

Posco ice

Melting

Posco India project site in Kujanga near Paradeep, the new hot spot of politicians and social activists, appears to be gradually undergoing a climatic metamorphosis and heading for a solution after over two years of wading through hot water by the Naveen Patnaik government and the Company authorities. Observers expect the ground-breaking ceremony this time may not go beyond the schedule, April 1, 2008. Here is a complete analysis of the developments.

By Sirish C Mohanty

Medha Patkar's visit to the district may have been an interesting diversion from the real drama unfolding in the interiors of this district where the South Korean giant, Pohang Steel Company (Posco) is putting up its Rs. 51,000-crore mega steel plant.

Tension is palpable in the area with policemen stopping you at the entry point to Dhinkia, the epicentre of the anti-Posco movement being led by Posco Pratirodh Sangram Samiti whose leader, Abhay Sahu, has been holed up in the village for the last several months. The villagers have put up a barrier at the entrance which is closed at night to keep police at bay.

Dhinkia is a fortress holding out against the onslaught of police, administration and the pro-project mobs out to overrun the area. The echoes of the war are also being felt in the two adjoining panchayats of Gajkujang and

Nuagaon. The company requires 4004 acres from these panchayats for its 12-million-tonne-per-annum capacity steel plant. This is a last ditch battle the people are fighting against the project for whose ground-breaking ceremony the government has set April 1, 2008 deadline.

"We are surrounded by the police from all sides. There is police at Trilochanpur and Balitutha. We can't move out of here, can't visit the doctor or go for buying supplies. We are prisoners in our own village," says Abhay Sahu, the PPSS supremo, sitting in the premises of Dhinkia's local temple which has been converted into his headquarters. The pro and anti groups have clashed several times, the last one being at Balitutha bridge which is now being guarded by the police.

Sahu says he and his men have 82 cases against them with more than 400 men and women in the village having

warrants against their names. "We know police may enter the village anytime but we are prepared," says the diminutive leader.

Sahu claims out of 650 families in Dhinkia only 15 want the project to come up. "They know the project is a threat to their livelihood. The government says the steel plant would generate 48,000 jobs directly and indirectly but it is going to destroy a thriving rural economy visible in the shape of betel vines, cashew plantations, coconut and betel nut trees and the numerous prawn ponds. The real issue here is livelihood," says the leader.

The entire area comprising the three panchayats of Dhinkia, Gadkujang and Nuagaon has betel vines and cashew plantations dotting the landscape which stretches right up to river Jatadhari on whose mouth the company proposes to build a captive port. The betel grown in this belt has a flourishing market in Delhi, Mumbai, Pune and Varanasi from where it is also exported abroad.

"The annual betel trade brings in around Rs.30 crore while cashew fetches even more," says Nakulanand Sahu, sarpanch, Gadakunjang panchayat. More than 2000 families in the region are directly engaged in the trade which also provides indirect employment to thousands of people with each grower engaging at least three people to take care of his vines. "The destruction of the vines is thus bound to have a cascading effect on our economy," says Sahu who, though not against the Posco's proposed project per se, would like the company and the government to provide jobs to each family likely to be affected before commencing work.

However, he does not feel confident on this score as he returned with mixed feelings from the December 5 meeting called by the company and the government to discuss these issues at

Ersama. The PPSS chief, too, is diffident about the government offering an alternative.

"There cannot be an alternative because there can be no substitute for this kind of natural wealth. The betel in Dhinkia fetches Rs. 500 per bundle of 1000. Can any cash compensation match this d?"- he asks.

Asserting that 1300 acres out of the



The company is by and large expected to stick to the state government's R&R policy, claimed to be one of the best in the country promising one employment per displaced family. But this is not acceptable to the movement leaders who want jobs against loss of livelihood which practically means jobs for each grown up and able-bodied person in the area.



4004 acres required by the company for the project was in Dhinkia's control, he declares that the company cannot put up the plant without taking this village by force. Rubbishing all talks about naxalites' entry into the area he describes it as an administrative and police ploy to enter the village. "There should be a stop to such nonsense. We know they are looking for an excuse to enter the village but we are ready. We are preparing with our traditional weapons. If violence is forced

on us, we will retaliate," he declares.

