



**GNITED MINDS**  
Journals

*Journal of Advances and  
Scholarly Researches in  
Allied Education*

*Vol. VI, Issue No. XII,  
October-2013, ISSN 2230-  
7540*

## **ANALYZING THE IMPACT OF A SEZ ON RURAL LIVELIHOOD**

AN  
INTERNATIONALLY  
INDEXED PEER  
REVIEWED &  
REFEREED JOURNAL

# Analyzing the Impact of a SEZ on Rural Livelihood

Dr. C. Jerome Samraj\*

Department of Economics, Pondicherry University, India

**Abstract – The development process underway in India has significantly altered the occupational pattern of the people. From being an agrarian society, the history of development planning in India has facilitated an occupational shift of labourers from primary to secondary and tertiary sectors. The nature and economic implications of such occupational shifts depends upon access to productive resources, access to education, patterns of urbanisation and industrialisation in respective regions. Proliferation of industrial estates, special economic zones (SEZ) and export processing zones in the recent years have catalysed a drastic change in the livelihood options available for the people. Tamil Nadu, being the second most urbanized state with a wide range of industrial clusters, has witnessed different patterns of occupational shifts across the state. The data from a complete census enumeration of households in Oragadam industrial estate near Chennai revealed a sudden occupational shift from primary to manufacturing sectors together with dispossession of productive assets. This paper attempts to map the changing livelihood strategies of the local people owing to the inception of the SEZ.**

**Keywords – Development, Exclusion, Industrialisation, Occupational Shift, and SEZ.**

-----X-----

## 1. INTRODUCTION:

The process of industrialisation that unfurled after globalization of the Indian economy necessitates a rethinking. South Indian state of Tamil Nadu with its infrastructural development and investment friendly policies, have attracted a variety of industries. In an attempt to attract industries, Tamil Nadu government created a favourable atmosphere by improving infrastructures such as connectivity through road, rail, sea and air, provided subsidised electricity, exemption from taxes of various kind, etc. Currently, Tamil Nadu houses 34 operational Special Economic Zones (SEZs),<sup>1</sup> and ranks second in terms of employment generation in SEZ second only to Maharashtra.<sup>2</sup> Tamil Nadu has the highest number of export oriented units (EOU) in the country and has generated more employment opportunities than Maharashtra and Andhra Pradesh.<sup>3</sup> A wide range of industries such as soft-ware and information technology, manufacturing industries of a variety of products such as automobiles (Mahindra, Ford, Mitsubishi, Daimler, Ashok Leyland, Renault-Nissan, Hyundai, Yamaha, Eicher, etc.), tyres, lifts, garments, leather goods, electrical, engineering,

biotech, electronics have established their manufacturing units in the state. The districts of Thiruvallur and Kancheepuram, both bordering the state capital Chennai have housed most of these industries, and this has led to a phenomenal development in the periphery of Chennai. Map of SIPCOT industrial parks in the state would reveal the concentration of industries in and around Chennai.

For this purpose, the state has adopted a policy of converting many villages into special economic zones by demarcating the land which were once occupied and cultivated by the people. These lands were acquired by the state and allotted to manufacturing houses. Large extent of lands are thus demarcated as SEZ of different denominations such as industrial parks, industrial complexes, growth centres, export processing zone, industrial estates, etc.

This policy of establishing industrial estates by alienating people from their own land create a serious shock in their livelihood pattern, as most families depend on agriculture for their survival. Unlike the industrialisation of the earlier era, the recent process have resulted in the establishment of firms that require highly specialised set of skills which the native village population of the region would hardly possess. As a result, alienation of land coupled with lack of alternate livelihood opportunities would devastate the livelihood of village population. This specific research attempts to understand the impact of establishment of SEZ on the lives of the local

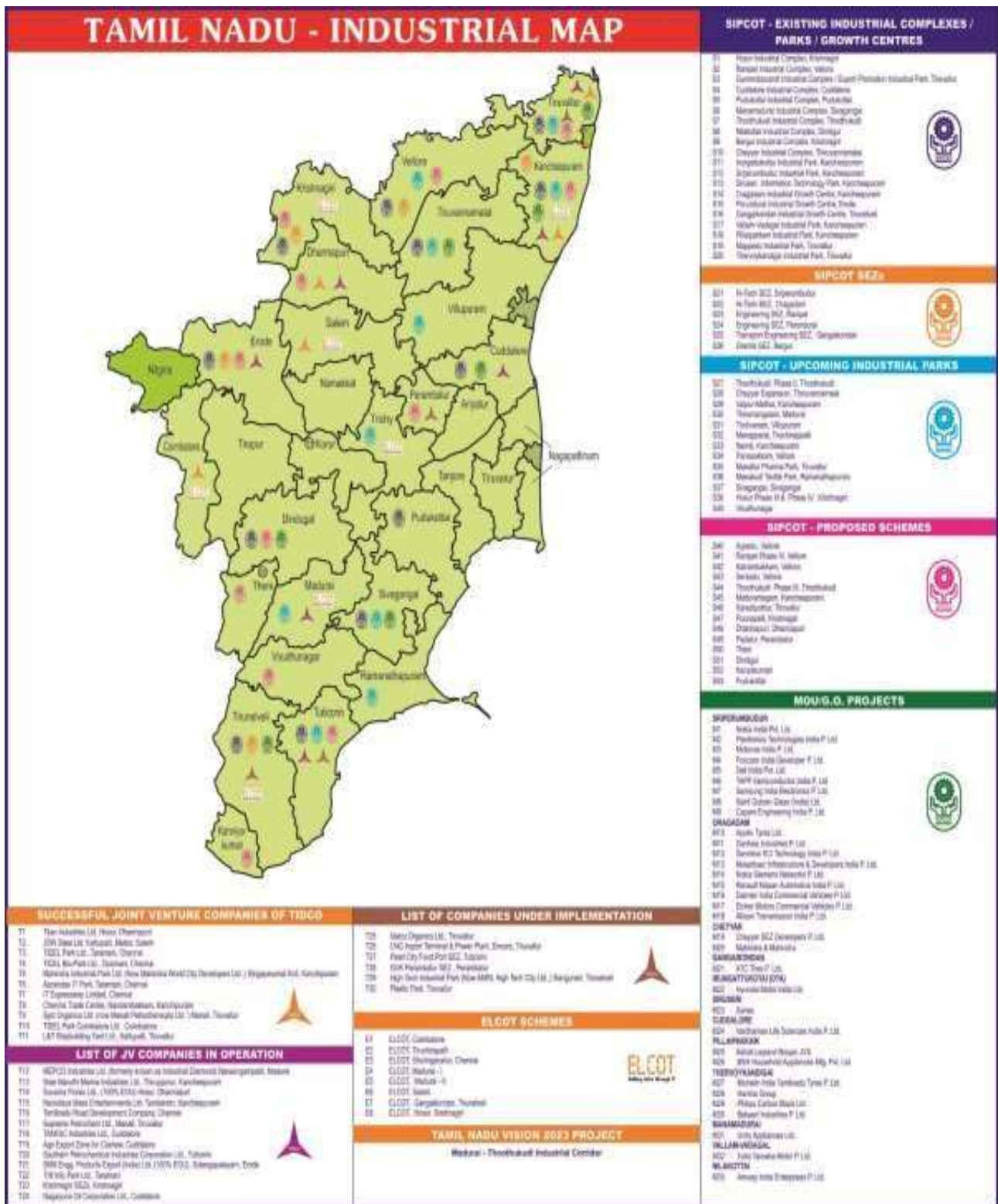
<sup>1</sup>  
<http://www.indiastat.com/table/industries/18/industrialparksspecialzonesssez/27570/818149/data.aspx> accessed on 12/01/2013

