



ADB

Lose to Gain

Is Involuntary Resettlement
a Development Opportunity?

Edited by Jayantha Perera

Asian Development Bank



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6 ADB Avenue, Mandaluyong City
1550 Metro Manila, Philippines
Tel +63 2 632 4444
Fax +63 2 636 2444
www.adb.org

For orders, please contact:
Public Information Center
Fax +63 2 636 2584
adbpub@adb.org

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Contents

Foreword	iv
Acknowledgments	vi
Abbreviations	vii
Contributors	ix
1. Introduction <i>by Jayantha Perera</i>	1
2. Negotiating Impoverishment Risks through Informal Social Structures and Practices <i>by Tulsi C. Bisht</i>	15
3. Displacement through Limiting Access to Forests: A Socio-Legal Analysis <i>by Jayantha Perera</i>	36
4. Living Displaced: Post-Displacement Livelihood Strategies of Displaced Muslims in Sri Lanka <i>by Razaak M. Ghani</i>	58
5. Resettlement Planning and Pre-Displacement Impoverishment <i>by Jayantha Perera</i>	82
6. Why Compensation Is Not Enough to Make Resettlement a Development Opportunity? <i>by Chiara Mariotti</i>	105
7. Reconstructing and Improving Livelihoods among the Urban Displaced: Lessons from Mumbai, India <i>by Dolores Koenig</i>	126
8. Income Restoration and Livelihood Development: Impoverishment Risk or a Development Opportunity? <i>by Amarasena Gamaathige</i>	151
9. Compensation, Replacement Cost, and Post-Resettlement Impoverishment <i>by Biswanath Debnath</i>	170
10. Development-Induced Displacement and Resettlement: Experiences of the People's Republic of China and India <i>by Hari Mohan Mathur</i>	187
Index	210

Foreword

Involuntary displacement of persons occurs when a state agency acquires private property or limits access to public land. Such displacement affects not only the physically displaced, but also those who lost their livelihoods and the host population that eventually accommodates them. Loss of property and access to common land, community disintegration, and loss of income sources and livelihood are the common outcomes of involuntary displacement. Involuntary resettlement is a process that assists the displaced persons to replace their lost land, housing, and access to resources and services to restore and improve their socioeconomic and cultural conditions.

In the past 25 years, the Asian Development Bank (ADB) has developed policies and methodologies to help its borrowers minimize displacement and restore sources of incomes and livelihoods of those affected by development projects. In 1990, the then President of ADB directed the staff to follow the World Bank's Operations Directive 4.30 on Involuntary Resettlement in planning, implementing, and monitoring all projects. In June 1991, ADB issued guidelines for social analysis of development projects and for the formulation of involuntary resettlement plans and their implementation. ADB issued *Staff Instructions on Certain Policy/Administrative Issues—Involuntary Resettlement* in February 1994 emphasizing that staff should adhere to the principles and approaches in Operations Directive 4.30 to deal with involuntary resettlement in ADB operations until a formal adoption of a bank policy on involuntary resettlement. ADB's Involuntary Resettlement Policy was approved in 1995 and became effective in 1996. The Safeguard Policy Update of 2009 incorporated the post-1995 involuntary resettlement policy developments and broadened the scope of involuntary resettlement policy to include the imposition of limits on access to public land such as forests and parks.

ADB's involuntary resettlement policy shares several international best practices with the involuntary resettlement policies of several international and regional development agencies. Among these best practices are: (i) involuntary displacement should be avoided or minimized; (ii) where displacement of persons is inevitable in the context of a specific project, they will be compensated for their losses at full replacement cost; (iii) assistance should be given to displaced persons to move and support them during the transition period; and (iv) assistance should be provided to displaced persons to restore their former living standards, and improve their income-earning capacity and production levels. As the book points out, during the past several decades, developing member countries (DMCs) in South Asia have adopted these international best

practices on involuntary displacement and resettlement on their own initiative and with the help of international development agencies such as ADB.

A key challenge to both ADB and borrowers has been how to ensure that displaced persons recover from their physical and economic displacement. This book examines this key development issue in the South Asian context using several case studies from India, Nepal, and Sri Lanka. The enactment of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act of 2013 replacing the Land Acquisition Act of 1894 in India shows the willingness of DMCs to embrace good practices and to apply them, enabling displaced persons to regain their livelihoods and benefit from development processes. In South Asia, however, the level of incorporation of involuntary resettlement good practices varies widely. In the past decade, ADB's South Asia Department has worked with several DMCs to improve or formulate national involuntary resettlement policies, laws, and regulations with varying levels of success. The application of such policies, laws, and regulations has also been improved especially at the project level, benefiting the displaced persons. As the book points out, more commitment, legal reforms, and adequate resources are needed to ensure that involuntary resettlement becomes a development opportunity for all project-affected persons.

I thank the contributors to this important and timely book for presenting their analyses of the outcomes of diverse project experiences and for providing insights into how development processes might better accommodate development needs and aspirations of displaced persons and their communities. Each chapter has identified risks and vulnerabilities that are generated by displacement, specific actions needed to avoid or at least minimize them, and how to create opportunities for the displaced to improve their socioeconomic conditions. I would like to thank Jayantha Perera, the editor of the book, for recognizing the critical need for a volume on resettlement practices in South Asia and for leading several resettlement specialists who have in-depth field experience in South Asia in writing this book.

This important knowledge product of ADB's South Asia Department will provide insights into resettlement planning, implementation, and monitoring which are useful to policy makers, development practitioners, and researchers on social development.



Juan Miranda
Director General, South Asia Department
Asian Development Bank

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It was a truly fulfilling experience having worked with the contributors to this book. Each of them fully cooperated by meeting deadlines and responding quickly to numerous queries. This team effort contributed to transform diverse ideas and experiences in the field of displacement and resettlement into a coherent discourse on development experience in South Asia.

Juan Miranda, Director General of the South Asia Department of the Asian Development Bank (ADB), encouraged the creation of this project, supported its implementation, and generously wrote a foreword for the book. Sekhar Bonu, Director of Regional Cooperation Division of the South Asia Department (SARC), was instrumental in getting this book project through its various stages. Gambhir Bhatta, SARC Principal Knowledge Management Specialist, facilitated the financial and administrative aspects of the project.

April Gallega of ADB's Department of External Relations coordinated the production of the book with great care, kindness, and efficiency. Madhumita Gupta, Principal Social Development Specialist of ADB's East Asia Department, and K. Karunathilake, Professor of Sociology at the University of Kelaniya in Sri Lanka, peer reviewed the book's manuscript and provided insightful comments. Caroline Ahmad edited the manuscript with diligence and high professionalism. Sherin Qadir expertly designed the cover page of the book. Kae Sugawara copyedited the book, and Enid Zafran prepared the index. Ma. Theresa Arago did the proofreading and pageproof checking. Rehan Abeyratne, Shyamala Abeyratne, Hans Carlsson, Carmela M. Locsin, Joyce Munsayac, and Rokeya Sabur also lent their invaluable assistance during various stages of this project.

To them all, I extend a hand filled with gratitude.



Jayantha Perera
Editor

Abbreviations

AAOV	–	average annual gross output value
ADB	–	Asian Development Bank
BMRC	–	Bangalore Metro Rail Corporation
BPL	–	below poverty line
CEB	–	Ceylon Electricity Board
CRP	–	Compliance Review Panel
DFI	–	development finance institution
EIA	–	environmental impact assessment
IFC	–	International Finance Corporation
IMF	–	International Monetary Fund
IRP	–	income restoration program
IRR	–	impoverishment risks and reconstruction (model)
JBIC	–	Japan Bank for International Cooperation
LARC	–	land acquisition and resettlement committee
LTTE	–	Liberation Tigers of Tamil Elam
MOEF	–	Ministry of Environment and Forests
MOU	–	memorandum of understanding
MUTP	–	Mumbai Urban Transport Project
NBA	–	Narmada Bachao Andolan
NGO	–	nongovernment organization
NHAI	–	National Highways Authority of India
NIRP	–	National Involuntary Resettlement Policy
PAF	–	project-affected family
PRC	–	People's Republic of China
R&R	–	resettlement and rehabilitation
R&RP	–	Resettlement and Rehabilitation Policy
RIP	–	resettlement implementation plan
SEEDS	–	Sarvodaya Economic Enterprise Development Services
SEZ	–	special economic zone
SIA	–	social impact assessment
SMEC	–	Snowy Mountain Engineering Corporation
STDP	–	Southern Transport Development Project

THDC	–	Tehri Hydro Development Corporation
THDP	–	Tehri Hydroelectric Development Project
TISS	–	Tata Institute of Social Sciences
UKHP	–	Upper Kotmale Hydropower Project
VDC	–	village development committee
WSH	–	West Seti Hydro

Weights and Measures

ha	–	hectare
km	–	kilometer
MW	–	megawatt

Contributors

Tulsi C. Bisht, MA, PhD, is a social development specialist in the East Asia Department of the Asian Development Bank (ADB). He was a research fellow of Victoria University in Melbourne. He has contributed several research papers to international social science journals.

Biswanath Debnath, MA, PhD, is a senior social development specialist (safeguards) in the South Asia Department at ADB. He is a member of the International Network on Displacement and Resettlement. He was the technical editor and contributor to the Post-Graduate Diploma Programme in Participatory Management of Displacement, Resettlement and Rehabilitation at Indira Gandhi National Open University, New Delhi, sponsored by the World Bank.

Amarasena Gamaathige, MA, PhD, is the external monitoring expert of a large infrastructure development project in Sri Lanka. He was the social sector/resettlement specialist at the Sri Lanka Resident Mission of ADB. He held senior positions at several agencies including the Open University of Sri Lanka, International Water Management Institute, National Development Bank, the Mahaweli Authority, and the Marga Institute in Sri Lanka. His professional interests include agrarian research, university-level teaching, and project administration and monitoring.

Razaak M. Ghani, MA, PhD, is a senior social development specialist at the World Bank Colombo Office where he leads the social development portfolio for urban and rural development, health, education, social protection, and community-centered development. His key areas of interest are internal displacement, urban resettlement, human security, and forced migration. He was a senior lecturer in the Department of Sociology of the Peradeniya University, Sri Lanka. He has been a consultant for ADB, the International Fund for Agriculture Development, and several other international development agencies.

Dolores Koenig, PhD, is professor of anthropology at the American University in Washington, DC, in the United States. She has written extensively about rural and agricultural development and involuntary resettlement in West Africa, including the effects of resettlement on those forced to move by the Manantali Dam, part of the Senegal River Basin Development Plan. She has also published work on social changes following increased migration and cotton cultivation. Her interests focus on the effects of development-caused forced resettlement

in the growing cities of Africa and India. She has published several articles on the challenges of urban resettlement and the responses of those affected. She has also written *Development and Economic Anthropology* for the United Nations Educational, Scientific and Cultural Organization's Encyclopedia of Life Support Systems.

Chiara Mariotti, PhD, has conducted research on involuntary resettlement at the School of Oriental and African Studies of the University of London, and has been a lecturer at the University of Bath, United Kingdom. Currently, she is working for the Chronic Poverty Advisory Network, hosted at the Overseas Development Institute in London.

Hari Mohan Mathur, PhD, is a visiting professor at the Council for Social Development in New Delhi, India. As a member of the Indian Administrative Service, he held senior positions including the chief secretary to the Government of Rajasthan. He was the vice-chancellor of the University of Rajasthan. He has worked for the United Nations, the World Bank, and ADB as a staff member and consultant. His work has been published in international journals, and he has authored and edited several books on anthropology, development, and resettlement, including *Administering Development in the Third World; The Human Dimension of Development: Perspectives from Anthropology; Managing Projects that Involve Resettlement; Development Projects and Impoverishment Risks* (coedited with David Madson); *Managing Resettlement in India; Can Compensation Prevent Impoverishment?* (coedited with Michael Cernea); *India Social Development Report 2008: Development and Displacement; Resettling Displaced People: Policy and Practice in India; and Resettlement in India*. His latest book is *Displacement and Resettlement in India: the Human Cost of Development*.

Jayantha Perera, MA, LL.M, PhD, is a development anthropologist and a fellow of the Royal Anthropological Institute in London. He was the principal safeguard specialist in the South Asia Department at ADB in Manila. His key areas of interest are involuntary resettlement, indigenous people, environmental law and practice, irrigation water management, and agrarian change. He has taught at several universities, including the University of Peradeniya and University of Colombo in Sri Lanka and at the University of Oxford in the United Kingdom. He was the deputy director of the Agrarian Research and Training Institute and senior research fellow of the Centre for Policy Studies in Sri Lanka. He has authored several books, including *New Dimensions of Social Stratification in Rural Sri Lanka; Conflict and Change: A Portrait of a Sri Lankan Village; An Introduction to Sociology; Classical Sociologists: Their Theories and Methods; and Irrigation Development and Agrarian Change*. He edited *Land and Cultural Survival: The Communal Land Rights of Indigenous Peoples in Asia* and *Transnational Culture and Expert Knowledge: Responses from a Rural Community in Sri Lanka*.

1. Introduction

by Jayantha Perera

An act to ensure a humane, participative, informed and transparent process for land acquisition for industrialisation, development of essential infrastructural facilities and urbanisation with the least disturbance to the owners of the land and other affected families and provide just and fair compensation to the affected families whose land has been acquired or proposed to be acquired or are affected by such acquisition and make adequate provisions for such affected persons for their rehabilitation and resettlement, and for ensuring that the cumulative outcome of compulsory acquisition should be that affected persons become *partners in development leading to an improvement in their post-acquisition social and economic status* and for matters connected therewith or incidental thereto. (Government of India 2013,1) (emphasis added).

The Land Acquisition Act, 1894 of British India still directs and controls the acquisition of private land for a public purpose in South Asia. Its origins go back to the 1824 Regulation I of the Bengal Code, approved by the colonial authorities to enable the acquisition of land at fair value for roads, canals, or other public purposes and to secure land for the purpose of salt manufacture (Gupta 2012). It sets the legal framework and detailed procedures, and is backed by a large volume of case law.

Bangladesh, Pakistan, and Sri Lanka adopted the key legal principles and processes of the Land Acquisition Act in enacting their own land acquisition and compensation laws. Through its close association with India, Nepal, although not part of the former British Empire, also adopted the principles and procedures of the act as its own land acquisition and compensation legislation.

Although compensation packages and opportunities for negotiation on compensation and resettlement assistance available for those affected by land acquisition vary from country to country within South Asia, several key common principles have remained intact. First, the state may claim the right of “eminent domain.” This means the state can acquire any private property for

a public purpose regardless of whether the property owner is willing to sell or not. Second, only titled landowners receive compensation for private property lost to a public purpose. Tenants, squatters, encroachers, leaseholders, and other categories of land users will not be a party to compensation negotiations and settlement, although they could receive different types of assistance to recover their losses. Third, the state can acquire land without prior notice if such acquisition is deemed necessary for the security of the country or to deal with an emergency such as flooding. In such instances, 48 hours' notice is considered sufficient, and the determination and payment of compensation for the acquired private land will take place after the land is vested in the state. Fourth, cash compensation for acquired property is calculated based on the market value of the property, which is the sum considered sufficient to buy new property or to restore sources of income and livelihoods affected by such acquisition.

Development of Involuntary Resettlement Policies

International development agencies, such as the Asian Development Bank (ADB) and the World Bank, have participated in the resettlement debate, and have helped to articulate key issues in partnership with borrower countries. Their participation in such debates has been encouraged by the rapid growth of international law, especially international environmental law and human rights law, starting with the Stockholm Declaration on the Human Environment in 1972. The public debates on societal processes that lead to sustainable development gathered momentum with the publication of the Brundtland Commission Report in 1987. The Rio Declaration on Environment and Development and Agenda 21 of the United Nations Conference on Environment and Development in 1992, and the draft Declaration of Principles on Human Rights and the Environment of 1994 played key roles in these debates. One key outcome of the debates is the realization that a society becomes sustainable when it is based on the volition of individual human beings, not on the results of “an enforceable legal prescription” (Zoeteman 2012, 4).

Since the 1980s, international development agencies have developed their own policies on involuntary resettlement, indigenous peoples, and environment to identify, prevent, minimize, and mitigate the social and environmental harm of the development interventions they support. Such policies were labeled “safeguard” or “do-no-harm” policies. ADB, for example, approved a set of staff instructions on involuntary resettlement in 1994. In 1995, ADB formulated its Involuntary Resettlement Policy (ADB 1995). In 2009, it updated the Involuntary Resettlement Policy, Indigenous Peoples Policy (ADB 1998), and Environment Policy (ADB 2002) and combined them into one Safeguard

Policy Statement (ADB 2009). The African Development Bank as well as several bilateral development agencies such as the Japan International Cooperation Agency and the Australian Agency for International Development followed suit.

In supporting infrastructure development projects, international development agencies recognize and accept the inevitability of displacement of some households and communities, although the key principle of involuntary resettlement policies is to “avoid involuntary resettlement wherever possible” (ADB 2009, 17). The involuntary resettlement policy of the World Bank elaborates this principle fully: “Involuntary resettlement may cause severe long-term hardship, impoverishment, and environmental damage unless appropriate measures are carefully planned and carried out.” Therefore, the overall objectives of its policy on involuntary resettlement are:

- i. Involuntary resettlement should be avoided where feasible, or minimized, exploring all viable alternative project designs.
- ii. Where it is not feasible to avoid resettlement, resettlement activities should be conceived and executed as sustainable development programs, providing sufficient investment resources to enable the persons displaced by the project to share in project benefits. Displaced persons should be meaningfully consulted and should have opportunities to participate in planning and implementing resettlement programs.
- iii. Displaced persons should be assisted in their efforts to improve their livelihoods and standards of living or at least to restore them, in real terms, to pre-displacement levels or to levels prevailing prior to the beginning of project implementation, whichever is higher (World Bank 2001; 2013, Section 2).

