take land under eminent domain are typically referred to as "condemnation" proceedings.
- 22 The Asian Development Bank criticised India for offering "unnecessary" tax incentives to SEZ developers and units. 'SEZ tax inducements are expensive, and come at a time when the government is struggling to provide adequate infrastructure in the wider economy', the Asian Development Outlook 2007 said, adding that tax breaks are "unnecessary". Available at <http://www.rediff.com/money/2007/mar/27sez1.htm>
- 23 This study is available at <http://unpan1.un.org/intradoc/groups/public/documents/apcity/unpan018181.pdf>
- 24 The Workers and Peasants Party was a political party in India, which worked inside the Indian National Congress 1925-1929. It became an important front organisation for the Communist Party of India and an influential force in the Bombay Labour movement. The party was able to muster some success in making alliances with other left elements inside the Congress Party, amongst them Jawaharlal Nehru.
- 25 In India in 1824, the British government for the first time enacted regulation I of 1824(for land acquisition).its application was throughout the whole of the Bengal provinces immediately subject to the presidency of fort William. The rules empowered the government to acquire immovable property at a fair and reasonable price for construction of roads, canals or other public purpose. In 1850, some of the provisions of Regulation I of 1824 were extended to Calcutta through Act I of 1850, with a view to confirm the title to lands in Calcutta taken for public purposes. At that time, railways were being developed and it was felt that legislation was needed for acquiring land for them also.
- 26 Directive Principles of State Policy are mentioned in the Part IV of the Constitution of India available at <http://india.gov.in/govt/documents/hindi/PartIV.pdf>

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## CHAPTER - II

### METHODOLOGICAL AND CONCEPTUAL FRAMEWORK

#### 2.1 Introduction

This chapter of the thesis includes the methodological and conceptual framework of the present study which is divided three sections: methodology, conceptual framework and review of literature.

#### 2.2 Methodology

**2.2.1 Objectives:** The general objective of the present study is to understand the process of the emergence of Magarpatta City SEZ and to explore some of the key changes that occurred among the native peasant community after Magarpatta City SEZ. However, the study intends to address itself to the following set of three specific objectives:

1. To explore the underlying features responsible for the formation of Magarpatta City SEZ.
2. To find out the peculiar features that made Magarpatta City SEZ a unique model.
3. To study some of the dominant features of change aroused within the Magarpatta community after a sudden economic advancement.

**2.2.2 Method of study:** This is an exploratory study. This project is probably one of the first SEZ projects exclusively formed by the native peasant community located in the outskirts in Pune. Hence to assess micro qualitative features, a case study method has been adopted (see figure number 2.1).

**2.2.3 The universe and sample:** This is an intergenerational study which includes samples from first and second generation of the native community.

**Table No. 2.1 Study sample profile**

Sample Group	Male	Female	Total
First Generation	45	05	50
Second generation	47	44	91
<b>Total sample size</b>	<b>=</b>		<b>141</b>

The total household (123) of the Magarpatta City SEZ formed the universe of the present study. Out of those, a total of 50 households has been selected purposively for the convenience of this micro investigation which is quite ideal for conducting an in-depth study of this kind<sup>1</sup>.

The data for the present study were collected from the heads of the 50 households. In this study, the head of the household refers to the person who is the prime shareholder of the Magarpatta City SEZ<sup>2</sup>. The names of the 50 shareholders have been mentioned in Annexure-I. However, for further qualitative analysis and to explore intergenerational changes, 91 respondents (47 male and 44 female) have also been selected from the respective households. These samples represent the second generation of native peasant. The change among the second generation helps to analyse the fundamental shift as well as changes in the first and second generation. Thus, the total sample size of the study consists of 141 respondents (see Table 2.1).



Figure No.2.1 : Master Plan of Magarpatta City SEZ.

**2.2.4 Techniques of Data Collection:** The data for the present study has been collected by using the following techniques which are both qualitative and quantitative in nature.

**A) Interview Schedule:** This technique had been used for the collection of primary data<sup>3</sup>. To collect the required data, an interview schedule with both open and close ended questions were prepared and pre-tested (Annexure-II). Careful attention has been paid while constructing and structuring the schedule. The questions included in the interview schedule were framed in such a way that they could elicit both qualitative<sup>4</sup> and quantitative data.

**B) Observation:** The observation technique was adopted in various steps in order to study various aspects in the research site. Frequent observations on Magarpatta City SEZ were made in different time periods during the field work<sup>5</sup>.

**C) Interviews of key Informants:** For the informal interviews of key informants, a checklist was prepared. The issues were the causal factors for the change among the native community of Magarpatta City SEZ and the objectives of this study. There were frequent interactions with the entire family members during the field visits to the Magarpatta City SEZ. Furthermore, an in-depth interview of Mr. Satish Magar (Managing Director, Magarpatta City SEZ), who is one of the influential and charismatic personalities among the native community and had played an important role for making the Magarpatta City SEZ as a model of participatory SEZ has been conducted (see chapter 3). These interviews have immensely helped to understand the micro qualitative insights related to the problem of the present study.

**D) Document review:** Since the study is exploratory in nature, the researcher has extensively relied on this method using the written records, composed of documents, reports, statistics, manuscripts, websites and other written, oral, or visual materials, personal diaries and correspondence, or even brochures and pamphlets related to the topic.

**2.2.5 Method of data analysis and presentation:** All the collected data was analyzed both qualitatively as well as quantitatively. Quantifiable raw data

was analyzed by using the Micro Soft Excel 7.0 Windows. While presenting the data, simple statistical tools like; frequencies, percentage, and cross tabulation. Likewise, tabulation and graphical representation was also made. The non quantifiable qualitative data has been managed manually and analyzed descriptively. In order to present some quantitative data figures, charts, diagrams were also used. Similarly, suitable photographs taken during field visit were inserted for better illustration (See Annexure-III).

**2.2.6 Duration of data collection:** The field visits were performed in two phases for six months. The details of the field visits are as follows:

A) December 2011 to March 2012 - 3 months

B) June 2012 to September 2012- 3 months

**2.2.7 Theoretical framework:**

A theory of social change has been used as a focal framework to study the processes of change among the Magar community.

## **SOCIAL CHANGE**

Society is a system of social relationship which is never permanent; rather they are subject to incessant changes. The human composition of society changes over time. Social change is an ongoing process that can be spontaneous or purposeful. In other words, change is the unchangeable law of nature. The term 'social change' is used to indicate the change that takes place in human inter-relations. According to H.M. Jonson (1936:96) "Social change refers to the change in social structure." According to K. Davis(1960:622) "By social change is meant only such alternation, that occurs in the society, that is, the structure and function of society." In the view of Jones ( 1949:47) "Social change is a term used to describe variation in or modification of *any aspect of social process, social pattern, social interaction or social organization.*" (Not necessary in all aspects). According to Merrill and Eldredge (1952:513), "Social change means, that a large number of persons are engaging in such activities that differ from those which they or their forefathers have engaged sometime before." However, there may be few exceptions. Because continuity and change are interrelated: processes of change are usually continuous, not isolated into a series of discrete events (See Kuppuswamy;1979:43, Gillin & Gillin;1950:561, Maciver; 1945: 523).

Another view of continuity sees it as a matter of inertia or simple endurance. Some continuity in the social order is achieved intentionally by actors. Much social reproduction, however, works at a less consciously intentional level and is based on the ways in which people learn to think and act rather than on overt, material force. Bourdieu and Passeron (1977:467), for example, follow Weber in studying the ways in which ingrained, habitual ways of deciding what new action fits an individual's situation work without conscious intention in order to reproduce overall social patterns.

The most vital question in understanding Social Change would be : *Is the Pace of Social Change Accelerating?* The answer is yes. Critics frequently observe that the pace of social change accelerated during the 20th century. Processes of industrialization, globalisation, demographic change, human-induced environmental change and most importantly revolution in Information and Communication Technology (ICT) all occurred more rapidly at the end of the century than they did at the beginning. Therefore, a 17<sup>th</sup> and 18<sup>th</sup> century understanding of gauging the span of change has changed drastically and dramatically (See Rudel and Hooper:2005:75).

Likewise, the speed of social change is not uniform. It differs from period to period. In the modern society, the speed of social change is rapid or faster than the traditional society. Thus, keeping the overall canvas in view, the study intends to capture the nature and signs of changes which occurred among the native Magar community after Magarpatta City SEZ. It also tries to find out a few dominant changes particularly in social, economic and cultural sphere along with the continuities.

## **ECOLOGICAL MODERNISATION**

In terms of social change, ecological modernisation highlights the fact that, there is the need for restructuring of the existing models within the modern society. Instead of viewing the modern society as a bane in helping out with the ecological crisis, it is possible to bring about changes within this modern society that would help in tackling the environmental situation.

“Ecological modernisation can be defined as the discourse that recognizes the structural character of the environmental problematique but nonetheless assumes that existing political,

economic, and social institutions can internalize the care of the environment” (See Hajer; 1995:1).

The acceptance of ecological modernization as one of the mainstream environmental sociological perspectives, the pervasiveness of ecological modernization can be gauged by the fact that a broad range of environmental social scientists have found it necessary to address even if only to critically respond to the rising influence of this perspective (See Mol, Aurther and Spaargaren; 2000:2). Furthermore the ecological modernization is employed is as a notion for depicting prevailing discourses of environmental policy (See Buttel F.H.;2000:7).

The theory of ecological modernisation helps to analyse the ecological practices adopted by Magarpatta City SEZ.

**2.2.8 Spheres of change:** The change analysis is performed in the three basic concepts viz. social, economic and cultural. This section illustrates the definitions and concept of each sphere.

**A) Changes in Social sphere:** Social change refer to an alteration in the social order of a society. It may refer to the notion of social progress. Social change builds community-based responses that address underlying social problems on an individual, institutional, community, on an national and international level. Social change can change attitudes, behaviors, laws, policies and institutions to better reflect, values of inclusion, fairness, diversity and opportunity. Social change involves a collective action of individuals, who are closest to the social problems, to develop solutions that address social issues (Fund for Southern Communities;2000).

**B) Changes in Economic sphere:** Change in the economic sphere is generally measured with leading indicators like changing sources of income, level of income(monthly/yearly),loan, investment and so on (See Nelson.; 1982:219). Some of these agents which state the nature of economic change are mentioned in this study.

**C) Changes in Cultural Sphere:** Culture can be defined as the sum total of learned beliefs, values and customs that serve to guide and direct the behaviour of all members of that society. Thus, culture consists of traditional ideas and in particular the values, which are attached to these ideas. It includes

knowledge, belief, art, morale, law, customs and all other habits acquired by man as a member of society. An accepted concept about culture is that it includes a set of learned beliefs, values, attitudes, habits and forms of behaviour that are shared by a society and are transmitted from generation to generation within that society (See Rossi;1980:88).

### ***2.2.9 Limitations of Study:***

#### **Sample size:**

Since this is a qualitative micro study, this study deals with data of a small native Magar community.

#### **Data access and respondent's privacy:**

For qualitative researchers, maintaining respondent confidentiality while presenting private accounts of social life presents a unique challenge. In this study, answers related to few sensitive issues especially financial, political and personal have not been shared by the participant because participation in this study was completely treated as a voluntary activity.

To protect the privacy of the respondent, it has already been informed that they do not have to answer any question which they feel sensitive and can skip questions for which they are uncomfortable.

#### **Sources of data:**

The study has mainly relied on authentic sources of data. It has not relied on sources like newspaper articles or any other information provided by the outsiders.

This study aims to detect the transformations in the native peasant community after the developmental project like SEZ. Therefore, this study is restricted to find the social, economic and cultural transformations in the native community as per the selected parameters (Table No.2.2).



The results comes from the pilot tested interview schedules whereas details related to their income, assets, shares, income tax, loan, numbers of share hold in the company and their investment details are not provided by these respondent.

This is purely an academic research study, therefore the personal and unlike questions after the request of respondent was removed in the pilot tested interview schedule.

**Table No. 2.2: Indicators, variables and operational definitions of change**

Indicators	Variables	Operational definitions
<b>Social</b>	Intergenerational educational mobility	Traditional belief that children of peasants become peasant and this has been followed by generation after generation. Peasants in India are not attentive to children's schooling. The impact of education on earnings and thus on poverty works largely through the labour market, though education can also contribute to productivity in other areas, such as peasant farming See (Orazem, Glewwe & Patrinos; 2007:3). The benefits of education result in changes in people's behaviour as a consequence of the knowledge gained (See Hanushek & Zhang; 2006:3). Among one of the factors of social change, education has been in the lime light at present times to ascertain the nature and degree of its efficacy as a harbinger of change. It is essential to find the education of native and their children.
	Upliftment of girls in higher education	Social reformer Jotiba Phule opened the first school for women in Pune. Reformers argued that for a society to progress, women have to be educated. Some of them believed that in pre-modern India, women were educated. Attempts to justify female education were made by recourse to both modern and traditional ideas. They actively debated the meanings of tradition and modernity. Female education and growth work as agents of social change. Therefore, I decided to discover the enrollment of girls in the education of natives.
	Gender in decision making	'Gender' relates to the socially assigned roles and behaviors of men and women. It is the social meaning of biological sex differences. 'It affects the distribution of resources, wealth, work, decision-making and political power, and the enjoyment of rights and entitlements within the family as well as public life' (See DAW; 1999:2). This brief focuses on the use of gender indicators as a way of measuring change (See Bridge;2012:1).

	Political Power	The participation of politics in a border perspective involves interactive in a wide range of activities like participation in trade unions, co-operatives, women's collectives, informal and formal political processes, political participation has been defined as a citizens active involvement with public institutes which includes voting, Candidacy, campaigning, occupying political office and lobbying individually or through membership in a group (See Arora;1999:103, Gleason;2001:59). Political involvement connects individuals with other people, organizations and social institutions. Here, the perception and involvement on political issues of natives of Magarpatta City SEZ is analysed.
	Emancipation widow	The status of widows in India was deplorable in that they were not allowed to participate in any religious and social functions. Their lives were worse than death; one of the reasons as to why many widows opted for Sati. The upper caste widows were most affected by prevailing customs (See Status of Women India; 2011:32). Through this variable, it is interesting to discover the changing status of widows in the native community <sup>5</sup> before and after Magarpatta City SEZ.
	Hierarchical relations	The hierarchical relationships in the family and society act as determinants of an individual's social status and identity (See Gopalan and Rivera; 1997:23, Sahay and Walsham; 1997:11). The role of parents is significant in choosing spouses for their children and this would involve taking into account the caste and status of the spouse (See Gopalan and Rivera;1997:2). The breakup of authoritative powers indicates the social change. In this study, I intend to analyse the hierarchical relations in the natives family and find the parent's role in the selection of spouse.
<b>Economic</b>	Changing sources of livelihood	A livelihood comprises the capabilities, assets (including both material and social resources) and activities required for a means of living (See Chambers & Conway; 1991:4). In this light, I have tried to see the sources of livelihood of peasants. For McElwee (2004:2) peasants are defined as those employed on a part or full time basis in a range of farming activities; they are primarily dependent on the farm and agriculture in the practice of cultivating the soil, growing crops and raising livestock as the main source of income. For Dollinger (2003:1), entrepreneurship is the creation of an innovative economic organisation (or network of organisations) for the purpose of gain or growth under conditions of risk and uncertainty. This definition however, assumes that all

		peasants are engaged in the business for financial gain or growth. Hjorth, Daniel and Paris Nouvelle (2010:10), concluded that the peasant left the farming and initiated entrepreneurial activities in process of social change. Here, I investigated the occupational mobility of natives before and after Magarpatta City SEZ.
	Income level	Money income provides a most useful understanding of welfare of people or group. But, the the measurement of the changes provides limitations. In this case, the income level of people or organization before and after a change gives the real picture of transformation (See Merriam; 1991:12). This study analyzed the current monthly income.
	Credit (Loan)	This refers to access to credit by the natives before and after the setup of Magarpatta City SEZ. Generally, credit is needed to meet the day-to-day needs stakeholders. Usually it is needed to meet the needs like Education, Marriage, pay off old debits and consumption purpose for medium class people. Whereas, the credit is needed by entrepreneurs for business. Therefore, the amount and reasons for credit or loan directly shows the social/economic change (See Sametz A.W; 1972:52). With the help of paired sample t-test, I find the significant change in loan taking by the native community.
	Saving (Investment)	Savings is a financial term which refers to the accumulation of wealth over a certain period of time. But, in practice, savings can also lead to long-term planning and increased self-confidence (See Harley; 2010:122). Jennifer Gurbin Harley et al (2010:65) through case studies presented that saving behavior is indicator of change. With the help of paired sample t-test, I find the significant change in saving by the native community.
<b>Cultural</b>	New beliefs	Kanungo (1990:45) agrees with Fusilier and Durlabhji (2001:55) that social factors such as family, education and religion influence the individual's belief system. During field visits, the researcher come across with new beliefs within the native community of Magarpatta City SEZ.

	Inter-personal and Power relations	Changes in attitudes, behaviors, laws, policies and institutions to better reflect the values of inclusion, fairness, diversity and opportunity. An interpersonal relationship is an association between two or more people that may range from fleeting to enduring. This association may be based on inference, love, solidarity, regular business interactions, or some other type of social commitment. Interpersonal relationships are formed in the context of social, cultural and other influences. The context can vary from family or kinship relations, friendship, marriage, relations with associates, work, clubs, neighborhoods and places of worship. They may be regulated by law, custom, or mutual agreement, and are the basis of social groups and society as a whole. Interpersonal-relations are changing and is indicative of the disappearance of traditional culture (See Jane Hilowitz; 1967:77). This variable reveal some insights related to changes in relations in the native community.
	Disappearing of Collectivism	Social Systems are directly or indirectly the creation of social values. Any change in our values or belief systems on the part of social group affects social institutions. New Social values and beliefs can produce social change. Conflict between the old and new values lead to the creation of a completely new value system. Loss of popular perception of collectivism is taking into consideration to measure the change. Sociologists considered the role values of bringing social change (See National Institute of Open Schooling,2001;12, Land Kenneth;1983;78). This variable discovers the changes in the collectivism in the natives before and after Magarpatta City SEZ.
	Marriages and Dowry	Traditional families had several restrictive implications on the marriages of children. Dowry-the gift giving to husband is a traditional practice during marriages in India. Modern India is changing very rapidly and the society today presents some fascinating as well as contradictory trends (See Vijayendra Rao:2000:1). This variable leads to find the degree of economic change proportional to the changes in marriages and dowry.
	Family Solidarity	According to Beteille (1964:2), the family life and family structure have remained as an integral part of Indian society with the 'spirit of family solidarity' as the sustaining power. Ross (1961:62) found that many Indians went through changes in the type of family in which they lived in various

		sequences: large joint family, small joint family, nuclear family, and nuclear family with dependants. These variables deal with the study of the family solidarity or family cohesion among the natives.
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## 2.3 REVIEW OF LITERATURE

This section includes the review of literature, divided into three sections : SEZ and economic development, problem and prospects of SEZ and SEZ and change.

### **A. SEZ and Economic Development**

Bullivenkaiah (2008), in his study entitled '*Special Economic Zone: Engines of Growth and Social Development*' focused on foreign direct investment and export from SEZ, mechanism for approval of special economic zone and social tensions on the ground of the special economic zone. Bullivenkaiah found a rise in India export after SEZs to ₹3,56,069 crore and foreign direct investment inflows nearly ₹17,267 crore in 2004. That shows a 48.6% increase over the previous year.

Panda D. (2008), in the article '*The Irritable Disaster: A Relook at the Sustainability of SEZ –Style Industrialisation*' finds out the new economical policy developed after Special Economic Zone. The author suggests to test the SEZ policy before the execution in Indian ground, because the major sector in India moved from agriculture to industrial.

Balasubramaniyan R. (2008), in his investigation entitled '*A Study of SEZ in India*' gives an overview of genesis and policy of special economic zone. He explains, that early era Spain adopted economic growth model in 1929, while International Monetary Fund (IMF) and World Bank coined the concept SEZ in 1960. The World Bank estimates showed that there are 3,000 Special Economic Zones in 120 countries.

Sunil B. (2008), in his classical study entitled '*Media Projection of SEZ in India – An Analytical Evaluation*' reported the prospects and projections of special economic zones. The author estimates that, since the inception of SEZ, revenue loss is to the tune of ₹1,02,621 crore. In SEZs, new employment has been generated only in the Information Technology (IT) sector. Sunil questions the employment generation in the IT and the constraints of the same for unskilled and semi-skilled labourers. Therefore, to accommodate them multi-product SEZs are required.

Mangala S. (2008), '*Globalisation and its Impact on Culture*' suggests the theory of World system for SEZ. This theory primarily involves nature of global capitalist economy and combines it with historical outlooks.

Raj Tarjala *et al* (2008) '*A comparative Analysis between Chinese and Indian Model of SEZ*' note that, SEZs are unable to show the phenomenal instrument for economic growth. The authors believe that greater scale of liberalization leads to economic growth.

Kumar Rajiv (1989) in the project report '*India's Export Processing Zones*' rigorously evaluates various comparative aspects of the performance of Kandla Free Trade Zone (KFTZ) and Santacruz Electronics Export Processing Zone (SEEPZ). One of the prime findings of the report is that, both the zones contribute to the social welfare in the economy, which seems to be highly positive.

Hebber and Kumar Yashtish (2009), '*Special Economic Zone: India's Sustainable Model?*' gives information on factorial aspects of SEZs which contribute to the development in India. Hebber and Kumar Yashtish stated that, resistance for SEZ has built rapidly in the country even though most of the political parties seem to be supporting them. The condition of work is rather dismal, which affects their status as labourers. International Labour Organisation highlighted how the lack of enforcement of labour legislation and absence of worker representation could undermine the working ability and boost productivity. The authors compare the conditions of Chinese and Indian SEZ.

Manickam S. and Muthu Santana D. (2010), in the article '*SEZ in India: An Economic Study*' contributed in the Arunachalam's edited book gives insights and importance of Agriculture Export Zones and Peasant's SEZ. The study shows the case study of Avsari-Khurd SEZ in Maharashtra developed by the native peasants. This SEZ is Multi-Product and targets to invest ₹19,000 crore. This is considered as the greatest peasant's revolution in India aimed towards modern industrial development.

Geeta Das (2008), in her book entitled '*Special Economic Zones in India: Lesson from China.*' gives an exclusive assessment of social and economical characteristics in both the nations. This book reviews the historical background of export processing zone in China in which she studies the



social, political, economical and cultural factors in respect with SEZ. According to Geeta Das, there should be proper system to integrate macro and micro-economic policies in relation with structural, social, economical and human aspects for sustainable growth of special economic zones in India. The Government should ensure ecosystem rehabilitation issues and stricter evaluation environmental norms before approving SEZs in India.

Guo Wanda and Feng Yueqiu (2007), '*Special Economic Zones and Competitiveness -A Case Study of Shenzhen, the People's Republic of China,*' argue that, openness to both financial and human capital has promoted fast economic growth. This is beneficial for generating employment, improving people's livelihood and reducing poverty. The study shows that in Shenzhen, the comprehensive reforms implemented in the SEZs by the Central Government have been supplemented by the local government's open and business-friendly policies, thus providing a powerful combination of economic growth and social development.

Isher Judge Ahluwalia, Ranesh Nair (2010), in the article entitled '*Magarpatta: building a city with rural-urban partnership: How we can and why we must foster such partnerships,*' reviews the beginning of the Magarpatta City SEZ. The authors concluded that, we need many more Magarpatta City SEZ, if we have to provide the answer for urbanisation. They suggest that the direction given by this remarkable effort will be followed by many others.

## **B) Problem and prospects of SEZ**

Bhavana A. (2008), '*SEZ Contributions and Controversies,*' reveals the administrative setup of Special Economic Zones in India. This study refers to land acquisition problems in Orissa, where tribal land was acquired for Special Economic Zone. The author provides information on direct and indirect employment generation by the special economic zones and concludes that SEZs develops a regional imbalance.

Mahendra Kumar *et al* (2008), in their article '*SEZs Islands of Development*' provide information of various Acts under Special Economic Zone, problems of Special Economic Zones, Indian Special Economic Zone model, Chinese Special Economic Zones and mechanisms of Special Economic Zones. According to Mahendra Kumar *et al*, Special Economic

Zones has been playing a distinct role in terms of transmission of knowledge, skills, software and helping to making creative human resources. In China, SEZs are extremely successful with 40% share of export as compared to merely 4% in India. The authors examine that, China concentrates on foreign direct investment (FDI) and technology upgradation, whereas India focuses only on the export. The Chinese Special Economic Zones are the most successful, because of their hassle-free environment and thus they attract investors. Shenzhen has become a city with 10 million population and quality infrastructure to upgrade the living standards.

Amitabh Sukhla (2008), in the study '*SEZ: A Menace to Socio-Economic Justice*' ascertains some serious questions on the SEZ policy, put into practice in the Indian ground. Amitabh Sukhla defines SEZ as a product of globalisation and one which generated new enthusiasm. The author argues the reasons for a diversified economy, society and regional verifications for the failure of Special Economic Zones at World level. Shukla also provides theoretical proof and remarks that, SEZ are responsible for the development of real estate and fundamentally the basis of the modern concepts of urbanisation. He further explains that in the SEZ policy, it is clearly mentioned that land acquisition is done by the state for public purposes and transfer of ownership is for the private developers.

Aggarwal (2004), in her work [*Export Processing Zones in India: Analysis of the Export Performance*] explores the evolution of Special Economic Zones and gives four stages of evolution of Export Processing Zone (EPZ); These are initial phase, expansionary phase, consolidating phase and emergence phase. The author observed, EPZ are unable to attract the incentives and facilities, but produce employment opportunities for unskilled workers especially for women. Aggarwal noted that, the reasons for failure is EPZs red-tapism and thus steps need to be taken to develop ground for the emergence of SEZ as an autonomous institution. Aggarwal noticed that SEZ have impacted the human development and poverty reduction in India.

Prasad J.C. (2008), '*Special Economic Zones-The Socio-Economic Dimensions and Challenges*' analyses the SEZ policy and argues that, researchers believe that establishment of SEZ is an important strategic tool for speeding up process of industrialisation and social development.

Das, Asit(2008), in his study '*We our Life but Not Our Land, Our Mother a Study of Peasants resistance against Reliance Maha-Mumbai SEZ in Raigad Maharashtra*' write on case studies of peasants and villagers, who oppose the Special Economic Zones. The author critically analyses the roots of the resistance and oppositions to Reliance SEZ. In the Raigad district of Maharashtra, eleven SEZ were proposed, which will cover almost 50,000 hectares of land. There are 50,000 peasants and 4 lakh people are directly and indirectly affected by these projects. The Government forcefully takes the land for SEZs and the Anti-SEZ committees are developed against them. The study estimates that for 300 SEZs, 14,000 hectares of agriculture land are forcefully purchased and this may create displacement of 1,40,000 families. The author suggests that, prevention of encroachment on the real estate in the Special Economic Zones is essential.

Das K.R.C. (2008), in the research article entitled '*Special Economic Zones: A Study of West Bengal*' give a distinct view on SEZs. Das says, SEZ excludes the benefits for the marginalized and weaker sections. He critically comments that, regional imbalance in India may increase after the establishment of Special Economic Zones. Das noted that only 7 states in India receive 80% of SEZ projects released or approved by the Central Government. In contrast, a backward state like Bihar doesn't have a single SEZ. In the light of this the argument, the investigator has coined the term Special Agricultural Zone (SAZ), which is important for this nation.

Shankaran P.N. (2008), in the article, '*Rehabilitation of Marginalised Traditional Artisans SEZs for Inclusive Development*' presents a new framework for artisan SEZs. Shankaran P.N. sees SEZ as a platform for re-establishment of the artisans in a modern way. The number of artisans is 47.6 lakh and engaged in traditional crafts, of which half are women. The author concludes that, artisans require a gateway of Information Technology to spread their business.

The researcher explains the role of Special Economic Zones in the progress of artisans. The study concluded that, the artisan's Special Economic Zone may bring social justice and inclusive development.

Pratik Mulkul *et al* (2008), in the research article entitled '*Special Economic Zone—A Balanced or Unbalanced Development: Indian*

*Prospective*’ proposed the theory of transition for the emergence of Special Economic Zone. The main aim for developing SEZ is not only for the growth in the financial sector, but also to introduce international ethics in traditional Indian society. The study states that, development either in the economy or in the society directly influences the development in a democratic country.

Gangadhram V. (2008), in the research article ‘*Land Acquisition for SRI City SEZ : Some Issues and Lesson*’ has described land acquisition cases study in Tamil Nadu . The author concluded that, Shri City, SEZ is one of the unique examples of peaceful land acquisition and is supported by the natives.

Chakraborty S.(2008), in the classic study ‘*Aftermath of SEZ: Thoughts on Resettlement and Compensation issues*’ disclose that, SEZ would bring changes in technology, manufacturing skills, employment, FDI and export but he was doubtful of how much they support for sustainable development. The author proposed that for the landless people, vocational training is provided as a part of inclusive development.

Singh Suma (2008), has done a study on ‘*SEZ-Growth or Conflict Zones.*’ Singh Suma gives the case of Bharat Forge SEZ in Maharashtra. Bharat Forge offered jobs to the natives (peasant) with prior training. The author affirms that the origin of new social problems is a core issue because of the Special Economic Zones.

Sharma E.A. (2008), in a study entitled ‘*Help the Rich, Hurt the Poor Case of SEZ*’ narrated social tensions due to the new economic policy. The author investigated that, from 1980 to 1995 five million hectares of arable land was transformed to real estate. The migration of the people is a serious problem reported in SEZ. Out of 12 million populations in Shenzhen SEZ, 8 million have migrated. The researcher critically analyses that, one third of the workers in Chinese SEZ receive less than minimum wages.

Goswami Bhaskar’s (2007) article in the edited book by Arunachalam P., entitled ‘*Diversion of Agriculture Land and Impact on Food Security*’, focuses on the loss of agriculture land in the name of development. Tamil Nadu lost 10 lakh hectares of agriculture land, Kerala lost 6.5 lakh hectare paddy lands, and even in the Himachal Pradesh, net sown area has declined by 33,000 hectares between 1991 and 2001. In India, 21 lakh hectare of crop land has been diverted for non-agricultural uses. The Land acquired for SEZ feeds over

a millions of hungry people. The author gives the example of White Field Paper Mills' SEZ in Andhra Pradesh. Goswami Bhaskar concludes that India desperately needs an agriculture land conservation Act to protect its peasants and farmland. The SEZ's could be a threat to the nation's food security and the consequent political sovereignty.

Chandrashekar H. M.(2010), in his research article '*AEZ and Production of Gherkin*' appeared in the edited book by Arunachalam P. entitled 'Special Economic Zones in India(China's way of Development).' proposed the concept of AEZ (*Agriculture Economic Zone*) in Karnataka. The AEZ has implemented by the Kappe has been declared adjunct by the Government of India. The primary status of AEZ is pest and disease management, productivity enhancement and handling of post harvest.

Mahanta Amarjyoti (2010), in his work entitled '*Special Economic Zones (SEZ) and its Impacts on Agriculture and Employment in India*' published in the edited book by Arunachalam P., analyse SEZs impacts on the social sphere. Through the empirical study, the author says that the policy of setting up SEZs is not going to give benefits to poor people. In fact, it is going to directly affect the natives and community engaged in agriculture.

Oskarsson Patrik (2010), contributed an article in the edited book by Arunachalam P. entitled '*Zoning Andhra Pradesh: Land for SEZ's via Land for the Poor Programme.*' The author gives information of land acquisition by the Andhra Pradesh state government. In Andhra Pradesh, land of poor people are taken in the name of SEZ and is given to the richest without even providing rehabilitation.

Aggrawal (2006), in a classical article (*Impact of Special Economic Zones on Employment, Poverty, and Human Development*) critically comments on Special Economic Zones. The investigator stated the economical and social problems of SEZs. The economical problems are concerned with relocation of companies, tax concessions, and revenue losses. The author emphasises on the problem of land acquisition and loss of peasant's livelihood as the cause of unrest in India. The author pointed that, the loss of 1,00,000 hectare (which is less than 0.1% of total) of cultivable land in India, misuse of land for real estate, uneven growth and inequalities are the allied problems of Special Economy Zones.

Aggrawal Aradhana (2007), in the working paper on '*Impact of Special Economic Zone on Employment, Poverty and Human Development*' examines the impact of Special Economic Zones on human development and poverty reduction in India. This study reveals the sectoral and economic composition of SEZ activities in India. The main argument of this study is that, SEZs are helpful for the human capital formation and technology upgradation. This study suggests that, the government should play a more proactive role for effective realization of the full benefits from SEZs.

Jona Aravind Dohrmann (2008), in the research article '*Special Economic Zones in India-An Introduction*' describes the salient features of the Indian SEZs. This article adds primary information and ruling of SEZs in India. The land acquisition is the main controversy behind the SEZ and it is neglected by the State and Central Government.

Mukherji Rahul(2008), in the classical article with ISAS working paper (*Special Economic Zones in India: Recent Developments and Future Prospects.*) entitled '*Special Economic Zones in India: Recent Developments and Future Prospects*' argues on the social causes after SEZs. This paper briefly mentioned Nandigram violence, *Janadesh 2007* (People Union 2007), political resistance, policy response, dilemmas for investors and investment friendly states. *Janadesh 2007*, is the long march of the 25,000 landless and tribal people from Gwalior in Madhya Pradesh to Delhi in 2007. This was to raise issues of land reforms and access to common property resources, especially among the tribal and disadvantaged people.

Gaurav Jain *et al* (2008), in the study entitled '*Special Economic Zones: The source of New Conflict*' provide a brief outline of debate and conflict over the new economic policy viz. special economic zone. Investigators traced that Reserve Bank of India (RBI) could not confer SEZ as a infrastructure project, but a real estate development activity. Gaurav Jain *et al*, feels seriously alarmed over the working condition in the SEZ. The study says that, it is quite doubtful that working condition in the SEZ, which has exploited the fundamental rules of the workers.

### C) SEZ and Change

Vengkatেশwara (2008), in the research article entitled '*Special Economic Zone Vs. The Problems and Prospective: A Microscopic View*' critically reviews the SEZ policy and its implications in India. The author argued that, the government should check the fiscal incentive policy for non processing area in the SEZ. Venkateshwara gives the suggestion for further development of SEZs, and no fertile land will be allocated and at least 10% local people get benefits from the SEZs. Natives (peasants) must have one of the stakeholders of Special Economic Zones. The natives have right to allot shares in the developed industries or units. The owners of special economic zones have plans for the rehabilitation of the affected people and workers who displaced from their traditional employment. Special incentives should promote the lesser developed or weaker sections.

Sudiptta Sarkar *et al* (2008), '*SEZs: Compensation, Resettlement and Rehabilitation Policy Perspective for Industry and State*' discusses the land acquisition issues. Sudiptta Sarkar *et al*; reveals, how large farmlands are acquired for Special Economic Zones. This further displaces the natives (peasant) from agriculture and this make them *coolies* (porter).

Smith, Richard (2001) '*Measuring Social Impact*' presents indicators to measure social impact of services and projects. There are many barriers to measure social impact: The first being the perception that social change cannot be measured or defined by metrics or data points. 'At Innovation Network, we believe that that the qualitative information can be very effective in measuring social change. The challenge is to be systematic in how researcher collects and use qualitative data to evaluate your work' says Richard.

Based on the interview of Mr. Satish Magar, who established Magarpatta City SEZ, an article was published in the 'Money Life' on 16<sup>th</sup> January 2010 entitled He explained that, Magarpatta SEZ has influenced the social change in the peasant who gave this land for Magarpatta City SEZ. Magarpatta is the first project in India in which peasants pooled their land and created a township, rather than selling their land to a real estate developer. There is no doubt, Magarpatta peasants have carved a future for themselves--and on their own terms.

