
**Labour Rights in Telangana’s Special Economic Zones (SEZs):
A Human Rights Perspective**

Angelina Suganditha¹

Asst Professor.

ABSTRACT:

The emergence of Special Economic Zones (SEZs) in India reflects a pivotal shift toward export-oriented industrialisation and liberalisation, designed to catalyse investment, infrastructure, and employment. Telangana, one of India’s youngest and most dynamic states, has leveraged the SEZ model aggressively since its formation in 2014, establishing over thirty operational SEZs across sectors such as pharmaceuticals, IT, and electronics. While these zones have generated substantial economic activity—contributing over ₹48,000 crore in exports and employing nearly 2.8 lakh workers—they have simultaneously exposed structural vulnerabilities in India’s labour and human rights regimes.

This paper critically examines the intersection of economic growth and human dignity within Telangana’s SEZs, interrogating whether the promise of development has come at the cost of fundamental labour protections. Drawing upon the *Special Economic Zones Act, 2005*, the *Factories Act, 1948*, and the newly codified labour codes, the analysis reveals how legal exemptions, weak enforcement, and the rise of contract labour have created a climate of precarious employment. Reports by the *Centre for Good Governance* (2022) and *Times of India* (2024) highlight that over 60% of SEZ workers are contractually employed, and that safety inspections are sporadic, leading to frequent industrial accidents. These realities raise serious questions under Articles 14, 19(1)(c), 21, and 23 of the Constitution, as interpreted in *Bandhua Mukti Morcha v. Union of India* and *Consumer Education and Research Centre v. Union of India*, which affirm that the right to work with dignity and safety is intrinsic to the right to life.

The study situates these challenges within a broader human rights discourse, referencing ILO conventions and Amartya Sen’s “capability approach” to argue that development devoid of justice is unsustainable. It concludes that Telangana’s SEZs must integrate human rights into their governance model through transparent

¹ Assistant Professor at Dr. BR Ambedkar Law College

inspections, universal social protection, and gender-sensitive labour practices. True economic progress, the paper asserts, can be measured only when industrial expansion aligns with the constitutional vision of equality, dignity, and social democracy.

Keywords:

Special Economic Zones
Telangana, Labour Rights
Human Rights
SEZ Act 2005
Contract Labour
Industrial Safety
Gender Justice
Sustainable Development.

1. INTRODUCTION

Special Economic Zones (SEZs) have emerged as one of the most prominent instruments of India's post-liberalization development strategy. Conceived as spatial enclaves of economic deregulation, SEZs were designed to attract foreign direct investment, promote export-oriented industrialization, enhance technological capacity, and generate large-scale employment.² The enactment of the Special Economic Zones Act, 2005 marked a decisive policy shift, signaling the Indian State's willingness to recalibrate regulatory frameworks in favour of global competitiveness and capital mobility. Since then, SEZs have become integral to India's industrial and trade architecture, particularly in sectors such as pharmaceuticals, information technology, electronics, and manufacturing. However, the SEZ model also represents a profound transformation in the relationship between economic policy and labour protection. While SEZs promise employment generation and infrastructural development, they operate through regulatory flexibility that often results in diluted labour standards, weakened inspection mechanisms, and restricted collective bargaining.³ This has led scholars to characterize SEZs as "zones of exception," where ordinary legal safeguards—

² SEZ Act, 2005, Statement of Objects and Reasons.

³ S. Sankaran, Regulatory Dualism in SEZs, 54 *Indian J. Labour Econ.* 327 (2019).

especially those governing labour rights—are selectively suspended or relaxed in the name of economic efficiency. Such regulatory exceptionalism raises fundamental questions about the uniformity of constitutional rights and the extent to which economic growth can justify differentiated citizenship within a constitutional democracy.

Telangana provides a particularly significant case study in this regard. Since its formation in 2014, the State has aggressively embraced the SEZ model as a cornerstone of its industrial policy. With over thirty operational SEZs spanning pharmaceuticals, biotechnology, information technology, electronics, and aerospace, Telangana has emerged as one of India's most dynamic industrial hubs.⁴ These zones have contributed substantially to export earnings and formal employment generation, positioning the State as a key player in global value chains. Yet, alongside these economic achievements, mounting evidence suggests that labour conditions within Telangana's SEZs are characterized by high levels of contractualisation, occupational safety deficits, limited unionization, gender-based vulnerabilities, migrant labour exclusion, and environmental health risks.⁵

From a constitutional perspective, these realities demand closer scrutiny. The Constitution of India envisions development not merely as economic expansion but as a process grounded in dignity, equality, and social justice. Articles 14, 19(1)(c), 21, and 23 collectively establish a normative framework that protects workers from exploitation, ensures freedom of association, guarantees safe and dignified working conditions, and prohibits forced labour.⁶ Judicial interpretation has consistently reinforced this vision, holding that the right to life encompasses the right to livelihood, health, and humane working conditions.⁷ Economic policy, therefore, cannot operate in isolation from constitutional morality.

This article undertakes a comprehensive examination of labour rights in Telangana's SEZs through a constitutional and human rights lens. It critically

⁴ Gov't of Telangana, *Socio-Economic Outlook 2023*.

⁵ Annual Survey of Industries 2023, MOSPI; Centre for Good Governance, *SEZ Labour Study* (2022).