The International Finance Corporation (IFC) of the World Bank Group issued its revised and updated Performance Standard 5 on Land Acquisition and Involuntary Resettlement in 2012. This is the most recent and most comprehensive safeguard policy framework for involuntary resettlement. The IFC emphasizes that the government of a country has a central role “in the land acquisition and resettlement process, including the determination of compensation, and is therefore an important third party in many situations.” At the same time, it suggests that “to help avoid expropriation and eliminate the need to use governmental authority to enforce relocation, clients are encouraged to use negotiated settlements meeting the requirements of this Performance Standard, even if they have the legal means to acquire land without the seller’s consent.”

Hence, international development agencies have progressively developed a comprehensive involuntary resettlement policy framework that is friendly

toward project-affected persons and communities as it aims to avoid their impoverishment, hopelessness, and disarticulation. However, as discussed in several chapters of this book, this resettlement framework focuses more on the procedures and processes of how to help persons that are already displaced than on the need to widen their scope to include the processes of displacement starting at the planning phase, followed by post-project resettlement support and services. Dwivedi (2002) called the current dominant approach to involuntary resettlement a “reformist-managerial” approach to development. It takes mainstream development as given, and displacement as an unfortunate phase that some people have to undergo to achieve development benefits for all. Thus, displacement together with resettlement is a social equalizing process that makes the world a better place to live in; in other words, a development opportunity for all, especially for those who have lost their property, livelihood, and social networks to a development intervention.

The tendency is to normalize displacement as a consequence of development that has happened in the past and will happen in the future. The concern of this [approach] is to minimize the adverse outcomes of displacement. As a result resettlement becomes the main problem area... Since resettlement is the focus, its inadequacies and failures become main areas of concern. The search is for effective ways of designing and handling resettlement for which appropriate legal, managerial and policy frameworks are sought (Dwivedi 2002, 720).

Competing Involuntary Resettlement Frameworks

During the past 40 years, South Asian countries formulated comprehensive domestic environmental policies and enacted environmental laws. Such policies and laws took environment protection and sustainability as their primary objectives reflecting the heightened focus of the international community on international law and especially on international environmental law. As a result, domestic environmental policies and laws included land acquisition and resettlement of project-affected households as issues pertaining to environmental sustainability. Sri Lanka’s National Environmental Act, 1980 and India’s Environment (Protection) Act of 1986 are two examples of this all-inclusive legal framework in which involuntary resettlement is treated as an environmental issue, based on the close relationship between the environment and human society.

The inclusion of involuntary resettlement in the general field of environment has positive and negative outcomes. In most South Asian countries, land acquisition and compensation occupy the center stage of development projects. Relocation, income restoration, and rehabilitation of project-affected persons are not specifically addressed by domestic legal systems, but are generally included in environmental impact assessments. Because of this, persons affected by development interventions can seek recourse in a court of law if they are not consulted before their displacement or if the project fails to provide them with sufficient resettlement assistance. This is the positive aspect of incorporating involuntary resettlement in the environmental legal framework. The negative aspect of such incorporation is that it limits the scope of involuntary resettlement to the do-no-harm principle without stressing the importance of restoring and improving income and livelihood of affected persons. Development interventions are not only expected to do no harm to the environment, but also to ensure that the affected persons of such development interventions have opportunities to improve their life chances, or at the very least to restore them.

Partly in response to improvements in local good governance based on rapidly developing international law and international humanitarian law, and partly in response to the assistance received from international development agencies to improve local capacity in involuntary resettlement safeguards, South Asian countries during the past 40 years have also shown interest in improving and updating their land laws, land acquisition regulations, and compensation and relocation methodologies. Despite genuine attempts that reflect countries' commitment to develop humane and fair land and resettlement laws, South Asia as a whole has failed so far to revise and update its land acquisition laws. Chief among difficulties encountered are resistance from landholders and politicians, bureaucratic apathy, and the complex legal procedures involved in such revisions and updates. As a result, instead of reforming land acquisition laws, which would substantially change the core principles of land acquisition, compensation, relocation, and rehabilitation, governments find it much easier to introduce involuntary resettlement policies, regulations, guidelines, and frameworks to recognize some rights or entitlements that development-induced displacement and resettlement processes are likely to affect. This approach enables them to achieve some equivalence with international best practices in involuntary resettlement.

The involuntary resettlement policies of Bangladesh, India, Nepal, and Sri Lanka are more or less compatible with those of international development agencies, particularly ADB and the World Bank. In order to obtain development assistance from an international development agency, a borrower has to agree to follow the international best practices enshrined in the agency's involuntary resettlement policy in addition to following its own involuntary resettlement policy and laws. Each country has also received technical assistance either

from ADB or the World Bank to formulate its own involuntary resettlement policy and improve local capacity to implement it. These national involuntary resettlement policies reflect the general principles and procedures of the involuntary resettlement policy of the international development agency which supported the formulation of the national involuntary resettlement policy. The National Involuntary Resettlement Policy of Sri Lanka (2001), for example, was formulated by adopting the principles of the Involuntary Resettlement Policy of ADB. A country that has adopted involuntary resettlement policy principles and procedures of an international development agency in formulating its own involuntary resettlement policy tends to apply it only to development projects or programs funded by the agency. Locally funded projects and programs usually follow only the local laws and regulations pertaining to involuntary resettlement. The presence of two involuntary resettlement frameworks could create competing safeguard approaches to land acquisition, compensation, and rehabilitation of affected persons.

Scope of Involuntary Resettlement Safeguard Policies

The involuntary resettlement safeguard policies of international development agencies and their counterpart policies in South Asian countries focus mainly on how to minimize or mitigate traumatic experiences of physical and economic displacement. They also aspire to convert displacement into a development opportunity for those who are displaced. National legal frameworks for land acquisition, compensation, and rehabilitation, on the other hand, deal with households' displacement trauma through limited cash compensation and rehabilitation assistance. Although there has been substantive improvement in land acquisition, compensation, and rehabilitation policies and land laws in recent years in South Asia, converting the deep and prolonged trauma of physical and economic displacement into a development opportunity is an aspiration that has not yet been achieved. The findings of in-depth fieldwork associated with each case study of this book reaffirm this conclusion. This will be the case until involuntary resettlement policies are updated and converted into involuntary resettlement laws, and adequate local capacity is developed to implement them in each country. In this regard, India is ahead of other South Asian countries. Its comprehensive Land Acquisition and Rehabilitation and Resettlement Bill was passed by the Parliament in 2013 after many years of debate and consultation (Government of India 2013).

Objectives of the Book

Resettlement policies and laws in South Asian countries at present focus primarily on compensation payment for property acquired for a public purpose. This book assesses the adequacy of conventional compensation and resettlement assistance programs such as cash-for-land, land-for-land compensation, limited and temporary employment opportunities at project construction sites, better housing in urban development projects, and income and livelihood restoration and improvement assistance programs. It also examines affected persons' perspectives, how they perceive their displacement, and what strategies they use to respond to displacement with or without assistance from project sponsors and authorities. This knowledge will help policy makers, project sponsors, and project executive agencies to improve resettlement planning and implementation programs and, at least to some extent, will assist in reforming resettlement policies and land laws. Such reforms, this book argues, should consider (i) the adequacy of current resettlement policy frameworks to deal with complex, widespread, and ambiguous experiences of affected persons of development interventions; (ii) the almost inevitable impoverishment of project-affected persons from the pre-displacement phase to post-resettlement phase; (iii) limited state commitment to broadening such policy frameworks into national laws; and (iv) widespread weak institutional capacity to implement the laws.

During the past 60 years, various interpretations of the land acquisition acts have been attempted by policy makers, academics, development practitioners, nongovernment organizations (NGOs), and national courts in South Asia. Such interpretations have mostly been people-centered and have intended to provide a better compensation package to the displaced, particularly to poor and vulnerable persons. Key issues that have been discussed and articulated include (i) the adequacy of consultation with affected persons and communities on land acquisition and compensation; (ii) the comparative costs of cash-for-land and land-for-land compensation as acquisition modalities; (iii) the desirability and possibility of assisting physically displaced households to resettle at a project-sponsored resettlement site compared to providing sufficient cash compensation and incentives to help displaced households self-relocate; and (iv) how to avoid impoverishment of displaced persons and their households. These are also the key issues that this book considers, using in-depth fieldwork from several South Asian countries.

The book comprises recent displacement and resettlement case studies conducted by several anthropologists and sociologists in South Asia. Each contributor wrote around the key theme of the book: Is resettlement a development opportunity for those displaced by a development intervention? In this book, resettlement carries a broader meaning to include physical and

economic displacement, restricted access to public land such as forests and parks, relocation, income rehabilitation, and self-relocation.

Structure of the Book

The book is structured broadly into three parts. Chapters 2, 3, 4, and 5 examine the current scope of involuntary resettlement policies, laws, and regulations in South Asia to identify the areas that are not sufficiently addressed in domestic resettlement policies and laws, and also in the safeguard policies of international development agencies. Chapters 6, 7, and 8 examine compensation packages of large infrastructure projects and their adequacy in restoring and improving the sources of income and livelihoods of affected persons and households. Chapters 9 and 10 apply a comparative perspective to involuntary resettlement. Chapter 9 discusses the value of the “social preparation phase” of a project that allows project-affected persons to negotiate compensation for their lost property at its replacement cost, and also to participate in resettlement planning. It examines these key aspects of involuntary resettlement in a regional perspective. Chapter 10 compares India’s experiences in involuntary resettlement with those of the People’s Republic of China (PRC), mainly in the areas of resettlement policy and laws, relocation experience, income restoration programs, and local capacity to implement resettlement programs. The chapter highlights several common good practices which would ensure income restoration and improvement among project-affected persons.

1. Scope of Involuntary Resettlement Frameworks

Chapter 2 highlights an area ignored by involuntary resettlement policies, laws, and best practices. Using the displacement and resettlement experience of a large dam project in India, the contributor argues that the resources available to resettlers of a project are not limited to compensation and resettlement assistance. They can also capitalize on the informal structures, networks, and social practices in their communities that play an important role in day-to-day life as well as in meeting contingencies including displacement and resettlement. Current resettlement and rehabilitation policies, laws, and regulations do not recognize these untapped resources, and the contributor argues that this is a major drawback in resettlement and rehabilitation planning that at least partly explains why resettlement programs often fail to restore the life chances of displaced persons in the post-displacement phase. The contributor points out that such informal assets should be identified during pre-displacement social surveys and included in resettlement planning and implementation so that resettlers can participate in the resettlement process and lessen the magnitude

of stress, trauma, marginalization, and hopelessness associated with physical displacement and resettlement.

Chapter 3 highlights, in the context of Indian forest policies, laws, and regulations, the importance of paying equal attention to the outcomes for affected persons of the acquisition of property for a public purpose and the imposition of restrictions on land use or access to forests, designated parks, and protected areas. While policies, laws, and regulations have evolved over the past 150 years, the need for comprehensive action programs to minimize adverse impacts of restrictions on forestland use or access to forests has only recently received the attention of governments and international development agencies. The contributor argues that the state's determination to treat forests as state property, and to restrict the access of communities who claim customary rights over forest produce, directly and adversely affects forest dwellers and forest-dependent communities. These communities treat state usurpation of their customary rights as an encroachment into their social, economic, and sacred space. The physical, economic, and cultural displacement of peoples by state-sponsored processes often affects vulnerable communities such as tribal peoples who depend on forest and commons to earn their living and maintain their identities as social groups distinct from others. Recently, NGOs and community-based organizations have played a key role in raising their concerns, while the Indian judiciary, through its landmark judgments on customary rights of tribal people and forest-dwelling communities, has progressively transformed their interests into rights. The Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act of 2006 and its regulations and guidelines, and their recent proactive interpretation by the Supreme Court are indicative of such progress. The contributor argues that improvements in the development policy framework cannot be fully achieved unless the scope of safeguard policies and national laws are further expanded to accommodate and address the complex and often politically oriented ground realities.

Chapter 4 also contributes to widening the scope of resettlement planning and implementation. It discusses how people react to sudden forced eviction by non-state actors. They experience much greater trauma, vulnerability, and disarticulation than persons affected by state-sponsored development projects. They are evicted without warning and their movable and immovable properties are usurped by the aggressor. In such a situation, there is neither compensation nor rehabilitation assistance. In the absence of such support they tend to develop their own survival strategies. This chapter elaborates several such strategies developed by a group of displaced people in northern Sri Lanka in response to their harsh social and physical environment at their resettlement sites. The contributor describes how most of them have overcome their initial impoverishment and hopelessness as resettlers and moved on to become entrepreneurs and economic catalysts in their host community by drawing on their past to reinvent their lives on the land where they found refuge.

Chapter 5 uses a case study of a proposed hydropower project in Nepal to show how resettlement planning alone without physical displacement can impoverish persons potentially affected by a development project, if planning is delayed or prolonged over several decades. In such projects, borrowers and lenders engage in formulating plan after plan over several years or decades without giving a firm commitment to implement them. The planning process itself can generate major adverse impacts on the people who live in the areas demarcated for a project. The contributor discusses such adverse impacts of resettlement planning in three specific situations. First is the trauma of pending displacement among potential project-affected households and their curtailed access to commons. Uncertainty about their future; lack of sufficient information about the project, time of displacement and relocation, and compensation packages; and disinformation campaigns run by various interest groups expose a large number of households in the project area to psychological, social, and economic hardships that progressively impoverish them. Second, identified host communities also experience anxiety, fear, and frustration because they too are worried about the possibility of losing their resources and access to common land as a result of the influx of resettlers. Prolonged resettlement planning exacerbates their anger and desire to thwart the resettlement programs. Third, local government authorities in the project area tend to act as if the project is being implemented. As a result, they often exclude areas identified for the project from their annual development and welfare investment plans and budgets on the grounds that these investments would be a waste of money because the areas are to become a reservoir. The key point of the chapter is the need to expand the scope of the theoretical and policy framework of involuntary resettlement to accommodate would-be displaced communities and would-be host communities as risk-ridden communities that have already entered the stream of impoverishment, marginalization, and hopelessness about the future.

2. Adequacy of Compensation Packages to Restore Livelihoods Lost

Chapter 6 demonstrates with a rural case study from India that the successful performance of a resettlement program depends not only on the commitment of its management but also on structural factors such as the social class system of the affected population, the structure of landownership and agrarian relations, labor markets, and the ability of local governments to create employment opportunities for the resettlers. It also examines the strengths and weaknesses of cash-for-land and land-for-land compensation, and concludes that both modalities are unlikely to meet resettlement and rehabilitation objectives of preventing impoverishment and enabling the restoration of livelihoods that have been disrupted by displacement and relocation processes. However, between the two modalities, land-for-land compensation is put forward as the better

option. The contributor recommends that if cash compensation is paid, it must be paid at the replacement cost, calculated fairly and transparently, and paid promptly so that resettlers could invest the money meaningfully to generate income. She also recommends that every resettlement program should be combined with a comprehensive income restoration and improvement program to tackle the risks of landlessness and unemployment that are embedded in the displacement and relocation processes.

Chapter 7 examines the progressive impoverishment of communities that are displaced in an urban setting. It focuses on the outcomes for displaced persons of urban development initiatives in Mumbai City, India, and concludes that those displaced by such development projects often become impoverished because the projects do not pay sufficient attention to the resettlers' livelihoods. The contributor argues that in formulating urban livelihood programs, the project personnel should pay more attention to displaced persons' access to skills and social networks than to their tangible assets such as land and buildings. Conventional prescriptions prioritize the restoration of tangible assets such as land, infrastructure, and housing. As a result, many urban resettlement programs provide housing but do not offer livelihood development programs suitable for urban resettlers. The contributor suggests that the livelihoods of urban resettlers could be restored and improved by partnering with and building on city programs that combat urban unemployment and encourage skills training, as well as on those that promote urban safety nets. Such an approach emphasizes the livelihood needs of the displaced, regardless of their land tenure status. It removes the need to check whether the displaced are squatters or encroachers; instead it highlights the fact that they are urban residents who are threatened by impoverishment, if relocated.

Chapter 8 using field research findings of two infrastructure development project in Sri Lanka argues that the identification of eligible affected persons for income rehabilitation assistance is a major problem in any resettlement program. It demonstrates that unless socioeconomic surveys and censuses are carefully prepared and executed, it would be very difficult to develop scientific social databases of project-affected persons. If the pre-displacement survey data and information are not comprehensive and complete, any subsequent attempt at redesigning databases will bring more confusion, and complicate income restoration planning and implementation. In one project, the non-availability of comparable income data of affected persons for pre-project and post-project phases made it difficult to compare them and to determine the differences. Moreover, the project personnel did not consider resource bases such as the unaffected land, private savings, employment skills, and social support networks of each affected household in the analysis of a household's income level. In the other project, such difficulties were not noted as the scale of displacement was small and all the displaced households were resettled not far from their original settlements, enabling them to continue

their livelihood activities in addition to enjoying the temporary additional income sources generated by project construction. This suggests that there is no standard blueprint for restoring the incomes of project-affected persons, and each project must develop its own approach and methodologies for income restoration and improvement programs. In this regard, the contributor outlines key hurdles that any such program should be aware of and avoid. First, the implementation of income restoration programs may be delayed by weak institutional support and commitment and the lack of sufficient funds. Second, the definitions of poverty and eligibility criteria for assistance may be ambiguous. Third, income-generating activities may not match the diverse skills and interests of the affected persons. Fourth, complexities in measuring impoverishment risks, income changes, and livelihood improvements may thwart robust planning and implementation. The chapter recommends that the design and planning of income restoration and improvement should be preceded by a good understanding of socioeconomic conditions of affected persons and a well-designed consultation process and participatory evaluation of outcomes. The contributor also suggests that options available for income restoration and improvement should be evaluated in the context of dynamic local conditions and the findings of the consultation process, and based on an evaluation of the sustainability of economic opportunities.