Chris Steyart, Daniel Hjorth (2006) narrated the process of transformation from peasant to entrepreneur. In this book [Entrepreneurialism of rural areas; multifunctional villages], the author discusses that tenant farmers left the farming, because it's not profitable they give farm houses on lease to urban people. This can raise their income and from that they started new business. These entrepreneurial activities made social change in the Kerston rural community at UK.

Epstine Scarlett (1962) introduces the various social change processes in the village community. The political and social effects as well as the economic in the two villages has resulted from the irrigation are presented in this book (Economic Development and Social Change in South India), which also illustrates various social changes after economic development.

Michael Levien (2011), in the article entitled '*Special Economic Zones and Accumulation by Dispossession in India*' concluded that the neoliberalism policy such as SEZ is based on making alterations in the native community, while the paper suggests that under the current political-economic conditions and trajectory of India, this process is likely to deprive the poor of productive assets and food security, amplify existing class and caste inequalities, and reproduce exploitative social forms.

#### **D) Magarpatta City SEZ**

The report of 'Approaches to the Lands for the Urban Poor, India' by the Centre for Urban Equity of CEPT University (2009:21) includes the presentation of Poonam Mehta on Magarpatta City SEZ. This report ascertains that PPP (Public Private Partnership) is the unique feature of Magarpatta City SEZ. The Magarpatta City SEZ have shared profits by the former peasants through their shares. Some among them were trained to be entrepreneurs, who then entered the construction business and most of the construction work is taken up by the former peasants trained to be entrepreneurs.

Land et al (1996:39) in the 'Exploring alternatives to land acquisition' narrate the successful land pooling practice of Magarpatta City SEZ. The author Chiaravalli L. noted that, Magarpatta City SEZ is the answer of land acquisition.



Amit Gupta, Sucheta Dalal, Debashis Basu, Amita Josep (2012) have a working paper 'Magarpatta City: Peasants Direct Investment (FDI)' narrated a detailed story on how the Magarpatta City SEZ is built by the native peasant. The authors refer Magarpatta City SEZ was unique example of FDI (Peasants Direct investment) and appreciate this model to resolve the conflicts related to land acquisition for SEZ and developmental projects in India.

The 'Resources In Efficient Township an report of Down to Earth '(2012:4) explicitly mention the Magarpatta City SEZ as a unique example of integrated township.

Balkrishnan S., (2013:112) in the doctoral dissertation to Harvard University Graduate School Art and Science have presented a report entitled 'Land Conflicts and Cooperatives along Pune's Highways: Managing India's Agrarian to urban transition' note that, Magarpatta City SEZ is too unique to replicate in the other places. This study explores the political connections of Magarpatta City SEZ. Researcher discusses various unique features of Magarpatta City SEZ.

Sheth A.S. in the thesis entitled 'Generating Spatial Surplus: The Politics of Zoning in the Mumbai Metropolitan Region' (2008) submitted to University of Miami, covered the story of Magarpatta City SEZ. The researcher illustrates that, still after completion, the native peasant keeps the ownership over their land for SEZ.

Sami N. (2013) in the research report 'From Farming to Development: An Alternative Approach to Real Estate Development in Pune' discusses the development of Magarpatta City SEZ. This research report shows the unique characters of Magarpatta City SEZ. Sami N. concluded that Magarpatta City SEZ is an alternative model of development for other such peasants those who feared about losing of land because of developmental projects.

United Nation's Special Rapporteur on Adequate Housing (2010) acknowledge the collective effort done by the native peasant for the development of Magarpatta City SEZ.

Indian Infrastructure Report (2009) covered the case study of Magarpatta City SEZ, which is a successful model for real estate development by the native peasant. This report further explains the ownership, share holding and contracts to the natives given by the management of Magarpatta

City SEZ. This report says, that the land remains on the name of these families, safeguarding their ownership over the land. Till the land was developed, peasants were free to continue farming for livelihood.

Dharmadhikary-Yadwadkar in the research article ‘Rural Development Through a Peasants’ Co-operative: A Viable Alternative to the Corporate SEZ in India?’ presented a case study of a successful modern township of Magarpatta City SEZ.

Kanchan M.(2012:53) in the ‘Social Business Responsibility: Magarpatta Way’ refer to a novel idea of Magarpatta City SEZ as a social business enterprise alike the Grameen Bank initiated by the Muhammad Yunus in Bangladesh.

Friestedt A., Sjovall K., (2006) in the report ‘Ecologically sustainable housing and transporting in Pune, India’, describes Magarpatta City SEZ is a ecologically sustainable habitat for urban development.

National Mission on Sustainable Habitat, (2010:21) Ministry of Urban Development, Government of India has reported on the Solar Water System of Magarpatta City SEZ. This report concluded that, a solar water heater in Magarpatta City SEZ is the biggest in any residential complexes in India and it should serve as a model for future townships and residential colonies in the country.

## **2.4 Summary**

So, this chapter offers details of the methodological framework adopted for the present investigation. The second section reviews literature available on the topic, which shows that SEZ projects have both positive and negative facets. However, India experiences offer very serious problems such as displacement, human right violation and overall questions of sustainability. Against this background, it is important to study the model of Magarpatta City SEZ. The next chapter studies the evolutionary features of Magarpatta City SEZ.

## Notes:

- 1 At the micro level, sociologists examine the smallest levels of interaction; even in some cases, just “the self” alone. Micro level analyses might include one-on-one interactions between couples or friends. Or perhaps a sociologist is interested in how a person’s perception of self is influenced by his or her social context. In each of these cases, the level of inquiry is micro. When sociologists investigate groups, their inquiry is at the micro level. Sociologists who conduct micro level research might study how norms of workplace behavior vary across professions or how children’s sporting clubs are organized, to cite two examples. At the macro level, sociologists examine social structures and institutions. Research at the macro level examines large-scale patterns. In recent years, sociologists have become increasingly interested in the process and impacts of globalization. A study of globalization that examines the interrelationships between nations would be an example of a macrolevel study(Creswell, John W.;2008).
- 2 Every family was an equity shareholder of the company. Each shareholder was equivalent to 1 square meter of land cost ₹100 in 1998 and in 2000 the price per share is approximately ₹1,000 share could sold only to member families.
- 3 In-depth interviewing was the other primary method of data collection. I began interviewing after two weeks of participant observation. By this time natives are familiar with me and gave me enough time by their daily routine. For interview I chose the Three Phase model which was used by the earlier studies by Krik Johnson (2000). My interview developed after three attempts. What I observe from the earlier field visits was very much helpful to designing the interview schedule. My questions were open-ended, allowing the informant cover areas and issues which I did not directly draw. The length of each interview is varied and also depends on the time from natives given for interviewing. Many a time, interviews were incomplete because of limited timing. Then I requested this native for next appointment. On an average, the interview extended between two hours to five hours in three to six sessions.
- 4 Qualitative methods of research, while often viewed by novices as easier – because the actions of researchers look and sound a great deal like what we all do in regular daily life – are in fact more time consuming, require a greater emphasis on researchers themselves clarifying and defining what things mean, and rely on the intellectual abilities of researchers to organize, manage, analyze and interpret data. There is no one and only correct way to work with qualitative data. Rather, qualitative researchers are challenged to find meaningful ways to work with their data and identify patterns and trends in the data. While there are certainly general guidelines (often based on the successful experiences of previous qualitative researchers) for guiding how to work with qualitative data, the actual tasks and actions of data collection, analysis and interpretation require some degree of creativity and innovation (Richard T.;2009).

5 Becoming a participant observer, I was in a position to see if people ‘say what they mean and mean what they say’ (Schwartz and Jacobs, 1979). Upon entering in the field, I feel how observation and interview processes are interconnected. Once I entering the Magarpatta City SEZ my observations began. I keenly observed the status of natives and their living style with their house. During interviewing native’s wife, family member or maid-servants offered tea and snacks. At that moment I had words with them and catch some unasked responses. I saw that, this effort made participant more responsive. The second time, some natives called me in their offices. This time my eagerness is raised to see their office and also talked with their staff. Some vital hidden things I cached just by observations. I documented observations and casual conversations as often as possible and made notes about impressions, feelings and reactions to certain events and situations. After the interview, I sat at evenings to prepare the notes from personal observations. Before the interview, I called the native for appointment and I got opportunity to conduct interview in mornings. I also spend some time with elders who were free in the mornings. Majority of the data was collected in the mornings.

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## CHAPTER - III

### EXPLORING THE FORMATION OF MAGARPATTA CITY SEZ

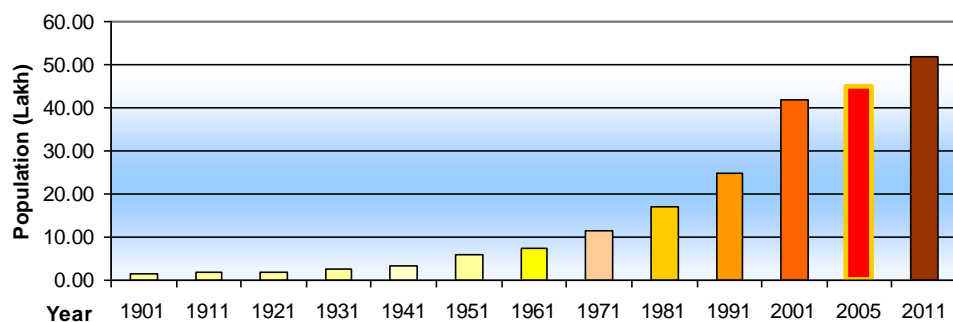
#### 3.1 Introduction

This chapter covers the intricacies involved in the process of the making of Magarpatta City SEZ. In the first section, an attempt has been made to explore the initial conditions responsible for the inception of the Magarpatta City SEZ and its induced participatory actions by the native community.

The second section offers an in-depth interview of one of the key informants Mr. Satish Magar (founder and Managing Director, Magarpatta City SEZ), that immensely helped to understand few subtle issues and his influential leadership role in the formation of Magarpatta City SEZ.

#### 3.2 Historical roots of Magarpatta City SEZ

Pune, 150km south-west of the Commercial Capital of India, Mumbai, has been an important historical city. It has long served the purpose as the Cultural Capital of Maharashtra, but has adopted various other nicknames over the period of its rapid growth post independence – like Detroit of the East, Oxford of the East, once the 'Cycle City' and 'Information Technology' capital of India. Enormous industrial growth gave rise to tremendous migration of both blue-collar and white-collar workers, and the urbanscape of Pune changed forever, from the quaint Pensioners' Paradise of old, to the bustling metropolis it now is, being the 7<sup>th</sup> largest city in India.

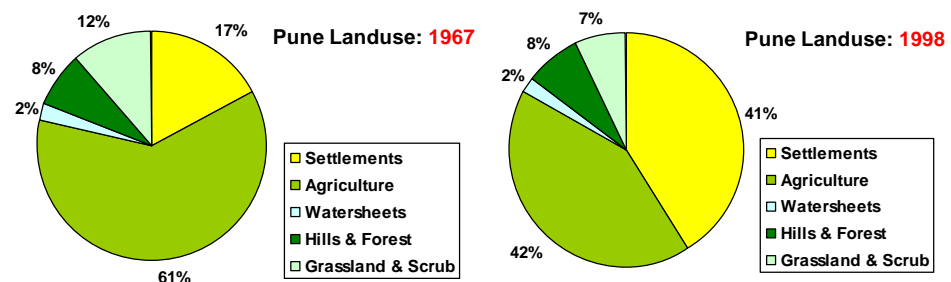


**Figure No.3.1: Population growth of Pune**

Source: Please see note 1

Pune's urban area has grown from a mere 5 sq.km. to 700 sq.km., which is 140 times the original area!. Pune's urban population has grown from 1.64 lakh to about 42 lakh (Census 2001), which is 25 times the original figure.

This unprecedented and rapid pace of growth has put tremendous stress on urban infrastructure and the general livability standards. While, the last two decades witnessed the boom of real estate in both residential and IT, the surrounding dominantly agricultural lands fell prey to the lure of the quick buck, with peasants selling off parcels of land in a piecemeal, leading to haphazard growth. The original landowners were also displaced to other fringe areas.



**Figure No.3.2: Changing land use pattern of Pune city.**

Source: Please see note 1

The growth and influx of white-collar migrants also gave rise to significant cases of urban gentrification. The quality of living expectations in certain parts of the city, raised by these worker migrants, could not be met in existing physical situation. This tended to strain economic disparity amongst Pune's citizens.

Under such development pressures, a group of spirited peasants on the eastern fringe of Pune, who collectively owned over 400 acres of land near Hadapsir suburb near Pune, decided not to succumb to piecemeal parting of their precious land, but to become the developers themselves. Thus, they formed the integrated township of Magarpatta City SEZ.

Magarpatta City SEZ is located at Pune-Solapur Highway in Hadapsar suburb of Pune. Hadapsar is named after the dumping of dead animal bodies in this area.

This region previously growing grew vegetables and supplies for the City. According to Mr. Aniruddha Deshpande<sup>2</sup>, (Managing Director, City Corporation Ltd.), previously Hadapsar was an agrarian economy. In 1990's,

land values were increasing in the eastern corridor because of rising real estate, which included Hadapsar, the Pune and Pimpri-Chinchwad cities began to develop. Urbanisation and industrialisation fastened the acquisition of agriculture land real estate. These are some of the focal conditions for the emergence of Magarpatta city SEZ. This study attempts to study the formation of the of Magarpatta City SEZ through the pertinent questions mentioned below. Furthermore, with the help of these pertinent questions, an attempt has been made to explore the underlying features responsible for the formation of Magarpatta City SEZ.

### **3.3 Why did the peasants come together initially?**

In Hadapsar sub urban area in Pune, Magar a native community consists of 123 families who brought together their ancestral lands held by them over last 300 years (Magarpatta City Update;2008:5). The land they tilled has been under the Pune Municipal jurisdiction since 1960, though it still is an agricultural zone. In 1982, a draft development plan declared Magarpatta area as 'Future Urbanised Zone', although till 1987, the next plan identified this area as agricultural<sup>3</sup>. But in 1992-93, lots of unorganized constructions came up all over the Hadapsir town. Many land owners sold their piece of land to the developers. At that time, urban development was haphazard. Meanwhile, the Pune Municipal Corporation again marked it as 'Future Urbanised Zone' in its draft development plan, which meant that the government could, simply acquire the land under the Urban Land Ceiling Act<sup>4</sup>.

The Magar clan and their immediate neighbours, comprising of 123 families, who trace their ancestry back to three centuries, opposed the Pune municipal administration's plan to urbanise their land. They were content with the steady income, afforded by the sugarcane harvest, though some in their neighbourhood sold their lands to the real estate. By the late 1980's, the Magar community realised that the real estate in Hadapsir had already triggered and any public institute can claim their land for development. Mr. Babasaheb Magar, an elder peasant noted the fear about land ceiling for rapid urbanization and decided take action to save the ancestral land for the future generation. The Magar community decided that they would develop the land themselves. The fact was that they knew nothing about land development and

had little money did not deter them. Thus, it shows that the growing threat from the government as well as private promoters and builders created an environment initially among the original land owner to come together for their existence and the future generation. The historical processes also indicate three vital features of Magar community viz; rationality and futuristic perspective, unity of community and importantly trust on community leadership that pushed them to think for a valid alternative.

### **3.4 What was the initial community resolution in the formation of Magarpatta City SEZ?**

As Pune grew outward, the Magar community began to feel the pressure to urbanize. Although their land was zoned as agricultural and was being actively farmed, it had been under the purview of the Pune Municipal Corporation since the 1960s. The 1982 draft development plan for Pune showed the area around Magarpatta as a future urbanizable zone. The peasants in the region were worried by the prospect of losing both their homes and their livelihood if the area were to be developed as a part of the city. The part of Pune that is home to Magarpatta City also houses a large industrial estate as well as several Information Technology (IT), Information Technology Enabled Services (ITES) and biotechnology companies. Consequently, there was and continues to be a great demand for housing space as well as commercial and retail establishments in the area. Once the land was notified as urban, the Magars knew that it would only be a matter of time before the developers began to approach them to buy their property. Small peasants had already begun to sell off their land to developers (excluding Magar community who involved in the Magarpatta City SEZ). However, the prospect of being jobless and losing their homes did not appeal to them.

Taking advantage of the existing demand in the area, the landowners decided to develop their land themselves and formed the Magarpatta Township Development and Construction Company. Collectively, the community owned more than 423 acres of land. Of these, one family, headed by Mr. Satish Magar, owned almost 100 acres. He became the natural leader of the group. It was his idea that the community should develop the land themselves and that they should build a township. The fact that he and his family owned more than a quarter of the total land helped to build the



community's confidence in the project. His family was also an old political family – his grandfather and his uncle (Mr. Annasaheb Magar<sup>5</sup> was a Member of Parliament for 25 years) had both been prominent politicians, the Congress Party, which also happened to be in power at the state. Mr. Satish Magar and his family, therefore were extremely well connected politically, which was immensely useful as the process of development began (See Sami; 2010:12).

### **Company resolution**

At the time of developing the company, resolutions were made in the first meeting with the involved peasants. As per this resolution, each involved peasant gets a continuous earning from the account of shareholding in the company. At the time of issue of share in the company, each share of the company was held equivalent to the land and value of each share was decided at ₹ 100.

### **Two types of shares:**

There are two types of shares- a preferential share and an equity share.

**A.** The preferential share was short-term, where the rights of share-holders in the company and over their lands were redeemed at the end of the term.

**B.** The equity share, on the other hand endowed shareholders with permanent rights in the company and over their lands.

Later on, the method of preferential share has been abolished and only equity share that offered lifelong security to the families was retained.

### **Safeguarding ownership of land:**

The most important feature of this model is land (7/12 registration), which remained in the name of these families, safeguarding their ownership over the land.

#### ***3.4.1 Objectives of Magarpatta City SEZ:***

- 1) To create long term wealth of the peasant for their land holding.
- 2) To create opportunity for the peasants to turn into entrepreneur.
- 3) To give sense of ownership to the peasants to increase the development
- 4) To create a source of long term annuity for the peasants.
- 5) To create strong real estate franchise in order to enable development of other large scale project.

### **3.4.2 Affirmation for Magarpatta City SEZ:**

- 1) The peasants contribute their individual landholding under Joint Development Agreement (JDA)<sup>5</sup> to the project Special Purpose Vehicle (SPV)<sup>7</sup>.
- 2) In addition to share in revenue, the peasants held equal portion in the project SPV- hence, had also a share in the upside of the entire development.

### **3.5 Why the Peasants formed a company?**

The company was formed as a private limited one to oversee the development and management of the project. Before forming the company, various models were considered, including a co-operative approach. However, this approach was rejected partly based on the pessimistic experiences of the sugar co-operative movement in Maharashtra (See Deshmukh; 2008:1, Sami;2013:160) and also because the landholding sizes varied immensely. A co-operative structure would have stressed equality rather than equity and might have taken away some of the enthusiasm and initiative that the families had. In addition, since landholding sizes varied tremendously ranging from one acre to 100 acres, giving equal importance to all landholders would have taken away the incentive for pooling their land. The driving idea behind the formation of the company was to put a structure in place that functioned efficiently, but was also democratic, thereby giving the landowners a say in the running of the company. Consequently, they opted for a private limited company. The company is run by the managing director (Mr. Satish Magar is the Managing Director) and the technical director in consultation with eight board members drawn from the peasant families (See Ganguli; 2008:7). Each family got shares proportional to its landholding and has been made an equity shareholder (See Deshmukh; 2008:12).

Satish Magar and his group have first studied the Regional Town Planning Act to understand their regulations. Several meetings were held among the land owners. Since the peasants did not have any liquid assets to invest, they decided to only pool their ancestral land valued then at ₹2,145 per square meter to form the initial investment. The original plan of registering the entity as a co-operative society under The Co-operative Societies Act 1912 was abandoned as the reality showed that this form of entity other than in a few cases was not very successful in India. The reason for not doing so was “politics” as simply put by Magar. Thus, the group decided to incorporate the entity ‘*Magarpatta City Township*

*Development and Construction Company Ltd.* ' as a joint stock company under the Companies Act 1956 with each agriculturist holding a share equitable to his contributed land in the capital fund. A board of directors was formed and naturally, Satish Magar, a major stakeholder with about 40% of the land was chosen to be the chairman and managing director (See Sami N., 2012:7).

### **3.6 How they approached the Government?**

Since the whole concept of the township was new and strange to some, there was no precedence upon which the peasants could fall back upon. The peasants had absolutely no requisite educational qualifications or skill sets to equip themselves for decisions like the capital structure, operations or even day-to-day management. Satish Magar met Hafeez Contractor, a well-known architect in Mumbai, who consented to take up the project. Along with a few others, he visited residential localities in San Jose and Santa Clara in the U.S.A., which had the concept of '*Walk-to work*'<sup>8</sup> and was convinced with the idea of having a plan with open spaces and the areas reserved for schools and utilities.

With a plan of action, the team met the then Chief Minister of Maharashtra, Sharad Pawar and the then Secretary, Urban Planning, D.T. Joseph, who initially were skeptical, but later interacted with the peasants to understand their concept better. But the entire exercise was far from smooth sailing. The absence of any policy or documentation made things going tough. Mr. Joseph (then Chief Secretary Govt. of Maharashtra) came and spoke to the landowners (native peasant) personally. A report was required from the town planning department of the Municipal Corporation. Then, the government had to issue a notification which had to be passed by the general body of the Corporation, after which there would be a public hearing.

One of the early hurdles was in the form of a statute called 'Urban Land Ceiling Act' which decreed that no individual or company in India could own land exceeding one thousand square meters. The fear of their plan being challenged by any member of the public in a court of law was a daunting prospect to the peasants and needed a waiver in this respect for their company. Though Satish Magar was acquainted with certain individuals who had the power to help him overcome the legal hurdles, the team decided not to skip any of the mandated formalities for

obtaining the requisite approval. Satish Magar’s knowledge of legal matters too helped the company get the required notification after an initial struggle.

The entire plan went through a political procedure in which, the plan report was given to the Town planning department to the Pune Municipal Corporation (PMC). Then, the state government's notification was passed through the general body meeting of Pune Municipal Corporation. Meanwhile, Mr. Satish Magar and the fellow peasants requested the political leaders and asked them to support the Magarpatta City SEZ project. They proved that, how this township would reduce unauthorised and unplanned growth of this region. Finally in 1995 the state government notified and approved Magarpatta City project. This was when the revolutionary power change by BJP-Shivsena led the government in Maharashtra State<sup>9</sup>. As per the notification, Magarpatta City was “approved by the Department of Urban Development, Government of Maharashtra; it was exempted from the provisions of Urban Land (Ceiling, Regulation) Act of 1976 and the Master Plan of Magarpatta City was approved by the Pune Municipal Corporation.

**Figure No.3.3: Flow sheet of permission to Magarpatta City SEZ.**



### 3.7 What were the legal formalities in the formation of Magarpatta City SEZ?

The native peasant accepted the idea to register a company under Company Act because they thought that, The Co-operative Societies Act 1912 did not give them equal status. Then, they registered ‘*Magarpatta City Township Development and Construction Company*’ as a joint stock company under the Companies Act 1956 with the resolution that equitable shares are distributed according to the land contribution in the initial capital fund<sup>10</sup>. The driving idea behind the formation of the company was to put a structure in place that

functioned efficiently, but was also democratic, thereby giving the landowners a say in the running of the company. Consequently, they opted for a private limited company. The company is run by the one managing director (since Mr. Satish Magar) and one technical director (now Mr. Aba Magar) in consultation with eight board members drawn from the peasant families (Ganguli 2008). The apex board takes all the major decisions related to the Magarpatta City SEZ. However, the other shareholders have the right to voice their opinion on the issues and resolutions made by the Director board through proper application. After every three years, the board members change and through rotation, the chance is given to the every shareholder.

The Magarpatta City ultimately led to special legislative provisions added to the Maharashtra Regional and Town Planning Act of 1972, called the Special Townships Notification of 2006, that laid down the norms for amenities and infrastructure, and planning standards for its development, simultaneously incentivizing the developer and its citizens with various procedural and FSI benefits to promote a good, sustainable development.

### **How did Magarpatta City qualify to become a SEZ?**

After announcing the SEZ policy in 2005, the Board members made a resolution that Magarpatta City can apply for Special Economic Zone. Then, in August 2005, MTDCC under the Electronic Hardware and Software including ITES sector SEZ and in December 2005 they got the approval from the Government of India for Sector Specific Special Economic Zone for Electronic Hardware and including ITES. Presently, Mr. G. Patel is working as the Development Commissioner of Magarpatta City SEZ with five members.

The price in mid-2008 was approximately ₹1000. The shares of the company are held and traded among the member families only and are not publicly traded. Shares could be sold only to member families (See Sami;2012:6).

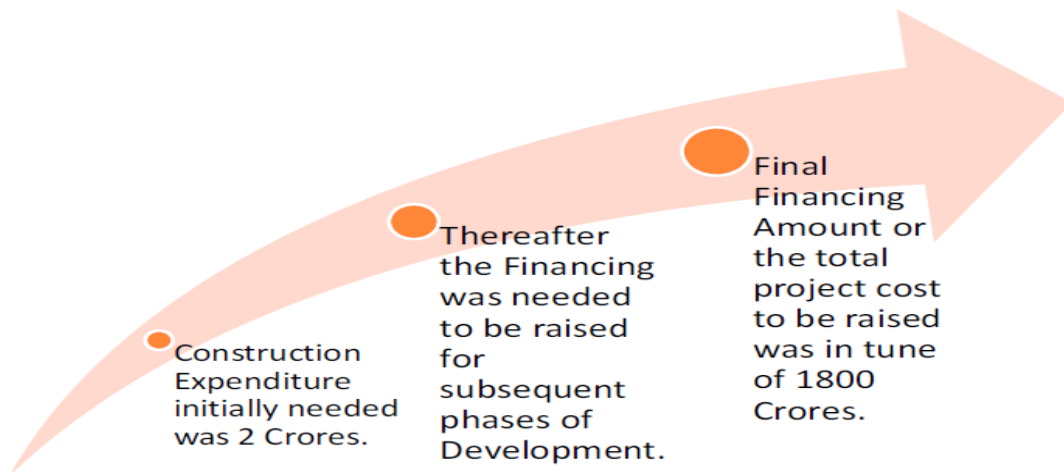
### **3.8 How capital raised to built the Magarpatta City SEZ initially?**

As peasants, the Magar community did not have a lot of capital to invest in the development of the project. However, they did have one big advantage: since as landowners were themselves developing the land, they did not have any land acquisition costs. Given, the then regulatory structure for lending to real

estate companies, it was also difficult to get bank loans for development projects. In addition, the project was not considered to be a feasible one – a group of peasants with no prior knowledge or experience in real estate development did not inspire confidence in lenders. Once again, drawing on his social network, Mr. Satish Magar approached one of the leading development finance institutions in India – the Housing Development Finance Corporation (HDFC) with a request for a loan of ₹100 crores. Although, HDFC did not agree to loan the full amount, they did give them an initial amount of ₹ 2 crores to help them start the construction (See Dalal;2008:9, Nair et al:2010:2, Shukla;2013:47). Moreover, the managing director of HDFC shared a personal rapport with Mr. Satish Magar and provided valuable guidance on the actual construction and marketing process. He suggested that they begin by constructing villas initially, build up a revenue stream by selling these and then proceed to apartment buildings and offices (See Dalal 2008:12, Sami;2013:162). HDFC also entered into a preferential lender agreement with the development company, whereby it offered lower rates of interest for retail home loans to those interested in buying property in Magarpatta City (See Nair et al:2010:2, Shukla;2013:47).

HDFC has been very supportive right from the initial stages to initiating the Magarpatta City SEZ. Initially, the Magarpatta City wished for ₹100 crore loan for the project, but Mr. Deepak Parekh (Chairman, HDFC) gave only ₹ 2 crore HDFC support to start small homes/flats. Afterwards, HDFC has supported at every stage and provided nearly 65% funding to the project. At present, the management of Magarpatta City SEZ is in a process to settle up 60% loan to HDFC.

**Figure No. 3.4: Stages of Financing to Magarpatta City SEZ.**



The actual construction process was also very carefully planned. The peasants themselves did most of the actual work such as laying bricks and shifting soil. Although, they were paid for their work, it was much lower than what they would have had to pay an external contractor. This helped keep costs down to a minimum. The first phase of construction included simultaneous building of the villas, a few apartment blocks, some commercial space as well as part of the IT Park. The money that was generated by selling or leasing these funded further construction. Also, the company assured itself a constant revenue stream by not selling any of the commercial space in the IT Park, but only leasing it. This meant that the company had a continuous flow of rent, even if it had no other source of income. Additionally, the company retained control over the maintenance of the property, which provided them with an other supply of money (Ibid: 6).

When the construction began, some peasants do not have land for farming because the construction work was in progress. Whereas many peasants had to continue farming on their land their land was taken for construction. However, all the peasants were involved in the contract related activities like clearing of soil for construction, supplying construction materials, providing labour contract, supplying flooring work and electricity contracts, gardening contract,

security contracts. From these contracts and work they start earning money since 1998-1999.

### **3.9 How this model was more beneficial to the native peasant than other models?**

Compared to several other projects in India, most notably the recent Singur debacle in West Bengal and Reliance SEZ in Maharashtra, the project like Magarpatta City SEZ seemed like a step in the right direction. The attempt was to create a socially equitable and sustainable approach to development. Undoubtedly, the approach taken by the Magars are significantly better than what is currently the norm in Indian cities. While, the project has definitely been beneficial to the landowners and to the residents of the development, its impact on the surrounding area has not been any different from other large developments of this nature. It remains a gated private enclave and comes with the issues that these types of developments create in the neighborhood. It is therefore necessary to question the success of Magarpatta City SEZ as a development taking into account, the impact it has had on those living within the walls as well as those living outside it. Probably, the *biggest achievement of this project has been to entirely the issue of displacement*. The development projects of this nature and especially of this size cannot help but disrupt life and cause dislocation (See Gellert and Lynch; 2003:22). By developing their land themselves, the peasants have largely circumvented this issue. Post-development, the *majority of the families continue to stay on site* and own either apartments or villas that they have bought with the money they made through the company. Moreover, some of them have also succeeded in renting out some of their property, thereby creating yet another source of income. The *land also continues to be registered in their name, maintaining their ownership and giving them a sense of security. Living within the township has come with other benefits as well*. The quality of life within the township is much better than what they had earlier as agriculturalists: luxury homes, a regular income from shares in the company, rent on property as well as from contract work with the company, good healthcare, benefits of living in a city without forsaking their social networks (since most families continue to live onsite). Their children get quality education and are better integrated into the larger urban structure.



### **The new pattern of profit sharing and security**

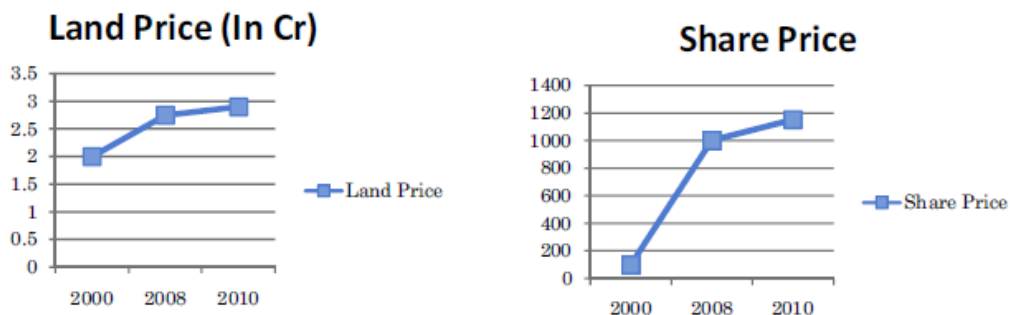
The peasant families have also managed to move beyond agriculture and into other occupations that the development of Magarpatta City prepared them for. Providing at least one member of each of the contributing families with a set of professional skills was a win-win situation for everyone. The development company got quality labour at low rates and peasants were assured of future incomes. As a consequence of this development, several spin-off subsidiary businesses have emerged, such as local companies providing cable TV and broadband internet, catering and food supply, laundry, landscaping and a local transport system (See Dalal; 2008:5). On an average, each shareholder has two contracts from the development company. Of the 280- landowning families, which are now running their own businesses, about 200 are now under tax audit. This means that they must be earning a minimum of ₹ 40 lakh) a year and paying a total of about ₹ 10-12 crores in taxes as a community (See Dalal; 2008:4).

Each family got shares proportional to its landholding and has been made an equity shareholder (See Deshmukh; 2008:9, Sami; 2012:19). Furthermore to secure community wellbeing, it has been finalized that *only native peasants become shareholders in this SEZ, outsiders are not allowed to purchase shares from native peasants*. However, only native peasants could sell shares to other native peasants. However till date, there is not even a single share which is put up for sale by any peasant. As stated earlier, there are two kinds of shares: preferential and equity. The preferential shares were short-term shares where shareholder rights over the company and their lands were redeemed at the end of the term whereas the equity shares offered permanent rights to shareholders. The preferential shares were later abolished (See Ganguli; 2008:4). Each share is equal to one square metre of land and cost ₹ 100/- in 1998. The price in mid-2008 was approximately ₹ 1000/-. The shares of the company may be held and traded among the member families only and are not publicly traded (Ibid: 11).

Thirty per cent of the sale proceeds were treated as land cost at the current value and were paid to the shareholders. Initially, if the peasants had sold land outright, they would have earned about ₹ 80/- (about USD 1.50) per square foot. By the time they were ready to sell apartments, the going rate in the area was ₹ 600/- (about USD 12.50). The apartments in Magarpatta City were sold beginning

at ₹1000/- a square foot of which the peasant made ₹300/- instead of the original ₹80/- (Dalal 2008). Each family also has the option of reinvesting the amount into the company in the form of a term deposit (the rates of interest were 12.5% for three years, 11.5% for a year and 10.5% for three months) (See Ganguli; 2008:9). However, the key is that inspite of pooling land into the company, the land ‘patta’s’ or registration remain in the names of the original families and do not get transferred to the company. This assures their continued ownership of their land. *In addition, the company byelaws also ensure that family members of shareholders are given preference in contracts that may be generated by the company. Shareholders are also encouraged to bid for contracts for development work in the township for which the company may be soliciting proposals such as providing raw material for construction, paint contracting, vending contracts (for retail establishments) or landscaping (See Ganguli; 2008:2, Sami; 2012:6). Each family has got two contracts in the Magarpatta City SEZ and for this they got good and competitive market rates.*

Figure No.3.5: Land price and Share price of Magarpatta City SEZ shareholder (in ₹)



The Magarpatta City SEZ model also ensured that the peasant got the appreciation in value of the property in the township. Magarpatta City SEZ returned 30% money of the sale proceeds, which was treated as the land cost of the shareholder peasant. In the initial years of 2003, the property in Magarpatta City SEZ was sold for about ₹1000 per square feet. In 2011, the same property was sold for ₹5000 per square feet. There had been a tremendous value appreciation for the peasants land. In the year 2000, the land rate around the area was somewhere between ₹30-35 lakhs per acre. In 2011,

the same land is worth in excess of ₹3.5 crore per acre. *This means that in 11 years, there had been an appreciation of more than 900 per cent in the land value alone.* This appreciation in property prices had come back to the peasants as dividends from the company as per their joint development agreement. *The peasants continued to receive this dividend as the property in Magarpatta City SEZ had been developed over the last 11 years starting in 2000 (See Gupta et al.; 2012:20).*

All peasants were encouraged to buy at least one residential property in Magarpatta City. The tax laws in India had provisions for saving taxes on properties purchased by individuals. Looking at the success of the township and from a point of view of saving taxes, member peasants ended up investing in multiple residential homes depending upon their capacity. About three or four hundred apartments were owned by the peasants' families. These residential properties were rented out to get a regular income for the families. Many families had also chosen to sell some of their property to capitalize on the property appreciation and invested this money in other investment opportunities.

