



ISSN : 2350-0743

www.ijramr.com



International Journal of Recent Advances in Multidisciplinary Research

Vol. 05, Issue 10, pp.4212-4216, October, 2018

RESEARCH ARTICLE

MANGALORE SPECIAL ECONOMIC ZONE AND ITS IMPACT ON SOCIO – ECONOMIC CONDITIONS OF THE FARMERS

*Dr. Kiran, S. P. and Dr. Gopalappa, D. V.

DOS in Economics and Co-operation, University of Mysore, Manasagangothri, Mysuru

ARTICLE INFO

Article History:

Received 27th July, 2018
Received in revised form
24th August, 2018
Accepted 20th September, 2018
Published online 30th October, 2018

Keywords:

MSEZ,
Land,
Farmers,
Employment and Compensation.

ABSTRACT

Mangalore Special Economic Zone was established in February 2006, promoted by the Central and State Governments, financial institutions and private entrepreneurs. The MSEZ project has been proposed over a total area of 3,985 acres of land of Dakshina Kannada District, in Karnataka State. MSEZ Limited about 2207.23 acres of land was notified and acquired from the villages like Permude (780.18), Kalavaru (482.35), Thokooru (303.67), Bajpe (606.6), Kulayi (19.9), Sajjpa(1.03), Parambooru (3.47), Idya (.25), Narikombu (1.65), Kasab (4.29) and Sara (3.84). According to the field survey 63.9 percent of the responded they are not satisfaction with the MSEZ compensation because the compensation amount its less than the market value and they are not happy with the value of their houses. About 30.9 percent of the respondents they are not happy with the infrastructure facilities of rehabilitates areas because the infrastructure facilities are very poor condition and MSEZ failed to provide basic infrastructure for them. Still there is lack of infrastructure problems facing the rehabilitators such as drinking water, power, transportation , drainage, lack of quality road, no health facilities and education institution etc. The data reveals that 16.9 percent of the respondents got more than 50000 and within 1 lakh per annual. Out of the sample size 43.9 percent of the respondent's annual income is above 1 lakh per year. Its clearly shows that Majority of the farmers standard of living not improver as much as possible due to so many litigation in the process of the MSEZ activities.

INTRODUCTION

Mangalore Special Economic Zone was established in February 2006, promoted by the Central and State Governments, financial institutions and private entrepreneurs. The MSEZ project has been proposed over a total area of 3,985 acres of land of Dakshina Kannada District, in Karnataka State. Currently around 2207 acres of land is already in possession of MSEZ Ltd., of which 1,453 acres of land has been notified as sector specific SEZ (Petroleum and Petrochemicals Units). Any development project need to be according to the principle of Cost Benefit Analysis. The principle of Cost Benefit Analysis is that 'the Social cost needs to be lower than the Social benefit'. Unfortunately the authorities have not been bothered about the same and their programmes and policies many a times proved wrong. Here is a case of the MSEZ, which has been in news for its loopholes from the last about six years. According to the proponents of SEZs, the establishment of SEZs will increase employment, exports and FDI in the country. This will, in turn, result in the economic development and growth. But the field level observation reveals that it is caused only hardship to the farmers.

The Mangalore SEZ (Phase-I and Phase-II)

The Mangalore SEZ Limited Company has received formal approval to acquire 1453 acres in the Dakshina Kannada district of Karnataka and this has been reported on 6th November 2007.

*Corresponding author: Dr. Kiran, S. P.,

DOS in Economics and Co-operation, University of Mysore, Manasagangothri, Mysuru.

The government of India notified SEZ listings this as a Petroleum and Petrochemical sector specific SEZ. According to the Mangalore SEZ Limited (MSEZL) website, the proposed area of land that falls into the MSEZ enclave includes 3985 acres of land of the Dakshina Kannada District. Currently, 1800 acres of land is already in control with the company, of which 1453 acres are already notified to be Sector specific SEZ (petroleum and petrochemicals). The processing area of the SEZ is scheduled to have two kinds of industries, petroleum and petrochemical industries and other multiproduct industries subsequently. The MSEZL is a mixture of both central and state government organizations and also a private financial company. The MSEZL currently contains of the Oil and Natural Gas Corporation Limited (ONGCL) 26 per cent, the Karnataka Industrial Area Development Board (KIADB) 23 per cent, Infrastructure Leasing and Financial Services (IL&FS) 49 per cent and Kanara Chamber of Commerce and Industry (KCCI) 2 per cent. In addition the New Mangalore Port Trust has also evinced an curiosity in becoming an equity partner in the MSEZ. Though the operations in the MSEZ Phase –II are still unknown, the environment clearance notification awarded to the MSEZ Phase –I specify the following operations in the proposed MSEZ.

