

Peasantry to Industry: Innovative Participatory Model of Development for Policy Implications-A Case of Magarpatta City.

Dhere Amar M^{1*}

¹Assistant Professor, Dept. of Science, S.V.T. College of Home Science (Autonomous), S.N.D.T. Women's University, Santacruz (W), Mumbai.

Received: November 28, 2017; Accepted: December 20, 2017; Published: December 27, 2017

*Corresponding author: Dhere Amar M, Assistant Professor, Dept. of Science, S.V.T. College of Home Science (Autonomous), S.N.D.T. Women's University, Santacruz (W), Mumbai. Email- prof.amardhere@gmail.com

Abstract

The unprecedented and rapid pace of growth of Pune city has put tremendous stress on urban infrastructure and general living standards. On this background peasant's who built Magarpatta City is distinctive because of many reasons such as, it is developed by participatory actions of the native peasant community and the practices like ecology preservation acts as a model of the gated community. study is exploratory in nature, the researcher has extensively relied on this method using the written records, composed of documents, reports, statistics, manuscripts, websites and other written, oral, or visual materials, personal diaries and correspondence, or even brochures and pamphlets related to the topic. Magarpatta City is the benchmark for others, where peasants collectively and without any hassles develop their own land as well as hold on to their ownership. Threshold of dispute and controversies on regional development in India was general during development projects. Modern innovative model like Magarpatta City has truly emulated traditional cooperative outlook designed for rural development.

Key word: Rural Development; Peasantry; Magarpatta City; Participatory Model; Innovative.

Introduction

Rational –

India embraced economic reforms and started introducing modern liberalization policies, like Free Trade Area, General Agreement On Tariffs And Trade (GATT), Export Processing Zone, Foreign Direct Investments, Special Economic Zone and so on in 1991. This created debates on economic development and societal transformations in India. However, issues related to Special Economic Zone have created collisions. The renowned economist Dr. Amartya Sen also advocated conducting empirical studies on the pros and cons of SEZs in India [1,2]. SEZs have created dramatic transformations in both rural and urban parts of India which needs to be studied carefully [3,7]. Furthermore, the SEZ projects in India have generally been criticized by not only the political parties, but also by civil society organisations and development communities.

Against this background, in the case of Magarpatta City

(later converted in SEZ) Pune, one of the unique features is in its formation, where the land rights have been protected and the land owners have come together and formed their own SEZ, which is an entirely innovative and inclusive concept.

Circumstances of problem-

The unprecedented and rapid pace of growth has put tremendous stress on urban infrastructure and the general livability standards. While, the last two decades witnessed the boom of real estate in both residential and IT, the surrounding dominantly agricultural lands fell prey to the lure of the quick buck, with peasants selling off parcels of land in a piecemeal, leading to haphazard growth. The original landowners were also displaced to other fringe areas. The growth and influx of white-collar migrants also gave rise to significant cases of urban gentrification. Under such development pressures, a group of spirited peasants on the eastern fringe of Pune, who collectively owned over 400 acres of land near Hadapsir suburb near Pune, decided not to succumb to piecemeal parting of their precious land, but to become the developers themselves. Thus, they formed the integrated township of Magarpatta City SEZ.

However, Magarpatta City SEZ is distinctive because of many reasons such as, it is developed by participatory actions of the native peasant community and the practices like ecology preservation acts as a model of the gated community (i.e. In its modern form, a gated community is a form of residential community or housing estate containing strictly-controlled entrances for pedestrians, bicycles, and automobiles, and often characterized by a closed perimeter of walls and fences.) This SEZ has evolved as a path finding model for other developmental projects in the era of post modern economic reforms in India. The development community has also appreciated this model [5,8,23,25]. For instance, the former President of India Dr. APJ Abdul Kalam during his visit to Magarpatta City SEZ advocated it [24].

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

participation in the project execution.”

Significance of study-

Under the circumstances of speedy economic development through the SEZ and now Make in India may raises many social dilemma around the India. Under the influence of development anyone can not only address these problems but also find to solution overcome from this. Therefore through the hypothetical lens of regional innovation system attempt is made to present the participatory model by the peasant, for the peasant and to the peasant.

