

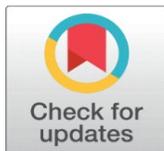
ANALYZING INVESTMENT PATTERNS AMONG SPECIAL ECONOMIC ZONE (SEZ)-AFFECTED FARMERS IN KHED-SHERUR TALUKA OF PUNE DISTRICT

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ABSTRACT

Special Economic Zones can boost economic activity, enhance exports, generate foreign exchange and create employment. The establishment of Special Economic Zones (SEZs) has significantly altered the socio-economic landscape of rural India, often impacting the livelihood strategies of affected communities. However the implementation of SEZs often involves acquisition of agricultural land, which has a direct impact on rural communities, particularly farmers. This study analyzes the investment patterns of SEZ-affected farmers in the Khed-Sherur Taluka of Pune District, Maharashtra, where agricultural lands have been acquired for SEZ development. When land is acquired for SEZs, many farmers lose their agricultural land and receive compensation. This research aims to understand how these farmers use the compensation money and how their investment habits have changed over time. The paper highlights the need for financial education and support systems to help farmers make better use of the compensation money and secure their livelihoods in the long term.

Keywords: Special Economic Zone (SEZ), Khed-Sherur Taluka, Investment Patterns, Compensation Etc

1. INTRODUCTION

Maharashtra is one of the biggest and most extravagant states in India. Despite the fact that Maharashtra is now a highly industrialized state in India, agriculture remains the state's primary occupation. The state's economy is based on agriculture, which accounts for a significant portion of the state's gross domestic product. Through the SEZ Act of June 2005, the Indian government implemented a similar policy inspired by the success of Special Economic Zones (SEZs) in China. This policy allows both domestic and foreign developers to establish single-product or multi-product, single-sector SEZs with fiscal concessions. The government would acquire the farmers' required land for these SEZs for private corporate promotes. It has been observed that the farmers received compensation from the government but have not invested or used it appropriately. The majority of their compensation has been invested in non-productive investments.

As a result, the researcher chose the current field of study as a research topic in order to determine the farmers' investment patterns as well as the issues they face and the solutions they need to implement.

2. NEED AND IMPORTANCE OF THE STUDY

The study is socioeconomically relevant to the lives of a significant number of individuals living in the state and area, as well as people living throughout the country. The current study's objective is highly crucial in light of the profoundly felt need to solve the concerns of farmers in the state. Farmers in India are more likely to spend their earnings in traditional investments rather than new ones. Maharashtra's farmers are more interested in non-productive investments than productive investments.

This has highlighted the need of investigating the causes of low rates of non-productive investment and recommending appropriate interventions to encourage the habit of investing among farmers, particularly those with medium and low incomes living in rural regions.

In this context, research on investment, its various avenues, advantages and disadvantages, and investment in general can be extremely productive and beneficial to farmers. As a result, the current study would provide farmers with an understanding of the existing and potential investment market.

3. OBJECTIVES OF THE STUDY

The primary aim of this research is to provide a comprehensive analysis of the investment patterns among farmers whose land has been acquired or affected due to the establishment of Special Economic Zones (SEZs) in Khed-Sherur Taluka. In alignment with this aim, the study seeks to accomplish the following specific objectives:

- 1) To identify and examine the various investment avenues available to farmers.
- 2) To investigate the actual investment behavior and patterns of farmers who have received compensation in the SEZ-affected regions of Khed-Sherur Taluka.

3.1. UNIVERSE AND SAMPLE SIZE

- 1) Universe of the Study: The universe of this study comprises 1269 farmers whose land has been affected by the development of Special Economic Zones (SEZs) located in Khed-Sherur Taluka of Pune District.
- 2) Sample Size: A total of 110 farmers were selected as the sample for this study.

3.2. METHOD OF DATA COLLECTION

Both primary and secondary data were utilized for this study.

- Primary Data: Primary data were collected directly from the selected farmers through the use of a structured questionnaire. The questionnaire covered various aspects of the farmers' investment patterns related to the study.
- Secondary Data: Secondary data were obtained from the SEZs India Ministry of Commerce and Industry, Department of Commerce. Additionally, relevant information for the study was gathered from various publications, books, journals.

3.3. STATISTICAL TOOLS FOR DATA ANALYSIS

For analysis of data tables, simple statistical techniques such as percentages and ratios were used.

4. LIMITATIONS OF THE STUDY

- 1) The study relies on primary data collected via questionnaires and information provided by respondents.
- 2) The research is confined to Special Economic Zones (SEZs) within Khed-Sherur Taluka of Pune District, limiting the generalizability of findings beyond this geographical area.

- 3) The study focuses exclusively on farmers affected by SEZs.

These limitations should be considered when interpreting the findings and applying them to broader contexts or populations.

