

SEZs in Mangalore: Preliminary findings
CASUMM¹
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Background details on Special Economic Zones in Mangalore

I. One SEZ called Mangalore SEZ (MSEZ) is planned at a distance of only 12 km from Mangalore City. It is also located close to the proposed international airport. The developer and anchor tenant is Mangalore Refineries and Petrochemicals Limited (MRPL), a subsidiary of the government owned Oil and Natural Gas Corporation (ONGC). The MSEZ will be developed as a Petroleum Chemicals and Petrochemicals Investment Region (PCPIR) in Southern India with an associated multi product SEZ. MRPL has submitted their proposal to GoI but have not got approval as yet. A company, MSEZ Ltd has been formed to take this SEZ forward. The Director of MSEZ, A G Pai stated that they wished to make Mangalore the oil capital of India.

MSEZ totals 2500 acres. A total of 1857.5 acres of agricultural, horticultural, forest and other dry lands located in 14 villages of Bajpe Gram Panchayat have been acquired and handed over to MSEZ Ltd by KIADB Mangalore. The price was decided as Rs.8.00 lakhs for dry land and 8.5 lakhs for irrigated land. The process of acquisition for the remaining land out of 2500 acres is on.

A G Pai claims that more than 65% of SEZ will be export processing. No builders of luxury developments will be entertained. They have already done a survey of the land to be acquired and only 29% of it is agricultural and garden land.

MRPL has planned an investment of Rs 25,000 crores of which Rs13,000 cr is already sanctioned and 12,000cr is in the pipeline. At this time they cannot estimate how many jobs will be generated. Because the investment is huge they anticipate lots of people will benefit by getting jobs. As of January 2007, they had received more than 50 applications for units to be set up in MSEZ.

II. A second IT SEZ is being promoted by Infosys at Mudipu, about 2 kms from Mangalore University and about 17 kms from Mangalore city. A total of 125 hectares of land has been acquired for it and handed over to Infosys. Construction activities have started for the IT SEZ.

III. Another general purpose SEZ is in the pipeline, apparently co-promoted by Kanara Chamber of Commerce and Industry (KCCI) and NMPT, Mangalore.

The Principal Secretary of the GOK recently announced that another 5000 acres of land is earmarked for acquisition during a recent visit to Kanara Chamber of Commerce and Industry, Mangalore.

¹ This case study is based on a CASUMM field trip to Mangalore undertaken in January 2007 and information shared by local groups in the period since January to March 2007. During the field trip, a site visit of the MSEZ was undertaken and interviews conducted with experts, developer (MRPL) and affected people.

Tactics used to acquire land for MSEZ

Reports from one of the affected farmers conflicts with information given by A G Pai. The farmer reports that there is a land mafia in operation- a man who is secretary to the Raitha Sangha is giving information on land in the region to the KIADB which helps them acquire land. Much of the land being acquired is falsely classified by Government as “barren” or owned by itself in order to facilitate acquisition. Although land is classified as “barren” land, land acquired is actually 60% wet lands where paddy is being grown (this is substantiated by CASUMM’s photographs), sometimes 3 crops are grown and sometimes 2 crops. Land classified as government land is actually *gomala* (common property) land belonging to the villages and traditionally used for grazing or some other use that benefited the entire village. Additionally, land classified as government land is land owned and cultivated by the *kudmis*, a tribal people from Maharashtra who have been settled here for about 70 years, but have no records of ownership. What will these people do if they are deprived of their lands and livelihoods?

Most of the people whose lands are being acquired are farmers (80%) with some agricultural laborers (20%). Farmers cultivate their land to eat (not for livelihood) but it is hard to say what income they get from this cultivation. The average wage of laborers is between Rs 100-200 per day. Hereditary labor is still practiced here. About 60% of laborers working in Mangalore are migrant labor mostly working on construction sites.

Farmers are mostly happy to take the Rs 8.5 lakhs compensation (Rs 8 lakhs for useless land which is steep or has stones) being offered because most of them are not farming as a livelihood. Their children are educated and work in Mangalore or other cities. Laborers do not get compensation except for their houses but only if they can prove it in records. Their houses are valued at far less- sometimes only 50-60%- of what they are worth. And now it costs much more to build the same house with a similar level of facilities. Frankly no one wants to protest- they are happy to give up and go- despite most losing out in terms of compensation. However, there are a few farmers who are resisting both the acquisition and the inadequate compensation. Going by past records of extremely poor resettlement policies, they say they cannot be sure that Government will deliver on its promises.

Poor record of previous resettlement and rehabilitation

ONGC acquired more than 2000 acres land for MRPL in 1995. About 100 families were relocated without any facilities- no water supply, no school, no electricity even though MRPL had a direct power connection. There is also the example of Nagarjuna steel plants for which land was acquired. Nagarjuna Steel is owned by P V Narasimha Rao’s son in law. Instead of acquiring more land for more industrial development, he asks why doesn’t government first rectify sick industries and address environmental problems caused by development like erosion.

Steps already taken by local groups

Three local people (activists and academics) have formed an SEZ Impact Committee to get more information on SEZs in Mangalore. They are, however, finding it very hard to get information.

A local group, Mangalore Citizen's Forum, filed an RTI with MSEZ Ltd/MRPL on Jan 16, 2007. More than one month had elapsed and a response was not forthcoming. They are now planning to file an appeal.

One local activist has written a letter to the Prime Minister protesting SEZs.