Material And Methods

Research Questions-

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

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

Sources of Data-

Since the study is exploratory in nature, the researcher has extensively relied on this method using the written records, composed of documents, reports, statistics, manuscripts, websites and other written, oral, or visual materials, personal diaries and correspondence, or even brochures and pamphlets related to the topic. The observation technique was adopted in various steps in order to study various aspects in the research site. Frequent observations on Magarpatta City SEZ were made in different time periods during the field work.

Hypothetical Framework-

Hagen's style of creativity-

Traditional agricultural societies begun to rapidly progress technologically, which in turn impacts both economic growth and social change. Theory reveals two factors (i.e, In its modern form, a gated community is a form of residential community or housing estate containing strictly-controlled entrances for pedestrians,

bicycles, and automobiles, and often characterized by a closed perimeter of walls and fences.) extensive levels of creativity, including the identification of and implementation of problem-solving skills, and (i.e, In San Jose-Clara daily 10,000 employees have 'Walk-to-Work'. They are the residents of this famous IT park and enjoy all the moments) viewpoints which promote creative approaches towards production technology. Here, Magarpatta City SEZ is exist technological tool to renovate poor agrarian peasant community to transform in entrepreneurs.

Regional Innovation system-

Rationalization of regional innovation system relates the regional innovation networks have scope to apply in the national systems, even in respect of such geographically contingent processes as tacit knowledge exchange. Lundvall theory of regional innovation system is inspecting the innovative model of development of Magarpatta City by the native for executing national programmes like Make In India, Startup India [18].

Results And Discussion

Backward link of township development-

Magar a native community consists of 123 families who brought together their ancestral lands held by them over last 300 years. In 1982, a draft development plan by Pune Municipal Corporation declared Magarpatta area as 'Future Urbanised Zone' meant that the government could, simply acquire the land under the Urban Land Ceiling Act. The Magar community decided that they would develop the land themselves. The historical processes also indicate three vital features of Magar community viz; rationality and futuristic perspective, unity of community and importantly trust on community leadership that pushed them to think for a valid alternative.

Landowners decided to develop their land themselves and formed the Magarpatta Township Development and Construction Company. Collectively, the community owned more than 423 acres of land.

Company Resolution-

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

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

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

- The equity share, on the other hand endowed shareholders with permanent rights in the company and over their lands. Later on, the method of preferential share has been abolished and only equity share that offered lifelong security to the families was

retained.

Safeguarding ownership of land:

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

One of the owner Mr. Satish Magar and his group have first studied the Regional Town Planning Act to understand their regulations. Several meetings were held among the land owners. Since the peasants did not have any liquid assets to invest, they decided to only pool their ancestral land valued then at ₹2,145 per square meter to form the initial investment. Then group decided to incorporate the entity 'Magarpatta City Township Development and Construction Company Ltd.' as a joint stock company under the Companies Act 1956 with each agriculturist holding a share equitable to his contributed land in the capital fund. A board of directors was formed and naturally, Mr. Satish Magar, a major stakeholder with about 40% of the land was chosen to be the chairman and managing director.

Since the whole concept of the township was new and strange to some, there was no precedence upon which the peasants

could fall back upon. The peasants had absolutely no requisite educational qualifications or skill sets to equip themselves for decisions like the capital structure, operations or even day-to-day management. Peasant with contractor visited residential localities in San Jose and Santa Clara in the U.S.A., which had the concept of 'Walk-to-Work' (In San Jose-Clara daily 10,000 employees have 'Walk-to-Work'. They are the residents of this famous IT park and enjoy all the moments) and was convinced with the idea of having a plan with open spaces and the areas reserved for schools and utilities.

Procedure for approval of township-

Peasant reach to the Maharashtra state government with their proposal and requested for approval. Decision of this is declared after hearing of peasant by the chief secretary. Then Maharashtra state government notified, Magarpatta City was "approved by the Department of Urban Development, Government of Maharashtra; it was exempted from the provisions of Urban Land (Ceiling, Regulation) Act of 1976". Simultaneously Master Plan of Magarpatta City was got approved by Pune Municipal Corporation [Figure1].



