

POSCO INDIA : A CASE STUDY

CH ANIMES PRUSTY^{1a}

^aB. A. LL. B, 3rd Year, Symbiosis Law School, Noida. U.P. INDIA

ABSTRACT

The article will discuss about the various factors and the standard of growth and development of various states from the first five year plan to present. With the ease in the regulations and the licensing to set up industries it acts as stepping stones for the states and the country to achieve development. With the investment of such an amount in one of the backward states would have helped in boosting the SGDP and improve the growth and development of Odisha. The state government with changing its policies allowed setting up the various industries to generate employment and improve the living standard of the people. The setting up of POSCO was boon as well as ban for the state. The project will mainly focus on the impact of the project on local inhabitants. With the land acquisition they are being alienated from their land that directly affects the livelihood of these people. Other important aspect of the project will be the impact of POSCO on environment as the setting up of the Industry had clearing 2958 acres of forest land on which 471 families are directly or indirectly dependent on these forests. The growth of any state or a country is a sense of pride for any citizen or the people but it should not be on the cost of the environment and its people. The study will include the perspective of people supporting and opposing the project. The project would help in understanding the challenges faced by the government and administration from various sects of the society in starting of POSCO.

KEYWORDS: Law, Posco, Odisha

INTRODUCTION

There is cost which is related to every other thing irrespective of the fact that whether it is for the welfare of the people or for the development of a region. Everything has a value, positive or negative. History considers India to be a Golden Bird due to the abundance of the natural resources. The availability of cheap and unused resources became one of the main reasons for Colonization of India. Even after years of Independence, India again becoming a Golden Bird for the world is still a dream. The main aim of our leaders after independence was to achieve an overall development and equitable growth of all the states of the country. Every state begun their journey to development from the same platform and most then achieved it and they contribute significantly to the GDP of the country. However some states were unable to cope with other states and lagged behind, Odisha being one of them. There may be many reasons for the same like poor governance, corruption or a gap between the Centre and State.

However in the present situation many efforts are being taken by governments to overcome this problem and reduce the difference of the state to the Nations overall contribution to GDP. Many reforms were made by the government in the economic and the industrial policies to

attract foreign investors to invest in the state and help in the development and growth of the State.

Odisha is rich with minerals like iron ore, coal, manganese ore, bauxite, chromites, lime stone etc. With the reforms in the industrial policies and creation of business friendly environment, Odisha was capable to attract more and more foreign investment in the recent decade which helped in generating employment opportunities for the unemployed youth of the state. (International Letters of Social and Humanistic Sciences, Vol.50, pp 55-67.) Employment is one of the main yardsticks of growth and development. According to a survey conducted by Team Odisha, the state has attracted an investment of around 200 billion USD in last few years. Majority of these investments was in the manufacturing sectors like metal industries which significantly boosted the growth and development of the state.

OBJECTIVE

The main objective of the study is to investigate to the economic and socio- cultural issues of the affected people against the POSCO project. The project also aims to examine & analyze the perception of pro-project local people on the potential development prospects of the proposed POSCO steel plant in Odisha for the improvement in the quality of

life of the people around project location in particular & for the inclusive growth of Odisha in general.

RESEARCH METHODOLOGY

The present study is explanatory and descriptive, a qualitative research methodology has been adopted. The information has been collected from secondary sources like published/ unpublished papers and articles in the issue of the development induced displacement & resistance, committees surveys regarding the issues related to POSCO project.

BACKGROUND OF POSCO PROJECT

The abundant availability of Raw materials like steel and Iron ore and creation of easy and business friendly environment for the investors, Odisha was able to attract worlds one the largest steel making Company, Pohang Steel Company (POSCO) which is a south Korean Conglomerate to manufacture steel. In the year 2005, the ruling BJD government of the state signed a Memorandum of Understanding with the South Korean giant to build an integrated steel plant with a capacity of 12 million tons production of Steel per year along with a port which would help in the export of steel, iron ore and other minerals along the coast line of Odisha. The proposed Memorandum was signed for Rs. 51,000 crores or 12 billion US\$. The main object of the memorandum was to seek help from POSCO which would have helped in the overall development of the proposed project area by building roads, rails, port infrastructure. It would have also helped in creating and developing new mining facilities in the allocated areas, build integrated township for the workers and the local inhabitants and various other infrastructures. The proposed project was located in the District of Jagatsinghpur, Odisha spreading around 4004 acres of land which included private as well as the government lands.