The local groups have also participated in and held several meetings on SEZs in Mangalore. One such was organized with CASUMM on January 10, 2007. Based on the discussion held with about 50 concerned local people, certain issues were highlighted.

SEZ Action Plan in Mangalore:

- A crucial issue felt by the group was the need to find out water and electricity commitments on behalf of government to the SEZs. Then a strong case could be made for the SEZs worsening already acute water and power shortages in the region. Could their strategy then be pitting the City of Mangalore against MSEZ if city suffers water shortages due to MSEZ? They also proposed interacting with NEERI who is presently doing a survey on socio-economic aspects.
- The need to widen their support base to include farmers, small traders, those who are affected by water supply and roads to MSEZ. Can they connect with NAPM and other rural/urban groups fighting this?
- There are several issues related to SEZs which are not clear for which more and better information is needed. Suggestions made to get more information were visiting SEZ sites and doing a study, filing an RTI, organizing more meetings with experts on the subject. Meanwhile local activists would follow up on SEZ events happening in the Mlr region.
- The majority within the group (Mangalore Citizens Forum) agreed that SEZs were a given and that their focus needs to be on how best to modify and improve them. They asked: why are small industries not protesting? Because they think they'll learn the technology inside the SEZ and then come out and set up their own units or they'll be able to supply the SEZ with some service/goods. They decided to choose one area-working with SSIs- to try and ensure that they also benefit from SEZs.
- They discussed the need to use media to build awareness, especially TV like namma TV, Shanbagh.

Problem areas

1. **Internal conflict among local groups on what is to be done: whether to reject outright or push for modifications.** On the one hand some see the need to agitate to abolish SEZs, to illustrate for whom SEZ brings problems and ask them to come forward to fight. On the other hand, another group feels they should work with the assumption that SEZs are a given and what can be done to improve/modify it. "Lets be practical" is their mantra. They can work with small industries and traders- see if they can support them by getting some of them into the MSEZ so they can take advantage of the benefits. These internal tensions make it more difficult for local groups to form alliances and press for common demands. They also have a history and surfaced at the time of protests against the ADB water supply project loan.

About 7 years ago the ADB water and sewage project (KUDCEM) was launched in Mangalore along with several other coastal cities in Karnataka. The project was to be routed through the parastatal agency, the Karnataka Urban Infrastructure Development and Finance Corporation (KUIDFC). At this time local groups in Mangalore protested but they were split over what to demand. A larger group was in favor of asking for greater local control over the project and a smaller group wanted outright rejection- that the ADB leave Mangalore. Under their pressure, the project remained but was routed through the Mangalore Mahanagara Palike (MMP) and not the KUIDFC. MMP is the only corporation among the other ADB loan cities in Karnataka to have local control over the project.

2. **Where will water supply and electricity for the SEZs come from and who will pay the price?** It is estimated that MSEZ Ltd would need 136 MLD of water out of which 56 MLD is planned to be sourced from treated sewage water. The total water and electricity requirements for all the SEZs however are not forthcoming from the relevant authorities. There is speculation that a vented dam will be built on the Netravati River above the one that supplies Mangalore City for the MSEZ. This will surely exacerbate water shortages already faced by city dwellers. A G Pai contends that water supply is no problem, and that a Danida report on water availability and needs (done in 1995 for the period till 2025) estimates that the region can support water sufficient for 10 more SEZs. Others disagree with this judgment: they argue that the Danida Report makes no such blanket statements and was done too long ago to be of much relevance today. What there is no dispute on is the need for there to be an overall national policy for water supply to SEZs.
3. **Environmental costs** to Mangalore and the entire region are considerable. Many trees, shrubs and plants will be lost including several small rivers, wells, and lakes. Common property resources like grazing lands, open spaces and temples would be lost. Given that Mangalore is a biodiversity hotspot there are serious consequences for wildlife due to loss of habitat and greater industrial development. Even land on which protected mangroves is growing has been slated to be acquired for SEZs. Many local people asked what are we fighting for? Development at what cost? For whom? They questioned whether strict environmental clearances- international standards- would be followed.
4. **Negative impact of SEZs on SSIs?** There are numerous SSIs in Mangalore, many of them extremely sophisticated and well-run. Are they pushed away or reduced by the phenomenon of SEZs? Are they eligible for any of the benefits?
5. **Impact of SEZs on the local region/economy.** A local expert claimed that the SEZ will have a different labor force and a different set of policies, that people will need a “passport” to enter. A G Pai claimed that there would be tremendous benefits for the local region in terms of increased growth and investment- “With 25,000 crore investment, how not?” Whether these claims are borne out remains to be seen. However, larger social, environmental, political and economic costs on the local region have not been considered. An affected farmer posed the question thus: In what

way do SEZs benefit the people and the country? In his view, SEZs benefit only one group of people- the developers, large companies etc. That is not acceptable. We want another kind of development which benefits more people.

6. **Complete lack of information:** There is no clear information on the amount of land to be acquired, where water will come from and how much will be needed, and how the proposed SEZs will affect the city of Mangalore. There is even talk of establishing a Special Interest Region (SIR) adjacent to and associated with the MSEZ. The SIR will be 10 times larger than the SEZ. Nobody is sure of the basic principles for this SIR and how it differs from an SEZ but the overall goal is supposed to be one of facilitating industrial development. Such large projects are discussed, negotiated and approved mostly behind closed doors. People only hear about them when they have been approved. This needs to change.

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