<sup>2</sup>  
<http://www.indiastat.com/table/industries/18/industrialparksspecialzonesssez/27570/655612/data.aspx> accessed on 12/01/2013

<sup>3</sup>  
<http://www.indiastat.com/table/industries/18/exportorientedunits/8465/11136/data.aspx> accessed on 12/01/2013

people. For this purpose, the study attempts to analyse the socio-economic changes among the people of Oragadam and Chennanguppam villages

since the inception of Oragadam Industrial park in 2004. (10)



Source: [http://www.sipcot.com/industrial\\_complexes.htm](http://www.sipcot.com/industrial_complexes.htm)

## 2. ORAGADAM:

Oragadam is a village in Sriperumbudur Taluk of Kancheepuram district of Tamil Nadu. Located at 60

km from Chennai,<sup>4</sup> Oragadam house largest industrial park of Tamil Nadu, demarcating 2447.47

<sup>4</sup> Chennai is one of the four largest metropolitan cities in India, which is the capital of Tamil Nadu state endowed with very good

acres of land.<sup>5</sup> Apart from housing two major players in the automobile industry, namely Renault-Nissan and Daimler, the industrial complex also houses 39 other firms involved in engineering, biotech, electronics, automobile, and other products.<sup>6</sup> People approach to Tambaram (21 km) or Singaperumal koil (12 km) on the GST Road, or Sriperumpudur (19 km) for hospitals and banks, while there is one functional ATM at the Oragadam - Wallajabad road junction. The village has a higher secondary school run by the Adi Dravida and Tribal Welfare department of the Tamil Nadu state government. The nearest arts and science college is located at Tambaram, and there are a few engineering colleges, a medical college and also polytechnic institutes within a radius of 20– 30 km.

An arterial road SH 57 has been constructed that connects the Oragadam industrial corridor to Singaperumal Koil on the Grand Southern Trunk Road, and connects to Vandalur – Wallajabad (SH48) road on the other end and further extends to Sriperumpudur (SH 57) on the Chennai-Bangalore highway. This road physically dissects the Oragadam and Chennanguppam villages on either sides of the road. Chennanguppam village is bordered by SH57 on the eastern side, and is fenced by Renault-Nissan compound wall on other sides. Similarly, Oragadam village is bordered by SH57 on the western side and by Daimler on Southern and Northern sides. Conversion of the area surrounding Oragadam and Chennanguppam villages into an Industrial Park has caused a phenomenal change in the region that had changed the livelihood patterns of the local people.

### 3. METHODOLOGY:

In order to understand the socio-economic condition of people, a complete census enumeration was conducted in the village. This required a detailed questionnaire to capture household characteristics, demographic details of the household members, their education, employment, income and expenditures, asset holdings, health, and indebtedness. A pilot visit to both the villages was made observe the socio-economic pattern, type of housing, people's lifestyle and livelihood, etc., in order to design an appropriate questionnaire. A detailed interview schedule was designed based on field observations and the tool was pilot-tested to ascertain its consistency in capturing the aspects aimed at. A few necessary changes were made to the interview schedule before it was finalized and the field investigators were trained on the process of administering the questionnaire.

However, being a study aimed to capture a complex set of factors, questionnaire led survey alone may not be adequately informative. Therefore, a series of

focused group discussions were conducted among different sections of the village society such as women belonging to different social groups, men, youth, etc., and a set of key informants interviews were conducted. Both the villages currently house a large proportion of migrant workers from northern states of the country. However, the migrant population was not surveyed as this study aimed at capturing the socio-economic condition of the native population.