ROLE OF POSCO IN THE GROWTH AND DEVELOPMENT OF ODISHA

The Project was one of the biggest Foreign Direct Investment in India. It was always attracted by the State as well as the union Government for the sake Investment which was made by POSCO in Odisha. The state government offered land with generous terms to the company for establishing the steel plant in the district of Jagatsinghpur. As the memorandum was signed by the government, the Steel giant had to invest around Rs. 51000 crores in the state of Odisha to set up a fully integrated steel plant, developing infrastructure for mining and extraction and associated infrastructure in the tribal area located in the Kujang Tehsil of

the Jagatsinghpur District of Odisha. Per the MoU signed, at very initial stage the company would have produced 4 million tons of Steel in three phases and gradually increasing the production to 12 million tons.

The proposed project would have helped POSCO to produce high quality of steel at a lesser cost of production which could not have been possible in Korea. The government also agreed to give 100% equity ownership to POSCO, Special Economic Zone Status and also to provide cheap Labor and land for developing the infrastructure of the project.

The research was about the returns that the government would have received in exchange of its generosity shown to the company by providing cheap labor, land and resources for its infrastructure. Per the Memorandum, POSCO would have helped to attract more investments to the state and country which would have helped in the overall development. At the initial level, POSCO has affected the people of various communities of these proposed areas by providing them with various direct and indirect benefits. With the advancement of the project, POSCO would have helped the state by contributing around Rs.12, 100 crores through its profits to the state GDP annually which would have solved the initial vision of our leaders, Equity growth of all States.

1. According to the reports of National Council for Applied Economic Research (NCAER), 2006 it stated that if POSCO would have started from the schedule time period then the GDP of state would have grown from 4% to 11.5% by the year 2016-2017. Another report of NCAER the project would have helped in generating revenue of Rs. 2620 crores as annual tax revenue by creating employment opportunities around 87000 jobs for the unemployed youth over a period of 30 years. 18000 jobs would have been direct jobs over those of 87000. (Social Cost Benefit Analysis of the POSCO Steel Project in Orissa(2007), National Council of Applied Economic Research)

The Project would have helped in the development of a small Port near River Jatadhari, 10km away Paradeep Ports which is considered to be one of the busiest ports of the country. Also if the Project would have been successfully instituted then it would have helped in the mining sector by mining about 600 million tones of captive iron ore in the nearby districts like Keojhar and Sundergarh which would have created a new market for other manufacturing industries and it could have been a reason for more Foreign Direct investment in the state. POSCO along with its projects also

planned to develop a Township spreading around 1500 acres of land which would have been habituated by the Koreans and the Indians near the proposed plant. This township would have helped in creating new diversity among the people of that area. It also proposed to build a township of around 500 acres for the workers working in the mines. They also planned to build railway line to the City of Paradeep specially dedicated for the mining which would have helped in boosting the trade by making ease in the area of transportation of these raw materials used by the manufacturing industries. The project would also helped in the development of other infrastructures like roads for the unconnected and backward areas over which the proposed project spreader over, rail network etc. it would have also helped in increasing the living standards of the people by providing them with better educational and employment opportunities, clean and safe drinking water, better food and more exposure to the outside world. POSCO also planned to start its own Captive power plant generating 1300 Mega watt per annum capacity in the plant site. The power plant would have provided electricity at cheaper rates and also to the villages where the government was not able to supply them electricity due to lack of infrastructure.

