

1. Introduction

Coal Mines have always posed problems for social scientists, civil societies and development practitioners for its social, economic and environmental repercussions it has on its surrounding. Mining in India began during the advent of British with an intention of amassing wealth. It was after 1960's and 1970's, that India's reliance on coal for energy requirements increased, in the pursuit of economic growth and development, due to rise in oil prices in international market (Mathur, 2008). Whether it brings economic growth and development is still a very big question, however, issues of environmental degradation, livelihood destruction, forced displacement, involuntary resettlement, poor compensation and mass poverty has always accompanied the mining projects. The same has been illustrated by several reports around the world, specifically from the developing countries, whereby, except very few, most of the mining project have resulted into mass impoverishment¹.

The field study was conducted in Chandrapur district (Maharashtra) under Society for Change, a Nagpur based organization working in mining affected regions across Maharashtra. The objective of the study was to assess the socio-economic impact of Coal Mining in Chandrapur. In the midst of the several issues revolving around coal mining areas of Chandrapur, the report focuses on *Development Induced Forced Displacement and Resettlement (DIFDR)*² and *Principle of Compensation*³.

The increasing urbanization and industrialization and more specifically the Development Projects for the same, has led to displacement at mass level, still there is no other mechanism to check its impact other than paying compensation to the displaced population (DP). The assumption made by Central/ State government and other stakeholders (WCL and KECML) involved, that *compensation is the sole criteria for restoring the life of DP at pre-project level* (Hicks-Koldor Compensation- gainer can compensate the loser⁴), is taken up for examination. It will shed light

¹ Cernea, M. M., & Mathur, H. M. (2007). *Can Compensation Prevent Impoverishment?: Reforming Resettlement Through Investments*. Oxford University Press.

² Ibid.

³ Ibid.

⁴ Black, J., Hashimzade, N., & Myles, G. (Eds.). (2012). *A dictionary of economics*. Oxford University Press.

on *economic and financial foundation* of planning displacement and resettlement⁵. Further, Land Acquisition Act, 1894, and Coal Bearing Area Act, 1957, is analyzed, pertaining to the context of Chandrapur District.

In nutshell, the report offers an insight into the argument proposed by Cernea, Mathur, Kanbur and others, that compensation cannot be the sole criteria to restore the life of affected population, in context of DIFDR in Chandrapur.

2. Fieldwork Background

Chandrapur lies in Godavari Basin drained by Wardha River. Due to presence of Gondwana coal reserve, it is known for its rich coal reserves along with reckless mining practices and agitation among local communities due to it. Also known as Black Gold City due to its contribution to nation's coal requirement, mining in Chandrapur is done by WCL, one out of eight subsidiaries of Coal India Limited and KECML. KECML is a joint venture of Karnataka Power Corporation Limited (KPCL) and Eastern Mineral and Trading Agency (EMTA). Along with mining companies it also houses thermal power plants, cement factory and an Ordnance Factory which manufactures weapons for Indian Armed Forces. Bhadrawati *taluka* is situated on the western side of Chandrapur, touching the banks of the Wardha River, bordering Yavatmal district. The main area of focus of the field visit were Baranj (Mokasa), Chak Baranj, Tanda, Konda, Dhorwasa Chargaon, Navin Kunada and Ghugus village of Bhadrawati. All the six villages are affected by the coal mining companies, WCL and KECML, operating in this region. Dhorawas, Chargaon, Ghugus and Navin Kunada are in direct contact with WCL OC Mines and Baranj, including its hamlets, Chak Baranj and Tanda, bears KECML OC Mines.

UG Mining began in this region in 19th century, however, it was within last two decades that intensity of coal excavation rose unprecedentedly with coming up of OCMs. Till now, all the mines in these villages are OCM, in Ghugus the old UGM was converted to OCM for extracting the remaining coal. Switching from UG to OC mines has increased the requirement of land and

⁵ Ibid.

reduced employment options due to coming up of sophisticated machinery, thus creating an army of displaced and unemployed leading to severe impoverishment⁶.