A third important source of regular revenue to the member peasants was the non-residential commercial areas, especially the IT Park. It was owned by MTDCCL and leased to various companies, which ensured a regular rental income in perpetuity to the member peasants.

Magarpatta City SEZ decided to do 4 million sq ft of IT Park, which they will not sell it. They keep the IT Park as an asset, which is capital of the company. The returns of the IT Park can be a continuous dividend for themselves and for future generations. *In 2011, SEZ distributed approximately ₹23 crores as dividends to members.* Therefore this model is called as a FDI – *Peasants Direct Investment*.

### **3.10 What is the role of Politics in the formation of Magarpatta City SEZ?**

The land of Magarpatta was enclosed on all four sides by natural or artificial means – there was a canal on one side, there was a railway line on second side, there was a highway on the third and a nallah (waterway) on the

fourth. So, it was a sort of an island, where all the peasants always worked in tandem. All disputes were settled internally without resulting in court cases and the peasants lived as a community. Mr. Satish Magar's family had been leaders in the community for a long time. Since Mr. Satish Magar came from an old political family in Pune (his uncle Mr. Annasaheb Magar is MP and MLA for 25 years representing the Pune and Pimpri-Chihwad constituency), his political and social network was extensive and that may perhaps have helped during the consent for Magarpatta City SEZ. Mr. Sharad Pawar (the then Chief Minister of Maharashtra state) liked the idea of participation of the peasants to make a city. In 2012, Mr. Sharad Pawar in a public meeting, appealed to the peasants from other parts of Pune to come together for the projects like Magarpatta City SEZ<sup>11</sup>. However, except the above, there are no such facts of direct involvement of either any political leader or party, who played an instrumental role in the process of the formation of Magarpatta City SEZ.

### **3.11 How did the native peasants develop entrepreneurial skills?**

The MCTDDC came in by getting the second generation of the peasant families involved in the project. *The core team headed by Satish Magar, would gather the youth from the families and allot them projects/work according to their interests and aptitude. Many of the youths went to acquire a formal education related to construction from the The National Institute of Construction Management and Research, Pune (NICMAR). The management of Magarpatta City SEZ and the involved peasants pay equally (50:50) to get trained for setting up the construction work to develop this city.* The peasant-promoters instead of hiring builders, turned contractors and supplied sand and other materials other than cement, steel and high quality glass themselves. The work included landscaping and road building and these youth soon realized the money earned in these activities, which was approximately ₹750 per day, surpassed the income they would have ever dreamt of earning in agriculture. The intention of the promoters was not to treat the youngsters as employees but as budding entrepreneurs.

As a result, today Magarpatta City SEZ model has helped to produce more than 250 successful entrepreneurs from the native poor peasants, who were not only serving for Magarpatta City SEZ, but they started their business all over Pune.

### **3.12 Why was Magarpatta City converted to SEZ?**

Initially, Magarpatta City Township and Development Company had only idea to build the residential apartments and develop and the typical township. Meanwhile, they are working to develop own Information Technology park in the land and they succeeded in building Cyber City and gave it for lease to the IT companies. After announcing the SEZ policy in 2005, the Board members made a resolution that Magarpatta City should apply for Special Economic Zone because of incentives and tax reliefs to the MTDCC and units in the Cyber City. Finally in 2005, Magarpatta City SEZ got approval from the Government of India for Sector Specific Special Economic Zone for Electronic Hardware and including ITES which includes 32 units.

### **3.13 What are the achievements of the Magarpatta City SEZ?**

Magarpatta City and its developers seem to have successfully dealt with the issue of resettlement and also of helping agriculturalists move into other occupations. The company has also made an effort to make the development more ecologically sensitive than most other projects. In short, it is a success, if the evaluation of its performance is limited within the walls that surround it. However, if we are to take into account its impact on the surrounding neighborhood, it appears to be no different from any other gated private enclave. This is particularly important because Magarpatta is being held up as an example of an ideal model of development. It is therefore necessary to evaluate it as a whole. It is indeed commendable that a community of peasants were able to successfully execute a project of this nature and magnitude. But one needs to be careful about encouraging replicating it elsewhere without knowing the local.

Mr. Satish Magar claims that there are several other groups of farming communities from different parts of India, who have approached them for assistance (See Dalal;2008). Reproducing the social networks that existed

between the Magars will not be easy. The *most vital part in the entire process of development of Magarpatta City SEZ was that the community members trusted Satish Magar and were willing to risk their future based on that trust*. The Magars are one clan and there are strong family ties that bind them. Also, farming in Maharashtra has a very strong history in the co-operative movement – peasants have farmed together for years, creating a work ethic of cooperation and collaboration. It was not a coincidence that Magarpatta City SEZ was developed in Pune. Moreover, the development project depended hugely upon Mr. Satish Magar’s family and his own political and social connections.

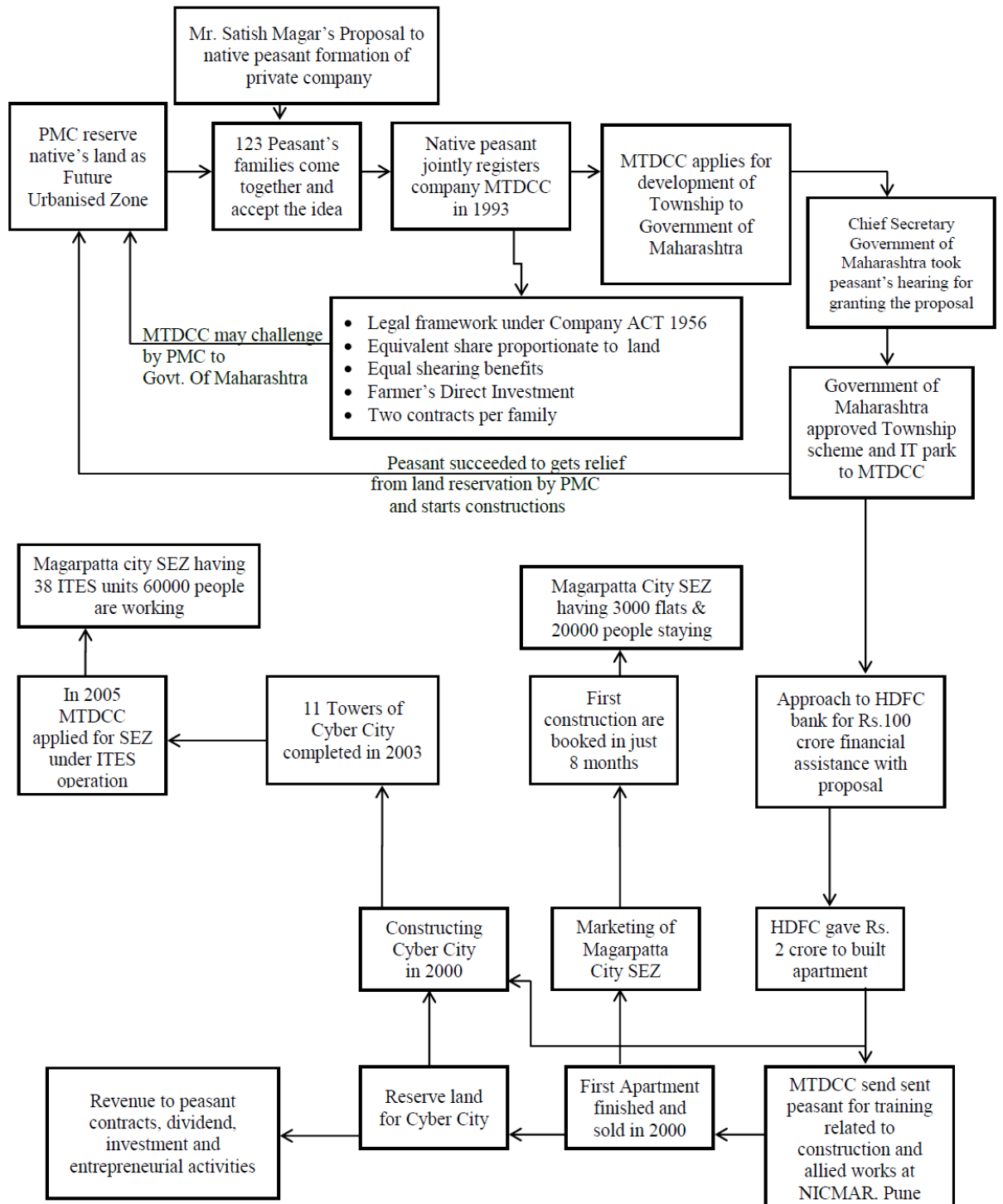
The success of Magarpatta City comes at a time when the farming community in India was facing a severe economic crisis. Over the last few years, there has been an alarming increase in the rate of debt-related peasant suicides, especially in central India. Giving peasants the power to improve their condition through development sounds particularly attractive, even more so if this could take the form of a public-private partnership considerably reducing the burden on the state.

There are a few problems with this though – some conceptual and others more practical. Magarpatta City SEZ has not only been financially profitable, it has also suggested that an alternative model of development is possible (See Sami, 2010:19).

Thus, the first section of this chapter shed light on some of the crucial features that played an important role in making of Magarpatta City SEZ. The following section will further enrich and fulfill the gaps in understanding the processes of the formation of Magarpatta City SEZ through a comprehensive interview of Mr.Satish Magar who had been the most imperative personality in making the Magarpatta City SEZ a unique case.

Leadership has showed a momentous contribution in the human history since earliest times. In the case of Magarpatta City SEZ, the role of Mr.Satish Magar as a leader demonstrated his capacity to set new goals to hold forth new and loftier expectations for the group as well as his superior strength, tact, intelligence, knowledge and superior will power to build an innovative model of SEZ. The interview may also provide answers to various

inquisitive questions that will help to enlighten people and encourage them to take similar steps and save their future.



**Figure No.3.1 Flow sheet development of Magarpatta City SEZ**



### **3.14 Mr. Satish Magar: Founder and Architect of Magarpatta City SEZ**

"Our township has acted as an agent of social change through a Policy of inclusion"- Mr.Satish Magar

**3.5.1 Family:** Mr. Satish came from an agrarian family with political background. **(Interviewee)** Drawing attention to how he inherited politics from his forefathers, Mr Satish said, "Politics is in my blood. My grandfather was in politics, my eldest uncle was an MLA for 25 years and later a Member of Parliament. My mother's father was the first Mayor of Pune. So politics pervaded the atmosphere in which I was brought up. It was everywhere in the family. All of us stayed together in a large ancestral house right here"

Mr. Satish traced the educational priorities to their family members. He says, "My father was a graduate from College of Engineering, Pune (COEP). My uncle was a Member of Parliament (MP) and founder of the Pimpri-Chinchawad area. He graduated in agriculture science. My grandfather was a man of progressive thinking and put his sons in Shaniwarpeth (Pune), a predominantly Brahmin area of Pune, so that they could focus more on studies. There was a little contact with the farm except during holidays. When it came to my education, I was initially sent to what was called a Cambridge School. All my cousins went to Bishops Cotton and St. Mary's that were the two best known Christian, Anglo-Indian schools in Pune. Although we were peasants, we received western education in the most urban centers.

**3.5.2 Education: (Interviewer)**Asking question of his career and ambition-

**(Interviewee)** Mr. Satish says, "Because of the influence of politics, I was inspired from the talks of top leaders and would follow the things they talked about. I had decided to do either medicine or an join agricultural college. Then a turning point came in 1971 when Mrs.Indira Gandhi won the Bangladesh War and I was highly charged by her vision. She talked about Green Revolution. So agriculture looked very promising. I joined an agricultural college in Pune, probably, the oldest one in the country. In the college days, I had stayed in hostel because the college was far from my house and also my parents felt that I should learn to do things by myself and live

with kids from different socio-economic backgrounds. Agriculture College and my hostel days were the most fascinating phase in my formative years that gave me the most needed leverage in my life."

However, I requested him to elaborate on how it contributed to determining his career objectives-

Mr Satish said, "In those days, I got the ground reality in India. Some 80-90% of the students were from rural areas. I found that I knew almost nothing about the kind of background that my batch mates came from. Most of the students were from small farming communities and had studied in vernacular schools. One was the son of a farm laborer. Getting educated was very important to them because agriculture could not give them a livelihood. These friends used to save on everything. Most of them used to attend college in pajamas and shirts. There were four or five of us from English medium schools who initially felt superior to them. The rector of our hostel told us not to laugh at our rural friends as after six months, these boys would command mastery over English and overtake us. The way these guys worked to overcome their drawbacks was an eye-opener. Another interesting aspect was the student mix that included some students from Nagaland who were much older than us and were sent by their government to study. It opened my eyes to what India is really about."

**3.5.3 Career: (Interviewer)** Then I asked him : after his education what did he think and do?

**(Interviewee)** Mr. Satish responded, "Many of my classmates joined banks. Banks had been nationalized then and were expanding into rural areas. Some opted for the Maharashtra Public Service Commission (for which agriculture was a compulsory subject). Few of the students from political family background joined politics, but I restricted myself from entering in the politics.

Mr. Satish further clarifies, "I wanted to come back to the farm. But urban upbringing had started coming in the way. My friend who has 100 acres of land had a small shop on M.G. Road in Pune. Then I thought for this option, because I knew agriculture is dependent on so many factors - monsoon, market, logistics etc. We had a large dairy of 150 odd cows. But, an agitation and ensuing protest call threw milk on street and it caused great damage, so

agriculture did not work out. Meanwhile, my brothers and cousins were growing up and they needed to be accommodated. Then, the development plan of Pune in 1982 and made me really insecure.

In this plan, Magarpatta area came under the shadow of 'Future Urbanisable Zone.' Under the Land Ceiling Act, the Government could easily acquire this land. We lobbied with the government, although my uncle had died, we had political contacts and in the 1987 plan, they again identified this land as agricultural. But I knew it was temporary, as the city grew, this land too would be acquired someday. In 1985, three of my friends started a marketing firm. One of us had an office in town and other was from Johnson & Johnson. We started as a distributor of consumer durables and some consumer products. Looking back, I think, that experience taught us a lot. We learned to create differentiation in the market place and recover money from the government. After a few years, we realised that distribution of consumer durables required a showroom, since we did not have one; we knew the business would not work in the long run. Then, the idea of Magarpatta City real estate cropped up in my mind and I started working on the same line.'

**3.8.4 Magarpatta City SEZ: (Interviewer)** What was your motivation to think and start Magarpatta City SEZ?

**(Interviewee)** Satish said, "In 1987, I saw lots of peasants selling small plots of land to the developers. I would constantly think of how to develop our land. Initially, I thought of building bungalows, golf course with villas around it, but it was not profitable. It sported big risk, if not sold as per market price. Somewhere in 1993, I got an idea of developing a township. In 1992-93, lots of unauthorized constructions came up all over the place and therefore, I decided to develop a township in reaction to this in a year 1994.'

**(Interviewer)** Then, I was eager to listen to his experiences on how did he to start the development of the township?

**(Interviewee)** Mr. Satish said, "First, I went through the Regional Town Planning Act and understood what the requirements were. I called a meeting of all land owners in the surrounding area and discussed my idea. Most of the peasants had the same surname. 'Magar' and area has been called Magarpatta. Even my family owned 100 acres of the total land in Magarpatta

City SEZ. I assured them that they could uplift themselves by becoming developers of land."

**(Interviewer)** Hearing this, I was keen to know how the peasants responded after hearing this idea-

**(Interviewee)** Mr Satish said, "Initially, everyone was enthusiastic. But, in the joint family, the land is divided amongst the brothers hence they asked how to share benefits. I clarified to them that, everyone would get a share depending on the size of their land and in this way all of them can become land developers. I appealed to the peasants to do something with their land; otherwise it will be acquired someday. In the meeting, many of them had stories of relatives who sold off their lands, blew up the money and had nothing left. I suggested that we pool our land into a development company and accept proportionate share holdings. All of them accepted my idea. I did not know how the whole thing would finally evolve."

**(Interviewer)** How do you start working on Magarpatta City SEZ project?

**(Interviewee)**Mr. Satish replied, "Keeping the whole land document and map, one day I met the renowned architect Mr. Hafeez Contractor and asked him to give complete architecture report on the proposed township. We had so many meetings at his site and his office. This detailed report contained the area we wanted to build on, how much to reserve for education and how much to earmark as open space. Then, we had a meeting with Mr. Sharad Pawar, then Chief Minister and we presented him a nice laminated report, printed on an electronic typewriter with graphs, charts, statistics and pictures. This came from my marketing experience. Mr. Sharad Pawar asked, "Are you serious?" We said, "Yes, We are." He again asked "What are you going to do about urban land ceiling?" I replied, "We would not ask for exemptions." Then he wrote some remarks on the file."

‘Very soon I got a call from the government to come for discussion on our plan. At that time Mr. D.T. Joseph was the Secretary, Department Of Urban Planning. We sought the help of Mr. B.G. Deshmukh who had just retired as the Cabinet Secretary and who is also a close relative. We met Joseph through his help and showed him how 120 peasant families have come together to do something different. He was apprehensive as he knew that I

knew law and said, "We need notification under Section 154 to get this scheme sanctioned. He said, "Fine, if you know the Chief Minister, get it done. But let me tell you, it can be challenged by anybody in the High Court and you will lose? He further directed, "We would have to go through the procedure and it will take time." I said, fine, we will go through the process. In any case, we were not ready physically or financially."

‘Then Mr. Joseph called all landowner of this project and met everyone personally. Then they forwarded the report to the Pune Municipal Corporation to pass in the general body of corporation and then there was a public hearing to get the responses from society. Meanwhile, the Town and Planning Department did their job according to procedures. For this, we personally met leaders and appealed them to support us, because such townships would reduce unauthorized growth and create a lot of greenery. All this took time and by then B.J.P.- Shivsena Government came to power. But they did not interfere, because we are secular and our project got the final notification in the year 1995.’

**(Interviewer)** After receiving the permission how you plan to pull the funds?

**(Interviewee)** Mr Satish said, "We had already announced the 400 acre township. During the planning, we spoke to lot of sensible people outside the real estate industry. Many elderly people say that the apartment complexes are making us compartmentalized and nobody knows who their neighbour is? Satellite TV had just come in, which made things worse. This is not the way the Indian society has grown. If you see the *Chawls* (colonies) in Mumbai, they all look into a central open space on the inside. I visited several *Chawls* at Girgaon in Mumbai with my architect to see how we can incorporate the neighbourhood concept. If you look at the structure of our township, it looks like a cosmopolitan set up, all flats open to a central space, as in a traditional neighbourhood. A resident may pass each other without speaking, but on the 11<sup>th</sup> day they will at least smile. When we started building, the concept of Vaastu Shastra was beginning to get popular. We called it, the open Space Brahmasthal<sup>12</sup>. For us, it was a way of providing good light and ventilation.’

**(Interviewer)** Immediately, I asked how did he get ideas like Walk-to-Work, Walk-to-Education, Walk-to-Shopping and Walk-to-Recreation and what do these ideas embody?

**(Interviewee)** Mr. Satish smiled and said, "We had a lot of time on our hands since the project was taking its own time to get all the clearness and funding in place. We met many people and attended all seminars and workshops on urban and township. Around 1997, a delegation of Maratha Chamber of Commerce and Industries (MCCI) was going to San Jose, which is similar to Pune. My architect and I joined the delegation. Almost all the people there, were in IT venture, capitalists, entrepreneurs, lawyers etc. We were the only odd ones out. We went around looking at their township, city centers, visited their planning department and saw how they organised their space. In San Jose, Santa Clara and the surrounding areas, there were large corporate-cum-residential areas where people cycled or walked to work. We decided that we would not re-invent the wheel. We will take the best ideas from all over and create a plan that is best suited to our needs. San Jose was great - a lot of greenery and people walking to work, but the whole things were unstructured. You had an IT building, some houses nearby then some more corporate offices further down. We felt we could improve on that plan. We decided to avoid numerical addresses like 6<sup>th</sup> sector, 7<sup>th</sup> lane, 8<sup>th</sup> row, 9<sup>th</sup> building.'

"Meanwhile I knew about Dr. Hebalkar who was an expert in the Information Technology. I went to him and said, I am doing this township project and would like you to be our consultant. He said, "I am very expensive." I replied, we know nothing of IT, we want you as our consultant on the IT Park. He said, "First of all, get an email ID". But at that time, Pune did have internet connectivity. So, we opened an internet account in Mumbai that is how I have a Bom5 email ID, which I kept for sentimental reasons. We used to make long distance calls to connect and it used to take ages to get access. Dr. Hebalkar's help has been immense in shaping the IT. He taught us the importance of bandwidth, routers, switches etc. and advised us to opt for fast connections. Then we went to Dr. Vijay Bhatkar. He said, "What Dr. Hebalkar is talking of is the future, it is going to happen." We went to VSNL

with the request and they said, 'you have to put a cable and it will cost so many crores of rupees.' Fortunately, by the time we started, the whole bandwidth scene had changed. Dr. Hebalkar used to say, "This is going to happen, prepare for it so you will have a first-movers advantage."

**(Interviewer)**My next question was about the how did he manage to merge ideas during construction. Were you getting up any help from outside?-

**(Interviewee)**Mr Satish uttered, "Mr. Ravi Paranjape a renowned architect, told us that the complex must have some themes. He suggested we use the concept of the five forces of nature, which Indian have always worshipped. We incorporated this idea, although it is not fully implemented. Then he suggested about plantation which is based on the nature's cycles, the idea of *Rituchakra*<sup>13</sup>, so that there are some blooms at all times. We took help from Mr. Ram Takwale former vice-chancellor of Pune University who advised us on education."

**(Interviewer)**What did you do about finance for this project?

**(Interviewee)** Mr. Satish said, "We knew Mr. Kshirsagar who had retired as DGM from HDFC bank and told us that HDFC was the best financial institutions in the country and very clean in their dealings. I took the help of Mr.Kshirsagar to fix meeting with Mr.Deepak Parekh, DGM, HDFC bank. In this meeting we presented our project proposal and ask him ₹ 100 crore for this project. He asked, "How will you serve the interest?". We had no answer. He asked "Do you think you can sell so much in 2000?" we had no clue. Then we said, we will manage." He asked "Do you know what you are talking about? How many flats you are going to build?" I told about 10,000 flats. He said, "that means you want to construct 2000 flats a year? and what is the market?" my answer, we want to try, we will work very hard? Finally he said, "I am convinced this is a good project. I will give you the money but I will start with ₹2 crore. You start with the bungalows, start marketing them, you will get your cash flow going and you will see that you will not need so much of money."

"After completing all bank procedures, we received the finance and we started the construction in March 2000 with a residential block of 72 apartments. We also started working on the commercial area, which is generally the magnet for townships. At that time, IT sector was 'hot', so we planned an IT park. We felt that there would be a time, when a lot of people would want to come back, work and live here," Mr Satish said.

**(Interviewer)** I was interested to know how did he manage the funds at the initial stage of the project?

**(Interviewee)** Mr. Satish revealed, "Initially, we were very stingy on our expenses. We hardly had any overheads, one small office, not charging anything to the company; the peasants with tractors were shifting the soil. We were doing everything ourselves. We were working to convince second generation peasants to join in this project. We trained second generation peasant in different activities. All those in the 18-30 year age group used to gather in this office every Sunday and discussed what each of them could do. Some wanted to do landscaping, some else road building, electrical and AC fitting, some were interested in fabrication and hardware and so on. We also gave them an aptitude test to see who is good at what. When we started doing the actual work"

**(Interviewer)** Then I was fascinated to know the involvement of the peasant in the township development?

**(Interviewee)** Mr. Satish said, "When we started doing the actual work, the peasant who moved soil with his tractor was getting ₹750 per day. As a peasant, he had never made that kind of money. We saw to it that somebody from each family was involved in the construction related work and made money from the project continuously. Mind you, not as an employee but as a businessman. After all, he was the owner of a piece of land and although he was now an owner shareholder, he did not work for the company as an employee."

**(Interviewer)** Then how did peasants get income from their farm?



**(Interviewee)**Mr.Satish continued, "Initially, I gave share proportionate to the number of peasants involved. We had a system, where 30% of the sale proceeds was treated as the land cost. The higher the selling price, the greater is the embedded value of the sale. I told them if we sell land, we will get ₹80 a square foot. When we were ready to sell, the apartment value in the surrounding area was ₹600 per square feet. We started selling ₹ 1000 square feet of which, the land owner was getting ₹300 per square feet.'

"Apart from selling the residential apartments, leasing out space to IT companies generates a major chunk of revenue. We have purposely not sold the space to these companies. Additional money came from the cable broadband network. We operated, rented out playground to IT companies and for the shooting of films and advertisements," Mr Satish said.

"We ensured that whatever money we generate in Magarpatta is pumped back into the city SEZ. We have an ancestral bond with this land. Along with this, we issued 300 contracts annually to these peasants. We ensured that that each family would get two contracts. This gave them more profit to become entrepreneurs," he added.

**(Interviewer)**At this point, I wanted to know, what are the best things that resulted from the project?

**(Interviewee)**Mr Satish said, "First is the creation of first generation and second generation to serve as entrepreneurs. Secondly, creating of Cyber City, Information Technology SEZ which are assets for the land owners. Then, we created the idea of 'property for property'. The land was valued at ₹400 crore. When we started, we said we will create property worth ₹400 crore to start with, which will fetch much higher returns than what the farm is yielding. That is why Cyber City and SEZ were not sold and are kept within the company. After the SEZ Act 2005, we turn in the IT, Electronics and Hardware SEZ. In this project, we developed SEZ over 12 hectare of land. It gave us steady stream of revenues. One of the biggest achievements of the whole scheme is the creation of a whole generation of entrepreneurs who are no longer dependent on the land."

"We have our own subsidiary company to run broadband, cable TV, the transport system, the food supply company as well as landscaping. A person who owned an acre of land stayed inside the complex, started interacting with the neighbours, their children went to an excellent school and college. Of the 280 landholders who run some business or the other, 200 are under tax audit. That means they have an income of at least ₹40 lakhs a year. Together, they are paying ₹10-12 crore of taxes every year. I think, this has been best outcome of our project." Mr Satish added.

**(Interviewer)** I was curious to know. But how did others react to this model?

**(Interviewee)** Mr. Satish replied, "Many did not believe in it. One banker told me that this is impossible. How can peasants come together and execute a 400 acre project? None of the advertising agencies from Pune wanted our work; they probably felt we would not be able to pay them. So, I contacted a college friend who had gone on to IIM, Ahmadabad and had set up an advertising agency in Hyderabad to do my logo and related things."

**(Interviewer)** What is the response that you get from the native community?

**(Interviewee)** Mr. Satish reacts, "Well, when something is successful, everything falls in place. I guess they (shareholder) listened to me, because I have not failed. It is also clearly understood that the company was like one family, respecting each other. Now, I am the head of this family and have the responsibility to look after the beneficiaries and the involved shareholders. They also know that any company from outside may give them preference, but not priority."

**(Interviewer)** What are your thoughts on the recent policy on the Special Economic Zone?

**(Interviewee)** On which, Mr Satish said, "SEZ is good in some way, but it also hampers social power for poor classes in general and peasants in particular. I didn't oppose the SEZ if it planned in an inclusive way. The regulator of SEZ must keep liberal views to operate the SEZ."

**(Interviewer)** How do he look at the peasant's opposition to SEZ and development projects ?

**(Interviewee)**Mr. Satish said, "People's mindset towards peasants must change and peasants should not be turned into beggars, but should be made a part of the special economic zone. Rather than offering them monetary compensation, why not make them shareholders in SEZ? Famous companies have millions of shareholders across the world, but they are not ready to offer even a few shares to the peasants from whom they the acquired land."

**(Interviewer)** Is the peasant community (shareholder) is unhappy with your performance? Then how does one resolve this dissent?

**(Interviewee)** Mr. Satish clarified, "Our Company is listed under the Company Act 1956, and not under the Cooperative Societies Act. Peasants are shareholders on equity basis. In case, someone is unhappy with the company or its returns, he or she can sell their shares."

**(Interviewer)** What are the priorities of agricultural labourers in Magarpatta City SEZ?

**(Interviewee)**He said, "The agricultural labourer after Magarpatta City SEZ is included in a much harmonised way. For them, we organise different training programmes to enhance their skills required to place them in the Magarpatta City SEZ. Our priority is their children's education. All agricultural labourers are working at different wings at Magarpatta City SEZ and earn better than what they experienced earlier."

**(Interviewer)** What are his future plans? I heard he is replicating this model to other places.

**(Interviewee)**Mr. Satish said, "Yes, we are trying to replicate this model in two places. In those projects, Magarpatta Company will take a 51% stake and 49% will be held by those landowners in proportion to their landholding. Plus they get a share of the revenue. The big attraction of course is that they have a chance to transform their lives, now the word of Magarpatta has spread everywhere. Peasants now make a tentative plan, take a form from us in which

all the family details and landholdings are filled in, create a whole file and say here are 150 acres, make a township for us!"

**(Interviewer)** My last question to Mr Satish Magar was, how according to him, Magarpatta City and SEZ have contributed to social change?

**(Interviewee)** Satish answered, "It is true, this is the way of holistic social development and we have proved it. Most of the developers want rights on the purchase of land; they do not talk of sharing. I believe that we if we are doing a successful business, it is the model that is working. Our township has acted as agent of social change through a policy of inclusion."

Thus, the interview of Mr. Satish Magar and the researcher's observations suggest that the following causes and conditions are primarily responsible for a journey from Magarpatta farm to Magarpatta city SEZ.

- A) The growing pace and pressure of urbanisation in and around Pune City;
- B) Urbanisation and industrialization fastened the acquisition of agriculture land of real estate;
- C) That the period was one of severe agrarian crises in Maharashtra;
- D) In 1982, the draft development plan declared Magarpatta area as 'Future Urbanised Zone';
- E) There was a fear that the government could have simply acquired the land under the Urban Land Ceiling Act;
- F) Relatively, there was a high level of fear among the big share of landholders like Mr. Satish Magar;
- G) The consensus to save the ancestral land for future generation at any cost;
- H) Importantly trust on community leadership, who assured social and financial security and sustainability for other members of the Magar group ;
- I) Comparatively, there was no better alternative among the other land owners than the model suggested by Mr. Satish Magar;
- J) The political role had been one of the most vital factors especially the direction and strategic foresight of Mr. Sharad Pawar, the then Chief Minister of Maharashtra played a crucial role in the making of Magarpatta City SEZ;

K) Finally, the use of astonishing social-political capital and skillfulness by the community leader Mr. Satish Magar at every stage made this model a reality.

Against this background, it may be argued that a community without leadership may not be equipped to mobilize resources or influence community based development projects like Magarpatta City SEZ (See Williams; 1989:35, Israel and Beaulieu;1990:12, Ugboh;2007:12, Zaharah and Abu; 2008:46, Ozor and Nwankwo; 2008:19). Local communities according to Aref and Ma'rof (2009:22) cannot proceed successfully without having dynamic leaders, who are willing to take initiatives.

Classical Sociologist Max Weber is known for ascribing the religious radicalism (as investigated in Protestantism) to the economic advancement. Weber revealed certain value elements, which were favorable to the development of economic spirit i.e. rational labour in calling, ethical maxims (e.g. time is money, credit is money and the like). In case of Mr.Satish Magar, who got inspiration from Sant Tukaram (One of the greatest radical social reformers of Maharashtra), who advised the downtrodden '*not to depend on others for own survival.*' With this spirit without depending on any other developers, Mr.Satish developed the concept of "Peasants direct investment" (FDI) to form his dream project.

Furthermore, Hagen<sup>14</sup> (1967) also proposed the elements of 'information from outside and leader from inside' as necessary for rapid social and economic changes'. As far as the element of information is concerned, Mr. Satish Magar has undertaken study tours at Silicon Valley in USA and consulted world renowned architects, designers, financiers, marketing experts, lawyers and top bureaucrats' from whom he got guidance on some of the crucial issues and motivation, and that enormously helped him to coin the idea of Magarpatta City SEZ. This kind of leadership by Mr.satish Magar would be, what Hagen would have termed 'the quality of creativity'<sup>7</sup>.

### **3.12 Summary**

So far, this chapter revealed fundamental features responsible for the formation of Magarpatta City SEZ, which shows that the growing pressure

of urbanisation in Indian modern cities has created a threat for small communities, who are living in the fringe areas. However, there are rare examples like the Magar community, who come together and form an alternative model of development, which is inclusive and participatory. Therefore, the challenge for others is to change their culture to make their models more inclusive and competitive.

If we see the journey of SEZ in India, it reflects lot of conflicts, public agitations and movements. In this context, the next chapter would create more curiosity, because the Magarpatta City SEZ model is somewhat different and unique than the other SEZs in India.

#### Notes:

1. This is word file entitled “Magarpatta City- An Integrated Township Oriented Towards Inclusive Planning” is available at [https://www.google.co.in/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&cad=rja&ved=0CCcQFjAA&url=http%3A%2F%2Fwww.architecturelive.in%2Fproject\\_content%2Fcd24008ebc31a62450782e601b149074%2Ftext\\_files%2F6a26f52d7987e9ba4d3799387332a883.docx%3FTB\\_iframe%3Dtrue%26height%3D450%26width%3D700&ei=fi7zUpjQOM6FrAfh-oGYBw&usg=AFQjCNFzz2P-x4s-qcW8bcySOEVfseQzzg&sig2=LtZVw3PwMaGpuZnm6qvA9A&bvm=bv.60983673,d.bmk](https://www.google.co.in/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&cad=rja&ved=0CCcQFjAA&url=http%3A%2F%2Fwww.architecturelive.in%2Fproject_content%2Fcd24008ebc31a62450782e601b149074%2Ftext_files%2F6a26f52d7987e9ba4d3799387332a883.docx%3FTB_iframe%3Dtrue%26height%3D450%26width%3D700&ei=fi7zUpjQOM6FrAfh-oGYBw&usg=AFQjCNFzz2P-x4s-qcW8bcySOEVfseQzzg&sig2=LtZVw3PwMaGpuZnm6qvA9A&bvm=bv.60983673,d.bmk)  
retrieved on 2<sup>nd</sup> January, 2014.
2. Mr. Aniruddh Deshpande is the pioneer of Class of Housing structure in Pune. He built several townships in Pune.
3. After opposition from the affected peasants, the Pune Municipal Corporation allocates this area as agriculture zone through proposed urban plan in the year 1987.
4. Urban Land Ceiling Act provides the imposition of a ceiling on vacant land in urban agglomerations, for the acquisition of such land in excess of the ceiling limit, to regulate the construction of buildings on such land and for matters connected therewith, with a view to preventing the concentration of urban land in the hands of a few persons and speculation and profiteering therein and with a view to bringing about an equitable distribution of land in urban agglomerations to sub serve the common good.
5. Late Mr. Annasaheb Magar was a powerful political leader in Pune. He belonged to the Indira Congress party and successively won parliament

elections three times. Mr. Annasaheb Magar founded the Pimpri-Chinchwad Municipal Corporation and MIDC.

