

The Cost of Global Competitiveness: Assessing the Impacts of Special Economic Zone Policy on the Working Class in Bangalore

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Abstract

Bangalore has been lauded as a positive example of economic development in the global South because of its success in attracting investment and fostering the development of small and medium enterprises (SMEs) as well as multi-national corporations (MNCs). The trend of economic liberalization and deregulation within Bangalore in particular has been furthered by the establishment of Special Economic Zones (SEZs) within which firms who operate are granted a variety of tax and duty exemptions, as well as exceptions from several labor laws. This has thereby resulted in tremendous economic growth within the city and established Bangalore as a major global hub of innovation. Simultaneously with the rise of a growing middle class however, inequality has grown within the city, as lucrative opportunities cater to a particular segment of society possessing certain levels of higher educational attainment and skills. The establishment of SEZs has undermined many of the labor rights that have long been established in India for the sake of economic growth. This study examines why individuals choose to work in high-technology SEZs and how employment within these firms impacts workers. Furthermore, this study investigates how the working class has been impacted more broadly by the approach to economic development being taken within the city as exemplified by SEZ policy. It is hypothesized that laborers within SEZs are worse off than those in domestic tariff areas (DTAs) in terms of security of employment and bargaining power, but they are willing to work for firms within these zones because higher average wages translate to compounded benefits to their livelihoods. The impacts of SEZs in Bangalore are explored through a quantitative characterization of government employment and financial data, combined with qualitative data from interviews with government officials, NGOs, trade unions, private sector representatives, and blue-collar workers. Findings suggest that the primary impacts of SEZ policy on workers are the proliferation of subcontracting and associated employment insecurity, heightened barrier to entry for decent employment due to a widened skills gap, and resulting affordability challenges within the city. This study argues that there are opportunities for increased inclusivity in each of these areas existing at the intersection of interests of different stakeholder groups.

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Introduction

Intense competition to attract firms has led to a global phenomenon of government deregulation and incentivization, or a so-called “race to the bottom” in which local jurisdictions have often failed to generate decent and secure regional employment while expanding their tax base. This trend is particularly salient within Bangalore, a city of the Global South whose model of economic development has been lauded internationally due to its success in attracting investment and fostering the development of small and medium enterprises (SMEs) as well as multinational corporations (MNCs). The trend of economic liberalization and deregulation within Bangalore in particular has been furthered by the establishment of Special Economic Zones (SEZs) after 2005 within which firms who operate are granted a variety of tax and duty exemptions, as well as exceptions from several labor laws. This has thereby resulted in tremendous economic growth within the city and established Bangalore as a major global hub of innovation. Simultaneously with the rise of a growing middle class within the city however, inequality has been exacerbated, as lucrative opportunities that have been made available cater to a particular segment of society possessing certain levels of higher educational attainment and skills.

The establishment of SEZs has undermined much of the labor rights progress in India for the sake of economic growth. The nation has long struggled with ensuring universal labor rights, especially considering the ubiquitous presence of informality, however, the SEZs as zones of exception are particularly problematic by suggesting that labor protections are not conducive to economic development. The intentionality with which labor rights are subverted in areas that are designated as highly productive and export-oriented present a paradigm within which these two outcomes are mutually exclusive. SEZs and large corporations are politically advertised as major engines of employment generation, yet if the jobs created undermine workers’ rights and contribute towards precariousness of livelihoods, it begs investigation of who really benefits from utilizing these means to increasing a region's comparative advantage. Investigating these phenomena within the context of Bangalore will be particularly illuminating, as this city has a global presence and is at a critical point of development where labor policy decisions will have long-term implications.

Studies of the impacts of SEZ labor protection exemptions have been carried out in various regions of India looking at industries such as garments and construction. This particular body of research investigates the employment impacts of high-technology manufacturing SEZs in Bangalore within biotechnology, aerospace, and automotive industries. Exploration of the nature of both direct and indirect employment associated with these industries will help to characterize the issues facing workers in fields that are perceived to generate decent job opportunities. Jobs in advanced manufacturing industries range from unskilled labor to highly skilled engineering and management professionals, as well as those employed within indirect support services. This study focuses on how SEZ policy has impacted workers both in terms of employment conditions and security.

The labor policies being adopted in developing countries to promote international economic liberalization and global integration are questioned by using the SEZs of Bangalore as an illustrative example, while suggesting more progressive and democratic means of economic growth. How and to what extent the working class is impacted from employment within these SEZs and why they choose to work in these zones given that employment is relatively insecure is explored. Further, this study examines how these labor law exemptions have legitimized the precariousness of workers of both the secondary and tertiary sectors through subcontracting networks and increased flexibility of hiring and termination practices. Both quantitative and qualitative data is analyzed to understand the multidimensional nature of the impacts of labor law exemptions on the working class.

Democracy and citizenship are also at the heart of this study, as equitable economic participation is a critical component of multidimensional democracy. Institutions governing economic activity in Bangalore should not only be progressive in terms of trade liberalization and deregulation, but must also maintain ideals of democracy by promoting active participation of working classes in the economy and society. An in-depth study of the nature of working in an environment of limited securities will surely aid in formulating effective policy to maximize the welfare gains of economic liberalization and export orientation to the local population. Such advances will ensure the long-term viability and advancement of inclusivity of Indian democracy that may be set forth by utilizing Bangalore as an example.

This research places the manufacturing SEZs of Bangalore contextually in an overview of existing literature surrounding labor rights in SEZs and in high-end technology sectors. Subsequently, background on policies surrounding SEZs at the national level, a brief history of SEZ development in Karnataka, and a characterization of Bangalore are provided. The following sections detail the research data sources and methodology. Next, interview results are presented by interest group in order to highlight the similarities and differences of perceived potentials and drawbacks of SEZs across stakeholders. Finally, common themes and policy implications are explored and socially responsible recommendations are put forth that will advance security and capabilities of the working class through a process of continued economic growth for the city of Bangalore.

Literature Review

Globalization, Innovation, Agglomeration, and Development

The impacts of global economic integration on the developing world have been widely studied with particular emphasis on urban areas, or so-called “global cities.” Economic deregulation, privatization, and international trade liberalization have been prescribed as primary means of ensuring macroeconomic stability and growth through mainstream development theory. Williamson (1993) coined the term “Washington Consensus” encapsulating all of these ideals and asserts this as natural ‘convergence’ of economic wisdom. However, there is increasing awareness of the deficiencies of the ‘Washington Consensus’ paradigm in encapsulating broader development goals, especially when considering developing countries. Stiglitz (1998a and 1998b) argues for a ‘post-Washington Consensus’ and Gore (2000) argues for a “Southern Consensus,” both recognizing the need for more comprehensive approaches incorporating sustainability and equitability goals and moving beyond economists’ monopoly on development prescription. Further, they advocate for the active utilization of government regulation and market instruments beyond privatization and deregulation to correct market failures while instituting democratic processes of consensus-building and increasing a collective sense of ownership. Nonetheless, it has been argued that globalization leads to an absolute reduction in poverty, which Dollar and Kraay (2001a and 2001b) have simplified succinctly as “trade is good for growth, growth is good for the poor, and so trade is good for the poor.”

Since increased trade is viewed as an important component of promoting development across schools of thought, innovation has a focal role in positioning a region for success according to Schumpeterian economics. What form and function innovation policy takes through these processes, however, is widely debated. Whether innovation policy contributes towards or stymies economic development is dependent upon the lifecycle of firms, market power, policy control, and the institutional environment (Courvisanos, 2009). There is tremendous path dependency to this process wherein for developing countries, policies that promote mastering existing technologies can have much more significant impact than focusing on innovation as the center of technological activity (Lall & Teubal, 1998). Alice Amsden (2001) calls the initial lack of proprietary technology and related tacit knowledge in late-industrializing countries “the low road” to development, but highlights how this foundation was built upon in two distinctive ways in different countries. On one hand, there were countries that relied heavily on foreign direct investment (FDI) to fuel economic growth. On the other, countries that were arguably more successful in developing technological capacity were characterized by domestic national control of firms and significant investments in human and technological capacity-building, which in turn led to development of higher value-added industries and increased wages. Imitation of Western industrialization processes within contexts of ‘economic backwardness’ have led to differing outcomes for native populations in individual cases because of the dynamics of indigenously determined elements (Gerschenkron, 1962).

Lall (1992) demonstrates that innovation dynamics spurring at the firm level do not necessarily explain aggregate technical capabilities of a region because of the complexity of interplay of incentives and capabilities. Different ‘social capability’ can greatly multiply the positive impacts of global populations while the lack thereof can put a region at risk (Abramovitz, 1986). It is the linkages and externalities between human resources and skills, technological effort, incentives, and institutional factors that determine regional technological capability, not just capital investments. Lall (1992) goes on to assert that government intervention is required, but there is no single optimal path for formulation policy that fosters innovation and harnesses its benefits for local populations. Market stimulating technology policies are economically justifiable, yet in the case of the Asian growth experience, it is clear that firms were selectively targeted,

moving beyond “market-friendly” interventions that nonetheless translated to strong GDP growth rates. Also within developing countries, systemic scarcities can induce innovation within socioeconomically disadvantaged groups, thereby raising important implications for social equity and traditional industrial structures. These innovations, based strongly within the cognitive experience of workers, are often overlooked in policy spheres where more orthodox or Western forms of innovation are favored (Srinivas & Sutz, 2008). Regardless of the originating foundation of innovation, Krugman (1993) puts forth a theoretical justification for innovation policy wherein he highlights the potential for positive externalities to be realized by strategically targeting specific firms or industries, although he admits that in practice targeting does not always have the anticipated desirable results. In other words, the criteria by which an industry should be given preferential treatment is through determination of whether firms within that industry will realize socially reinforcing success.

To take this a step further, geographic concentration in terms of urbanization and industrial clustering is utilized as evidence of the importance of encouraging external economies in innovation policy (Krugman, 1993). Henderson et al. (2001) argue that the concentration of population and economic activity in urban regions is a consequence of both geospatial positioning and increased endowments in urban areas in terms of natural, human, and physical capital. In fact, it has also been argued that in spite of the diseconomies associated with dense urbanization including housing prices and congestion, cities will continue to be centers of innovation because of information spillovers (Glaeser, 1998). Glaeser (2008) argues that the occurrence of chance interactions between members of a highly skilled, educated, and diverse population in a dense urban environment is a core of economic development.