3. Social Preparation and Replacement Practices

Chapter 9 contributes to the long-standing debate among resettlement specialists and development planners on compensation and impoverishment from a comparative perspective. It emphasizes the importance of having a “social preparation” phase early in the project cycle to allow the affected persons and project authorities to discuss, negotiate, consult, and agree on fair and adequate compensation packages for the acquired property, which could be termed “replacement cost.” During this phase, the potentially displaced persons can learn about compensation and relocation packages, their future employment programs, and how well they would fit into such programs. The chapter outlines several methodologies for determining the replacement cost of lost property, and identifies the comparable and residual methods of valuation as the most appropriate ones. While the comparable method is appropriate for valuing land, the residual method is useful in valuing structures and land with structures. The chapter argues that social preparation should be followed by timely, full disbursement of cash compensation to affected persons. The contributor emphasizes that, unless the payment of compensation at replacement cost is accompanied by a well-planned and well-funded income and livelihood restoration program, there is a high probability that the affected persons may not be able at least to restore their pre-project income and livelihoods.

The final chapter examines how the PRC and India deal with the massive physical displacement arising from development interventions and their outcomes. It compares the resettlement policies, laws, and implementing strategies of both countries, and considers how well they remedy the impoverishment and marginalization arising from physical displacement and resettlement. In both countries, national resettlement policies play an important role not only in controlling impoverishment risks but also in improving resettlement outcomes.

The resettlement experiences of the PRC and India indicate that sound resettlement practices generally lead to rapid household income restoration at resettlement sites. In the PRC, the resettlement authorities of several resettlement programs have wisely anticipated a rapid growth of the regional economy and selected resettlement sites where resettlers could benefit from such growth. Rapid economic growth and the strong commitment among project resettlement officials to implement the resettlement program have saved large numbers of resettlers from impoverishment and marginalization. In India, with the passage of the National Resettlement and Rehabilitation Policy of 2007 development projects pay more attention to income restoration and improvement among project-affected persons. With the increasing engagement of international development agencies such as ADB and the World Bank in infrastructure development projects, and the continuing pressure from civil society organizations to improve compensation and resettlement packages, rapid progress has been noted in the planning and implementation of income restoration and improvement programs associated with such large-scale projects.

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2. Negotiating Impoverishment Risks through Informal Social Structures and Practices

by *Tulsi C. Bisht*

Supported by pillows, he sits on his cot with one leg heavily plastered. A motorbike hit him about 10 days ago while trying to cross the road. He was afflicted by polio in his childhood and a limp allows him to walk only short distances. Now he is worried whether he will be able to walk at all. His house is still under construction. His wife, who can barely communicate in Hindi, uncomfortably oversees the construction work while he watches helplessly. Settling down in a plastic chair next to his cot, I feel nervous, uncomfortable, and guilt-ridden. I don't want this interview, this conversation. But he wants to talk, wants to narrate his story. "You are the first person who has come in so many days," he tells me. "I keep lying here but nobody visits me; they just pass by. Same villagers, same neighbours, but everyone is busy with his or her own life. No one has time for the others. In our old village it would have been different. There, probably 10 people might visit you in a day. As a result, even if you were suffering from pain you could ignore it. In the village, people would listen to your problems and suggest solutions, and eventually you would find an alternative and then the problem was solved. But here is no one to talk to, to discuss..." (Private communication with a resettler in 2007).

This lamentation by a 40-year-old man who was displaced by the Tehri Hydroelectric Development Project (THDP) in India highlights the way physical displacement affects the everyday lives of displaced persons. It also shows the way the loss of community relations and informal social networks becomes problematic soon after physical relocation. When my fieldwork began among those displaced by the Tehri Dam, they had been at resettlement sites for 2–3 years. This early phase of resettlement is termed the

transitional stage by Scudder (1993) in his five-phase paradigm.¹ During this stage, relocation of displaced persons begins, and they will have the daunting task of adapting to new realities. This process of adaptation and leaving the familiar behind is difficult and stressful as it becomes “multidimensional” with “physiological, psychological and sociocultural impacts” (Scudder 1993, 131).

This chapter points out that in resettlement planning and rehabilitation of displaced persons, very little attention is paid to the informal structures, networks, and social practices in communities that play an important role in day-to-day life as well as in meeting various contingencies. This is a major drawback in resettlement planning and rehabilitation and it explains, at least partially, why resettlement programs often fail to restore the life chances of the displaced persons. Forced displacement undermines the social and community structures and practices and creates a “dissonant culture” that renders the traditional institutions and practices ineffective (Downing and Downing-Garcia 2009). As a result, people find themselves unable to respond to everyday life situations and contingencies. They try to resurrect their old social structures and practices in the new locations to help negotiate challenges encountered in the resettlement process (Scudder 1993). In this process, they need support and direction.

This chapter will also emphasize the importance of identifying the informal networks and social practices of the displaced persons in their own social settings to understand the complexity of displacement. Such an understanding will help in formulating effective resettlement policies and programs for the benefit of displaced persons and helping them cope with their new challenges once they are resettled.

The Setting

The THDP is located at the confluence of Bhagirathi and Bhilganga rivers in the Himalayan Region of the State of Uttarakhand. The idea of constructing a dam across the confluence was first mooted in 1949. Electric power generation, irrigation, and drinking water supply are the main objectives of the dam. The final dam site was selected in 1965. The Planning Commission of India approved the project in 1972, and construction works at the dam began in 1978. The last of the three tunnels of the dam was shut in October 2005, symbolizing the completion of the construction process.

¹ The five stages are the planning stage, recruitment stage, transitional stage, economic development and community formation stage, and handing over and incorporation stage. In his *Future of the Large Dams: Dealing with Social, Environmental, Institutional and Political Costs* (2005), Scudder reduced the number of phases to four.

The 260.5-meter-high rock-filled dam created a 45-square-kilometer reservoir. The electric power plant has an installed capacity of 1,000 megawatts. The dam was expected to bring 270,000 hectares of agricultural land under irrigation and to stabilize irrigation supplies to 604,000 hectares of cultivated land. It was also expected to supply 300 cubic meters per second of drinking water to Delhi City and another 200 cubic meters per second to towns and villages in Uttar Pradesh (Tehri Hydro Development Corporation [THDC] 1998).

As no baseline survey was conducted before project implementation, there is no reliable data on the number of physically displaced persons and households. The Hanumantha Rao Committee, appointed in 1996 to examine the environmental and social impacts of the project, estimated that 125 villages were affected by the dam (Hanumantha Rao Committee, unpublished). Of these, 37 villages were fully affected and 88 villages were partially affected. A village was considered fully affected if more than 75% of its households were considered fully affected households. A household was defined as fully affected if it lost more than 50% of its land to the project. A household that lost less than 50% of its land to the project was considered partially affected.

The Hanumantha Rao Committee estimated that 4,909 rural households were fully affected by the project, while 3,998 households were partially affected. In addition to these rural households, another 5,291 urban households in the Tehri town were also physically displaced by the dam. The estimates of the total displaced population differ. The Indian National Trust for Art and Culture estimated that 85,600 persons were physically displaced because of the project (Paranjpye 1988).

The displaced households were resettled at 17 resettlement sites. The compensation package given to the affected households consisted of two options—land and cash. Those who opted for land-for-land compensation were resettled at widely dispersed resettlement sites. The project authorities attempted to resettle households of a displaced village community at a resettlement site as a group; but because of the individual household resettlement choices and a scarcity of suitable land for resettlement, it was not possible to keep all households of a displaced village together at a resettlement site.

Resettlement Packages for Displaced Population

Under the land-for-land compensation method, each displaced household was allocated 2 acres of irrigated land in a rural area or 0.5 acres of land in an urban area. In a village, if the size of the acquired land was less than 2 acres, the owner

still received 2 acres of irrigated land as compensation. If the value of acquired land was more than the value of the allotted land, the affected owner received the difference in cash; and if it was less, the difference was not recovered. The same principal applied in urban areas. As the value of land in urban areas is high, the affected households that opted for the urban package of 0.5 acres of land did not have to pay the difference in value even if the value of the acquired land was much less than the value of the land allocated. Under the cash-for-land compensation method, a landowner received statutory compensation and *solatium* (a payment to recognize the involuntariness of land acquisition—30% of the statutory compensation). A displaced household that opted for the cash-for-land compensation method received a minimum cash compensation of Rs500,000 regardless of the value of the acquired land (THDC 1998).

The value of buildings, trees, and home gardens on the acquired land was evaluated at the prescribed rates of the public works, forest, and horticultural departments. Such costs were supplemented by *solatium*. A special payment was also made for depreciation of buildings with a ceiling of Rs50,000. The minimum compensation for an acquired house was Rs100,000. In addition, the following resettlement assistance package was also provided to each displaced household:

- Allotment of a residential plot of 200 square meters to each household at nominal cost.
- A cash grant of Rs5,200 for moving household materials.
- A cash grant of Rs4,960 for seeds and/or fertilizer.
- An additional incentive grant of Rs15,000 to each displaced household that shifted from the acquired land within 6 months from the date of award of compensation or date of allotment of land.
- Each eligible displaced household member (above 21 years), and each dependent parent received a payment equivalent to the value of 750 days of daily agricultural wage. A cash grant was also paid to each rural shop owner, ranging from Rs80,000 to Rs120,000.

Each eligible landless agricultural worker received 2 acres of land in a rural area or 0.5 acres close to a city, or Rs500,000 on certification by a district magistrate. A grant to each additional adult household member was given equivalent to the value of 750 days of daily agricultural wage.

In calculating the replacement cost of a demolished house, the authorities took into consideration the market value of such traditional houses. However, the replacement cost calculation went awry as some nonmarket factors that influenced total cost of building a house were not taken into consideration. For example, before their displacement, households relied largely on their environment to obtain construction materials such as stones, slates, and timber. As villagers generally depended on their collective labor to build houses,

the labor cost of such an endeavor was marginal. None of these factors were considered in calculating the replacement cost of traditional village houses.

At relocation sites, resettled households did not have access to free stone, timber, clay, and slates; they had to buy bricks, steel, and cement from the market. The practice of collective labor sharing became ineffective at resettlement sites for two reasons. First, the resettlers did not have any experience or skills in working with new construction materials. One resettler aptly summarized this scenario:

This is my house under construction. You can see these men working here and I am just watching them. I am a traditional artisan. My expertise is house construction. In our original village, my forefathers constructed others' houses. I myself constructed many houses in the village and in neighboring villages. But here my house is being constructed by hired workers and I am just watching them. The only task that I perform is to provide tea and snacks to workers. Because I am not trained in working with cement, bricks, and steel, I cannot join them in constructing the house.

Second, the dispersal of displaced households at resettlement sites weakened traditional collective practices such as labor sharing. The loss of community identity and subsistence ethics further weakened such practices. As a result, a resettled household spent most of their cash compensation on house construction. Some of them did not have sufficient money to complete their houses and were compelled to sell a portion of the land they received as compensation to raise extra money to complete them.

Coping with Displacement

Large-scale development projects result in massive population displacement and impoverishment. In India, 1 million–2 million persons are displaced annually as a direct consequence of development projects (Cernea 1990). Typically, only about 25% of them are rehabilitated (Fernandez and Chaterji 1995). This lack of concern about the welfare of affected populations is an outcome of an ideological justification that upholds the displacement and suffering of some people as a necessary condition to increase the welfare of the wider community (Robinson 2003).

However, during the past 5 decades it has become clear that grand-scale infrastructure and development projects do not necessarily result in general good. The adverse impacts of such projects on the environment and population

are now well documented. Large-scale displacement of people and inadequate resettlement programs have resulted in the economic and sociocultural impoverishment of communities, which has left them psychologically traumatized (Mathur 2011). Tribal and rural communities constitute the majority of such affected populations. Living at the margins of the society, these groups often lack the voice and capacity to protect their interests, and are thus overrun by the march of development.

In recent times, displaced communities have become more vocal, and in some cases have resisted forced displacement. In the case of the Tehri Dam, the affected people opposed the construction of the dam from the beginning of the project (Bisht, unpublished). They had a strong sense of attachment to their native villages and saw displacement not only as a process of uprooting but also as a threat to their survival.

Following the government's approval of the project, anti-dam protests gathered momentum in an organized form. The Tehri Bandh Virodhi Sangharsh was formed under the leadership of Virendra Sakalni in 1978. A noted environmentalist, Sundarlal Bahuguna, led the anti-dam movement. The anti-dam protests resulted in some political and judicial interventions including setting up environmental and social impact reviews by the Government of India, and review of project activities by the Supreme Court of India. As a result, the construction of the dam was delayed by many decades. This not only undermined the economic viability of the dam, but also caused the affected populations a lot of stress as they waited without knowing when they would be displaced and resettled. A resettler explained the outcome of such uncertainty:

I remember hearing of the construction of a dam when I was 5 or 6 years old. Our grandmother used to tell us that a dam would be built in our neighborhood and that we would have to move out of our villages when they are submerged by the reservoir. Now I am 46 years old. I moved out of my native village only recently, after waiting nearly 40 years. My grandmother died a long time ago, so did many other old people. And during these years we lived with a great uncertainty and fear of being displaced. We could not do much to improve our socioeconomic conditions or we did not want to invest in land. If a villager was living in a dilapidated house, he continued to live there without repairing it as he did not know when he would be asked to move out.



Informal Structures and Practices as Risk Management Mechanisms

“Informal” is a generic term used to indicate the structures and practices that fall outside the established institutional domain of formalized rules and norms. Informal structures and practices have evolved and have their own rules and norms, as well as mechanisms to ensure their compliance. Although they are not enforced through formal sanctions, such informal domains are socially shared, internalized, and have become a part of the way of life of a community.

Three broad types of informal structures and practices can be identified in a community: the “moral economy,” “exchange practices,” and “social capital.” They are mutually reinforcing and help persons in coping with various contingencies and traumas.

1. Moral Economy

The concept of moral economy has a strong lineage. Karl Polanyi’s (1944) notion of “embedded economy” underlines that in traditional societies, economic behavior is not merely a rational pursuit, but is intermeshed with sociocultural factors. The manner in which Scott (1976) employed this concept to understand peasant politics in subsistence economies of Southeast Asia is relevant in this context. He points out that the notion of moral economy is not merely confined to the domain of economics, it also refers to the “study of peasant culture and religion” (1976, vii). The foundation stone of the moral economy according to Scott is a “subsistence ethic” that emerges as a “consequence of living so close to the margin” (1976, 2). Directed to deal with risks, especially the risk of falling below the subsistence level, peasant communities have developed technical and social arrangements, to iron out the “ripples that might drown a man” (1976, 3). These arrangements primarily consist of traditional knowledge and practices as well as “patterns of reciprocity, forced generosity, communal land, and work-sharing...” (1976, 3). Scott argues that the moral economy also defines the peasantry’s notions of economic justice and exploitation that determine whether a rebellion would eventuate within a particular peasant context. He points out that to avoid risks, peasants use various technical, social, and moral arrangements which are based on the “safety-first” principle. This strongly justifies redistributive effects of various arrangements in the moral economic framework as they “assure a minimum income to inhabitants” (1976, 5) of a village. Arjun Appadurai also highlights the notion of moral economy and points out that, although Amartya Sen’s concept of entitlement is important to comprehend famine, it is a very formalistic approach to understand entitlement, confining the notion within a legalistic framework. Appadurai notes that such an approach misses the “moral or cultural dimension, one that might

provide, in many societies, an alternative to the existing legal framework” (1984, 483).

The notion of moral economy has been critiqued on the ground that it romanticizes peasant communities, while hiding their exploitative character. Another criticism is that it treats peasants as incapable of taking rational decisions. Popkin (1979) attempts to demonstrate that Vietnamese peasants’ logic is not fully moralistic—it is also rational and driven by the principle of maximization, thereby questioning the presupposition of collective over individual as argued by Scott.

The notion of moral economy remains useful in understanding the dynamics of peasant societies (Appadurai 1984). Arnold (2001) also points out that the moral economy is embedded in concrete, ongoing social relations even in a modern society. He uses the concept of “social goods” in place of moral economy and argues that social goods not only influence the identity and status of a community, but are also “intrinsically communal” in nature. Social goods are thus seen as producing sensibilities and special commitment to one another, bringing together associated people as a community (Arnold 2001).

2. Exchange Practices

Exchange forms an important part of the socioeconomic life of a community or person. Exchange practices are the binding glue of a community and its solidarity. Conceptualizing the exchange of gifts, Marcel Mauss (1954) pointed out that such exchange falls well beyond the realm of economic or utilitarian understanding of gift exchange. He argues that exchange is deeply embedded in social relations, and labels it a “system of total services” that underlines an enduring contract. Economic reciprocity is just one aspect of the exchange system that is not only related to economic matters, but is also a system that creates social and moral bonds.

Reciprocity is an integral part of these exchange practices and is guided by the local cultural norms rather than by economic calculations. In his continuum model of reciprocity, Marshall Shalins (1972) presents a threefold typology of reciprocity based on the degree of concern for the self or for others. He outlines these three as generalized reciprocity, balanced reciprocity, and negative reciprocity. Generalized reciprocity is based on altruism, and expected return is neither immediate nor equivalent. Moreover, return is only seen as necessary if a condition in future so requires. Balanced reciprocity, on the other hand, is direct, requiring equivalent and immediate returns. It lacks the personal bonds that underline generalized reciprocity. Negative reciprocity involves opposed interests including such activities as gambling and theft. The continuum is determined according to social closeness and social distance. While reciprocal

relations with people that are socially close are based on the principle of generalized reciprocity. As one moves away from these close connections to strangers and socially distant contacts, the relationships could take the form of negative reciprocity.

3. Social Capital

Social capital has both positive and negative connotations. For example, Bourdieu and Wacquant (1992) pointed out that social capital could be beneficial to those who share a social network; but for those outside the social network, it can produce inequality. Portes (1998) defines social capital as the ability of actors to secure benefits by virtue of their membership of a social network. Social capital in rural communities is embedded in social relations and in their functionality. The village-level social relations networks are a set of blended social relationships that deal with everyday life contingencies arising from the precariousness of their subsistence economy.

Moral economy, exchange, and social capital mutually reinforce each other, developing an effective mechanism to deal with various risks and contingencies of everyday life in the community. The following section demonstrates the interrelatedness of these structures and practices and their efficacy as localized coping strategies.