Overall, if the POSCO would have been successfully instituted it would affected directly or indirectly in the growth of the state. POSCO would have helped in boosting the GDP of the state over 5% -6% within a period of 10 years, helped in attracting other manufacturing industries and FDI's due to availability of unused resources. It also would have helped in the improving the living standards of the people by providing them with good infrastructure and employment opportunities

SOCIO- ECONOMICAL CHALLENGES FACED BY THE LOCAL INHABITANTS

As the project was actually spreader over eight villages of Jagatsinghpur district but after the initiation of the project only two of the eight villages were fully displaced. All the eight villages over which POSCO was planned were equally divided among the supporters and the opponents of the project. Due to POSCO, the people of these villages divided among themselves which created a widespread hostility among the villagers. Before the initiation of the project, this area was considered to be one of the most peaceful areas of the state. The allotted land consisted of both of government and private agricultural land. The main issue was of the acquiring of these private agricultural lands of the villagers. These agricultural lands were used by these people for the cultivation Paan or betel vine on these lands. These lands were best suited for the production of these products,

considering betel vines to be an expensive variety of product provided a good source of income.

However the total embarked area of 4004 acres of land only included 438 acres of private land and rest was government land. Out of those 3566 acres government lands, the land which was being embarked as forest land was mainly land of sandy waste.(Nayak:2015) These sandy waste lands were developed after the cyclone in the year 1971. The state government planted casuarinas tress and other shrubs in these areas. Over 900 acres of these sandy waste lands were under the possession of the local inhabitants which are being used by them for the production and cultivation of Paan, betel vines, cashew nuts as these areas are considered to be best suited.

The Paan cultivation was mainly done on the government land and not on the private lands. It was considered that the cultivation of Paan in these areas was being carried out since ages. According to a POSCO committee report, more than 200 acres of land were being claimed by the schedule tribes and indigenous communities. The locals who have the possession of those lands would have been alienated from their land which might have affected their survival. The acquisition of land would have left these villagers landless which would have affected the production and cultivation of Paan and Betel Vines.

According to official data given by the state of Odisha, there are around 400 families and 22,000 people who are affected by these displacement schemes due to land acquisition for the proposed project. As most of the families of this region are depend on the cultivation of Betel Vine for their survival, there was a greater chance that this act of the government would have certainly affected their income and livelihood.

The proposed captive port project by POSCO on the rivers passing through the proposed area would have affected the families other than those who were being displaced. Many of them depend on fishing for their livelihood. With the construction of the port on the rivers would have clearly affected the water kingdom of these rivers causing death of hundreds of fishes and others.

According to the report of Odisha's POSCO project clearly states that the plant site was a labour intense area wherein the maximum populations including people of all the age groups were involved in the tasks relating to cultivation, plucking, and transport and selling of the betel leaves⁰. The promise of the company to provide with employment was also a question as most the job in the company required

skilled labor and the local inhabitants lack in it which creates a question of secured futures in the mind of these people.

As per the Forest rights Act, 2006 a progressive act that came into force on 1 January 2008. This act recognized the right of the forest lands to the Schedule tribes and other traditional dwellers. According to this act, if any forest land is to be diverted for any other purposes, the process of recognition of Forest rights under the Act should be initiated and completed to the Schedule Tribe Forest Dwellers and other traditional forest Dwellers (Report of the Committee Constituted to Investigate into the proposal submitted by POSCO India Pvt. Limited for establishment of an Integrated Steel Plant and Captive Port in Jagatsinghpur District, Orissa(2010), Ministry of Environment and Forests). The application of this act was mandatory because the project was spreader over 4004 acres of land out of which 3096 was forest land which was being used by these dwellers as their primary source of livelihood. Many of these dwellers were living in these areas for several years. this act recognizes the right of the people who have been staying there for more than three generations or over 75 years gives them the right to protect and manage the forest(Chandhoke :2007) It also provides Exclusive rights to protect and manage forest land as a statutory authority to act as custodian. The act gives 3 tier structures for the recognition of these rights of the Forest land giving special powers to Gram Sabhas/ Palli Sabha for the recognition of rights through committee. The second level includes Sub divisional level committee (SDLC) to examine the claims and evidence. The highest level is the District Level committee (DLC) for the recognition of these rights.(Forest Right Act, 2006)