### 4. DEMOGRAPHIC PROFILE:

Oragadam and Chennanguppam villages consist of 291 native households of which 259 houses were surveyed and the members of rest of the households expressed their unwillingness to participate in the survey. Total population of the households surveyed amounted to 1023 (521 male and 502 female) individuals with an average family size around four, therefore, adding another 126 for households that declined to be surveyed, the total native population of the village can safely be projected to 1150. 75% of them belonged to the socially marginalized sections such as the Scheduled Castes [193 households, 768 members (75.1%)] and Scheduled Tribes [one family with 4 members], 14.8% belonged to Backward Classes, 7.4% belonged to Most Backward Classes and less than one percent Forward Classes. The sex ratio of the village is found to be alarmingly low at 963 female per 1000 males, which is far less than the state average of 995 and district average of 985. Sex ratio among children up to 5 years is 875 and it is also a matter of serious concern as it is far less than the state average of 946 during the 2011 Census. Establishment of manufacturing firms in the area has created a very high demand for construction workers, and as a result, the villages house a large number of migrant population from the northern states. However this research concerns only to understand the impact of the establishment of the SEZ on the native population and hence did not cover the migrant population.

**Table 1: Village Population by Religion and Caste Category**

|                       | Christian | Hindu | Muslim | Undisclosed | Total |
|-----------------------|-----------|-------|--------|-------------|-------|
| Backward classes      | 23        | 116   | 12     |             | 151   |
| Forward Classes       |           | 9     |        |             | 9     |
| Most Backward Classes |           | 76    |        |             | 76    |
| Scheduled Castes      | 36        | 732   |        |             | 768   |
| Scheduled Tribes      |           | 4     |        |             | 4     |
| Undisclosed           | 5         | 8     |        | 2           | 15    |
| Total                 | 64        | 945   | 12     | 2           | 1023  |

### 5. EDUCATION AND OCCUPATIONAL PROFILE OF THE PEOPLE:

Prior to the establishment of Oragadam SEZ, people were primarily involved in agriculture for their livelihood. Hence they had to switch to other means to earn their livelihood due to the establishment of

connectivity by way of sea and air routes, and is one of the fastest growing cities in the world.

<sup>5</sup> [http://www.sipcot.com/industrial\\_complexes.htm](http://www.sipcot.com/industrial_complexes.htm);  
[http://www.sipcot.com/Industrial\\_complex\\_Oragadam.htm](http://www.sipcot.com/Industrial_complex_Oragadam.htm)

<sup>6</sup> [Dcmsme.gov.in/dips/ips%kancheepuram%202012\\_t.pdf](http://Dcmsme.gov.in/dips/ips%kancheepuram%202012_t.pdf) accessed on 12/01/2013.



SEZ. However, switching to occupations in manufacturing or service sectors require endowments such as investment, education and skill set, and in an agrarian environment investment in industries will be very rare, and people generally can never develop their skills for manufacturing sector, and education becomes the only process that may equip the people with necessary qualification. While majority of the population remain dependent upon agriculture for their livelihood either as cultivators or labourers, the possibility of the people to shift to manufacturing or service sectors depends upon their educational attainment. Given the nature of industries and the resultant employment opportunity that has emerged in the area, graduation becomes the basic educational qualification for a person to be considered for employment. This means that an individual requires at least 15 years of education, and the feasibility of such access to education is dependent upon access to education and its quality. Given the highly unequal educational structure, it is not just sufficient to have completed graduation, but he/she should be capable enough to compete with other from relatively better educational background. This further expands the significance of not only the number of years of education, but the quality of education become more crucial.

Following table 2 reveals that there are about 65 children who are yet to be enrolled in schools, and there are 22 girls and 17 boys in the age group of 06 – 18 years, who have dropped out of education. However, it would be more precise to look into the educational status of people above 19 years of age in order to understand their employability in the newly emerged industries in their locality. About 154 women and 68 men aged above 19 years were illiterate, while 35 women and 39 men have only done primary education, this altogether amounts to 54 percent of

women and 29 percent of men above 19 years of age. An average of 12 percent men and women above 19 years have completed up to middle school (VIII Standard and 25 percent (82 women and 138 men) have studied up to high school. 31 women and 35 men (9 percent) were found to have completed higher secondary education. The fact that only six percent of the people aged above 35 years are found to have reached graduate level education means that people in general had not acquired skills essential to be involved in other sectors of production. About 33 men, among which most were below 25 years of age, were found to have completed diploma in industrial training. Very few among the village population have gone into collegiate education, and this shows that they are hardly eligible for formal employment in the newly emerged industries in and around their village. Thus, literacy level of the village population has been pathetically low that clearly shows that the people do not have necessary qualifications to be part of this exponential growth process that unfolded after the inception of SEZ.

The establishment of special economic zone has proved to be a severe shock on the people who had been involved in the primary agricultural sector. But for this sudden and unexpected establishment of industrial park, such an approach towards education was uncalled-for for the local populace. Being a village with numerical dominance of Scheduled Castes, owing to well-known historical reasons, a vast majority of them had been landless agricultural labourers, their economic condition would not have allowed them or their children to continue education, and that is very much evident from the very minimal numbers of graduates and post- graduates. This directly affects their employability, and they will be worst affected in cases like that of Oragadam where there is a complete shift in the employment options.