Conversely, Marshall (1920) explains that localization of a single industry can be attributed to the advantages of a pooled labor force to firms, access to a greater variety of non-traded goods at lower costs, and knowledge spillovers. A pooled labor force is beneficial because of the uncertainty of alignment of times of prosperity or adverse shock at the firm level. Access to localized industry support and suppliers provide economies of scale, foster backward and forward linkages, and lower transaction costs. Knowledge spillovers in spatial agglomerations are a pure external economy with no single firm internalizing the costs (Krugman, 1991). Porter (2011) highlights the paradoxical nature of an increasingly global economy where proximity to goods and information is no longer a source of comparative advantage, yet local economic circumstances still play an important role in positioning nations for competitiveness. So, enduring advantages come from spatial clustering that allow for flexible and dynamic informal, or even inadvertent, collaboration resulting in innovation.

Potter and Watts (2012) present an augmenting argument that there is an evolutionary element of clustering that is time-dependent upon the industrial lifecycle and that agglomeration is actually detrimental to firms in later industrial stages because of ballooning labor costs, higher supply chain costs, and decreased sales turnover due to knowledge spillovers. They highlight the importance of adjusting levels of specialization and diversification depending on industrial development stage in what they term the ‘heterogeneity paradox.’ The argument that heterogeneous clusters with large absorptive capacities for knowledge spillovers tend to show greater prosperity than those which are more homogenous further highlights the need for evolving policy (Giuliani, 2005). Thus, if labor is viewed not only as a factor of production, but as a source of heterogeneous innovation in agglomeration economies, the temporal dimension of the importance of human capital investment is highlighted.

In order to attract FDI in an environment that is conducive to free trade, governments of the developing world have pursued the establishment of economic zones of exception within which more liberal policies than those of a host country are adopted. SEZs “materialize the neoliberal exception,” or the concerted strategy of a state to deviate from established regulation and govern explicitly for economic productivity in a given spatial location (Cross, 2010; Ong, 2006). As such, these policy interventions also play an active role in producing clusters from which the innovation benefits of agglomeration economies are realized. There is also an urban political ecology to this process, by which particular spatial, economic, and social segments of cities are favored, contributing towards multi-dimensionally uneven urban landscapes. As Swyngedouw & Heynen (2003) summarize this, “[special economic zones embody]... inequalities that are created by both global and local forms of capitalism.” These incongruences are especially apparent when examining the impacts of these zones on labor workers, who are a major source of innovation potentialities and conduits of the benefits of agglomeration.

Employment and Labor Considerations

Opening trade and taking in FDI have been promoted within developing countries as the primary means by which nations may grow employment. These sources of employment are not exclusively direct, but also include jobs created through backward and forward linkages in supply and distribution chains, as well as increasing overall market demand through net income gains. The capacity for job creation is also impacted by employment-reducing effects of imported technologies and non-competitiveness of previously protected labor pools, meaning that although developing countries can potentially benefit from liberalization, it may not always be the case (Lall, 2004). Rama (2003) argues that increased competition and introduction of incentives to attract production facilities of MNCs has led to reduction of wages and the number of jobs in the traditional workforce, but that these are offset by national level gains in employment through structural change. Stiglitz (2003) demonstrates the complexity of tradeoffs between increased unemployment or increased income inequality governments face when deciding whether or not to allow for lower wages through an illustrative comparison between Europe and the United States.

Sassen (1998) acknowledges that increasing income polarization has become pervasive through globalization because of an inherent bias toward highly-skilled elites in high-end industries at the expense of the working class. Both FDI and imported capital goods tend to necessitate higher skilled employment contributing towards this inequality effect (Acemoglu, 1998). In theory, in moving towards high end industries, required greater skill and labor productivity, wages of the working class should rise. Katz et al. (2010) empirically demonstrate how technological advance and 'the invisible hand' are insufficient to sustain advances in employment progress, but are also tied to productive structure and continual capacity-building. Sidhu (2010) argues that labor wages are indeed tied to productivity, but wide variations in productivity gains of domestic firms competing globally have led to wage disparities both within and across sectors. Dissenting views hold that changes in macroeconomic policy have not had any significant impact upon labor market dynamics (Freeman, 2003).

Beyond employment statistics and wage disparity however, security of employment and labor protections are also critical considerations in assessing the benefits of attracting global trade through SEZs. The dominant market-oriented view against labor regulation and pro-worker policy is that this impedes efficiency and productivity gains. As Friedman (1962) states, "... competitive capitalism, [...] promotes political freedom because it separates economic power from political power and in this way enables the one to offset the other." Pro-market economic reforms are actually empirically found to bolster respect for human rights in a study by de Soysa and Vadlammanati (2013). Conversely this is viewed as a 'race to the bottom' wherein regions underbid one another to attract firms, resulting in adverse consequences for wages, working conditions, and abilities of jurisdictions to capture benefits of increased economic activity within their borders (Cary, 1974). Pursuit of increasing flexibility of modes of production also leads to an increase in subcontracting and outsourcing which obscures the compact between labor and capital through the introduction of anonymity.

It has become increasingly clear however, that the nature of corporate labor regulation is a key determinant of the extent to which workers and firms realize economies or diseconomies. Beasley and Burgess (2004) empirically prove that pro-worker regulations are associated with lower levels of FDI, employment and output in India. More troublesome however, are their findings that policies intending to promote social welfare have actually led to the exacerbation of poverty and an increase of productive activity within the informal economy. Pires (2008) examines an opposing case in Brazil where workers rights are reconciled with firms' competitiveness through sustainable modes of compliance which combine punitive and pedagogic measures, ultimately leading to productive and mutually beneficial outcomes. Both studies bring the context-based nuance and complexities of formulating effective corporate labor governance to the forefront.

Political Economy, Governance, and Institutions

Key aspects of SEZs in the context of globalization are increased job insecurity and structural changes in employment (Torres, 2001). Economic insecurity within the working class is also attributed to riskier forms of employment and wages which become more precarious with highly elastic global labor demand (Scheve and Slaughter, 2002). Further, there is uncertainty of whether there is a tendency for the working class to be subject to repressive capitalist work discipline and denied of social protections and rights (Ong, 2006). Globalization has contributed to increased insecurity in a multitude of dimensions, which in turn exacerbates the impacts of rising inequity (Kaplinsky, 2001).

Since the primary role of institutions is to decrease uncertainty and thereby transaction costs (North, 1987), stronger governance and institutional presence focusing on labor within SEZs has a theoretical basis for promoting economic development. Yet, this must be done in a manner that discourages aversive or rent-seeking behavior that undermines institutions in place (Krueger, 1974). In other words, although labor protections are difficult to effectively construct, an understanding of what motivates the working class to seek particular forms of employment and what motivates firms to hire particular workers can contribute towards informing effective policy. Deregulation is not a means of meaningful development in and of itself as Jamie Cross (2010) states:

What is the absence of regulation by state institutions in India's informal economy is sanctioned as de-regulation or re-regulation in the economic zone. What is the lack of social protections for workers in the informal economy is institutionalized as 'flexibility' inside the zone. And, what is the common condition of 'insecurity and precariousness' for a majority of Indians working in the informal economy becomes legitimized in the offshore economy as a mode of capitalist production and labor control.

A combination of progressive innovation and labor policy can aid in taking a 'higher road of development,' that defines a new form of economic progress while achieving social goals. Of course globalization has the ability to be a good force which benefits the poor, but it largely has not been up until this point. The potential of global economic integration must be managed and harnessed in a manner that not only accumulates wealth in developing countries, but translates this to improved standards of living for local populations (Stiglitz, 2003). The type of development being promoted in the SEZ policy of India is actually regressive as it reinforces many structural 'unfreedoms' of the working class by contributing towards limited economic opportunities and social deprivations as defined by Amartya Sen (1999). So, he argues that development initiatives should be taken on by considering their ability to guarantee 'substantive freedoms of individuals' who are 'active agents' in change.

Implications for this Study

Bangalore presents an archetypal model for the role of SEZs in the developing world as a means to increased regional prosperity. As centers of high tech innovation in manufacturing industries, these zones are promoted as having compounded benefits for Bangalore, Karnataka, and India as a whole because of their ability to attract foreign capital and investment. Yet, the institutional and regulatory environments surrounding these zones subvert the rights and protections of workers with explicit intentionality. This study investigates the nature of impacts of SEZs on the working class and seeks to determine whether the theoretical benefits of globalization, agglomeration, and innovation are realized for this segment of society.

Background

SEZ Policy in India

In 2000, the National Democratic Alliance government of India first brought the term SEZ into the national political arena, with the Special Economic Zone Act. This was passed quickly through Parliament in 2005 under the pretense of stimulating FDI and promoting export-led industrial growth. This act differs from its predecessor Export Processing Zones (EPZs) and Free Trade Zones (FTZs) in that it goes much further in terms of regulatory appeasements and land acquisitions than previously. Firms located within these zones are eligible for a wide array of tax and duty exemptions. Most notably, businesses are exempt from duties on imported or domestic goods utilized for the development and operation of SEZ units and are 100% exempt from income tax for the first five years of operation and 50% for the next five years after that. Firms are also exempt from central and state sales and service taxes. The approval process for the establishment of SEZs is typically handled at the state level to ensure adequate infrastructure and other inputs are in place before being presented to the national Department of Commerce who grant approvals through a board. There is no environmental review, nor is there any form of public participation during the proposal and approval processes (Mansingh et al, 2012).

In terms of explicit labor regulation, SEZs do not technically differ from any other areas of the nation, but there are several particularities that allow them to be considered a part of a special class. These firms fall entirely under the

jurisdiction of the Department of Commerce including in terms of labor regulation wherein the power of the State Labour Commissioner’s office is delegated (Rawat et al, 2011). Furthermore, all firms located within SEZs receive the designation of “public utility service,” which allows for the curtailing of certain liberties of labor specifically dealing with the right to strike. Generally associated with industries such as power generation, mail delivery, and water purification, public utilities are traditionally critical for daily operations of a given region, and as such, the rights of workers are limited for maintenance of the overall public good. In the case of SEZs, this designation is utilized specifically to discourage organized protests which can be considered a breach of contract without adequate notice or when falling within a conciliatory period.

The concentration of power over SEZs within the Development Commissioner’s office raises areas of concern in terms of labor interests. First, the primary concern of the Development Commissioner is the growth of revenue and exports within the SEZs, a goal that may lead to the rise of conflicts of interest with the rights of laborers, particularly when taking measures to control labor costs. As such, these structural conditions generate an environment where the interests of businesses will be prioritized over the interests of workers. Secondly, the office of the Development Commissioner may not be equipped with the proper expertise to appropriately deal with the appropriate regulation and the rights of workers, both in terms of competency within the complex landscape of Indian labor law, as well as in terms of carrying out inspections of working conditions. Finally, the consolidation of the SEZ approval and regulation process has been promoted as a streamlined and efficient form of governance. Yet, these expedited and concentrated processes circumvent checks and balances that occur naturally through review across departments and ministries, raising the chances for socially regressive policy decisions. Unionization is made extremely difficult within SEZs under the rhetoric of creating a ‘flexible labor’ environment, and without a unified and organized labor body, it is difficult for workers to demand compliance to existing labor standards (Singh, 2009). Simultaneously, however, it is clear that workers employed within SEZs tend to earn higher wages than those employed without (Swaminathan, 2005).