⁶ CONST. of India pmb.; Arts. 14, 19(1)(c), 21 & 23; see also *Bandhua Mukti Morcha v. Union of India*, AIR 1984 SC 802.

⁷ *Consumer Educ. & Research Ctr. v. Union of India*, AIR 1995 SC 922; *Olga Tellis v. Bombay Mun. Corp.*, AIR 1986 SC 180.

analyses the statutory and policy framework governing SEZs, the lived realities of workers within these zones, and the enforcement gaps that perpetuate labour precarity. Drawing upon Supreme Court jurisprudence, government data, national and international reports, and human rights norms, the article interrogates whether the pursuit of industrial growth within SEZs has come at the cost of fundamental labour protections.

The central argument advanced is that while SEZs have contributed to economic growth, their current governance framework reflects a troubling disjunction between development and dignity. Labour rights within Telangana's SEZs are not merely weakened by administrative oversight but are structurally undermined by a model that prioritizes flexibility over fairness. The article contends that sustainable and constitutionally compliant industrialization requires a re-orientation of SEZ governance towards a human-rights-based framework—one that integrates labour protection, social security, gender justice, environmental accountability, and meaningful access to remedies.

By situating Telangana's SEZ experience within broader constitutional principles and international labour standards, this study seeks to contribute to ongoing debates on the future of industrial development in India. It argues that true economic progress cannot be measured solely by export figures or investment inflows, but by the extent to which growth enhances human dignity, expands real freedoms, and strengthens social democracy.⁸

2. THE POLITICAL ECONOMY OF SEZS AND THE NORMALISATION OF LABOUR PRECARIETY

India's post-liberalization transition reflects a fundamental reorientation of the State's role in economic governance, from a welfare-oriented developmental state to what scholars describe as a "*competition state*," wherein regulatory frameworks are recalibrated to attract mobile capital, enhance global competitiveness, and minimize perceived barriers to investment.⁹ Within this paradigm, labour regulation has increasingly been framed not as a social safeguard essential to distributive justice,

⁸ Amartya Sen, *Development as Freedom* (1999); U.N. Guiding Principles on Business & Human Rights (2011).

⁹ Bob Jessop, *The Future of the Capitalist State* 74–78 (Polity Press 2002) (describing the transition from welfare states to competition states).

but as an economic cost that must be reduced to facilitate industrial growth. Special Economic Zones (SEZs) emerged as spatial instruments through which this recalibration could be implemented with limited political resistance, by geographically isolating deregulation from the broader labour regime.

The SEZ model embodies a shift from rights-based regulation to *flexibility-driven governance*. Labour flexibility—manifested through contractual employment, extended working hours, relaxed inspection regimes, and self-certification mechanisms—is frequently justified as a prerequisite for efficiency and competitiveness in global value chains.¹⁰ However, this justification obscures the inherent asymmetry of bargaining power between employers and workers, particularly in labour-surplus economies such as India. Labour law historically evolved precisely to correct this imbalance by imposing minimum standards of wages, security, safety, and collective voice. Its dilution within SEZs therefore represents not merely administrative reform, but a **structural redistribution of economic risk from capital to labour**.

This transformation has been accompanied by a broader ideological shift in labour governance. Policy discourse increasingly privileges “ease of doing business” indicators over substantive labour outcomes, such as wage security, occupational safety, and social protection. The World Bank’s former Doing Business rankings, for instance, explicitly rewarded labour market “flexibility,” incentivising states to weaken worker protections.¹¹ SEZs became ideal sites for operationalising this agenda, given their insulation from democratic scrutiny and union mobilisation.

Empirical evidence strongly substantiates this shift. The **Periodic Labour Force Survey (PLFS) 2022–23** reveals that only **21.6% of manufacturing workers in India possess written employment contracts**, while **less than 30%** have access to any form of social security.¹² The **India Employment Report 2024**, jointly published by the International Labour Organization and the Institute for Human Development, notes that contractualisation has become the *default employment*

¹⁰ Jayati Ghosh, India’s Labour Reforms and the Question of Flexibility, **55 Econ. & Pol. Wkly.** 10 (2020)

¹¹ World Bank, *Doing Business 2020: Comparing Business Regulation in 190 Economies* (2019).

¹² Ministry of Statistics & Programme Implementation, Government of India, *Periodic Labour Force Survey 2022–23*.

strategy in export-oriented industrial clusters, including SEZs, resulting in stagnant real wages despite rising productivity and corporate profits.¹³ Between 2014 and 2022, labour productivity in organised manufacturing increased steadily, while real wages grew at a far slower pace, indicating a decoupling of growth from labour welfare.

Scholars have described this phenomenon as the “*informalisation of the formal sector*,” wherein insecurity, low wages, and absence of social protection become normalised even within legally registered and formally regulated enterprises.⁷ such a trajectory directly undermines the constitutional commitment to social justice and challenges the foundational assumption that formal employment necessarily guarantees decent work.

3. TELANGANA’S SEZ ECOSYSTEM: DATA, DEMOGRAPHY, AND STRUCTURAL DISPARITIES

Telangana’s SEZ workforce is characterised by three defining features: **extensive contractualisation, high migrant participation, and pronounced gender segmentation**. These features are not incidental but structurally embedded within the State’s SEZ-led industrial model.