Informal Structures and Practices in Villages before Displacement

The majority of households that were physically displaced by the THDP were Hindus, organized into caste groups. The three main castes were *Brahmins* (priests), *Kshatriyas* (warriors/cultivators), and *Harijans* (untouchables). Each caste was subdivided into *jatis* (sub-castes). The patrilineal and patrilocal joint family is the functional unit that managed property and land. A joint family acted both as an economic and a social unit. Members of a joint family normally shared a common *chulha* (hearth) and lived under one roof. Caste and joint family were the two key aspects of village social organization.

The villagers' primary economic activity before physical displacement was subsistence agriculture on small landholdings. As a result, they rarely produced an agricultural surplus. For many households, small landholdings meant that they could only produce food grain for a few months of the year. Animal husbandry was also an important component of the village economy. While buffalos and cows provided milk and other dairy products, oxen helped

in agricultural activities. The village forest was closely integrated with the community, and it provided timber, fuelwood and fodder, as well as edible roots and green leafy plants. Housing materials such as roof slate and stones were extracted locally. The rivers provided fish, which was their main source of protein, and water for household use and land irrigation. They also facilitated transporting of fuelwood logs during the monsoon season. However, the local subsistence economy did not provide an adequate household income and, as a result, many young men migrated to cities in search of work. Their remittances constituted a sizable portion of household income. The *Harijan* community did not own any irrigated land. As a result, their economic conditions were precarious. Dry land parcels that most of them cultivated did not provide sufficient subsistence for households. This precarious existence meant that villagers' income often fell below the subsistence level. A culturally determined mechanism whereby the limited resources of the village community could be utilized to thwart such occurrences had been operating in village communities before their displacement. Based on a subsistence ethic, the village moral economy was an important part of this mechanism, which ensured the survival of all, albeit at a low economic and food security threshold.

Village Moral Economy

Berremen pointed out that because of the mountainous topography, the cultivable areas that could attract settlements were scattered, resulting in the emergence of village settlement that had "an inward-looking, self-contained character..." (1963, 351). Physical boundaries of a village were cultural boundaries as well. The *disha-bandhan* (fastening of directions) was an important village ritual that consisted of erecting wooden poles around the village indicating its boundaries. The poles were supposed to dispel any external bad influence on the village.

The village was a common marker of identity for its inhabitants. Outside the village, its inhabitants were known by the name of the village. People had a strong sense of affiliation with the village. Even though the caste system operated as a factional and stratifying system of social organization, interdependence among various castes ensured that the village existed as a cohesive unit. Village-level interdependence, therefore, resulted in a strong sense of community, and despite differences people had a strong sense of belonging to their village, often expressed as *jaise bhee the hum ek gaon ke the* (whatever way we were, despite of our differences, we were from one village). Furthermore, a village-level kinship system operated to strengthen the interpersonal relationships, giving a sense of the village being an extended family.

The village community demanded cooperation and loyalty from all residents and a shared sense of responsibility toward one another. Therefore, if a



household ran out of food, another household in the village would help out. A woman stated that:

In our village not everyone had enough land. The poor people were often dependent on well-off households. Someone would come to our house and would say my grandchildren or children have not eaten. In such an instance, whatever I had in my house—rice, *jhongra* (coarse grain)—I would give them a portion so that they too could eat a meal. The person whom I helped might come at a later point to do some work voluntarily at my house or in my field. Moreover, it was not considered good if someone in the village went hungry when you stored food in your house.

The usefulness of the moral economy was evident on occasions that required substantive expenditure and could expose the households to economic and moral servitude. For example, during a marriage ceremony in a household, all other village households contributed in one way or other. Every household would bring some rice so that the family organizing the marriage was not overburdened. The whole village used to cooperate in the event. A villager explained that:

In the village, if there was a marriage, it used to be everyone's responsibility to see that the things happened properly. There was an attitude that if a marriage was taking place in someone's house it would mean that the marriage is taking place in our own house. So everybody was involved in the ceremony. Our parents used to tell us that at least one person from the household had to work in the house where marriage was taking place. They used to tell us that if we did not do it, when there would be an occasion in our house, others would not cooperate either. We would do cleaning and decorating of the house, arranging necessary things such as cooking utensils, preparing dough, making pooris (deep fried bread) and welcoming the guests and even if required, carrying bride's or groom's palanquin.

The village acted as a moral community, as its inhabitants were conscious of their collective identity and responsibility. *Gaon ki ijjat* (the pride of the village) was an important consideration and was often invoked to meet the challenges that the individual or household would encounter.

The moral economy of the village based on subsistence ethics was culturally reinforced as well. Certain cultural practices also had a redistributive aspect.

For example, the cultural practice of *chaiti*, which was celebrated during the first month (*chaitra*) of the Hindu calendar, had economic implications as well, as one man explained:

In our villages, during the month of *chaitra*, there used to be a scarcity of food because the crops would be readying for harvesting and the old stocks of food grains would be limited. During this month, members of *Harijan* community would come and visit upper caste houses. Men would beat drums and women would sing and dance and, in turn, they would be given food grains and cloths. Even if one did not have enough for oneself, it was necessary that we kept something aside for this purpose.

Thus, the moral economy was an integral part of the villagers' pre-displacement life and helped them to respond to various challenges they encountered. It reinforced a multifaceted community-based system of ethics and ensured that the village households were able to deal with various contingencies and risks that as individuals they would find difficult to manage.

Informal Exchange System

The exchange of goods and services was a common everyday practice. It was the redistributive part of the subsistence economy and the basis for social bonding that reinforced community relationships. The everyday exchange practices were known as *painchu* and were based on the principle of reciprocity. They were not confined to economic activities, but emphasized communal and moral considerations as well. One villager illustrated this system with the following example:

In the village, if my household ran out of milk, I would go to the neighboring house and get a glass of milk. We did not pay any money or give anything else in exchange. Likewise, if my neighbor required something, he would come to my house. If I have what he wanted, I would give it to him.

Such reciprocity and exchange not only indicated a cordial and good neighborly relationship, but was also seen as morally justified. Such exchanges could also take the form of a long-term arrangement:

The *painchu* system worked on a day-to-day or long-term basis. For example, if the cow or buffalo in my house has stopped giving milk, instead of buying milk we would make an arrangement with some other household that had enough milk to provide us for the time being. We would get an opportunity later to give them milk from our cattle. No money was exchanged. If I sold milk to a merchant or to another person when my neighbor did not have milk, it was not seen as a good practice.

The *painchu* system was also used in money transactions. Small amounts of money were exchanged as and when required without any formal agreement or charging of interest. The return of the loan could take different forms. If the borrower could not pay in cash, she could provide physical labor in the field of the lender in lieu of returning the loan, or provide milk or *ghee* (clarified butter) to the value of the money borrowed. As a villager explained:

In the village, sometimes people who were not well-off would come and ask for some small amount of money. We would know that they would either repay very late or won't even be able to repay. But that was alright. They were from our village and when we require some assistance, they would come to help us.

Similar to the commodity exchange, another important system of exchange was the exchange of labor, known as *padyalo*. It was an integral part of agricultural practices, especially in paddy transplantation. While men prepared fields for transplantation, women collected the seedlings. Villagers worked collectively in each other's fields, usually without expecting any payment for labor. The practice was also observed in other labor-intensive activities—women usually followed this system while transporting compost to the fields from cattle sheds. Collective labor exchange was also evident during other occasional labor-intensive activities such as house construction. When a villager planned to construct a house, she would send an invitation to fellow villagers requesting their help in transporting building material such as timber, slate, and stone to the construction site.

Social Relations as Social Capital

Reciprocity and trust, together with shared values that emanate from the moral economy, generate social capital. Social capital is easy to generate in small village communities where there are no strangers:

In the village, we knew what is cooking in someone else's kitchen...we knew whose cow had calves or who was unwell or who had received a money order from his son working in the army or in the city. We knew about which house had received guests and we knew who had entered our village. There was one path leading to our village and everyone's eyes were on it.

This familiarity and intensive social network were complemented by reciprocity and trust. Reciprocity functions because villagers had faith in their fellow villagers on whom they depended for any emergency. They knew that others would come to their rescue if they were in trouble. The closely knitted network of relations acted as enforcing agency to ensure that reciprocity and trust were not breached:

There could be instances when someone broke the trust... someone would borrow something but would not repay or reciprocate. In that case, he was only causing trouble to himself. Everyone would come to know about his misdeeds and people won't help him in future.

Social Capital

The social capital generated by a network of relations within a village community was an important instrument in dealing with everyday life contingencies. An old resettler explained:

In the village, we did not lock our houses. We had a full sense of security and we were aware that within the village no one would take away our belongings. There might be an old woman looking after her grandchildren, but in fact she would be looking after the whole village. If some wild animal came to someone's field or if someone's cow or calf got loose or if someone had a visitor, she would just yell over that such and such thing had happened and people would attend to those things.

Physical Displacement, and Informal Structures and Practices

Physical displacement affected village-level informal structures and practices adversely. As Downing and Downing-Garcia (2009) pointed out, displacement

destabilizes “routine culture” and results in a “dissonant culture” marked by a temporary reordering of space, time, relationships, norms, and psycho-social-cultural constructs. Such a dissonance of culture is evident among the people displaced by the project and even among those who had been resettled together with their relatives and friends at a resettlement site. A resettler explained:

We in the village held meetings prior to our displacement. We were offered many locations to resettle. The elders advised us that we should resettle together as a group at a resettlement site. We took a collective decision to resettle at this location. But it is different from our original village community. Everyone is busy with his or her own life, and no one has time for other people. We thought that if we relocated as a group we could continue our traditional social practices. But soon we realized that it was impossible.

Dispersal of displaced households from a village across several resettlement sites destroyed the informal networks and subsistence ethics that they enjoyed in their original villages. The difficulty in finding sufficient amount of suitable land to resettle a whole village community at a new location and household choices about relocation played a role in the dispersal of villagers at resettlement sites. As a result, the resettlement sites became a mix of households from different affected villages:

In this *basti* (resettlement colony), resettlers are from different villages. We do not know where some of these villages were located prior to their displacement. In this *basti*, 10 different villages have been given land for resettlement.

The undermining of the way of the life of the people has weakened the village moral economy. The collective identification with the village has been lost. As a result of the dispersal of village communities and the breakdown of the social networks and practices, the collective control of a village community over an individual has become difficult. The collective attitude has been replaced by competitive individualistic attitudes. A resettler explained:

At our resettlement colony, there is a kind of competitiveness—if my neighbor has constructed a big house, I too will construct a similar one, even if I do not have the capacity do so... An individual thinks that if he constructs a smaller house, he will be counted as nobody by others. So to ensure that I also get counted, I am obliged to construct a big house. All these *vikritiyan* (distortions) were born here.

Resettlement has also transformed exchange practices. Everyday life has become market dependent and this has impacted everyday life practices as well. Now, if a household runs out of milk, it has to go to a shop to buy it; it cannot borrow milk from a neighbor.

At this resettlement site, a household received a 200-square-meter plot to construct a house. There is hardly any space to keep a cow. Even if a household keeps a cow, from where can the cow owner get fodder? We do not have a village forest or grazing ground here. We need to go to the market to buy fodder. With all these difficulties, people think why take so much of trouble? Why not buy a packet of milk from a shop? So our past practices such as *painchu* have vanished and now we go directly to the market for everything we require.

These changes have led the generalized reciprocity of the past being replaced by a balanced reciprocity (Sahlins 1973) that demands immediacy and equivalence of exchange. It has resulted in the replacement of the altruistic attitude by a rational one, where the interacting parties now deal with one another as economic subjects. Unlike in the past, trust is now more a property of an individual rather than a collective or societal property. It is now measured by an individual's capacity to reciprocate. And as displacement has adversely affected the capabilities of the displaced people, they are no longer certain about a borrower's ability to reciprocate. A resettler explained:

In the village, if you give money on a loan to someone, you know that even if the borrower does not have money to return in cash, he would do some work for you, or would give you some *ghee* or might bring a bundle of firewood. But here we do not have such resources, so if I go borrowing money, the same people who used to lend me in the past do not trust me to be able to return the favor. Moreover, we are becoming more and more dependent on the market; hence we require less and less help from each other.

Resettling in new and physically and culturally different landscapes has also impacted the pattern of settlement. Unlike in the past, when houses used to share a long courtyard, the new houses are surrounded by boundary wall and gates. The change is necessitated mainly by the security concerns and the prevailing house design in the new locations. The boundary wall and gate limit the social interaction of the villagers. A resettler lamented:

Here, our social interaction has become very limited, even if we come from the same village. In the village we would just walk into anyone's house at any time. But here we first need to knock at the gate, and we wonder, what if they don't open the gate?... I will feel insulted. So we don't make the effort to visit one another's house as frequently as we used to in the past. Now we go to someone's house only if there is a need to go there...

Resettlement Process and the Role of Informal Structure

The resettlement process that follows forced and collective physical displacement is a complex phenomenon. Its impacts on the affected population, either in form of multidimensional stress (Scudder 1993) or impoverishment (Cernea 2000) are well documented. Similarly, the efficacy of land-for-land and cash-for-land compensation has also been scrutinized (Cernea and Kunbur 2002; Mathur and Cernea 2008). An important aspect that needs more investigation is the processes involved in resettlement. Downing and Downing-Garcia (2009) provided an important window for this purpose. They pointed out that the transition from a dissonant culture to a routine culture takes place in a block-by-block or piecemeal manner. Sorensen (1996) also sees relocation as a dynamic process in which relocated people play an active role.

During the early phase of resettlement, persons displaced by the Tehri Hydroelectric Development Project (THDP) felt acutely the usefulness of informal structures, which formed an important aspect of their pre-displacement lives. In the absence of such structures and practices, they find themselves bereft of common practices that help them cope with difficulties and crises that they encounter during resettlement. As they build new cultural norms and values that will eventually orient them to deal with the new realities of life at the resettlement colonies, they attempt to resuscitate or at least to incorporate social practices that they had traditionally used to deal with life contingencies.

The resettlers at several resettlement sites have been trying to rebuild communities by forming *samitis* (associations). Such *samitis* are marked by contractual, formal, and association-type relations that are different from their traditional reciprocal and mutual-help practices. But *samitis* help rebuild individual and household capabilities to cope with the resettlement process through a collective endeavor. The collective resources built through the formation of *samitis* will eventually be directed to meet the various exigencies that a household faces. For example, at a resettlement site, its association

bought large cooking pots and cutlery with contributions collected from the *samiti* members to use on occasions such as weddings. At another resettlement colony, by forming a *samiti*, the resettlers raised sufficient funds to operate a high school. As a collective, they have also been able to influence government agencies to channel funds through the *samiti* to the school. Such *samitis* give resettlers a political voice as well. As resettlers first they became members of *panchayats* (village councils) where they did not have any power. But later as members of *samitis*, some resettlers have become political pressure groups. Using their numerical dominance in the area, they could influence electoral results in their constituencies. As a result, major political parties note their presence and listen to their demands.

Resettlers are also trying to resurrect some of their exchange practices, even though the exchange is now money-based rather than commodity-based. In cultivating land, for example, resettlers still give priority to renting each other's agricultural implements and machines instead of renting from outsiders. Resettlers also feel that once they gain sufficient skills and knowledge in modern agricultural practices, they could restart their labor exchange practice of *padyalo*, as this would eventually lessen the monetary burden of farming.

Ferdinand Tonnies' (1963) distinction between *gemeinschaft* (association) and *gesellschaft* (community) types of relationship provides a theoretical framework to understand the dynamics of the resettlers' *samitis*. Although they are formal organizations, they allow for community-type relationships. Thus, *samitis* comprise both *gemeinschaft* and *gesellschaft* relationships. Moreover, although formed as associations, their objective is to resurrect similar structures that had helped them deal with various contingencies in their pre-displacement life. These new structures at the resettlement sites, therefore, could be seen as attempts to develop a moral economy similar to that of the past, although the notion of the village moral economy is now replaced by the moral economy of the displaced.

Conclusion

Informal social structures play an important role in dealing with risks and contingencies in villages. They are culturally informed practices derived from local knowledge, involvement, and participation. Such key social practices, which keep village communities together and give identity to a collection of persons or households as one group or association, are rarely taken into consideration in resettlement planning or in the implementation of relocation programs. Resettlement policies and plans still pay attention only to tangible assets such as land and trees, and in some rare cases, to common property

resources. Cultural and social institutions that are as important as economic considerations are kept out of the purview of resettlement policies and planning.

The chapter has attempted to demonstrate that forced physical displacement involves not only a change of place, but also a change in the way of life, or a process of “disembedding” (Giddens 1990) of the people from their world. However, as resettlers, displaced populations at resettlement colonies do not restart their lives as people without a history or past. They refer back to their traditional culture and way of life that oriented them to deal with the contingencies in everyday life in the past. In dealing with the risks encountered in their post-displacement lives, they attempt to resuscitate their traditional social structures and practices in different forms to suit the new environment. Thus, by referring to their traditional frame of reference, they gain an opportunity to act as participants in the resettlement process, rather than remaining passive recipients of compensation and resettlement assistance. Recognition and inclusion of these traditional mechanisms in resettlement planning and implementation would make it easier for resettlers to participate in the resettlement process, which, in turn, would reduce the stress, trauma, and social displacement associated with physical displacement.

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3. Displacement through Limiting Access to Forests: A Socio-Legal Analysis

by Jayantha Perera

Development investments displace persons and communities in two key ways: by acquiring property including land, and by imposing restrictions on land use or access to forests, designated parks, and protected areas. The International Finance Corporation's Performance Standard 5 elaborates these two forms as follows:

Project-related land acquisition and restrictions on land use can have adverse impacts on communities and persons that use this land. Involuntary resettlement refers both to physical displacement (relocation or loss of shelter) and to economic displacement (loss of assets or access to assets that leads to loss of income sources or other means of livelihood) as a result of project-related land acquisition and/or restrictions on land use. Resettlement is considered involuntary when affected persons or communities do not have the right to refuse land acquisition or restrictions on land use that result in physical or economic displacement. (2012, 58)

The scope of this chapter is the second form of involuntary displacement—restrictions on access and use of land that the state claims as its property. Forests, protected areas, and designated parks fall into this category of land. Its focus is on tribes that live in forests and their peripheries. They depend on forests to earn their livelihood, or part of it, and consider forests to be integral part of their social, economic, and sacred space. Forests thus play a key role in shaping their collective identity and culture, and in their survival (Rodriguez-Pinero 2005).