Development of SEZ Presence in India

Year	Value (Rs. billions)	Annual Percentage Growth
2006-2007	346.15	52
2007-2008	666.38	93
2008-2009	996.89	50
2009-2010	2207.11	121.4
2010-2011	3158.67	143
2011-2012 (April-December 2011)	2609.72	14.5

Table 1 - Growth of Exports from Indian SEZs (Source: Ministry of Commerce and Industry, 2012)

The presence of SEZs within India has vastly expanded since the Special Economic Zone Act was passed in 2005. At the national scale, the SEZ Act has been attributed with generating 680,604 jobs and generating Rs. 2.31 trillion in investment across 1,162 zones in the period from 2006 to 2011 (Ministry of Commerce and Industry, 2012). In the same time period, Rs. 8.98 trillion has been generated nationwide, meaning that SEZs account for over 25% of all investment in the country while only utilizing 0.07% of national land area (Reserve Bank of India, 2014). SEZ employment also accounts for 1.5% of all formal employment within the country (Reserve Bank of India, 2014). Furthermore, the growth in terms of exports has been multiplying on an annual basis in the last decade (Table 1) and SEZs are gradually accounting for an increasing proportion of national exports, and annual export growth rates have consistently outperformed those of the nation as a whole (Table 2). Concurrently, the tax and duty exemptions granted to SEZ developers and operating units have resulted in Rs. 830 billion in lost government revenue from 2007 through 2014. In the 2013 to 2014 fiscal year, this constituted an equivalent of 12% of national direct tax revenue.

Year	Exports from SEZs		Exports from India		Share of SEZ Exports in Total (%)
	Value (Rs. billions)	Annual Percentage Growth	Value (Rs. billions)	Annual Percentage Growth	
2003-2004	138.54	39	2933.67	-	4.70%
2004-2005	183.14	32.2	3753.4	27.9	4.90%
2005-2006	228.4	24.7	4564.18	21.6	5.00%
2006-2007	346.15	51.6	5717.79	25.3	6.10%
2007-2008	666.38	92.5	6558.63	14.7	10.20%
2008-2009	996.89	49.6	8407.55	28.2	11.90%
2009-2010	2207.11	121.4	8455.34	0.6	26.10%
2010-2011 (April-December 2010)	2231.32	-	7516.33	23.4	29.70%

Table 2 - Comparison of SEZ Exports and India Total Exports (Source: Ministry of Commerce and Industry, 2011)

SEZs represent a wide range of industries from gems and jewelry to aerospace, but the IT and ITES industries are most extensively housed within these zones. 61% of SEZs in the country are designated as IT or ITES areas while 9% are either biotechnology or pharmaceuticals. There are also many SEZs that are designated as multi-product zones and support a breadth of industries (Ministry of Commerce and Industry, 2012).

Demographics and SEZ Development of Bangalore and Karnataka

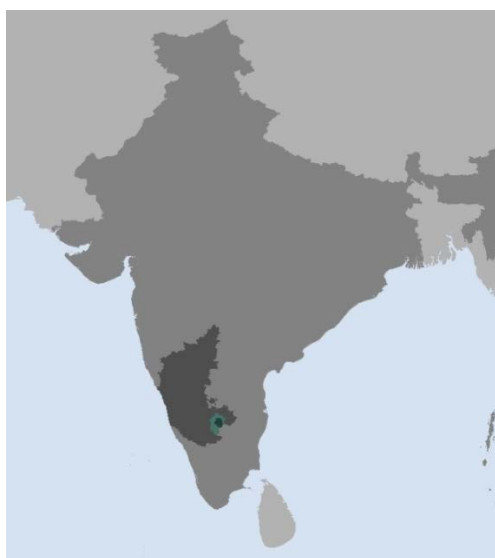


Figure 1 - Map of Rural and Urban Bangalore within Karnataka (Source: ESRI)

Karnataka is a state to the south of India, with a population of 61,095,297 in 2011, the capital of which is Bangalore (Figure 1). Bangalore has been a major driver of population growth, economic development, and urbanization in the past two decades, primarily as a result of the boom of the IT and ITES industries. The city has densified at a tremendous rate during this time period with increased demand for labor in these industries as well as supporting manufacturing and services (Table 3).

Description	2001	2011
Actual Population	6,537,124	9,621,551
Male	3,426,599	5,022,661
Female	3,110,525	4,598,890
Decadal Population Growth	35.09%	47.18%
Density/km2	2,985	4,381
Proportion to Karnataka Population	12.37%	15.75%
Sex Ratio (Per 1000)	908	916
Average Literacy	82.96	87.67
Male Literacy	87.92	91.01
Female Literacy	77.48	84.01
Literates	4,782,565	7,512,276
Male Literates	2,663,055	4,078,041
Female Literates	2,119,510	3,434,235

Table 3 - Socioeconomic Profile of Bangalore (Source: Census of India)

Additionally, the rise of public industries in the 1980s followed by the IT/ITES boom of the 1990s resulted in a decadal employment growth rate of 54.8% from 1991 to 2001 in the city, or more than double that of the State of Karnataka. The distinction between main and marginal workers is made by those who have worked more than or less than 183 days of the past year, respectively (Table 4).

	Bangalore Urban			Karnataka		
	1991	2001	Growth Rate	1991	2001	Growth Rate
Total Workers	1,658,298	2,566,914	54.8	18,886,797	23,534,791	24.6
Main Workers	1,635,987	2,378,180	45.4	17,292,116	19,364,759	12.0
Marginal Workers	22,311	188,734	745.9	1,594,681	4,170,032	161.5

Table 4 - Employment Growth in Bangalore and Karnataka (Source: Karnataka Human Development Report 2005)

The growth rate of gross income within Bangalore has fluctuated somewhat, but tend to far exceed those of Karnataka and India as a whole. Furthermore, the influence of the urban economy upon the state as a whole has been steadily rising since 1990. Per capita income has been on the rise, but at a slower rate than that of the economy of the city as whole. Yet again, the performance of the city exceeds that of the state and nation. Also of note is the increasing tertiary sector share of gross income. Although the nation as a whole has had a trend shifting towards the services sector, the economy of Bangalore is much more dependent upon this income source, indicative of the growth of information technology and communications firms as well as the associated support services. This data is available for the years leading up to the implementation of SEZs within the state, demonstrating strong foundational economic performance in the years leading up to the establishment of these zones (Table 5).

	Year	Gross Income (Rs in billions)	Gross Income Growth Rate from Previous	Bangalore District Share in Income (%)	Per Capita Income (Rs)	Per Capita Income Growth Rate	Tertiary Sector Share in Gross Income (%)
Urban District of Bangalore	1980 to 1981	36.58	N/A	N/A	7,472	N/A	47.53
	1993 to 1994	71.72	5.32	N/A	14,127	5.02	47.96
	1999 to 2000	146.96	10.79	N/A	22,970	7.19	56.72
	2004 to 2005	250.42	9.29	N/A	36,592	8.07	62.91
State of Karnataka	1980 to 1981	191.37	N/A	19.11	5,208	N/A	33.56
	1993 to 1994	410.79	6.05	17.46	8,706	4.03	38.27
	1999 to 2000	638.51	6.5	23.02	12,322	5.09	43.7
	2004 to 2005	857.24	5.03	29.21	15,527	3.93	52.61
Nation of India	1980 to 1981	4,011.28	N/A	0.91	5,908	N/A	35.99
	1993 to 1994	7,813.45	5.26	0.92	8,759	3.08	42.77
	1999 to 2000	11,483.67	5.66	1.28	11,472	3.93	48.33
	2004 to 2005	15,294.08	4.89	1.64	13,816	3.15	53.1

Table 5 - Gross Income of Bangalore, Karnataka, and India (Source: National Accounts Statistics, Central Statistical Organization, Government of India; Directorate of Economics and Statistics, Karnataka)

There are 25 operational SEZs within Karnataka and an additional 35 that have been approved and are pending development. The majority of SEZ development has been taking place within urban Bangalore with 56% of operational zones being located within the boundaries of the city (Table 6). Furthermore, 92% of the employment that has been generated directly within operating units has been within Bangalore itself. It is forecasted that once all approved SEZs become operational that over one million new jobs will be created. Also of note, 47 of the 60 formally approved SEZs fall under the categorization of IT/ITES industries, one is airport-based, and the remaining 12 are related to other industries such as biotechnology, aerospace, textiles, food processing, etc.

Name of District	Number of Approved SEZs	Number of Operational SEZs	Employment in Operational SEZs
Bangalore Urban	32	14	177,460
Bangalore Rural	5	1	60
Dakshina Kannada	6	2	3,611
Belgaum	1	1	633
Mysore	6	2	5,646
Mandya	2	0	0
Hassan	4	3	4,186
Dharwad	1	0	0
Udupi	2	1	2,029
Shimoga	1	1	121
Total	60	25	193,746

Table 6 - Distribution and Employment of SEZs in Karnataka (Source: Visvesvaraya Industrial Trade Centre, Bangalore)

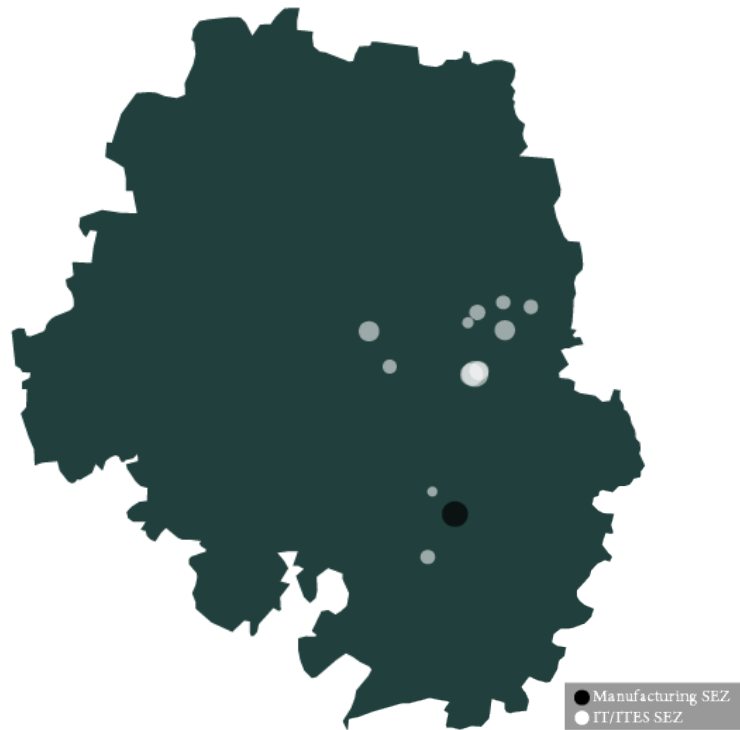


Figure 2 - Location and Area of Operational SEZs in Bangalore as of 2011 (Source: Visvesvaraya Industrial Trade Centre, Bangalore)

Figure 2 illustrates the locations of operational SEZs in Bangalore as of 2011, as well as a representation of the proportion of the urban area that they occupy. These zones are able to generate significant exports while occupying a relatively small area because of the widespread presence of IT/ITES SEZs. Since the first SEZs began operating in Karnataka in 2007, these zones have exported at increasing rates over time. In the period from 2007 to 2014, the value of exports generated from special economic zones increased from Rs. 16.73 billion to Rs. 512 billion or approximately thirty-fold.