6. The Joint Development Agreement (JDA) is signed in between the land holder native peasants and Magarpatta City Township and Construction Company Ltd(MTDCC). JDA gives authority of MTDCC to obtain the permission, approval, launching, marketing as well as look the financial and administrative duties for new township
7. SPV also referred to as a "bankruptcy-remote entity" whose operations are limited to the acquisition and financing of specific assets. The SPV is usually a subsidiary company with an asset/liability structure and legal status that makes its obligations secure, even if the parent company goes bankrupt. A subsidiary corporation designed to serve as a counterparty for swaps and other credit sensitive derivative instruments. Also called a "derivatives product company." (SPV is also called as Special purpose entity may be owned by one or more other entities and certain jurisdictions may require ownership by certain parties in specific percentages.)
8. In San Jose-Clara daily 10,000 employees have 'Walk-to-Work'. They are the residents of this famous IT park and enjoy all the moments.
9. It is well observed that, BJP and Shiv-Sena political parties oppose the major decisions of their counter political parties namely Congress and Nationalist Congress Party (NCP). However, it is doubtful that, there was the political support to Magarpatta City by Mr. Sharad Pawar who is the President of NCP.
10. Reference from 'Bajra to Bytes' a small story on Magarpatta City is published in the Business World on Oct. 2003 issue.
11. Shard Pawar appeal during visit to the Maan for the participatory approach for Magapatta City SEZ (for details see [http://www.google.co.in/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&ved=0CCkQFjAA&url=http%3A%2F%2Ftimesofindia.indiatimes.com%2Fcity%2Fpune%2FDevelop-Maan-village-like-Magarpatta%2Farticleshows%2F24271297.cms&ei=O2UxU5O9MMuprAf b-oDYCw&usg=AFQjCNEYvy782hokW\\_QQ1PelxY7\\_v1pqww&sig2=P5TS4OqqqKdv5tAJprOsDA&bvm=bv.63587204,d.bmk](http://www.google.co.in/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&ved=0CCkQFjAA&url=http%3A%2F%2Ftimesofindia.indiatimes.com%2Fcity%2Fpune%2FDevelop-Maan-village-like-Magarpatta%2Farticleshows%2F24271297.cms&ei=O2UxU5O9MMuprAf b-oDYCw&usg=AFQjCNEYvy782hokW_QQ1PelxY7_v1pqww&sig2=P5TS4OqqqKdv5tAJprOsDA&bvm=bv.63587204,d.bmk) retrieve on 21<sup>st</sup> April, 2014)
12. The Brahmasthal, a space central to any premises is the most calm and cosmically connected place. The Brahmasthal is the heart the house, and it should always be left open and free of obstructing objects. It is also best, if this portion is open to the sky so that premises have a benefit of space element according to Vastu shastra.
13. Rutuchakra is the Eternal Time Wheel of Nature.

14. Hagen (1967) enlisted the major qualities of creativity such as openness to experience, creative imagination, confidence in one's own judgments, satisfaction in facing and attacking problems, a sense of duty to achieve, intelligence, energy and constant effort.

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## CHAPTER –IV

### UNIQUE FEATURES OF MAGARPATTA CITY SEZ

#### 4.1 Introduction

We have seen in the earlier chapters that Special Economic Zones in India were shrouded with many tribulations. SEZ policy in this nation raises serious problems like forceful land acquisition and eviction of previous users, inadequate compensation and rehabilitation, loss of revenue, violation of Indian Acts, environmental concerns and so on. However, an initiative like the Magarpatta City SEZ has brought up new hopes in this depressing scenario. The Magarpatta City SEZ is governed by the native peasant for the native peasant. This project provides possible alternative answers to the challenges posed by SEZ's such as land acquisition and eviction of affected people. The present chapter exclusively tries to explore the features that made the Magarpatta City SEZ one of the unique projects in India. In this chapter, the word unique is related to those aspects related to the SEZ which have not identical to others.

#### 4.2 Magarpatta City SEZ: Farmer's Direct Investment (FDI)

“What is now called the Magarpatta City SEZ grew out of a dream, an idea. The idea came from a strong feeling amongst those of us who lived in this region to preserve our lands that were on the verge of being acquired either by the government or by the local developers. So, Magarpatta City SEZ was the outcome of farmers, who came together and planned to do something different with their inheritance. We called as FDI (Farmer's Direct Investment)”

- Mr. Satish Magar, Chairman and Managing Director, Magarpatta Township Development and Construction Company Limited (MTDCCL).

SEZs can be established on any land, including privately procured or in the open market. However, it has been difficult for companies to procure the large, contiguous areas of land they require, particularly in the areas of their choice with sufficient infrastructure and access to urban areas, as well as at attractive prices.

Hence, the government authorities have taken it upon themselves to behave as the “property agent” for the companies. The Land Acquisition Act of 1894 has provided the legal basis for acquiring land for SEZs in particular (See Rawat, Bhushan and Surepally; 2011:3).

The Magarpatta City SEZ model is an innovative land-pooling mechanism that made the original landowners the primary stakeholders in the development company, rather than the traditional outright purchase method adopted by most third party developers. The entire development thus became extremely participatory, from decision making, policy development, and actual execution. The landowners remained attached to their land, and upgraded their lives and standards through a continuous profit model. Most landowners shifted from being farmers to entrepreneurs. The term ‘FDI’ thus gathered a new meaning, from “Foreign Direct Investment”, to “*Farmers’ Direct Investment*” (See ICC; 2011:5). Therefore, certainly this feature itself has a unique identity, where insiders have become primary stakeholders that avoid issues like mass resistance and movements against land-pooling, which are common features in the case of other SEZ’s.

#### **4.3 Sustainable economic benefits to shareholders**

Magarpatta City SEZ presents a positive example of socio-economic sustainability, in which the original landowners were not dispossessed as in other cases of urbanization of other rural areas. Rather, the farmers still own parts of the land (as the commercial buildings are rented out) and most importantly, are the 100% shareholders of the company which runs the township. Continuous financial gains are thus guaranteed. (See Sustainable Habitat in India; 2011:12). The Magarpatta City SEZ annually distributed approximately ₹23 crores as dividends to shareholders (See ICC; 2011:4).

The first IT Park ‘Cyber City Magarpatta’ which became operational in 2003 and created assets for the landowners. Unlike in the case of the residential accommodation, these office buildings have been leased out to various corporate houses, which have resulted in a steady stream of revenues and the lease rent received, is later distributed in the form of dividends among the land owners. Other activities of these farmer-promoters include services like the broad band, cable television, transportation system and food supply, which has enabled the

Magarpatta City SEZ to create a whole new generation of entrepreneurs. Magar is very emphatic, when he claims that the quality of the services is par excellence.

The entire IT Park is owned by the company and not sold, but leased. This idea was to create a perpetual source of income for the farmers. Even after the entire land money has been recovered, there should be some asset from where they can receive an income. Magarpatta City SEZ is also earning regular revenues on account of it being used as a backdrop for many Indian movies and television commercials.

In 2011, MTDCCL employed more than 600 engineers in the company. In addition to the goodwill that it had generated among the landowners, MTDCCL had become a project execution company with lots of equipment and capital assets. 'What started in the year 1993 to protect their own land and get maximum returns, had now taken a giant leap', claims Mr. Satish Magar. (See Shulka and Laghate; 2012:49).

In nutshell, the farmer, who promoted the Magarpatta City SEZ have not only earned their prices for their land, but they have also earning regular dividend income from their shareholding, rentals, employment generated by MTDCCL and also from various work contracts.

#### **4.4 Equity in the distribution of benefits**

Magarpatta City SEZ is a unique example of the partnership of the farmer (See Shukla and Laghate; 2012:53). Farmers technically given their land to the MTDCCL, but they still continue to be part the Magarpatta City SEZ on account of the share they hold. Each share is held equivalent to 1m<sup>2</sup> of land and the book value of each share was decided to ₹100. This business strategy of the company has ensured that a farmer with 1 acre of land holding today earns a dividend of ₹ 1.5 to 1.6 million per year (See Nair; 2010:33); the participating farmers were also encouraged to buy assets such as residential property, shops in the Magarpatta City SEZ. Equal benefits were also distributed to holding the contracts in the Magarpatta City SEZ. Shareholders of the company are encouraged to bid and undertake contracts for supplying raw material for construction and maintenance work, labour contracts, vending contracts, landscaping and beautification contracts, security contracts and so on. During the last few years, over 300 contracts have

been awarded for various types of development activities. On an average, each shareholder gets two contracts (See Indian Brand Equity Foundation; 2004:6).

**Table No.4.1: Comparison of Magarpatta City SEZ with other SEZ's in India**

Sr. No.	Key features	Other SEZs in India	Magarpatta City SEZ
1	Land Acquisition Process	<ul style="list-style-type: none"> <li>➤ Land acquisition is done by the respective state government.</li> <li>➤ Forceful land acquisition using police force.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Involvement of farmer: willingness to give their land to MTDCC for developing their own Magarpatta City SEZ.</li> <li>➤ No forceful land acquisition and use of police force.</li> </ul>
2	Compensation to evicted people	<ul style="list-style-type: none"> <li>➤ Very less compensation as compared to market value</li> <li>➤ Compensation is given as per the norms of Land Acquisition Act 1894.</li> </ul>	<ul style="list-style-type: none"> <li>➤ No such compensation to the affected native peasant, who gave their land for this SEZ. (There is no question of one time compensation)</li> <li>➤ Magarpatta City SEZ gave equal shares proportional to land holders which helps for sustainability.</li> </ul>
3	Rehabilitation of evicted people	<ul style="list-style-type: none"> <li>➤ Government and SEZ owners did not take any responsibility to rehabilitate the affected people because land is acquired for public purpose as per the Land Acquisition Act 1894.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Every native peasant got parcel of land for house or flat within the Magarpatta City SEZ based on their land.</li> <li>➤ Big landholding peasants got land and they build bungalow, whereas small landholding peasant got 3BHK flats in their apartment.</li> </ul>
4	Monetary benefits to affected people	<ul style="list-style-type: none"> <li>➤ One time monetary benefits i.e. compensation to the affected people given by SEZ developer through respective state government.</li> </ul>	<ul style="list-style-type: none"> <li>➤ In case of Magarpatta City SEZ, peasant doesn't get direct monetary benefits. But, this model gives them sustainable source of income from the dividends on share, each share holder benefitted with contract and entrepreneurship activities.</li> </ul>
5	Involvement of affected people in the SEZ	<ul style="list-style-type: none"> <li>➤ No direct and indirect involvement of affected people in any SEZ.</li> </ul>	<ul style="list-style-type: none"> <li>➤ This SEZ is owned by the native peasant. Magarpatta City SEZ itself called as Farmers' Direct Investment. (FDI)</li> </ul>
6	Do the affected people get jobs, contracts and shares in SEZ?	<ul style="list-style-type: none"> <li>➤ None of the SEZ in India provide jobs, contracts and shares to the affected</li> </ul>	<ul style="list-style-type: none"> <li>➤ Magarpatta City SEZ is model for development of native poor peasant</li> </ul>

		people. However, there are examples, where the affected people started their own business after getting their financial shares only outside the concerned SEZ's(Mundra Port SEZ Gujrat)	community. Therefore, they offershare proportional to land holding as well <i>in house contract and jobs</i> to the involved peasant.
7	Providing jobs to agricultural laborers' in the SEZ	➤ SEZ directly does not give any jobs to the laborers, who previously worked in the farms.	➤ Management of Magarpatta City SEZ took care of their laborers' to secure guaranteed jobs on different positions.
7	Propriety to give contracts to the evicted people	➤ No provisions to offer any contracts to the evicted people.	➤ Magarpatta City SEZ gave more than 300 different contracts only to those peasants who gave their land to SEZ.
8	Sustainable income source after losing land for SEZ	➤ No other sustainable income source except only one time monetary benefits.	➤ Assurance for sustainable income source to the native peasant from the dividends, contracts and entrepreneurship activities.
9	Ecological preservation	➤ Ecological preservation is not visualized in other SEZ's.	➤ Magarpatta City SEZ is a model of ecological conservation.

#### 4.5 Magarpatta City SEZ: Answer for land acquisition

Land acquisition is one of the most crucial aspects of SEZ's. Long before the nation woke up to the violent protests against 'forced' land acquisitions for Special Economic Zones (SEZs), a small group of farmers on the fringes of Pune saw the writing on the wall and decided to act before the process of globalisation and development swallowed up their ancestral farms (See Ganguly; 2010:1).

The land they tilled has been under the Pune municipal jurisdiction since 1960, though it was still an agricultural zone. But in 1982, the Pune Municipal Corporation marked it as a 'future urbanisable zone' in its draft development plan, which meant that the government could easily acquire the land under the Urban Land Ceiling Act.

The example of Magarpatta City SEZ shows the possibility of the implantation of an original land consolidation model in India. It is remarkable because, it made the community's wish for an alternative to forced land acquisition a reality. It was operated with the participation of landowners, and even though

they did not originate from urban backgrounds, they were able to adapt to the evolution of their environment (See Chiravalli N.; 2012:54).

#### **4.6 Ownership on the land**

At the time of creation of MTDCC, both preference shares and ordinary equity shares were issued. The preference shares were redeemable after a specific term and their repayment thus led to the end right of shareholder over the land. On the other hand, ordinary equity shares ensure permanent right of shareholder in the company and over land. The most important and unique feature of this model is that the land have remained in the name of the contributing farmer and his family. This has resulted in safeguarding the ownership of the farmer over the land (See Sustainable Habitat in India, 2011:11, Nair; 2010:35, Shukla and Laghate; 2012:54).

#### **4.7 Native farmer become entrepreneur through their own SEZ**

In Magarpatta City SEZ, the original land-owners have found new occupations in meeting the assorted requirements of the township they have built. The families of the farmers have also managed to move beyond agriculture and into other occupations. Several spin-off subsidiary businesses have emerged such as local companies providing cable TV and broadband Internet, catering and food supply, laundry, landscaping and a local transport system. About 70% of the families are now under tax audits, earning a minimum of ₹ 40 lakh (approximately USD 85,000) a year and paying a total of about ₹ 10-12 crores in taxes as a community (See Dalal; 2008:4).

The peasants of the Magarpatta City SEZ have been full partners in growth. The money from the land was used only for asset creation, then by creating a safety net for the next generations. The peasants use a part of their funds to invest in the land to buy flats and shops in the township. Over 250 entrepreneurs have emerged from the Magar community in non-agricultural ventures. This is possible after training and guidance of Magarpatta Township Development and Construction Company (See Gupta, Dalal, Basu, Joseph; 2012:8). These first generation entrepreneurs account for a gross annual turnover in the range of ₹ 150-200 crore. The business strategy of the company has ensured that a peasant who

had one acre of land at the time of its formation today earns a dividend of about ₹ 15-16 lakh per year.

#### **4.8 Model of Gated Community**

Gated communities and enclaves have been welcomed for reducing the burden on city corporations and the police by being self-sufficient. They also represent an opportunity for planned development that can provide ecologically sustainable living spaces (See <http://fountainink.in/?p=1122>). Magarpatta City SEZ is unique, because all its amenities are surrounded inside the wall and the gated community is an urban model (See Apurva; 2008:42).

#### **4.9 Green Hierarchy**

At the city level, there are distinct hierarchies of usage patterns of green spaces. They vary from more passive roadside plantations that give green cover to pedestrians and enhance the beauty of the road, to cosy tot-lots, which have sheltered children play areas, to sector level play areas for older children and young adults, to open areas for social assembly and merriment for sector citizens, to a larger city level urban park for all the citizens to access, enjoy and rejuvenate themselves. Magarpatta City SEZ maintains and respects this hierarchy; so every citizen has easy access to surrounding greenery and responsive landscaping, that is actually used and appreciated (and hence it is well maintained). Every residential sector has buildings at the periphery overlooking a centralised open space, in an obvious abstraction of the traditional courtyard planning, thus bringing back the trees and lush landscaping in progressively urban lives, enhancing health and well-being. All parks are open for public uses (See Nair;2010:33).

#### **4.10 Road Hierarchy for Reducing Vehicle-Pedestrian Conflict**

Magarpatta City SEZ has a large network of roads (75 Kms.) that facilitate vehicular movement in a planned hierarchical manner and segregated pedestrian movement corridors alongside the carriageways. Special design emphasis is laid on the design and detailing of the pedestrian corridors and footpaths. Shaded and beautiful landscaping is meant to entice citizens into rediscovering the joys of walking to nearby places. Well designed urban signage's facilitate way finding at

the city level. At stipulated activity areas, there are seating zones near pedestrian corridors, for resting and pausing to enjoy the surrounding city life. Junctions are well treated with traffic calming systems to ensure intercity vehicular traffic, which is wary of the pedestrian priority aspect of Magarpatta City SEZ's planning. Visual corridors are pre-planned to ensure high visibility during turning, thus ensuring better predictability on incoming pedestrian / vehicular traffic, and thus reducing the possibility of conflict.

#### **4.11 Walk-to-Work / Walk-to-School and College**

Under the enthusiastic and focused leadership of Mr. Satish Magar, whose passion for this enterprise emerged and remained strong, the project got underway. Since the whole concept of the township was new and strange to some, there was no precedence upon which the farmers could fall back upon. The farmers had absolutely no requisite educational qualifications or skill sets to equip themselves for decisions like the capital structure, operations or even day-to-day management. Magar met Hafeez Contractor, a well-known architect in Mumbai who consented to take up the project. Along with few others he visited residential localities in San Jose and Santa Clara in the U.S.A., which had the concept of '*Walk-to work*' and he was convinced with the idea of having a plan with open spaces and the areas reserved for schools and utilities.

As an inclusive development, all city level amenities and features were integrated into the planning, in a manner, such that all these facilities became easily accessible and easily walkable. This forms a crucial planning parameter to Magarpatta City's success. It is a known fact that more than 90% of the daily trips made from home are for work and for school / colleges. If these trips can be made unnecessary, then precious time and energy is saved for each family, resulting in greater amount of valuable time at home, with family and loved ones. The planning of Magarpatta City has been done in such a manner. Offices are at most ten minutes walking distance away from any residential sector. Magarpatta City Public School and Magarpatta City College are placed a couple of minutes away from their residence, so that the students can walk or cycle from their home in a safe and secure pedestrian priority walkway.. Great emphasis has been laid on the design of these roadside pedestrian walkways, keeping various aspects of Universal Design integrated in the engineering of the footpaths. This ensures better



and more effective use of footpaths in the Magarpatta City SEZ, which would be comfortable for the young, old, able and disabled (See Magarpatta City Update;2012:4).

#### **4.12 Access to economic facilities**

As an integrated township, Magarpatta City strived to move away from the traditional and outdated planning model of just making residences without developing work centres nearby. Magarpatta City purposefully did not want to follow the unsustainable American vision of Suburbia, where isolated fringe residential colonies housed workers, who travelled great distances to access their Central Business Districts (CBDs), resulting in wastage of time, fuel and reduction in quality of family life. Magarpatta City developed around 6 Million Sq.Ft of commercial offices, banking on the IT boom of the last decade, to create a new city level business destination, for which surrounding residential development became both a sustainable proposition, and a comfortable liveability feature based on the tried-and -tested Live-Work-Play-Learn doctrine.

#### **4.13 Integrated Amenities**

All mandatory and necessary social and physical infrastructures are integrated in planning to ensure that the township is self-sufficient and intrinsic. These include:

- School and College
- Multi-Specialty Hospital (Nobel Hospital owned by Magarpatta City SEZ)
- Workplaces (IT Offices, Professional Offices, SEZ)
- Shopping Centres
- Restaurants
- Banks / ATMs
- Gymkhana / Sports Facility
- Cultural Assembly Space
- Security Checkpoints
- City-level Public Parks
- Auto Stands / Bus Stands / Transit Interchange Points
- Greenery and Garden

#### **4.14 Noble Hospital initiative by Magarpatta City SEZ**

The Noble Hospital is a multi-specialty, multi-disciplinary, state of the art 250 bed, situated on the Pune-Solapur Highway at Hadapsar over 1.75 acres of land developed by Magarpatta City SEZ. The aim of the hospital is to provide the best of tertiary services in medical facilities not only to Magarpatta citizens, but also to the neighboring population and every section of the society. It provides rural care, family planning programme at an affordable cost. This hospital spreads over ground plus six floors totaling over 1,80,000 square feet and has over 32 departments looked after by more than 70 medical consultants and headed by Dr. Dilip Mane. The Noble Hospital provides treatment for all types of ailments and diseases. The staff patient ratio is 3:1, who are well trained and qualified and has strong social commitment for people from rural areas.

A 64 bed I.C.U. complex for all age groups with a centralized oxygen supply, will be handled by the dedicated medical and paramedical staff round the clock. The unit is capable of handling all types of critical illness; heart attacks, poly trauma, poisoning, paralytic stroke, snake bites and multiple organ failure due to various reasons, which require a high level of organ support. The Brain Lab Navigation system is Pune's first of its kind here. This hospital has computer assisted surgery, which significantly increases precision, with minimally invasive surgery, decreases blood loss with fewer complications. The Noble hospital has insurance tie up with all leading insurance companies. The hospital has its own Noble Health Care for a comprehensive family cover. Concessional health care for physical challenged and senior citizens, periodic rehabilitation programmes, free check-ups and regular follow ups of children who are handicapped and mentally retarded will be conducted (See Magarpatta City Update;2010:12).

The Pathology laboratory collects blood samples from door step, but also delivers reports within a specified time. They also have a 24 hour neuro surgery, angiography and angioplasty cases. The most idolising thing in the hospital is corporate OPD, which is dedicated to the IT professionals, working class and corporate personnel in order to keep 'the man behind the machine' healthy. The health check up of corporate personnel, which attends to simple problems like physioaches, mental stress, organ diseases, disorders and psychological problems due to various types of work environment, work

pressure, stress and strain is conducted . The smoking cessation clinic, open at Noble Hospital takes care of smoking related illnesses and mentoring smoking people with medicine and meditation.

About 2000 people visit here for care and treatment daily. The occupancy rate is 90% and above. The Noble Hospital has conducted basic health checkups in many corporate schools. Diabetes and obesity check-up scheme for individuals, free health check-up of rickshaw drivers, construction workers and weaker sections are also conducted. Noble Hospital offers academic services like Post graduate diploma in Emergency Medical Services (PGDEMS) and Post Graduate Diploma in Hospital and Healthcare Management (PGDHHM).

#### **4.15 Walk-to-Recreation: A Healthy practice of Magarpatta City SEZ**

In 2006, walk to recreation theme came in full bloom at Magarpatta City SEZ. Magarpatta City SEZ, has a fully equipped gymkhana, playground, *Nandbal* tennis academy, basketball court, Olympic size swimming pool, Squash court, yoga, aerobics, volleyball and Skating rinks. The gymkhana is managed by ABS Sport Club run by Abhimanyu Sabale. When asked to Abhimanyu Sabale, whether these facilities are used by Magarpatta residents he replied that, facilities can be planned and executed well, but they can only survive if they are used and here. Magarpatta Citizens use all these facilities in all seasons; 95% residents are members of health clubs and 90% attend gymnasiums regularly (See Apurva; 2006:54)

The Nandbal tennis academy has 25,000 square feet ground with six courts. The Gymkhana has a cardio section, tread mills, cross trainers, strength training and free weight area. Some machines are purchased from USA. The gymkhana is run by certified fitness trainers, who impart knowledge and fitness training along with one to one training by specialists and are counseled by nutritionists. A Disco Jockey (DJ) with a complete console plays nonstop music to entertain the citizens.

Within the Olympic size swimming pool, a kid's pool is situated. The kid's swimming pool, available for Magarpatta City school students is to encourage all round individual development and to inculcate healthy habits at a young age. Other features are well demarcated at Magarpatta City SEZ like kid's studio, juice bar, group exercise studio, yoga studio, library, pool side cafe, Impression hair and

beauty saloon, pro-shop, squash court, aerobics studio, spinning studio, specialized weight loss studio, soccer field, physio-clinic and independent consulting rooms provide a complete solution for a healthy living.

Deccan Harvest, a multi-cuisine hotel situated here, provides catering and hospitality services to the citizens. Magarpatta Clubs and Resort has been launched under the aegis of Magarpatta City SEZ. Magarpatta Clubs and Resorts have also talked with various hotels chains for the Management of four star property schedule to open within a new township. 'There are also plans to develop budget hotels in and around the area of Magarpatta City SEZ', said Mr. Umesh Magar, Director of Projects of Magarpatta City SEZ.

#### **4.15 Ecological Modernisation: A way towards Eco-friendly practices by Magarpatta City SEZ**

In the 1980's in the western world, the emergence of ecological modernisation in the environmental policy making scenario, the idea of prevention of pollution was integrated into the environmental administrative policy making scheme (Raghavan;2010:324). This was done to avoid looking for solutions after the problem occurred. The Ecological Modernisation concept represents the active participation of actors in the process of environmental policymaking and it involves the merging of these policies into the economic decision making process as well (Hajer, 1995:24). The concept of Ecological Modernisation originated from the works of Huber and Janicke (1982:6). They are considered the founding fathers of Ecological Modernisation approach (Spaargaren;2000:73, Langhelle;2000:76). Ecological Modernisation as a concept, consisted of some essential themes according to Mol and Sonnenfeld (2000:6). They are as:

- a) The news that science and technology offers in preventing environmental problems, initially being looked at from the perspective of damaging the environment, could now be seen in a different role, in that they were seen as a means in helping cure the environmental crisis.
- b) Dynamics of the market and actors like producers, consumers, environmental organizations etc, were seen as media in bringing about ecological restructuring.
- d) Restructuring the society for environmental decision-making process.
- e) Regarding the environment and economy as different entities was no longer valid.

(In other words, disregard for the environment and separating the economy and environment as two different entities called for change. Ecological Modernisation revolved around these core presumptions.)

f) At the end of the 1980s, and in the 1990s, the UK and the EU, began to be viewed as a technological solution to the environmental problems caused by urbanisation. There could be laws to regulate it as a part of regular economic trade. This development came later in India, which reacted, to the growing urbanisation in the West in the 1990s. It did this by deciding to regulate urbanisation in the year 2000.

Ecological modernization is often used as a synonym for strategic environmental management, industrial ecology, eco-restructuring, and so on (See Hawken; 1993:24, Buttel; 2000:63). Indeed, the core literature on ecological modernization has tended to give primary emphasis to environmental improvements in the private sector, particularly in relation to the manufacturing industry and associated sectors. Social scientists from a variety of theoretical positions (See Schnaiberg et al.; 1998:110, Andersen; 1994:12) now use the notion of Ecological Modernization to private sector behaviors and argue that it simultaneously increases the efficiency and minimizes pollution and waste.

Instead of viewing the modern society as a bane in helping out with the ecological crisis, it is possible to bring about changes within this modern society, that would help in tackling the environmental situation.

In this context, the theory of Ecological Modernisation has potential co-relevance to the Magarpatta City SEZ, which not only introduces environmental protection practices, but also includes this as one of the important objectives in their policy framework. Therefore, this feature could also be considered as one of the unique features of the Magarpatta City SEZ. The following practices illustrate that how Magarpatta City SEZ has been playing an important role in this regard.

**A) Oxygen Zone:** mist fountain in the entrance with very colorful lotus and lillies at the entry of the Magarpatta City SEZ provides a soothing feeling to one and all. This pond accentuates the five key elements of nature along with the concept of *Rutuchakra*<sup>1</sup>, the basis around which the Magarpatta City SEZ is planned. *Rituchakra* is the technique in which flowers, bushes and trees are planted in such a way that city blooms all around year and visual *Vasant*, *Grishma*, *Varsha*, *Shrad*, *Hemant* and *Shishir* become a reality. This concept contributed towards a cooler, more pleasant

and green surrounding (Apurva;2006). A big hoarding titled 'Welcome to Oxygen Zone' (See annexure-III plate1) can be seen the entry point of Magarpatta City SEZ. The message of nature preservation is one of the key components of the Magarpatta City SEZ. 'One of the most important features of this city is that the built-up area is merely 20%. The 15-20% has been left to amenities such as clubs, courts, amphitheatre, stadium, fountains, traffic circles, biomass plants, transformers and 35% to gardens', says Mr. Zuber Shaikh an junior architect and planning firm partner of Magarpatta City SEZ. For every 100 square meter, one tree is to be planted. This is a requirement by the Pune Municipal Corporation, but Magarpatta City SEZ plants one tree for every 50 square meter area. (See Pande;2011;6)

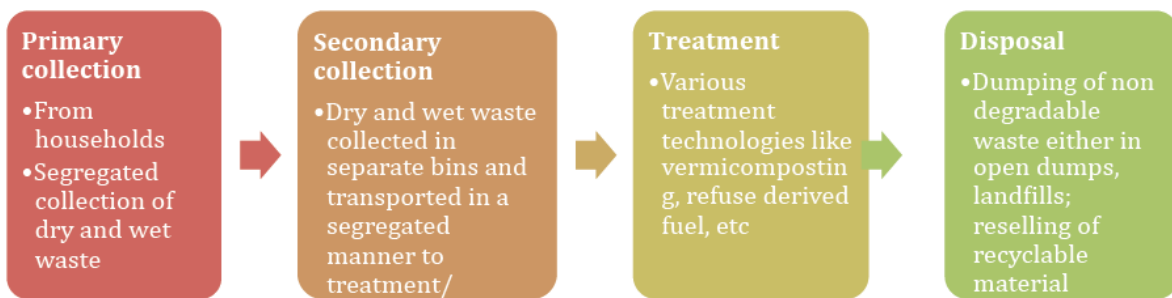
Out of the more than 400 acres of land, 120 acres are allocated for gardens. In the Magarpatta City, lawn are extended over 20 lakh square feet with 32,000 trees and bushes occupied area 1.5 lakh square feet. The well designed Aditi garden recreates the experience of a mini forest. There are another 28 small gardens, which adds to the beauty to Magarpatta City SEZ. One of the most serene and significant location in the Aditi garden is the artificial lake body. This lake effectively recharges and raises the ground water levels around here. In the Aditi garden, the colorful flora and fauna enlighten the mind and so many flowering plant species are selected to maintain the flowering in every season. Some of the plant species are Pink Tabebnea, Yellow Tabebnea, *Amaltaj*, *Gulmohor*, Copper Pod Tree, Pagoda tree etc. Evergreen Bamboo groves are developed to provide a cool shady retreat, even in the hottest summer months. Thus, the Magarpatta City SEZ has appellation of the true 'Oxygen Zone' (See Magarpatta City Update;2011:7).

**B) Eco-Ethics by Magarpatta City SEZ:** Magarpatta City SEZ is laid with a vision of a progressive environmental outlook. This is unique for its pollution free and clean urban environment, where visitors are impressed by the look of the nature conservative practices. The design of the Magarpatta City SEZ is based on five fundamental principles of the human beings. These are *Jal*, *Vayu*, *Pruthvi*, *Agni*, *Akash* (Water, Wind, Earth, Fire and Sky). The five windows on the main entrance gate represent the *Vedic* message for the conservation of nature and environment (See Magarpatta City Update;2011:7).

**C) Garbage collection and disposal:** Every day, the garbage is collected and treated on the SEZ premises and very little waste is sent out to landfills. The waste is segregated and then used for either vermin-composting or fed to the organic waste

converter or the biogas plant for power generation of power. The non-biodegradable waste is disposed safely and reusable scrap is sold. The township sells entire solid garbage to vendors and earns ₹20,000 a week. Mr. Seema Suryakant Bhosale, who runs the Waste Management Centre (WMC) at Magarpatta City SEZ give the details, that daily 15 tonnes of waste is fed into the organic waste converter to make compost. Magarpatta City SEZ produces 3 tones of vermin- compost in a month. A big vermin-compost plant situated behind the residential plots. The vermin-compost and vermin-wash are used in the gardens and the Aditi nursery.

The Eco-friendly practice of segregation of over 400 tonnes of household and commercial garbage, trash and waste per month is done at source of which, 280 tonnes of bio-degradable waste is used for vermin-culture and bio-composting. Over 120 tonnes of non-biodegradable waste is recycled in a way, which is not hazardous to nature, disposed off safely and the re-usable scrap is sold. Residents are encouraged to segregate garbage at source, in two separate garbage bins (wet and dry garbage) (See Friestedt and Sjoval;2006:12, Magarpatta City Update;2013:8)



**Figure No. 4.1 : Sustainable Solid Waste management by Magarpatta City SEZ.**

**D) Bio-Gas Plant:** Magarpatta City SEZ has a two tonnes capacity bio-gas plant, where bio-degradable waste goes through a process and non polluting biogas is generated. The non-polluting biogas is used to generate power to operate a major percentage of the garden pumps. This saves excessive power requirements equivalent to 118 commercial gas cylinders of 19 kilograms capacity per month. Presently, this bio-gas per day generates 80-100 cubic meters gas, which is converted into over 270 units of electricity. This power is used to operate garden

pumps and runs fans and tube lights in the pantry house (See Magarpatta City Update;2013:8).

**E) Solar system at Magarpatta City SEZ:** More than 7,000 solar water heater system in the Magarpatta City SEZ, supply hot water to residents, Cyber City, Pantry house, Gymnasium, Hospital, Deccan Harvest hotel and School and Colleges. Magarpatta City SEZ's solar water heating system is Asia's largest solar system runs by a single organisation (See Magarpatta City Update;2013:8, Carrie;2012:5). This project is collaborated with Bipin Engineers Pvt. Ltd., which is one of the leading companies in manufacturing and installation of solar water heating systems. The solar system is installed on the terrace of all apartments, buildings, row houses and bungalows. The system is designed in such a way so as to blend it with gardens and landscapes of the project and personify the complex projected as an Oxygen Zone by Magarpatta City SEZ. A total of 7,160 collectors are installed with a cumulative capacity of 7,75,000 lpd. These systems are installed in such a manner that each unit is connected to only one wing of the building. This helps in equitable distribution of hot water. It also ensures reduction in distribution piping and by extension, heat losses during usage. The saving in Magarpatta City SEZ in terms of electricity as per installed capacity to date is approximately 1,45,48,447 KWH annually and saving in terms of money would be amount to ₹ 5 Crore annually (US \$ 850000) (See Carrie;2012:5, Pande;2012:8).

Given that Pune's climate means a requirement of hot bathing water throughout the year, this amounts to huge savings collectively. With every 3 KW of energy saved, it amounts to reduction of approximately 1 ton on the green house gases, that would have otherwise been emitted. Every residential unit has panels erected on the terrace, which are connected to water storage tanks thus ensuring hot water in each and every home. Magarpatta City SEZ has installed close to 7,160 Solar Water Heating Panels, naturally heating 900 Kilo Litres per day, which will materialize into an annual saving of 14548447 KwH resulting in saving 13,483 tonnes of carbon emissions annually (See NMSH, Govt. of India, 2010:23).

**F) Recycling of Fly ash:** Fly ash is an environmental hazardous waste produced by thermal power plants (See Pande;2012:9). It can be used as a part of replacement of cement and fine aggregates, is an insert material and saves energy required for the production of cement. For every tonne of fly ash used in



construction, approximately 1 tone of CO<sub>2</sub> emission in environment is reduced. However, the Magarpatta City SEZ uses 1.5 lakh ton of fly ash within all its constructions and translates it into a huge saving over the same, i.e. 150000 tons of carbon emissions. Here, fly ash bricks are manufactured mechanically by using cement with fly ash, which is better than traditional bricks because of various reasons like controlling of pollution, cost, breakage, wastage, evenness, finish (See Carrie;2012:7). Manufacturing authority of Magarpatta City SEZ inspects the strength of bricks and it is found to be heavier than traditional bricks. One more benefit to use these fly ash bricks is that it absorbs less water and gives a good surface finish.

### **G) Rain Water Harvesting**

Rain Water Harvesting, an eco-friendly method, is extensively practiced at Magarpatta City, wherein rainwater is collected, recharging the ground water, increasing the water table and the use of water that would otherwise have gone down the drainage system, into the ground or been lost to the atmosphere through evaporation.

