



## REHABILITATION AND REHABILITATION POLICY FOR DISPLACED AND SUSTAINABLE LIVELIHOOD RESTORATION-A CASE STUDY OF MANGALORE SEZ LTD.

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Displacement has become a sine qua non of modern developmental process worldwide. In the present era of globalization all most all the countries have laid emphasis on industrialization which has raised numerous controversies over development – induced displacement. Forced displacement results from the need to build infrastructure for new industries, irrigation, transportation highways, power generation and for urban development. This has raised major issues of social justices and equity. While these projects were considered as symbols of national progress, the irony behind it is the displacement of large number of people from their original habitats and occupations in the name of development. The livelihood of displaced communities has not been restored. In fact, the vast majority of the displaced have become impoverished and refugees in their own land.

Over the years, we have been at the cross roads looking for better solutions. To summarize, however, we may state development is indisputably needed; but should it be at the cost of the needy? The repeated instances of resettlement without rehabilitation have inherent defects in the current domestic policies of many countries and not just in the planning procedures. Till recently, here the Government has not paid adequate attention to the problems of rehabilitation of the displaced. The project authorities so far considered rehabilitation problem primarily as an administrative problem and felt that their responsibility ended with payment of compensation and transfer of people from the project area to another location reserved in advance.

### Displacement Policy Perspective

**The Rehabilitation and Resettlement Bill, 2007** puts provisions for “rehabilitation and resettlement of persons affected by acquisition of land under the Land Acquisition Act, 1894” or due to any other legislation by the Central or State governments or involuntary displacement due to any other reason (s.2). Though the term “involuntary displacement due to any other reason” may have wide scope, it is not clear that this Bill will apply to the different kinds of displacement discussed in Section 2 above. The Bill provides for social impact assessment of projects (s.4) which is to be conducted simultaneously with any environmental assessment, the appointment of Administrator for Rehabilitation and Resettlement with respect to large projects involving involuntary displacement of large number of people (s.9), appointment of an ombudsman for disposal of grievances arising out of matters covered by the Act and so on. . The Bill was also introduced in the Lok Sabha on December 6, 2007 and has since been referred to the Standing Committee on Rural Development by the Speaker of the Lok Sabha.

**National Rehabilitation and Resettlement Policy, 2007** came in order to solve issues arising out of policies of economic liberalization/de-regularization. The National Policy on Rehabilitation policies, and Resettlement, 2003 has been reviewed and revised. The revised National Rehabilitation and Resettlement Policy, 2007 (“NRRP, 2007”) has come into force from Oct. 2007. The new policy is applicable to all affected persons and families whose land, property or livelihood are adversely affected by land acquisition or by involuntary displacement of a permanent nature due to any other reason. These could be tenants, landless, the agricultural and non-agricultural labourers, artisans, and others dependent on the land. One of the objectives of the policy is to minimize displacement of people and to promote non-displacing or least displacing alternatives. It also recommends that only the minimum necessary area of land commensurate with the purpose of the project should be taken, and the use of agricultural land for non-agricultural purposes should be kept to the minimum; multi-crop land should be avoided and irrigated land use should be kept to the minimum for such purposes. Projects may preferably be set up on wastelands or un-irrigated lands. The compensation award shall take into account the market value of the property being acquired, including the location-wise minimum price per unit area fixed (or to be fixed) by the respective State Government or UT Administration. For the displaced, the policy provides for houses for even the landless, 20% of compensation in the form of shares in the proposed project which can go up to 50%. There is a provision of life-time monthly pension too for vulnerable sections. In case of a project involving land acquisition on behalf of a requiring body, the disputes related to the compensation award for the land or other property acquired will be disposed of as per the provisions of the Land Acquisition Act, 1894 or any other Act of the Union or a State for the time being in force under which the acquisition of land is undertaken, and will be outside the purview of the functions of the Ombudsman (NHRC,2008).



### **Livelihood restoration**

One of the consequence of displacement is the loss of livelihood, and this hurts people the most. It is not simply a matter of losing livelihoods. Often, displacement forces the affected people to changeover to altogether new ways of making a living. This happens partly due to the lack of income generation opportunities at the relocation site that could correspond with what they leave behind. Due to land scarcity, not all people who give up their land for development projects can hope to own land again. Jobs too are scarce, and the removal of people in distant locations, especially those from urban areas, seldom gets them back the kind of jobs they were doing before.

