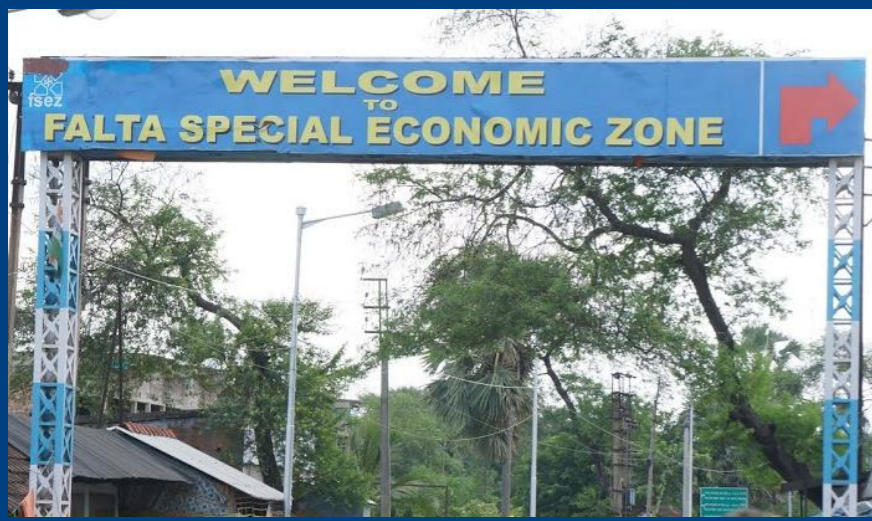
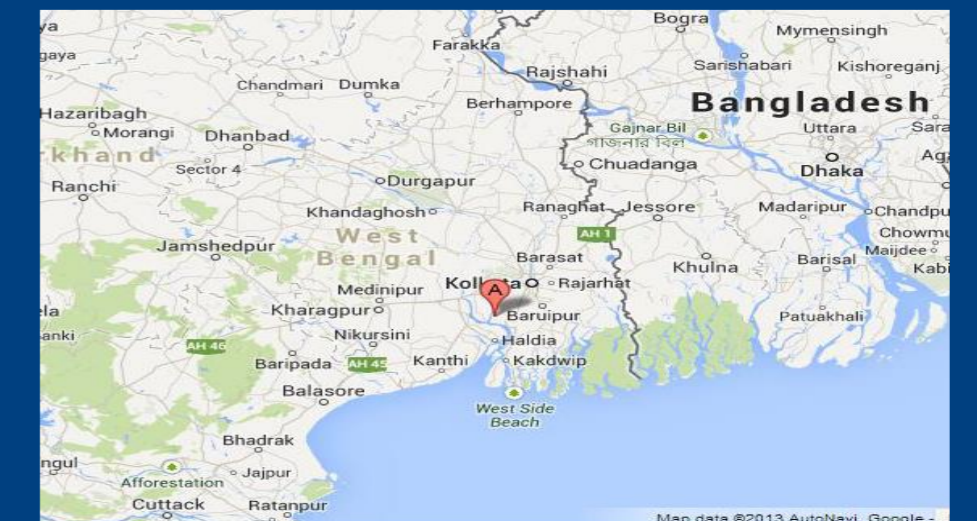


# Special Economic Zones and Livelihood Changes: Evidence From India



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## Introduction

This study seeks to address the following research questions:

- What is the likelihood of a displaced household member (i) being employed? and (ii) being employed at the FSEZ?
- Do members of displaced households enjoy similar returns to education and experience compared to other affected households? Does this result hold for those working at FSEZ?
- Does the FSEZ generate employment for women and contribute to reducing gender disparities in wage and education?

## Data

- Focus: Three groups of people affected by the setup of the Falta Special Economic Zone (FSEZ) in 1984.
  - Affected & displaced: lost land and forced to move.
  - Affected but not displaced: only lost agricultural land to relocate above group.
  - Unaffected: not directly affected through land/residence loss or physical displacement.



Figure 1: Location of Villages studied

Table 1: Number of households by village/category.

Village	Affected and displaced	Affected but not displaced	Unaffected
Highland	460	1	5
Gopalpur	0	107	52
Nainan	2	60	330

## Acknowledgements

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## Results

Table 2: Labour force and FSEZ participation by category of HH

Dependant Variable:	LFPR	Work in FSEZ
	(1)	(2)
Displaced	-0.054 (-0.018)	0.314*** (0.099)
Land taken	-0.171** (-0.064)	-0.167 (-0.051)
Female (Yes=1)	-2.029*** (-0.661)	0.778*** (0.282)
Displaced*Female	-0.128 (-0.048)	-0.402* (-0.110)
Constant	-2.767***	2.312***
N	3,292	1,377

Note: \*\*\* p<0.01, \*\* p<0.05, \* p<0.1. Marginal fixed effects reported in parentheses. Robust standard errors clustered at the household. The sample comprises of the working age population, defined as those between the ages of 15 and 65 inclusive for column (1) and active labour market participants for column (2). Both specifications control for individual and household characteristics.