Tension is only too evident with the Balitutha bridge, commanding entry to these panchayats, being guarded round the block by a posse of policemen. Though police presence at the bridge has come as a relief to commoners who, for months, were denied access to the region, people still remain apprehensive. Over 13 platoons of armed police has been deployed in the area with three platoons camping at Gobindpur school and another platoon stationed at Nuagaon. However, the police are still watching Dhinkia only from a distance.

Though the betel farmers of Nuagaon have been lying low since being attacked by the pro-Posco group, Basudev Swain, brother of the local sarpanch and a senior Bhartiya Janata Party leader of the area, says resistance to the project is growing. "Over 70 percent people are against it. The people have realised that cash compensation cannot make up for the losses they will actually suffer", says Swain.

Even known supporters of the Posco like former Panchayata Samiti member, Jibanlal Behera of Noliasahi, the village likely to be worst affected by the plant, aver that support of the villagers cannot be taken for granted. "Our most important demand is employment for those to be affected by the project, irrespective of whether they face complete displacement or lose only agricultural land or their betel vines. During the December 5 meeting at Ersama, the government officials talked only about self-employment," said Behera.

Though the company has promised to provide all planned benefits to the displaced and the affected families by following a "transparent and lawful process" through Rehabilitation and Periphery Development Advisory



Long stretches of betel vines in the proposed Posco site

The melting point

Balitutha Bridge :
Now free from clash



Committee (RPDAC) comprising representatives of the displaced families, state government and Posco-India, it has not been able to conduct the socio-economic survey in Dhinkia so far. However, the company is by and large expected to stick to the state government's R&R policy, claimed to be one of the best in the country promising one employment per displaced family. But this is not acceptable to the movement leaders who want jobs against loss of livelihood which practically means jobs for each grown up and able-bodied person in the area.

Even as the stalemate surrounding the Posco project continues, the bitterness among the locals is growing with mutual fear and suspicion vitiating peace and amity. Nearly 50 families from Patna, a hamlet of Dhinkia, have been taking shelter in an abandoned college building at Bhutmunde, several kms from the village, for the last six months. They were driven out of the village allegedly by PPSS activists when they refused to vote for the communist candidate in the last panchayat elections. "Our houses were damaged and betel vines destroyed," said Pushpan Mohanty, leader of the group which has been pleading with the administration for safe return to the village.

Though the administration has been providing them food and shelter in the college building, they are keen to go back. One of them died there sometime ago and was cremated nearby, miles away from his home. Another is on the death bed unsure of whether he would ever be able to see his home again. Pushpan Mohanty, the group leader, says they have been living like worse than refugees and the government must ensure their return. But that seems to be a remote possibility given the prevailing atmosphere of violence and hatred in the area.

All said and done, the situation that has obtained following induction of senior BJD leader, Dr Damodar Rout into the Posco scene has been in favour of the project, giving the government some breathing space. Involving Dr Rout in the issue has, of course, seen much tumult in the area but now there is a clear dividing line between the pro-Posco and anti-Posco forces throwing the latter into a minority who enjoy the support of politicking politicians and anti-Posco activists. There has been a complete U-turn of events. So much so that the once most endeared one of the agitating people, social activist Medha patkar was bluntly denied entry into the would-be-affected villages on 11 December by the people who blocked roads and shouted slogans calling upon her to go back, and stressing that they wanted the project to happen. For the Narmada Bachao Andolan leader it was a rebuff, she might never have anticipated. The environmentalist, who was on her way to Nuagaon to meet anti-Posco activists and express solidarity with them, was opposed at every point en route. So intense was the opposition to her involvement in the Posco standoff, that diktats were issued in villages asking people not to provide shade or shelter to her. Hundreds of people at Bagdapur village lay down on the road to prevent her entry into Nuagaon. The agita-

tors flashed placards 'Medha go back', 'We want Posco project', 'We want our development, so Medha go back' and the like.

As the heat picked up, IIC of Kujang police station Anil Mishra rushed to spot and persuaded the irate villagers to allow Medha passage.

But more was in store for Medha and other leaders, including Naba Nirman Samiti and Rashtriya Yuva Sangh (RYS) activists who accompanied her to Nuagaon.

Villagers there sat on dharna at Ramchandi temple to refuse them entry. In spite of protest, Patkar went door to door but no one came forward to receive her or talk to her.

The village committee has imposed a fine Rs 1000 on any villager who interacted with Medha and her colleagues.