**Table 2: Educational Status of Village Population Across different age groups:**

| Age group        | 0 - 5 Years |    | 06 - 12 Years |    | 13 - 18 Years |    | 19 - 25 Years |    | 26 - 35 Years |     | 36 - 40 Years |    | 41 - 50 Years |    | 51 - 59 Years |    | 60 & Above |    | Total |     |
|------------------|-------------|----|---------------|----|---------------|----|---------------|----|---------------|-----|---------------|----|---------------|----|---------------|----|------------|----|-------|-----|
| Education        | F           | M  | F             | M  | F             | M  | F             | M  | F             | M   | F             | M  | F             | M  | F             | M  | F          | M  | F     | M   |
| Illiterate       | 34          | 31 | 8             | 7  | 14            | 10 | 23            | 13 | 39            | 10  | 17            | 2  | 34            | 14 | 12            | 12 | 29         | 17 | 210   | 116 |
| Primary          | 8           | 17 | 22            | 30 |               | 1  | 2             | 2  | 10            | 7   | 6             | 6  | 13            | 6  | 2             | 7  | 2          | 11 | 65    | 87  |
| Middle School    |             |    | 14            | 6  | 14            | 7  | 6             | 5  | 17            | 12  | 9             | 12 | 3             | 11 | 3             | 2  | 1          | 7  | 67    | 62  |
| High School      |             |    | 1             |    | 14            | 23 | 17            | 17 | 30            | 35  | 8             | 15 | 3             | 29 | 7             | 8  | 2          | 11 | 82    | 138 |
| Higher Secondary |             |    |               |    | 18            | 8  | 20            | 14 | 6             | 16  | 1             | 2  | 4             | 2  |               |    |            | 1  | 49    | 43  |
| Diploma / ITI    |             |    |               |    |               | 6  | 1             | 17 |               | 11  |               | 4  |               | 1  |               |    |            |    | 1     | 39  |
| Under Graduation |             |    |               |    | 1             | 2  | 12            | 9  | 8             | 6   |               | 2  | 1             | 1  |               | 1  |            |    | 22    | 21  |
| Engineering      |             |    |               |    |               | 2  |               | 1  | 1             | 2   |               |    |               | 1  |               |    |            |    | 1     | 6   |
| Post Graduate    |             |    |               |    | 1             |    | 2             | 3  | 1             | 3   |               | 2  |               | 1  | 1             |    |            |    | 5     | 9   |
| Total            | 42          | 48 | 45            | 43 | 62            | 59 | 83            | 81 | 112           | 102 | 41            | 45 | 58            | 66 | 25            | 30 | 34         | 47 | 502   | 521 |

No of Women above 19 years of age=353; No of Men above 19 years of age = 371, Total population above 19 years of age = 724.

**Table 3: Employment Status and Educational Qualifications People above 19 years**

| Educational Status | Illiterate |     | Primary |   | Middle School |    | High School |    | Higher Secondary |    | Higher Secondary |    | Diploma / ITI |   | Under Graduation |    | Engineering |   | Post Graduate |   | Total |     |
|--------------------|------------|-----|---------|---|---------------|----|-------------|----|------------------|----|------------------|----|---------------|---|------------------|----|-------------|---|---------------|---|-------|-----|
| Gender             | M          | F   | M       | F | M             | F  | M           | F  | M                | F  | M                | F  | M             | F | M                | F  | M           | F | M             | F | M     | F   |
| Unemployed         | 31         | 132 | 8       | 5 | 5             | 31 | 9           | 50 | 5                | 23 | 5                | 23 | 2             | 1 | 6                | 15 | 1           | 1 | 4             | 4 | 91    | 282 |
| Casual             | 32         | 17  | 25      |   | 36            | 5  | 1           | 9  | 14               | 2  | 14               | 2  | 5             |   | 5                | 1  |             |   |               |   | 168   | 40  |
| Temporary          | 5          | 5   | 5       |   | 4             | 2  | 5           | 3  | 10               | 3  | 10               | 3  | 9             |   | 3                | 5  | 1           |   | 3             |   | 65    | 21  |
| Self-Employed      |            |     | 1       |   | 1             |    |             | 3  |                  | 1  |                  | 1  | 1             |   | 3                |    |             |   | 2             |   | 15    | 5   |
| Permanent          |            |     |         |   | 3             | 1  | 3           | 2  | 6                | 2  | 6                | 2  | 6             |   | 2                |    | 2           |   |               |   | 32    | 5   |
| Total              | 68         | 154 | 39      | 5 | 49            | 39 | 15          | 67 | 35               | 31 | 35               | 31 | 33            | 1 | 19               | 21 | 4           | 1 | 9             | 4 | 371   | 353 |

## 6. STRUCTURE OF EMPLOYMENT AMONG THE VILLAGE POPULATION:

As in any society in the process of modernisation, education plays a vital role in determining the employability of people, and given this level of education, out of 724 people aged above 19 years only 37 (32 men and five women) are found to be permanently employed, and 86 persons (65 men and 21 women) are found to be engaged in temporary employment. About 373 individuals (91 men and 282 women) were found to be unemployed at the time of survey. About 46 men and 17 women have not revealed their income while they reported as employed. Table 5 reveals that about 28 % (168 men and 37 women) of the population above 19 years are found to be casual labourers. Among the people who reported to be working, about 52 men and women have reported to be earning less than Rs. 3000 per month and 122 persons (96 men and 26 women) earn less than 6000 per month. Another 91 (88 men and 3 women) of them earn less than 10000 per month.

The data revealed a substantial gap between the income of men and women, as only three members out of 55 women who reported to be working are found to be earning more than Rs. 6000/- per month. Whereas, 15 men were found to be earning up to Rs. 10000/- and only four and six men were found to be earning an income in the range of Rs. 10000/- – Rs. 15000/- and Rs. 15000/- - Rs. 20000/- respectively. About 15 men and five women were found to be self-employed.

The data also revealed that about 44 percent of women and 18 percent of men are illiterate. More importantly, 79 women and 35 men in the age group of 19 - 40 are found to be illiterate. This reveals that education still continues to be a luxury good for these villagers. Given the general lower levels of educational attainment and the newly emerged employment being out of reach for the people, people depend upon the informal sector for their survival. The increased population makes the wage rates for casual labour very low and the people are forced to live a life with bare minimum.