Before the township was established, Magarpatta had 8 wells and 75 tube wells to irrigate the land. The rain water harvesting systems are designed to recharge the well water, which is further supplied to this SEZ. Some part of the collected rain water is stored in artificial lake at *Aditi* garden, with the major quantity of collected rain water is injected into the 515 recharging bore wells. Because of the rain water harvesting in a summer season, Magarpatta City SEZ has even enough water to maintain their greenery and landscape. Pune's largest mist fountain enhances the microclimatology in the Magarpatta City SEZ. (See Magarpatta City Update;2012:5)

### **H) Charging of Ground Water Level and STP Plant**

Footpath and landscaping pavers are designed with cutouts, which aid in absorbing the water into the ground. Mounds are created out of the earth and excavated to increase the surface area leading to more water retention. Even the compound got interlocking blocks installed instead of concretising to enable rain water to be absorbed instead of being drained away. This goes in a long way by assisting the soaking up action of earth, preventing flooding situations and raising the ground water table, which once again assists the flora with ample natural water

supply, enhancing the greenery and keeps the temperatures cooler in the Magarpatta City SEZ.

Over 20-lakh litres per day of potable water is supplied through a water treatment plant. This plant has the capacity to treat 40 lakh litres per day. The Water is used in the ratio of approximately 40% for flushing, 30% for domestic use and 30% for kitchen use. The Sewage Treatment plant, processes 0.5 million litres per day, with another 3 million-litre capacity per day is on the verge of completion and another 1.5 million litres per day in the near future. The water here is used for gardening (See Magarpatta City Update;2012:6, Pande;2012:10).

#### **I) Sewage Treatment Plant**

Waste water released by apartments, pent houses, row houses, Cyber city, latrines and pantry house, hotels and recreational units undergoes scientific treatment in Magarpatta City SEZ. There are four sewage total treatment plants, which treats 2 Million Liter per Day waste water. Treated water is recycled to horticulture and gardening within the Magarpatta City SEZ.

#### **J) Passive Design Considerations to Reduce Energy Loads of Buildings**

The parking below the Cyber City Magarpatta SEZ is semi-raised to assist natural ventilation and to enable exhaust from vehicles to be removed naturally without the help of any mechanical aids. Also, a space between the glass cladding and internal windows is provided in all the IT buildings to enable heat built up to be dissipated naturally – by creating air insulation. (See CSE;2012:6, Magarpatta City Update;2010:4)

The residential neighborhoods are built on the traditional Puneri ‘Wada’ concept to enable natural light and breeze to flow through. Sincere attempts are made to provide cross ventilation in the apartments. All around the compound walls, thousands of trees and shrubs have been planted to reduce the impact of noise and dust from the roads. (See Magarpatta City Update;2010:5)

**K) Carbon Credits to Magarpatta City SEZ:** Solar water system in the Magarpatta City SEZ has the potential to generate carbon credits<sup>2</sup> value around ₹ 3.8 crore per year, for which it has to save 48,000 units of electricity per day and 12,000 tonnes of carbon dioxide emission a year (See Down to Earth; 2009:44). This helps the customers who consume this water to save on their electricity bills.

Response by the Pune Municipal Corporation (PMC) over eco-initiative of Magarpatta City SEZ is very realistic. PMC gives 10% rebate on property tax to the residents of the Magarpatta City SEZ. This type of incentives spread messages to other land and SEZ developers. (See Magarpatta City Update;2010:1)

#### **4.17 Awards to Magarpatta City SEZ**

Magarpatta City SEZ has won many national and international awards for its uniqueness and novelty. It has won accolades in the 2008 Sidney World Congress of Metropolis. Maharashtra Economic Development Council lists Magarpatta City amongst the ‘Top 10 success stories of the state’. (Carrie A.,2012;4) Magarpatta City has also been identified as a prestigious project along with ‘Konkan Railways, Mumbai-Pune Expressway’ at the infrastructure summit 2002. Cyber City has received first prize for in the IT infrastructure category at the Maharashtra IT Awards. This SEZ has also been mentioned in the Limca Book of Records for having the largest solar water heating system.

#### **4.18 Replica of Magarpatta City SEZ**

The above features provide ample evidences towards the uniqueness of Magarpatta City SEZ. These features also motivated few others to replicate this model. We have also found lots of citations refereeing to the uniqueness of Magarpatta City SEZ by Indian and foreign researchers, administrators, planners and developers (Indian Metropolis;2011:86, Kanchan;2013:53, Anna, Kristin;2006, Lok Sabha Digest, 19 August 2013:19, National Mission on Sustainable Habitat, Ministry of Urban Development, Government of India;2010:23, Optional Reformer Under JNNURM; 2011:3, Dharmadhikary-Yadwadkar;2012:8, Sami;2013:153, Kalam;2010:277).

#### **A) Nanded City SEZ: Participatory model by native farmers**

This project is influenced by the Magarpatta City SEZ in Pune. This is also called, the natural extension of Magarpatta City SEZ model. Nanded City spread over 700 acres of lush greenery, apartments, bungalows and villas, hospital, school and recreation facilities. Nanded City was pioneered by the 230 farmer community. Magarpatta City SEZ, took interest in the primary proposal of Nanded City SEZ

developed by the native peasants. In this agreement, Magarpatta City SEZ join the hands for community participation and infrastructure development. For that, the Magarpatta City SEZ shares 51% benefit from Nanded City Project. From this investment and the co-operation from farmers in Magarpatta City, they have the opportunity to grasp the benefits (See Magarpatta City Update: 2009:4).

### **B) Videocon SEZ follows Magarpatta City SEZ**

Farmers in Wagholi and nearby villages (Dist-Pune) decided to mobilise themselves in a bid to deny land for the 1,880-hectare Special Economic Zone (SEZ) being jointly developed by the Videocon group and Maharashtra Industrial Development Corporation Limited (MIDC). The then district collector Mr. Prabhakar Deshmukh, said the attempt was to follow a Magarpatta City SEZ model, where farmers will be made shareholders. Videocon Chairman Mr. Venugopal Dhoot said that, he had not accepted the proposals yet. The SEZ by Videocon is to be set up on over 844 hectares at Lonikand, 568 hectares at Wagholi, 283 hectares at Kesnand and 185 hectares at Bakuri located on the eastern outskirts of Pune.

Mr. Deshmukh said, “Only after talking to the farmers, convincing them and arriving at a consensus, will we go for acquisition. We are trying to follow a Magarpatta City model, where farmers will be made shareholders. The plan is to arrive at a certain price for the land and make the payment in one go. I have asked the MIDC to form a company of the farmers that will look after 15 per cent of the developed land that is to be returned to the farmers, which in turn can be leased to the companies. That will ensure that apart from getting money for their land they will also have a steady source of income.”

On the 15 per cent of the developed land to be returned to farmers at 50 per cent subsidy, Mr. Deshmukh said that, the farmers, in case of fund shortage, were free to auction a part of the land. The rate per acre is to be decided, taking into account various components — the market price, fallow land, irrigated land and single crop and double crop land portion. Over and above, the cash-and-land package, the administration has asked MIDC to set aside land for schools, to be run by institutions where priority will be given to the farmers’ children to whom education will be provided at a subsidised rate (See [http://articles.economictimes.indiatimes.com/2007-11-07/news/27687565\\_1\\_land-acquisition-midc-kesnand](http://articles.economictimes.indiatimes.com/2007-11-07/news/27687565_1_land-acquisition-midc-kesnand)).

#### **4.19 Corporate Social Responsibility by Magarpatta City SEZ**

The Motto of Corporate Social Responsibility of Magarpatta City SEZ is 'a serious intent of ensuring that companies retain a firm commitment to values and an ethical business conduct. Right from the inception Magarpatta City SEZ has strongly believed, practiced and enforced transparent and simplicity in all its processes, policies and practices. Right from the fixed price policy, full cheque payment transactions, a transparent sale process, concern to provide the basics and the necessities on priority, respecting, caring and nurturing the environment, to promoting a costless and classless harmonious co-existence for one and all. These practices have become a way of life over all spectrums at the Magarpatta City Public School, in the residential neighborhoods, at Cyber City, Magarpatta City SEZ and the administration staff all over. There is a certain sense of subtle discipline, which is practiced in a very logical and simplistic ways. Similar methods being practiced internationally are modified, adapted and tuned to the local conditions here to make Magarpatta City SEZ, what it is known today 'A role model for the nation' (Magarpatta City Update;2010:16).

##### ***A) Work for construction labourer children:***

Over 500 children of labourers from infancy upto 12 years of age are given formal and informal education through NGO's. In the 3<sup>rd</sup> phase awakening a a Chreche<sup>11</sup> named Jagruti (which means awakening) was built for them in Magarpatta City. These children are provided with nourishing breakfast, lunch, evening snacks, uniforms and toys. They are given regular medical and health check-ups for a healthy life . Their practical training includes basic awareness of the environment, learning alphabets, signage, road signs, greetings, poems, group songs, mannerisms, body cleanliness, dental care and hygiene. Students are taken on theme picnics and study tours to give them an exposure of the outside world. Four children from this Chreche have been nominated for free education in the government aided schools.

##### ***B) Vaccination Camp for Children of laborers :***

A vaccination camp in association with the Kalyan Charitable Trust., was conducted, where over 600 children of laborers up to the age of 5 years were vaccinated free of charge for Typhoid and Hepatitis-B. Vitamin-A supplements were provided for nourishment of these children.

**C) Medical health check-up for construction laborers:**

A medical health checkup was held at Magarpatta City SEZ site office for over 2,500 construction workers of the Magarpatta City SEZ from July, 2007. Doctors and consultants from the Noble Hospital ensured that the laborers were examined and diagnosed for blood tests, blood pressure and general.

**D) An onsite dispensary:** An onsite dispensary is set up to look after the day to day illness, sickness and minor ailments at cost to cost basis. Qualified doctors and their teams are always available to look after them and their families.

**Summary**

Magarpatta City SEZ was founded by the native peasant community, who were worried of losing both their homes and livelihood, if the area were to be developed as a part of the city. Magarpatta City differs from the other SEZs in India because of its unique features. Magarpatta City SEZ proved a model of Farmers Direct Investment (FDI), as 123 peasant's families collectively pooled their land. Thus, the Magarpatta City SEZ is an answer to the forceful land acquisition for the developmental projects like SEZs in India. Each peasant family got the shares proportional to its landholding and were made an equity shareholder, which is the most impressive quality of this SEZ. Magarpatta City SEZ helps to promote entrepreneurship skill sets among the peasants and these results in the generation of more than 250 entrepreneurs from the native community. Peasants families have also managed to move beyond agriculture and into other occupations. This gives them a steady, continuous and life long source of income. Magarpatta City SEZ is acknowledged by many thinkers, researchers and institutions, since it carried the traits of inclusiveness, equity, social and economic security without the natives losing their land.

**Notes**

1. Rutuchakra is the Eternal Time Wheel of Nature.
2. A carbon credits is a generic term for any tradable certificate or permit representing the right to emit one tonne of carbon dioxide or the mass of another greenhouse gas with a carbon dioxide equivalent (tCO<sub>2</sub>e) equivalent to one tonne of carbon dioxide.

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# CHAPTER –V

## DOMINANT CHANGES AMONG THE NATIVES OF MAGARPATTA CITY SEZ

### 5.1 Introduction

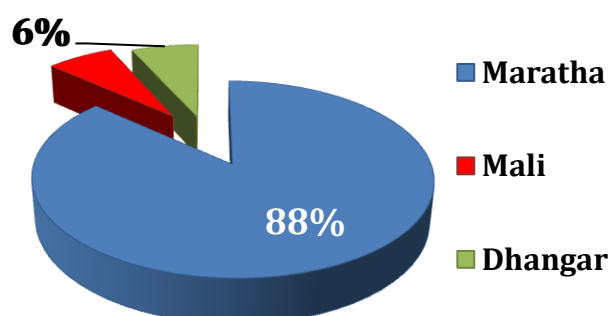
This chapter analyses the dawn of Magarpatta SEZ as one of the alternative models for inclusive development without losing the land. Various studies have found that there is a strong co-relationship between economic development and change (See Ahuja;1999:33, Epstein;1954:74, Srinivasan;1958:43, McMichael, Philip; 2004;41, Polanyi, Karl;1944:1). Fundamentally, the process of change is based on two factors: The first factor is random or unique 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.

Against this background, it has become more interesting to explore that, after a sudden economic shift among the native peasants, what kind of dominant changes have occurred among the first and second generations of the native community? This chapter tries to explore social, economic and cultural changes that have occurred over the period among the natives of the Magarpatta city SEZ. Before analyzing the core part of this study, we will, first of all, understand the profile of the respondents and the natives, who were interviewed during the course of the study.

### 5.2 Profile of respondents

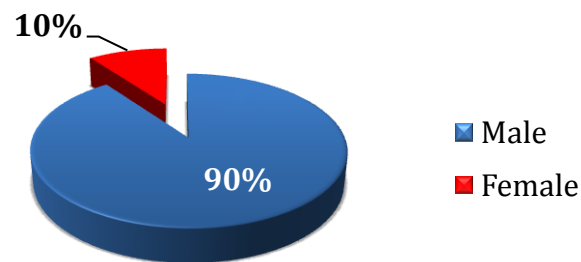
The descriptive and analytical responses of the respondent i.e. the natives of Magarpatta City SEZ, are mentioned in this section.

**Figure No.5.1 : Caste wise distribution of native community respondents.**



From the very beginning of Magarpatta City SEZ, the ‘Magar’ clan, who belongs to Maratha caste, has been a dominant group (88% per cent). The other backward caste (OBC) natives, who till and plough lands were *Jagtap, Jadhav and Phule*. The surname ‘*Bhairat*’, who belong to Nomadic Tribes (NT i.e. *Dhangar*) was also involved in farming and agriculture in Magarpatta. Other than the Maratha, the remaining 12% natives are *Mali* and *Dhangar* each constituting 6% respectively. The study attempts to cover all natives from every caste to understand the transition, which is easily visible among them.

**Figure No.5.2 :Gender wise distribution of native community respondent**



In the Magarpatta City SEZ, the involvement of women as share holder is very low. Of the total 123 families, there are 392 share holders of the MCTDCC in which, only 36 shareholders are women. In the present study, 5 female share holder’s i.e.10% of the total were interviewed. (See Fig. No.5.2)

**Table No. 5.1: Age of the respondent**

Age in years	Responses
30-40	1 (2%)
41-50	14 (28%)
51-60	9 (18%)
61-70	23 (46%)
71-80	2 (4%)
81-90	1 (2%)
Total	50 (100%)

Source- Author fieldwork, 2011-12.

The average age of the native is 56 years. There are 46% natives in the age group of 61-70 years. A majority of the natives are doing agriculture work before the



e Magarpatta City SEZ. In this research, only three natives represent the second generation and they too were involved during the development of Magarpatta City SEZ (see table above).

### **5.3 Exploring Changes among the native community: A Case of Magarpatta City SEZ**

What is change? To define it simply, it is the shift in the attitudes and behavior that characterize a society. But, more specifically the change is the transformation in cultural and social organisation or its structure over a period of time. In the modern world, we are aware that the society is never static and that social, political, economic and cultural changes occur constantly (See Macionis; 1996:59). This section attempts to see the changes in : provides to changes in the A) Social Sphere, B) Economic Sphere and C) Cultural Sphere.

#### **A) SEZ and Changes in Social Sphere**

Social change refers to an alteration in the social order of a society. It may refer to the notion of social progress. Social change builds the community-based responses that address underlying social problems on an individual, institutional, community, on a national and international level. Social change can change the attitudes, behaviors, laws, policies and institutions to reflect values of inclusion, fairness, diversity and opportunity. Social change also involves the collective action of individuals, who are closest to the social problems. variables have been used to measure changes that have occurred in the social sphere among the natives of the Magarpatta City SEZ.

- (a) Inter-generational educational mobility,
- (b) Upliftment of girls in higher education,
- (c) Gender in decision making,
- (d) Political power,
- (e) Emancipation of widow and
- (f) Hierarchical relations

#### **(a) *Inter-generation educational mobility***

According to Maclver (1931:76), social change takes place as a response to many types of changes that take place in the social and non-social environment.

Education can initiate social changes by bringing about a change in outlook and the attitude of man. It can bring about a change in the pattern of social relationships and thereby it may cause social changes. Here, I examine the educational shift among the natives.

**Table No. 5.2 : Education of the native of Magarpatta City SEZ.**

Education	Responses
Illiterate	<b>16 (32%)</b>
Primary	4 (8%)
Secondary	20 (40%)
Junior College	2 (4%)
Diploma	2 (4%)
Degree	<b>6 (12%)</b>
Total	50 (100%)

Source- Author fieldwork, 2011-12

**Table No. 5.3 : Education of second generation of the native Magarpatta City SEZ.**

Education	Male	Female
Up to 10 <sup>th</sup>	0 (0%)	0 (0%)
Junior College	4 (4.39%)	1 (1.10)
Diploma	17 (18.68%)	<b>15 (16.49%)</b>
Degree (Non Professional Courses UG/PG)	5 (5.49%)	3 (3.29%)
Degree (Professional Courses)	20 (21.98%)	<b>23 (25.29%)</b>
Higher Studies	1 (1.09%)	2 (2.19%)
Total	47 (51.63%)	44 (48.37%)

Source- Author fieldwork, 2011-12

Table 5.2 shows the native's education and table number 5.3 shows changes in the education sphere of their children. Majority of the natives studied only up to secondary school level i.e. Std. 5th to Std.10th. In this study, the children who are over 16 years are only considered. The study does not include small and school going children. For ages, agriculture was a prime source of income of these natives; therefore, their generations did not think of pursuing higher education. Here, it is found that, 32% natives are illiterate. There are only two natives who have done diploma in engineering. Likewise, other natives have completed their bachelor's degree from the arts faculty. Contrary to this, their children are found to be highly educated. Table 5.3 shows a drastic change in the educational status of second generation natives of Magarpatta City SEZ.

From the above observation and analysis, it is understood that, majority of the second generation natives prefer professional education, which preferably includes management courses from reputed institutions within India as well as abroad. It is also interesting to record that, 66% of the natives' children are studying abroad. Whereas, only a few children have done non-professional degree courses like studying in arts, commerce and science streams.

Mr. Nilesh Magar, one of the natives, gave his views about the changing attitude on higher education.

"Learning basics like 'A' for apple is no longer enough for our children. They now want to learn and explore different realms of knowledge and information. They want education that will make them competitive at world level."

Further, sixty-five year old Mr. Sambhaji Magar is a native of Magarpatta City SEZ. He retired as an Assistant Manger (Electrical and Maintenance Division) from the Bharat Forge Company Limited. His father was a farmer and was involved in agriculture and farming activities at Magarpatta. Sambhaji's son completed his Bachelor of Engineering and Masters of Science from Barkley University, California in 2009. His son is presently working at a multinational company located in Kalyaninagar in Pune.

Another Mr. Rishi Bhosale, a second generation native, completed his master's study from Metropolitan University, London (UK). Mr. Rishi tells about role of Magarpatta City SEZ in shaping his life.

"Because of Magarpatta City SEZ, I could complete my education from London and open my business at Magarpatta City SEZ. Though my father was a native, his ambition was to see me stand apart from others in all respects. After completing degree in commerce, he sent me abroad for higher education. The education lent me the required leverage, edge and acumen and I decided to launch my own company. After I got back to India, I met Satish dada Magar and requested him to allow me some space for running my business at Magarpatta City SEZ. He was convinced and immediately granted me permission and space. Currently, 45 employees work in my company which has an annual turnover

of ₹2 crore. Satishdada holds a very revered place in my heart. He inspired me to do business which was different and unique in itself."

Thus, the above trend shows that the emergence of Magarpatta City SEZ along with other outsider factors like globalization and privatization created favorable conditions for the second generation natives to change their educational structure drastically. , improved economic status after the setting up of MSEZ also played an important role in this process. Importantly, Magarpatta City SEZ has brought in numerous business opportunities for, as most of them chose for business courses for their children.

It is also observed that, education plays a vital role in social change. New ideas and values are initiated with education (See National Institute of Open Schooling; 2012:34, Centre for Study of Society and Secularism; 2011:5). Natives of Magarpatta City SEZ knew the power of education and therefore they motivated their children and the younger generation to pursue higher education from reputed institutions, which have also resulted in gender inclusive education.

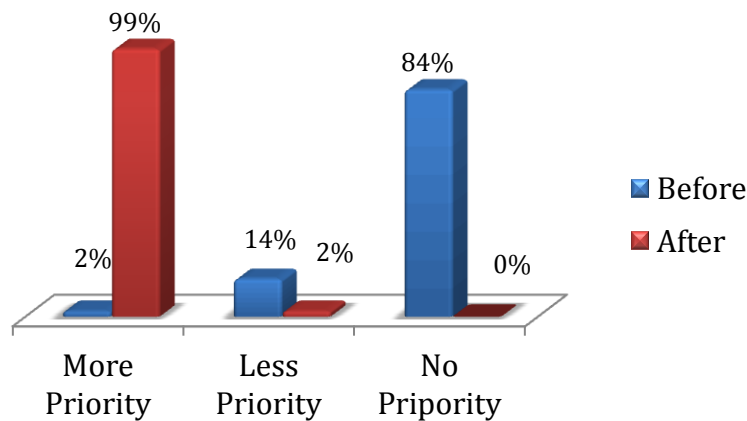
### ***(b)Uplifting Girls in Higher education***

Parent's reluctance to educate daughters is primarily responsible for the bad plight of women. Parents nurse several misconceptions for not educating their daughters. The foremost is the view that education of girls brings nothing in returns to parents and that their future roles, being mainly reproductive and perhaps including agricultural labor, require no formal education (See Desai;1994:51).

Education is important for everyone, but it is especially significant for girls and women. This is true not only because education is an entry point to other opportunities, but also because the educational achievements of women can have lasting effects within the family and across generations (See Muller et al; 2007:58).

In this study, it is observed that, out of 91 children, 51.67% are boys and 48.33% are girls. The data depicts that natives are equally concerned about education of both sons and daughters. Furthermore, in pursuing professional degree courses and higher studies, the percentage of girls is 25.27%, which was higher than boys. The figure given below shows the changing preference of the natives for their girls' higher education.

**Figure No. 5.3 :Changing preference to educate girls in native community.**



It is clear from figure 5.3 that, the trends to educate girls are increasing in the natives since the formation of Magarpatta City SEZ. Almost all (99%) natives have given more preference for educating the girls. Contrary to this, the restrictions on educating girls existed before the formation of Magarpatta City SEZ. Since, there is a close relationship between economic change and modernization in this study, it is observed that, with growing vertical economic and educational mobility, the families of the native community have come under the influence of modern ethos resulting in such behavioral changes.

Furthermore, this transition may happen due to the economic stability in the natives that has resulted from higher returns yielded after the formation of Magarpatta City SEZ. The natives have understood that, the son looks after the business after his education, but the daughters have to stay inactive at home doing nothing even after their marriage. This may be the reason that the natives have started sending their daughters for pursuing higher education so that they can also live productively and with self-reliance like their sons and it also helps in finding out matrimonial relationships with relatively better families. Many respondents gave this as an explanation, which strengthens this finding. The natives of the Magarpatta City SEZ gave priority to educating girls and made them capable as a competitive workforce.

Mr. Sambhaji Magar, a native of Magarpatta City SEZ, talked on educating girls and gender empowerment. He gave brief information on women's role in decision making. He said:

"I know education transforms society to become developed. All my children are highly qualified. My two daughters have done B.Pharm and M.Sc.in Computer Science respectively. They are now working in private companies with handsome salaries. I did everything to educate them and make them employable because I know the value of women education. I have seen many girls and women working in the corporate offices at the Magarpatta City SEZ. This had a positive influence on me and hence, I decided to educate my daughters."

Another native, Mr. Balasaheb Magar spoke on the positive transformation, that occur in the native women and girls. He said:

"In the past, our women and girls were prevented from pursuing higher education. Thoughts on women and girl education are very fossilized and conservative in my caste. But, when I saw girls from other communities with higher qualifications and good jobs, it changed my attitude. My daughter is now pursuing a higher degree like M.Tech. from BITS Pilani. Nowadays, our women go out of home and show their merit in whichever field they are."

Education helps girls and women to know their rights and develop confidence to claim them. Freedom of movement was severely curtailed for a large proportion of women in India in the past (See Das Gupta; 1987:34). Education plays a pivotal role in the development and in eliminating gender inequalities (See Basu and Brij; 2005:92). This leads to access to spaces outside the home, which in turn increases with both education and wealth (See UN; 1995:483).

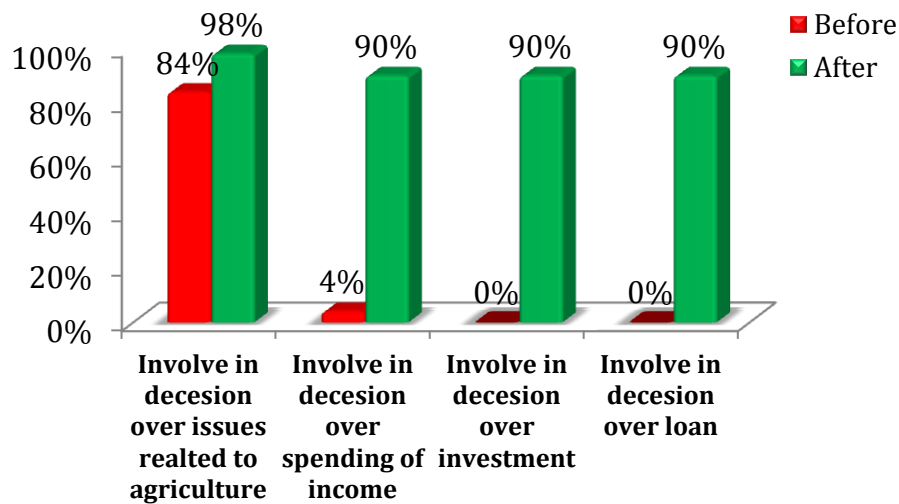
I reiterate this theorem in connection with the results related to the role of education in gender upliftment among the natives of Magarpatta City SEZ. The change in attitude in terms of educating girls and making them employable is due to many things: 1) The Magarpatta City SEZ gives employment to women. Natives see

women working in upper positions and this exerts a positive influence on their minds. 2) Pune is known as education hub, where a large number of girls are taking higher education from various institutions. This atmosphere makes the natives realise value of educating their girls. 3) Globalization percolates gender empowerment through education. This makes the natives send their girls for higher education. These are internal and external forces that are observed to effect the change of attitude in the natives about educating their girls. In the context of the above results, the next area focuses the changing perspective of the natives on the involvement of gender in decision making.

### ***(c) Gender in Decision Making***

The decision making power of women is denied in both family and society. Mostly, males make the important decisions in the family and in the society. This makes women powerless and destroys her self-confidence and she feels less important in the family as well as in the society (See Kalyani and Shiva; 2001:123). Indian society is inherently male dominated; but now, the society has started to realize women's importance and has accepted women's empowerment, women as an active agent for change, participation in and guiding their own development (See Shivakumar; 2008:22). The present study uses a pre-(before) and post-(after) scenario study to analyse the changes that have occurred in the native women, while participating in decision making.

**Figure No. 5.4 : Responses of natives of Magarpatta City SEZ on involvement of gender in decision making**



It is pertinent to note that, before the setting up of the Magarpatta City SEZ, except agriculture, women were not involved in any major decisions like spending money, investments and loans. Role of the women especially in the economic decision has increased after the inception of the Magarpatta City SEZ. They now take part and decide where to spend money, where to do investments and reasons to take loans. Economic supremacy and flow of money from diverse sources are the key factors, which raise the gender in process of decisions. Education and gender empowerment are interlinked, which give women more freedom (See Chandra; 2000:66). One of the natives, Mr. Prakash Magar enumerates the changes on gender in decision making. He pointed out that, after the establishment of Magarpatta City SEZ native women are actively involved in the family decision making. He discusses how this change occurred.

"The role of women and girls in the family organisation has become superior ever since the formation of Magarpatta City SEZ. Our family now sits together and decides about the different role each member has to play in Magarpatta City SEZ. Money flows from different sources. My wife and daughters are involved in the discussion making process,"

It is pertinent to note that, the role of gender in education and decision making is increasing after the Magarpatta City SEZ. Decision-making has become



increasingly complex as the family life has dramatically changed over the last several decades. The changing roles of women, increasing integration of women in the labor force, increased mobility, increased longevity and higher education are just some of the crucial changes that have impacted families and thus, arguably, impacted family decision-making. (See Chankrapani et al; 1994:49).

The native women, Mrs. Shantabai Magar gives more information on the role of gender in family decisions before and after Magarpatta City SEZ. She said

"In the past, all major decisions like spending and saving money, children's education and marriages, crops and its price, purchasing clothes and jewelry were taken by male members, while female members would only obey their decisions. The situation is no more the same now. Women are now empowered and they are involved in the many decisions."

When asked what prompted the change, Mrs. Shantabai Magar replied

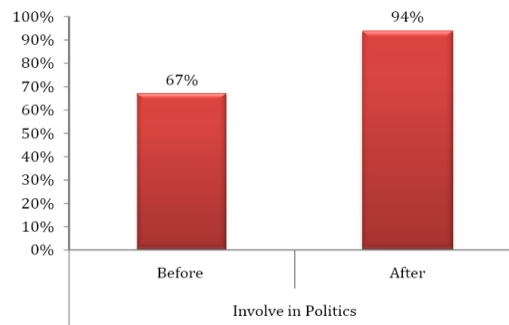
"Our children got higher education degrees. My daughter took education from Chennai. She now advises me and oversees economic matters of our family. My opinion is sought in many decisions pertaining to expenditure, investments, business related decisions, health and functions. Many a times my husband accepts my decisions."

It is seen that the participation of native women on the money spending and investment has increased tremendously over the period since the formation of Magarpatta City SEZ.

***(d) Political power***

Politics can be regarded as one of the important ways in which power is managed within society (See Hanbyul Kim;2004:24). Political power will often be closely tied to economic interest, social and cultural standing, status and the interplay of networks of patrons, clients, peers and other sets of common interests (See Srinivas et al; 1958:51).

**Figure No. 5.5 :Native community’s involvement in the politics before and after of Magarpatta City SEZ**



In this study, an attempt has been made to investigate native’s involvement in the politics before and after the inception of the Magarpatta City SEZ. Before Magarpatta City SEZ, 67% natives were involved in politics, while their number reached 94% after the formation of Magarpatta City SEZ. One of the vital factors is money, which is the root cause for involving the natives in politics. The following section of this thesis shows micro reflections on the changing structure of political system among the natives.

*(i)Affluence begets political power:* In connection to the above result, some previous studies show similar trends for instance Scarellet Epsitine (1954:46) reported that, economy influences the political power in the society, which is attributed to social change. Economic power tends to effect political power in democratic and pluralistic societies (See Daron; 2011:61). In this context, the study found that diversification of economy has enabled some natives to emerge as political elite, even though they were not political elite before Magarpatta City SEZ was established.

Before Magarpatta City SEZ, their earning sources were limited and based on primary occupations like agriculture and allied units. Whereas, after the setup of Magarpatta City SEZ, money started pouring in from many sources like dividends, businesses, share market investments, real estate, capitalist modern agriculture and saving interests. Hence, it is observed that, natives are channelizing the money through political engagements. This raises the political competitions between their communities. The next part reveals the political engagement further, in the light of how it governs the family alterations.

**(ii) Channing political partitions in natives:** Different political parties catch the youth during elections. They make many promises to win youths, which divides the family system and promotes competitions (See Leigh; 2009:55).

It has been observed that, the emergence of economic soundness, multiple occupations etc have created a space for political power for both business and social benefits after MCSEZ. It has also helped create new political elites among the natives. This trend is elaborated by an elder native, Mr. Sampat Magar, who recognized the changing political engagements among the natives in general and second generation natives in particular. Mr. Sambhji Magar adds

"It is commonly noted that, the second generation entering politics has highly been influenced by the universe outside. They are involved in the different political parties. In one family, members are divided by different political parties. This creates an inter community competition between them."

During the field work, I noticed that, many natives actively take part in the political activities. In some cases, I found that, brothers bond together, but their political engagements do not match with each other. In India, people want to maintain political power in one family, even if the power is divided between different family members. This can make the particular family more powerful in rest of the other communities.

**(iii) Inter-generational Changes in political affiliation:** Here, an attempt has been made to find out how inter-generational political affiliations have changed with different parties especially in the second generation natives. This part of the study also explores, why the second generation have changed the party affiliations.

The family of Mr. Babasaheb Magar actively participates in politics. Initially, they were followers of the Congress Party, but the second generation members inclined towards the thoughts of the Shiv-Sena. Mr. Manish Magar, a second generation native (see plate number 6) is working as a legal advisor of the Shiv-Sena party at Pune.. According to Mr. Manish

"I believed that, a political party like Congress is for people, who are largely sycophants. I like the thoughts and fiery courageousness of Mr. Balasaheb Thakare (President of Shiv-Sena) and that's why I

accepted the opportunity to look in to the legal matters of the Shiv-Sena party."

The second generation native community is free to take their decisions related to politics, although the first generation native did not oppose them. This change is due to many reasons: money power, supremacy in political party, joining new political party offers reputed positions and own interest etc. Apart from these reasons, after the setting up of the Magarpatta City SEZ, the inter-community political competition for becoming a political elite has increased drastically among the natives (especially by second generation natives.), which could be one of the important reasons for joining the different political parties.

*(iv) Inter-Political Competition:* Mr. Nilesh Magar a former and youngest deputy Mayor of Pune reveals the inter-political competition between natives. Mr. Nilesh said

"At the age of 29, I became Pune Municipal Corporation's youngest Deputy Mayor and all the credit goes to the Magarpatta City SEZ. Political competitions are very lively among the natives. Some of my good friends are now competitors in business and politics. Our relations are now not healthy. Many a times, I feel this change was due to money which plays a very active role."

Here it is noted that, money power helps to activate the political influence among the natives of the Magarpatta City SEZ. Moreover, I observed that in the last Pune Municipal Corporation election in October 2012, many natives stood against each other, which shows that political engagements are very active among the natives, where the changes in the economic situation plays an important role. Subsequently, the social change is determined through the changing position of the native widow.

#### *(e) Emancipation of Widow*

Mukesh Ahuja (1987) defines a widow as "one who has no issue and who has been widowed one or two years of her marriage or she may be one who becomes a widow after a period of five to ten years and has one or two small children to support or she may be one, who is above 50 years of age.

Widows are often evicted from their homes and physically abused – some even killed – even by members of their own family. In many countries, a woman's social status is inextricably linked to her husbands, so that when her husband dies, a woman no longer has a place in society (See UN; 2011:551). As soon as woman enters into the phase of widowhood, she encounters a lot of socio-economic, cultural, demographic, health and individual changes. The present social system definitely imposes a large number of restrictions on a widow and turns her resource less, lonely, helpless and powerless (See Bhat, M., and R. Kanbargi; 1984:76). Robert Jensen's (2005:251) study indicates that economic factors do appear to play role in influencing the well-being and status of widows. The case discussed below, demonstrates how the status of the native widow has been positively changing, where the initiation of Magarpatta City SEZ and its associated factors played one of the important roles.

Mrs. Ashatai Magar is a 55 year old widow. She is a native of Magarpatta City SEZ. Mrs. Ashatai's husband, late Mr. Haribhau Magar died in a road accident in 1990. This was a big shock to her and her three children. Currently, Mrs. Ashatai is staying at the luxurious bungalow in Acacia –III at Magarpatta City SEZ. According to Mrs.Ashatai,

"The demise of my husband in a road accident was a big loss to my family. The future of my family was dark because only two acres of land in Magarpatta was the sole source of income. I did farming and milk business in those days. It was a very tough time to my family. Scarcity of money was the biggest challenge. My annual earning at that time was only ₹36,000 to ₹ 40,000. Because of insufficient money, my children didn't complete their education. My younger son and daughter left school after 10th standard. The elder son was performing better in school. We supported him to complete his education. Now he is an electric engineer. After the declaration of Magarpatta City plan. I took advantage to give my land to them. My faith on Satish dada is very high because his uncle late Annasaheb Magar had helped my family in bad days. My younger son Sudesh started his firm to take electrical maintenance and operation contract from Magarpatta City SEZ. Now both of my sons are involved in this business,"

Further, Mrs. Ashatai Magar reveals the role of Magarpatta in nurturing her family life and status in society.