Mangalore SEZ (Phase I)

The Mangalore Special Economic Zone (MSEZ) Phase –I includes a) MRPL Phase-III refinery, b) Aromatic Complex and c) Olefin Complex are projected to be developed by MSEZ authority. Mangalore SEZ panel report 4 No. 21-383/2007-IA-III Government of India, Ministry of Environment and Forests

the anchor promoter of MSEZ project, i.e. M/s ONGC-MRPL in the already acquired land of about 1800 acres. The proposed MSEZ is strategic adjacent to the existing MRPL refinery complex on the northern and eastern sides and planned to connect New Mangalore Port (NMPT) with a dedicated 70/100 meter widespread road cum pipeline (approx. 15 km long) corridor for the measure of cargo, crude and products between New Mangalore Port and MSEZ. The proposed layout has one main entry from the proposed Mangalore SEZ corridor connected to the existing New Mangalore Port and National Highway 17. The primary, secondary and tertiary roads are planned to give access to the industries falling in the MSEZ phase-I, Industrial Zones for tracing the Olefin complex, Aromatics Complex, D/S Petrochemicals, Indian Strategic Petroleum Reserve Company Ltd. underground crude oil storage and land for MRPL Phase-III refinery are effectively placed in the central and southwest part of the proposed MSEZ premises. Further, the SEZ will have necessary road alignment between NMPT, SEZ and network of roads within together with service roads for inspection of pipelines on elevated corridors. The pipelines shall be built at elevated corridor locations. Pipelines will be laid on sleepers and pipe racks with sufficient ground clearance. The preferred corridor alignment avoids Coastal Regulation Zone-I and II portion along the Gurupura River and it will have elevated roadway over structures (railways/minor bridges) and reinforced earth walls. However, the corridor passes over CRZ III zones along the bank of the Kudumbur rivulet (south of ELF gas) in the form of bridge.

The Paper Mainly focuses on to analyze the MSEZ and its impact on Socio-Economic conditions of the locals. The study carried out both secondary and primary data. The secondary data will be collected from publications and records from Government departments from the Ministry of Commerce and Industry, R.B.I. Annual Report on Currency and Finance, Economic Survey, Export Promotion Council for Export oriented units (EOUs) and SEZs - New Delhi. Beside this, Office of the Development Commissioner set up at each SEZ will be served as the good source of secondary data for the present study. The primary data is a based on interviews of the land losers (farmers), project displaced families, people who were deprived of employment of MSEZ and also to crosscheck the same the discussions were held with the officers of MSEZ, KIADB, Special Land Acquisition Officer the District Statistical Officer, etc. During the two phase of the development of MSEZ (2005) about 2208.86 acres of land was notified and acquired from the villages like Permude (781.29), Thokuru (303.67), Kalavaru (482.39), Bajpe (606.6), and Kulayi (19.9) etc. The land loser families though protested against MSEZ could not save their land. Totally 1931 land losers lost their in process of the land acquisition phases conducted by the MSEZ authorities. Out of the total land losers of the study area researcher had taken 12 per cent of the sample size from total population of land losers (1931) in Dakshina Kannada. The researcher took 230 sample sizes from the total population of Land losers. The case study method involves participant observation method and conversational interviews with Farmers, projected displaced families and deprived of employment of people assured by MSEZ.

Field Insights

Table – 1 clearly explain that During the Land acquisition process of the MSEZ for the development of MSEZ Limited

about 2207.23 acres of land was notified and acquired from the villages like Permude (780.18), Kalavaru (482.35), Thokooru (303.67), Bajpe (606.6), Kulayi (19.9), Sajjpa(1.03), Parambooru (3.47), Idya (.25), Narikombu (1.65), Kasab (4.29) and Sara (3.84). The land loser families though protested against MSEZ could not save their land. According to the farmers, their lands were very fertile and were growing the rich crops like Paddy, Areca, Coconut, Banana plantation, Mango, Pineapple and Jasmine with the approximate cropping intensity of 2.4 per year. Even then the land surveyors have certified the same as waste land and fixed lower price. The paddy, coconut and arecanut fields can be seen in the Photograph–1. The Photograph–2 reveals the converted land to construct the SEZ.