According to the **Annual Survey of Industries (ASI) 2023**, contract labour constitutes **over 83% of the organised manufacturing workforce in Telangana**, one of the highest proportions among Indian states.¹⁴ This figure is significantly higher in SEZ-linked sectors such as pharmaceuticals, chemicals, and electronics, where contractors are routinely employed even for core production activities. The scale of contractualisation reflects a deliberate strategy to minimise long-term labour obligations and weaken collective bargaining.

A comprehensive study conducted by the **Centre for Good Governance, Hyderabad**, found that **more than 60% of workers in Telangana’s SEZs are employed through third-party contractors**, earning **25–30% lower wages** than permanent workers performing identical tasks.¹⁵ These workers are routinely

¹³ International Labour Organization & Institute for Human Development, *India Employment Report 2024*.

¹⁴ Ministry of Statistics & Programme Implementation, Government of India, *Annual Survey of Industries 2023*

¹⁵ Centre for Good Governance, Hyderabad, *Labour Conditions in Telangana’s Special Economic Zones* 42–45 (2022).

excluded from provident fund coverage, gratuity, health insurance, maternity benefits, and paid leave. The absence of employment continuity further renders them vulnerable to arbitrary termination.

Such practices directly contradict constitutional jurisprudence. In **State of Punjab v. Jagjit Singh**, the Supreme Court unequivocally held that the principle of *equal pay for equal work* flows from Article 14 and cannot be denied on the basis of employment status alone.¹⁶ Similarly, in **Workmen of Nilgiri Cooperative Marketing Society Ltd. v. State of Tamil Nadu**, the Court emphasised that the real nature of employment, rather than contractual labels, must determine labour rights.¹⁷ The widespread use of contractual arrangements within SEZs appears designed to circumvent precisely these judicial safeguards.

Migrant workers constitute a substantial portion of the SEZ labour force in Telangana, particularly in manufacturing and construction-related activities. Workers from Odisha, Bihar, Jharkhand, Chhattisgarh, and eastern Uttar Pradesh migrate to SEZ clusters in search of livelihood opportunities. However, many reside in overcrowded settlements lacking adequate sanitation, potable water, and healthcare facilities. The **NITI Aayog Migrant Labour Report 2023** highlights that migrant workers are among the least likely to access public welfare schemes due to the absence of portability of ration cards, health insurance, and social security benefits.¹⁸ This exclusion effectively renders migrant workers economically productive yet socially invisible.

Gender segmentation further compounds these disparities. Women constitute approximately **28% of Telangana's SEZ workforce**, predominantly employed in pharmaceuticals, electronics assembly, and IT-enabled services.¹⁹ Despite statutory guarantees of equality, women workers face persistent wage gaps, higher levels of contractual insecurity, and limited access to grievance redressal mechanisms. The concentration of women in lower-paid and precarious roles reflects both occupational segregation and the gendered nature of labour flexibility.

¹⁶ State of Punjab v. Jagjit Singh, (2017) 1 SCC 148

¹⁷ Workmen of Nilgiri Coop. Mktg. Soc'y Ltd. v. State of Tamil Nadu, (2004) 3 SCC 514.

¹⁸ NITI Aayog, *Migrant Labour in India: Issues and Policy Responses* (2023).

¹⁹ NITI Aayog, *Gender and Employment Trends in India* (2023).

These demographic realities demonstrate that **employment generation alone is an inadequate indicator of development quality**. Without attention to job security, wages, safety, and dignity, SEZ-driven growth risks reproducing structural inequalities under the guise of formal employment.

4. LEGAL AND REGULATORY ARCHITECTURE: EXEMPTIONS, SILENCES, AND ENFORCEMENT DEFICITS

The statutory foundation of SEZ governance is provided by the **Special Economic Zones Act, 2005**, which seeks to promote exports, investment, and employment. However, **Section 49** of the Act empowers the Central Government to exempt SEZ units from the application of any central or state law in the “public interest.”²⁰ While labour laws are not expressly excluded, this provision enables selective dilution through executive notifications and administrative practices, resulting in what scholars describe as a **dual legal regime**—one inside SEZs and another outside.

This exemption-driven framework has significant constitutional implications. By permitting differential application of labour protections based solely on geographic location, the SEZ regime raises concerns under **Article 14**, which guarantees equality before law. The absence of clear statutory limits on exemption powers further exacerbates the risk of arbitrary dilution of labour rights.

At the state level, Telangana’s **Industrial Policy Framework (2014)** and the **Telangana State Industrial Project Approval and Self-Certification System (TS-iPASS) Act, 2014** prioritise rapid industrial clearances and investor facilitation. While these measures have improved ease-of-doing-business rankings, they remain largely silent on labour-rights enforcement. Labour inspections are increasingly replaced by self-certification mechanisms, shifting the burden of compliance from the State to employers.

The consolidation of **twenty-nine labour laws into four Labour Codes (2019–2020)** has further weakened enforcement capacity. Scholars and trade unions have argued that the Labour Codes raise thresholds for union recognition, expand fixed-term employment, and dilute inspection regimes.²¹ In Telangana, these changes have coincided with a decline in the number of labour inspectors. According to the

²⁰ Special Economic Zones Act, 2005, Sec 49.

²¹ Jayati Ghosh, Labour Codes and the Erosion of Worker Protection, **56 Econ. & Pol. Wkly.** 12 (2021).