**Table 4: Educational attainment and Income earned by the people above 19 years of age**

| Education     | Illiterate |     | Primary |    | Middle School |    | High School |    | Higher Secondary |    | Diploma / ITI |   | Under Graduation |    | Engineering |   | Post Graduate |   | Total |     |
|---------------|------------|-----|---------|----|---------------|----|-------------|----|------------------|----|---------------|---|------------------|----|-------------|---|---------------|---|-------|-----|
| Income        | M          | F   | M       | F  | M             | F  | M           | F  | M                | F  | M             | F | M                | F  | M           | F | M             | F | M     | F   |
| Unemployed    | 36         | 137 | 14      | 29 | 9             | 34 | 36          | 54 | 9                | 23 | 13            | 1 | 10               | 15 | 3           | 1 | 6             | 4 | 136   | 298 |
| Up to 3000    | 9          | 13  | 4       | 2  | 5             | 2  | 7           | 6  |                  | 3  | 1             |   |                  |    |             |   |               |   | 26    | 26  |
| 3000 - 6000   | 14         | 4   | 16      | 3  | 21            | 3  | 24          | 5  | 10               | 5  | 4             |   | 7                | 6  |             |   |               |   | 96    | 26  |
| 6001 - 10000  | 6          |     | 4       | 1  | 11            |    | 37          | 2  | 13               |    | 13            |   | 2                |    |             |   | 2             |   | 88    | 3   |
| 10001 - 15000 | 2          |     | 1       |    | 3             |    | 8           |    | 1                |    |               |   |                  |    |             |   |               |   | 15    | 0   |
| 15001 - 20000 |            |     |         |    |               |    | 3           |    |                  |    | 1             |   |                  |    |             |   |               |   | 4     | 0   |
| 20000 - 30000 | 1          |     |         |    |               |    |             |    | 2                |    | 1             |   |                  |    | 1           |   | 1             |   | 6     | 0   |
| Total         | 68         | 154 | 39      | 35 | 49            | 39 | 115         | 67 | 35               | 31 | 33            | 1 | 19               | 21 | 4           | 1 | 9             | 4 | 371   | 353 |

**Table 5: Employment Status and Level of Income of people above 19 years of age**

| Nature of Employment | (blank) |     | Casual |    | Temporary |    | Permanent |   | Self Employed |   | Total |     |
|----------------------|---------|-----|--------|----|-----------|----|-----------|---|---------------|---|-------|-----|
| Income level         | M       | F   | M      | F  | M         | F  | M         | F | M             | F | M     | F   |
| Unemployed           | 90      | 281 | 29     | 11 | 3         | 1  | 5         | 2 | 9             | 3 | 136   | 298 |
| Up to 3000           | 1       |     | 20     | 17 | 5         | 7  |           | 1 |               | 1 | 26    | 26  |
| 3000 - 6000          |         |     | 69     | 8  | 20        | 15 | 6         | 1 | 1             | 1 | 96    | 26  |
| 6001 - 10000         |         |     | 40     | 1  | 31        | 1  | 14        | 1 | 3             |   | 88    | 3   |
| 10001 - 15000        |         |     | 7      |    | 5         |    | 2         |   | 1             |   | 15    | 0   |
| 15001 - 20000        |         |     | 1      |    | 0         |    | 2         |   | 1             |   | 4     | 0   |
| 20000 - 30000        |         |     | 2      |    | 1         |    | 3         |   |               |   | 6     | 0   |
| Total                | 91      | 282 | 168    | 37 | 65        | 24 | 32        | 5 | 15            | 5 | 371   | 353 |

## 7. INCEPTION OF THE SEZ AND THE CHANGING LIVELIHOOD OPTIONS:

This indicates that, the socio-economic processes that preceded the establishment of SEZ have not provided them with adequate opportunities to diversify their livelihood patterns and have predominantly depended only on agriculture. Given the abrupt end of agrarian operations, a vast majority of the families in Oragadam and Chennanguppam villages earn their livelihood from the informal sector. However, the wide expansion of construction industry in and around the region and many other occupations that doesn't require higher educational qualification has been the only scope for such masses.

Analysis of data on education, employment and income reveal that a significantly large proportion of the population is involved in occupations which pay very meagre returns. Given the static nature of the socioeconomic conditions of the people, the gradual process of change, and their dependence on agriculture as the only productive occupation, people would not have expected any sudden change in socio-economic scenario as they happened to witness after globalisation. Given this unexpected sudden shift in priorities of the government, the people did not have adequate time to fully comprehend and adapt to the needs of the changing scenario. Moreover, the socio-economic processes that preceded the inception of the industrial estate did not provide them the opportunity to enable themselves to cope up with the demands of the newly emerging job market, and this is very evident from the employment pattern where about 29 % are casual labourers, about 12% are employed under temporary contracts and about 51 percent of people above 19 years are unemployed. This shows that a very significant proportion of the population is dependent upon their breadwinning family members. Thus, it is evident that more than 90 % of the populations do not have any minimal livelihood security.

## 8. ARRIVAL OF MIGRANT WORKERS AND EMERGENCE OF RENTAL ECONOMY:

Establishment of the SEZ that proved to be an abrupt end to agricultural activities in the village and this has been a serious shock to the livelihood pattern of the people. The new firms that have come into the region requires formal education but given such low levels of education, they are now socio-economically compelled to earn their livelihood as casual labourers.

The companies that arrived in the region created a huge demand for construction works and a very large number of migrant labourers from the northern states including Andhra Pradesh, Madhya Pradesh, Odisha, Bihar and West-Bengal have come into the village. This created a very high need for housing for the migrant workers, and the local people, who are deprived their traditional livelihood, now adopted to the new requirements. The households in the village

responded to this new demand by constructing more houses / rooms depending upon their relative economic positions in order to make the most of the increased demand for housing. However, given their economic position, building houses all of a sudden is not an easy task. When we look into the household assets and compensation for the lands taken away for the SEZ, it is discernible that the compensations that the people received have either been converted into movable or immovable assets, and some have made use of that money as an investment to start businesses. Almost all the households that are native to the village responded to this sudden increase in demand for housing by constructing houses according to their relative financial positions.