The chapter first discusses how British colonial rule in India incrementally deprived tribal populations—especially forest-dwelling tribes—of their economic, social, and environmental interests and rights. The chapter then examines the actions taken by the government and judiciary in post-colonial India to rectify such harm, deprivation, and displacement of forest dwellers and other tribal peoples. It also assesses the adequacy of these actions to protect their cultural, economic, and environmental interests and rights.

The chapter makes a distinction between “interests” and “rights” of tribal people to highlight the emergence of procedural rights through judicial decisions on tribal peoples’ interests. Procedural rights are critically important in the conversion of interests into rights. Interests are not easily enforceable through legal proceedings, but they indicate the wider ascription of value or status to the interests and claims of a particular entity. Because of such ascriptions, lawmakers and institutions are encouraged to take account of those interests and confer on them some priority that they might not otherwise enjoy. Moreover, such ascriptions make them part of the context for interpreting legal rules. Therefore, the value of procedural rights is to be judged in the context of national legal systems.

Forests under British Rule

The land the British rulers in India labeled and demarcated as forests had long been inhabited by local tribal communities, especially forest-dwelling tribes. The rulers took over forestland under the principle of eminent domain either to override or reject the claims, rights, and interests of forest dwellers and other fringe communities. They first used the concept of eminent domain in 1824, when Regulation I of the Bengal Code was approved. The key purpose of Regulation I was to enable colonial authorities to acquire private land at fair value for “roads, canals, or other public purposes.” “Indian jurisprudence regarding eminent domain inevitably traces the concept back to its roots in Grotius and justifies its use based on the proposition that all land vests in the ‘sovereign,’ which can reassert its rights over the land of its ‘subjects’ at any time” (Gupta 2012: 454).

The colonial government implemented its forest laws through its Forest Department, which was established in 1854 as a specialized state institution with authority over forest affairs. Access to forests was controlled through “territorial controls,” which demarcated a specific territory as forestland and claimed all its resources as state property under the jurisdiction of the Forest Department. Access to forestlands was allowed by issuing permits or by recognizing some customary rights as legal exemptions. In addition, the government created a few customary rights through a political process called “discovery” or

“recognition.” This process helped the state to appear generous in conceding access to forests. The discourse of customary rights thus contributed to the state’s constant efforts to maintain some balance between rule by consent and by coercion (Upadhyay and Upadhyay 2002).

The British interests in Indian forests grew rapidly from the 1850s with the construction of railroads that demanded immense quantities of sleepers for rail beds. At the same time, forests in India also became a rich source of timber for shipbuilding (Godgil and Guha 1993). Commercial demand for timber had accelerated forest felling, raising the value of forestland. The British colonial government enacted the Forest Act in 1864, which drastically curtailed the traditional claims of forest dwellers and nearby communities to forest produce such as food, fuel, building material, fibers, and medicinal plants, and regulated tree felling and unplanned cultivation in forests such as slash-and-burn cultivation of crops. The act and its various amendments were reissued as the Forest Act of 1878.

The Indian Forest Act of 1927 further consolidated forest-related laws, the transit of forest produce, and duty or taxes on timber sale. Under the act, the state can declare any land or wasteland as a “reserved forest” and acquire its proprietary rights or vest such rights in a third party. The act also created “protected forests” where the state can, by notification, reserve trees, close any portion of forest to the public, and prohibit removal of forest produce or clearing of forestland for cultivation. The act consolidated the government’s rights over forests, and subordinated the entitlements of tribal people to state’s right of eminent domain. The act and its regulations determined who could use timber in forests, collect forest produce, and cultivate forestland. Setting fire to forests, hunting, trespassing, quarrying, fishing, and setting traps for animals in forests were made criminal offenses under Section 26 of the act.

The legal categories of forests, such as reserved forest and protected forest, that are defined in the Indian Forest Act of 1927 give the impression that the act was environment-oriented and tribal-friendly. But both reserved and protected forest categories further diminished or curtailed the access of forest dwellers to forests, as the state began to control all transactions within forests. It restricted forest dwellers’ movements and, more importantly, deprived them of their age-old rights to collect forest produce on which their livelihoods depended. Reserved and protected forest could be labeled “political forests” because they were created by the state by legal codes to establish its full control over large tracts of land where some populations subsisted (Peluso and Vandegeest 2001). As Scott (1998) pointed out, the exercise of specific types of power relationships between the state and the people, initiated through controls on forest and land resources, enabled the state to exclusively claim the resources contained within its territory.

The Indian Forest Act of 1927 was geared to deal with specific claims from forest dwellers over reserved forests. Many of them claimed rights to land parcels that they had cultivated before the parcels became part of reserved forests. The forest settlement officer reviewed such claims and, if accepted, excluded the claimed piece of land from the forest area, made an agreement with the claimant on how to use the land, or initiated the process of acquiring the land parcel under the Land Acquisition Act of 1894 for a public purpose. Public purposes include maintenance of a reserved forest. A second type of claim was to pasture or to collect forest produce. If a claim was accepted, the officer determined the area within the forest where the claimant could graze his cattle or how much timber and other produce he or she could collect from the forest. The third type of claim related to slash-and-burn cultivation. For this claim, the officer prepared a statement explaining the nature of the claim, the officer's personal observations and recommendations, and reference to local rules, if any, under which shifting cultivation of forestland was allowed, regulated, or prohibited. The officer then submitted the report to the district administration to determine whether shifting cultivation should be permitted. The act made clear that slash-and-burn cultivation is a privilege bestowed by the state. The traditional rights to forest resources were converted into privileges, concessions, or favors (Sarker and Das 2008). Such regimented control over forests and forest produce specifically disadvantaged forest dwellers and other tribal communities that depended on forests for their livelihood. Often, they could not produce documentary evidence to prove their claims. They neither had contacts with the state administration nor resources to file a case in a court. As the rights of forest dwellers gradually eroded, conflicts arose between the state agencies and forest dwellers. Disagreement between the state and forest dwellers over forest management priorities generated unsustainable patterns of forest exploitation that accelerated the degradation of India's vast forest cover (Poffenberger and McGean 1996).

Independent India—Constitutional Protection for Tribal Communities

The environmental interests and rights of tribal peoples achieved prominence in the constitutional debates in the late 1940s. These debates revealed contrasting positions on the issues of tribal peoples and their future (Guha 2007). Some parties wanted to let tribal peoples develop and maintain their own distinct identity; others wanted to assimilate them into mainstream society. However, the framers of the Indian Constitution wanted to maintain the distinction between mainstream society and tribal communities to provide tribal communities with special assistance in the framework of the fundamental rights and directive principles of the Constitution. The Constitution redesignated the

tribal areas and listed the tribes living in them. As a subset of this vast category, the Constitution identified several groups as “scheduled tribes” and the areas in which they live as “scheduled areas.”¹ Most scheduled tribes live in remote rural areas, where basic amenities such as water and electricity supplies are absent and food security is erratic. The Constitutional Assembly designated some 400 communities as scheduled tribes (Guha 2007). The fifth and sixth schedules of the Constitution listed all scheduled tribes in India and prescribed an elaborate indigenous system of executive, legislative, and judicial administration focusing on self-governance features such as village councils with specific powers and responsibilities.

The sixth schedule also emphasized the importance of forest preservation and thus aimed to protect forests for the benefit of tribal peoples, especially forest dwellers. About 60% of the forest area of the country lies in 187 tribal districts, although the geographical area of these districts constitutes only one-third of India’s physical domain. Most tribal areas are known for their mineral resources. About 84% of India’s tribal population lives in or around forests (Government of India 2003).

Section XVI of the Constitution promotes social justice by elaborating a series of affirmative-action schemes for disadvantaged groups. These “Special Provisions Relating to Certain Classes” include the reservation of seats in the *Lok Sabha* (House of the People) and in state legislative bodies for members of scheduled castes and scheduled tribes. The section stipulates that a special officer for scheduled castes and scheduled tribes should be appointed by the President of India to “investigate all matters relating to the safeguards provided” for them, as well as periodic commissions to investigate the conditions of “backward classes” (groups considered to be socially and educationally disadvantaged).

In 1952, 2 years after the Constitution of India was adopted, the government formulated a forest policy to streamline forest management and systematically codify local people’s rights to forests (Government of India 1952). The policy pointed out that over the years, forests in India had suffered serious depletion. This was attributed to ever-increasing demand for firewood, fodder, and timber, especially from forest dwellers, and to their failure to protect the forests. It was also attributed to the diversion of forestlands to nonforest uses, such as development projects, without ensuring compensatory forestation and adequate environmental safeguards.

Despite constitutional guarantees of preferential treatment and the recognition of forest dwellers’ plight by the Forest Policy of 1952, forest dwellers remained

¹ The term “scheduled tribe” refers to a specific indigenous peoples group whose vulnerability and marginalized status is acknowledged by the Constitution (Muda 2002).

marginalized and poor, without much political support to change their life chances. Large-scale development projects, such as irrigation and highway projects, as well as mining projects, physically or economically displaced thousands of forest dwellers from the 1950s (Godgil and Guha 1993). Such impacts on forest dwellers, in particular, and on tribal peoples, in general, took place while India was trying to operationalize the Constitution-backed tribal peoples' safeguards. Education and employment safeguards of tribal peoples have received some recognition in several states in India, but forest dwellers' rights in forests were not explored in the legislature or judiciary until the 1980s.

Forest (Conservation) Act of 1980

Widespread concerns regarding large-scale deforestation resulting in ecological imbalance and environmental degradation led to the enactment of the Forest (Conservation) Act in 1980. It aimed at balancing environmental interests and rights of tribal peoples with national development needs. The act prescribes that no state government or any other authority could, without the prior approval of the central government, make any order to “de-reserve” forestland,² use any forestland for a nonforest purpose,³ lease out forest land to a private agency, or cut naturally grown trees on forestland. However, since the 1980s, the central government has undertaken massive infrastructure and mining projects as the key contributor to national development. In the process, it has approved more than 11,000 development projects that permitted de-reservation of large areas of forestland in different states under the act.

A key aim of the act is to assimilate into mainstream society forest dwellers and other tribal peoples who depended on forests for their livelihood, so that forests can be released from them. The central government issued guidelines on 18 September 1990 on how to change forest villages into revenue villages under the Forest (Conservation) Act. By 2005, about 384 forest villages covering about 34,000 hectares of forestland had been converted into revenue villages in the states of Madhya Pradesh and Maharashtra. About 85% of the populations of these forest villages are tribal peoples. Furthermore, the Forest (Conservation) Act can permit the use of forestland in respect of projects such as underground drinking water supply, electricity, and telephone lines in tribal areas. Guidelines issued in October 2003 under the Forest (Conservation) Act prescribe the setting aside of 5% of project costs to provide basic amenities and services such as education, health, employment, and sports facilities to forest dwellers who will be affected by projects.

² “De-reserve” means removing the legal status of forest from a tract of land.

³ Nonforest purposes include clearing of any forestland to cultivate coffee, tea, spices, rubber, palms trees, horticultural crops, or medicinal plants.

The progressive expansion of the state's rights over forests has added a political dimension to forest management. The state clarified who could use forests for their livelihood. In 2002, for example, the Director General of Forests issued guidelines on how to distinguish encroachers on forestland from those who are entitled to use it. Those who are entitled to use forests were classified as forest-dwelling communities. But distinguishing forest dwellers from encroachers on forests is difficult. One key problem is the complexity of forest boundaries and the myriad categories of forests—reserve forests, protected forests, village forests, forest villages, *panchayat* forests, national parks, sanctuaries, closed areas, biosphere reserves, tiger reserves, elephant reserves, core areas, buffer zones, demarcated forests, and undemarcated forests. Another pitfall is the ambiguity in describing interests, rights, and privileges of various categories of communities in accessing forests. These difficulties are further complicated by forest bureaucracies' belief that collection of forest products, grazing of cattle, or cultivation of land in forests by forest dwellers is the chief cause of forest degradation and mismanagement. The lack of clarity in the definitions of forest and forestland, and property has also contributed this complex scenario.

...simplistic attempts to define forests or the lack of clarity in distinguishing "forests" from "forest land" or even understanding the complexity of the categories [of forests] have only added to the already complex forestry management attempts thus far. The notion of property rights and proprietary rights in forests, the nuances of rights vs. privileges as compared to "favours" and "concessions," the benefit of "recorded rights" vs. "implicit usufruct rights" or traditional and customary rights which may not be recorded are the other important dimensions that are often ignored (Upadhyay 2003, 939).

Corruption and officers' negligence encourage illegal tree felling and encroachment on reserved and protected forests. Regularization of encroachment on forests often works against marginalized and illiterate forest dwellers, but frequently benefits rich, influential landholders and commercial interests. Moreover, portions of forests are leased out by the state to rehabilitate landless laborers as a key arrangement for distributing the population and eradicating rural poverty. As a result, many forest dwellers have become strangers in their own environment. As commercialization sets in, forests become a source of raw materials for forest-based industries (Godgil and Guha 1993). The state's control over tree felling helped the interests of the few more than it served the cause of forest preservation. Privatization of common property resources works against the interests of tribal peoples, especially of forest dwellers, whose very existence depends on such resources. These changes have struck a blow to the multifaceted and symbiotic relationship between forests and forest dwellers.

To promote nation-building development programs, the central and state governments have given companies, industries, and international corporations large areas of forest to establish businesses and industries. They have progressively encroached on forest dwellers' social, sacred, cultural, economic, and physical space. Forest dwellers see this encroachment as taking two forms: (i) national and state laws and regulations inhibiting or limiting their space and redefining their interests and rights over forests; and (ii) the state handing over large portions of forestland to corporations and companies to build dams and roads, excavate mines, and establish special economic zones. A well-known example of the awarding of land to a corporation is the mining agreement signed between the State of Orissa and Vedanta Alumina in 2004 to extract bauxite from the Niyamgiri Hills. The hills are home to the Dongraria Kondha tribe, which has depended on the forested hill slopes for their livelihood for centuries. Such inroads into ancestral land by external forces have generated a sense of hopelessness and vulnerability among forest dwellers (Shyam and Rosencranz 2002).

Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act of 2006

The 1972 Stockholm Declaration and the 1992 Rio Declaration on Environment and Development, ratified by India, added impetus to environmental protection and the safeguarding of forest dwellers' rights, such as their right to ancestral territory and livelihood based on access to natural resources. As discussed, the government has introduced policies and laws that paved the way for recognition of the rights of tribal peoples, especially forest dwellers, to earn their livelihood from forests, and to protect their cultural identity associated with such land and livelihoods. An important landmark in this regard is the National Forest Policy issued by the Ministry of Environment and Forests in 1988. The provision of fuelwood, fodder, minor forest produce to rural and tribal peoples is one of its objectives. However, the policy did not recognize any distinct customary rights of forest dwellers. Forest dwellers had to wait another 18 years until 2006 to receive legal recognition to their customary rights:

...while customary rights of the Primitive Tribal Groups are not recognized in the National Forest Policy, 1988 they are an integral part of the [Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of) Forest Rights) Act, 2006. An Act passed by Parliament has greater sanctity than a Policy Statement. (Supreme Court of India, Judgment on Orissa Mining

Corporation vs. Ministry of Environment and Forest and others,
Writ Petition (civil) No. 180 of 2011, delivered on 18 April 2013)

The government enacted the Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act⁴ in 2006. This is a landmark in the government's development perspectives on tribal peoples and their rights. Its passage after nearly 25 years of debate and consultation is a watershed in the prolonged struggle of forest dwellers in India for the recognition of their interests and rights. The preamble to the act states that it is "[A]n Act to recognize and vest the forest rights and occupation of forest land in forest dwelling Scheduled Tribes and other forest dwellers who have been residing in such forests for generations but whose rights could not be recorded; [and] to provide for a framework for recording the forest rights so vested and the nature of evidence required for such recognition and vesting in respect of forest land."

The Forest Rights Act of 2006 recognizes forest dwellers' customary rights to access forests and collect forest produce. Associated with these rights, their responsibilities are to use forests sustainably, conserve biodiversity, and sustain the ecological balance. The act corrected historic injustice but also vested in forest communities a primary role in sustaining forest ecosystems. Most importantly, it states that forest dwellers have rights that include the conservation of forests and biodiversity (section 5).

The act prescribes that all future notification of "inviolable" conservation zones and curtailment of rights in protected areas shall require the "free, prior, informed consent" of tribal peoples who live on such land (section 4 [e]). It also emphasizes that all forestlands—irrespective of location and category—which have traditionally been used by tribal communities would be henceforth treated as "community forest resources," and forest dwellers can act decisively through their *gram sabhas* (village councils) in conserving such resources.

The act effectively recognizes the rights of forest dwellers who, until the act was enacted, were considered encroachers on state land. The Forest Department had the power to expel them without paying appropriate compensation, and such expulsion had taken place mainly when forest dwellers did not have sufficient evidence to prove their right to ancestral land (Leelakrishnan 2002). Corrupt practices, bribery, and tribal vendettas often influenced such actions. Unfortunately, however, the act has not taken into account thousands of forest dwellers who face charges under different provisions of the Indian Forest Act, 1927, and the Forest (Conservation) Act, 1980, for illegally felling trees, encroaching, and collecting minor produce. There is no provision in the Forest

⁴ Popularly known as the Forest Rights Act, 2006.

Rights Act of 2006 that would cancel or drop such charges against forest-dwelling scheduled tribes.⁵

Although the act seeks to make forest conservation stronger by giving powers to forest-dwelling communities to protect forests, such powers are in addition to, not instead of, the powers that the Forest Department and other government agencies possess, thereby creating room for a clash between these communities and the Forest Department. This can happen if forest dwellers disagree with the government's decisions to transfer forestland to development projects. In this regard, the act stipulates that the government should obtain "the free informed consent" of affected forest dwellers and their village councils for such transactions (section 4 [2][e]). This was confirmed by the Supreme Court of India in its judgment on *Orissa Mining Corporation vs. Ministry of Environment and Forest and Others* in 2013.