In the present situation, Gram sabhas of these areas were given by the parliament to manage the forest lands and these rights were also conferred to these sabhas by the act. Three gram sabhas of the proposed area that refused to give the forest land to the steel plant which would have directly or indirectly affected their livelihoods. These gram sabhas refused to give the forest land as they were being connected to these lands. The government faced a downfall and it failed to convince the gram sabhas to transfer these lands under the land acquisition for the development of the POSCO project and set up its infrastructure. The government and POSCO failed at all the three levels and the constant pressure by the government created an environment against the company which resulted in mass opposition of the people not only in the proposed site but throughout the state.

SOCIO-CULTURAL ISSUES OF THE INHABITANTS

There were issues that emerged like displacement from their home, acute water crisis, and the main of issues was of environmental degradation. These issues added more to the conflict of the POSCO project made drive a large number of people against the project.

Proposed Displacement:

One of the most essential elements of human survival is land in which one resides. In India we consider our birthplace as our mother land. As one cannot withstand his separation with his mother similarly people cannot withstand their separation from their place of birth. A person with year of work and with the help of his hard earned money builds a home to stay in it during his old age. With the opening up of the Odisha market, various industrial plants have been set up in these regions. To set up these plants, many forests and villages have been cleared which led to large scale displacement of tribal people of these regions. Displacement of people affect them emotionally, socially as well as culturally which cannot be replaced by minor replacement or providing with new areas for their survival.(Swain 2014) With the liberalization of the Indian economy and opening up of the markets for foreign investments, large scale manufacturing industries have been set up throughout the state. Many such examples are prominent in the state where in forced displacement of the adivasi communities have been done for setting up these industries(Report of the Committee Constituted to Investigate into the proposal submitted by POSCO India Pvt. Limited for establishment of an Integrated Steel Plant and Captive Port in Jagatsinghpur District, Orissa(2010), Ministry of Environment and Forests)

With the signature of the MoU by the state with POSCO, the government was to provide POSCO with 4004 acres land. The site so chosen proposed to displace two thousand people or 471 families from their land and home. The company compensation package for rehabilitation exceeds the prescribed requirement given in the Odisha Resettlement and rehabilitation Policy by giving a cash compensation for the private land, providing opportunities for the youths like skill training programs, better quality of education and housing to the families who lost their livelihood(Mishra:2010).

The Resettlement and Rehabilitation package though exceeded government requirements it was not adequate and suffered severe shortcomings. The people did not want to leave because they enjoyed a profitable small scale agricultural livelihood which was not possible in other area. With the displacement, the people would have been forced to

move into daily wage laborer and earn relatively less than their present income. The small scale agricultural sectors were mainly involved in trading and cultivation of the betel vines which constituted a yearly profit around Rs. 200000. It provided employment to the landless laborers. The compensation made was in the form cash which was less than their current cash income.(Samantha:2015) The displacement would led them to a detrimental position which could have diminished their access to the independent resources.

Adivasi communities are known for their cultural and social structures. Though there may be many direct consequences but they do suffer from many indirect consequences of displacement. This might result to disruption of the adivasi traditional and social culture undermining their conditions and bringing them to a vulnerable condition in the society which may lead to hostility.

Also prior to the POSCO the R&R package of the government which was given to the displaced farmers of Indian Oil Corporation Ltd for setting up the plant was low and the people lived a very sorrowful life in those areas which gave an example for the people to resist on. This act of the company and the government puts a question on their intent to rehabilitate the aggrieved from the losses they incurred

Poor Water Management Policy:

Water is essential element for the existence of a living being as compared to any other sources such a food or energy. It is evident in the history that every civilization starts from the banks or near the sources of water. Though 71% of the world is covered with water but still there is an acute shortage of water in the society. Drinking water is a limited source which must be used prudently by the people. As POSCO required a large amount of water for its project the state government decided to provide water to the project. The government without forecasting the demand of water in the nearby districts directed the administration to supply large quantity of water of the river Mahanadi to proposed plant site which created a great concern among the people other than the district of Jagatsinghpur. The poor water management policy of the government would have created serious consequences in the districts depending o River Mahanadi.(Nayak:2015) This action of the government not only ignited the protest against POSCO in areas of its project but also in the adjacent districts. Many reports suggested that it POSCO comes into existence the area would become a

drought prone zone which would have an adverse impact on drinking water and supply of water to the adjacent districts.