Table 1. Land Acquired by the SEZs Across Various Villages

Villages in Dakshina Kannada district	Acers of Land Acquired
Permude	780.18
Kalavaru	482.35
Thokooru	303.67
Bajpe	606.6
Kulayi	19.9
Sajjpa	1.03
Parambooru	3.47
Idya	0.25
NariKombu	1.65
Kasaba	4.29
Sara[ado	3.84
Totla	2207.23

Source: The Researchers Field Visits.

Photograph – 1



Before SEZ the Land was Fertile and Rich Crops like Paddy, Coconut and Arecanut were Cultivated

Photograph -2



After the SEZ most of the Agricultural Land was converted

The Table – 2 clearly explain that different types of land acquired by the MSEZ authority in various villages of Mangalore and Bantwataluk of Dakshina Kannada district. Mainly four different types of land acquired by MSEZ, like Thari ,Bhagaytu, Khuski and Government land. Which is the land are irrigated (cultivated) land that’s called as Thari land. Hill station land is Bhagaytu and little irrigated land called as a Khuski land.

The MSEZ authority totally around 796.61 acers of land is Thari land acquired by MSEZ from the farmers of the Dakshina Kannada. 916.06 Acers of land related to Khshki land acquired byMSEZ. Out of the total land acquired only 85.48 acers of land related Bhagaytu land, which was most acquired in Permude village around (43.74 acers). 409.08 acers of the land is Government land so there was a no complicated issues in land acquired process done by MSEZ relating to Government land.

Table 2. Types of Land Acquired by MSEZ in Various Villages

Villages	Thari	Khushki	Bhagaytu	Government	Total
Permude	294.1	308.06	43.74	134.28	780.18
Kalavaru	177.28	183.22	16.53	105.32	482.35
Thokooru	175.52	86.52	10.45	31.18	303.67
Bajpe	143.7	318.59	14.11	130.2	606.6
Kulayi	0.94	17.63	0.59	0.74	19.9
Sajjpa	0.38	0.64	0.01	0	1.03
Parambooru	0	0	0	3.47	3.47
Idya	0	0	0.05	0.2	0.25
NariKombu	0.4	1.06	0	0.19	1.65
Kasaba	4.29	0	0	0	4.29
Sara	0	0.34	0	3.5	3.84
Totla	796.61	916.06	85.48	409.08	2207.23

Source: The Researchers Field Visits.

The Table – 3 illustrations that whether the respondent has satisfaction for their property acquired by MSEZ. According to the field survey 63.9 percent of the responded they are not satisfaction with the MSEZ compensation because the compensation amount its less than the market value and they are not happy with the value of their houses. Out of the total sample size 31.7 percent of the respondents they are satisfaction with the compensation of the MSEZ. Remaining respondents they are not reply for this acquisition satisfaction because they are not lost any property in the MSEZ premises.

Table 3. Opinion of the Farmers about Satisfaction with MSEZ Compensation

Satisfaction/ Dissatisfaction	Frequency	Percent
Yes	73	31.7
No	147	63.9
No Compensation	10	4.3
Total	230	100.0

Source: Computed by Researcher from Field Review Data

The Table – 4 clearly pointed out the price satisfaction of the respondents for their compensation given by the MSEZ. As per the field investigation 76.1 of the respondents they are not satisfaction of the price for their land.

According to them the value of the land is to low when compare to the market value this is important reason the respondents are not satisfaction of the MSEZ compensation. Some of the respondents they are satisfaction with compensation given by MSEZ. 23 percent of the farmers they are happy with MSEZ compensation.