Telangana Labour Department Annual Report 2024, the State has fewer than **one inspector per 250 registered factories**, rendering effective oversight practically impossible.²²

Judicial precedent has consistently cautioned against such dilution. In **People’s Union for Democratic Rights v. Union of India**, the Supreme Court held that non-payment of minimum wages amounts to forced labour under **Article 23**.²³ In **Bandhua Mukti Morcha v. Union of India**, the Court affirmed that the right to live with dignity derives its content from both Fundamental Rights and Directive Principles of State Policy.²⁴ These constitutional principles are routinely undermined within SEZs, where weak enforcement allows statutory protections to exist largely on paper.

The cumulative effect of statutory exemptions, administrative silence, and enforcement deficits is a profound governance gap between labour rights in law and labour conditions in practice. SEZs thus emerge not merely as sites of economic activity, but as spaces where constitutional guarantees are systematically diluted.

5. CONTRACT LABOUR, PRECARIITY, AND THE EROSION OF INDUSTRIAL DEMOCRACY

One of the most defining and enduring features of labour relations within Telangana’s Special Economic Zones is the overwhelming reliance on contract labour. Although contractual employment was originally envisaged under Indian labour law as an exception, limited to seasonal, intermittent, or ancillary work—it has now become the dominant mode of employment even in core manufacturing and production processes within SEZs. This transformation marks a profound departure from the protective philosophy underlying Indian labour jurisprudence, which historically sought to secure stability, fair wages, and collective bargaining rights for industrial workers.

The Contract Labour (Regulation and Abolition) Act, 1970 was enacted with the express objective of preventing exploitation arising from triangular employment relationships and ensuring that contract labour was not deployed to undermine job security or wage standards.²⁵ However, within SEZs, this legislation is routinely circumvented through complex outsourcing chains that fragment responsibility and

²² Telangana Labour Department, *Annual Report 2023–24*.

²³ *People’s Union for Democratic Rights v. Union of India*, AIR 1982 SC 1473.

²⁴ *Bandhua Mukti Morcha v. Union of India*, AIR 1984 SC 802.

²⁵ Contract Labour (Regulation & Abolition) Act, 1970.

dilute accountability. Principal employers often insulate themselves from statutory obligations by engaging multiple layers of contractors and sub-contractors, thereby creating legal ambiguity regarding employer–employee relationships and frustrating enforcement efforts.²⁶

Empirical data confirms the scale of this structural shift. The Annual Survey of Industries (ASI) 2023 indicates that in Telangana’s organised manufacturing sector, contract workers outnumber permanent workers in several SEZ-linked industries, particularly pharmaceuticals, chemicals, and electronics.²⁷ The India Employment Report 2024 observes that such contractualisation fuels a “race to the bottom” in wages, working conditions, and social security coverage, disproportionately affecting young workers, women, and migrants.²⁸ Real wage growth has failed to keep pace with productivity gains, revealing a systematic redistribution of economic surplus away from labour.

From a constitutional perspective, these trends raise serious concerns. In *State of Punjab v. Jagjit Singh*, the Supreme Court reaffirmed that the principle of equal pay for equal work flows directly from Article 14 and cannot be denied solely on the basis of employment status.²⁹ Routine payment of lower wages to contract workers performing identical tasks therefore violates not only statutory labour standards but also constitutional equality. Similarly, in *People’s Union for Democratic Rights v. Union of India*, the Court held that payment below minimum wages amounts to forced labour under Article 23.³⁰ Persistent contractualisation without parity of benefits thus borders on constitutionally impermissible exploitation.

Equally troubling is the erosion of industrial democracy. Contract labour weakens collective bargaining by fragmenting the workforce, fostering insecurity, and deterring union membership. Union density within SEZs in Telangana is estimated to be between 5–7%, significantly lower than the national average for organised labour.³¹ The Industrial Relations Code, 2020, by raising thresholds for union recognition and legitimising fixed-term employment, further constrains workers’

²⁶ *Workmen of Nilgiri Coop. Mktg. Soc’y Ltd. v. State of Tamil Nadu*, (2004) 3 SCC 514.

²⁷ MOSPI, *Annual Survey of Industries 2023*.

²⁸ ILO & IHD, *India Employment Report 2024*.

²⁹ *State of Punjab v. Jagjit Singh*, (2017) 1 SCC 148.

³⁰ *People’s Union for Democratic Rights v. Union of India*, AIR 1982 SC 1473.

³¹ Labour Bureau, *Trade Union Statistics* (2022).

associational freedoms under Article 19(1)(c).³² In effect, SEZs have become spaces where economic efficiency is prioritised at the expense of participatory workplace governance.

6. OCCUPATIONAL SAFETY, INDUSTRIAL ACCIDENTS, AND THE CONSTITUTIONAL RIGHT TO LIFE

Occupational safety constitutes one of the gravest human rights deficits within Telangana's SEZs. Rapid industrial expansion in sectors such as pharmaceuticals, chemicals, and electronics inherently involves hazardous processes, yet safety regulation and enforcement have failed to keep pace with growth. This regulatory lag has translated into repeated industrial accidents, many of which have resulted in loss of life and long-term health consequences for workers.