Resettlement and rehabilitation (R&R) are considered two distinct activities. Resettlement is associated with physical relocation or implanting to a new resettlement colony, while rehabilitation is associated with the economic rehabilitation of project displaced persons (PAP). However, what the PAPs require is overall restoration of their livelihoods, which refers to re-establishment of the physical, social and cultural environment required for a new life. It not only involves replacing the lost economic – (land, houses, wells, trees etc.) and community assets (infrastructure, common property resources), but also requires support for the transition to a new economy. The monetized economy may be alien to the PAPs predominantly informal system production, which is primarily farming and to the use of common property resources. Efforts to rebuild the community system of the PAPs that might have weakened due to displacement and to attend to the psychological trauma of forced alienation from livelihood therefore should get top priority.

### **Mangalore SEZ Ltd.**

Mangalore is an industrial city with well-established infrastructure in the form of roads & rail connectivity, sea port as well as airport facilities and assumes strategic importance for business because of its geographic advantages. A detailed study for developing a Coastal Special Economic Zone near Mangalore was done by Infrastructure Development Corporation (Karnataka) Ltd. (IDECK), Bangalore, during 2002-2003 and a report highlighting the cost and benefits of SEZ was prepared in April 2003. Kanara Chamber of Commerce and Industry (KCCI), Mangalore, made an application for establishing a Coastal SEZ near Mangalore for which, Ministry of Commerce & Industries and GOI issued an in-principle approval vide a letter dated August 08, 2003 for setting up of Coastal SEZ near Mangalore.

Subsequent to the take-over of Mangalore Refinery and Petrochemicals Limited (MRPL) by Oil and Natural Gas Corporation Limited (ONGC), a GoI public sector unit, ONGC-MRPL proposed venturing into concentric diversifications with mega investments as part of the strategy to improve the sustainability, profitability of the company in the open economic policy withstanding the global competition.

ONGC-MRPL along with KCCI and Karnataka Industrial Area Development Board (KIADB) entered into a MoU on August 30, 2004, for jointly promoting the SEZ near Mangalore. KCCI being the holder of the in-principle approval for setting up SEZ near Mangalore entered into a MoU with Infrastructure Leasing & Financial Services Ltd. (IL&FS) as a partner for development of SEZ. With a view to provide a private character to the SEZ Company, to facilitate faster development, a Special Purpose Vehicle (SPV) has been incorporated in the name of Mangalore SEZ Ltd., a Public Limited Company.

### **R & R policy for Mangalore SEZ Ltd.**

Mangalore SEZ Limited on its part has played a proactive role in finalizing the R&R package. It has formulated the R&R Policy in consultation with the PDF's and the district administration in the lines of the R&R package implemented in the region for other developmental projects like MRPL, Mangalore International Airport, Nagarjuna Power Plant, Sea Bird Project of Karwar and more so the Upper Krishna project in Karnataka. Under the order no G.O No R.D 309 REH, 2006 Bangalore 20-6-2007 of Government of Karnataka, the R&R package has been passed for displaced families of Mangalore SEZ Ltd.

The fundamental principle of resettlement is meant by successful income restoration, which states that nobody should be worse off than they were before the project intervention and to finally know the reasons why cash compensation alone cannot be considered an adequate R&R measure.

Successful income restoration can be achieved primarily when projects enable resettlers to share in the immediate benefits created by the very projects that affect them. Some examples of these successful income restoration measures may include:

- a) Moving resettles into the command areas to take advantage of the irrigation facility created under the project.  
In the case of MSEZL, a large number of displaced, depended on non-agricultural activities as their profession .As the PDF's wanted to move to semi developed areas, most of the colonies were developed with in the city corporation area.



- b) Helping the affected to take up reservoir aquaculture and other fishery related activities  
MSEZL displaced lands were not near sea shores and the displaced were not aware of any fishery related and aquaculture activity. Therefore, these types of income restoration activities were not implemented for resettlement.
- c) Providing regular jobs in the Project itself

Out of the displaced, around 60% families opted for one time cash compensations. The remaining families opted for job. Approximately 97.32 % candidates got jobs, 58% in OMPL, 37% in MRPL respectively (both PSU's) 3% in MSEZL, 1% each in Cordalite and JBF Petrochemicals Company which are the units in the project area. Nearly 2.68% are yet to decide on the job they prefer. Compared to earlier projects in the State, this is only project where jobs had been provided soon after the displacement. Even during the waiting period, eligible candidates were given sustenance allowance. Around 70% candidates were given free three years Special Diploma course at KPT Mangalore, in various job oriented subjects. During the study they were provided uniform, transportation facility, stipend and other facilities. The same equipped them to join petrochemical companies.