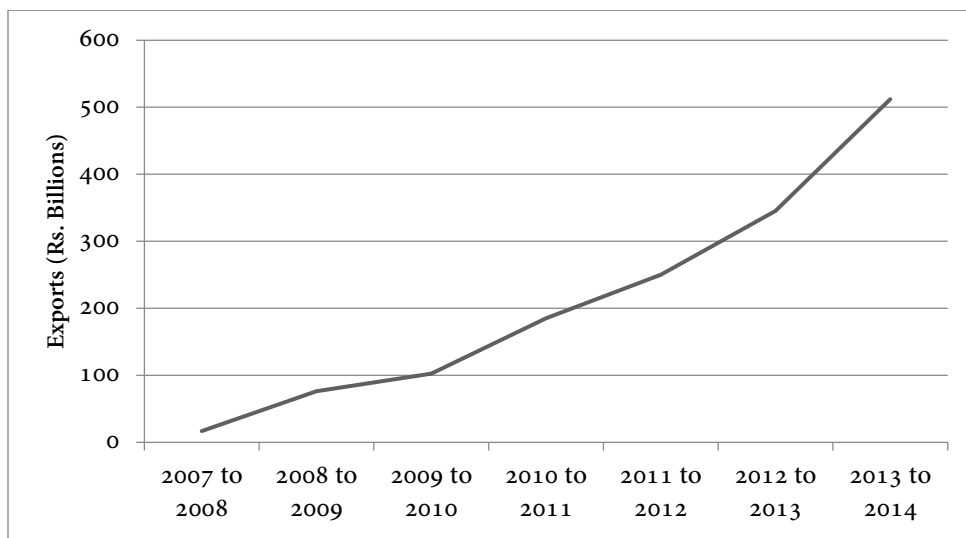


Figure 3 - Growth of Exports from Karnataka SEZs (Source: Visvesvaraya Industrial Trade Centre, Bangalore)

Data and Methodology

This study seeks to determine how security of employment and social protections for those employed within a high end technology and export-oriented SEZ compare with those of workers in similar firms outside of this zone through investigation of employment tenure, wages, and other benefits. It is hypothesized that laborers within SEZs are worse off in these areas, but they are willing to work for firms within this zone because higher average wages translate to compounded benefits to their livelihoods. It is further postulated that SEZ development has led to indirect effects on the working class due to larger phenomena associated with the attraction of global capital.

In order to characterize the nature of security of employment and social protections of workers in firms located within SEZs several different methods are utilized. Available datasets have been examined from the Indian Bureau of Labour Statistics, the Ministry of Commerce and Industry, and the Federal Reserve Bank of India to quantitatively assess the impacts of SEZs on the local, state, and national economies as outlined in previous sections. These indicators provide a sense of how SEZs have impacted the economic landscapes of the Bangalore, Karnataka, and India as a whole.

To gain a greater qualitative understanding of the impacts of employment within and development of Special Economic Zones, interviews were carried out with government officials, NGOs, trade unions, company representatives, and workers themselves (see Appendix B for questions). Within the government, officials from both the Karnataka Directorate of Industries and Commerce and the Department of Labour were interviewed, as they represent seemingly opposing interests through the process of development. The Directorate of Industries and Commerce illuminates the perceived net benefits of adoption of SEZ policy to the city and state, while the Department of Labour highlights areas of concern with respect to omitting labor officials from the process of SEZ approval and governance. NGOs and trade unions working with laborers provide a sense of the appeal and drawbacks of working within SEZs both from the perspective of workers and from their advisory capacity, while company representatives would be able to represent how they feel they accommodate worker's needs (see Appendix A for interviewee profiles).

Interviews with workers themselves are the crux of this research and provide the nuance needed to understand the impacts of SEZ employment on their overall well-being. Worker perceptions of job security in terms of contract status, their skill-level, their company, and their industry are explored. Job satisfaction with pay, benefits, worker relations, safety, and working conditions are investigated as well as perceived access to essential services and necessities for livelihoods. Employee tenure and retention rates within SEZs are compared to similar firms outside of these zones. Tenure is examined at increments below two years in line with the conventions of the Organisation for Economic Co-operation and Development (OECD), while short-term turnover will be analyzed from quarter to quarter. Wage levels are compared both within and outside of SEZs of Bangalore and Karnataka in general. These employment variables are compared against the monetary value of FDI, revenue, and exports generated by the SEZ to gauge the net impacts to residents and workers within Bangalore and Karnataka.

Interview Results

Interview results are grouped by stakeholder interest group in order to highlight points of commonality and tensions between the motives and priorities of critical parties engaged with SEZ development. Results are presented beginning with the Development Commissioner's Office's portrayal of the intention of the policy as well as an illustration of the development of the zone to date. Next, the Labour Commissioner's perspectives of the development spurred by SEZ policy and labor considerations within this context are presented. Subsequently, the views of private sector management and labor advocacy organizations are presented. Finally, the results of interviews with workers themselves are presented to provide a sense of their experiences working within these zones and living within the city of Bangalore during a period of rapid economic development.

Development Commissioner

The establishment and oversight of the Special Economic Zones is managed by the Development Commissioner's offices at both the federal and state levels. Initially conceived of by the federal Ministry of Commerce with the underlying premise that deregulation and liberalization are critical precursors to increasing economic growth rates, SEZs have been

considered separate union territories for the purpose of duties and taxes. However, from the perspective of the Visveswaraya Industrial Trade Centre (VITC), which is an agency falling under the purview of the Karnataka Department of Industries and Commerce, recent taxation policy developments have undermined the intent of the SEZs and made them less attractive to developers and operating units (Interview 1). In identifying the drawbacks of SEZ policy, the VITC cites rollbacks of various incentives in the recent year:

The developers, by 2006 they started implementation. At that time, [the government] said this [exemption] will be there, that [incentive] will be there, fine. So the developers actually started implementing SEZs, and then suddenly the government took a decision to roll back the major incentive. When the time has come to enjoy the benefits of the government policy, it has suddenly been withdrawn. In SEZs the central benefits are the central government duty exemptions, but now exemptions from the MAT (Minimum Alternate Tax) and DDT (Dividend Distribution Tax) have been discontinued. That is pinching the SEZ development. SEZs have lost their glory and their sheen.

- VITC, 2014

The VITC believes that this policy has been beneficial for the government and the state, but that recent trends of increased taxation and oversight within the SEZs are an impediment to their proliferation. The government wants to attract investments in order to generate indirect revenue through value-added taxes and increased commerce. The underlying premise is that these zones will increase opportunity for exports and foreign exchange, which would inherently lead to increased employment opportunities (Interview 1). Yet, only a small fraction of the forecasted employment within SEZ units has been fully realized. Presently in 25 SEZs that are functioning, about 193,000 have been employed, whereas with the 60 proposed and approved SEZs 1,100,000 total direct employment opportunities are forecasted.

Most of these SEZs are IT only and it is a huge boost for the IT professionals in the State of Karnataka. Most local people have been employed indirectly there in the Group C and Group D levels. We have the housekeeping level, security services, or maybe landscaping and gardening. You know, the local [types of] employment.

- VITC, 2014

There is clear acknowledgement that many of the jobs that are created for the local population as a result of SEZ establishment are unskilled indirect positions which are also difficult to quantify. Meanwhile, direct employment opportunities in IT and other high-technology industries tend to be geared towards highly skilled professionals. Regardless of skill level, ensuring the well-being of workers or decency of employment are not primary motives behind adoption of SEZs. Rather, an emphasis on the quantity of jobs created has led to indifference toward whether the quality of generated employment is progressive or regressive.

As for workers or laborers, they do not enjoy any benefits. It is the same for them whether working in a DTA (Domestic Tariff Area) or working in an SEZ. The benefits and incentives are to the developer and the units wherein they can be competitive on the international market.

- VITC, 2014

Furthermore, the designation of units operating within SEZs as Public Utility Services wherein certain labor rights are curbed is motivated by the Development Commissioner's interests of maximizing efficiency of productivity.

See public utility means that [all labor demonstrations] should be pre-notified. They cannot go and strike abruptly, they cannot stop functioning abruptly. We are proposing to continuously consider these SEZs as PUS (Public Utility Service) units, wherein there should be no disturbance for the production and where labor laws should not be monitored strictly. The state should not have a regular interference in this area.

- VITC, 2014

With respect to the rationale behind delegating powers of labor oversight from the labor commissioner to the development commissioner, the VITC holds that streamlining and simplifying the approval and oversight process is a

major point of attraction of the SEZs over DTAs. Further, although the level of capacity and expertise of the development commissioner's office in handling labor issues is an area of concern, it is widely accepted that these issues are reverted to the state level labor commissioner's offices for consultation.

Labour Commissioner

Strictly considering SEZ policy, the Labour Commissioner's office has no formal role or responsibility with respect to oversight in these zones. In speaking with the Deputy Labour Commissioner (DLC) of Karnataka, there is recognition of the potential of SEZs to benefit the people of the city, state, and nation while acknowledging that the current form of the policy does not maximize these opportunities.

SEZs come up, a lot of industries come up, businesses come up, and commercial establishments will be established. As a result of that there will be job growth, there will be huge investments, infrastructure will grow there, and I think [these areas] will [grow into] developed areas. It is a good thing that should happen, but in my perception [...], when a kind of island of excellence or island of economic development is created, the benefits must flow down to the working class as well as people that live in the surrounding area. [It could be in] the form of maybe corporate social responsibility, or whatever it is. There should be some inclusive development there.