3. Compensation and Investment in Resettlement: Baranj Mokasa

Village Baranj is situated 2 km east of Bhadrawati. The village has household population of around 1286 houses with three hamlets, Baranj Mokasa, Chak Baranj and Tanda. Unlike the rest two, which has mixed population of SC, ST, NT, OBC, all the household in Tanda are from NT community (*Banjara*), all of them have equal land holding i.e. 3 acre. Of late, there was also a protest in the village against mining companies for “unjust” compensation and resettlement of the village.

Coal Mining in Baranj Mokasa began nearly a decade ago when a private company KECML (EMTA, in collaboration with KPCL) was allotted coal block in this region. The mining was schedule to start in June, 2006, with initial cost of INR 5.24 billion and the production targeted was 2.4 MT coal per year. The project was to provide coal to 1000 MW thermal power plant in Bellary, Karnataka⁷. The proposed land to be acquired was 1664.26 hectare, out of which 1469.5 is private land for agriculture, 108.33 is govt. land including road, pond, grazing land and 86.42 hectare forest land. The proposed acquisition of land also included State Highway 264, for which the company has proposed to build a bypass road⁸.

For that matter, process of land acquisition began in 2005 and enquiry into the claims made by “interested persons” was done on March 20, 2008 (Section 11 (1) of Land Acquisition Act, 1894). Later the compensation awarded to for each acre was Rs 2 lacs and an additional Rs 2 lacs was given by the company, summing up to a total of Rs 4 lacs. The household which claimed for jobs in lieu of land, had compensation straight away deducted by Rs 3 lacs, getting down to the sum of

⁶ Mathur, H. M. (Ed.). (2012). *Resettling Displaced People: Policy and Practice in India*. Routledge.

⁷ Summary Report, Baranj Integrated OC Project, KECML.

⁸ Ibid.

Rs 1 lac. The job provided was contractual in nature with wages ranging from four to eight thousand per month. The respondents who got the job complained that they were being kept in “training period” for several months, thus full remunerations were not given.

Till now only agricultural land was acquired and hamlets were left untouched, for KECML will have to resettle the whole village. According to the respondents, no such proposal for resettlement was put forward by the company and with no agricultural land and only houses left they found themselves nowhere. For those holding medium and small amount of land, it became matter of losing livelihood. Most of the household in village had around seven to eight acres of land, fetching total compensation amount of around Rs 28 lacs per household. Taking an assumption that each household has on an average 4 son/daughter, when this amount is distributed among them, each one was awarded Rs 7 lacs per head.

The same story follows in Dhorwasa Village of Bhadrawati. WCL, which is in operation in this village since 1993, has done away with compensation ranging from meagre Rs 20,000 per acre (in early 90's) to Rs 8 lacs per acre (last acquired at this rate). However, WCL is known for providing permanent jobs to each household, which in most of the cases it provided, thus mitigating the severity inflicted by KECML in Baranj.

The case of Chargaon is classic example, that compensation in terms of employment than monetary terms is preferred. The land expropriation in this village started way back than Dhorwasa and compensation paid was in few thousand, however, at least one member in each family was given permanent job in the company. Few of these families when interviewed, claimed that they are in much better condition than what they were before coming of the mining project in their village. Nevertheless, at the same time, the condition of the meagre land holder and landless has worsened.

In exchange of what WCL and KECML pays to the PAF's, the households have lost their livelihood, the stable source of income, the food security of their families, kinship ties, social ties and many tangible and intangible asset. As per the company's policy, the amount is enough for the affected persons (AP) for restoring them in their pre-project state. However, the compensation money paid as per the policy, is mere *economic restitution* to the losses inflicted by development

projects on the AP (in most of the cases its incomplete restitution)⁹. By its very definition, compensation is not supposed to add anything above the costs of the losses incurred¹⁰. To put in Cernea's own words-

The magnitude of combined material and non-material losses and the impoverishment imposed on those displaced far surpasses the redeeming power of compensation 'solutions'.