- d) Helping project affected people to get jobs with contractors working for the project:  
During the project period, MSEZL and its units supported displaced families and neighbouring villagers to get direct and indirect jobs. Even displaced persons got direct and sub contracts. It helped them develop their business and enhance their economic status. Some of the displaced have now become big contractors. For instance; Yadav Kotyan, Devanna Shetty, Ullas Shetty, Girish Shetty and others. In turn they had appointed local people as their staff and sub-contractors. Even displaced persons had their union to support each other.  
It helped the companies to handle relocation of houses and temples and smooth conduct of the project. Most of the displaced, took only site grading and civil related work, which was a small portion of the total project cost. To avoid local disputes, the units too entrusted jobs to locals.
- e) Assisting the affected people to become producers and suppliers of products and services required by the populace settling in the project area and its vicinity
- f) Giving preferential treatment to the resettlers to avail the commercial opportunities available and created under the project.  
Here however, the financial and yearly turnover of most locals did not meet the criteria eligible to be the suppliers. The displaced too did not show keen interest as it required huge investment.

The basic principle in the planning and implementing of resettlement programmes should be to ensure that those affected are supported to improve, if not, at least to regain the level of living they had before displacement. However the bottom line should be that nobody is left worse off because of the project. Resettlement should be seen as a development opportunity. In respect of the PAPs, sustainable development can be expected when there is inter-generation equity. In other words, resettlement should be so planned and implemented in such a way that;

1. Attention is focused on the vulnerable amongst the PAPs
2. Future generations are not worse off than those currently earning or working.

#### Approaches to income Restoration

Affected people do well when they have the option to pursue their original occupations. When rural people are involved, land-based programmes that relocated them to agricultural land of comparable size and quality often prove effective. The

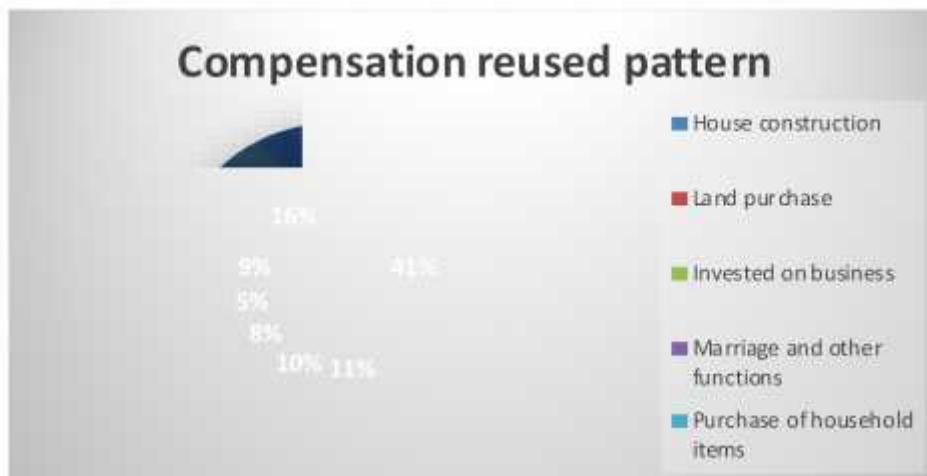


remedy more suitable for people from urban areas is the non-land based resettlement strategy that relies on provision of employment.

However both land and jobs are scarce, and projects are finding it increasingly difficult to provide occupational opportunities that have proved effective widely acceptable. In circumstances where land and job options are no longer available; self-employment income –generation schemes seem to offer an alternative that is being currently pursued in many projects. Most strategies being followed to restore income levels of the affected community in India converge on four types, which are in order