- Karnataka DLC, 2014

While there are difficulties in upholding and enforcing labor rights and regulations throughout the nation, particularly with respect to minimum wage restrictions, bypassing the Labour Commissioner for oversight and negotiating disputes in SEZs presents a conflict of interest. Since increasing foreign exchange and exports are the primary objectives and metrics of progress of the Development Commissioner's office, the conditions and security of employment of the working class can likely become a secondary consideration.

See in SEZs, since the powers are delegated to the Development Commissioner, he should involve minimum wage policies in SEZs, but I don't think that is really happening there [...]. Special standards need to be put in place. 'Right implementation' of the spirit of SEZ will benefit the working class definitely. But 'right implementation' must be there.

- Karnataka DLC, 2014

Private Sector Operating Unit Management

For private sector companies housed within the Special Economic Zones, there is a clear acknowledgement of government motivations behind adopting this policy and a belief that they have contributed progress toward these goals.

Basically the country wants to say that we India need to be competitive in all fields, whether it's in software or hardware. Now with the Modi government, the focus is more on manufacturing which is a good thing. And we need to export, so we need to be world class, that's the meaning. I think that this scheme has definitely induced people to do more export than what they were doing. SEZs have contributed a lot in terms of revenue to the central government in terms of exports over the period that it has been there. This is definitely also something that has added to the employment of the country – both direct and indirect.

-Private Sector Management, 2014

They also believe that having a single authority for clearance of establishment and operation of SEZs is beneficial, but assert that the policy can be further modified to enable more efficient production by reducing the interference of authorities in recurring matters. From this perspective, the government should enable the flow of capital and ease doing business within the country. As such, as a concept, SEZ policy is a step in the right direction, but in practice there have been shortcomings due to the imposition of unnecessary checks and balances. Simultaneously however, there is a sense that the IT industry has been overly relied upon as an engine of growth because of its high employment and revenue potential both within Bangalore and also India as a whole, leading to an undesirable skew in the ratio of agriculture to

manufacturing to services in the economy. Those employed within the IT sector directly stem from a very particular skill segment of those with computer science or engineering degrees. However, there is a belief that a greater focus on manufacturing industries could lead to a more sustainable and inclusive form of economic development.

Now if you have manufacturing, you have multiple skillsets. If you look at an engineering industry, it is not just one type of skillset that you need. These are guys that do not have to be engineers. Whether they are a graduate or have passed tenth or twelfth standard they can get industrial training. It also makes them self-independent after that. They can start their own workshop and they can slowly start their own industry. We need entrepreneurs in India at all levels – big and small. So I think that the employment potential of manufacturing will far surpass what IT can do in the long term and it will also make us a more stable economy because you will have multiple products. I think this is a much more inclusive way of development.

- Private Sector Management, 2014

Beyond these direct opportunities, the employment impacts of manufacturing-focused SEZs go beyond the boundaries of these “extra-territorial” areas to facilitate indirect opportunities.

It is just not [a firm] in an SEZ. There are going to be other guys that have to do support services for them. They also mushroom there. So it becomes a self-contained environment. There comes indirect employment, because you will need a lot of movement of material. You will need people to ferry things or clean. So there are multiple things that happen. So I would think that just actually. India has one of the largest young workforces in the world and we need to employ them and this is where I think it is going to help, not IT. IT definitely has its place, but going into manufacturing in multiple areas is what it is really about.

- Private Sector Management, 2014

For example, in a biotechnology SEZ in Bangalore, there are about five thousand direct employees and an additional two thousand who assist with indirect services such as housekeeping, gardening, and other support areas. Directly, employees require at least a bachelor’s degree for roles in research and development, manufacturing, and other technical roles. Additionally, finance and commerce backgrounds, human resource specialists, and procurement associates are hired directly. All indirect employment is carried out through the use of subcontractors who carry out assessment of qualified employees.

In addition to SEZ policy, there is a desire from the private sector to urge the state government to take initiative in the areas of vocational training and skills development, but thus far, government progress has been less than desirable in this regard. Citing high costs of production, low skill-levels, and low productivity as reasons for India’s inability to be competitive in manufacturing industries, private firms have taken it upon themselves to initiate small-scale training programs for youth. These programs generally target those youth that are likely already destined for a professional career, but attempt to introduce them to a technical path forward. Focus is not placed on developing vocational or trade skills of workers with the underlying sentiment that:

Obviously we cannot go and set up a training that is not our core business and so people have called us elitist.

- Private Sector Management, 2014

With respect to differences in labor rights and regulations within the SEZs, private sector management had little to say and assert that conditions are comparable to those in Domestic Tariff Areas (DTAs):

[There is] no difference. It is basically that in an industry like ours, it is supposed to be governed by the state labor commissioner. The state has delegated [these] powers to the development commissioner for the SEZs, but the development commissioner is not geared up for it, so by default it remains with the labor commissioner. [It is] just on paper that it is with the development commissioner. That is a wrong concept that the labor laws do not apply to the SEZ. This is not true at all.

- Private Sector Management, 2014

Pioneer firms within SEZs feel that they have not received any exceptional benefits from this policy beyond that of a routine nature. In many ways, they may have had a 'first mover disadvantage' because of the withdrawal of many of the initially guaranteed tax, duty, and other financial incentives through promissory estoppel. In essence, these firms focus on income tax exemptions as the primary point of attraction of being located in the SEZs. However, if these zones did not exist, plants would likely have been placed somewhere else, but perhaps not to the extent that are found today. With the constant metamorphosis of the policy however, the attractiveness of SEZs seems to be diminishing from the perspective of private sector industry.

The latest rule is that they want to say that every SEZ has to physically export 51% and that's going to kill. So these are all retrograde steps definitely. The message is clear that you have to export, you have to be a net foreign-exchange earner, but then don't put constraints on us where you're not using our expertise, people, equipment, or our money. So, this all comes down to the question of mistrust. You need to trust us and allow us to do our business. Industry has got no nation, industry has only business. The world is our nation.

- Private Sector Management, 2014

Labor NGOs and Trade Unions

There are many organizations including NGOs and trade unions working within Karnataka and India as a whole in order to advance the rights of workers. These organizations have witnessed the patterns of development within Bangalore and the subsequent shifts in the nature of labor relations through the past several decades. Particularly beginning in the 1980s, Bangalore underwent tremendous economic development, primarily attributed to the introduction of huge public sector industries. The workers of these public corporations and their families constituted approximately one-third of the entire city's population of 120,000 at that time. As such, the pattern of urban development at that time was geared toward the lifestyle and values of the working classes. Subsequently in the 1990s, the next wave of development came within the Information and Communications Technology (ICT) sector, partially due to the capacity in communications and electronics that was developed by the public sector.

Simultaneously with the development of the ICT sector, the national government began the process of opening to the global market through policies of liberalization and privatization. Before this point in time, there were 'very systematic labor laws' in place such as the 1936 Payment of Wages Act and the 1947 Industrial Disputes Act that were aimed at supporting workers because the government held these goals as a priority. Post-liberalization, the focus has seemingly shifted in favor of international capital.

[There is] pressure from the multinational corporations and transnational corporations, when they enter in our country, they want to [make] some investment and [take on] some ventures. For this, the first pre-condition is that you should have a hire and fire system, and today people here are used to that.

-Karnataka Leadership of the Centre of Indian Trade Unions (CITU), 2015

Furthermore, much of the development in the ICT sector was due to what was viewed as the mutually beneficial outsourcing of work from Western nations.

So long as the IT industry in India was getting work outsourced from places like America or Europe, it could make huge profits. And it could it part with the workmen's share since at that time, American wages were up to thirty dollars per hour. So instead of paying thirty dollars per hour, if they could outsource for only fifteen dollars per hour and the company could pay only five dollars per hour, this could sustain the economy both in America and in India. And for these people, workers here, these were high wages.

- Karnataka Leadership of the CITU, 2015

In order to continue the momentum of economic development that had begun in the time of liberalization, SEZ policy was introduced focusing on IT and other high-technology industries. The impacts of the established zones have had employment impacts that extend beyond their boundaries.

On one side it is more of knowledge workers, but on the other side are workers who help these people to build their houses or roads or infrastructure. Or, you know someone who can support them possibly in their cleanliness or other things, support staff. Bangalore is mainly known for IT and heavy industries as such. Most of these support workers are migrants, there as contract laborers. If you see any of these workers, they do not have faces, not literally of course, but they do not have a face financially and a kind of place in society.

-Labor NGO Representative, 2014

Thus, the primary labor rights impacts in SEZs are embodied within subcontracting relationships because those employed within the operating units are generally highly skilled professionals. Labor advocates cite several drawbacks of SEZs from the perspective of labor:

I find that the SEZ workmen are exploited much more than the workmen outside. Labor laws are not applied. You see the application of law which we had here, at least inspection and all other things, they are not done, and wage levels are much less. Since the collective organization is not allowed, protection in the collective where they themselves protect their rights or expand their rights, they are limited. I must say that regulation of relations between the two partners in production is missing. That is the management and labor and the state regulates that. Those who are arguing for not having rigid application of law, I just cannot see eye to eye with them, because then they should be anarchists. I think that SEZs claim to have some extra-territorial existence.

- Karnataka Leadership of the CITU, 2015

Further, the jurisdiction of the labor commissioner is unclear. Although powers are delegated to the development commissioner for labor oversight, there is no strict prohibition of the labor commissioner from intervening in these areas. However, the desire and capacity for the labor commissioner to do so is questioned.

These are all legislative regulations, and I do not think it says anywhere in any legislation that the labor commissioner cannot do inspection. If he really wants to do it, he can do it. But, nobody has actually bothered to ask them to do something more in the SEZ, and they do not have enough staff to carry out their inspections as it is.

- Labor NGO Representative, 2014

There is also concern that existing labor regulation lacks applicability to contract workers, especially considering the rapidly increasing proportion of indirect employment in industry. Originally the introduction of provisions of contract labor was imagined to accommodate jobs of a perennial nature such as construction, as reflected in requirement to renew contractor licenses every year. However, industries have introduced the concept of core and peripheral activities wherein they deem that employees not directly contributing towards the end product of the industry should not be directly employed. Essentially, this has led to perpetuity in contractor licensing which has defeated the initial purpose of the policy and left many workers vulnerable to exploitation.

In India, we have hundreds of labor legislations, but those are mainly for the organized sector, those who have a permanent employee-employer relationship, who work for one particular company, who have this kind of set up. But then, when we looked at the informal and indirect sector as a whole, here, the nature of work was very irregular, there are no regular assignments or wages or protections. So if something happens with the workers, the principle employers will say those are not my employees, I have subcontracted that work. And the subcontractor will say I am only a subcontractor I am not the permanent employer, so he will wash away his hands.