Section 4 (2)(d) of the act stipulates that the displacement of tribal peoples can only happen after a resettlement or alternative package has been prepared in consultation with them. The package ensures that affected communities will have appropriate income sources. It will fulfill "the requirements of such affected individuals and communities given in the relevant laws and the policy of the Central Government." Section 4 (2)(f) says that "no resettlement shall take place until facilities and land allocation at the resettlement location are complete as per the promised package." This is a significant improvement in terms of land acquisition, compensation, and rehabilitation for project-affected forest dwellers.

Despite the safeguards built into the Forest Conservation Act of 1980 and the Forest Rights Act of 2006, the takeover of forests for development programs continues at an alarming rate (Table 3.1). Since the enactment of the Forest Rights Act, more than 200,000 hectares of forestland have been converted to nonforest purposes. During 1982–2012, only 6% of applications for conversion were rejected by the Ministry of Environment and Forests. The main nonforest purposes include regularization of encroachments (30%), irrigation (14%), power (14%), and mining (12%). In addition, defense, public utilities, and highways took over forestland. The Forest Advisory Committee, appointed under the Forest Conservation Act of 1980, plays a role in the forest clearance process.

⁵ By 2004, there were 257,226 such cases pending against 162,692 forest dwellers and other tribal peoples under sections 26, 33, and 41 of the Indian Forest Act of 1927 (Ghosh 2006).

Table 3.1 Conversion of Forest Areas into Nonforest Areas, 1982–2012

Period	Forest Area Converted (hectares)
1982–1991	198,421
1992–1996	84,587
1997–2001	147,397
2002–2006	196,262
2007–2012	204,425
Total	831,092

Source: *Economic and Political Weekly* (2011).

The committee is chaired by the Director General of Forests and has two officials from the Forest Department, one official from the Ministry of Agriculture, and three eminent experts in forestry and allied disciplines as nonofficial members. The regulations of the 2006 act were revised in 2009 to include experts in mining, civil engineering, and development economics as nonofficial members of the committee. In 2008, the Supreme Court directed the committee to include conservation biologists, environmental historians, and sociologists among its nonofficial members. “The presence of social scientists has become all the more important since forest clearances are likely to have a significant impact on forest-using communities under the Forest Rights Act 2006” (*Economic and Political Weekly* 2011, 16).

Tribal Rights and Judicial Activism

The judiciary has played an important role in making proactive and innovative interpretations of laws and regulations pertaining to tribal peoples and forest dwellers. While recognizing the importance of forests for maintaining ecological balance, which includes forest dwellers’ environmental interests and rights, the judiciary pays equal attention to the nation’s development requirements such as mining, road infrastructure, hydropower, and irrigation (Leelakrishnan 2002). Therefore, the judiciary will not interfere with the executive’s decisions regarding national development programs, unless they blatantly harm forest dwellers’ livelihoods and cultural distinctiveness. Although some policies interfere with forest dwellers’ lives, livelihoods, and culture, the judiciary allows them to proceed if development agencies compensate affected forest dwellers adequately and provide relocation and rehabilitation assistance. Such

interference is also allowed only if the affected forest dwellers give consent based on negotiations.

The Supreme Court, through a series of judgments, has tried to strike a balance between the rights of forest dwellers and the needs of national development. In *Banwasi Seva Ashram vs. State of Uttar Pradesh and Others* (1987), the main issue was whether the location of development projects in or near a forest area could adversely affect forest dwellers. The State Government of Uttar Pradesh, with a view to transferring forestland to a thermal power company, wanted to declare a part of the forest that was occupied by forest dwellers and other tribal peoples as reserved forest. The Supreme Court tried to balance the interests of the forest dwellers with national development priorities by paying special attention to sustainable development. It held that although development projects might have adverse impacts on forest dwellers, such priorities should go ahead for the benefit of the nation. However, while endorsing the project, the Supreme Court gave equal importance to national priorities and forest dwellers' interests and rights. It issued several orders regarding the relocation of the forest dwellers and the restoration and improvement of their income and livelihoods. It also requested the state to provide free legal aid to all displaced persons, if required. The court appointed a board of commissioners to supervise the implementation of its orders.

In the second case of *Banwasi Seva Ashram* (1992), the Supreme Court imposed additional responsibilities on the thermal power company. It ordered it to find alternative land plots to relocate the displaced forest dwellers; pay subsistence allowances; provide free transport; reserve jobs for affected persons at the project work sites; and provide facilities such as roads, water, health care, and electricity facilities at the relocation sites. The court pointed out that the displaced forest dwellers could have been given land plots in reserve forests for cultivation. However, forest dwellers were not allowed to fell, transport, or sell trees that belonged to the state government. This decision was reaffirmed by the court in *State of Orissa vs. Duti Sahu* (1997).

In all three cases, the Supreme Court took the position that if forest areas cannot be preserved because of the demand for national development projects, forest dwellers should also be allowed to become beneficiaries of such projects. In other words, projects that would displace forest dwellers economically, socially, and culturally should be implemented as development opportunities for them so that their life prospects could be enhanced.

In *Pradeep Krishnan vs. Union of India* (1997), the Supreme Court further clarified forest dwellers' rights to forests as a source of livelihood. The Government of Madhya Pradesh granted fishing permits to displaced forest dwellers in the Toltadoh Reservoir, which is in the Pench National Park bordering the State of Maharashtra. The Government of Maharashtra objected to the issuing of fishing

permits by the Government of Madhya Pradesh on environmental grounds such as the potential danger of felling trees, harm to crocodiles and turtles in the reservoir, disturbance to water birds and migratory birds, and the possibility of lighting fires and throwing garbage and polythene bags around and into the reservoir. The court pointed out that although the presence of the fishers could cause environmental damage, as claimed by the Government of Maharashtra, the overriding rights of the forest dwellers to livelihood take precedence over environmental issues. It also emphasized the importance of preserving the fragile ecology of the forest by systematically rehabilitating the displaced forest dwellers where they are “in a position to earn their livelihood.” Until such time, the court ordered strict vigilance on the exercise of fishing rights by opening check posts to stop transgress into other areas, recording the daily fish catch, and prohibiting the lighting of fires on the banks of the reservoir.

The case of *Fates and Gimba vs. State of Gujarat* (1997) illustrates the impact of forest reservations on forest dwellers' lives. The forest officials of the State of Gujarat blocked the transport of bamboo mats made using tribal labor from the reserved forest areas on the ground of possible reckless exploitation of forests by forest dwellers. The High Court of Gujarat held that forest dwellers have the right to depend on the forest for their livelihood and that the forest officials cannot block the economic activities on which their livelihoods depend. In *Suresh Lohia vs. State of Maharashtra* (1998), the Supreme Court affirmed the judgment in *Gimba* (1997), stating that when a bamboo product is a commercial product, it could not be treated as forest produce. The Forest Department pointed out removing bamboo products from the definition of forest produce frustrates the objective of the Forest Protection Act of 1980, as it allows unscrupulous dealers an opportunity to denude the country of its forest wealth. The court rejected the plea on the ground that, while it cannot legislate, it could intervene in administrative actions, based on laws, if they amount to removing the rights of forest dwellers to their habitat and livelihood.

In *Vellore Citizens Welfare Forum vs. Union of India and Ors* (1996), the Supreme Court stated that “it is almost an accepted proposition of law that the rules of customary international law which are not contrary to the municipal law shall be deemed to have been incorporated in domestic law and shall be followed by court of law. But lower courts continue to take the view that municipal law under the statute takes precedence over the rights or privileges that are recognised under customary practices or conventions.” This ambiguity in interpreting the customary rights of forest dwellers and other tribal peoples frequently surfaces in Indian jurisprudence. However, in the following two cases, the Supreme Court has established some firm interpretation of the interests of forest dwellers over forestland and its produce.

In *Godavarman Thirumulpad vs. Union of India* (1997), the Supreme Court liberally interpreted “forest,” establishing a watershed in forest protection

and conservation in India. It held that “forest” is not only to be understood in the dictionary sense of the word, but also as any land area designated as forest in government records. It held that the Forest (Conservation) Act of 1980 applies to all forests, irrespective of whether they are public or private and irrespective of the nature of their other classifications. It also held that sawmills and mining are nonforest activities, and prior permission must be obtained from the central government before embarking on such activities. It directed each state government to ensure the cessation of such unapproved activities in forest areas. The Supreme Court imposed on each state government the responsibility to report on the number of sawmills and their capacity, proximity to the nearest forest, and sources of timber. The court also imposed a complete ban on the felling of trees in tropical wet evergreen forests and on the movement of timber with the exception of certified timber required for defense purposes. It ordered each state government to constitute an expert committee to identify forest areas, denuded forests, and areas covered with plantation trees, and to assess the sustainable capacity of forest sawmills. Plantations were barred from further expansion and forests encroachment through clearing or other means. These measures assured that the takeover of forestlands for public or private development purposes would not take place unless the central government authorized such actions.

In *Samata vs. State of Andhra Pradesh* (1997), Samata, an advocacy and social action group, was involved in a dispute with the State Government of Andhra Pradesh in 1992 over the leasing of some tribal lands in the scheduled areas to private mining industries. Under the Andhra Pradesh Scheduled Area Land Transfer Regulation, 1959, and its amendment in 1971, tribal land could not be transferred to nontribal people. The Supreme Court held that scheduled areas in a state are, as per the constitutional scheme, a separate category of land. As a result, those who live in or depend on such areas have specific social, traditional, and environmental interests and rights in such lands and forests. Therefore, such interests should be respected and protected. Justice Ramasaswamy observed:

The tribals have fundamental right to social and economic empowerment. As a part of right to development to enjoy full freedom, democracy offered to them through the states regulated power of good government that the lands in scheduled areas are preserved for social economic development of the tribal people (1997, 769).

The judgment further stated that tribal people can exploit minerals in scheduled areas without disturbing the ecology or forestlands, either individually or through cooperative societies, with financial assistance from the state. It further held that in the absence of a total prohibition on the transfer of lands, any licensee

or lessee must provide certain duties and obligations to the tribal people who are affected by the projects. At least 20% of the lessee's net profits must be set aside as a permanent fund for the affected tribal peoples' development needs in addition to any expenditure on reforestation and the maintenance of ecology. However, the Supreme Court stated that the transfer of tribal lands to state-owned agencies or corporations is excluded from such prohibition, since a public corporation acts in the public interest and not for private gain.

The Supreme Court directed the Prime Minister of India to convene a conference of all relevant ministers to develop a national scheme based on the guidelines laid down in the judgment in relation to tribal lands throughout the country. Several state governments and the central government appealed to the Supreme Court to amend the judgment and reinstate the states' powers to grant leases to private mining companies. The court dismissed this appeal. The underlying theme of the Samata judgment is the concept of sustainable development and the precautionary principle. When development is controlled, regulated, or supervised by the local tribal community or state instruments (assuming the social welfare mandate of the state), there is less chance of environmental degradation and social destruction. The Samata judgment stands as the custodian of tribal peoples' constitutional rights in India.

Regarding the rights of forest dwellers, three trends in Indian jurisprudence can be identified from the foregoing discussion. The first concerns forest dwellers' livelihood rights. In the Samata case, the Supreme Court held that the right of a tribal person over his or her land is primary. This has limited the state's power in exploiting mineral resources in scheduled tribal areas. The judicial concern for the sustenance of forest dwellers and other tribal people who depend on forests and forest produce is also reflected in the cases of *Fates and Gimba*, and *Lohia*. The second is the judiciary's environmental sustainability concerns, which have a direct impact on forest dwellers' livelihood and incomes. In *Godavarma*, the Supreme Court underlined the importance of sustaining the carrying capacity of forests. Its desire to preserve the forest's wealth from industrial depredation is also obvious from a series of judgments on regulating mining activities in forests. The third is that the state and other agencies should avoid adverse impacts on forest dwellers and other tribal peoples who depend on forests for their livelihood and sociocultural identity. If such impacts are unavoidable, every effort should be taken, as emphasized in *Banwasi Seva Ashram*, to improve their livelihood and social status at the expense of the project. In other words, development interventions should provide development opportunities for forest dwellers.

Laws into Action

In the State of Orissa, Vedanta Aluminium, a company based in the United Kingdom, started a bauxite mining operation with state government's support in an area that the Dongria Kondh tribal communities consider as their ancestral domain. Several local and international nongovernment organizations challenged the operation in a global campaign, alleging that environmental, religious, and cultural rights of the tribal peoples of the Niyamgiri Hills were being violated. In 2010, the Ministry of Environment and Forests (MOEF) reviewed the project's scope and impacts on forest dwellers with the help of the Saxena Committee, and rejected the mining project. The committee's report stated that Vedanta Aluminium had acted with "total contempt for the law," ignoring the Environmental Protection Act of 1986 and other legislation. The report recognized the proposed mining area as the cultural, religious, and economic habitat of forest-dwelling Kondh communities. It pointed out that these communities have legal rights under the Forest Rights Act of 2006 to withhold the use of their land for industrial purposes unless their free, prior, and informed consent is obtained.

Vedanta Aluminium, with the support of the State Government of Orissa and the state-sponsored Odisha Mining Corporation, challenged the MOEF's decision to reject its mining project before the Supreme Court of India. The Supreme Court considered several key issues, including whether a tribe could claim a whole mountain range as its habitat and as a sacred place where they worship their Gods. Vedanta Aluminium agreed that the Forest Rights Act mandates that forest dwellers cannot be evicted from land under their occupation until the recognition and vesting of rights under the act is complete. It argued that this mandate applies only to the land that forest dwellers occupied and not to the undefined territories used by the communities for their religious and cultural purposes. Vedanta Aluminium defined "habitat" under the act to mean a specific area of land that a community occupied, arguing that it does not mean an entire mountain over which a community could claim user rights. It pointed out that the community's claim to the mountain as a place of worship is not valid because the Forest Rights Act does not refer to religion, and therefore sacred rights are not part of forest dwellers' rights that have been recognized by the act. At best, religious rights give the community the right to worship, but not the right to property. The Solicitor General of India argued that even if mining might not be directly displacing the tribal peoples, it will certainly have a severe impact on their lives. He stated that religious and sacred rights come under the purview of the Forest Rights Act. He based his submission on section 3.1 (j) of the act, which states "rights...which are accepted as rights of tribals under any traditional or customary law of the concerned tribes of any State," and on section 3.1 (l) which states "any other tradition customarily enjoyed by the forest dwelling Scheduled Tribes or other traditional forest dwellers..."

His argument was that a religious right in the form of a right to their sacred mountain must be read as a customary and traditional right that falls within the meaning of rights elaborated in the Forest Rights Act.

The Supreme Court justices were interested in how the affected communities could share the benefits of the proposed project. Questions such as “Have the tribals been made aware of the material benefits that will come to them under the orders of the court? Have they specifically rejected such benefits? Should the communities live as primitive communities many more years to come?” indicated the court’s desire to strike a balance between the protection of forest dwellers’ rights and the development benefits that would accrue to the nation and the affected communities.

A lawyer for the tribal communities pointed out that the parameters used for mainstream society cannot be used to decide what the tribal communities want. The overwhelming desire of the affected tribal communities was to protect their integrated way of life. He stated that the affected communities were aware of many adverse impacts of the proposed project and that they would be the best judges to decide what benefits it would bring to them. Their fears of groundwater contamination by the refinery and the possibility of drying up of rivers that originate at the top of the mountain were realistic, as such effects would destroy their sources of livelihood and income. He further argued that “it is the responsibility of the state to provide and facilitate for development. The state has not been doing that, and how can we expect a private company to come in now and do this?”

The Supreme Court in its judgment⁶ declared that whether the affected tribes such as Dongria Kondh and Kutia Kandha “have got any religious rights i.e. rights of worship over the Niyamgiri hills...have to be considered by the Gram Sabha” (village council). Gram Sabhas can examine whether the proposed mining area located about 10 kilometers from the peak of the hill would in any way affect their sacred sites and religious practices. If the project “affects their religious rights, especially their right to worship their deity...in the hills top of the Niyamgiri range of hills, that right has to be preserved and protected... The Gram Sabha is also free to consider all the community, individual as well as cultural and religious claims, over and above the claims which have already been received from Rayagada and Kalahandi Districts.” The Supreme Court directed the state government and the MOEF to determine the merit of Vedanta’s application for the acquisition of more land from the tribal areas and for the expansion of its industrial estate, based on the decisions of the Gram Sabhas. Twelve Gram Sabhas held consultations in their village communities and unanimously declared the proposed project sites fall within the ancestral

⁶ Orissa Mining Corporation Ltd. vs. Ministry of Environment & Forest, 18 April 2013.

domain of the tribes who live in the area and any attempt to mine the Niyamgiri hills will violate their cultural and religious rights.

Broadly, the Supreme Court of India has equated the right to a clean environment with the right to life. Based on this principle, the Indian courts have created laws and regulations for effective environmental compliance and enforcement. Such efforts by the Indian judiciary have resulted in the enactment of the National Green Tribunal Act of 2010. The tribunals hear cases relating to environmental protection and conservation of forest and the natural resources including enforcement of legal rights relating to environment and giving relief and compensation for damages to persons and property. It has the power to order, direct, and settle disputes, and provide relief and compensation. The compensation includes restitution of damaged property and damage to the environment.

Conclusion

Over the past 150 years, the relationship between tribal peoples and their environment in India has been eroded by dispossession or forced removal from their traditional lands. The history of colonial British India shows how the state began to claim huge expanses of territory under the rubric of forestland, reserve forests, village forests, revenue villages, and protected forests. These forest categories not only revolutionized tribal peoples' lives and livelihoods, but also created new, almost inescapable ways of thinking about land, natural resources, and people who live on land and use such resources (Peluso and Vandergeest 2001). In this process, environmental interests and the rights of forest dwellers and their communities became "residual interests" subject to state scrutiny and approval (Scott 1998). In addition, large areas of land are cordoned off for national parks and wastelands without paying much attention to the forest dwellers that live on such lands or depend on them for their livelihood.