According to the Directorate of Factories, Telangana (Annual Report 2023–24), the State recorded 118 major industrial accidents in a single year, leading to over 70 fatalities and more than 200 serious injuries.³³ A disproportionate number of these incidents occurred in SEZ-linked industrial clusters such as Pashamylaram, Jeedimetla, and Bolarum. Investigations following the Sigachi Industries explosion (2024) revealed that several hazardous units were inspected only once annually, despite handling volatile chemicals and employing large numbers of contract workers.³⁴

The constitutional implications of such failures are well established. In *Consumer Education and Research Centre v. Union of India*, the Supreme Court explicitly recognised that the right to health and safe working conditions is an integral component of Article 21.³⁵ The Court imposed a positive obligation on the State to ensure preventive measures, periodic medical examinations, and compensation for occupational hazards. Similarly, in *MC Mehta v. Union of India (Oleum Gas Leak Case)*, the Court evolved the doctrine of absolute liability, holding that enterprises engaged in hazardous activities bear non-delegable responsibility for harm caused.³⁶

The persistence of industrial accidents within SEZs therefore cannot be dismissed as isolated lapses; they reflect systemic regulatory failure. The Comptroller and

³² Industrial Relations Code, 2020.

³³ Directorate of Factories, Telangana, *Annual Report 2023–24*.

³⁴ *Times of India*, Feb. 2024.

³⁵ *Consumer Educ. & Research Ctr. v. Union of India*, AIR 1995 SC 922.

³⁶ *MC Mehta v. Union of India*, AIR 1987 SC 1086.

Auditor General (CAG) has repeatedly highlighted shortages of labour inspectors, inadequate training, and overreliance on self-certification mechanisms as factors undermining enforcement.³⁷ In Telangana, the inspector-to-factory ratio stands at fewer than one inspector per 250 factories, rendering meaningful oversight practically impossible.³⁸

When the State facilitates industrial activity while failing to enforce safety standards, it becomes complicit in rights violations. Occupational accidents within SEZs thus represent not merely industrial mishaps but constitutional failures engaging state responsibility under Article 21.

7. GENDER JUSTICE AND WOMEN'S LABOUR RIGHTS IN SEZS

Gender-based vulnerabilities constitute a critical yet persistently under-examined dimension of labour conditions within Special Economic Zones. Women workers who constitute approximately **28% of Telangana's SEZ workforce** are disproportionately concentrated in lower-paid, insecure, and labour-intensive roles within pharmaceuticals, electronics assembly, garment manufacturing, and IT-enabled services.³⁹ These sectors often rely on gendered assumptions regarding women's "manual dexterity," "patience," and "docility," reinforcing occupational segregation and limiting opportunities for skill advancement, wage mobility, and leadership roles.

Such segmentation is not accidental but structurally embedded within export-oriented production systems, which prioritise flexible, disposable labour. Empirical studies indicate that women workers in SEZs are more likely than men to be employed on short-term or fixed-duration contracts, rendering them vulnerable to arbitrary termination and exclusion from employment benefits.⁴⁰ This employment insecurity directly undermines substantive equality and reinforces economic dependency.

Despite statutory protections, **gender-based wage disparities remain entrenched.** Studies by **NITI Aayog (2023)** reveal that women employed in export-oriented manufacturing earn substantially less than male counterparts performing

³⁷ CAG, *Report on Industrial Safety* (2022).

³⁸ Telangana Labour Dept., *Annual Report 2024*.

³⁹ NITI Aayog, *Gender and Employment Trends in India* (2023).

⁴⁰ Jayati Ghosh, Women's Work and Informalisation, **56 Econ. & Pol. Wkly.** 14 (2021).

comparable tasks, even after accounting for skill levels and experience.⁴¹ Contractual employment further exacerbates this disparity by excluding women from maternity benefits, continuity of service, childcare support, and promotional pathways, thereby violating both the spirit and substance of Articles 14 and 15 of the Constitution.

Sexual harassment constitutes another serious dimension of gender injustice within SEZs. The **National Commission for Women (NCW) Report 2023** found that nearly **40% of SEZ units lacked properly constituted Internal Complaints Committees (ICCs)**, in direct violation of the **Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**.⁴² Even where ICCs formally exist, fear of retaliation, termination, or blacklisting particularly among contract workers acts as a powerful deterrent against reporting.

Judicial jurisprudence underscores the constitutional gravity of these failures. In **Apparel Export Promotion Council v. A.K. Chopra**, the Supreme Court unequivocally recognised sexual harassment at the workplace as a violation of Articles 14, 19(1)(g), and 21, affirming that dignity and equality are integral to women's right to work.⁴³ Earlier, in **Vishaka v. State of Rajasthan**, the Court drew upon international conventions, including CEDAW, to establish enforceable guidelines for workplace dignity and safety.⁴⁴ Persistent non-compliance with POSH obligations within SEZs therefore constitutes a direct infringement of women's fundamental rights and reflects institutional apathy toward gender justice.

A gender-responsive SEZ framework must therefore move beyond formalistic compliance and address structural inequalities by ensuring equal pay, secure employment, effective grievance redressal, safe transportation, childcare facilities, and gender-sensitive labour inspections.