Figure 1: Flow sheet of permission to Magarpatta City SEZ

Company registration-

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

Raising of funds-

Poor peasant did not have a lot of capital to invest in the development of the project. However, they did have one big advantage: since as landowners were themselves developing the land, they did not have any land acquisition costs. With proposal they request Housing Development Finance Corporation (HDFC)

for a loan of ₹100 crores. Although, HDFC did not agree to loan the full amount, they did give them an initial amount of ₹2 crores to help them start the construction. Afterwards, HDFC has supported at every stage and provided nearly 65% funding to the project. At present, the management of Magarpatta City SEZ is in a process to settle up 60% loan to HDFC [Figure 2].

Construction start with brick by brick-

The actual construction process was also very carefully planned. The peasants themselves did most of the actual work such as laying bricks and shifting soil. Although, they were paid for their work, it was much lower than what they would have had to pay an external contractor. This helped keep costs down to a minimum. The first phase of construction included simultaneous building of the villas, a few apartment blocks, some commercial space as well as part of the IT Park. The money that was generated by selling or leasing these funded further construction. Also, the company assured itself a constant revenue stream by not selling

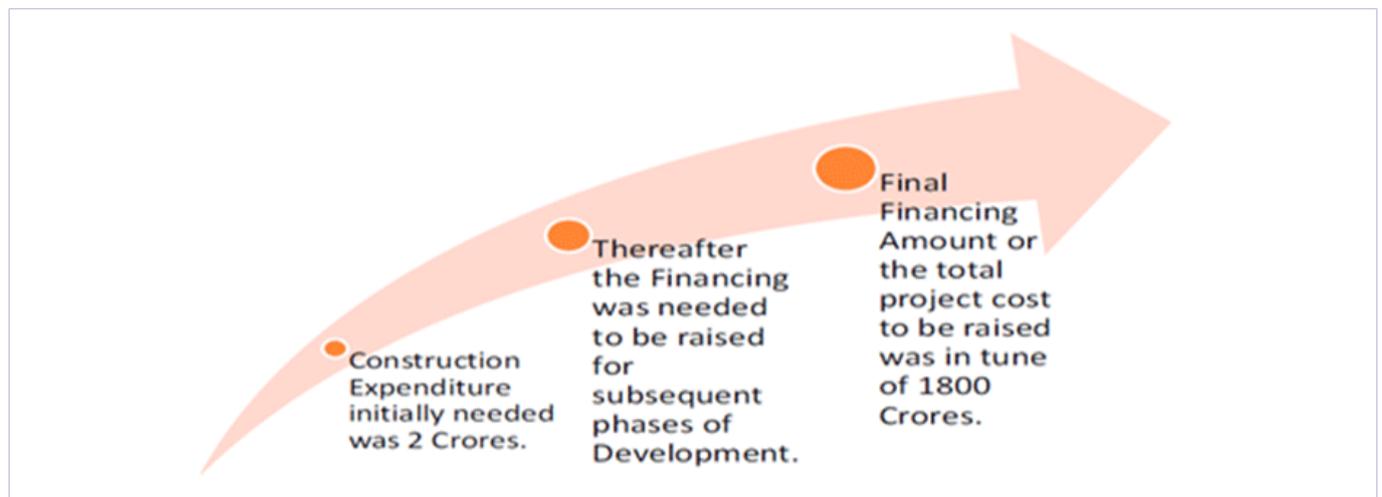


Figure 2: Stages of Financing to Magarpatta City SEZ.

any of the commercial space in the IT Park, but only leasing it. This meant that the company had a continuous flow of rent, even if it had no other source of income. Additionally, the company retained control over the maintenance of the property, which provided them with another supply of money.

When the construction began, some peasants do not have land for farming because the construction work was in progress. Whereas many peasants had to continue farming on their land their land was taken for construction. However, all the peasants were involved in the contract related activities like clearing of soil for construction, supplying construction materials, providing labour contract, supplying flooring work and electricity contracts, gardening contract, security contracts. From these contracts and work they start earning money since 1998-1999.

Modern method profit sharing -

The peasant families have also managed to move beyond agriculture and into other occupations that the development of Magarpatta City prepared them for. Providing at least one member of each of the contributing families with a set of professional skills was a win-win situation for everyone. The development company got quality labour at low rates and peasants were assured of future incomes. As a consequence of this development, several spin-off subsidiary businesses have emerged, such as local companies providing cable TV and broadband internet, catering and food supply, laundry, landscaping and a local transport system.