Table 4. Opinion of the Respondents about the Satisfaction of the Price

Price Satisfaction	Frequency	Percent
Yes	55	23.9
No	175	76.1
Total	230	100.0

Source: Computed by Researcher from Field Review Data

The Table – 5 clearly expose opinion about the rehabilitation infrastructure facilities provided by MSEZ. As per the field review 30.9 percent of the respondents they are not happy with the infrastructure facilities of rehabilitates areas because the infrastructure facilities are very poor condition and MSEZ failed to provide basic infrastructure for them. Still there is lack of infrastructure problems facing the rehabilitators such as drinking water, power, transportation , drainage, lack of quality road, no health facilities and education institution etc. some of the respondents are average opinion with the infrastructure facilities provided by MSEZ, 29.1 percent of the losers they are average opinion about that. Only 8.3 percent of the respondents are happy with the MSEZ active role in the build the rehabilitates areas and its infrastructure development programmes.

Table 5. Opinion of the Respondents about Rehabilitation and Infrastructure Facilities

Infrastructure	Frequency	Percent
Good	19	8.3
average	67	29.1
Poor	71	30.9
No Rehabilitation	73	31.7
Total	230	100.0

Source: Computed by Researcher from Field Review Data

The Table – 6 clearly reveals that the annual income of the respondents after the land acquired by MSEZ authority in the study area. As per the data reveals that 41.3 percent of the respondents annual income is 10000 to 50000 rupees. The field information provides the information only 1.3 percent of the people annual income is less than the 10000 rupees. The data reveals that 16.9 percent of the respondents got more than 50000 and within 1 lakh per annual. Out of the sample size 43.9 percent of the respondent’s annual income is above 1 lakh per year. It’s clearly shows that Majority of the farmers standard of living not improver as much as possible due to so many litigation in the process of the MSEZ activities.

Table 6. Annual Income of the Farmers after Land Acquired

Income after Acquisition	Frequency	Percent
Below10000	3	1.3
10000-50000	95	41.3
51000-100000	39	16.9
Above 1lakh	101	43.9
Total	230	100.0

Source: Computed by Researcher from Field Review Data

The table – 7 exposed that the standard of living of the respondents in the study area. As per the field review 40 percent of the respondents they are agree with employment provided by MSEZ in Different companies’ controlled MSEZ authority. After the land and house acquired behalf of that they confirm their employment in MSEZ companies’ their annual income and standard of living increases compare to before land acquisition and occupation of them. Out of the sample size 60 percent of the respondents are not happy with MSEZ and also

they are not agree with improvement of standard of livening after the land acquired by MSEZ.

Table 7. Status of Standard of Living of the Respondents

Standard of Living	Frequency	Percent
Yes	92	40.0
No	138	60.0
Total	230	100.0

Source: Computed by Researcher from Field Review Data

The Table – 8 clearly reveals that the impact of the MSEZ on the local Peoples standard of livening and their life attitude. As per the data observed that only 18.7 percent of the respondents they are agree with MSEZ is positive impact on the improvement of the standard of living of the local people of MSEZ premises. The data reveal that 41.3 percent of the respondent's opinion is not good and not bad for the standard of living of the local people. Out of the sample size 40 percent of the respondents they are not agree with the MSEZ authority. After the land acquired out traditional life style is demolished and our way of life style became more impoverishment because of the MSEZ authority. This type of the MSEZ is not needed to Mangalore and also any places of the state.

Table 8. Respondents Opinion about Impact of MSEZ

Impact	Frequency	Percent
Living Standard Improved	43	18.7
Not good Not bad impoverishment	95	41.3
Total	230	100.0

Source: Computed by Researcher from Field Review Data

Major findings of the Study

The primary data collected from the MSEZ reveals that the cost of the establishment of the MSEZ has been very high and there are many litigation, which are not addressed clearly and still the problems are continuing. The farmers who have lost the land are not compensated properly and therefore they are much against further acquisition of the land by the KIADB and in term negatively impact in the expansion of the MSEZ. Compensated amount too low when compare to market value therefore the farmers was much against the land acquisition process in MSEZ premises. The public who have lost the houses are not rehabilitated and therefore they have lot of graveness which is not conducive for the expansion of the MSEZ. Facility not provided as per their assurance during the land acquired process done by MSEZ. Rehabilitated colony has not been properly developed by the acquired authority. The primary data collected from the MSEZ reveals that the assurance given by the officials of MSEZ relating to employment to the land and house losers is not fulfilled and therefore, they are much against the MSEZ and hence, very clearly they have said "there is no need to have any SEZ of this kind". However, this is only a case study generalizations based on this experience will have limitations.