- Karnataka Leadership of the National Centre for Labour (NCL), 2015

In a country where the labor rights movement is struggling to advocate for strengthened laws and more effective implementation of regulation, SEZ policy has increased insecurity and precariousness of employment even further by subverting the ideals behind the rights of workers. Even for IT professionals, there is no guarantee of long-term employment. There have been many cases of employees terminated without cause or notice. On the other end of the spectrum, workers who wish to leave a company have been forced into remaining or face the threat of having to repay a year's salary.

Tomorrow I am not guaranteed that I'll have the same work, same salary, same home, or same car.
- Karnataka Leadership of the NCL, 2015

Another area of focus has been on developing technical and vocational skills as a form of social protection, particularly with the new national administration's focus on expanding manufacturing in India. This would enhance the inclusivity of SEZs, but also other modes of expanding manufacturing through the promotion of small and innovative enterprises.

India would have the largest working manpower in the world by 2020 and India is the youngest. [...] The government is talking about 'make in India' so obviously the opportunity is there but they may expand their capacity. Everybody is doing their best to expand, money will flow in, that is one side. Jobs will be created, but people may not be employed. Education is not enough anymore. [...] So what do I need? I need some vocational skills. With that they can start their work, they can possibly start with their own family members they can start with their own colony, and they will become self-employed. Also those who want to do self-employment, we can also enable them.

- Labor NGO Representative, 2014

In assessing the effects of SEZ policy and the economic development initiatives of the city, state, and nation more broadly, labor advocates recognize the disparity in the distribution of positive impacts among classes.

I must say, in the past five decades, there is progress in segments. Yet, the segments which have prospered could prosper only by enabling larger segments to be deprived. If you take any of these big industries, for the permanent labor, the number of workers has decreased but their real wage has gone up. At whose cost? At the cost of the outsourced and insourced unprotected labor's cost. So if I look at the working classes as a whole, you can say that their conditions are deteriorated. Some segments, now the so-called emerging new middle class, they are prospering.

- Karnataka Leadership of the CITU, 2015

Looking at one angle, yes, it has a very good impact and has helped a particular segment of the population to flourish. But looking at the other angle, what has happened is whoever is just sustaining himself, they are getting pushed backwards. They cannot live in Bangalore. In India the disparity, the gap is so wide. This gap should not be this wide. The minimum standard for all citizens should be raised.

- Karnataka Leadership of the NCL, 2015

There is skepticism about for whom this policy is being pursued and whether it should continue at all. From the perspective of labor advocacy organizations, SEZ policy favors capital in the labor-capital relationship by explicitly allowing for labor exploitation.

Workmen in SEZs are working just for sustenance and not even subsistence plus. It is only bare subsistence they can get. Then what is the use of these SEZs? Except that you give a territory? In fact, most of our territory, actually the whole territory in our country is open for non-implementation of labor laws. And the state is facilitating that. Then why should you have a walled area to exploit people? I don't know. It is not in the interest of humanity, it is only in the interest of some few capitalists.

- Labor NGO Representative, 2014

Worker Interviews

Individuals from a variety of employment backgrounds and statuses ranging from direct labor to contracted support service workers were interviewed to gain an understanding of the breadth of experiences of working within SEZs. Duration of SEZ employment varied by typology of worker, wherein direct industrial labor had been employed for three years while subcontracted worker employment duration lasted anywhere from two month through one year. There was also consensus that typical labor contracts last for approximately eight months with options to renew provided at the discretion of the contracting company. Irrespective of employment status, all interviewed employees verified that prior to their current role, they did not have a significant gap in employment. Although there is seemingly no shortage of work in Bangalore, the quality and security of these jobs is often subpar, and thus underemployment becomes a key issue. For many of these individuals, subsistence concerns necessitated undertaking precarious informal gap employment opportunities until a relatively more secure position becomes available.

When I lose my job in one place, what choice do I have? I have three small children and my mother to care for. If I do not have work for one day, it is difficult to even have enough food to eat. So, I do whatever I have to do to find work. That means sometimes I will just be finding a single task for a few hours at a time until I find something more permanent.

-Housekeeping Services Worker, 2015

With respect to motivations for seeking employment within the SEZs, responses varied depending on employment type. For a worker that specialized in manufacturing of mechanical parts, and was employed directly by a firm operating within an SEZ, higher wages at this firm compared to opportunities in DTAs were a primary motivating factor. Furthermore, he believed that his own skills and performance were the sole determinant of advancement opportunities within this firm. He asserted that the lack of a trade union and the associated labor politics was in the best interest of his individual wage improvement.

[Raises] depend on my own skills and performance. If I have good performance I will get promotions and other rewards. Just because a union has fixed some minimum wages, it has become the habit in some places to pay only that much. So I only get paid pay that much, but possibly I've worked more than that. So that is the flip side of union labor politics. This side is everybody is not skilled - some can produce more than others.

-Direct Manufacturing Worker, 2015

For those working in support services including housekeeping, landscaping, security services, and transport, their contracting companies have placed them within SEZs on a temporary basis. The working environment for these individuals is comparable within SEZs and without because of a lack of permanence. Whether or not they work within an SEZ, wages are comparable and there are no further benefits. None of these workers are unionized, but contrary to the opinion of the manufacturing worker that was interviewed, they believe that this puts them at a disadvantage in terms of collective bargaining power.

If we could form a union, we would be able to demand better wages and other benefits like sick holidays. We cannot do this because these companies do not hire contractors who have unionized workers. So, we have to choose between having power to fight for our rights, or having a job and making a living for ourselves and our families. In the end, we have to survive somehow.

-Transport Service Worker, 2015

These responses indicate differences in attitudes toward trade unions between skilled and unskilled labor wherein the latter favors the organization of labor while the former views it as a hindrance to personal gains. Furthermore, direct employees tend to receive competitive wages and benefits while indirect employees are paid baseline wages with no additional benefits. These trends fall in line with those outside of the SEZs wherein contract work has become the norm even for recurring long-term tasks that are considered peripheral. Interestingly however, all interviewed workers agreed that “hire and fire culture” is much more pervasive within the SEZs, meaning termination can occur relatively arbitrarily.

In most traditional firms, clear termination policies including provisions for several warnings for violations of company protocol and the involvement of labor representation when appropriate. Yet, in SEZs, these warnings are not generally present, meaning that a single violation could lead to the immediate termination of employment with no advance notice, leaving workers in precarious conditions.

You see, for termination every company will have their own policies and procedures. If they want to terminate an employee because they are not productive or not following protocol, they have policies. What management will do is they will do an evaluation and issue a charge. Then an employee can be immediately terminated because he will not be following the rules of the company.

-Security Service Worker, 2015

Most workers feel that insecurity of employment is the greatest drawback of being employed within an SEZ associated with a high-technology industry such as IT, aerospace, or biotechnology. Working conditions and safety of the environment are comparable to traditional firms, but workers highlight that short breaks are not taken at regular intervals throughout the day, contrary to the guidelines set forth by formal labor regulation within the country. Further, when offered the opportunity to work additional hours, most workers will do so at their base hourly rate of payment to take advantage of any supplementary income that may aid with expenses. In general, there is consensus among the interviewed workers that there are no drastic differences between working conditions in SEZs and DTAs. However, trends of increased insecurity of employment are exacerbated within the SEZs due to increased flexibility of termination protocol. Furthermore, as alluded to by representatives of labor NGOs and trade unions, there is a deficiency of labor inspection in these zones, especially with relation to subcontracted employees. On the surface, hiring and firing practices are difficult to discern, and subcontracting networks have inherent opacity built into them. This complexity, coupled with incapability and lack of expertise of the Development Commissioner's office in dealing with labor matters and the lack of incentive for the Labour Commissioner's office to be actively engaged in these areas leads to gaps in the application and enforcement of labor law within the SEZs.

I have not seen any labor inspection taking place during my time working here. I will say that the conditions are not bad, they are the same as if I were working in any other place. Even still, I do not believe that this company is complying to all labor regulations or providing all of the benefits that they should. I am not sure about this though.

-Landscape Service Worker, 2015

Discussion and Policy Implications

Through this series of interviews, three common themes regarding both direct employment and indirect development impacts of SEZ policy on the working class emerge. First, although firms within SEZs are not unique in their utilization of subcontractors, the practice is legitimized and encouraged within these zones of exception. By increasing the flexibility of modes of production, this practice also increases precariousness and insecurity of employment. Furthermore, these practices impact skill structures and corresponding wage levels while obscuring the relationship between employers and employees through the introduction of additional hierarchical relationships. Second, there is a clear skill bias with respect to the individuals who experience positive impacts of employment within SEZs, highlighting an opportunity to undertake concerted training and skilling initiatives as a strategy to promote more inclusive development. This is not to deny the necessity of support service workers for daily operations, but appropriate vocational training would facilitate the opening up of employment alternatives and eventual upward mobility. Finally, SEZ policy has contributed towards the momentum of the type of economic development that has been ongoing within Bangalore since the 1990s catering toward a burgeoning upper and upper-middle class constituted by increasing proportions of migrants and immigrants, and simultaneously increasing the cost of living within the city. Because of the remarkable development within the city and related affordability issues, employment insecurity within SEZs leads to compounded negative impacts. A more holistic view of how global economic integration may be harnessed to guarantee rather than subvert basic human rights, including the right to decent work and the right to an adequate standard of living, should be taken to ensure that Bangalore can continue to be a place for its native populations of all socioeconomic statuses.

Subcontracting Practices and Relationship to SEZs

Subcontracting is inherently encouraged by SEZ policy which seeks to increase efficiency of exports and the flexibility of labor regulation therein. This has consequences for not only business and production hierarchies in a tangible sense (Perraudin et al, 2009), but for social and moral structures of employer-employee relations as well (Wise, 2013).

Since subcontracting networks are laden with power relationships, the compact between management and workers cannot be considered as bilateral, but rather, as influenced heavily by phenomena outside of what is considered within the realm of a single traditional firm (Sacchetti & Sugden 2003; Grimshaw & Rubery 2005). Subcontracting is attractive to firms because it allows for increased vertical integration and strengthening of power within the market while taking on limited costs (Houssiaux 1957a). However, this is also associated with increased risk being taken on by workers who generally have great pressure to not unionize, as organization of labor is perceived as a barrier to competitiveness for small firms vying for a place within the subcontracting networks of large hegemonic corporations. Risk is also disproportionately taken on by those at the bottom of the supply chain bearing much more than those at the top. Furthermore, subcontracting firms tend to evade labor legislation through the use of undocumented or informal workers and non-compliance with standards (Houssiaux 1957b). This division of labor has major implications for the hierarchy of wages and skills wherein the central firm tends to retain skilled workers who carry out conception and supervisory tasks while lower-skilled execution tasks are externalized. Since the central firm's share of value-addition still constitutes the bulk of the value-chain, workers performing the same tasks for a subcontracting firm that they would for the central firm tend to receive less compensation. As such, analysis at the firm level is clearly insufficient to gain an understanding of the dynamics between labor relations and industrial strategy. The structure of the division of labor and wages is critical to gaining an understanding of how subcontracting impacts different groups of workers (Perraudin et al, 2009).