The proposed port site of POSCO is natural drainage system of river of Jatadhari. The development of the would have hampered this drainage system which could have increased the chances of floods during the rainy season in the District. This would have added more to the misery of the people displaced from the project site.

If the POSCO project would have been implemented it would not only cost the 471 families of the residing in the site but also to lakhs of people residing in the nearby districts. The above two situation have ignites the people in and out of the plant site to go against the project. The plan of development is the aim of the state but it should not be achieved on the cost of the people residing in the state. If there are no existence people, what is need for development project in these areas.

IMPACT ON THE ENVIRONMENT

This is one of the most essential parts of the paper as environment is the temple in which we reside in. It is our duty to keep it in the way we received it from our forefathers and transfer the same to our future. Environment is loan on us by the future generation. Odisha possesses approximately a third of India's iron ore, a quarter of its coal, more than half its bauxite, and almost all its chromate, as well as vast reserves of other minerals. In order to exploit these natural resources, the state has sought to out---compete other states to attract private, including foreign capital, and concentrated its efforts in the iron ore and steel sectors, POSCO being one of those (Report of the Committee Constituted to Investigate into the proposal submitted by POSCO India Pvt. Limited for establishment of an Integrated Steel Plant and Captive Port in Jagatsinghpur District, Orissa(2010). The proposed project created a significant number of environmental risks as it is spreader over 4000 acres of forest land of the state.

Sustainable development of at a rate ensure the living standard of the people which would not a pose threat to the present as well as future generation.(Nayak :2015) As the plant was to be established nearly 400 acres of forest which would later on have increased to 800 acres in the second phase. Without the initiation the government granted about 400 acres of tress without any prior consideration. This forest land was directly in hands of the government. Numbers of trees were cleaned to construct the project which included trees of betel vines and cashew nuts. Various studies show that previous mining project of minerals cost a lot to the environment. (Mishra:2010) With the rampant cutting down

of tress it caused an ecological imbalance in the area which resulted in the rise of the carbon dioxide and monoxide level in air and various water pollutants resulted in devastating the underwater ecology. Number of natural calamities occurred due to deforestation and destruction of the coastal ripen had an adverse impact on the entire east coast. East Odisha being the land of olive Ridley turtles has put a risk on these endangers species and poses a threat to endangered birds. These species being the attraction of the various foreign tourists, the numbers of birds and turtles have been reduced to a significant number. It had indirectly costs the tourism industry of the state. The deforestation has made the costal lines of Odisha vulnerable to cyclones; the industrial water which was generated during this period has an adverse impact on the local ecology.

CONCLUSION

From the above project a significant question arose that is Growth of the State more important than its people or environment. Many people in future would be thankful for the protestors who were against the initialization of the project which was though started for the development of the people. The prima facie the project also showed the development of infrastructural, improved living standards of the people and contributing significantly to the growth of the state. However it cannot be denied that it would not contributed to states growth but the cost of the development was putting a direct impact on the people and the Environment. As states in the beginning everything has a cost which one has to pay in order to attain it. In the case of POSCO the government has the intention of development and its people. The cost the state paid was environment and a internal rebellion of the people against the government for giving away their lands to POSCO.

Resistance is natural phenomenon which the government faces at all levels for the development. In case if it would have better positive version it may have sustained the resistance of the people. POSCO though had a positive aspect but it may have resulted to the destruction of livelihood of lakhs of people in the district of Jagatsinghpur and its adjacent districts. Considering the sensitive and critical standards, of the local people, POSCO itself withdrew from

the project recently after incurring losses of around 5000 crores but it has costs thousands of lives.

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