The forests created as state property through different forest laws could be labeled "political forests". These were a critical component of state-making in the colonial era both in terms of "territorializing" and "legal framing" of forests, and in institutionalizing their management as an instrument of state power (Peluso and Vandergeest 2001). In such a frame, customary rights usually remain as a residual category of community rights. The state enacted specialized legal codes to individualize and aggrandize its power regarding forestland. Forest laws criminalized many of the common customary practices of forest dwellers such as collection of forest produce and forestland cultivation. Some legal exemptions granted to tribal populations in villages were redefined first as privileges and later as customary rights of forest dwellers (Wiggins 2004). This

is essentially the structure of the forest-related legal framework in both colonial and post-colonial India.

When the judiciary took an active interest in interpreting (and sometimes reinventing) people's customary rights in the context of domestic and international law, the state responded first reluctantly, but later more positively. A key factor that contributed to the changing perspective of the state in the late 20th century on forest dwellers and their environmental and forest rights was the growing body of international law and human rights law that specifically focused on the rights of indigenous peoples worldwide. The Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act of 2006 shows the Government of India's response to mounting demand from forest dwellers, nongovernment organizations, and the United Nations for the recognition of the environmental and forest rights of forest dwellers. Although the policy and legal changes are remarkable, other national and state laws have the superseding power over customary laws and forest rights, especially in arenas of national development, national security, emergencies, and distribution of resources and benefits. In other words, most of the customary rights of forest dwellers exist to the extent the Constitution of India (especially its Schedule VI and V) and state laws recognize them. The Forest Rights Act brought such residual interests into a charter of forest rights of individuals and communities with specific procedures and limitations. The judiciary, too, has contributed to changing the environmental (forest) interests of forest dwellers into forest rights, sometimes innovatively interpreting forest laws and referring to international conventions such as International Labour Organization Convention 169 and human rights law, which emphasize the right to life, cultural rights, subsistence rights, and collective rights (ILO 1989).

In recent years, three broad processes could be identified with regard to scheduled tribes in general and forest dwellers in particular. The first concerns the remarkably wide array of ongoing forest struggles, conflicts, and movements, spanning almost the entire northeast region and several pockets of Uttar Pradesh, Bihar, Maharashtra, and Kerala states. These involve a wide range of stakeholders with diverse interests with respect to forests. Essentially, they either support or oppose the recognition of the environmental interests and rights of forest dwellers. The second is the rise of broader national concern over the powerful negative impacts arising from the destruction of forests in the name of development. With the enactment of the Forest Rights Act, the sincerity of the government's concern for the long-term sustainability of forests and the environment became clearer. The third is the resolution of trade-offs and conflicts of solutions to the problems of forests and those who live in and depend on them. Does the new emphasis on the place of nature and human rights of forest dwellers throw up answers to the questions it raises? One thing is certain: The judicial activism that is embedded in the Indian polity has been playing a vital role in safeguarding the interests and human rights of the tribal peoples.

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4. Living Displaced: Post-Displacement Livelihood Strategies of Displaced Muslims in Sri Lanka

by Razaak M. Ghani

I came here with my parents when I was about 10 years old. I saw my *umma* [mother] and *waapa* [father] struggling to feed us in those days...I remember, when I was in Mannar, my native place, one of my uncles used to go deep-sea fishing and he was a good diver...After my A-level studies I went to Saudi [Arabia]. I worked on a farm and learned diving. I came back after 2 years and started deep-sea fishing to catch sea leeches. One of my friends in Saudi gave me contacts for a few foreign [German] tourist hotels where there is a good demand for sea leeches. I made contact with them. I started catching sea leeches with two other friends. Now I get requests from foreign countries to export sea leeches. It is a hard business, but it is good money. It is also considered illegal. Since the local police are good to me, I have no problem yet. But many local fishermen are unhappy about my business. (A displaced person from northern Sri Lanka living in Puttalam)

This chapter discusses the coping strategies of resettlers and how such strategies promote or impede their assimilation and integration into their host communities. The chapter is based on the findings of research conducted among a group of displaced people who lost their property, identity, and residence because of ethnic violence in Sri Lanka. It describes how most of the resettlers at a new location have developed coping strategies to deal with their socioeconomic impoverishment and vulnerability.

Their physical displacement did not arise from land acquisition for a public purpose, but from the violence of an ethnic community that waged war against the state. From the early 1980s, a civil war that lasted 30 years raged in the northern and eastern provinces of Sri Lanka. A group of Tamil rebels fought for a Tamil homeland under the Liberation Tigers of Tamil Elam (LTTE), banishing Muslim communities from Northern Province,¹ which they identified as part of their homeland. The physical displacement of the Muslims was swift and total, and came without warning. Such a traumatic, abrupt, and devastating displacement does not fit any of the theories or models of physical displacement and involuntary resettlement.

This chapter describes and analyzes how some of the displaced developed coping strategies, and how, through social networks at their relocation sites, they succeeded in restoring and improving their life chances. What little outside help they received consisted of resettlement assistance from the state in the form of meager food rations. Therefore, many displaced Muslims drew on their past to reinvent their lives on the dry and uninhabited lands of Puttalam District where they found refuge.

Displaced Muslims in Puttalam

The Tamil-speaking Muslims of Northern Province are one of the refugee groups that have been living for a protracted period in self-initiated settlements in Puttalam District, North Western Province. The LTTE forced them to leave their homes in October 1990, and about 75,000 persons were displaced within a week (Shanmugaratnam 2000; Hasbullah 2001). Since then, they have lived in the settlements in Puttalam District for more than 20 years. They are among the largest and longest-staying of the conflict-affected displaced communities in Sri Lanka.² The Muslims in Northern Province are Tamil-speaking, and had shared a common culture and life chances with Tamil Hindu communities for centuries. They lost their homes, possessions, livelihoods, and personal histories during the forced expulsion. The memories of homes, flight, and experiences of the past are still alive among the first generation of displaced Muslims who live in Puttalam District. At the end of the civil war in 2009, the Government of Sri Lanka requested all internally displaced persons to return to their places of origin. But the displaced Muslims in Puttalam District (hereafter displaced Muslims) are still debating whether they should stay where they currently live or return to their original villages in the Northern Province.

¹ Northern Province consists of five districts: Jaffna, Kilinochchi, Mannar, Mullaitivu, and Vavuniya.

² The other displaced persons living in camps and welfare centers for a protracted period are Tamils in Northern Province and Eastern Province, who were evacuated by the Sri Lanka security forces to establish high security zones in their fight against Tamil rebels.

Post-Displacement Livelihood Strategies

When the displaced Muslims were expelled by the LTTE, they not only lost their homes and properties but also their social status, social networks, livelihoods, and freedom. Their economic losses were disastrous because they owned large livestock and cultivated very fertile agricultural land. Most of them earned their living from farming, fishing, and trade. As a result of the sudden and violent physical displacement, they lost everything they possessed, except their expertise in agriculture and fishing. Since settling down in Puttalam, they have gradually overcome their difficulties and moved away from living in limbo to become catalysts of socioeconomic change. In spite of the losses and psychological trauma, the displaced Muslims' economic recovery during the past 20 years has been quite impressive. In the four administrative divisions of Puttalam where the large majority of displaced Muslims live, it is easy to identify pockets of economic growth that they have initiated.³ They now constitute more than one-third of the labor force in the four divisions. In Kalpitiya Division, they constitute the majority of both the agricultural and non-agricultural labor forces.

1. Wage Labor: The Key Survival Strategy

The period 1991–1995 was a turning point for the displaced Muslims. During this time, they capitalized on the demand for wage labor created by rapid economic growth in the district. As middle-class landowning cultivators in their native villages, they never would have thought that one day that they would have to cultivate other farmers' sandy barren land as wage laborers in a very inhospitable climate. Those who had owned farmland and fishing boats and had had secure livelihoods suffered initially as they adjusted to their new status as socially marginalized and vulnerable persons at the resettlement sites. Working on onion and chili farms was not new to most of the resettler households. But working as wage workers on others' land was an unfamiliar and socially degrading experience that for many years they found hard to accept.

The initial support they received, largely from local people, local mosques, temples, churches, other faith-based and philanthropic organizations, and from some international nongovernment organizations (NGOs), was limited to food assistance and support in finding temporary settlements to live in. However, such support did not continue for long, and as a result, within a few months of resettlement, they found it extremely difficult to meet their basic daily needs.

³ Puttalam District consists of four divisional secretary divisions: Kalpitiya, Mundal, Vanthavilluwa, and Puttalam Town.

A man with three children who had owned 2 hectares of riceland in Mannar recounted his experience in finding a living at the initial stage of his resettled life:

I went out every morning in search of work. Some days I helped local fishers to take the fish from their boats when they arrived on shore around 10 or 11 in the morning. On such a day, I got a few fish and Rs100 as my wages. However, such work was not always available. As many of our people [displaced Muslims] were competing with each other, only a few were able to get such work regularly. After a few months of support from people and NGOs, we had to struggle for our survival. Although my wife had not worked as a *coolie* (daily wage worker) before, she had some farming experience on our own farm in Mannar. Therefore she thought that she could work as a *coolie* on an agricultural land. She began working on an onion farm with other women. When she went to work, I looked after the children at home.

Puttalam District, and especially its Kalpitiya Division, was undergoing an economic transition at the time the displaced Muslims arrived. Before the civil war broke out, coconuts were the main source of income of the population, as the district was the main supplier of coconuts to Northern Province (Shanmugaratnam 2000, 16). Jaffna, Kilinochchi, and Vavunia districts in Northern Province produced onion, chili, and tobacco for the markets in Colombo and Southern Province. The civil war severely interrupted commercial crop production in Northern Province (Gunasinghe 1988), and as the armed conflict intensified, vast areas of farmland were abandoned. At the same time, border districts such as Anuradhapura, Polonnaruwa, and Puttalam became the main areas of agriculture production, and cities such as Anuradhapura, Dambulla, Kaduruwela, Kalpitiya, and Puttalam became the central marketing hubs. In particular, the significant agricultural development in Puttalam District was linked with its geographical location, suitable climatic conditions for the cultivation of cash crops such as onion and chilies, and the availability of groundwater to irrigate agricultural land (Shanmugaratnam 2000). Also, the disruptions to coconut business compelled coconut farmers in Puttalam to invest in other commercial crops. A local Sinhalese businessman described the changes in the agricultural economy of Puttalam in the early 1990s as follows:

From the late 1980s, many coconut farmers incurred losses because they had to stop coconut trade activities in the northern areas during the war. As a result, lots of coconut lands were left unattended. Some farmers converted their coconut farms into onion and chili farms and continued to make profits. When displaced Muslims arrived from Mannar in large numbers, many

coconut farm owners in Puttalam District began to cultivate onions and chilies on their coconut lands. As the displaced Muslims were willing to work for low wages, some large coconut growers hired them to cultivate onions and chilies on their coconut lands and made good profits. Some other landowners divided their coconut lands and leased them out to those who were willing to cultivate onion and chilies on a contract farming basis.

The demand for casual labor increased as a result of contract farming. The displaced Muslims provided the additional labor and local farm owners found that employing them was more profitable than hiring other workers. The willingness of displaced Muslims to work as casual workers for low wages helped landholders and contract farmers profit from farming, while the readily available agricultural work provided an initial source of income for the resettlers who had nothing to live on other than wage work.

The arrival of large numbers of displaced Muslims and the increased demand for wage labor also had a significant impact on gender roles. Before the physical displacement, Muslim women were confined to their homes or worked only on their own farms without associating with strangers. However, because of the poverty, vulnerability, and marginalization created by their sudden forced displacement, many women gave up their traditional gender roles and searched for wage work in the area to earn their living. They worked on farms as casual workers earning meager wages.

During the planting and harvesting seasons, the demand for wage labor increased at the farms. Some displaced Muslim men earned money by acting as brokers, informants on harvesting dates, and produce collectors and transporters. Some of them visited dwellings at the settlement camps in the evening to recruit women for the next day's farm work. The women farm workers started at 7 a.m. and returned home after sunset. A women wage worker said:

We have no time to rest or relax while working in the field. We are allowed to spend about 15 minutes on morning tea and another 30 minutes on lunch. The farm owner stays in the field with us until we finish work in the evening. We are sometimes warned against talking to each other while working in the field. Therefore, we do not talk much because we are all afraid of losing our jobs. We are paid daily in the evening and with that money we buy our home needs.

As competition for wage labor opportunities increased and no new land was opened up for cash crop cultivation because of the water scarcity, many

displaced women found it difficult to find regular casual wage work. At the same time, such work became available only through contracts and social networks. A class of intermediaries and brokers sprang up to monopolize such employment opportunities. As a result, only a few women could find work directly from local farmers.

In a good cultivation season, landowners seek more wage workers and encourage their regular wage workers to bring their family members to work as wage workers. However, many displaced women do not want their sons and daughters to become wage workers. One wage worker said:

I do not regret working as a wage laborer because I somehow managed to educate my children. I was worried about them when we came here. We had nothing. My husband was worried and could not find any job that would enable him to buy clothes or books for our children. I worked for more than 10 years as a *coolie*. Now, *masha Allah* [with God's help] my children are grown up and they are in good positions.

Both the displaced Muslim women and the local women found it difficult to find casual work as years went by, producing tension between the two groups. Some local men were angry because they thought that the displaced Muslims had taken their opportunities and created trouble for them. Today, many poor local households perceive displaced Muslims as a threat to their future. A host community member said, "We are the poor and displaced now. The displaced Muslims are now getting richer and living a better life compared to us. Our jobs are grabbed by them. Our lands are taken by them."

A local villager complained that he does not get any government support other than *shamurdhi*,⁴ whereas a displaced person receives a monthly food ration, a grant to replace roof materials, and other relief packages from NGOs. Working on farms for low wages provides additional income for them. But for a local household, wage work is the sole income source. Among the local population, there is a widespread feeling that they are being overpowered by the displaced Muslims. Therefore, many of them want to send displaced Muslims back to their native places in the north. A local villager said:

Our people are angry with some NGOs and the government programs because they are helping only the displaced families. But we cannot get such help because our interests are not looked after by strong political leaders. They have powerful

⁴ *Shamurdhi* is monthly government food aid given to all households below the national poverty line (i.e., with a monthly income of less than SLRs2,500).

political leaders and NGOs to help them. But our people have not yet realized how cunningly these people are getting an upper hand in everything in the area. We hope that they will return to their original villages soon after the war.

This discussion shows how initially the local people exploited the displaced Muslims as farm workers and helpers in fishing, but once the resettlers settled down and established their own economic and social networks the local people resented their presence partly because of the fear of losing their limited resources to outsiders, and partly because of jealousy. A key issue in this regard is whether the resettlers have successfully integrated into their host community. Initially, because of humanitarian and economic reasons, the process of integration showed good results. But as competition mounted for limited land resources and employment opportunities, assimilation and integration were threatened.

2. Fishing in Troubled Waters

When the displaced Muslims arrived in Puttalam in 1990, the local people engaged in two types of fishing—lagoon and deep sea—and prawn farming. Prawn farming began in the late 1980s as an export-oriented business led by local politicians and businesspeople from Colombo. The most popular way of fishing was lagoon fishing. This is a relatively safe way to fish—fishers walk just a few meters into the lagoon to catch fish by casting nets and hooks. They also use small *vallam* (canoes) or *theppam* (flat boats). High-speed motor boats are rarely used except in deep-sea fishing.

Nearly one-third of the displaced Muslim households from Kilinochchi, Mannar, and Mullaithivu districts were fishers, and some of them owned boats. Many of them arrived in Puttalam District as refugees to engage in fishing. They soon realized that the local fishers did not possess the skills to fish in deep water in and outside the lagoon. They first joined the local fishers as helpers, pulling fishing nets and going out with them in boats as assistants. Gradually, many of the newcomers started to fish on their own in areas of the lagoon that local fishers had allowed them to use. The local fishers were sympathetic and friendly toward them as they were struggling to make a living. Over the years, with the growing population and the increased scarcity of other income sources, the local fishers felt that the displaced Muslim fishers were becoming a threat to their livelihood. As a result, the local fishers' initial goodwill toward the displaced Muslims began to decline. As the displaced fishers began to fish in large numbers, overfishing led to diminishing income from lagoon fishing for most fishers. This has made the local fishers feel threatened and has led them to attempt to stop the displaced fishers from fishing in the "local territory"

(the lagoon and on the shores). Serious confrontations have arisen between local and displaced fishers over the access to lagoon and fishing locations (Shanmugaratnam 2000; Ranaweera-Banda 2003).

In 1996, a group of displaced Muslim fishers in Aalankuda, a resettlement village in Puttalam District, formed their own organization with NGO assistance. But it was not active because the government officials did not recognize it as a legitimate organization. The officials pointed out that displaced persons were not residents of the area (Shanmugaratnam 2000). The host community also formed fishers, associations and lodged complaints with government authorities demanding that only local fishers should be allowed to fish in the Kalpitiya Lagoon. They demarcated separate fishing territories for local fishers and restricted “illegal” fishing by displaced fishers at these locations. Although this action aimed to reduce confrontations between the two groups, it also marked a significant change in the ownership of the fishing resources. The demarcation of fishing areas by local fishers and the formation of fishery societies changed the status of the lagoon from common property to private property (Shanmugaratnam 2000). As a result, the number of displaced fishers engaged in lagoon fishing has declined. A host community member explained:

When they came to our area, we felt sorry for them and let them catch fish in the lagoon. We thought they would leave in few months for their original homes. Later, our people [local fishers] realized that the displaced people were destroying lagoon resources. Therefore we decided to stop [them] engaging in lagoon fishing without our permission.

The confrontations between the displaced Muslim households and local fishers escalated over the years eroding the sense of brotherhood and the cordial reception extended by local Muslims toward the displaced Muslims. A local man expressed his feelings as follows: “We as Muslims like to share resources and protect fellow Muslims. But we do not need people in our villages to challenge our rights and grab our resources.”