The villagers do not want to encourage the outsiders in apprehension of breach of peace and fomentation of trouble, said village leader Tamil Pradhan. Further, the person who had committed to host Medha as guest for the night had backed out, said RYS convener Biswajeet Ray.

In another part of the region, villagers of Trilochanpur did not allow entry of a team of Delhi University professors to Dhinkia village for distribution of relief materials.

The team led by Prof S.Bhattacharya, Prof K.R.Chaudhury, R.K.Das, leader of All India Youth Association Prasant Rout and R.K.Sarangi from Intellectual Forum had to return.

This may be otherwise explained as beginning of the end to what has been happening so far in order to stall the project. However, Government has to be a bit more cautious while dealing with the people of Dhinkia, the only village remaining beyond Dr Rout's 'Operation Posco' ■

The Posco India project began with the signing of a memorandum of understanding (MOU) with the Odisha government in June 2005. The project was the single largest FDI proposal in India and also Korea's biggest single investment abroad to date. Progress on the project has been marked by repeated backward-forward movements, which have pushed the deadline for the plant's groundbreaking until April 2008.

The Posco project is not only significant for the Korean steel giant but also a litmus test for investment in India and future economic tie-ups between Korea and India. Successful completion and operation of the project would provide an example which would give positive signals to similar proposals from other Korean companies.

The overall economic effect of the project is estimated to be around \$278.6 billion for India—a defining milestone in its economic development. However, various political vested interests and general ignorance have been able to disregard the project's benefits and throw up obstacles to block progress on the project. Critics have expressed



Chief Minister Naveen Patnaik and POSCO Chairman Ku Taek Lee after the signing of the MoU

apprehension about the profit-making motives of Posco India, overlooking the fact that the company has shown strong commitment to its corporate social responsibilities (CSR) in India.

The company has begun to work in areas such as education and healthcare by establishing the Posco-TJ Park Foundation Scholarship to promote

education for the students of Odisha and India. Furthermore, Posco India has been working to come out with a detailed plan about its CSR and has promised to help improve the quality of life in India and Odisha.

The Posco project has been mired in controversy from the very beginning with issues related to getting a license to operate ore mines, its status as SEZ, the issue of the captive port at Jatadhari, resettlement and rehabilitation, and ecological impact. Through a patient approach, Posco India has shown its willingness to pursue corporate diplomacy, have dialogue with all the opposition groups—local residents, political parties and social activists—to find out a solution. The company has been trying to disseminate

true facts and figures to minimise

the possible controversies. The first controversy related to the project involved Posco's application for a prospecting license for new mines and for a mining lease for exploring existing mines and its proposal for export of iron ore up to 30% of the captive reserve.

The second issue of contention involves the possibility of making a captive port at Jatadhari. The Anwarul Hoda committee set up by the Planning Commission of India is not in favour of captive

ports for private companies. Posco's argument is that its projected 25-30 million tons of cargo per annum would be physically impossible to be handled without having a captive port. To have a competitive edge over logistics is a sine-qua-non of modern day business operation. The third area of contention is the issue of rehabilitation. Although the

company has repeatedly tried to adjust its plant layout since 2000 to minimise the displacement to only 400 families and has committed to abide by Odisha's 2006 Resettlement and Rehabilitation Policy, there have been protests organised by various political groups. By way of adjustment the company has scaled down its requirement of 5000 acres of land to only 4000 acres. It is important to note that 90 percent of the 4000 acres which

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Posco wants to acquire is already state owned. The problem of acquisition is mostly related to only 300 acres of predominantly agricultural land. The company has promised to provide employment and sufficient

compensation to the affected families, still the issue has not been resolved. The company has consulted with the Tata Institute of Social Sciences to further smoothen the rehabilitation and resettlement process.

The fourth problematic issue for the project has been granting it SEZ status in India which, critics say will result in loss of state revenue to the tune of over 11 lakh thousand crores by way of permanent exemption of Sales Tax, Excise Tax, Export and Import duty, besides total exemption of Income Tax upto three years and 50% for ten years. However, critics miss the basic logic behind the SEZ, which attempts to spur foreign and domestic investment. The value chain of these investments would provide long-term benefits to the Indian economy as around 70-80 percent of the value chain will remain in India.