In addition, the company byelaws also ensure that family members of shareholders are given preference in contracts that may be generated by the company. Shareholders are also encouraged to bid for contracts for development work in the township for which the company may be soliciting proposals such as providing raw material for construction, paint contracting, vending contracts (for retail establishments) or landscaping [11,25]. Each family has got two contracts in the Magarpatta City SEZ and for this they got good and competitive market rates. Along with this all peasants were encouraged to buy at least one residential property in Magarpatta City because they keen sense

to stay life long on their own land.

On an average, each shareholder has two contracts from the development company. Of the 280- landowning families, which are now running their own businesses, about 200 are now under tax audit. This means that they must be earning a minimum of ₹ 40 lakh a year and paying a total of about ₹10-12 crores in taxes as a community.

Each equity share is equal to one square metre of land and cost ₹100/- in 1998. The price in mid-2008 was approximately ₹1000/-. The shares of the company may be held and traded among the member families only and are not publicly traded [11]. While in 2011, the same property was sold for ₹5000 per square feet. There had been a tremendous value appreciation for the peasants land. In the year 2000, the land rate around the area was somewhere between ₹30-35 lakhs per acre. In 2011, the same land is worth in excess of ₹3.5 crore per acre. This means that in 11 years, there had been an appreciation of more than 900

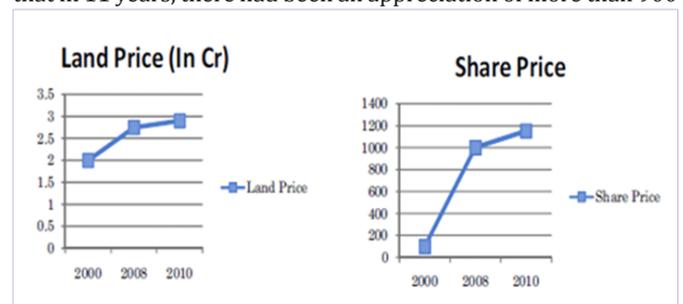


Figure 3: Land price and Share price of Magarpatta City SEZ shareholder (in ₹)

per cent in the land value alone [Figure 3].

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

Magarpatta City SEZ decided to do 4 million square feet of IT

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

Peasantry to Industry-

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

One of the direct changes in the peasant’s income is the most appealing finding of this study because income is a major factor, which is directly interlinked to social and cultural transformations [26]. It is found that the present monthly earning from the business has obviously gone up to the range of ₹10 lakhs to ₹50 lakhs. This is attributed to changing income modes from traditional to modern. Henceforth, it is proposed that this Magarpatta City SEZ is not only a path finding model of entrepreneurship to the poor peasant, but also it makes them elite and capitalist. In this context, the role of second generation natives is also noteworthy, who have selected more resourceful businesses.

Majority of businesses in the first generation natives are construction works related, while the second generation natives are doing new business activities like owning IT firms, operating service sectors, catering and hotel businesses, running tours and travels companies, providing solutions to logistic industry.

Township acquired status of SEZ-

After announcing the SEZ policy in 2005, the Board members

made a resolution that Magarpatta City can apply for Special Economic Zone. Then, in August 2005, MTDC under the Electronic Hardware and Software including ITES sector SEZ and in December 2005 they got the approval from the Government of India for Sector Specific Special Economic Zone for Electronic Hardware and including ITES

Participatory model-

Magarpatta City set as benchmark for the sharing of lifelong benefits uniformly to the share holders. This City has been evolved from the participatory actions of native peasant ‘Magar’ community. One of the vital factors behind this was the personal gains for economic development replicated by the theory by Hagens Everett E. (On the theory of social change: How economic growth begins. Taylor & Francis, 1967) the quality of creativity. It is found that equality; ownership right and sustainability are the key factors for a successful participatory model. Magarpatta City provides lifelong revenue generated model for the native’s future generations too. The community participation, equity, homogeneity, involvement, lifelong benefits, economic security, ownership are the striking features of the making of peasant’s owned SEZ [Figure 4,5].