5. FINDINGS

The following are the findings of the present research:

- 1) In the present study, out of the total respondents, 96% are male and only 4% are female. Both male and female farmers predominantly invest in traditional avenues, indicating a lack of awareness about modern investment opportunities.
- 2) The researcher found that among the total respondents, 58% are aged over 50 years, followed by 27% aged between 40-50 years, and the remaining 15% are below 40 years old. Age is a significant factor influencing farmers' investment decisions.
- 3) There is a significant relationship between education levels and the investment awareness and decisions of farmers. Among the total respondents, 28% are illiterate, 41% have completed their education up to SSC, 16% have completed HSC, and 15% are graduates. It is noteworthy that 69% of respondents are either illiterate or have completed education up to SSC level. Education plays a crucial role in farmers' investment decisions. Those with education up to HSC level often lack awareness about modern investment avenues, leading them to prefer traditional investment options
- 4) There is a significant relationship between the compensation amount received and the investment pattern of farmers. Of the total respondents, 85% received compensation amounts exceeding 15 Lakhs, while 15% received less than 15 Lakhs for their land.
- 5) The researcher found that 45% of farmers made investment decisions independently, while 38% sought advice from family members. Additionally, 10% received advice from relatives and friends, and a minority (6%) consulted a financial adviser. Notably, farmers who consulted financial advisers tended to allocate a larger portion of their investments toward modern avenues rather than traditional ones.
- 6) Among the farmers surveyed, 85% are unaware of various investment schemes, while only 14% are knowledgeable about such schemes. This lack of awareness significantly influences farmers' investment decisions, with the majority opting to invest their compensation amount in traditional avenues
- 7) Among the farmers surveyed, 88% lacked technical knowledge about investment schemes, while only 12% possessed such knowledge. Consequently, the majority of farmers opted for traditional investments due to their limited awareness of modern investment options.
- 8) The researcher found that 86% of farmers invested their compensation amount for the long term, while 10% invested for mid-term purposes, and 4% for short-term gains. This indicates that the majority of farmers utilized their compensation received under SEZ for long-term investment purposes.
- 9) The researcher found that 51% of farmers invested their amount for security reasons, followed by 25% for return on investment, 22% for liquidity, and the remaining 2% for other purposes. It is evident that the majority of farmers prioritize security when investing their amount in various avenues. Safety is a significant factor influencing farmers' investment patterns, leading to a preference for traditional investment avenues.
- 10) The money received by farmers from the government was primarily invested in financial institutions, such as fixed deposits (66%), and in purchasing residential accommodations (68%). This trend reflects a desire among rural residents to improve their living standards and financial security. Additionally, 68% of farmers focused on acquiring luxurious products like cars, bikes, gold, jewellery, and expanding existing businesses. Another notable finding was that 36% of farmers invested in land, leveraging their agricultural expertise. Only 14% of farmers opted to invest in post office schemes.
- 11) The researcher found that only a small percentage of farmers are aware of and invested in modern investment options. Specifically, 12% invested in life insurance, followed by 8% in gold (coins, chips), 10% in mutual funds, 4 % in shares, and 2% in Public Provident Fund (PPF). None of them invested in bonds, futures, options, or derivatives.

- 12) This indicates a limited awareness and adoption of modern investment avenues among farmers. It's noteworthy that all these modern investments are considered productive
- 13) Among the respondents, 86% invested the amount received under SEZ in traditional investment avenues, while 14% invested in modern investment avenues. This indicates that the money received by farmers from the government was predominantly directed towards traditional investments

6. SUGGESTIONS

- 1) Ensure continuous livelihood opportunities for families whose land has been acquired.
- 2) Provide attractive compensation packages, including adequate monetary compensation, guaranteed employment opportunities for family members, ownership shares in developed land, employment options for landless laborers, and housing accommodations in designated colonies for displaced families.
- 3) Engage all stakeholders - government, developers, local leaders, sarpanch (village head), and farmers - in inclusive negotiation processes.
- 4) Implement attractive investment schemes:
 - Offer 60% of compensation upfront during land acquisition.
 - Require a portion of this amount to be invested in agricultural land.
 - Allocate the remaining 40% into long-term government bonds, investment schemes, and fixed deposits to ensure sustained income.
- 5) Conduct comprehensive awareness programs about diverse investment opportunities tailored for farmers.
- 6) Encourage farmers to seek guidance from financial advisers despite associated costs, recognizing potential long-term benefits.
- 7) Promote investments in modern avenues that promise higher returns compared to traditional options, fostering sustainable economic growth among farmers.

7. CONCLUSION

The study concludes that a majority of farmers affected by land acquisition under Special Economic Zones (SEZs) in Khed-Shirur Taluka in Pune District lack awareness of various modern investment schemes. As a result, they tend to invest their compensation amounts in traditional avenues such as fixed deposits, real estate, or gold. This behavior is largely influenced by factors such as limited knowledge of investment options, lack of access to financial advisory services, lower levels of education, and a general apprehension towards riskier or unfamiliar investment instruments. These constraints hinder farmers from making informed and productive investment decisions. In light of this, it is recommended that the government introduce a wider range of secure and promising investment options tailored specifically for farmers at the time of land acquisition. Additionally, efforts should be made to improve financial literacy among the rural population through targeted awareness programs and the provision of professional advisory services. Modern investment avenues, if adopted wisely, can be significantly more productive and have the potential to enhance the long-term financial stability of farmers.

CONFLICT OF INTERESTS

None.

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None.

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