"Being a widow I felt much social, economic and cultural discrimination before the Magarpatta City SEZ. My husband was only source of income, when he died; I lost everything in life. Presence at family, public and religious functions was totally forbidden. My family lost social status because we don't have male authorities. Because of traditional taboo and practices, I was unable to leave home for work. My status in the society was insignificant which didn't allow any dignity,"

Now Ashatai's two sons handle the business and home. At present, Mrs. Ashatai Magar earns ₹2 core rupees annually, which comes from the dividend, contract, investments in banks and share market because of Magarpatta City SEZ. Magarpatta City SEZ has become instrumental in changing the socio-economic status of widows. The improved social awareness towards gender equality, education and liberal ethos among the natives can be seen as equally responsible factors for the same.

***(i)Magarpatta City SEZ changing social status of widow:*** Mrs. Ashatai Magar spoke about the positive change that became a reality because of Magarpatta City SEZ. She said.....

"Satish dada is a broad-minded man. He looked after our family during progress of Magarpatta City SEZ. After the death of my husband, Satishdada helped me to notify the names of my family members on agriculture papers. The Government incorporated to add our names on the agriculture papers. Even Satish dada gave us electrical fitting and maintenance contracts. My two sons are engaged in this contract. My family is now wealthy and retains a certain high status in society. I am the Director member of Sadhana Cooperative Bank, Hadapsar. People give me respect and invite me to religious and family functions. This change has happened only because of the Magarpatta City SEZ," she says with a beaming face and glint in her eyes.

In most Indian families, women do not own any property in their own names, and do not get a share of parental property (See Kalyani Menon-Sen, Shiva; 2001:24). Widows are outcasted as witches and considered impure and burden on their family and the Hindu society at large (See Amoo; 2012:764).

In the above case, Mrs. Ashatai Magar's life before Magarpatta City SEZ was bleak and dismal. After the sudden death of her husband, her social, economic and cultural values were lost. The Magarpatta City SEZ is not just a participatory project

for economic gains, but it also impacts native's living. Here, it is observed that how the economic gains resonates widow's life. Mrs. Ashatai Magar's lost respect and recognition was restored in the traditional Hindu family. The increase in the socio-economic development of the society also leads to the increase in the status of women in the family and in the society (See Bradhan; 1985:2210). The next section focuses on the changing hierarchical relations among the natives after Magarpatta City SEZ.

***(f) Changing Hierarchical relation: Broken parental authority***

The changing hierarchical relations are studied with the help of variables like 1) selection of spouse, 2) broken parental authority. In India, the parents or kin select a prospective pool of eligible partners, who have been screened by them first to ensure a similar social, cultural, educational and economic background. One of the most common ways in which the partners are often selected is from among the children of friends and extended family, who have a similar socio economic background (See Medora; 2002:8). The last decades of the twentieth century brought an increasing trend to consult and get input from the children regarding their marriage (See Gupta; 1992:1765). The parent's role is sub-standard during the selection of mate for son and daughter (See Hamadullah; 2005:32). Bride selection process in Indian family system has been changing radically since globalisation (See Ralph and Schroeder; 2007:654). The tables below shows the responses of the native on the changing hierarchical relations.

**Table No.5.4: Responses of natives on changing hierarchical relations.**

Changing Hierarchical Relations	Agree	Partial Agree	Disagree
Do you believe parental control over your children is losing.	38 (78%)	10 (20%)	2 (4%)
Do you noticed native children not obeying parent's decisions	32 (64%)	14 (28%)	4 (8%)
Do you observe second generation choosing their mate	24 (48%)	7 (14%)	19 (38%)
Do you noticed native children taking their own decision without asking parents	40 (80%)	3 (6%)	7 (14%)

Source- Author's fieldwork 2011-12

**Table No.5.5 : Changing situation of hierarchical power among natives.**

Aspects of Hierarchical relations	Before SEZ	After SEZ
Spouse selection process	Grandfather, father or head of family select spouse for children.	Children selecting the mate and they tell their parents for permission for marriage.
Family Decisions making	Head of the family took all major decisions and family members obey them.	Head of the family taking decisions, where other members follow or refuse the decisions. It is observed that all the members are involved the decisions.
Marriages	Arranged marriages are commonly observed.	Arranged as well as love marriages in the second generation native.

Source- Author's fieldwork 2011-12

From the above tables, it is found that, 80% native's children take their own decisions without informing their parents. These decisions are generally related to education, spending money, shopping, purchasing a vehicle and so on. Whereas earlier, the situation was different, where all the decisions were taken by the head of the family and all were bound with these decisions. In the next (table number 5.4) result shows that, 64% of the native replied that their children do not follow their decisions and which leads to breaking authority or hierarchical power in the native family.

This part focuses on the spouse selection process in the native family. The results shows that 48% have fully agreed and 14% partially agreed that, the second generation select their life partner and only inform parents of the same and ask permission to marry. For instance, following are the responses of the natives, which have been given on changing hierarchical control.

An elder native Mr. Ankush Tupe (age 70 years) explains that how parent powers are disappearing among the natives.....

"An elder person in the family is the most respected and all other members followed his decisions in the past. The selection of the spouse and all major family decisions and rituals were performed under their guidance. During my marriage, the spouse was selected by my grandfather. Now my children have the freedom to select their mate. I saw contradictions and complexity emerging in managing the relationship between old and young generation. The



economic independence allows freedom to the young generation. They do not obey some old custom and rules in the family," he said.

The other natives Mr.Sambhaji Bhosale also confirmed that authoritative power among the natives is changing from the last ten to fifteen years. He is concerned about the second generation. According to him,

"Earlier, family decisions were taken by the family heads i.e. grandfather and father and we obey them. Now, the native children refuse decisions if they dislike it. Many children do not ask their parents, even in case of major decisions. Decisions like marriage are also taken by second generation children, especially the sons,"

In India, hierarchical relationships in the family and society act as determinants of individual's social status and identity (See Gopalan; 1997:16, Sahay and Walsham; 1997:89).

"The family system in India is based on the values of respect to a parental authority and compliance with his wishes. The head of a family in return is expected to extend paternal care, support, and nurturing. The executives are like children who need to depend on the boss and would work hard in return for his affection and protection.... (See Uberoi, Patricia;1994:47). "

Further, it is also found that, in the selection of spouses, the natives gave freedom to the son. Whereas, the role of parents is significant in choosing spouses for their children and this would involve taking into account, the caste and status of the spouse (See Gopalan; 1997:17). In the value system, the socialisation of children gives respect to parents and obeys their decisions. Whereas, in the second generation, natives have stayed outside the home for education, where they adopted modern concepts and obviously they do not obey the parental decisions.

## **B) SEZ and Changes in Economic Sphere**

The finding in this section focuses on the economic changes in the natives of Magarpatta City SEZ. The following variables have been used to analyze the economic changes among the natives.

- (a) Changing sources of livelihood,
- (b) Changing income sources,
- (c) Changing pattern of loan before and after Magarpatta City SEZ and
- (d) Changing pattern of investment before and after Magarpatta City SEZ.

**Table No.5.6: Before and after SEZ and changes in economic facets**

Economic Variables	Before SEZ	After SEZ
Income Sources	Agriculture, Dairy.	Businesses, Dividend from Magarpatta City SEZ, Share Market Investments, Interest on deposits in bank and capitalist agriculture.
Loan	Money lender, agriculture co-operative societies, urban societies and DCC bank.	Urban co-operative Banks, Nationalized banks, Multinational banks.
Investment	Purchasing gold jewelry, deposits in banks and post-offices.	Share Market, Real Estate, Businesses, Agriculture and LIC policies.

Source- Author's fieldwork 2011-12.

From the above table, it is clearly seen that economic changes in the natives are dramatically governed after the Magarpatta City SEZ.

***(a) Changing sources of livelihood***

Changes in livelihood have been understood largely as the change in the activities of the members of a society to earn their occupation. The transformations in livelihood are observed in terms of changes in the distribution of occupational activities in the socio-economic structure of the society (See Desai; 1971:44). Studies have found that, the economic development is responsible for changes in sources of livelihood (See Alumira, Jane, Cynthia and Moyo; 2007:35). The Economic development have also led to the appearance of new occupations (See Desai; 1971:45). This section analyses the livelihood sources before and after the set up of the Magarpatta City SEZ. It is interesting to note that shifting of livelihood sources is one of the driving forces to recognize the changes in a particular community.

*(i) Livelihood sources before Magarpatta City SEZ:* Agriculture was the staple occupation of the natives before the Magarpatta City SEZ. Along with agriculture, the poor natives worked in different companies as workers, but their major income came from agriculture, which was not sufficient. However, agriculture was tough, because of many reasons like lack of water for irrigation, lower prices for crops, thefts and rapidly growing real estate.

It is also observed that in the joint family, all brothers were engaged in agriculture which gave limited income and was a single mode of production for the entire family in the past. The native responses give details of agriculture before the setting up of the Magarpatta City SEZ. Fifty seven year old Mr. Tanaji Deokar, a native, talked about agriculture before Magarpatta City SEZ.

"Before SEZ, this area was called a 'Magarpatta' because majority of the land belonged to Magar family. The land was divided into small narrow strips and had a varied cropping pattern. The upper part of the land did not have water from canals, hence farmers didn't grow any cash crops. My agriculture plot was near to the canal, so we took rice, maize and sugarcane crops. The income from agriculture was not adequate, but there was no other option except agriculture."

Another native Mr. Ramesh Bhairat speaks about the agriculture before Magarpatta City SEZ. He said.

"in those years agriculture was very tough and unprofitable. I had only three (3) acres of land, which is in a narrow strip and which is the single source of income for my family. I planted vegetables, maize, wheat and jawar crops. Canal water would never come on time and for irrigation, the farmer was dependant on sewage water from Bhairoba Sewage Water Treatment station. I decided to leave agriculture and sell the land. "

Another native, Mr. Sudhakar Tupe said about the the livelihood sources and agriculture before the Magarpatta City SEZ.

"agriculture was the only source of income for Magarpatta natives, where some families supplied milks to the dairy. But it had less profit. Lack of human resource, water scarcity, thefts of electronic equipments, ground water shortage are the major problems here."

Remarks of a marginal landholder native, Mr. Sunil Bhosale gives more detailed information on the situation of livelihood before SEZ.

"I had a very small piece of land at Magarpatta area; there I planted only seasonal crops. I have studied up to 4<sup>th</sup> standard and got limited opportunity for a good job. Though, I worked as a helper in the Kirloskar Pneumatics Ltd. Hadapsar and had a monthly salary ₹4500, I was looking for a land, which the builders could purchase. But no one was interested as it was a very small piece of land and also did not connect to the road. "

The above discussion shows that agriculture was the focal source of livelihood of the natives before the Magarpatta City SEZ.

*(ii)Livelihood sources after Magarpatta City SEZ:* In the context of the above discussion, it is interesting to find out occupational changes in the natives as well as their children after the establishment of the Magarpatta City SEZ. Tables 4.7 and 4.8 show the occupational shifts among the first and second generation natives. These tables determine the shifting of natives occupation.

**Table No. 5.7: Present profession of the first generation native community**

Profession	Responses
Farming#	3 (6%)
Only Supply Contracts to Magarpatta City, SEZ	18 (36%)
<b>Supply Contract to Magarpatta City SEZ and Independent Business</b>	<b>24 (48%)</b>
Independent Business	5 (10%)
Total	50 (100%)

Source- Author's fieldwork 2011-12

*#Note: Farming indicates entirely advanced modern type of farming.*

It is interesting to study the current profession of these natives to analyse the social change. Table 4.7 indicates 58% natives have started their new businesses, out of which, 10% have started their own businesses, where they initially supply contracts to the Magarpatta City SEZ. However, the natives started their own businesses after getting business skills and insight from the contracts. They got business opportunity and vision through the Magarpatta City SEZ, which further

leads to investing and reinvesting money in their own businesses. This gave rise to the competition among the natives. There are 36% natives involved in supplying contract to Magarpatta City SEZ, because the natives receive better benefits from the contracts and do not desire to start their new business.

It is interesting to note that, 6% of the natives are still doing agriculture and they have not quit their traditional profession, particularly the elder natives who have also purchased new land for agriculture. Despite being wealthy, they stick to agriculture even when Magarpatta City SEZ provides them good business opportunities. The age factor and core attachment with staple occupation are equally responsible for this. There is a great pressure of investments of money in the businesses and agriculture by the natives. Being capitalistic, their approach to re-investment is concentrated on agriculture. However, it is interesting to note that there is a drastic change in the structure and pattern of the present day farming. Today, they are doing advanced modern farming such as mushroom cultivation, tissue culture and sericulture, green house and poly houses.

The above analysis shows that, Magarpatta City SEZ has helped these traditional rural peasants to become modern urban entrepreneurs. The next part deals with the occupation of the second generation natives.

In connection with the above discussion, the responses of natives on changing livelihood sources after Magarpatta City SEZ are given below. Native Mr. Sopan Magar narrates.....

"Magarpatta City SEZ is a lifeline for me. With only a small agriculture land, it was difficult for me to earn adequate food. I am proud that I have taken a right decision to participate in Magarpatta City SEZ. Now I have a well established hardware business. Besides, I supply sanitary goods to the Magarpatta City SEZ. I own two flats, one shop and my son could start his own company because of Magarpatta City SEZ."

Mr.Hari Magar gave detailed information on shifting income sources.

"For the natives, agriculture is the single source of income, but it largely depends on monsoon. In case of low rainfall, native were compelled to take only seasonal crops.

Whereas, after Magarpatta City SEZ, the situation has completely changed. Every native got one big and one small contract. From this, they can make money and start their own businesses. Some natives are doing agriculture, whereas the second generation of natives are doing new businesses," he said.

Steyaert and Hjorth (2006:26) analysed that, the entrepreneurial activities in the tenants are developed because the agricultural doesn't have enough money. In this case for the present study, the main reasons for changing occupation are: rapid urban development (surround agriculture land being converted into real estate) of surrounding agriculture area and the rise of Magarpatta City SEZ, unprofitability in agriculture, water scarcity for irrigation and government reservation on land.

The Magarpatta City SEZ has given opportunity and provided training on entrepreneurship to shape the natives business skills. This has groomed 250 natives into entrepreneurs, who have started their businesses and second generation natives also have taken the lead in the businesses with modern professional educational degrees from reputed Indian and foreign institutes. Many natives and their second generation have taken a firm grip on their own businesses. These businesses are mainly construction oriented such as supplying construction materials, logistics, building services. Some are also construction builders as well and some of them also run store houses, supply chain management, tours and travelling company and hotel industry. The change in the natives profession governs the proliferation of livelihoods from the farmer to entrepreneur. However, it means that the modes of productions have changed from primary to the secondary sector. The detailed shifting process of occupation has been mentioned in chapter 3.

In connection with the above discussion, it is important to note that the profession of second generation natives has been moving towards becoming modern entrepreneurs. The next table gives information of the professions of the second generation natives.

**Table No. 5.8 : Present profession of second generation native community**

Current profession	Responses
Salaried Employee	3 (6%)
Business	45 (90%)

Farming	0 (0%)
None	2 (4%)
Total	50 (100%)

Source- Author's fieldwork 2011-12

Table number 5.8 enumerates the profession of the second generation, which clearly shows the occupational changes among the first and second generation of the natives. In India, the peasant's wife, his children and his parents working in the agricultural activities (See International Encyclopedia of Social Science; 1986:1). However, the Magarpatta model governs dramatic changes in the occupational sphere of traditional agrarian family.

A majority of the 90% second generation natives have established their own businesses. Only 6% of the natives' children are salaried employees, who have acquired higher professional degrees such as MBA, MCA, MS, M.Tech and Ph.D.

After doing his Master of Science from Barkley University, California (UK), the son of Sambhaji Magar (see plate number 9) got a job in the IT Company at Kalyani Nagar Pune, where he receives 12 lakhs annually. When they were growing, the condition of Magarpatta had enhanced, where sub urbanization rapidly converted agriculture land into real estates. They got higher and quality education, which further resulted in reducing their interest in agriculture. Besides the kind of modern education, they received, didn't make them feel like working in farming and agriculture. The second generation natives are only interested in owing businesses. They are becoming more business minded. This change in profession from the first generation to the second generation influences many social and cultural transformations among the natives. The changes in livelihood is analysed through some natives examples, which show the remarkable shifting of professions.

**(iii) Proliferation of livelihood- Peasant to Entrepreneur:** Bull et al. (1995:47) in the entrepreneurship theory states the causes of entrepreneurship under the various conditions. These conditions should be favorable to adopt entrepreneurial activities: (1) Expectation of gain for self (economic and psychic benefits), (2) Task related to motivation i.e. some vision or sense of social values embedded in the basic task itself, that motivated the initiator to act and supportive environment.

The Native peasant, Mr. Madhusudan Magar explains how his life changed from a peasant to contractor. He explains.....

"From agriculture, we would earn ₹20,000 to ₹50,000 annually. After educating myself in Law, I started practicing in session court at Shivajinagar-Pune as well continued doing agriculture. I was a new law practitioner and my income was very low. Satish dada advised me to leave the profession and join hands with him in his business. After discussing with my peers, I initiated Sheer Associate Ltd. They were also searching for businesses and therefore we came together to launch this firm. The first contract to Shree Associate was given by Magarpatta City SEZ. We completed many projects in the Magarpatta City SEZ. Now our eight new construction sites are going on independently. We have 13 engineers, 30 supporting staff and 300 laborers. My current annual earning is ₹3 crore,"

This gives a clear evidence of the changes in the occupation of the native. Mr.Madhusudan Magar was a lawyer and he turned into a building contractor. Now, he received money not only from business, but also from the investments, dividends and share markets.

**(iv) Shifting from Farming to Eco-friendly business:** The Magarpatta City SEZ is a unique model for ecology preservation. Mr.Manik Bhirat, a 70 year old native (please see plate number 7&8) of Magarpatta City SEZ, has started the manufacturing of bricks with eco-friendly mechanisms. Fly-ash bricks manufactured mechanically using cement, fly ash, aggregates, is better than the traditional bricks because of various reasons, like controlling of pollution, cost, breakage, wastage, evenness, finish while manufacturing, etc. For every ton of fly ash used in construction, approximately 1 ton of CO<sub>2</sub> emission in environment is reduced. Magarpatta City SEZ is set to consume 1,30,000 tons of fly ash by the time construction is completed here, translating into a huge saving over the same, i.e. 1,30,000 tons of carbon emission (Dhere A.M.;2010). According to Mr. Manik Bhirat



"My education is low and I don't know any such businesses. One day, I asked Satish dada about possible contracts. He advised me to go for a short training on manufacturing of cement bricks. I visited many cement bricks manufacturing companies in Pune and Ahmadabad (Gujarat). I took loan from the State Bank of India and purchased a Cement Brick Machine from Ahmedabad. Satishdada and the engineers teams frequently came to my factory to inspect and did experiments over mixing of coal fly ash in the cement brick. As per their suggestions, I mixed coal fly ash in the raw materials to produce cement bricks. They continuously tested the quality of this brick and finally fixed the ratio for addition of fly ash per 1000 bricks. I brought fly ash from the Parali Thermal Power Plant. This fly ash is useful to reinforce the brick material. This idea is now spread all over to Pune and Maharashtra. Many government officers visit my factory and appreciate the idea. Daily, more than 3 tones fly ash is utilized here. Initially, I had a small unit and later it is converted into a big one, where 30 people work. Daily 1, 10,000 bricks and 45,000 paving blocks are produced (See annexure-III plate number7&8 ). From this business, I own two flats at Magarpatta City SEZ and run one grocery shop. Now, I have handed over this business to my ones," he said.

*(iv) Poor in education- Smart in Business:* Warren (2004) describes that a famer would become more productive in business, if he got a favorable opportunity and resources. This study found that, the role of Magarpatta City SEZ in providing favorable atmosphere and resources in enhancing the life of native peasants even if their education is low, but achieved talent in businesses.

Mr. Nitin Magar, a 56 year old native studied up to 9<sup>th</sup> standard did not have any knowledge of running businesses. When he got the first contract from Magarpatta City SEZ, he was confused about how to execute the business. He explains.....

"I did not know from where to purchase steel and cement. And I did not have enough money to initiate the business. I approached a banker at Hadapsar. He wanted a strong guarantor to refund the loan. I gave him the share certificates of Magarpatta City SEZ, he laughed and insulted me. I got hurt by this incident which I keep remembering. Finally, the Tamilnadu Bank [located at Pulgate-Pune] took interest in my proposal and sanctioned the loan. Now many bank managers are behind me and request me to choose their bank for deposits. The Situation has changed because of the Magarpatta City SEZ."

Mr. Nitin Magar extended his business in the travel and transport sector. He founded Pawan-Hans Travels Pvt. Ltd. Company. This company has 100 Tata-Indica cars, which are given to IT companies located at Magarpatta City SEZ. This company also provides travel services to escort foreign guests in India. Meanwhile, Mr. Nitin Magar opened Marshal IT Service Company in 2004 at Mega Centre, Hadapsar. This company got ISO: 9000–2000 certificate.

*(v) Transformation from Pharmacists to Building Contractor:* The Magarpatta City SEZ resulted as an economic model and the natives got entrepreneurial visions for development (See Carlin Carr; 2012:44). However, the second generation native got opportunities for businesses after education. The example of the native Mr. Girish Magar is unique, who switched over from being a pharmacist to a builder. Once the construction in the Magarpatta City started in full swing, Mr. Girish Magar started manufacturing and supplying cement bricks. For the manufacturing of bricks, Mr. Girish took raw material itself from Magarpatta City on lease and setup his first business over 10 gunthas of leased land. His project was big enough to give jobs to 40 people and investment in this business has now reached to ₹1 crore. At present, along with Magarpatta City SEZ, Mr. Girish supplies bricks to many big projects within Pune.

During the field visit, I met the second generation native, Mr. Girish Magar, who is a pharmaceutical graduate, but started construction related business. I asked him.....

‘if there had been no Magarpatta City SEZ then what would have been your future.’

Mr. Girish smiled and responded.....

"After completing B.Pharm, I worked with Cipla Pharmaceuticals Ltd. as medicine Representative and worked for 2 years. If there had been no Magarpatta City SEZ, we would have had no option except to sell land to the builder and make use of money to purchase new house and car."

Mr. Girish now assertively handles big projects and has a desire to begin a construction company. Mr. Girish knows all the details of the construction industry. "My job is to check interest in agriculture," Mr. Girish says.....

"From the beginning we have been doing farming; meanwhile we started this business, from this we got more money and we forgot about agriculture. Now I am thinking of buying some agriculture land to maintain our status of an agrarian family."

Although having a pharmaceutical degree, Mr. Girish Magar also gained knowledge and command in the manufacturing and supply of construction material. The new avenues created by Magarpatta City SEZ influenced and created space for Mr. Girish Magar to change his old profession. Gnyawali and Fogel (1994) describe the entrepreneurial environment as a combination of factors that play a role in the development of entrepreneurship, including the overall economic, socio-cultural and political factors that influence people's willingness and ability to undertake entrepreneurial activities. In the light of the example of Mr. Girish, it can be said that, the Magarpatta SEZ was one of the factors that provided the entrepreneurial environment for the second generation natives.

*(vi) Small Business-Big reward: replica of Magarpatta City SEZ:* Mr. Sunil Bhosale is one of the marginal landholders among the natives of the Magarpatta City SEZ. He provides contract services to mounting the doors at Magarpatta City SEZ. He mounted more than one lakh doors and presently 20 people are working under him. Mr. Sunil Bhosale reviews that, all his transformation is only because of Magarpatta City SEZ. Mr. Sunil added.....

"Initially, I desired to look for a good salaried job at Magarpatta City SEZ, but Satish dada advised me to start off with a business. I was in a dilemma to start up with the business, because I did not have any capital and knowledge. I was searching for business which had low investment. Satish dada gave me suggestions before I could launch the business of the door mounting training. For three months, I had worked at Balaji Traders, Hadapsar for internship. I took a loan of ₹3,00,000 from Tamilnad Bank. Finally, I established 'Sunil Enterprises Ltd.' company. At the outset, I would work alone to mount the doors in the new buildings at Magarpatta City SEZ. Now, I have 20 permanent employees and the annual turnover of Sunil Enterprises is of ₹1.5 crore, which have ₹35-40 lakh net profit. My small business has got me a big reward."

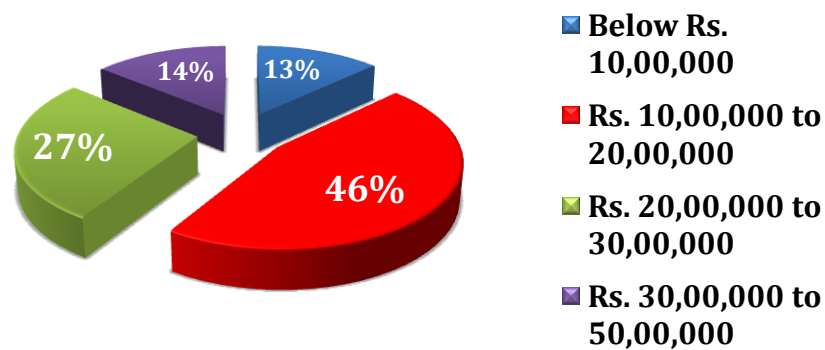
Magarpatta City SEZ has offered many business opportunities to the natives. This case study gives enough indications for inclusive and equal economic

opportunity to the natives. Mr. Sunil Bhosale had a marginal farmland at Magarpatta, he got a big income source, which would sustain him through generations. Kruger states that the characteristic of an entrepreneur viz. leader and manager and has to play important role in co-ordination (See Kurger;1994:27). In this case, it is observed that, Mr. Satish Magar has played a pivotal role in bringing inclusive development among the natives. The next section analyses the changes in the staple occupation of natives belonging to the Maratha caste.

**(b)Income**

The sources of income of the natives, now, come from dividend, contracts to Magarpatta City SEZ, own businesses, share market investments and agriculture. Apart from these sources, the natives invest and re-invest money in new businesses and purchase new land for agriculture and real estate. Hence, money is pouring in from various sources, which increase their capital.

**Figure No.5.6 : Monthly income of natives of Magarpatta City SEZ**



The figure given above shows that monthly earning of 46% of the natives is ₹10 lakhs to ₹ 20 lakhs. In total, for 27% natives, the monthly earning is ₹20 lakhs to ₹30 lakhs. Whereas, 14% of the native’s monthly earnings are ₹ 30 lakhs to ₹ 50 lakhs. The new entrepreneur native hire advices and services of charter accountants on investing money in new business, which increase their earnings. Even Magarpatta City SEZ also helps their natives in making investments.

The sources of income of the natives are diversified and currently, the annual average income of a native is more than ₹40 lakhs. Although, a single

source of income only came from the agriculture, which was not sustained for a period. In the year 2000, the land rate around Magarpatta City SEZ was somewhere between ₹30-35 lakhs per acre, but today, it is around ₹3.5 crore per acre. This means that in the last 11 years, there has been an appreciation of more than 900% in the land value alone. In the empirical research study by Ghosh (1998:40), economic development is perceived as the shifting of occupation from agriculture to industrial and to the service sector.

***(c) Changing pattern of loan before and after Magarpatta City SEZ***

The natives took loans when they their agricultural land and also when it was required for businesses. Initially, loan was required for purchasing seeds, fertilizer and pesticides, to dig wells and bore wells as well as during the marriages of children, illness and family functions. At that time, the native brought loan from the cooperative societies, district and national banks and moneylenders. Earlier, the loan amount taken by the native ranges between ₹10,0000 to ₹5,00,000 .

During the making of Magarpatta City SEZ, the financial condition of the natives was not so sound. Therefore, they took loan from nationalised and cooperative urban banks. In many case studies, it is observed that natives took loan from the Tamil Nadu Bank, Pune, as this bank is the official banker of Magarpatta City SEZ. The Magarpatta City SEZ gives guarantee for every loan taken by their natives. Today, the native take loans only for businesses and the amount of loan is in the range of ₹ 10 lakhs to ₹5 crores. Here, the changes are observed in the reasons or purpose of loan, sources of loan before and after the Magarpatta City SEZ. The amount of loan has increased, since these natives are involved in the businesses. The economic power plays a significant factor and have changed the dynamics of taking loan. At present, many bankers give offers to these natives. The Magarpatta City SEZ native and progressive farmer Mr. Soapn Magar, explores the changes occurred over the period in taking loans. He said.....

"My father and grandfather took loan from moneylenders and banks for various reasons. During my sister's marriage, they took a huge amount as loan on higher interest rates. After the harvest, only the interest over loan was paid and capital remained for years. This situation was the same with the other natives. In case of high loan amount, some

natives had to even sell their piece of land and repay the loans. Now, I take big loans for business from different banks without any hassle because I know that I have enough investments to repay these loans easily," he said.

The loan situation has changed dramatically. Initially, the natives took loans from the banks, cooperative societies and moneylenders. Even, some natives had to sell their piece of land just to repay the loan amount. But today, the natives take loans for business and repay all the loans without any hassle. Many bankers wish to give big loans to natives without any guarantee. This change is because of the Magarpatta City SEZ, which has not just up-lifted these native peasants, but made them more competitive.

***(d) Changing pattern of investment before and after Magarpatta City SEZ***

The Natives of Magarpatta City SEZ are making investments in the share markets, purchasing new land for agriculture and real estate. Before this project, natives investments were very low i.e. ₹ 15,000. The Magarpatta City SEZ has changed the sources of earning. Money is now received from businesses, contracts, share markets, dividend from Magarpatta City SEZ as well as from agriculture. While cultivating the land, many natives do not have any investments, whereas some natives invest money in traditional ways like by fixed deposits in the banks, Kisan Bachat Patra<sup>1</sup> and gold. However, after the setting up of the Magarpatta City SEZ, natives preferably invest in the share markets and purchase agriculture land. Whereas, it is also observed that, natives are re-investing money in the new businesses like hotel industry, tours and travel companies, textile industry and renting apartments. At present, the average investment of the native is ₹45 lacks a year.

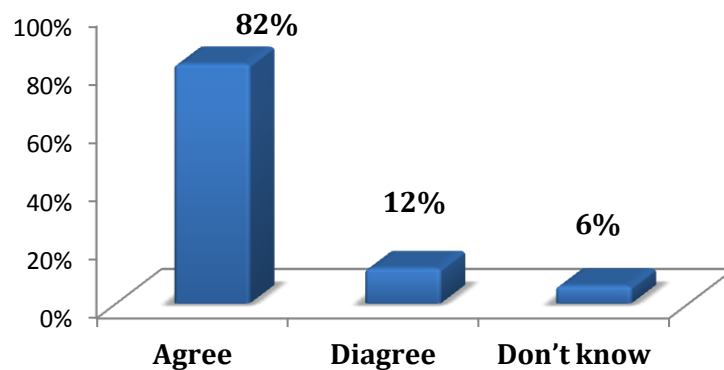
After losing their agriculture land to the development of Magarpatta City SEZ, the native's occupation has now shifted to the secondary sector like business and service industry. From the investments, it is observed that natives have made investments in agriculture because of the strong inclination towards this traditional occupation. In this context, this study tries to find the affiliation of natives with staple occupation.

### C) Magarpatta City SEZ and Changes in Cultural sphere

Cultural change is a term that emphasizes the influence of attitudes, values, aspirations and sense of self-efficacy on individual and community behaviour. This part determines the cultural changes that have occurred in the natives after Magarpatta City SEZ. The following variables have been used to measure the cultural change.

- (a) New beliefs and Practices,
- (b) Inter-personal relations,
- (c) Disappearing collectivism,
- (d) Marriages and Dowry and
- (e) Family solidarity.

**Figure No. 5.8: Native community's perception of on changing cultural values.**



The above diagram shows that 82% natives are of the opinion that their cultural traits, beliefs and values are not the same as they were in the past although, it is difficult to count the number of changes specific to cultural traits. The tables number 5.9 and 5.10 gives the features of cultural changes among the natives. However, some of the classic and fundamental examples have also been analysed to measure changes in the cultural values among the natives.

#### ***(a) New Beliefs and Practices***

Beliefs are the assumptions we make about ourselves, about others in the world and about how we expect things to be. Beliefs are about how we think things

really are, what we think is really true and what therefore is expected as a likely consequence that would follow from our behavior (See Fusilier, Marcelline, and Subhash Durlabhji,2011). The tables 5.9 and 5.10 show the changing beliefs and practices among the natives.

**Table No.5.9: Responses of natives on changing beliefs and practices.**

Responses of natives on ideas and beliefs	Yes	No
Are foreign cultural practices accepted by natives (for e.g. Wind Chime, Pagoda, Pyramid).	33 (66%)	17 (34%)
Did you notice natives celebrating other religion festivals (for e.g. Christmas, valentine day).	28(56%)	22 (44%)
Did you observe natives eating Pizza, Burger, Sandwiches.	23 (46%)	27 (54%)
Have you seen whether, family gatherings during festivals have reduced among the natives.	46 (92%)	4 (8%)
Do you notice natives celebrating all traditional festivals.?	22(44%)	28 (46%)
Do all family members get involved during festival celebration.?	14 (28%)	36 (72%)
Do you feel clothing patterns are changing in the first generation natives.?	43 (86%)	7 (14%)

Source- Author Fieldwork, 2011-12.

**Table No.5.10: Changing beliefs and practices among native community.**

Ideas and Beliefs	Before SEZ	After SEZ
Beliefs	Black magic, evil eyes, cat crossing, witch craft, ghost and inauspicious time.	Wind Chime, pagoda and pyramids are commonly seen at home.
Food	Cereal bread like Jowar, Bajara, Wheat with vegetable, Curry and Rice.	Second generation prefer Pizza, Burger, Sandwich, Noodles, Manchurian, Corn flex as well as traditional menu.
Festivals	1. Celebrating all traditional festivals.	1. Celebrating major traditional festivals along with foreign festivals like Christmas, Valentine's day, Friendship day.
	2. All traditional festivals have been celebrated passionately.	2. There has been low level of passion found in celebrating traditional festivals.
Clothing	Traditional Dhoti or Pajama, Kurta, Ghandi Cap	Trouser, Shirt, Jeans, Suit and modern cloths, while the few elders wear traditional dressing.

Source- Author fieldwork, 2011-12.



*(i) Diffusion of Chinese cultural idea:* Sociologists and anthropologists consider the organisation of society to be a reflection of its culture- an important component of which is cultural beliefs (See Avner Greif; 1994:44). Culture traits are not necessarily confined to a single culture, the trait combines with others in a distinctive way, so that a culture complex is formed (See Quamrul Ashraf, Oded Galor; 2007:249). For example Indian Yoga is very popular in European nations because of its ultimate and lifelong benefits (See Jacqueline Marie Sivé; 2009:478). Like that, the new western cultural beliefs have also been observed during the field work, which is presented in Table 4.10 and in a few vital examples mentioned below. From Table 4.9 it is discerned that, 66% natives have western cultural traits and use Wind Chime, Pagoda and Pyramid as well as Indian artifacts. Previously, these modern traits were not found in their society. The following example would elaborate the micro-insights of the cultural changes.