Conclusion

Forceful land acquisition, eviction and pitiable rehabilitation are few of the reasons for the social unrest and violent protest against the SEZ among the peasantry in India. For peasants, land is most valuable source of livelihood and therefore they would like to retain the right of their land even after the development of the project. This notion creates a platform for the peasant’s SEZ. Peasants realize that, one time compensation, promised jobs and other benefits wouldn’t be better than an ownership in the industry and steady source of lifelong income. The Peasants of

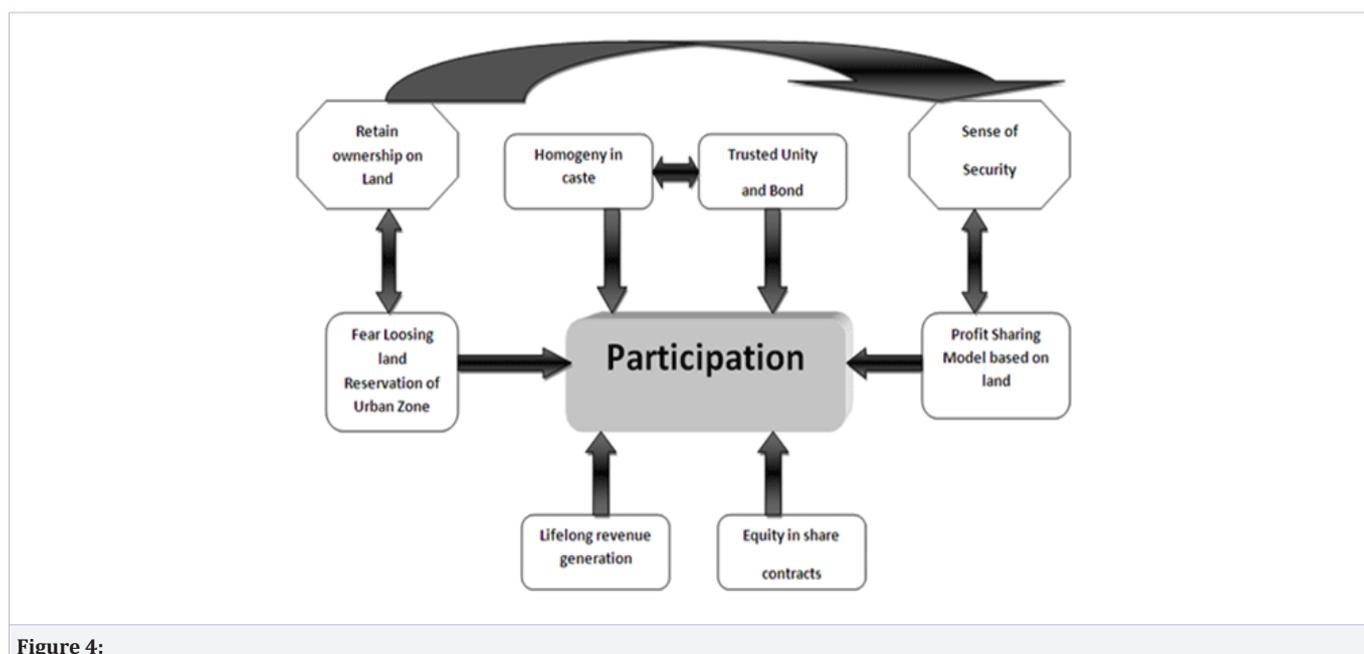


Figure 4:

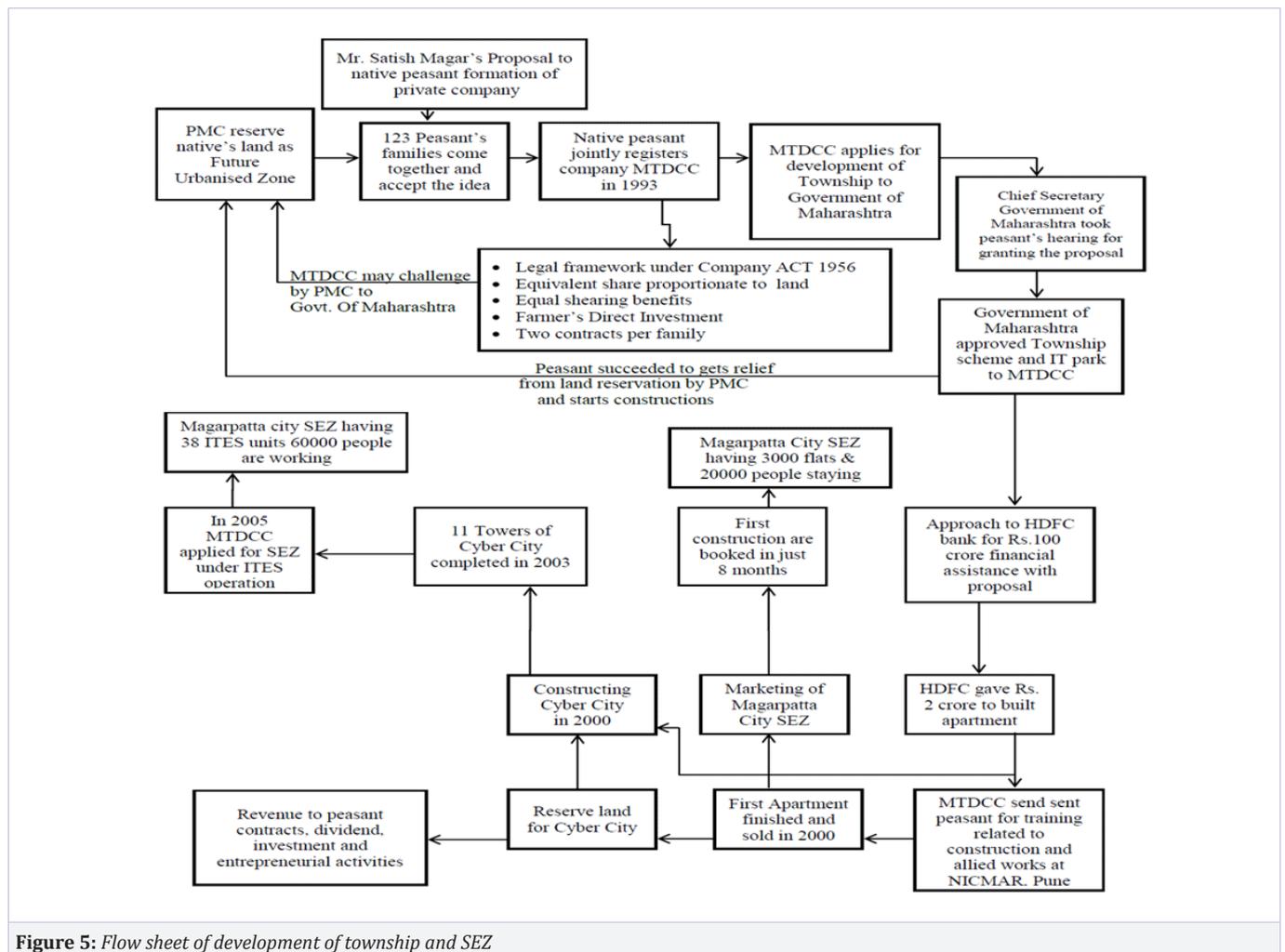


Figure 5: Flow sheet of development of township and SEZ

Magarpatta have the sense of inclusive and sustainable dynamics, which founded the most probably India's first peasants SEZ in Pune. After a careful analysis, it is noted that, Magarpatta City SEZ is the benchmark for others, where peasants collectively and without any hassles develop their own land as well as hold on to their ownership.

Thus, it can conclude that participatory and inclusive nature embedded in Magarpatta City SEZ has the main tools to improve the status of weaker and deprived sections in the community. While India is on the threshold of dispute and controversies of the SEZ and allied policies, the model like Magarpatta City SEZ has truly emulated traditional cooperative outlook designed by and for the peasantry community. However, replica of Magarpatta City is seen itself in Pune City. Peasants of Nanded village near Pune with the help of peasant turned entrepreneurs of Magarpatta City built a Nanded City in 2014. The modern and innovative outlook of peasant through Magarpatta City SEZ they become entrepreneur.

Suggestions

- Magarpatta City concept appeal to win-win situation during execution of new development projects under Make in India

programme.