## 9. HOUSING, WATER AND SANITATION:

A cursory look into the streets of Oragadam and Chennanguppam village would reveal that the former is relatively better in terms of roads and housing. With fewer households than Chennanguppam village, Oragadam looks a bit more complete in terms of basic amenities. Emergence of Oragadam SEZ together with a large number of firms in the region have provided livelihood to a large proportion of migrant population. As a result there is a phenomenal increase in the demand for rental houses, and this is explicit as one walk through both the villages.

About 227 households out of 259 surveyed are found to be residing in their own house, and among the rest 32 households, only 10 households have reported as rented and the nature of possession of the remaining 22 households is uncertain. If we look into the types of housing, a wide variety of structures ranging from a complete house with proper flooring, wall and roof to temporary hutments like structures made of either mud or thatched roof or metal sheets, etc., have been built by people in order to make the most of the increased demand for housing. About 55 houses had only rudimentary flooring and another 134 houses with cement flooring. 66 houses had rudimentary walls made of mud or coconut thatch or metal sheets. 191 houses had brick wall of which 122 houses had unfinished walls. 96 houses had concrete roofing, 53 houses were either tiled or had cement sheets roofing. About 82 houses had thatched roof and about nine had tarpaulin spread over the top to make the roof, and another 15 houses had roofed with metal sheets. Of the 83 houses that had thatched roofs, 63 were Scheduled Castes households and 12 were Backward Classes. Among the Scheduled Caste households another 10 houses had roofs made of metal sheets, 16 with asbestos roofs and another 26 had tiled roofs.

Both the villages appear to have sufficient source of drinking water. Most of the houses have piped water from public source either into their house or yard, and a vast majority of the households reported that they get adequate supply of drinking water. With regard to water treatment, about 173 households do not treat the water and 81 households reported that they boil



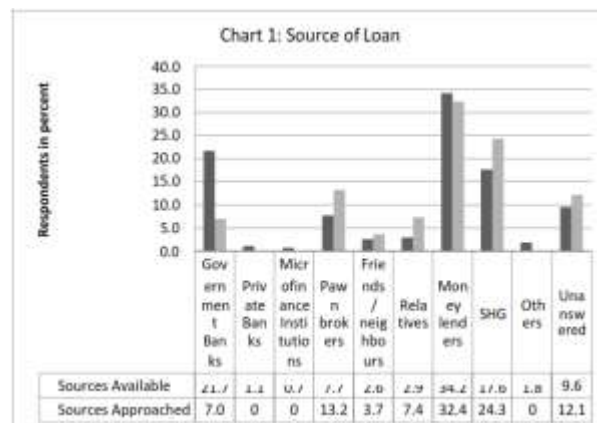
water before drinking and a very few households buy drinking water. Thus, as far as the drinking water is concerned, household in both these villages have adequate supply of drinking water. Sanitation appears to be an issue of concern in both the villages. Open drainages are seen in many places in both the villages. The construction of compound wall by Nissan has interrupted the flow of rain water and drainage water, and hence sewage is found to have stagnated in Chennanguppam village. Further, when we look into the toilet facilities in these villages, about members of 128 households defecate in open areas while the rest households use some form of toilet facility. It would also be worthwhile to mention here that Nissan had aided to construct toilets for a few households in Chennanguppam, however, most of these remain unused.<sup>7</sup>

It is very much explicit from the appearance of housing structures that the housing pattern has changed a lot in the recent years. Villages now house almost twice the number of native people and hence the population pressure on the environment has drastically increased. People, while trying to cope up with the increasing cost of living and increasing needs, are unable to create alternative source of income and hence are not able to create proper infrastructure facilities. Thus, planning to meet the requirements with inadequate sources of finance force them to settle for solutions that are less than optimal. As a result the village is becoming increasingly polluted every day.

## 10. HOUSEHOLD INDEBTEDNESS:

Given the phenomenal expansion of economic activities, people in their attempt to cope up with the demands of everyday life become indebted. In a scenario where the cost of living is constantly increasing and the means to meet the costs becoming reduced, loans are the only scope for the people to make both ends meet. However, access to finance in the Indian context is far from inclusive. If one has to avail a loan from a formal banking institution, he / she either needs to have a permanent employment or a fixed salary for a given period or should have some collateral – which in our context is normally gold or some immovable asset. If the people do not have any of the above, they are forced to depend on informal sources such as money lender / pawn broker or friends and relatives. The people who do not have a proper employment or assets endowments are forced to take loans from informal sources where the rate of interest is very high.

<sup>7</sup> Unlike the earlier periods, the crunch in resources due to alienation of land to the manufacturing companies have led to a situation where each household is forced to have a planned sanitation. Statistics collected from the village showed that the people have not yet fully shifted to modern sanitation facilities.



About 85 percent of the loans availed by the villagers are the ones without any collateral, while seven percent has availed loan by pledging jewels, five percent by pledging house and another three percent by pledging land. Thus, it is evident that a vast majority of the population have borrowed money either from money lenders or pawn brokers, and a few more have either borrowed from friends or relatives.

When we analyse the purpose of availing loans, table presented below revealed that home improvements or repair, and purchase of immovable assets for the household are the two major purposes that amount for 28% of loans availed. Education is the next significant factor that leads to the indebtedness of the households. One significant observation from the above table is that, loans for business related initiative is very less. This can also be related to the fact that while most of the local population had been driven out of their traditional livelihood, a vast majority of the people have taken into the informal sector and not many have ventured into business. This also enunciates that the people lack in entrepreneurial skills and hence confine themselves to wage labour.