- Affected household members were less likely to participate in the labour market. (between 20% - 40%)
- Displaced HH members who were working were more likely to work within FSEZ. (between 17-24% more than unaffected HH members).
- Women were more likely to be employed within FSEZ.

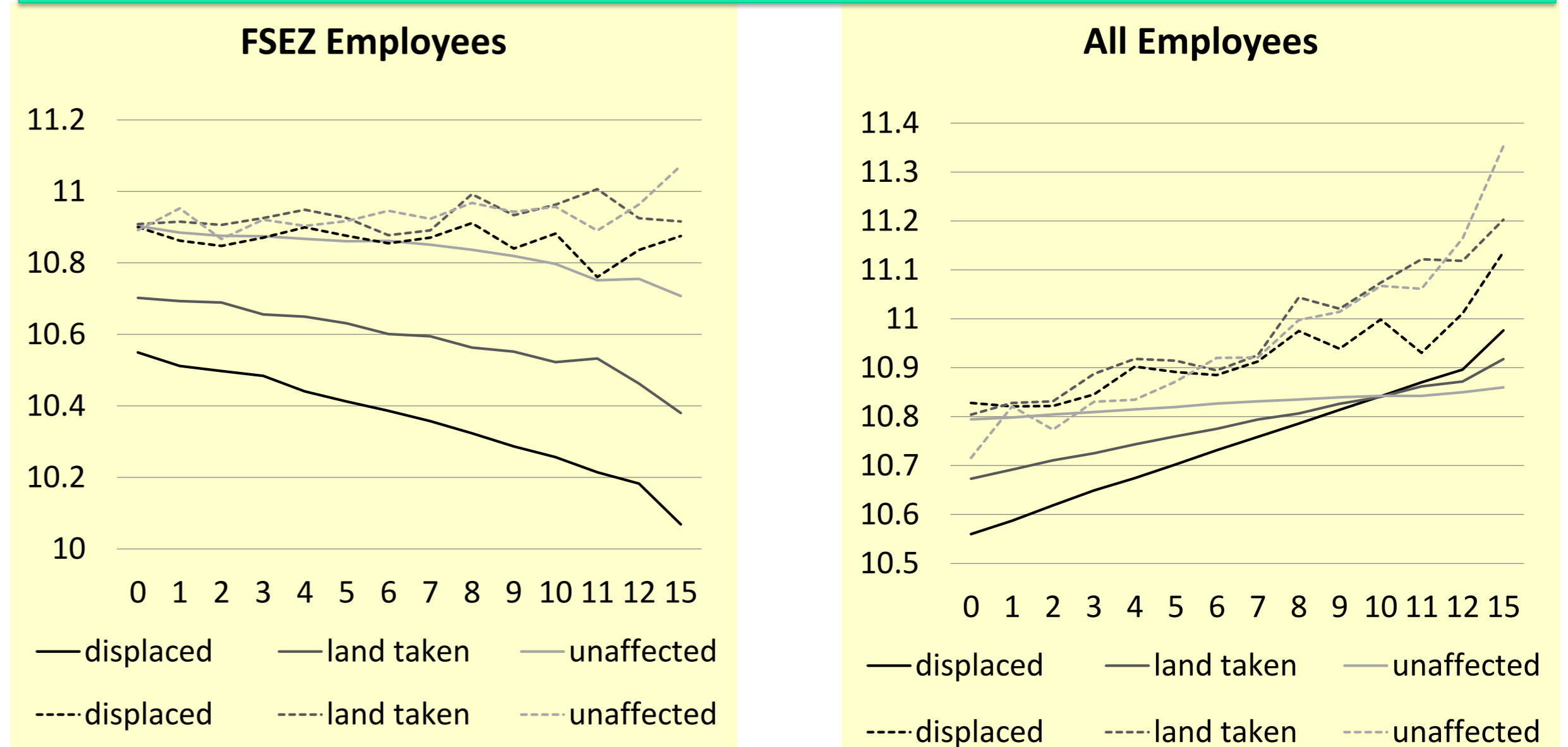


Figure 2: Predicted log wages across years of schooling by household categories

X-axis: year of schooling. Y-axis: log of wages. Solid lines: female employees. Dotted lines: male employees

## Discussions & Conclusions

Table 3: Years of schooling and wage by age, gender and household category

Cohorts	Displaced	Land Acquired	Unaffected
A. Mean Wages (female as % of male)			
A1. Young: 15 to 35 years	76.36%	79.31%	92.62%
A2. Old: 35 to 65 years	75.80%	52.08%	89.41%
B. Mean years of schooling (female as % of male)			
B1. Young: 15 to 35 years	88.46%	89.61%	85.45%
B2. Old: 35 to 65 years	37.78%	57.38%	33.33%

- Differences between household groups fade once controlled for pre-FSEZ characteristics.
- Over long periods, adverse effects of displacement on the livelihoods of those affected may fade due to trickle down effects.
- The setup of SEZs may lead to an efficiency loss over equity gain.
- Main findings indicate the need for a sustainable policy framework to address SEZ related displacement, livelihood and gender issues.