The fifth controversy is tied to the project's effect on the ecology of the region. Although Posco has acquired an environmental go-ahead, some political leaders are backing protests over the state government's (See page 9)

Sukanta Mishra

Pivotal to state's growth

Posco-India project would be a harbinger of immense benefit to the state as well as to the country in employment, socio-economic and infrastructure development, collectively. The project in its peak will ensure an annual turn over of Rs 20580 crore. The value addition in the State alone will be to the tune of Rs 5760 crore.

The project, after reaching its full capacity, will contribute to 11.5% of Odisha's GDP. The project has the capacity to contribute Rs 2620 crore to the State exchequer alone.



Sasank Patnaik

The Posco-India project has set in lots of hope for the huge pool of qualified but unemployed manpower of Odisha. According to the Social Cost Benefit Analysis of the Posco-India Steel Project by India's premier economic research institute, National Council of Applied Economic Research (NCAER), an increase in investment for Posco-India's output sets up a chain reaction in Odisha's economy resulting in increases in employment, state's economic output and value addition to state GDP that will be multiples of the original investments.

As per the report, Posco-India project would create 100,000 person years of employment in iron & steel sector as

well as 63,000 person years of employment in mining sector which includes 18,000 direct employments in steel production and 15,000 in captive mines development.

Moreover, the total annual output of Posco-India will stimulate other industries in the state, as linkage effect, which will impact job creation in the construction, manufacturing, trade, agro-based business and services sectors. Significantly, the steel-driven manufacturing sector is expected to create the maximum number of employment opportunities followed by merchandising and service sector.

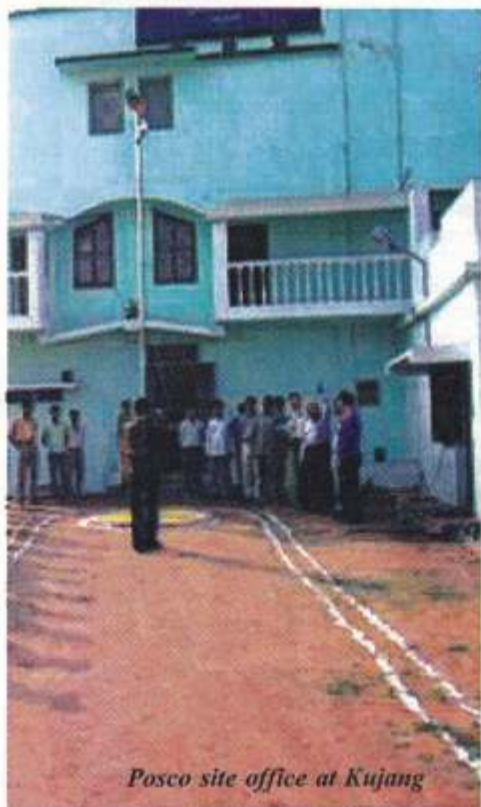
The actual impact in terms of employment to be created by Posco-India project would be of 8,70,000 cumulative person-years over a period of 30 years. This will drastically reduce the fast moving unemployment rate growing at 3% (as per NSSO report 2007) in Odisha

and substantially bring down the present unemployment score of around 10 lakhs in the state. Posco's mega steelwork in Odisha will definitely bring in downstream industries in the ship-building, auto component, construction and consumer goods manufacturing sectors, which will, of course, further stimulate growth in other related sectors. This way there will come a situation where every category of manpower will be in great demand!

Posco is a company of world repute and it has gained this stature only by way of growing together with the community. The motto of the company for its upcoming project in Kujang under Jagatsinghpur district is to make the lives of people of Odisha in general and Jagatsinghpur in particular better

than before. Even though the company is yet to set up the project, it has already started playing its role as a responsible corporate citizen by way of assisting the people of Jagatsinghpur in the field of health, rural development and education. The company has started giving vocational training through ITI located at Jagatsinghpur to the under-matriculates of the to-be-affected villages to enhance their employability. The company is in the process of developing a sustainable livelihood package for the local people as a part of its periphery development programme.

The company has already taken initiative to build a six-meter high surge protection embankment from Dhinkia to Nolia Sahi (from one end to the other extreme end of the proposed plant site) for protection of villagers against cyclone and tidal waves.