**Table 6: Percent of Loans availed across different purposes**

| PURPOSE  | PERCENT OF LOANS |
|--|------------------|
| Start a new business   | 7.6              |
| Acquire new assets for an existing business  | 2.2              |
| Acquire new immovable assets for the household   | 14.1             |
| Acquire new movable assets for the household   | 3.3              |
| To buy jewels  | 4.3              |
| To extend a loan to others   | 1.1              |
| To buy stocks / materials for business   | 2.2              |
| To smooth over temporary difficulties of the business/solve cash flow problems for the business  | 5.4              |
| To smooth over temporary difficulties of the business/solve cash flow problems for the household | 4.3              |
| Repay old business debt  | 1.1              |
| Repay old household debt   | 3.3              |
| Unexpected medical expenses  | 7.6              |
| Life cycle ceremonies (marriages / funeral, etc)   | 4.3              |
| Home improvements/repair   | 14.1             |
| Education  | 12.0             |
| Religious festivals / ceremonies   | 1.1              |
| Undisclosed  | 12.0             |
| Total  | 100.0            |



The following table presents the source from which the people meet the expenditures of constructing new houses or repairing / extending their already existing houses.

**Table 7: Sources of Money to Construct / Repair houses**

| Sources of Money                    | No of |
|-------------------------------------|-------|
| Undisclosed                         | 74    |
| Compensation for ancestral wealth   | 11    |
| Loan from Nationalised banks        | 10    |
| Pledge of Gold                      | 3     |
| Sale of ancestral Wealth            | 16    |
| Compensation for self-earned wealth | 5     |
| Loans from friends and relatives    | 8     |
| Loans from money lenders            | 12    |
| Income and Savings of self          | 66    |
| Sale of self-earned wealth          | 10    |
| SHG                                 | 1     |
| Total                               | 216   |

In an attempt to understand the socio-economic impact of the establishment of Oragadam Special Economic Zone, we have analysed various factors such as the demographic profile of the people, their educational and occupational pattern, income, sources and reasons for loans, etc. Though two major automobile giants have established manufacturing units in their village, these two units have not made any positive impact on the socio-economic condition of people. It was quite an enlightening process to have studied these two villages in order to understand the impact of the industrial park on the socio-economic condition of the people and their livelihood strategies.

While industrialisation is universally seen as a means of development, in these context, industrialisation end up in pauperising people. While a lot of entrepreneurial activities have started in the village, these activities never match the needs of newly emerging industries. For example, while a lot of household have started food stalls in the village, the food for the corporate firms are provided by an entrepreneur from a Bangalore, as the local people are found to lack the professional outlook required to serve corporates houses. However, unlike other technical skills, these are skills that can be imparted in the people by way of short term training and such training would enable the people to make use of the changing socio-economic scenario to earn a proper livelihood.

As noted earlier, lack of adequate educational qualification place the local population outside the development process. Interactions with local people reveal a sense of severe angst due the exclusionary growth processes. Several women complained that the firms located in the village have an unwritten policy against employing people of Oragadam and Chennanguppam village. While one of the firms had constructed toilets for a few households in Chennanguppam village, an elderly women in the village noted that “they constructed these toilets

because we use to defecate in the open areas that were taken by Nissan, and they found it polluting and in order to prevent that they obliged to construct toilets for the houses, but once they fenced their entire area, they stopped constructing toilets.”

Further when asked about what are the factors that they feel would enhance their standard of living and enable them to participate in the development processes, many of them opined that education is the key to access. People said that they need quality education for their children, and this for them, means nothing more than English and knowledge in computer. They realise the significance of education in determining their employability, income and higher standard of living and livelihood security. While the socio-economic and historical processes have denied the parental generation of Chennanguppam and Oragadam villages a proper access to quality education, these parents today want their children to be better educated. Further, they felt that their children need external assistance in enhancing their English and computer skills. While the infrastructure and standard of education in the government Adi Dravidar Welfare School in the village has improved a lot compared to yesteryears, they strongly feel that the standard of English taught by the school and computer is inadequate with regard to placing the students on par with children educated from other better schools in the district and the state.

The land alienation in favour of the SEZ has created a huge shock in the livelihood pattern of the villagers. People who were until then involved in agriculture had to seek new employment opportunities. However, the opportunities that have emerged in the region do not suit the educational background of the villagers. Thus the people are forced to look for new avenues to ensure their livelihood. In case of casual jobs, such as construction labour, construction work cannot be anymore be considered as unskilled as the current methods involve highly specialised knowledge, which gives no room for the agricultural labourers to eke out a living. As a result there is a higher influx of migrant construction workers who work in various construction site in the area.

On the other hand, families that owned land were compensated by the government for the lands alienated for the SEZ. The compensation was Rs.14000 per cent of land, and those families that lost lands to the SEZ have gained some capital that can be used as an investment in new occupations. The influx of migrant workers in the region has created a huge demand for rental houses, and the native people, being deprived of their livelihood opportunity, see this as an alternative. As a result, the families end up constructing houses in the homestead plots that can be rented for the workers. Thus, the money that the people received as compensation has been sued to construct houses for rent, in order to create an alternate income.

Thus, this development process, owing to the nature of industries established in the area and the nature of highly specialised occupations, have excluded the local population and have created a very negative impact by depriving their agrarian income. Therefore, unlike the earlier process of industrialisation during the earlier periods, the current pattern of industrialisation doesn't provide any scope for a secure livelihood for those with inadequate education and the dispossession of properties further worsens their economic position. Thus, when the villagers attempt to mitigate their income by constructing houses without adequate source of money, they end up indebted. The local people now lay more importance on their children's education. While it is a question of the state's welfare measure, one also gets a feeling that the firms that have come into the region can definitely play a positive role in enabling the people to meet their needs.