Since this pyramid hierarchy has transformed the organization of labor, it creates additional degrees of separation between workers and their overarching employer thus shifting the morality governing traditional labor-capital compacts (Dejours & Deranty, 2010; Petersen & Willig, 2004; Sennett, 1998, 2007). Despite international labor standards that assert the basic right to secure, fair, and reasonable working conditions wherein a worker is recognized as an equal citizen deserving of respect, precarity of employment has become the global norm (Neilson & Rossiter, 2008; Fenwick and Novitz, 2010; Mishra, 2012). As such, the relationship of reciprocal responsibility between workers and firms has become convoluted. Flexible forms of employment such as contract and casual labor arrangements have been justified around the logic of global economic integration while 'disarticulating rights and entitlements formerly afforded through national citizenship' (Ong, 2006; Barrientos, 2008; Kalleberg, 2009; Weil, 2011). Subcontracting frees top-tier contractors from labor responsibility as it 'circumvents the relational character and moral contract embedded in traditional employment arrangements' through multiplying degrees of social distancing and diminishing moral responsibilities (Wise, 2013). This moral detachment is exacerbated by the use of procedural bureaucracy such as codes of practice and audit checklists that assert compliance to business 'best practices' and highlight efficiency gains. All of these phenomena are also reinforced by governmental compromise with respect to upholding and protecting distributive rights through provision of 'greyness' of regulation in zones of exception (Cross, 2001; Tsianos and Papadopoulos, 2006).

The results of interviews indicate that these manifestations are all present within the subcontracting practices of the firms within SEZs in Bangalore. Those employed to perform subcontracted support services face lower pay than they would have in the case of working directly for the operating unit firms. They also tend to take on high risk in terms of security and duration of employment. Prevalent anonymity in the relationship between employees and operating units within the SEZs has rendered these workers faceless in the complex hierarchy of power relations between subcontracting firms. Further, pressure on service workers to refrain from unionization has been justified through a focus on increasing comparative advantage in a competitive labor market. Interestingly, service workers have a desire to organize because of a perceived opportunity to improve their capacity for collective bargaining for improved wages and working conditions. Conversely, those employed in direct manufacturing activities are content with non-unionization because the ideology that trade unions are a hindrance to productivity and efficiency is so deeply engrained. This may also be attributed to the perceived ability for direct employees to advance within their wage and position within their organizations based upon their performance.

There has also been a discernable evolution, partially facilitated by the government, of the moral compact between employers and employees within Bangalore if one examines the primary focus areas and strategies of economic development before and after liberalization in 1991. When large public sector industries were established within Bangalore and Karnataka more widely, workers were at the heart of development plans and were quite an influential interest group. However, these strategies were abandoned in the interest of becoming friendlier toward international capital and trade. SEZs present a culmination of this ideology wherein both local and national governing bodies have compromised the rights of workers for the sake of flexibility of the means of production through ambiguity in regulation. In essence, the state has aided in the creation of an environment in which upholding the rights of labor is left to the good will of the private sector. However, because of the increasing distance between central firms and employees, these relationships of obligation break down. Whether this moral distancing is a conscious strategy or a result of wider phenomena of neoliberalism is debatable.

It is unquestionable that subcontracting is good for business from the perspective of firms, yet, the segmentation of value chains does not necessarily have to be linked with the dissolution of employer-employee obligation. This is an area of opportunity for bodies of governance at all levels in Bangalore, as labor is not the primary focus of SEZ policy. Since firms are seemingly more interested in financial and tax incentives than labor law exemption, governments have a point of leverage in requiring firms and their subcontractors to uphold universal and globally accepted labor rights. Furthermore, due to the increasing complexity of labor arrangements, building capacity within the government for adequate and appropriate oversight should be an area of priority. Finally, these considerations should be taken into account while the Government of India undertakes ongoing overhaul and simplification of the over one hundred labor laws that currently apply within the country.

Role of Skills Development in Inclusivity

Another area of concern impacting the wellbeing of workers within SEZs is the skill bias that disproportionately favors those of high education and skill levels over the rest of the population. Unskilled workers simply take on employment within SEZs because of availability of opportunities in order to meet their sustenance needs and not as an active choice between attractive alternatives. In order to promote more inclusive development, there is opportunity to undertake a strategically targeted skilling and technical training program that complements the needs of the firms located within the SEZs while introducing alternative forms of employment groups that would otherwise likely fall into the realm of unskilled labor. In this sense SEZ policy, which is first and foremost a mechanism for neoliberal economic development, may be coupled with skilling initiatives to realize benefits to local populations. Although the term ‘inclusive neoliberalism’ is seemingly contradictory, there is an opportunity to make development more sovereignly governed and ‘indigenously owned’ (Craig and Porter, 2003; Fine, 2001). However, the embodiment of inclusivity measures in development policy often serves to pacify rather than include ordinary people as Porter & Craig (2004) succinctly state:

[Governments] do everything possible to create a system of global openness and integration ideally suited to the interests of international finance and capital, within a geopolitical system aligned in every way possible to the interests of most powerful nations, all while depicting the framework arrived at as being first and foremost about the interests of the poorest and most marginal people on the planet.

Nonetheless, a positive correlation between social capital and the economic performance of nations has been affirmed through a series of studies (Olsen, 1982; North, 1990). Privatization and the promotion of competition are insufficient for economic growth if the underlying institutions and social conditions are lacking (Conceição et al, 2001; Stiglitz, 1999). As such, skills’ training has the potential to respond to labor market needs for both employers and workers. Despite a large labor pool in India, employability of individuals in those industries providing decent employment opportunities continues to be a major area of concern (Chenoy, 2013). Inefficiencies in the general education system lead to high rate of premature dropouts, thereby creating a “low-skill equilibrium” (Panth, 2014). Particularly considering the new national administration’s focus on increasing domestic manufacturing capacity, demand for workers with middle-level skills will only continue to increase. Already in Bangalore’s SEZs, firms have identified upskilling of the working population, and particularly youth, as a way to harness India’s demographic dividend.

Thus far the realm of skills development has been dominated by the public sector which has had difficulty building capacity for the flexibility required within the context of a quickly transforming Indian economy. As a result, there have been huge mismatches between the skills trainees are equipped with and what is required for firms (Almeida, Behrman, & Robalino, 2012). Furthermore, these poor outcomes have contributed towards creating a low image of technical and vocational skills development wherein it is seen exclusively as social programming for those who do not succeed within the general education system. These programs have historically been of low quality, faced gross underfinancing, and ultimately been of little relevance. The system remains highly fragmented and does not have the mechanisms in place to respond to the needs of the labor market. Opportunity lies in engaging the private sector in both the conception and financing of training. For domestic firms as well as MNCs operating in India, there is a rising importance of skills development in overall economic growth. The National Skills Development Corporation (NSDC), established in India in 2009, presents a model of skilling through promising institutional arrangements between the public and private sectors (Panth, 2014). This model utilizes private skilling partners to meet the needs of the labor market, yet the NSDC program has not yet interfaced with SEZ policy to find points of commonality. If vocational training is embedded as an integral part of SEZ development, it has the potential to be mutually beneficial for workers, firms, and government.

Affordability of Bangalore as a Result of Recent Economic Boom

For low-income groups, globalization has tightened, rather than loosened the constraints of poverty wherein economies around the world are becoming increasingly polarized and the poorest people are often left behind (Kenna, 2008). Tremendous pressures in the housing market in particular can lead to social exclusion and in extreme cases, social emergencies in which people do not have adequate resources. The globalization of property rights and development finance has led governments within the developing world to take measures that have adversely impacted the enjoyment of fundamental rights including ‘the right to life, freedom from cruel, inhuman or degrading treatment . . . [and] the right to an adequate standard of living (including the right to adequate food, clothing and housing)’ (Kenna, 2008). Globalization has also led to the development of cities that are physically and socially different from their predecessors and this new constellation of globally networked cities has more in common within one another than with less urbanized areas of their own countries.

So, the indirect impacts of SEZ development on the working class in Bangalore are innately tied to their ‘right to the city’ (Lefebvre, 1968; Harvey, 2008), which encapsulates a superior form of rights - a right to freedom, to individualization in socialization, to habitat, and to inhabit. It also goes beyond these rights of access to urban life to include the right to shape the future of the city within which one resides. In Bangalore, the ‘right to the city’ has been significantly curbed through processes of globalization and related rises in costs of living which have been facilitated by the government, partially through SEZ policy. A major barrier to inclusionary initiatives in the city is the capitalist foundation of development planning as reflected in the attitude of the Development Commissioner’s office. The central aim of development strategy has been liberalizing markets and privatizing enterprises. Profit motives of both the public and private sector, of which the distinction has become increasingly blurred, have undermined realization of the rights of the working class. There must be a paradigm shift wherein profit is actually regarded as the means to an end of a “decent and supportive living environment” (Marcuse, 2009). In this age of growing economic interdependence, the deterioration of quality of life for the urban poor has been asserted as a short-term cost for long-term trickle down benefits for society as a whole. However these self-inflicted social wounds do not necessarily guarantee inclusive development (Langmore, 2001). Governments have greater influence than they recognize in setting the pace and direction of development within the context of international integration. Globalization has the potential to contribute to improved economic security and freedom for those in employment, but governments must effectively utilize the tools at their disposal to maximize gains in both economic and social development.

If SEZ policy is considered as a means by which the agendas of privatization, globalization, and liberalization are not only proliferated but actively promoted, it may also be considered as closely tied to the issues of affordability and livability within the city that were alluded to in interviews across stakeholder groups. In the urban areas of India as a whole, available opportunities are being packaged for upper-middle class and upper class populations while alienating lower-middle and low income segments of society (Sengupta, 2011). Redefinition of consumption patterns by a growing middle class is a visual urban embodiment of globalization (Fernandes, 2004). This phenomenon has the effect of creating

upward pressure on prices as standards and quality rise, resulting in difficulties of affordability for the urban working class. This increase of influence of the rising middle class has also resulted in 'growing amnesia' towards the needs and lifestyle differences of the poor in modern India (Kothari, 1993). The hierarchy of Indian society is entangled in a complex web of caste and ethnicity contributing toward divergent values and sociological norms among different groups. The prescription of homogenous prestige projects and lifestyles has deepened pervasive marginalization of working classes not only because of affordability considerations, but also because of a lack of inclusion of their lifestyle considerations in the patterns of development within the city (Sengupta, 2011).