Taking into consideration the investment done by KECML and WCL in compensating the PAFs, KECML had no concrete budget to invest in this exercise. Putting up the cost of coal excavated and profit earned against the amount spent in compensating the affected population, one can easily conclude that a very miniscule part of the project budget is appropriated for compensation. Case in point is the compensation budget of Baranj Village. For the acquisition of 41600 acres of land proposed, compensation was paid at the rate of Rs 4 lacs per acre, summing up to Rs 1664 crores. The initial cost of the project estimated was Rs 524 crores plus adding the cost of 2.4 MT coal mined out for next 45 years will give an amount roughly around Rs 70,500 crores¹¹. Thus the total compensation amount is not even 2% of the value of the project, excluding the cost of value addition it will do to other industries.

The case with investment in resettlement is more appalling. Out of all the villages being mined in that region, only Navin Kunada was resettled by WCL. For KECML the resettlement plan for Baranj Village was on papers. The tactics deployed here is of acquiring only the agricultural land and leaving aside the hamlets, which, if acquired, will make resettlement compulsory, thus incurring more cost on company's budget. KECML being a private firm, profit oriented in nature, was more reluctant in sharing data relating to investment in compensation and resettlement.

The massive protest in Baranj against KECML for its "unjust" compensation and reluctance for resettlement, sabotaging company's property, is evidence to the argument that Cernea proposes that low financing of compensation and resettlement backfires on the project.

⁹ Cernea, M. M., & Mathur, H. M. (2007). *Can Compensation Prevent Impoverishment?: Reforming Resettlement Through Investments*. Oxford University Press.

¹⁰ Ibid.

¹¹ Assuming that 1 ton coal costs 100\$

4. **Development Induced Forced Displacement and Resettlement**

The famous character Don Vito Corleone, of a classic crime fiction movie *The Godfather*, says, "...an offer, you cannot refuse". The story of DFDR around the world shares the essence of this dialogue. However, in Bhadrawati, except Navin Kunada, no other village in direct contact of mines, has been resettled, creating a much distressed situation than IR. It is the very nature of the company towards resettlement process which results in least attention being paid to the process. The planning of a resettlement is a gruesome task which requires investment, technical and social know how of the process, extensive research, exhaustive survey and many more analytical tools. The lack of expertise, the position of resettlement officer in the organization chart¹², the objectives of the project itself going against the resettlement process, results into unsuccessful resettlement. Indeed, resettlement is itself a project, which Cernea binds in the expression *project within a project* (Cernea, 2007).

Forced Displacement is at the heart of any development project. The age old Land Acquisition Act, 1894, was deliberately made to expropriate land without incurring any cost to the project and force people out of their land. Reports claim that the number of development refugees are more than refugees created by wars. The displacement in villages of Bhadrawati is entirely different from what appears in worldwide reports of DIFD. The villages where mining begins, only agricultural land is acquired, leaving the hamlet to "suffocate". In Chargaon, OCM began way back in 1980's which is exhausted by now but no resettlement task has taken effect. In Dhorwasa, the mines are at verge of exhaustion, but the case of resettlement is pending in the Supreme Court. Had the hamlets been acquired it would have become the prime responsibility of the mining company to resettle the village (whether resettlement would have been successful is still a question). Nevertheless, forced displacement took place in "sporadic" form. Those who possessed vast land relocated to nearby cities and those who had meagre landholding or landless were pushed in cities to do daily waged labour. It thwarted the livelihood of the villages, pushed

¹² Mathur, H. M. (2006). *Managing resettlement in India: approaches, issues, experiences*. Oxford University Press, USA.

people into impoverishment but couldn't be identified by relief agencies because hamlets were not officially acquired. This has more serious effects than IR. Neither being identified by the intervening agencies and nor being given the rights of indigenous settlers, the hamlets are besieged by mines, left to "suffocate" and lastly to be forced out from the place "voluntarily".

Another interesting observation was made by the author while meeting the management of KECML, specifically R and R officials.