This study also calls for an alternative perspective about the local population and their skills. While the larger processes looks to be exclusive, one cannot deny the fact that a lot many members of the local society are working in these very firms. Most people of the village who are working in occupations like housekeeping, gardeners or as drivers are working in these very firms, though indirectly through a contractor. In this case, the company pays a stipulated price for the contractor, and the contractor in turn engages the local people in the work as a daily wage labourer. If we make a deeper sense of this, these are works which are permanent and the firm needs gardeners, housekeeping workers and drivers all through its functioning. Thus, this study suggests that these very workers who are now indirectly engaged by the firms can be directly hired. Such a measure would entitle the workers with better returns, and livelihood security, and this may work out to be cheaper than what the company currently spends on the same through the contractor. Furthermore, such a secure employment would make them eligible to avail institutional loans from formal banking institutions, and such access to finance will have a more significant positive impact on their participation in the development processes.

## **11. CONCLUSION:**

The analysis of the socio-economic impact of the establishment of SEZ revealed that the traditional social structure plays a decisive role in determining people access to development. While the SEZ has completely destabilized the livelihood of the local population, the households that received compensation provided for the lands they lost to the firms have reinvested in either movable or immovable assets. Most households have used this money to build houses so that they can make use of the increased demand for housing in the village and create a regular livelihood. However, if we think a little deeper, this process is in essence revitalization of the traditional structure. This is because people's access

to land has been historically determined by their caste and the while the dominant castes that had been the traditional land owners have not only received a sizeable compensation that facilitates it being converted into meaningful investments. However the households that owned a very meagre land are seldom capable of converting the compensation into new assets, and have either ended in purchasing durable goods or purchasing durable goods. When the right to compensation is based on right to land, the households that never owned lands other than their housing plots are completely left out and never receive any assistance to develop alternative livelihood and this once again places them at the bottom of the society. Thus, there is a serious need for the government to rethink on creating and facilitating alternative means of livelihood for the people.

While industrialisation during the 1970's and 1980's was found to be inclusive, Oragadam experience shows that this processes of industrialisation not only deprived the local people of their existing livelihood but has systematically excluded even from lower levels of employment such as casual labour, drivers, housekeeping staff and other occupations. This brings to light one of the most crucial factors that if the local people are not found to possess the skills matching to the requirement of the firms that are coming into the region, the development outcome would not just exclude the local population from the development process, but would worsen their present standard of life. In the light of the recent global investors meet in Tamil Nadu and the states invitation to several investors from around the worlds, the Oragadam experience calls for a more careful approach by the government and the policy makers in order to ensure an inclusive development outcome.

## **12. ACKNOWLEDGEMENTS:**

I thank Thiyagarajan, Satchithananda Valan, and Thambidurai for their comments on the earlier version of this paper.

## **REFERENCES:**

- Bhaduri, A. (2007), Development or Developmental Terrorism?, *Economic and Political Weekly*, Vol. 42, Issue No. 07, 17 Feb, p. 552-553.
- Debaranjan. (2008), Is struggle for Livelihood a Criminal Offence?, *Economic and Political Weekly*, Vol. 43, Issue No. 02, 12 Jan, p. 19-22.
- Maria Saleth, R. (1997), Occupational Diversification among Rural Groups, *Economic and Political*

*weekly*, Vol. 32, Issue No. 30, 26 Jul, p. 1908-1917.

Palanithurai G, R. R. (2010). *Globalisation and Rural Development*. New Delhi: Concept Publishing Company.

Sarma, E.A.S. (2007), Help the Rich, Hurt the Poor: Case of Special Economic Zones, *Economic and Political Weekly*, Vol. 42, Issue No. 21, 26 May, p. 1900-1902.

Sharma, Naresh Kumar (2009), Special Economic Zones: Socio-economic Implications, *Economic and Political Weekly*, Vol. 44, Issue No. 20, 16 May, p. 18-21.

Souza, V. S. (1975, May 10). Social Inequalities and Development in India. *Economic and Political Weekly*, Vol. 10, Issue No. 19, 10 May, p. 770-773.

Vijayabaskar, M. (2010), Saving Agricultural Labour from Agriculture: SEZs and Politics of Silence in Tamil Nadu, *Economic and Political Weekly*, Vol. 45, Issue No. 06, 06 Feb, p. 36-43.

#### Web Sources:

<http://planningcommission.gov.in/plans/planrel/index.php?state=planbody.htm> accessed on 12/01/2013

<http://www.indiastat.com/table/industries/18/industrialparksspecialeconomiczonessez/27570/818149/data.aspx> accessed on 12/01/2013

<http://www.indiastat.com/table/industries/18/industrialparksspecialeconomiczonessez/27570/655612/data.aspx> accessed on 12/01/2013

<http://www.indiastat.com/table/industries/18/exportorientedunits/8465/11136/data.aspx> accessed on 12/01/2013

[http://www.sipcot.com/industrial\\_complexes.htm](http://www.sipcot.com/industrial_complexes.htm) accessed on 12/01/2013  
[http://www.sipcot.com/Industrial\\_complex\\_Oragadam.htm](http://www.sipcot.com/Industrial_complex_Oragadam.htm) accessed on 12/01/2013  
[Dcmsme.gov.in/dips/ips%kancheepuram%202012\\_t.pdf](http://Dcmsme.gov.in/dips/ips%kancheepuram%202012_t.pdf) accessed on 12/01/2013.

---

#### Corresponding Author

**Dr. C. Jerome Samraj\***

Department of Economics, Pondicherry University, India