1. **Land-based resettlement** involves replacing the lost land with new land at some other places. For affected population from rural areas this indeed remains the best and most preferred option. In this project around 11% of the displaced, purchased agricultural land away from the project area and continuing their earlier profession. Ensuring continuity with the past occupation goes a long way in cushioning the disruptive impact.
2. **Employment based resettlement** is the most preferred option, largely due to the effectiveness of employment as a quick and reliable solution to the resettlement problem. Often, people who get jobs are, in fact, able to re-establish themselves in less time than those who get land. Due to eligible non availability of candidates and unsure about the job guaranty 60% of the displaced family had received the onetime cash compensation in MSEZL project. Those who opted for job, around 96% got jobs in OMPL and MRPL. These are permanent, well paid and provide many other benefits, such as free housing, medical care, cost of leaving allowance, educational allowance for children, travel concessions, etc. All this made the displaced families resettle fast. However, as some of the displaced families were from joint families, only the elder son/daughter got jobs resulting in their status rising a tad bit.
3. **Cash based resettlement** includes providing cash compensation for assets lost at their replacement value, providing resettlement grants in cash, pension, annuities, equity, savings etc. In the past, rehabilitation simply meant the payment of cash in lieu of lands and other properties acquired for project purposes. There are projects that stick to this policy even to this day. Since the project area is closer to the cities and areas witnessing rapid economic growth, the displaced prefer cash compensation. They see compensation in this form as offering them a wider range of options for improving their economic status. In MSEZ project the displaced were given site, job and cash compensation. The Rehabilitation Grant, a onetime financial assistance of Rs.50,000/- and job or a shop site, an ex-gratia amount of Rs. 20,000/- per family, monthly rent of Rs. 3,000/- for one year, Rs.75, 000/- as house construction grant, Rs 10000 for transportation, Rs.10,000/- as special grants was provided to the PDFs who had Daiva / Bhootha towards the cost of relocation. Rs.20,000/- special grants was provided to the PDFs ,who had Nagabana towards the cost of its relocation.

Majority of the displaced family used cash compensation for land purchase, house reconstruction, bank loan clearance, marriages, purchase of household items like, TV, scooters, car etc. Productive investment was never given a thought.



4. **Resettlement through self-employment** is another option to enable re-establishment of affected people. This option included activities such as petty contracts, infrastructure, productive asset purchase, micro-credit groups, directed credit,



small businesses and enterprise development for job creation under the project. Project authorities had not promoted any self-employment schemes. Around 1 ½ times of the shop site which were at earlier location, were given in R&R colonies to continue their profession. Displaced families have constructed shops and petty business on their own, under this initiative in the MSEZ project.

#### **Elements of a good income restoration programmes**

It is recognized that no single approach can guarantee successful income restoration of the affected community. It is thus necessarily a combination of a reasonable competition, a development package for resettlement and rehabilitation.

**Compensation payment:** fixing compensation rates is of paramount importance in the process of supporting the affected population for their proper rehabilitation. Besides the norms of compensation, ensuring the prevailing market value of land other assets, one needs to ensure that

1. Compensation is paid in one go
2. No intermediaries are involved in the payment of compensation
3. There is total transparency in both fixing the compensation and its payment
4. The grievances of those affected are addressed to their satisfaction.

**A complete development package:** It was observed that in addition to compensation at the prevailing market value, the affected community required a development package, which would assist them to regain their livelihood. This included

1. Permission to take salvaged material
2. Transport facilities to shift to the relocation sites
3. Supply of construction materials at concessional rates
4. Allotment of house plot or cash assistance in lieu site
5. Cash assistance in the house construction
6. Assistance during transition period
7. Providing jobs in the project or associated activities
8. Ensuring land based rehabilitation
9. Providing grants to purchase land or take up some income generating activities
10. Providing training to those interested in setting up enterprise and businesses.

At the same time, each project could develop a package by selecting a combination of these elements as suitable to the project.

#### **Other support**

1. To improve access to institutional credit
2. To improve access to development programmes of the government
3. Help in selecting resettlement sites where the displaced could have access to common property resources, market for both raw material and finished products and use their skill for realising incomes for their livelihood.

The concepts of restoration of livelihood keeping in view the risks and impoverishments that occur as a result of appropriation of land and other properties and forced resettlement. It should be emphasized that cash compensation alone will not guarantee that the affected community would be able to regain their production and economic level. There is a need to provide good strategies for income restoration and effective elements for income restoration plans. Compared to other projects in Karnataka state, this is only project where we can observe that people participation and decisions were taken on mutual understating. Project authorities were more liberal and practical to solve the compensation issues and disputes. It can be observed that a combination of cash, site, job and other benefits were given to the displaced. More than seven professional social workers handled the resettlement activities. This type of approach helped the project authorities at MSEZL to overcome the acquisition, displacement and resettlement with much ease and comfort.

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