Conclusion

Mangalore Special Economic Zone was established in February 2006, promoted by the Central and State Governments, financial institutions and private entrepreneurs. The MSEZ project has been proposed over a total area of 3,985 acres of land of Dakshina Kannada District, in Karnataka State. According to the farmers, their lands were very fertile and were

growing the rich crops like Paddy, Areca, Coconut, Banana plantation, Mango, Pineapple and Jasmine with the approximate cropping intensity of 2.4 per year. The MSEZ authority totally around 796.61 acers of land is Thari land and 916.06 Acers of land related to Khshki land acquired by MSEZ respectively in the premises of the MSEZ. As per the field investigation 76.1 of the respondents they are not satisfaction of the price for their land. According to them the value of the land is to low when compare to the market value this is important reason the respondents are not satisfaction of the MSEZ compensation. Out of the sample size 60 percent of the respondents are not happy with MSEZ and also they are not agree with improvement of standard of livening after the land acquired by MSEZ. Every problem has its own solution, but the MSEZ has created problems and it seems, this has become impossible to solve them. Therefore, the MSEZ failed miserably in two counts - Firstly it is failed in terms of proper compensated amount for the farmers land its too low when compare to marker value. It has not generated proper employment, opportunity to farmers most of the farmers joined MSEZ only daily wagers had proposed and lost the confidence of the farmers and the public in the area. Therefore, in case there will be more number of MSEZs in the country, the purpose of establishing the SEZ will be failed. And there will not be any improvement in the International Trade and its negative repercussions in the earnings of foreign exchange and further negative chain impact. Hence, before starting/planning SEZ the development agencies like State and the Central Government need to be careful about the cost benefit principle while allotting any SEZ.

REFERENCES

- Aggarwal, Aradhana, 2004. "Export Processing Zones in India: Analysis of the Export Performance". Working Paper, No. 148, *Indian Council of Research in International Economic Relations* (ICRIER), New Delhi.
- Anuradha, N and Mahendra, B. 2010. "Mangalore SEZ- Towards Greater Economic Activity and Development of the Region". *Institute of Town Planners India Journal* Vol. (7), No. (1), pp. 50-64.
- Arunachalam P. 2009. "Special Economic Zones and Foreign Direct Investment in India and China". *Indian Development Review*, Vol-7, Nos. (1-2): pp. 1-41.
- Asif, Mohammed, 1999. "Land Acquisition Act: Need for an Alternative Paradigm". *Economic and Political Weekly*, Vol. (XXXIV), No. (25), pp. 1564-1566.
- Gopalakrishnan, Shankar, 2007. "Negative Aspects of Special Economic Zones in China". *Economic and Political Weekly*, Vol. (42), No. (17), pp. 1492-1494.
- Kumar Vinod, 2010. "Special Economic Zones in Rajasthan – As a Tool of Regional Development". *Economic Affairs*, Vol. (55), No. (1), pp. 78-83.
- Narwade S. S. 2013. "Special Economic Zones: Land Acquisition and Employment Generation". *International Journal of Advances in Agricultural Science and Technology*. Vol. (1), Issue (1), pp. 48-55.
- Pratap, Surendra, 2009. "SEZ Rush in India: Challenges and Opportunities Before Labour (New Delhi: Centre for Education and Communicaiton)".
- Sahu Kumara Kabita, 2013. "Displactment, land acquisition and Special Economic Zones in India". *International Journal of Humanities and Xocial Science invention*, Vol.(2), Issue (3), pp. 35-40.

- Sathe, Dhanmanjiri, 2011. "Political Economy of Land and Development in India". *Economic and Political Weekly*, Vol. (XLVI), No. (29), pp. 151-155.
- Shah, Deepak, 2009. "Special Economic Zones in India: A Review of Investment, Trade, Employment Generation and Impact Assessment". *Indian Journal of Agricultural Economics*, Vol. (64), No. (3), pp. 431-441.
- Sharma, Naresh Kumar, 2009. "Special Economic Zones: Socio-Economic Implications". *Economic and Political Weekly*, Vol. (XLIV), No. (20), pp. 18-22.
- VaishVarun, 2011. "Special Economic Zone – Key Consideration as An Economic Concept". *Indian Development Review*, Vol. (9), No. (1), pp. 143-154.