The needs and desires of local populations must be made the dominant influence when imagining the future of Bangalore and given priority over international financial markets. Governments at municipal, state, and federal levels can promote affordability through the use of planning, zoning, and public expenditure on appropriate social programs. Further, the provision of affordable housing and viable financing options would enable those of the working class to remain in Bangalore as a positive and integral part of the city. Rather than pursuing a mode of development where hard-working citizens are being pushed out because of rising costs of living, global capital can be harnessed to benefit vulnerable populations in society.

Conclusions

Bangalore has witnessed tremendous economic development since the 1990s when India adopted policies of trade liberalization, and has since been celebrated as the "Silicon Valley of India." Since then, IT and other high-technology sectors have been targeted by the government as a primary means of economic growth through the utilization of SEZ policy. This model of development focuses on increasing domestic comparative advantage through financial incentives and deregulation, as SEZs are considered to be extra-territorial for the purposes of duties and taxation. A provision of labor law exemption is included in the policy, alluding to the idea that high economic growth rates and the protection of labor rights cannot coexist. This mentality, shared by the private sector and development-oriented sectors of government, has undermined decades of progress of the labor movement in India towards establishing decent and secure employment as an inalienable human right. As such, this study sought to examine how employment within these SEZs impacts workers, why they choose to work in these zones of exception, and what forms of social protection are in place for them.

Through personal interviews with a breadth of institutional stakeholder groups, this study has gained a better understanding of how SEZ policy has impacted workers, both directly and indirectly. The Development Commissioner's office, or the entity responsible for the formulation and administration of SEZs, identifies this policy as a positive means to generate both direct and indirect employment. However, there is no assertion of what quality of employment should be provided, particularly for labor. The absence of this consideration is a statement in and of itself that ensuring decent employment for labor is not a priority for the development path of Bangalore that is so heavily focused on ICT industries.

Interviews with workers and labor advocates have revealed that the act of seeking employment related to SEZs is not related to making a choice between two distinguishable alternatives for employment, but making a choice for sustenance in an environment of universally subpar employment security. This environment has been created by the proliferation of subcontracting as a norm. Furthermore, many of the working class are not equipped with the skills necessary for direct employment within SEZ operating units where conditions are generally good because of the presence of a direct employer-employee compact. Finally, SEZ development has furthered the trend of inflation of the cost of living in Bangalore by attracting middle and upper-middle class migrants and immigrants. As a result, affordability for working classes has become an area of concern, particularly with respect to daily sustenance. The government has an opportunity to utilize the tools at its disposal to curb the negative impacts of global economic integration on the working class while continuing to embrace economic growth in the following sentiment:

We must say that investment is welcome; we cannot say that investment is unwelcome. But investment must be under the terms of the national development goal the government sets. But our government presently, at least for the last 20 years or more, is rather interested in development goals of other nations. And so investment is only to facilitate their development and not development for all of our people. We must negotiate on what terms you are coming, in what areas you are coming. In other countries,

infrastructure and human resource development is taken on by the state itself. The state here should mobilize its resources for these [aspects] and then others can come and aid in development.

- Karnataka Leadership of the CITU, 2015

Building forward and backward economic linkages between the firms located within the special economic zones and their surrounding regions is a primary means of realization of indirect benefits of SEZs. As such, ties between SEZ operating units and DTA firms through subcontracting are critical to the long-term viability of related economic development. However, there is opportunity for the position of labor to be advanced within the hierarchy of subcontracting arrangements to ensure progressive forms of employment. While maintaining tax and duty exemptions, the government can introduce corporate social responsibility guidelines (CSR) wherein firms operating within SEZs should subcontract exclusively to firms that comply with labor regulations. Furthermore, there should be clearer definition of what segments of work may be subcontracted based upon the distinction between core and peripheral activities and their temporal dimensions. In conjunction with these measures, the government may leverage existing vocational training programs and private sector desire for skilled labor by seeking points of commonality. If skilling programs were tailored specifically to meet the needs of industries being targeted for SEZ development, the government would see increased returns on skilling and economic development initiatives. Workers would be immediately equipped to begin employment post-training with SEZ opportunities aligning with their newly acquired skills. Furthermore, the government would be offering human capital incentives to attract investment which can supplement the tax and duty exemptions already in place. Finally, although affordability issues within the city cannot be attributed exclusively to SEZ development, an influx of upper-middle income employment opportunities and the associated land acquisitions have had impacts on real estate development as well as pricing of consumer goods. In order to mitigate the adverse impacts of these phenomena on the working class, housing development that is sensitive to the unique lifestyle needs of different income groups should be considered. Rather than letting the market dictate development exclusively of luxury gated communities and associated commercial establishments, the government can take an active role in ensuring that Bangalore remains a place within which people of all creeds feel that they are an integral part of the vitality of the city.

In closing, the SEZs of Bangalore are representative of wider phenomena of global economic integration happening at the national and international scale. There is no doubt that increased investment can lead to positive outcomes for native populations, but governing bodies must lay the proper foundation for this investment to be harnessed to reap benefits that reach all sects of society. Rather than providing superior employment opportunities, development of SEZs has led to the proliferation of insecurity of employment and devaluing of the compact between employers and employees. During this time of economic and labor policy reform in India and an increased focus on manufacturing industries, there is tremendous opportunity to shift towards more equitable and inclusive development.

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Appendices

Appendix A: Interviewee Profiles

Interview	Date	Role
Interview 1	22-Dec-14	Representative of the Government of Karnataka Visvesvaraya Industrial Trade Centre (VITC). This body works closely with the Office of the Karnataka Secretary of Commerce and Industry in the approval and oversight of SEZs within the state. They act as a liaison between the national approval authority and the developers and operating units.
Interview 2	16-Dec-14	Deputy Labour Commissioner for various regions of Karnataka including segments of Bangalore. This individual is responsible for oversight and inspection for labor policy compliance as well as mediation of labor disputes.
Interview 3	30-Dec-14	Executive leadership of a private sector operating firm within a SEZ in Bangalore. This individual is responsible for excise, customs, and tax considerations and is deeply familiar with the development of SEZ policy.
Interview 4	29-Dec-14	Representative of a major NGO focusing on enabling the advancement of labor rights through skilling, facilitating access to financial services, and building links between workers, the government, and potential employers.
Interview 5	13-Jan-15	Karnataka state leadership of a national level trade union called the Centre of Indian Trade Unions (CITU) which was founded in 1970.
Interview 6	13-Jan-15	Previous Karnataka state leadership of a national level trade union called the National Centre for Labour (NCL) which was founded in 1995.
Interview 7	7-Jan-15	Worker who is employed by a subcontractor for housekeeping services within a manufacturing SEZ.
Interview 8	5-Jan-15	Worker who is employed directly within a manufacturing SEZ and specializes in mechanical parts.
Interview 9	15-Jan-15	Worker who is employed by a subcontractor for transport services for a manufacturing SEZ.
Interview 10	13-Jan-15	Worker who is employed by a subcontractor for security services for an IT SEZ.
Interview 11	7-Jan-15	Worker who is employed by a subcontractor for landscaping services for an IT SEZ.

Appendix B: Interview Questions

Questions for Karnataka Department of Labour and Directorate of Industries and Commerce

1. How does the SEZ approval process work?
2. What are the differences in policies and regulations within SEZs as opposed to outside?
3. What benefits do SEZs bring to Karnataka?
4. What are the drawbacks of the current SEZ policy?
5. How many jobs have been created in Karnataka as a result of SEZ establishment?
6. What kinds of jobs have been created?
7. What differences in labor regulation exist within the SEZs?
8. Who oversees compliance to labor regulation?
9. Have SEZs improved the lives of workers?
10. If so, how? If not, why not?

Questions for Labor NGOs and Trade Unions

1. How does the SEZ approval process work?
2. What are the differences in policies and regulations within SEZs as opposed to outside?
3. What benefits do SEZs bring to Karnataka?
4. What are the drawbacks of the current SEZ policy?
5. How many jobs have been created in Karnataka as a result of SEZ establishment?
6. What kinds of jobs have been created?
7. What differences in labor regulation exist within the SEZs?
8. Who oversees compliance to labor regulation?
9. Have SEZs improved the lives of workers?
10. If so, how? If not, why not?
11. How secure is employment within SEZs?
12. What is the quality of working conditions and safety within SEZs?
13. What benefits do workers in SEZs generally receive?
14. How do these differ from those employed within traditional firms?
15. What alternative forms of social protection do workers in SEZs utilize?
16. How similar are these to those of informal workers?

Questions for Private Sector Corporate Representatives

1. What benefits do SEZs bring to Karnataka?
2. What are the drawbacks of the current SEZ policy?
3. How many jobs have been created in Karnataka as a result of the establishment of Biocon Park?
4. What kinds of jobs have been created?
5. What differences in labor regulation exist within the SEZs?
6. Do Biocon workers have a union?
7. How often are labor contracts renegotiated?
8. Is employment within Biocon Park superior to employment outside?
9. If so, how? If not, why not?
10. How secure is employment within Biocon Park?
11. What is the quality of working conditions and safety within Biocon Park?
12. What benefits do workers generally receive?
13. How do these differ from those employed within traditional firms?

Questions for Blue-Collar Workers

1. How long have you worked in Biocon Park?
2. Where were you working before this?
3. How long ago was that?
4. Why did you decide to take this job?
5. What kinds of tasks do you perform?
6. What is your educational attainment level?

7. What is your particular job classification?
8. In your experience, do people generally leave their job here, or are they laid-off/fired?
9. What are typical reasons for termination?
10. What sort of contract do people generally work under?
11. Do you feel that employment here is secure?
12. Do you feel that the future of the company is secure?
13. Are you part of a union?
14. How often do the unions demonstrate and to what level do they have the power of collection action?
15. How do people feel about the quality of the working environment and safety conditions here?
16. What sort of hours do people generally work?
17. How many breaks per day and for how long are people allowed to take?
18. How does pay at Biocon Park compared to similar jobs in other areas?
19. What social and health benefits do people receive from the company?
20. What do people feel are the most positive aspects of working at Biocon Park? (For example: wages, job security, advancement opportunities, benefits, location)
21. What do people feel are the most negative aspects of working at Biocon Park? (For example: wages, job security, advancement opportunities, benefits, location)
22. How has this job affected your standard of living?
23. Are there any drawbacks to your job at Biocon Park?
24. Do you participate in any social programs or services provided by the local, state, or national governments? If so, which ones?
25. Are there other social services you do not receive from your job or the government that you attain through other means? If so, could you elaborate?