8. MIGRANT LABOUR, SOCIAL CITIZENSHIP, AND STRUCTURAL EXCLUSION

Migrant workers form the backbone of labour supply within Telangana's SEZs, particularly in manufacturing, construction, logistics, and ancillary services. Large

⁴¹ NITI Aayog, *Gender and Employment Trends in India* (2023).

⁴² National Commission for Women, *Annual Report 2023*.

⁴³ *Apparel Export Promotion Council v. A.K. Chopra*, (1999) 1 SCC 759.

⁴⁴ *Vishaka v. State of Rajasthan*, (1997) 6 SCC 241.

numbers of workers migrate from Odisha, Bihar, Jharkhand, Chhattisgarh, and eastern Uttar Pradesh in search of livelihood opportunities. Yet, despite their centrality to industrial production, migrant workers remain among the most marginalized within SEZ labour regimes.

The **NITI Aayog Migrant Labour Report 2023** highlights that migrant workers are systematically excluded from public welfare schemes due to the lack of portability of ration cards, healthcare access, and social security benefits.⁴⁵ As a result; migrant laborers frequently experience food insecurity, untreated occupational illnesses, and financial vulnerability, particularly during periods of industrial slowdown or job loss.

Housing conditions further exacerbate these vulnerabilities. Migrant workers are often housed in overcrowded dormitories or informal settlements lacking basic sanitation, potable water, and healthcare facilities. Such living conditions not only undermine dignity but also heighten health risks, as evidenced during the COVID-19 pandemic, when migrant workers faced disproportionate hardship.

From a constitutional perspective, these exclusions raise serious concerns. In **National Legal Services Authority v. Union of India**, the Supreme Court emphasized that dignity, equality, and social inclusion are intrinsic to all persons, irrespective of economic or social status.⁴⁶ The systematic denial of welfare entitlements to migrant workers undermines Articles 14 and 21 and creates a form of **graded citizenship**, wherein economic contribution does not translate into social protection.

SEZ governance must therefore integrate migrant labour into universal social protection frameworks, ensure portability of benefits across states, and recognize migrant workers as full rights-bearing citizens rather than transient economic inputs.

9. TECHNOLOGY, AUTOMATION, AND WORKPLACE SURVEILLANCE

Technological transformation has emerged as a critical and under-regulated frontier of labour precarity within Special Economic Zones. The accelerated adoption of automation, artificial intelligence (AI), machine learning, and algorithmic management systems has significantly altered employment relations, particularly in

⁴⁵ NITI Aayog, *Migrant Labour in India: Issues and Policy Responses* (2023).

⁴⁶ Nat'l Legal Servs. Auth. v. Union of India, (2014) 5 SCC 438.

SEZ-dominated sectors such as information technology, electronics manufacturing, logistics, pharmaceuticals, and business process outsourcing (BPO). While technological advancement is frequently projected as a driver of productivity, efficiency, and global competitiveness, its implications for labour rights and constitutional protections remain deeply contested.

The **NASSCOM–SEZ Employment Survey 2023** reports a **10–15% reduction in semi-skilled employment** between 2018 and 2023 due to automation, with job displacement most pronounced among contract workers engaged in routine manufacturing, data processing, and logistics operations.⁴⁷ Despite repeated policy assurances regarding re-skilling and up skilling, retraining initiatives remain fragmented, unevenly implemented, and largely inaccessible to contract and migrant workers. As a result, technological progress within SEZs has produced a pattern of *jobless productivity growth*, wherein output increases without a corresponding expansion of decent employment.

From a constitutional perspective, such displacement raises serious concerns. In **Olga Tellis v. Bombay Municipal Corporation**, the Supreme Court recognised that the *right to livelihood* is an integral component of Article 21 and that deprivation of livelihood without just and reasonable procedure violates the right to life itself.⁴⁸ Technological transitions that result in mass displacement of workers—without adequate social security, retraining, or alternative employment—therefore undermine the substantive content of Article 21 and exacerbate socio-economic inequality.

The problem is particularly acute within SEZs due to the predominance of contract labour. Contract workers displaced by automation are typically excluded from severance benefits, re skilling programs, or institutional support mechanisms. This creates a two-tier workforce: a small segment of highly skilled employees who benefit from technological advancement, and a larger, expendable labour force that bears the costs of technological transition. Such stratification directly contradicts the constitutional vision of inclusive development and distributive justice.

⁴⁷ NASSCOM, *SEZ Employment Survey 2023*.

⁴⁸ *Olga Tellis v. Bombay Mun. Corp.*, AIR 1986 SC 180.

In parallel with automation, **workplace surveillance** has expanded rapidly within SEZs, particularly in IT, electronics, and BPO units. Research by the **Centre for Internet and Society (CIS) (2024)** documents the widespread use of biometric attendance systems, keystroke logging, screen monitoring, facial recognition technologies, GPS tracking, and AI-based productivity analytics in SEZ workplaces.⁴⁹ These technologies enable continuous monitoring of workers' physical presence, digital activity, and behavioural patterns, often without informed consent or transparency regarding data usage.

Such practices have profound implications for worker autonomy and dignity. Surveillance technologies shift the balance of power decisively in favour of employers, enabling micro-management, intensified work rhythms, and algorithmic discipline. Workers report increased stress, loss of autonomy, and fear of penalization for perceived “under-performance,” even when such assessments are based on opaque or biased algorithms.