A Hanging Wind Chime in Mr. Maruti Bhosale's bungalow at one corner of the entrance is an ample evidence to underline the changing ideas and beliefs among the natives. Basically, the culture of Wind Chime is practiced in China and is quite popular. It is seen in their large pagodas. At one corner of Bhosale's bungalow, small wind bells were hanging; the slightest breeze would swing the clapper and cause a melodious tinkling. It is said that, these bells were originally intended to frighten away not only birds, but also any lurking evil spirits. In Hindu culture, this Wind Chime was never previously seen in the houses. After globalisation, this cultural tool like *Wind Chime* became widely famous in other parts of the world, mainly south Asia because it is believed that, it stops evil forces from entering our homes. I asked this to Mr. Maruti Bhosale. He replies.....

"My elder son visited China for a tour as well as for business purposes. He brought this Wind Chime from China during one such visit. He believes and supports the claim that hanging a Wind Chime keeps peace at home,"

The changing cultural belief is the influence of another culture which is becoming dominant. M.N. Srinivasan (1958) in his classical study 'Social Changes in Modern India' narrates that norms and behaviour of Indians were influenced by scripture and epics of other cultures. In the above example, the Wind Chime in the

native's house is acquired from the Chinese culture and it has replaced traditional Hindu scriptures like hanging coconuts at one corner in home. However, a few Hindu Vashtushtra<sup>2</sup> scriptures also been observed in the natives houses. The growing affluence have also created tension regarding financial, business as well as political security among the natives', that could be one of the reasons for accepting this kind of behavior.

**(ii)Influence of Westernisation/modernization:** Westernization is a process whereby, societies come under or adopt Western culture in such matters as industry, technology, law, politics, economics, lifestyle, diet, language, alphabet, religion, philosophy and values (See Srinivasan;1954:197). Westernization has greatly affected our traditions, customs, family institution and respect and love for others (See Gupta; 1994:54). The examples presented below give ample evidences on how natives of Magarpatta SEZ have been westernized.

It is evident that in a modernisation and globalization era, the westernization has touched every society while it is also observed in the natives. There are 66% of the natives' food habits have changed from traditional to western. The Pizza, Burger, Sandwiches are the food items, which are very popular in the second generation native circle, while the first generation are also gradually adopting these western food habits. However, they are also taking traditional food items.

One early morning, at around 8:00am, I visited Mr. Shankar Margar's home at Magarpatta City SEZ. He allowed me to speaking with him during the breakfast time. By profession, Mr. Shankar Magar is a building contractor and currently holds ten big contracts. When I reached his home, his wife had packed tiffin for his two children, who were preparing to go to the Magarpatta City School. I noticed that they had been given burger and sandwiches in the children's Tiffin. Mr.Shankar Magar's wife told me.....

"Initially, I would give them Indian food, but while sharing their lunch, they came across sandwiches, burger and pizza brought by their friends. Thus, our children also started demanding that type (*western*) of food. "

This study has also presented unique examples of changing festivals among these natives which is shown in the Table 4.10. It is found that along with traditional

festivals, 56% of the natives celebrate other festivals of other religions especially Christmas, Valentine day ( Valentine's Day is not a festival in India) and so on.

This has also been reflected from the example mentioned below. During the visit on 22<sup>nd</sup> December, 2011, I met Mr. Sukhdeo Magar in his beautiful home, which is located inside Magarpatta City SEZ. I saw his children decorating the Christmas tree and his wife was helping them. I was really amazed to see this type of cultural transformation. I asked them the reasons of decorating the Christmas tree. Mr.Sukhadeo's wife explained.....

"The children have so many Christian friends and they are celebrating Christmas in their homes. The school (convent) has holidays during Christmas. All this made them wish to celebrate Christmas at home. I am helping them so that they could enjoy."

This change in celebrating festivals of other religions informs us that, not only changes that have occurred in festival and spiritual traits of natives but also changes have occurred in the food consumption patterns. However, contrary to these results, natives have not fully accepted western foods as they are also given preference to Indian foods. I have observed that, some natives prefer Jowar and Bajara roti (bread). Apart from this scenario, such transformations are not seen in the first generation natives.

A number of recent studies authenticate such behaviour by Indians especially in cross cultural collaborations (See Gopalan and Rivera; 1997:22, Gregory et al; 2009:65, Nicholson and Sahay; 2001:18, Sahay and Walsham; 1997:65, Sinha and Kanungo; 1997:120, Walsham; 2002:63, Walsham and Sahay;1999:1, Upadhyya and Vasavi; 2006:76). Moreover, the education system of India was also established as one of the contributors to high power distance, as it is known to discourage questioning of the so called facts of Western education taught in India (Singh; 1990). The second generations with a higher level of modern education were found to resist authoritative attitudes of superiors (See Sinha and Kanungo; 1997:44).

The westernization among the natives reveals the change in the cultural sphere. At present, the cultural changes in the natives are in transition phase; if such

trends continue, westernization will fully evolve the natives of Magarpatta City SEZ. Similarly in connection to the concept of westernization, the theory of cultural lag also helps us to analyse the cultural changes among natives.

**(iii)Fading of Festivals:** The festivals in India revolve around the concepts of good winning over the evil, the prayers and rituals, seeking blessings from elders, exchange of goodwill, house decoration, wearing clothes or ornaments, entertainment (music and dance) and feasting etc. The concept of the festival in India is simply to present through Indian eyes the living essence of Indian' culture (See Mehra; 2001:1).

It seems that, the charm of these festivals is slowly fading (See Gupta;2002:20). Community gathering is required for most of our festivals. However, nowadays such gatherings are commercialized that leaves a bitter taste among those who organize it and those who attend them (See Gnanambal;1969:156). Similar trends are seen on Table 4.10 on the disappearance of cultural enthusiasm and participation among the natives. From the results (Table 4.9), it is pertinent to note that, 92% natives said, their family gatherings and attraction of the functions is decreasing. However, it is also found that, 44% natives celebrate the traditional festivals and 72% natives have noticed that the family member's involvement in the festivals is decreasing. This shows that, the natives are losing attraction in family functions and festivals and may be after some decades, the traditional festivals will totally vanish. It should be noted that, collectivism and interest to celebrate traditional festivals changes considerably as well, because the natives do not have time for traditional celebration and festivals.

Mr. Shahaji Magar has given a significant comment on the gradual disappearance of culture among natives. He said.....

"On the occasion of Makar Sankranti, people exchange tilgul ladoos<sup>3</sup>. While exchanging tilguls as a token of goodwill, people greet each other and accept these tilguls and exchange good words. But Magar people's enthusiasm and participation is reducing. Earlier, we would meet at home, where people joined and had a discussion on various issues from agriculture to politics. But, now natives are much busy in their works and their children don't

have affection with festivals because mostly they have stayed abroad for education,"

“Get-together” was the prime concept of all our festivals. With nuclear family becoming the way of our life, most members of the present generation feel that festivals are intruding their privacy. However, the so-called get together does not happen and hence the concept of seeking blessing from the elders is not seen (See Gupta;2002:871). Institutional differentiation, growing societal complexity due to urbanization and industrialization and social conditions are said to have created problems that lead to new patterns of festivals (See Gopalkrishnan; 2010:98).

In the view of the above results, this study reveals that festival celebrations among the natives have undergone a sea change. Festival organisation and celebrations of natives is now only restricted to family peers, close relatives and friends.

The dressing style of natives is changing as they have acquired the entrepreneurship status in the society. The traditional dressing pattern has disappeared in the second as well as first generation natives. Though, I have observed that only a few elders wear traditional dresses such as Dhoti-Kurta<sup>4</sup> and Gandhi cap<sup>5</sup>. During my field visits I have found that, dressing style among the second generation is more western. The tie with suit is preferred by native youths. From this, it is concluded that entrepreneurial skills have been inculcated in the second generation natives. Dressing styles among the second generation are more redefined and modern.

***(b) Inter-personal relations***

Interpersonal relations are an important variable that play through all types of relationship within the community. Table number 4.11 and 4.12 shows the changing interpersonal relations among the natives.

**Table No.5.11: Responses of natives on changing interpersonal relations among the native community.**

Responses on Interpersonal relations	Yes	No
Do you feel family bonding is loosening	42 (84%)	18 (36%)

Are relations between brothers and sisters are lessened	47 (94%)	3 (6%)
Do you noticed second generation native does not gel well with the kinship relations like Uncle, Aunty, Cousins	34 (64%)	16 (32%)
Do you agree that natives interpersonal relations are still consistent as it was in past.	12 (24%)	38 (76%)
Do you notice relations between friends are falling.	45 (90%)	5 (10%)

Source- Author Fieldwork, 2011-12.

**Table No.5.12 : Changing nature of interpersonal relations among the native community**

Aspects of Interpersonal	Before SEZ	After SEZ
Interpersonal Relations within Family	Interpersonal relations were very strong, every family members take care of each other and they give time for others.	Interpersonal relations are trailing; they do not have time for others.
Friendship relations	Interpersonal relations among the natives are friendly. They have continuous dialogues with each other. In case of emergency, all natives come together. They had gone to picnic and hotelling.	Friendly relations are loosening and political, business, status and power related competition between each other is increasing. Close friends are opposing each other in elections. Inter-competition between friends and family members are increasing.
Kinship relationship	Love, affection, integrity was existing with close relatives.	Love, affection, integrity was losing with close relatives.

Source- Author Fieldwork, 2011-12.

From the discussion with natives, it is observed that in the past, all the natives act like a single family. There, relations are friendly, where people collectively go to a picnic and movies. Contrary to this, the present interpersonal relations are more materialistic. This has been proved that, for 90% natives, friendly relations are no more constant. However, the brothers and sisters relations have been changing to uncongenial (viz. 94% replied positively). This is because of the divide in the agriculture land has raised clashes among the brothers and sisters.

Furthermore, 84% natives feel that, their family bonding is declining. The inward looking approach has developing in the natives, which leads to rise of isolated people in their society. It is very amazing to see that, 64% second generation natives are not well-versed with bonds of kinship with their relatives. Since, a majority of the second generation native are studying abroad, busy in the businesses and working outside; that make them inaccessible to their relatives. In the past, sympathy, harmony, affection and integrity were greatly seen in relationships while these values are fading now. 76% natives believe that, their inter-personal relations with friends, brothers, sisters and family members have not remained the same as it had been in the past. From this, it is clearly understood that money, occupational shifting and influence of modern ethos have been impacting the relations in Indian society.

Against this background, the following section show the changes in interpersonal relations among the natives. Mr. Nilesh Magar spoke about radical changes that have emerged especially among the second generation natives. This is obvious that, the changes in cultural sphere in general and inter-personal relations among the native in particular, have changed.

"All the second generations of these natives are active in their businesses and they have become more prosperous and live a luxurious life. They travel in luxurious four wheelers, frequently touring abroad and enjoy every moment of their life. When Magarpatta City started share price for one (1) square feet land, it was just only 100; now it has gone up to 5,300). All natives receive a good dividend every quarterly month from Magarpatta City SEZ. In the past, we don't think of the greatness of this project. Now, I have seen many dramatic changes arising in the social and cultural life of these natives especially in the relations; which are not like that earlier. Affluence destroys the social bonding, loosening friendliness among each other. Children are not well acquainted with their close relatives. Competition among each other has also increased in their generation. The patriarchal rules are more liberal than previous. We do respect our fathers and were afraid of sharing our ideas. Now in my family, children voice their opinions on major issues."

The comment of the second generation native gives a more clear idea of change in mutual relations. The second generation native and owner of financial firm, Mr. Rishi Bhosale also tells about social and cultural change in the natives.

"I agreed there are problems in social and cultural transformation in the natives. In the past, all the natives would gather and help during marriages and other family programmes. Now natives are only present physically. I see their enthusiasm has decreased."

I asked for the reasons behind this and Mr. Rishi replied :

"Money breeds competition in natives and in the business. They do not give priority to family, relatives and society."

The change in relationship is the dynamics of the Indian society. It is interesting to note that among the natives, changes are noticed in the relations. The second and third generation natives are studying abroad or are away from home, therefore they are isolated from typical Indian family experiences. The second generation also looks after their business, which gives them economic independence. The Magarpatta City SEZ is one of the contributory factor of these changes in the natives. The modern children's inter-generational relationship is estranged because of the economic factors (See Swartz, Teresa Toguchi; 2009:244).

***(c) Disappearing collectivism***

Harry Hui C. and Harry C. Triandis (1986:229) defined collectivism, which is the opposite of individualism as, "a sense of harmony, interdependence and concern for others." More specifically, collectivism is reflected in greater readiness to cooperate with family members (See Hui and Triandis; 1986:44, Triandis et al.; 1988:91). The results presented in the Table number 5.13 and 5.14 show the changing facets of collectivism among natives.

**Table No.5.13 : Responses of natives on changing collectivism among native community**

Responses on Collectivism	Yes	No
Has unity within the natives are decreased	40 (80%)	10 (20%)
Do you give time to involve in the other native's family and social functions of other natives (For e.g. Weeding, Funeral)	15 (30%)	35 (70%)
Do you feel that natives do not have free time for other natives.	37 (74%)	13 (26%)
Do you notice that the second generation natives do not involve in the family functions	41 (82%)	9 (18%)

Source- Author Fieldwork, 2011-12.



**Table No.5.14 : Changing aspects of collectivism among the native community**

Aspect of collectivism	Before SEZ	After SEZ
Collectivism during functions	All the natives involved and worked during weeding, funeral and other functions.	Natives only participate in functions, but do not involve.
Involvement	Personally involvement in the family functions. Elderly natives guiding the youths.	No involvement while in some cases physical involvement to success the event.
Time	Natives find time for others especially in family functions. Even, they took guidance from senior natives for date, day of any function.	Time is not available due to the busy schedule in the business and work. Spare some time in the functions.

Source- Author fieldwork, 2011-12.

Collectivism among the natives has drastically changed after inception of Magarpatta City SEZ, where they do not have time for others from their businesses and works. As compared to the past, native do not give their time to family and functions organised by other kins. Even though, at present, a majority of the family functions like wedding, betrothal ceremony is being conducted through event management companies. The second generation natives lack collectivism, where 82% natives have responded that, they are not involved in the family functions. However, the collectivism is also lacking in the first generation natives, where, 70% of the natives do not get involved in the family functions like wedding, ring ceremony and funeral. The changes in collectivism are also reflected from the decreasing unity among these native (80%). The nature of change in the first generation natives are in first level of the transition phase, while in the second generation changes are clearly visible through this results. The following examples give micro insight of collectivism. One of the native, Mr. Nilesh Magar (see plate number 10) gave information on loss of collectivism among the natives.

"Magarpatta City SEZ made native elites, but it has also

transformed their social life. All our uncles and their friends would gather in family functions and all share their ideas and thoughts. All natives would come together, work hard to carry out big events. There had been great enthusiasm in their collective effort. After this project, all are busy in their business and this has adversely impacted lives and resulting in loss of collectivism."

India, like most other less industrialized, traditional, eastern societies is a collectivist society that emphasizes family integrity, family loyalty and family unity. Indians have been found to be collectivists (See Hofstede et al;1980:176, Hofstede et al; 1985:290). But, as stated above, the results were not convincing. The collectivism in the natives is disappearing. This may be because of urbanization and modernization; younger generations are turning away from the joint family system. The disintegration of joint family has resulted in losing affections between each other. Competition to increase more wealth and political mileage are some reasons for the disappearance of collectivism among the natives. Apart from this, given their busy business schedules, natives are left with less time to participate in the functions like the way they had previously participated. Among the natives, the primary relations are replaced by secondary relations. However, at present, all big functions organised by natives are carried out with the help from some private event manager, which has reflected the decreased inclination among natives to rely on others and decreased interdependency, which is the base of traditional society.

#### ***(d) Marriages and Dowry***

Marriage is one of the social institutions of Indian social structure in which dowry is one of the important practices. The term dowry, however, has many different meanings: It is a gift made to cement bonds between two families – usually given in the form of jewelry or clothing. It is an investment to assist the newlyweds in setting up their homes – in the form of durable goods, or contributions towards a new business venture. It is a “pre-mortem” bequest to a daughter – enabling her to obtain a *stridhan* that she would not customarily be entitled to on the death of her father. It is also a symbolic expense used to celebrate the marriage in an appropriate manner (See Rao Vijayendra ;2006:5). The study has found that, there are drastic changes in the traditional structure and function of dowry system.

Wedding celebrations are getting increasingly lavish. There are many studies, which show that, wedding celebration in India has radically changed, where poor family's wedding celebration is in the urban style and it is a symbol of social status (See Bloch, Rao, Desai;2003:65, Anderson; 2005:104). In the next section, an effort has been made to analyse the changing nature of marriage and dowry among the natives of Magarpatta City SEZ.

(i) ***Affluence in Marriage institution:*** Sociologists and anthropologists began to study Indian society; they depicted it principally in accordance with three variables: caste, village, family and marriages (See Shah; 1998:286). Marriage is a cultural universal phenomenon and it is defined by different scholars in different ways. According to Gough (1959:80), "marriage is socially recognized and normatively prescribed relationship between at least two persons that defines economic and sexual rights and other duties, each owes the other or others and provides the primary mechanism in a society by which, the offspring are recognized as legitimate and accorded full birth-status rights common to normal members of their society or social stratum." Table number 5.15 shows the richness paradigm of marriages in the natives.

**Table No.5.15 : Responses of natives on marriages and dowry of native community.**

Responses of natives on marriages and dowry	Yes	No
Do you notice that native's wedding are changing	49 (98%)	1 (2%)
Are natives marriages celebrated lavishly	50 (100%)	0
Do you agree that, native willingly give more dowry to daughters	50 (100%)	0
Are inter-caste marriages seen in the second generation	0	50 (100%)

Source- Author fieldwork, 2011-12.

**Table No.5.16 : Changing nature of marriage institutions among the native community.**

Aspects of marriages	Before SEZ	After SEZ
Wedding period	Wedding ceremony completed in 2-3 days.	Wedding ceremony continues up to 7 days.

Wedding place	Wedding are celebrated in front of homes or rarely in small hall.	Wedding are celebrating in the 3 to 5 star hotels or lavish hall
Wedding feast	Traditional Maharashtraian menu like sweet, bread and curry, veg-rice, snacks.	Varied menu like Continental dishes, Gujarati dishes, Punjabi dishes, south-Indian dishes, Chinese dishes, Italian dishes, Spanish dishes.
Entertainment shows in Wedding	No entertainment show	There are many entertainment shows like Orchestra, Katputli and Magic Shows to entertain the people in a aristocratic manner
Reception	No reception except rituals	Reception is common in the natives. Both Grooms and Bride parents giving brand reception party in the star hotel for close relatives and important people.

Source- Author fieldwork, 2011-12.

The institution of marriage has transformed remarkably in the native's society. The affluence brings in new methods of conducting wedding ceremony. Here, it is found that almost all the native's voices on spectacular changes are seen in the wedding. These changes are more related to economic aspects than the cultural aspect. It is obvious that, natives are now willing to spend more money on wedding, due to drastic changes in economic and power relations. There are no changes in the marriage rituals, but the style and modus operandi has undergone a sea change and has become more elite and sophisticated.

In this context, Table 5.15 shows that a majority of second generation natives have selected their mates. Therefore, it is pertinent to find out the presence of inter-caste marriages in the natives. But the result shows inter-caste marriages are not reported in the natives, even though the second generations are selecting their mates from their caste and community.

Maratha caste is ultra-orthodox for inter-caste marriages, for them, it is a serious offence. Those who had inter-caste marriages are alienated from society (See Deshpande; 2005:99). This trend shows similar notion with the theory of cultural lag propound by Odunburg (1957;1).

Studies around the world (See Fincham et.al.; 2007:31, Srinivasan and Lee; 2004:12, Hortacsu et.al.; 2001:705, Malhotra and Tsui; 1996:532, Santow and Bracher; 1994:10) highlight the changing marriage institutions from traditional to modern. A study by Sikdar (2005:1) shows that, change in their traditional norms associated with the factors like urbanization, spread of education, and occupation. Referring to the above findings, I try to analyse the changes in the institution of marriage among the natives. Mr. Manik Bhirat explained the changes of the institution of marriage.

"Now our marriages are like big festivals, which continues for seven days, previously it was completed in just two days. Marriages are done in the big and luxurious party hall, which has music fountains and decorative flowers with an attractive stage. In feast, along with Indian dishes, continental dishes, Punjabi dishes, Gujarati dishes, Chinese and Italian dishes are also served."

Wedding celebrations are getting increasingly lavish and are now almost as large as the price tags attached to grooms in traditional marriages, but the economics of wedding celebrations are rather different. This is because, they are not a transfer from one family to another, but a symbolic expense that mainly serve a signaling function – rather like burning expensive firecrackers (Bloch, Rao and Desai; 2003). In India, wedding celebrations are signal for social status, celebrated more lavishly to show the economic power of family or community (Anderson; 2003). Marriage system in the natives is changing greatly. Being peasants natives earlier took loan for marriages and made minimal expenditure. Through marriages, natives show their economic potency. For natives, wedding celebrations are a signals to indicate social status as they are have newly acquired a higher social status, where everything else are equal, however they celebrate more lavish weddings for other people in the community, who are not aware of this higher status. One more reason is that if by marrying a man from a rich family, the bride's family has acquired a higher social status and the new in-laws are from another place, the bride's home village would not be aware of this ( See Rao Vijayendra; 2006:12). Along with this. the natives hold lavish marriage celebrations in the belief of inter-community competition to show money and muscle power, to make connections with politically active and elite families, to strengthen business network joining with families of giant entrepreneurs and to influence vote bank by inviting people

in weddings. Hence, these results demonstrate that status symbols drive lavish wedding celebrations.

*(ii) Changing face of Dowry:* Dowry, or the price given to a bridegroom, refers to a hefty sum of money with or without some tangible assets that constitute an essential part of the wedding settlement, which is transferred by the bride's household to that of her prospective spouse before the actual solemnization of marriage. Sometimes dowry is also accompanied or followed by the marriage of a daughter (Singh J.P;2009:68).

**Table No.5.17 : Changing facets of dowry among the native community.**

Dowry items	Before SEZ		After SEZ	
	Yes	No	Yes	No
Four Wheeler	0	50 (100%)	50 (100%)	0
Complete home setup	50 (100%)	0	50 (100%)	0
Furniture	5 (10%)	45 (90%)	50 (100%)	0
Flat	0	50 (100%)	50 (100%)	0
Diamond Jewelry	0	50 (100%)	50 (100%)	0
Gold Jewelry	23 (46%)	27 (54%)	50 (100%)	0
Cash in ₹	29 (58%)	31 (62%)	50 (100%)	0
Television	0	50 (100%)	50 (100%)	0
Refrigerator	0	50 (100%)	50 (100%)	0
Washing machine	0	50 (100%)	50 (100%)	0
Microwave Oven	0	50 (100%)	50 (100%)	0

Source- Author fieldwork, 2011-12.

Table 5.17 shows the changing facets of dowry, which shows the changing identity of the natives from poor peasants to wealthy and prosperous entrepreneurs. After the setting up of Magarpatta City SEZ, the items in the dowry are being continuously added by natives (Table number 4.17) and are now mandatory in the

dowry. Before the setting up of Magarpatta City SEZ native peasants would give dowry items only for setting up home (100%), while in some cases it was in cash (29%) and in gold jewelry (46%). However, after the setting up of Magarpatta City SEZ along with these traditional dowry items, the new practices like luxurious and expensive items have been added in the dowry. Gold and diamond jewelry, branded four wheeler car, LED television, AC and refrigerator, washing machine, microwave oven as well as honeymoon air tickets are also given as promotional items. Vijendra Rao (2005:14) in his classic study on Indian marriage system rightly examined that, elite and capitalist class can afford to invest money on dowry and marriages to make the daughter happy. The similar findings have also been observed in the present study. The example given below shows the changing facets of dowry among the natives.

A native lady Mrs. Ratan Magar mentioned this while commenting on dowry.....

"Previously dowry system was very lively during wedding. At that time, natives earning were low, which created limitation on the dowry and marriages. Even at that time, grooms parents would do some adjustments for dowry. Girls education was also considered while doling out dowry. Grooms would demand more dowry for girls who are not highly educated. Now, the dowry system has changed radically due to affluent nature newly acquired by the natives. Groom's family demands more dowry whereas bride's parents also do not refuse the demands. In the dowry along with cash, gold and diamond jewelry with complete home set-up are also being given during weeding. The luxurious four wheeler is also offered to groom as "Biedaaie" ceremony. Even chartered helicopters are brought to escort groom and bride on marriage venue. Crores of rupees are being spent in marriages and dowry. "

The idea of marriage as the 'gift of virgin bride', prevailed in almost all parts of the country, and does so even today. Among the higher castes, in particular, the bride was considered a gift given to the husband and his family and a great deal of stress was placed on her being a virgin. With the bride, other material gifts were always sent to the husband's house. These constituted the *stridhan* or what is called, in the literature, the 'dowry'. The rapid social changes in terms of industrialization, urbanization, new avenues of education, new employment opportunities, higher standard of living, sanskritisation have increased the incidence and the dimension and magnitude of dowry (See Rao; 1993:18).

The economically upward mobility and its induced factors have influenced dowry system in weddings, which is more powerful than the past. Furthermore, it is also observed by the natives that, more dowry will give well being to girl as well as it helps in developing new relations with upper class families. Apart from these factors, establishing new political and business relations also have become equally important, resulting in the changing structure of the dowry system.

***(e) Family Solidarity***

Family solidarity is the degree of attachment that exists among the family members. It is the interaction of associational solidarity, affection solidarity and consensual solidarity. Associational solidarity is the frequency and patterns of interaction in various types of activities. Affection solidarity is the type and degree of reciprocity of the sentiments. Consensual solidarity is the degree of agreement on values, attitudes and beliefs among family members (See Bengtson and Schraders;1982:59). This variable tries to analyse the family solidarity through the changing joint family to nuclear families in the natives. Also, it is argued that, the joint family is now slowly giving way to nuclear families, but many functional relationships with the non-residential family members are maintained in a nuclear family set-up (See Gore; 1968:57, Kapadia;1969: 121).

In India, structure of the family unit varied considerably and is determined by numerous variables. Caldwell et al (1988) identified four major family types, which include (1) a nuclear family-which is a conjugal couple with their unmarried children; (2) a stem family-includes two married couples in different generations; (3) a joint family-includes married siblings living together; and (4) a joint stem-family is the classical full pyramid, where the older couple have with them more than one of their married children and usually grandchildren.

**Table No.5.18 Changing structure of family institution.**

Status of families	Before SEZ	After SEZ
Joint Family	43(86%)	0
Nuclear Family	7 (14%)	50 (100%)



Table number 5.18 shows that, 86% natives have a joint family structure before the Magarpatta City SEZ. At present, this has been a drastic change where all natives are separated in the nuclear families. For monetary benefits, the separation of the land results in the rise of nuclear families.

***(i) Vanishing Joint families***

In India, the joint family system has been in existence since ancient times. The father is considered as the head of the family. His wife, sons, daughters-in-law and grandchildren together constitutes a joint family. The head of the family feels proud of the great number of members. However, with the passage of time, the joint family system has disintegrated, giving rise to the nuclear family system. Formally, family types in India were classified conveniently in many of the studies as nuclear and joint families (See Dube; 1955:1, Morrison;1959:543 Kapadia;1969:120). Gore (1968:18) attempted to differentiate between joint and nuclear families on the basis of their behaviour patterns and attitudes. He felt that the division of families into joint and nuclear was somewhat crude and arbitrary.

The emergence of financially independent, career-oriented men and women, who are confident of taking their own decisions and crave to have a sense of individual achievement, has greatly contributed to the disintegration of joint family (Gupta;1978). Krick Johnson (2000) in his study showed that economic factor favors the rise of a nuclear family. Herein I try to find the changes in the native's family size.

Mr. Sudhakar Bhirat explained the family structure of natives. He said.....

"Before Magarpatta City SEZ, the family size used to be large. Two to six brothers and their wife with children would live under one roof. The Grandfather or elder brother would take all important decisions. Every member in the family would get equal respect. At present, joint families are very rare in the natives. The benefit policy of Magarpatta City SEZ is based on share holdings proportional to land holding. This has caused partition in joint families of the natives. The brothers are divided and they live separately. "

Historically, the traditional, ideal and desired family in India is the joint family. A joint family includes kinsmen, and generally includes three to four living generations, including uncles, aunts, nieces, nephews, and grandparents living

together in the same household. It is a group composed of a number of family units living in separate rooms of the same house. These members eat the food cooked at one hearth, share a common income, common property, are related to one another through kinship ties, and worship the same idols. The family supports the old; takes care of never-married adults and the disabled; assists during periods of unemployment; and provides security and a sense of support and togetherness (See Chekki;1996:87, Sethi; 1989:1). The joint family has always been the preferred family type in the Indian culture, and most Indians at some point in their lives have participated in joint family living (See Nandan and Eames;1980:53). Goode (1968:1) asserts that the large joint family was not common at any time in India perhaps because of the great forces of fission, initially between daughters-in-law and later between brothers. Scarllet Epstine (1968:287) shows that the economic factor causes the break-up of the joint family. In consonance to the above result, the findings of the present study also reveals the same fact that, Magarpatta City SEZ played a contributory role to create an environment for destruction in traditional joint families in the natives. F.G. Bailey (1954:18) in his study also draws the similar result that economic wideness breaks the joint family system in the India. However elderly parents are invited to live with working couples primarily to look after their children (of course under the guise of the adult children wanting to take care of their parents) (Upadhay ,Vasavi; 2006:6). This has emerged as a pattern within the transnationalised Indian society, where it is common for aged parents to be circulated among their several married children. For instance, it is observed that individual initiative and competitive attitude impede the egalitarian principle within natives joint family.

There are two important factors that can cause break-up in joint family: one is that every family member wants the rights and benefits of the ancestor land and another is the new economic opportunities, which make them liberal. This change attributed by the new economy governs the policy of the Special Economic Zone. The findings of the current study are not in accordance with the findings of previous micro level studies (See Kapadia; 1956:125, Gore;1968:80). Although, these are benchmark studies, but in the case of natives of Magarpatta City SEZ, the rate of change in the social and economical sphere is fast as well as their modes of production is also diversified.

## 5.4 Summary

Change is universal and natural. Even without Magarpatta City SEZ there will be changes among the natives but the pace, nature, types and dynamics of changes will not be same. For every change, two factors are responsible: contributory and dominant and both are necessary for the dawn of change. However, the dominant factors always play an important role for creating necessary conditions for contributory factors.

In this study, Magarpatta City SEZ can be seen as one of the dominant factors to bring out changes among the natives. The next chapter gives important findings and conclusion of this study.

### Notes:

- 1 Saving Certificate scheme launched by the Indian Postal Department.
- 2 A recipe for Sesame Cardamom Candy (a famous Indian specialty from Maharashtra shared during Makar Sankranti.)
- 3 Vastu Shastra unifies the science, art, astronomy and astrology; it can also be said as an ancient mystic science for designing and building. The science of Vastu is based on the basic fact that man and nature, both are in equal harmony with each other and that they are composed of the same five basic elements. Both, man and the environment affect each other's existence. Vastu's principles establish to create a harmony between the five elements viz. Earth, Sky, Fire, Water and air in the environment.
- 4 The dhoti also known as pancha, panche or veshti is a traditional men's garment worn in India, Pakistan, Bangladesh and Nepal. It is a rectangular piece of unstitched cloth, usually around 4.5 metres (15 ft) long, wrapped around the waist and the legs and knotted at the waist, resembling a long skirt.
- 5 The Gandhi cap is a white coloured sidecap, pointed in front and back and having a wide band. It is made out of *khadi*. It takes its name after the Indian leader Mahatma Gandhi, who first popularised its use during the Indian independence movement. Worn commonly by Indian independence activists, it became a symbolic tradition for politicians and political activists to wear it in independent India.

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## **CHPATER – VI**

### **SUMMARY OF FINDINGS AND CONCLUSION**

#### **6.1 Introduction**

The final chapter of this thesis gives a summary of the major findings and presents the conclusion. The findings are based on the focal objectives of the study:

1. To explore the underlying features responsible for the formation of Magarpatta City SEZ.
2. To find out the peculiar features that made Magarpatta City SEZ a unique model.
3. To study some of the dominant features of change aroused within the Magarpatta community after a sudden economic advancement.

However, the findings are also based on several vital backward-forward linkages to the Magarpatta City SEZ, that helps to clarify the issues related with SEZ and allied factors associated with the Magarpatta City SEZ.

#### **5.2 Summary of Findings**

##### **Chapter-I**

##### ***1. Export Processing Zone to Special Economic Zone: Need to revise a SEZ Policy***

Earlier, the export processing zones and free trade zones dealt the foreign trades around the world. Since 2005, Special Economic Zones emerged in India converting the export processing zones and free trade zones. India acquires SEZ policy from China with little modification. However, after its implementation it is found that SEZ policy faced opposition from the Indian society because of many awful effects. Since its implementation in 2006, the SEZ Rule was continuously amended and recently the government approved SEZ Rule 2013 where the minimum land requirement for SEZ is specified. Many researchers believed that, India should review the SEZ policy keeping in view the structure of Indian society.

##### ***2. Concession and Benefits to SEZ units makes path for parallel economy in India.***

After analysing the concession and benefits to Indian SEZ, it is believed that, this may create path for the parallel economy structure to the present Indian economy. For giving the waivers of various incomes, revenue by duties and taxes to SEZ had violated Indian regulations. It is also believed that, SEZ pulls the black money in the market, where capitalist may get more benefits because of this policy.

### ***3. SEZ : easy and hassle free idea of land grabbing in India.***

Special Economic Zone is itself a ‘deemed to be a territory outside [the] customs territory of India for the purpose of undertaking authorized operations’; therefore it does have power to acquisition of land without any hassles. Development of Special Economic Zone has a hidden policy to develop townships. Therefore, many private investors are attracted to grab good land under this scheme. It is found that, majority of SEZ in India are situated in the fertile land, where the government give this land, without any kind of hassles under the Land Acquisition Act 1894. The government use this Act to acquire land for public purpose. It is one of the dilemmas for using this Act for offering land to private agencies.

It is pertinent to note that, fertile agriculture land for SEZ also raises serious issues of food security. Along with these, displacement and rehabilitation are the allied problems related to SEZ which needs urgent attention.

### ***4. Social unrest and oppositions to SEZs in India.***

History of SEZ in India have witnessed social unrest, opposition and protest. The famous controversies of SEZ are Nandigram and Singur in West Bengal, where farmers protesting against the forceful eviction and land acquisition for the SEZ. One more example is the Reliance proposed SEZ in Konkan in Maharashtra, opposed by local people, which resulted police firing on peasants who were aggressive. It is a common belief that, Special Economic Zone is one of the reasons for unrest in the Indian society.

### ***5. Dissolution of legal framework for SEZ in India makes country within the country.***

The serious curse of SEZ Act is exempted from legislative powers in India. Special Economic Zones are exempted from the Labor Act, Environmental Acts and Panchayat Raj Act. Many researchers argued that, SEZ may be challenging to the Indian constitution.

## **Chapter III**

### ***1. Forces and processes behind the making of Magarpatta City SEZ***

Magarpatta City SEZ was owned by the Magarpatta City Township Development and Construction Company (MTDCC), which is established by the native peasant community named as ‘Magar’ in the ‘Hadapsar’ suburb at Pune. The

native peasant community came together to join hands for developing this SEZ under the leadership of the native peasant Mr. Satish Magar.

The following factors are closely connected for making Magarpatta City SEZ.

(a) In 1982, a draft plan of Pune Municipal Corporation declared Magarpatta area as Future Urbanised Zone under the Urban Land Ceiling Act. This creates fear among the native peasant, who were to lose their ancestral land.

(b) Since 1990 onwards, native 'Magar' peasant community realized the mushrooming of many unorganized constructions works around their agriculture land. This trend also influenced them to save their ancestral land for future generations and for alternative source of income.