- The notion of Magarpatta City is helping government to develop policies to inculcating entrepreneurship skills among the needy peasants under the Skilling India project.
- Through Startup India mission it was an extra advantage to group of peasant who come with their own investment to start developmental projects like Magarpatta City and Nanded City.
- Inclusive nature of Magarpatta City should be considered for the Smart City projects.
- Modern, innovative project of Magarpatta City has the ability to change the traditional structure of rural development particularly in the Indian context.

Acknowledgement

Author is grateful to Dr. Dhanraj A. Patil, Walchand College, Solapur and Prof. Eranti Ashok Kumar, Solapur University for valuable inputs and suggestions.

References

1. A Sen. SEZ Need to more Understanding. 2013;1-4.

2. A Sen. SEZ Need to more Understanding. 2013;1-4.
3. Acharya. *Essays on Macro Economic Policy and Growth in India*. Oxford University Press, New Delhi. 2006.
4. Balasubramanian R. *A Study of SEZ in India*. Paper presented in the National Conference on SEZ and Social Consequences by Osmania University, Hyderabad, AP, India. 2008.
5. Balkrishnan S. "Land Conflicts and Cooperatives along Pune's Highways: Managing India's Agrarian to Urban Transition." 2013;1-304.
6. Birdges Weekly Trade News. Linkages of SEZs: Lesson from Indian Economy. 2007;11-27.
7. Chakraborty S. *Aftermath of SEZ: Thoughts on Resettlement and Compensation issues. Aftermath of SEZ: Thoughts on Resettlement and Compensation issues*. Paper presented in the National Conference on SEZ and Social Consequences by Osmania University, Hyderabad, AP, India. 2008.
8. Chiaravalli L. Exploring alternatives to land acquisition. 2008;1-31.
9. Dhere AM. Ecological practices at Magarpatta City SEZ. Proceedings of the 31st IIG Meet on Environment, Agriculture and Food Security, Bangalore University, India. 2012;189-193.
10. Dhere AM, Dhanraj Patil A , Goraksh Pondhe M. "Ecological Modernisation: Footprints of Special Economic Zone in Ecological Restoration." *Asian Journal of Research in Social Sciences and Humanities*. 2014;4(4):28-63.
11. Ganguli R. The Magarpatta model for land acquisition. InfoChange News and Features. 2013;1-22.
12. Gleason Gregory. "Inter-state Cooperation in Central Asia from the CIS to the Shanghai Forum." *Europe-Asia Studies*. 2010;53(7):1077-1095. doi:10.1080/09668130120085047
13. Gupta SM, Taleb KN. "Scheduling disassembly." *THE INTERNATIONAL JOURNAL OF PRODUCTION RESEARCH*. 1994;32(8):1857-1866. doi:10.1080/00207549408957046
14. Kuppaswamy. *Elements of social psychology*. Stosius Incorporated, Advent Books Division. 1983.
15. Michael L. "Special economic zones and accumulation by dispossession in India." *Journal of Agrarian Change*. 2011;11(4):454-483. doi:10.1111/j.1471-0366.2011.00329.x
16. Li. "Improvement and Application of SWOT Decision Model [J]." *Policy-making Reference*. 2001;1-67.
17. Lok Sabha Digest. Synopsis of Debate. 2013;1-49.
18. Lundvall B. *National Systems of Innovation: Towards a Theory of Innovation and Interactive Learning*. Pinter, London. 1992
19. Lyman Stanford M. *Postmodernism and a Sociology of the Absurd and Other Essays on the "nouvelle Vague" in American Social Science*. University of Arkansas Press. 1997;5.
20. Macdonald John J. *Sociology* (6th ed). Prentice Hall: New. 1996:1-168.
21. Maciver RM. *Civilization and group relationships: a series of addresses and discussions*. Institute for religious studies, distributed by Harper & brothers. 1945.
22. Maclver. *Theories and methods of social sciences*. Columbia University Press, New York. 1934.
23. Mehta and Pahariya. "The rule of law and citizenship in central India: post-colonial dilemmas." *Citizenship Studies*. 2009;15(3,4):100-132.
24. Neeyati Shah. *Tehelka Magazine*. 2012.
25. Sami Neha. "Building Alliances: Power and Politics in urban India." PhD diss. The University of Michigan. 2012.
26. Scarlet Epsitine. *Economic Development and Social Change in South India*. Oxford University Press, Bombay. 1954:1-279.