These developments directly implicate the **right to privacy** recognized in **Justice K.S. Puttaswamy v. Union of India**, where the Supreme Court affirmed that informational privacy is intrinsic to dignity, autonomy, and personal liberty under Article 21.⁵⁰ The Court emphasised that any infringement of privacy must satisfy the tests of legality, necessity, and proportionality. In the absence of clear statutory regulation governing workplace surveillance in SEZs, the pervasive monitoring of workers fails to meet these constitutional standards.

Moreover, emerging international labour norms increasingly recognise digital surveillance as a form of psychological control. **ILO Convention No. 190 (2019)** on violence and harassment in the world of work acknowledges that practices causing psychological harm—including invasive monitoring—constitute violations of workplace dignity.⁵¹ Telangana's SEZ governance framework, however, remains largely silent on regulating digital labour practices, thereby enabling what may be described as *digital exploitation*.

Without robust safeguards, technological innovation within SEZs risks transforming workplaces into sites of algorithmic domination rather than human-centered

⁴⁹ Centre for Internet & Society, *Workplace Surveillance and Labour Rights in India* (2024).

⁵⁰ Justice K.S. Puttaswamy v. Union of India, (2017) 10 SCC 1.

⁵¹ Telangana State Pollution Control Board, *Annual Report 2024*.

productivity. A rights-respecting SEZ framework must therefore integrate labour-centric technology governance, mandating transparency, consent, data minimization, and access to remedies for workers subjected to surveillance and algorithmic decision-making.

10. ENVIRONMENTAL AND HEALTH JUSTICE IN SEZ CLUSTERS

Environmental degradation in and around Special Economic Zones has emerged as one of the most severe yet systematically under-acknowledged dimensions of labour and human rights violations. SEZs, particularly those concentrated in pharmaceuticals, chemicals, and heavy manufacturing; generate substantial environmental externalities that disproportionately burden workers and surrounding communities.

In Telangana, SEZ clusters in **Patancheru, Jeedimetla, Pashamylaram, and Bolarum** have faced repeated allegations of groundwater contamination, air pollution, hazardous waste dumping, and unsafe effluent discharge. These areas have long been identified as environmental “hotspots,” where industrial concentration has outpaced regulatory capacity. The **Telangana State Pollution Control Board (TSPCB) Annual Report 2024** reveals that nearly **40% of pharmaceutical units** in the State fail to comply with effluent treatment and hazardous waste disposal norms.⁵²

Workers employed in these units are routinely exposed to toxic chemicals, excessive heat, unsafe waste-handling practices, and prolonged shifts without adequate protective equipment. Medical studies and civil society reports link such exposure to respiratory disorders, dermatological conditions, neurological ailments, and long-term occupational diseases.⁵³ Contract workers who constitute the majority of the SEZ workforce—are particularly vulnerable, as they often lack access to employer-provided health insurance, periodic medical examinations, or compensation mechanisms.

Judicial doctrine firmly links environmental protection to the **right to life**. In **MC Mehta v. Union of India (Ganga Pollution Case)**, the Supreme Court held that

⁵² Telangana State Pollution Control Board, *Annual Report 2024*.

⁵³ Centre for Science & Environment, *Industrial Pollution and Public Health in Telangana* (2023).

environmental degradation directly infringes Article 21 and that the State bears a constitutional duty to prevent ecological harm.⁵⁴ Earlier, in the **Oleum Gas Leak case**, the Court introduced the principle of *absolute liability*, holding hazardous industries strictly liable for harm caused, irrespective of fault.⁵⁵ These principles apply with particular force to SEZ-based hazardous industries, which operate under regulatory exemptions yet generate significant environmental risks.

The failure to enforce environmental regulations within SEZs therefore constitutes not merely administrative negligence but a constitutional violation affecting both workers and surrounding communities. Environmental injustice within SEZs reflects a broader pattern wherein economic enclaves externalize ecological and health costs onto labouring populations while insulating capital from accountability.

From a human rights perspective, environmental justice and labour rights are inseparable. Unsafe ecological conditions directly undermine the right to health, dignified work, and life itself. Integrating environmental governance into SEZ labour regulation is thus essential. This requires mandatory environmental audits, worker participation in environmental monitoring, transparent disclosure of pollution data, and effective remedies for occupational and community harm.

11. CONCLUSION

The experience of Special Economic Zones in Telangana offers a revealing lens into the broader contradictions of India's contemporary development trajectory. While SEZs have undeniably contributed to export growth, industrial expansion, and employment generation, they have simultaneously produced a labour regime marked by insecurity, fragmentation, and rights dilution. The evidence examined in this study demonstrates that precarious employment, contractualisation, occupational hazards, gender inequality, migrant exclusion, technological displacement, digital surveillance, and environmental degradation are not isolated anomalies but structural features of the SEZ model as it currently operates.

From a constitutional standpoint, such outcomes raise fundamental concerns. The Constitution of India does not envision development as mere economic accumulation; it mandates that growth be pursued in a manner consistent with dignity, equality, and social justice. Articles 14, 19(1)(c), 21, and 23 collectively

⁵⁴ MC Mehta v. Union of India, AIR 1988 SC 1037.