(c) The Magar community decided to develop their land, but they don't have any legal and financial aids. Meanwhile one of the native peasants, Mr. Satish Magar, an agricultural graduate, who belonged to a political family raised the idea for a collective development of land. He motivated the native peasants to join the hand to establish the company. Thus, 123 landowners decided to develop their land themselves and joined in the Magarpatta Township Development and Construction Company (MTDCC), which was over more than 423 acres of land.

(d) In 1993, the peasants registered the private company named Magarpatta Township Development and Construction Company (MTDCC), which was run by the managing director (Mr. Satish Magar) and the technical director in consultation with eight board members drawn from the peasant's families. The idea of the private company rather than the cooperative was mooted because of the earlier experience of the sugar cooperative and also varied landholding sizes.

(e) Magarpatta Township Development and Construction Company formed a proposal for the development of their land and presented to the Maharashtra state government. Then Chief Minister, Mr. Sharad Pawar, liked and supported this idea and forwarded the proposal to the urban ministry. Here, one can observe the role in the making of Magarpatta City SEZ from beginning in the framework of development politics. Meanwhile, Chief Secretary of Maharashtra took the hearing of the involved native peasant for their willingness to join in this company and issued a draft to convert the land from agriculture for urbanisation. While, earlier, the Pune Municipal Corporation kept reservation of land as 'Future Urbanised Zone' gave waiver and passed the resolution for development of Magarpatta City SEZ in the general body meeting.

(f) Initially, the MDTCC raised the ₹2 crore loans from the HDFC bank for construction and afterward, HDFC had supported at every stage and provided nearly 65% funding to the project. At present, the management of Magarpatta City SEZ is in a process to settle up 60% loan to HDFC.

(g) The first phase of the construction included simultaneous building of the villas, a few apartment blocks, some commercial space as well as part of the IT Park. The money that was generated by selling or leasing these funded further construction. Also, the company assured itself a constant revenue stream by not selling any of the commercial space in the IT Park, but only leasing it.

(h) After announcing the SEZ policy in 2005, the Board members made a resolution that Magarpatta City can apply for Special Economic Zone. Then immediately (in August 2005), MTDC applied under the Electronic Hardware and Software including ITES sector SEZ and in December 2005, they got the approval from the Government of India.

## ***2. From Peasant Community to Peasant SEZ: An Emerging Model of Participatory Community SEZ***

An emerging model of SEZ has been evolved from the participatory actions of native peasant 'Magar' community. One of the vital factors behind this was the personality factor Hegans's (1962:43) styled quality of creativity<sup>1</sup>, which is reflected in through the decisions and actions of Mr. Satish Magar, who had been one of the key originators of Magarpatta City SEZ. Furthermore, it is found that equality; ownership right and sustainability are the key factors for a successful participatory model.

## ***3. Exceptionally Different: How the peasants retained the ownership over land in Magarpatta SEZ***

In all the SEZs, peasants or owners after selling their land have to lose their right over it. But in the case of Magarpatta City SEZ, the involved peasants keep hold of their ancestor land. At the time of developing the Magarpatta City SEZ, all the native peasants got the equal shares proportional to their land, which is more sustainable and inclusive.

#### ***4. Magarpatta City SEZ: Equitable scheme for sharing profit and security to peasants***

Magarpatta City SEZ set a benchmark for the sharing of lifelong benefits uniformly to the share holders. Magarpatta City SEZ offers shares to the peasant to their proportionate land. Each share is equal to one square meter of land and its cost was ₹100/- in 1998. The share price in mid-2008 was approximately ₹1000/-. Magarpatta City SEZ returned 30% money of the sale proceeds, which was treated as the land cost of the shareholder peasant. There had been a tremendous value appreciation for the land. In the year 2000, the land rate around the area was somewhere between ₹30-35 lakhs per acre. In 2011, the same land is worth in excess of ₹3.5 crore per acre. This means that in 11 years, there had been an appreciation of more than 900 per cent in the land value alone. Each shareholder gets the dividends on every quarter in the year. The dividend amount depends on the profit to the Magarpatta City SEZ. In 2011, Magarpatta City SEZ distributed approximately ₹23 crores as dividends to their shareholders.

Secondly, each shareholder of Magarpatta City SEZ benefitted from the various contracts. Shareholders got propriety to bid the contracts and soliciting proposals such as providing raw material for construction, paint contracting, vending contracts (for retail establishments) or landscaping, maintenance, security and surveillance, solid waste management, vending pantries and hotels, housekeeping, labour supply and so on.

### **Chapter IV**

#### ***1. Key features responsible for making of Magarpatta City SEZ a unique model***

Magarpatta City SEZ is one of the unique SEZ than other SEZs because of various features mentioned below:

- a) Magarpatta City SEZ is developed by the peasants through process of mutual participation. The peasant develops their own land. Hence, this model was called Farmer's Direct Investment (FDI).
- b) Native peasants collectively-willingly develop their land, therefore there are no forceful land acquisitions like other SEZs.
- c) Magarpatta City SEZ provides lifelong revenue generated model for the native's future generations too.



- d) Shareholders (native peasant) of Magarpatta City SEZ retain the land right and have no eviction and rehabilitation.
- e) Magarpatta City SEZ gives sustainable economic benefits to their shareholders (native peasants) from the dividends, vending and contracts and entrepreneurial activities. In other SEZ's, the benefited stakeholders also started new businesses, but it was outside the SEZ, which is established on their own land. This is one of the key distinctions between the Magarpatta City SEZ and other SEZs in India.
- f) Magarpatta City SEZ provides guaranteed jobs to land laborers who had been working on their farm.
- g) Magarpatta City SEZ carries the preservation of ecology and environment which acts as a model for ecological modernisation.

## ***2. Magarpatta City SEZ in the frame of Ecological Modernisation***

Despite the debates on the environmental related problems and SEZ in India, the case of Magarpatta City SEZ is somewhat an encouraging example to preserve the ecology and carry out environment-friendly practices<sup>3</sup>. It is amazing to see that Pune Municipal Corporation (PMC) appreciated the SEZ's ecological practices and awarded 10% wave off on property taxes. Magarpatta City SEZ maintains the ecology and preserves environment sustainability through certain unique practices,<sup>2</sup> which also bonds with the ecological modernization. Another significant finding regarding the uniqueness of Magarpatta City SEZ is that it acts as a model of gated community<sup>3</sup> which is a distinctive example when compared to other conventional SEZs in India.

## **Chapter V**

### **A) Magarpatta City SEZ and changes in social sphere**

Changes in the social sphere of the native community have been measured and observed with the help of the following key variables.

- a) Inter-generational educational mobility,
- b) Upliftment of girl in higher education,
- c) Gender in decision making,
- d) Political Power,
- e) Emancipation of widow and
- f) Hierarchical relations.

The following findings show the nature and extent of social change among the native community after SEZ.

### ***1. Changing educational nature signaling imprints of entrepreneurship***

There are two important findings. Educational mobilisation is the most significant change between the first and second generation of the native community. The educational priority of the second generation native community is highly oriented towards management, commerce and business related courses. In contrast to this, many first generation natives did not even complete schooling where, some natives were illiterate.

The changes in educational structure are found in the majority of second generation, who successfully completed their higher education degrees from reputed institutions from developed countries. It is further found that, the education system adopted by the second generation natives highly supports chances to enhance their business skills. The above findings are also tied to the theory of Reasoned Action by the Ajzen and Fishbein (1980:27) that discovered that, fixed aim and goal with parental support are key motives to students to choose the field. As Judge and Bal (2008:44) found that, there is a definite relationship between economic change and the emergence of new education, which further enhance skills, which is highly beneficial for changing traditional identity.

### ***2. Educating the girls means educating the family: Changing traditional ethos of natives***

Changing attitude of the native towards education has been already commented on. But in regard to educating the girls, drastic changes have been observed in the native community. It is found that, native community knew the power of education and they purposefully gave higher education to girls, which has been exemplified through the stories by the natives evident from many examples. To govern this change, the major associated agents are a) rising economic status after SEZ, b) growing modern western educational culture in the Pune city and the c) modern type of working culture of gender in Magarpatta City SEZ. The influence of multinational companies and their ethos on the natives during the development of Magarpatta City SEZ has also seen as one of the vital factors in the process of change. This has modified the orthodox thoughts on gender education, which were earlier prevalent among the native community. The values attached to educating girls that evolves their perception, inner feelings and helps in growing confidence in them

were results of the equality in society. And this is the distinct character seen in native girls and this is a major change, that has occurred among the natives ever since the inception of SEZ. Further, it is also found that educating girls has gradually helped the process of woman empowerment, which is explained below.

### ***3. Changing social status of women through education***

There are three main results which are interrelated and explain the changing status of native women after SEZ. In the past, native woman had many orthodox restrictions and taboos. However, the positive changes occurred in native women after SEZ, further enabled them to make major family decisions. The most insightful changes are reflected in the participation of native women in family decisions that are related to spending money, investments and markets, which also helped to create equality in the family's power structure.

This transformation is the advent of the modern social norms. The gender equality through education already discussed in the earlier findings, gives freedom and secure rights native woman. The conceptual analysis of Alexander, Welzel (2009:5) supports the above findings that economic development helps to establish woman's position in society.

### ***4. Changing political structure and dominance among the natives***

There are five major findings related to the changing political life of the native community.

It is noteworthy to see that the structure and functions of political engagements of natives are completely modified to achieve the supremacy among the community.

The aim of the native community to join politics is mainly motivated to become political elite. This is simply an outcome of desire to hold important positions in politics and civic organizations and business. The rising aspirations to become political elite partially motivated them to channelize their capital for political gains.

The changing wish to become a political elite is also harming the traditional peace family institution of the native community. Some of the important causes are political activism, varied political opinions and strong loyalties to different political parties. However, the paradoxical findings noted that, division in the joint family by political cause has purposive strategic actions to uphold a power within a single family. The hidden agenda behind this action is probably to provide political benefits to every family member as a whole. On the other hand, this political transformation has also given rise to intra-family resistance hence, those who were good friends in

past are now competitors in politics and business.

The changing nature of political loyalties is greatly varied among the first and second generation natives. The second generation dislikes the political thinking of the first generation and they have shifted to other political parties. This transformation is obvious, because of the kind of economic independence, freedom and higher education, the second generation natives received have made them to revolt the views of the first generation natives.

It seems that the establishment of political connections through children's marriages is one of the appealing findings of this study. This consolidates family relations as well helps it fulfill its political ambitions. Overall, it was found that economic transformation after SEZ is one of the key associated reasons that led to restyling of the political life of the native community.

#### ***5. Economic development helps to changing social condition of widow***

It is found that, Magarpatta City SEZ has been instrumental in re-establishing the social status of the native widow and creating an environment, which helps to become a successful entrepreneur. The case of Mrs. Ashatai Magar (native widow) is an ideal example in this regard, which shows how the economic independence helps to acquire social status in the society. The participatory actions and inclusiveness in the SEZ has greatly changed the social positions of weaker and marginal sections among the native community.

#### ***6. Changing traditional behaviour of the second generation native***

Losing parental control and authority over the second generation native is one of the fundamental changes seen in the traditional native community. The possible key reasons are alienation from family values, family ties and loyalties and the influence of modern ethos as well as western education taken away from home, economic independence and individual freedom. Such chains of transformations have taken place in the native community and these have eroded the sense of belonging and affection attached to the family institution, which is the root of traditional authoritative power.

## **B) Magarpatta City SEZ and changes in economic sphere**

Changes in the economic sphere of the native community have been analysed with the help of following key variables.

- a) Changing sources of livelihood,
- b) Changing income sources,
- c) Changing pattern of loan before and after Magarpatta City SEZ and
- d) Changing pattern of investment before and after Magarpatta City SEZ.

### ***1. Changing mode of production: From agrarian community to elite business class***

One of the important findings of this study is a drastic shift in the mode of productions of the native community from traditional to modern. Before SEZ, traditional agriculture was the sole and staple occupation of the native, but it was tough and unprofitable. At present, the native community is recognized as a set of successful and dynamic entrepreneurs. There were also few push and pull factors such as rapid urbanisation, neo-liberal economic policies and modern forces, that largely influenced native community to become an elite business class. Magarpatta City SEZ has provided a platform and created a zeal and confidence among the natives to shift their traditional mode of production (occupations).

### ***2. Changing nature of entrepreneurship pattern among the first and second generation***

It is interesting to note the differences of businesses among the first and second generation natives. Majority of businesses in the first generation natives are construction works related, while the second generation natives are doing new business activities like owning IT firms, operating service sectors, catering and hotel businesses, running tours and travels companies, providing solutions to logistic industry. However, very few are doing traditional businesses like construction and real estate. This change is obvious, because the kind of training and knowledge these natives have received is an important criterion for the varied business skills among them.

Thus, the shift between the first and second generation of natives in terms of selecting business activities clearly indicates that the second generation natives are more capital and business oriented than the first generation natives.

### ***3. Becoming the billionaires: Natives charisma of Magarpatta City SEZ***

One of the direct changes in the native's income is the most appealing finding of

this study because income is a major factor, which is directly interlinked to social and cultural transformations (Scarlet Epstine;1954:83). It is found that the present monthly earning from the business has obviously gone up to the range of ₹ 10 lakhs to ₹ 50 lakhs. This is attributed to changing income modes from traditional to modern<sup>4</sup>. Henceforth, it is proposed that this SEZ is not only a path finding model of entrepreneurship to the natives, but also it makes them elite and capitalist. In this context, the role of second generation natives is also noteworthy, who have selected more resourceful businesses.

#### ***4. Changing behaviour of marginal loan to heavy loan holder***

There is one significant change, which is observed in the nature and demand of loan seeking pattern in the native community after the setting up of the SEZ. The demand of loan has succeeded from the agrarian structure to business structure of the native community. After studying the nature of loan sought in the past as well as in the present occupations, it is found that loan amount has undergone significant change among the natives before and after the setting up of the SEZ. In past, the heavy debt compelled native peasants to sell pieces of land, but now, bankers are more than willing to give out loans and make investments. This is a remarkable change found among the natives after SEZ. From the finding, it has become clear that, the lives of the natives after the setting up of the SEZ has led to the advent of modern economy.

#### ***5. Changing investment patterns leads from peasant to business tycoon***

The earlier findings show the transformations in seeking loans from traditional purposes to modern areas. The similar change is observed in the investment too. It is found that a traditional mode of production limits the investments is through traditional ways. However, current investment options are done through the implications of business policies. A native's current investment is now adequately guided by the professional consultancies. It is an important finding that shows that the former debt ridden peasant is a present business tycoon. The nature of the native's investment capacity has totally changed towards a capitalist way and which is around ₹ 45 lacks per year.

### ***6. Reinventing agrarian identity through modern perspective among the first generation native***

The most unique and paradoxical change in the native community is to re-allocate the traditional identity through a modern perspective. This is especially seen in the first generation natives. This finding also suggests that the diversified and heavy income results as a pressure of reinvestment, where natives choose agriculture a feasible and smart option for reinvesting the income. Emotional attachment with soil among the first generation natives is one of the important cultural factors for this change. In the true sense, it is seen that native are reinvesting capital in agriculture, because they realize the inert traditional knowledge of agriculture and with reinvestment, they practice agriculture through modern ways rather than traditional (green house, imported flower farming, mechanized automatic irrigation system etc). This shall again bring cultural identity. The options of channelizing capital and investment, which save tax and gain more income also, may be the few hidden intentions. However, change has also involved some sort of continuities in many forms (See Becattini, Giacomo;1990:40, Chekki, D. A;1996:107).

### ***7. Vanishing of traditional agrarian identity and acceptance of modern identity in the second generation native***

The most prominent finding of this study is the vanishing of hereditary occupation in the second generation native. Occupation diversity has broken the traditional hereditary character in the second generation native, but still, some respect is still alive among the first generation natives. It is obvious that to gain capital through new occupations required education and it was aimed at breaking the correspondence between caste (Kunabi-Maratha) and occupation (tilting of land). The findings are akin to another study of agrarian change by Jodhka in 2012. Hence, this trend will create new identity among the second generation natives from an agriculturalist community to a modern entrepreneurial community.

## **C) Magarpatta City SEZ and changes in cultural sphere**

Changes in cultural sphere of native community have been analysed and observed with the help of the following key variables.

- a) New beliefs and practices,
- b) Inter personal relations,
- c) Disappearing of collectivism,

- d) Marriages and Dowry and
- e) Family solidarity

***1. Magarpatta City SEZ creates an environment for replacing traditional beliefs and ideas with modern beliefs and ideas among the natives.***

There are two important findings on changing traditional beliefs and practices to modern and western beliefs and practices in native community. The new beliefs like hanging wind chime and keeping pyramid in the living room is witnessed in the native houses. This is cultural traits is nothing, but the expansion of trade in cultural products, which increases the exposure of local societies to foreign culture. The exposure of foreign cultural goods, thus brings a transformation in the local and traditional beliefs, value and practices.

The next finding shows the dying nature of traditionalism among the natives. The illustrations and observations admit the propagation of westernization, that lie among the first generation native in general and second generation native in particular. For instance, Christmas celebrations, consumption of western food items and dressing pattern are more commonly evident in the native community. It is also found that modern beliefs and practices do not completely change all sets of traditional beliefs and practices. However, it is interesting to note that the traditional footprints have only remained among the first generation natives. The main reason for this change is the globalization, which erode the local culture and 'capitalism' that sets the process of 'creative destruction' referred by Schumpeter (1934:194). Therefore, it is believed that foreign culture has undermined the native's traditional identity, where SEZ is found an influence and a means of transformation.

***2. Economic development helps to collapse bond from consanguinity to conjugality***

The changing economic dynamics are constrained to altering the family and kinship relations. This study gives the findings related to the degradation of family relations among the natives community. The 76% of the natives agree to break the bonding with close friends, brothers, sisters and other family members. It is remarkable to note that, capitalistic and materialistic attitude of natives have superseded the relational ties from affection, sympathy, love and harmony to animosity, disdain, dislike and discard respectively. Furthermore, the observations of this study have found that, the loyalty, respect among family relatives is rapidly disappearing especially among the second generation natives. In this context, a classic study conducted by an anthropologist Scarlet Epstein (1957:74) also analysed the collapsing of relational ties and loosing the affinity in village people in India by the



modern economic reformations. The products of neoliberal economy such as SEZ have deeply altered the traditional ethos of Indian family system, which may harm the very fabric and sustainability of the Indian culture.

***3. The modern economic ethos helps to create a social centric society to individual centric society***

The finding of this section reflects the shifting of collectivism to growing individualistic approach among the community. The native's newly acquired economic status made them self centric and individualistic. The main characteristics of the individualist society are creative, self-relied and assertive and the same is distinctly seen among the native community of SEZ. One of the reasons of this change is that, the dependency and role of natives are greatly modified towards individualistic mode and it is seen from their attitude, that their attention on family functions have largely vanished.

As Triandis (1995:399) concludes, the wealth shapes the individualism and cultural complexities. In the native community, economic mobility have definite connections with the emergence of modern individualist society. Finally in contrast to above finding, the most striking observation is the participation and involvement and the collective approaches and main features of the participatory SEZ. But within two decades of this process, there is a perceptible shift in rising individualism among the native community, which may be the outcome of the growing spirit of capitalism, disappearance of traditional cultural institutions and interdependence.

***4. The process of modernization creates a condition for changing moral and cultural values***

Modernisation theorists from Karl Marx to Daniel Bell have argued that, economic progress shifts the sets of traditional cultural value, beliefs, practices and traits (See Srinivasan, 1957:533). As defined by various scholars (See Marquis;1743:24, Postman;1992:53), the modernisation theory is linked with the technological advancements and economic changes, that cause alteration in the moral and cultural values of society. In this background, it is extremely important to underline that, the new economic initiatives through SEZ have created conditions for change in moral and cultural values from traditional to modern<sup>5</sup> among the native community.

### ***5. Changing nature of marriage: From traditional to an aristocratic way***

There are three vital findings regarding drastic changes in marriage institutions among the native community. It is amazing to find that, after the setting up of the Magarpatta City SEZ, natives have adopted elitist ways of wedding; the modus operandi has also drastically changed with little change in the wedding rituals. The prime causes behind this change are economic power and the intention to show their newly acquired economic identity, which further provokes them to illustrate their social supremacy.

The second significant finding is that, the selection of the mate is done very meticulously and certain calculations in terms of gaining political clout and power is often seen in fixing marriages in the native community. It is interesting to note that these changes are governed to maintain class superiority as well as business and political relations. The finding of this research work on this aspect is similar to the study by Vidich, Arthur J., and Joseph Bensman (2000:62).

### ***6. Changing multiples motives of dowry system***

The findings related to the changing dynamics of dowry are divided in two sections. Although dowry had been an old system among the natives, with the setting up of the SEZ and ensuing economic prosperity, there has been a paradigm shift in this system now, which is not considered as an economic burden, but an opportunity for further development. The opportunity for further development creates multiple motives to develop new relationships with economically and politically elite families to gain more wealth, power and status at the cost of higher economic exchanges.

### ***7. SEZ supersedes joint family to nuclear family in the natives***

The last finding of this study shows the complete vanishing of the family system from joint to nuclear family in the native community. Although, the separation of families is not a new phenomenon in the Indian society, as compared to earlier one. The most important and prime cause for the disintegration of the joint family in the natives are possibly related with the SEZ, because the sharing of profits and other benefits<sup>6</sup> of SEZ is proportionate to land holding by each native. This builds an individualistic approach, promotes selfishness, fosters competition and impedes growth of egalitarian principles in the joint family, which has started to get divided into nuclear families.

### 5.3 Conclusion

Indian SEZ policy, apparently would be more controversial. Forceful land acquisition, eviction and pitiable rehabilitation are few of the reasons for the social unrest and violent protest against the SEZ among the peasantry in India. For peasants, land is most valuable source of livelihood and therefore they would like to retain the right of their land even after the development of the project. This notion creates a platform for the peasant's SEZ. Peasants realize that, one time compensation, promised jobs and other benefits wouldn't be better than an ownership in the industry and steady source of life long income. The Peasants of Magarpatta have the sense of inclusive and sustainable dynamics, which founded the most probably India's first peasants SEZ in Pune.

Urbanisation forcefully seizes the surrounding agriculture, where peasants have no other option than to sell their land. This deterred the native peasants, who decided that, to pool their land jointly and convert it into real estate and then to Magarpatta City SEZ. After a careful analysis, it is noted that, Magarpatta City SEZ is the benchmark for others, where peasants collectively and without any hassles develop their own land as well as hold on to their ownership. The land also continues to be registered in their name, maintaining ownership and giving them a sense of security.

In factual sense, it is proved that the model like Magarpatta City SEZ is differing than other SEZs because of many reasons. The community participation, equity, homogeneity, involvement, life long benefits, economic security, ownership and the dynamic leadership of Mr. Satish Magar are the striking features of the making of peasant's owned SEZ. The Magarpatta City SEZ is also different by its ecological practices and its representation of gated community. The SEZ would be one of the causes for rejuvenating the life of the peasant community to transform them from toiling farmers to enterprising entrepreneurs. Thus, it is can conclude that participatory and inclusive nature embedded in Magarpatta City SEZ has the main tools to improve the status of weaker and deprived sections in the community. While India is on the threshold of dispute and controversies of the SEZ policy, the model like Magarpatta City SEZ has truly emulated traditional cooperative outlook designed by and for the peasantry community.

The brief visits to the native community raise more questions answers. They help to identify some important issues vis-à-vis patterns of changes in the peasantry community and the role of the SEZ. The SEZ may also alter the basic structure and functions of the social institutions among the native community. The changes among the first and second generation natives clearly shows the patterns in which, the first generation natives have become semi-modern and the second generation natives are more inclined towards the modern spirit of capitalism. The modern western ethos adopted by the native community has helped native women to acquire socio-educational rights. The upward economic mobility among the natives has influenced them to become political elite and this change has created various complexities as well as opportunities. The overriding desire to get political supremacy among the native have facilitated the channelizing of their capital to secure reputed positions in the society. On the other hand, with the advent of new economic institution like SEZ and the modern ethos, the social sets are drastically customized among the native community.

The transitioning economy in the native community have fascinated alternations in the livelihood options from agrarian to industrial sector and further stimulated the entrepreneurial skills in the native peasant community. The opportunities, that are provided by the Magarpatta City SEZ have enabled the native community to acquire new business skills in an informal way among the first generation. However, these benefits and skills percolated among the second generation in a formal yet different way. The second generation native takes advantage of investing in the modern businesses, but on the other hand their hereditary occupational tie with agriculture has completely vanished.

It is concluded that, as per the extent of modernization, the native community's future generations will represents the Davos culture<sup>7</sup> like in the western societies. The expansion of the native community's economic activities and capitalistic ventures continue to create dramatic alteration in the societal as well as in the cultural horizons.

The native's individualistic tendencies have become dominant with economic growth, affluence and capitalism subsequent to SEZ. Even though, the native community's individualistic character is the most clashing determinant, which is reverse to their earlier participation and inclusive action that had led to the development of Magarpatta City SEZ. Thus, it is concluded that, the rate and nature

of participation at the initial stage may not be possible to be sustained in the later stages of the development process. As conceptualized by many social scientists (See Dube;1998, Tadashi;1964, Srinivas M.N. and Karve D.G.;1958, Epstein;1954), this study also supports the classic notion of change that, although there is a change in several aspects, a few traditional ethos still linger among the native community. Finally, it is concluded that, SEZ is one of the key catalysts in changing the native community of Magarpatta, that is not only confronting the combined effects of these alterations; but these effects, over the period, have also accelerated pace of change especially among the second generation native community. The rate of change is not constant all the time and in the last two decades, the native community has seen mounting pressures and a quickening of economic pace, social and cultural shifts from the traditional to a modern community. However, Magarpatta City SEZ shows a pathway to old cooperative model as well to the other peasant community and the government, who are exploring alternative answers to form people friendly SEZ.

#### **Notes:**

- 1 Hagen enlists the major qualities of creativity such as openness to experience, creative imagination, confidence in one's own judgments, satisfaction in facing and attracting problems, a sense of duty to achieve, intelligence, energy and the constant effort.
- 2 The natives and resident's organisation have solutions on the environmental problems like to segregate and safely dispose solid waste, treatment of sewage waste water, bio-composting of decomposable waste, preserve and maintain of gardens and greenery, use of waste fly ash in the cement bricks, generation of bio-gas from drainage waster, harvesting of rain water, use of renewable energy sources are few of them.
- 3 Gated community is a form of residential community or housing estate containing strictly-controlled entrances for pedestrians, bicycles, and automobiles, and often characterized by a closed perimeter of walls and fences.
- 4 The income sources generally come from the sources like businesses, contracts like providing cable TV and broadband internet, catering and food supply, laundry, landscaping and a local transport system.
- 5 This make changes in beliefs and values, emergence of western festivals, having western food and dressing styles. In contrast, this fades the traditional festivals breaking kinship bonds, destruction of collectivism and de-socialisation are correspondence to the economic change in the natives through SEZ.

- 6 Natives get contracts from the MTDCC. These contracts are like soil shifting, building contractor, gardening, road building, electrical contract, hardware supplying and so on.
- 7 One such cadre, according to political scientist, Samuel Huntington in *The Clash of Civilizations* (1998), comprises an elite group of highly educated people, who operate in the rarefied domains of international finance, media and diplomacy. Named after the Swiss town that began hosting annual meetings of the World Economic Forum in 1971, these “Davos” insiders share common beliefs about individualism, democracy and market economics. They are said to follow a recognizable lifestyle, are instantly identifiable anywhere in the world.

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## ANNEXURE – I

Name of the family heads as a respondent among the native community.

- |                                     |                                 |
|-------------------------------------|---------------------------------|
| 1.Mr. Nilesh Magar -Male            | 26. Mr. Mr. Tanaji Magar - Male |
| 2.Mr. Sambhaji Magar- Male          | 27. Mrs. Ratan Magar- Female    |
| 3.Mr. Balasaheb Magar- Male         | 28. Mr. Sudhakar Bhirat – Male  |
| 4. Mr. Prakash Magar -Male          | 29. Mr. Ram Jagtap- Male        |
| 5. Mrs. Shantabai Magar – Female    | 30. Mr. Rajaram Magar- Male     |
| 6. Mr. Sampat Magar- Male           | 31 Mr. Sopan Deokar- Male       |
| 7. Mr. Babasaheb Magar- Male        | 32. Mr. Janardan Bhosale- Male  |
| 8. Mrs. Ashatai Magar – Female      | 33. Mr. Avinash Deokar- Male    |
| 9. Mr. Ankush Tupe Male             | 34. Mr. Appasaheb Magar- Male   |
| 10. Mr.Sambhaji Bhosale- Male       | 35. Mr. Dattatrya Magar- Male   |
| 11. Mr. Tanaji Deokar - Male        | 36. Mr. Gorakh Magar- Male      |
| 12. Mr. Ramesh Bhairat –Male        | 37. Mr. Abasaheb Magar- Male    |
| 13. Mr. Sudhakar Tupe- Male         | 38. Mr. Tukram Deokar- Male     |
| 14. Mr. Sunil Bhosale- Male         | 39.Mr. Annasaheb Phule- Male    |
| 15. Mr. Sopan Magar- Male           | 40. Mr. Jaykumar Magar- Male    |
| 16. Mr.Hari Magar – Male            | 41. Mr. Pandurang Magar- Male   |
| 17. Mr. Madhusudan Magar            | 42. Mr. Vijay Magar- Male       |
| 18. Mr.Manik Bhirat – Male          | 43. Mrs. Meena Magar- Female    |
| 19. Mr. Nitin Magar-Male            | 44. Mr. Bhimrao Magar- Male     |
| 20. Mr. Girish Magar - Male         | 45. Mr. Ganesh Deokar- Male     |
| 21. Mr. Manish Tupe – Male          | 46.Mr. Sarjerao Jagtap- Male    |
| 22. Mr. Maruti Bhosale - Male       | 47. Mr. Jyotiba Magar- Male     |
| 23. Mr.Shankar Magar – Male         | 48. Mr. Pandit Magar- Male      |
| 24. Mr. Shahaji Magar - Male        | 49.Mr. Bharat Tupe- Male        |
| 25. Mrs. Shakuntala Bhosale- Female | 50. Mr. Hanumant Magar - Male   |

## Annexure –II

### A Study of Special Economic Zone in Pune City.

#### INTERVIEW SCHEDULE

- 1) Name-
- 2) Gender- Male/Female
- 3) Caste-
- 4) Age-
  - a) 30-40 year
  - b) 41-50 year
  - c) 51-60 year
  - c) 61-70 year
  - d) 71-80 year
  - e) 81-90 year

#### A) Changes in Social Sphere

##### 5) Education-

- a) Illiterate
- b) Primary
- c) Secondary
- d) Junior College
- e) Diploma
- f) Degree

##### 6) Education of children (viz. Second generation native)

Education	1 M/F	2 M/F	3 M/F	4 M/F
a) Up to 10 <sup>th</sup>				
b) Junior College				
c) Diploma				
d) Degree (Non Professional Courses UG/PG)				
g) Degree (Professional Courses)				
h) Higher Studies				

##### 7) What is your priority to give education to the girl

	Before SEZ	After SEZ
More		
Less		
No priority		

8) What are the preferences gender involvements in the decision making after SEZ

Gender in Decision making	Before SEZ	After SEZ
Involvement in the decisions over issues related to agriculture		
Involve in decisions over spending of income		
Involve in decisions over investment		
Involve in decisions over loan		

9) What is your priority to political involvement

	Before SEZ	After SEZ
Political Involvement		

10) What is your opinion on following questions related to hierarchical relations

Changing Hierarchical Relations	Agree	Partial Agree	Disagree
Do you believing parental control over your children is losing.			
Do you noticed native children not obeying parent's decisions			
Do you observe second generation choosing their mate			
Do you noticed native children taking their own decision without asking to parents			

### **B) Changes in Economic Sphere**

11) What are previous income sources-

12) What crops you took in agriculture-

13) Is there any threats to agriculture? What are those-

14) What are current income sources-

Farming	
Only Supply Contracts to Magarpatta City, SEZ	
Supply Contract to Magarpatta City SEZ and Independent Business	
Independent Business	

15) What is present profession of your children –

Salaried Employee	
Business	
Farming	
None	
Total	

16) What is your monthly income-

- a) Below ₹ 10,00,000
- b) ₹ 10,00,000 to ₹ 20,00,000
- c) ₹ 20,00,000 to ₹ 30,00,000
- d) ₹ 30,00,000 to ₹ 50,00,000

17) Please tell the changing sources and demand of loan before and after Magarpatta City SEZ-

	Before SEZ	After SEZ
Loan Amount in ₹		

18) Please tell the changing sources and nature of investments before and after Magarpatta City SEZ-

	Before SEZ	After SEZ
Investment Amount in ₹		

19) Do you reinvest capital in agriculture- (If Yes Why)

- a) Yes
- b) No

20) Do you notice cultural values among the natives are changing-

- a) Agree
- b) Disagree
- c) Don't know

### C) Changes in Cultural Sphere

21) What is your opinion on following questions related to changing beliefs and Values among the natives

Responses of natives on ideas and beliefs	Yes	No
Does foreign cultural practices are accepting by natives (for e.g. Wind Chime, Pagoda, Pyramid).		
Do you noticed natives celebrating other religion festivals (for e.g. Christmas, valentine day).		
Do you observed native eat Pizza, Burger, Sandwiches.		
Do you seen family gathering during festivals are reducing among the natives.		
Do you notice natives celebrating all traditional festivals.		
Do all family members involve during festival celebration.		
Do you feel clothing are changing in first generation native.		

22) What is your opinion on following questions related changing interpersonal relations among the native community-

Responses on Interpersonal relations	Yes	No
Do you feel family bonding is loosing		
Does relations between brothers and sisters are loosing		
Do you noticed second generation native does not well familiar with the kinship relations like Uncle, Aunty, Cousins		
Do you agree natives interpersonal relations are still consistent as it was in past.		
Do you notice relations between friends are falling.		

23) What is your opinion on following questions related changing collectivism among the native community-

Responses on Collectivism	Yes	No
Does unity within natives are decreasing		
Do you give time to involve in the other native's family and social functions of other natives (For e.g. Weeding, Funeral)		
Do you feel that natives do not have free time for other natives.		
Do you noticed second generation natives do not involve in the family functions.		

24) What is your opinion on following questions related changing collectivism among the native community-

Responses of natives on marriages and dowry	Yes	No
Do you noticed native's weeding are changing		
Does natives marriages are celebrating lavishly		
Do you agreed native willingly give more dowry to daughters		
Does inter-caste marriages are seen in the second generation		

25) What are the changes in the dowry among the native community-

Dowry items	Before SEZ		After SEZ	
	Yes	No	Yes	No
Four Wheeler				
Complete home setup				
Furniture				
Flat				
Diamond Jewelry				



Gold Jewelry				
Cash in ₹				
Television				
Refrigerator				
Washing machine				
Microwave Oven				

26) What are the changes in the family organisation among the native community

Status of families	Before SEZ	After SEZ
Joint Family		
Nuclear Family		

## Annexure III

### Photos



Plate No.1 Oxygen Zone at Magarpatta City SEZ



Plate No.2 Entrance of Magarpatta City SEZ.



Plate No.3 View of Aditi Garden at Magarpatta City SEZ.



Plate No.4 Noble Hospital at Magarpatta City SEZ.



Plate No.5 Top view of Cyber city in Magarpatta City SEZ.



Plate No.6 Interview with second generation native Mr. Manish Magar.



Plate No.7 Interview with Mr. Manik Bhirat.



Plate No. 8 Mr.Manik Bhairat with his cement brick factory.



Plate No. 9 Interview with Mr. Sambhaji Magar.



Plate No. 10 Interview with Mr. Nilesh Magar (former deputy mayor, Pune Municipal Corporation).