Posco site office at Kujang

COMPANYSPEAK

The company believes in the principle of 'Rehabilitation first and Displacement next' to set aside any speculation of not honouring its commitment. The company has carefully chosen an area of 4004 acres which keeps the displacement to as low as 480 families. Only 438 acres constitute private land where as the huge stretch of 3566 acres is government land most of which is barren consisting of only sand dunes. The company has already made its commitment to follow the R&R Policy 2006 of the Government of Odisha, which is the best one in the country, in letter and spirit. The company has also announced direct employment to one member of each family getting displaced and losing its all agricultural land, besides the cash compensation for the land. Each displaced family shall be accommodated in the rehabilitation colony with all basic amenities by way of being provided with a 10 decimal homestead land with 38-square-metre pucca building. The company also looks into the interests of the encroachers. For the growers of betel vines in government land in the project area, it has been spelt out by the company that alternative land and necessary infrastructure support shall be provided to those who want to continue the same as their profession. For such growers who want to surrender their betel vines, reasonable compensation shall be provided which is applicable to all types of encroachments. The company indeed looks for a better tomorrow for these affected families by way of reserving at least 30% of all types of contractual jobs for the displaced people besides providing merit scholarship to one eligible person for pursuing professional studies. The company firmly believes that the local community and the company, by joining their hands, can shape a better tomorrow. ■

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(From page 7)

plan to lease the Khandadhar iron ore mines to the Korean company. They argue that it would destroy the region's natural beauty and rich flora and fauna. Even though the state government has already given assurances that the waterfall and other tourist spots would be left untouched and Posco has agreed to abide by the state guidelines, discontentment among the people around Khandadhar is still smouldering.

With a cursory look at the obstacles blocking implementation of the Posco India project, it becomes obvious that either there has been lack of information on the part of critics or some vested interests hope to secure political mileage out of the project. Everyone agrees that a feasibility study for the project and transparent debate are essential. At the same time, there is a need for a strong political will on the part of the union and the Odisha governments to remove all the unnecessary hurdles. Of late, though, the state government is actively pursuing the issue while treading cautiously to avoid a repeat of Kalinga Nagar.

Although Posco India has been accommodating — addressing all the popular apprehensions, revising the project and disseminating correct information — central and state government reciprocity has been missing. It is important for the critics and government to realize the significance of the project, not only for luring future foreign investment but also for strengthening business ties between Korea and India.

In the recent past, the seventh round of negotiations on the Comprehensive Economic Partnership Agreement (CEPA) took place in India, with both countries anticipating new heights in bilateral economic cooperation should the free trade agreement come to pass.

The fate of the Posco India project will substantially affect the potential to draw Korean investment into India. Many small and mid-sized Korean companies have been looking at the progress of the Posco India project, and any mishap would definitely make them averse to invest in the Indian market. ■

State plea to speed up coal block allotment

Bhubaneswar : Due to non-allotment of coal blocks, at least six out of 13 private companies who had signed MoUs with the state government for setting up thermal power plants are not able to start the ground work for their projects. In view of this the state government has once again urged the centre to allot coal blocks to these private companies.

Odisha government has signed MoUs with 13 companies for establishment of thermal power plants in the state with a generation capacity of 15,800Mw and investment of Rs 65,000 crore. These companies are Sterilities Energy Private Limited, Tata Power Private Limited, Bhusan Energy Private limited, Jindal Photos Limited, Lanco Group Limited, Nava Bharat Power Private Limited, GMR Energy Limited, KVK Nilachal Private Limited, Monnet Isapat and Energy Limitd, Calcutta Electricity Supply Corporation, Essar Power Limited, Mahanadi Aban Power Company Limited and Visa power Limited. Of these, coal blocks have been allotted to Sterilities Energy Private Limited, Tata Power Private Limited Bhusan Energy Private Limited, Jindal Photos Limited, Lanco Group Limited, Nava Bharat Power Limited and GMR Energy Limited.

After getting coal blocks from the centre, some of the power companies had started their preliminary works to acquire land and get the environment clearance from the ministry of forest and environment, union government. The state government undertakings Orissa Hydro Power Corporation (OHPC), Orissa Power Generation Corporation (OPGC) and Orissa Mining Corporation (OMC) have also got coal blocks for their power project. The Centre, however, is yet to allot coal block to three companies set up by OHPC to establish thermal power units.

If the centre does not allot coal blocks to the interested companies for establishment of power units, the state's dream to be the power house of the country may no materialise. ■