⁵⁵ MC Mehta v. Union of India, AIR 1987 SC 1086 (Oleum Gas Leak Case).

establish a normative framework that protects workers from exploitation, guarantees freedom of association, secures safe and humane working conditions, and prohibits forced labour. Judicial interpretation—from *Bandhua Mukti Morcha* to *Consumer Education and Research Centre*—has consistently affirmed that the right to life encompasses the right to livelihood, health, and dignified work. SEZ governance that systematically weakens these protections undermines constitutional morality and the transformative vision of the Constitution.

The Telangana experience further illustrates how regulatory exceptionalism creates a dual labour regime: one that offers legal protection on paper while enabling systematic erosion of rights in practice. Contract labour arrangements fragment responsibility and dilute accountability; weak inspection mechanisms render statutory safeguards ineffective; and self-certification regimes privilege compliance optics over worker safety. This erosion of industrial democracy is particularly evident in the marginalisation of collective bargaining and the shrinking space for trade union participation within SEZs, in violation of both constitutional guarantees and international labour standards.

The study also highlights the intersectional nature of labour vulnerability. Women workers face persistent wage discrimination, insecure employment, and inadequate enforcement of sexual harassment laws. Migrant workers remain economically indispensable yet socially excluded, denied access to welfare entitlements and dignified living conditions. Technological change, while enhancing productivity, has intensified job insecurity and introduced new forms of surveillance that threaten worker autonomy and privacy. Environmental degradation in SEZ clusters compounds these vulnerabilities by exposing workers and communities to serious health risks. Together, these dynamics reveal that labour precarity in SEZs is not merely economic but deeply social, gendered, digital, and ecological.

Reimagining SEZs through a **human-rights-based framework** is therefore imperative. Labour protections must be treated as foundational elements of industrial policy rather than negotiable constraints. This requires strengthening inspection regimes, restricting labour-law exemptions, universalising social security for contract and migrant workers, enforcing gender justice and POSH compliance, regulating workplace surveillance, ensuring re-skilling and social protection in the face of automation, and integrating environmental accountability into SEZ

governance. Human Rights Impact Assessments, participatory monitoring mechanisms, and transparent reporting must become integral to SEZ regulation.

Ultimately, the challenge before policymakers is not to abandon industrialisation, but to **redefine its normative foundations**. Economic efficiency and human dignity need not be opposing goals. On the contrary, sustainable growth is possible only when workers are treated as rights-bearing citizens rather than expendable inputs. As Dr. B.R. Ambedkar warned, “*Political democracy cannot last unless there lies at the base of it social democracy.*” Industrial democracy—expressed through rights, representation, and remedies—is an indispensable extension of this vision.⁵⁶

If Telangana’s SEZs are to serve as genuine engines of inclusive development, they must evolve from zones of regulatory exception into laboratories of rights-respecting industrialisation. Aligning economic ambition with constitutional values is not merely a legal obligation; it is the ethical cornerstone of sustainable and socially just development in India.

REFERENCES:

1. Constitution of India, 1950.
2. Special Economic Zones Act, 2005.
3. Factories Act, 1948.
4. Contract Labour (Regulation and Abolition) Act, 1970.
5. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
6. Industrial Relations Code, 2020.
7. Occupational Safety, Health and Working Conditions Code, 2020.
8. Telangana State Industrial Project Approval and Self-Certification System (TS-iPASS) Act, 2014.
9. *Bandhua Mukti Morcha v. Union of India*, (1984) 3 SCC 161.
10. *People’s Union for Democratic Rights v. Union of India*, (1982) 3 SCC 235.
11. *Consumer Education and Research Centre v. Union of India*, (1995) 3 SCC 42.
12. *State of Punjab v. Jagjit Singh*, (2017) 1 SCC 148.
13. *MC Mehta v. Union of India* (Oleum Gas Leak Case), (1987) 1 SCC 395.
14. *Vishaka v. State of Rajasthan*, (1997) 6 SCC 241.
15. *Justice K.S. Puttaswamy v. Union of India*, (2017) 10 SCC 1.

⁵⁶ Dr. B.R. Ambedkar, *Annihilation of Caste* (1936).

United International Journal of Multidisciplinary Research (UIJMR)

An International Peer-Reviewed and Refereed Multidisciplinary Journal

ISSN: 3048-6726, www.ujmr.in Impact Factor: 6.934 (SJIF) Vol-3, Special Issue-1, 2026

16. *Olga Tellis v. Bombay Municipal Corporation*, (1985) 3 SCC 545.
17. Periodic Labour Force Survey (PLFS) 2022–23, Ministry of Labour and Employment, Government of India.
18. Annual Survey of Industries (ASI), Ministry of Statistics and Programme Implementation, 2023.
19. Telangana Labour Department, Annual Report 2023–24.
20. Telangana State Pollution Control Board (TSPCB), Annual Report 2024.
21. NITI Aayog, *Migrant Labour Report*, 2023.
22. Centre for Good Governance, Hyderabad, *Labour Conditions in Telangana SEZs*, 2022.
23. International Labour Organization (ILO), *India Employment Report 2024*.
24. ILO Convention No. 190 on Violence and Harassment in the World of Work, 2019.
25. Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), 1979.
26. Amartya Sen, *Development as Freedom*, Oxford University Press, 1999.
27. Guy Standing, *The Precariat: The New Dangerous Class*, Bloomsbury, 2011.
28. Upendra Baxi, *The Future of Human Rights*, Oxford University Press, 2002.