Unlike lagoon fishing, deep-sea fishing requires skills, modern equipment, and courage. Few fishers in the host community were engaged in such fishing at the time the displaced Muslims arrived in Puttalam District. Many of the displaced Muslims from Mannar and Mullaithivu were deep-sea fishers who were looking for an opportunity to restart their occupation. Some of them were good divers who, unlike the local fishers, were skilled at catching rare fish using modern equipment. This gave the displaced fishers an advantage over the locals. Initially, the displaced fishers worked as assistants to wealthy fishers and local boat owners. Big boat owners took advantage of them by hiring them as skilled

laborers. With support from NGOs and money sent by relatives from abroad, several displaced fishers started their own deep-sea fishing operation. Although deep-sea fishing did not affect lagoon fishing, the local fishers disputed the displaced fishers' landing rights on the shores of the lagoon. They complained that the use of heavy motor boats destroys the ecology and fish resources in the lagoon. After 15 years, and with the intervention of government authorities, rights to deep-sea fishing were established for both local fishers and displaced Muslim households. Meanwhile, lagoon fishing became the exclusive right of the local fishers.

Deep-sea fishing has become a vibrant component of the local economy. Displaced fishers have made the local fishing industry more diverse and dynamic by using their entrepreneurial skills, experience, and resources. Their deep-sea fishing skills are now well accepted by all communities in the area. A host community member once disputed negative views of a friend stating: "If they [displaced Muslims] leave the area, no one will be able to keep deep-sea fishing going. We will gradually refocus on lagoon fishing. This area is more active today because of displaced people who came from outside."

The dynamic role played by the displaced Muslims in Puttalam District exemplifies how forced migrants can transform themselves into economic migrants who create opportunities for improved livelihood and income. While these people face challenges and economic hardships, they also find alternative livelihood strategies.

3. Government Subsidies: Uses and Abuses

Government relief assistance and subsidies play a role in the displaced Muslims' economy. As a result of expulsion from their native villages, displaced Muslims have become a liability for the government—a category of people who are both in need and are out of place. State subsidies and relief packages for internally displaced persons helped the displaced Muslims survive at the initial phase of their resettlement. The government provided them monthly food subsidies through ration cards. The value of the rations varied according to the size of the household; the maximum value of the monthly rations given to a household of five or more was SLRs1,200. The rations included essential food items: rice, lentils, coconut, oil, and sugar.

A ration card plays the role of identity card or social security card, providing a household with several labels, such as "temporary residents," "dependents of government food aid," and "poor and needy." The government issued the ration cards through the *Grama Niladhari* (village administrative officer). They are seen as valuable documents that can be used as proof of belonging to the camp, and of eligibility for state assistance.

Ration cards are the most reliable source of livelihood for many displaced Muslim households. Although the government and relief agencies wanted to withdraw ration card benefits from those who had found employment at the resettlement areas, the withdrawal was postponed because many displaced households continue to depend on the cards for their living. The displaced Muslims use ration cards not only to obtain food from cooperative stores, but also to trade as collateral to get money for an urgent needs. A cardholder can even pawn or sell the card to someone else—a practice known as “ration card business.” Both local and displaced Muslims are aware of how the cards are being used. Government officials do not try to stop such practices; rather, in some locations they are partners in the card trade.

Shop owners in local townships and Puttalam City know the timing of food distribution to the displaced persons and the quality of the food items available with ration cards. Accordingly, they engage in ration card trade with the cardholders to gain the maximum benefit for themselves. Ration cards are traded in two ways. Pawning is the most common method. A card is generally pawned at two-thirds of its value to the local trader, and the trader gets the subsidies with the card until the amount of money borrowed is paid back. A ration card is pawned for variety of reasons: to buy a TV, construct or renovate a house, purchase a piece of land, or give a dowry to a daughter. The second way of trading a ration card is to sell it to a local trader. The trader gets the food items from the cooperative shop using the ration card. The local cooperative shop manager plays a central role in such ration card transactions.

Occasionally, displaced Muslims receive poor-quality food rations from the cooperative shops. Some resettlers sell such low-quality rations at less than the market price to local poor households or to traders. Local poor households with no permanent incomes usually know when resettlers get their food rations from the cooperative stores. If the resettlers are willing to sell their rations, poor local households buy items such as lentils, rice, and sugar at a lower price. This informal market for rationed food operates smoothly as transactions are conducted through mobile phones. Often, an intermediary facilitates the transactions for a small fee. On the other hand, the local traders who collect rationed food from the “bought” ration cards earn large profits by selling such items on the open market.

Cheating and misuse of government benefits are not unique to Puttalam District. The misuse of aid and relief assistance is common among refugees and displaced persons, and is a way to maximize benefits (Kumsa 2006). Refugees and displaced people live in two moral systems: one that applies to their transactions with public institutions and agencies, and the other applies to their dealings with community members. Whereas they do not hesitate to cheat the institutions or agencies with which they have an impersonal relationship, generally they do not cheat their fellow community members because of the

complex and close informal interactions that they have developed over several years (Kumsa 2006).

4. Maids in the Middle East: Gains and Losses

Living as a resettler at a resettlement site for a prolonged period waiting to go back to one's native place is difficult. The economic and social security of such a resettler is at stake, and vulnerabilities arising from this precarious status create a sense of pessimism and hopelessness. Displaced Muslims, who have lost all their belongings and land as a result of sudden and forceful eviction, ensured the safety of the younger generation as their first priority when they arrive at the resettlement site. Displaced children who stay in camps and resettlement sites for a long time do not have memories of their native homes. Such young people therefore find it easy to migrate to the Middle East to overcome their financial difficulties and rebuild their lives.

At each resettlement site and camp, there are a few households with members working in the Middle East. The affluent members of the Muslim host community and religious leaders are concerned about growing anti-Islamic behavior among those who return after staying 2–3 years in the Middle East. The migration of young women to the Middle East is often viewed as a socially unacceptable practice. Members of the host community believe that the willingness among the displaced Muslims to send their women abroad to work is a threat to the local Muslim culture. A local community leader commented:

Working in the Middle East has become popular in this area. We generally do not like this practice. *Muhaam* [camp] people are money-minded. They are always looking at ways in which they could raise money. This is a totally new trend. Our culture and traditions have been ruined by them.

Many displaced young Muslim women consider migration to the Middle East as a strategy for escaping poverty and vulnerability. Their parents borrow money from relatives, pawn their ration cards, or mortgage jewelry to pay employment agents. Some others already have relatives in the Middle East who can help them find work as maids. Temporary migration to the Middle East is not, however, an option that all resettler households can afford. On average, a father would pay an advance of SLRs25,000 to an employment agent to find his daughter a job as a housemaid in the Middle East. Destitute and poor people who depend solely on food rations and wage labor for their living cannot raise such large sums of money. These households therefore remain poor and dependent on the local labor market for employment.

Temporary migration of women to the Middle East has several socioeconomic consequences for the household and for the image of a Muslim woman (Brun 2008). Households that send their women to the Middle East usually use the remittances to buy land, a boat, or a three-wheeler taxi, or to build a permanent house. A few men staying at home spend the remittances on smoking, gambling, and recreational tours with friends. In such households, young children suffer as they are often assigned household chores which affects their education. Some children from such households report family violence, negligence, and depression.

Women who work abroad for 1–2 years cannot save enough money to buy land or build a house as their earnings are consumed by their debts and fees they had to pay to their employment agents. Therefore, a returnee from the Middle East would try to go back to the Middle East after a short break with her family. Once a woman becomes familiar with the Middle East, she can easily find work with the same employer. Often, the employer pays the travel costs for subsequent journeys. Women who have already migrated help their relatives to obtain visas, and provide references (Deshingkar and Aheeyar 2006). A woman summarized her experience as follows: “Women who worked in Saudi Arabia like to go there again because it is a kind of freedom from home environment. For some of them, it is difficult to adjust to family circumstances after they had spent a few years abroad and enjoyed a different lifestyle” This, together with the respect that they receive from their community, empowers them and enables them to be independent.

5. Small Businesses and Local Employment

As local employment opportunities have dwindled over the years, displaced Muslims have begun to explore self-employment opportunities at their camps and settlements, and in nearby townships, construction sites, and private business agencies. Self-employment is becoming more prevalent among the displaced Muslims.

The younger generation of displaced Muslims who have completed university or technical college degrees usually find employment as school teachers, government officials, or NGO representatives. Those without degrees usually work as shop assistants, three-wheeler taxi drivers, and small entrepreneurs. Many of them have started small businesses such as grocery stores and tea shops (food stalls) at their camps and welfare centers. The tea shops are meeting places for the displaced Muslims. A few households have begun livestock farming, especially goat rearing. Others use their small land plots as home gardens to grow fruits such as guava, papaya, and banana. A guava farmer said, “Every week I send about 200 guavas to Colombo. Now

I have some traders coming to collect guava in the middle of the week. It is good money.”

Host communities acknowledge the displaced Muslims’ contribution to transforming their sleepy towns into vibrant business hubs. One host in Norachholai (in Kalpitiya Division) praised them:

After they [displaced Muslims] came here everything has a money value. They are really good at business. For example, before their arrival people collected firewood from nearby forests. Today, however, many people buy firewood. Selling firewood is a good business. Before they arrived in this area, we did not do much cloth or grocery business. Then the daily turnover of such a business was about SLRs3,000. But now the average turnover exceeds SLRs10,000 a day. I wonder what our fate will be once they leave the area after the civil war.

The rebuilding of devastated lives of displaced Muslims in Puttalam has mainly been driven by their self-confidence and hard work over 15 years. Their changing socioeconomic status in Puttalam suggests that they can contribute to the local economy while sharing local resources and opportunities with their host communities. But progress and upward social mobility of the displaced Muslims has been uneven and unequal. More than 2 decades of displacement and uneven socioeconomic development have changed their gender roles and social divisions. Although the host community views these changes as detrimental, they have progressively established a robust economy that everyone in the community—resettlers and their hosts—can share.

Displaced Women: Pioneers of Change

Physical displacement affects men and women differently (Turner 2000; Gururaja 2000; Mehta 2002; Brun 2000; Giles et al. 2003). When a community is forced to move without notice and is relocated in an unfamiliar environment, it is difficult for its members to reestablish their old social support networks and identity that are essential to recreate a sense of community belonging. In such circumstances, displaced men and women adopt roles that may be different from the traditional roles that they played in their original communities. As a result, they build new social relationships.

In the pre-displacement social context, displaced Muslim women used to work with their husbands and brothers on their family farms. With their lives largely confined to household chores and farming, they had little exposure to the outside world. Since their forced displacement and resettlement, the

women have assumed new roles at the resettlement sites and camps that contrast sharply with their traditional roles and the expectations of the Muslim community. They have taken over more economic responsibilities as income earners. During harvest times, for example, they work as wage workers on onion and chili farms and earn sufficient income to become economically independent and establish new social networks. As agricultural wage workers, they associate with male farm workers, farm owners, and subcontractors, and communicate with them freely without any guilt.

Men, on the other hand, became used to doing the household chores that women had done in the past, such as taking children to school and collecting food rations from cooperative stores. At the initial phase of resettlement, many men did not engage in any productive activity to contribute to the household income as they were trying to overcome the trauma and shame that they felt as displaced, landless refugees. They almost exclusively depended on their women to earn a living. This reversal of gender roles has brought in social, cultural, and economic changes among the displaced Muslim communities.

Engagement in income-earning activities, however, has not relieved women from their traditional household chores. Women farm workers cook food before leaving home in the morning for work and look after their children in the evening while the men were out with their friends. One displaced woman pointed out:

Since we arrived in Puttalam, we have not had a single day of rest. In our former homes, we spent 3 to 4 hours every day meeting friends and relatives. But now we do not have such leisure time. Not only do we find work and earn money for the family, but we also attend to household work. But in a way I am happy that I feel that I am more useful to my family than before, and I think that they recognize my contribution to their survival.

As many women at the resettlement camps gained some economic independence and self-confidence, local host Muslim communities displayed their displeasure toward such changes. The increased visibility of displaced Muslim women in various socioeconomic spheres in the area became a topic of discussion and argument between local men and displaced Muslim men. Some local Muslims openly criticized the displaced Muslim women as uncultured or un-Islamic because they travel and work outside their homes. One Muslim local resident said:

Our women never go out without our consent or without being accompanied by someone. But some displaced Muslim women go out alone even at night and work with men on farms. We are

troubled by such news and observations. We think that they are ruining our [local] culture.

The opportunities to migrate temporarily to the Middle East as housemaids have also changed the role of women in their households and communities. Local Muslim men believe that displaced Muslim men send their wives abroad to have some socioeconomic space for themselves and to spend their wives' hard-earned money.

The women migrants who went to the Middle East perceive their temporary migration as an opportunity to improve their Islamic faith. When they return home they tend to wear the dresses they wore in the Middle East. Such attire distinguishes them from other women in the locality. In addition to the Islamic dress code, they have absorbed cultural practices that also distinguish them from others. For example, the way they talk to visitors and the manner in which they present themselves at social occasions indicate their level of assimilation of the Islamic culture. For them, behaving and dressing differently also is a way of expressing the newly achieved middle-class status that their savings give them. An orthodox Islamic outlook and economic independence have empowered many such displaced women. As Senanayake (2006) pointed out, employment in the Middle East and earning a good income have transformed gender relations at the resettlement camps, which in turn has led to the reconfiguration of everyday living within a unified pan-Islamic code of conduct.

NGOs and international relief agencies have also encouraged the resettled Muslim women to be more economically active and have supported them by targeting them as the recipients of resettlement aid and services such as microfinance, group savings programs, and income-generation courses. A World Bank survey conducted in 2006 reported that about 11% of the vulnerable displaced Muslim households in Puttalam were headed by women. The World Bank's income improvement programs assisted these vulnerable women groups through housing and infrastructure support services. NGOs trained women in skills development and income generation, and through microcredit programs. The orientation of NGOs to give priority to women in social and economic development assistance programs prompted displaced Muslim men to allow their wives and adult daughters to participate in such projects. However, some displaced Muslim young men expressed their dissatisfaction regarding NGOs' targeting of women in development programs.

The decades-long conflict and displacement opened new opportunities for women to overcome Islamic conservatism and achieve greater mobility and participation in the public domain. They have become symbols of both continuity and change (Brun 2008). However, it is difficult to predict whether

displaced Muslim women could maintain their improved social status after the civil war. The end of the civil war and the return to their original land would challenge this newfound freedom and independence. On the other hand, the role reversal experienced by women might be further strengthened in the post-conflict context if men are unable to recover their previous economic status and assets immediately and continue to depend on their women for survival. In any case, Muslim women would continue to find it difficult to reach their full potential at the household level because of the patriarchal social organization of Muslim society which still considers men to be the key decision makers in the household.

Displaced Youth: Catalysts of Change

Displaced youth—the second generation of resettlers—regard Puttalam as their native home. They generally mingle with the local youth and feel at home with their host community. Most of them have studied well and have high hopes and aspirations for the future. They have engaged in income-generating activities, such as deep-sea fishing, and new businesses in local townships. They are also active in local party politics and Islamic activities. Most see Puttalam as a land of opportunity, a place to obtain a good education and have access to urban businesses and better income opportunities.

However, many of the displaced youth have been struggling to find a place in the new social, economic, cultural, and political environment of the post-displacement context. A young resettler said:

We felt very worried about our sisters when they were young. They didn't have a proper place to sleep. In the camp houses we all slept together. Sometime we stayed up the whole night talking and doing things. Some of us used to go to the beach. In the morning we came home to sleep. By that time other family members had gone away from home or were doing their daily work such as cleaning, collecting firewood, going around to find some work for money etc. . . . We should say things have changed a lot for the better now. We have more privacy at our homes. At least my parents have a house with two rooms and a toilet. We have a mosque in each camp. We sleep in the mosque if we have overnight visitors at home.

The first generation resettlers think that it is their sons' duty and responsibility to work hard to help their families and themselves rebuild their lives before they start their own families. Their parents may not have achieved much in Puttalam; but their sons have the opportunity to exploit new income opportunities in the

area. The older resettlers believe that their sons should not depend on their wives and sisters, as they did, to earn a living. They should not allow them to work on onion and chili farms. Young men and women feel under pressure from their parents to take on household responsibilities as parents find it difficult to find work and to save money for their future.

The social pressure on young men to find work has had several negative consequences. Those who find it difficult to get a job are frustrated and become drawn to various political and religious groups as a source of consolation. Some young men have received free mobile phones from politicians as tokens of appreciation for their political allegiance. A youth described how he was enlisted to work as a political agent:

One day, when we were playing soccer, a group of supporters of our Minister [leading politician who represents the displaced Muslims] asked some of us to join them. None of us knew the reason. We were asked to get into a truck and while travelling we were told that there were lots of work to be done and each one of us could earn 500 rupees and a lunch packet by engaging in such work. The truck dropped us at Palavi junction [a small township located on the Puttalam–Colombo main road]. We were taken to participate in a political demonstration. We shouted slogans with others. We did not know the politicians and why we had to shout. But we are helpless and are scared to resist such invitations.

Despite occasional conflicts between local and resettled youth regarding the sharing of limited resources and employment opportunities in the area, they generally maintain good contacts with each other. They play soccer and cricket together outside their camps and settlements. They meet at teashops, three-wheeler taxi parks, and mosques to share information. Such networks are also a means of reaching out to people with whom their parents have had no contact. For example, a dispute between a displaced family and a local family over a love affair between a local boy and a displaced Muslim girl was resolved peacefully by a group of local and displaced young men. During Ramadan, local and displaced youth engage in social work such as distributing food to devotees at mosques. Young displaced men who are active in social work and have wider social circles are seen as influential. However, there are sporadic clashes between local youth and displaced Muslim youth.

Despite the visibility and prominence of the youth in everyday life in displaced and resettled communities, limited attention has been paid to them in the literature on forced migration (Brun 2000). Moreover, international and local agencies have not yet recognized the importance of gender roles and their

radical changes at resettlement camps which, in turn, influence the social positions of the displaced youth. For example, NGOs provide resettlement assistance to first-generation displaced men and women in Puttalam, but almost ignore the displaced youth, and their aspirations and capabilities. One young man complained:

Sometimes we feel frustrated because we are ignored. It is good if somebody could help us by providing vocational training such as carpentry. When we are not productively engaged in an employment, we feel parental pressure on us. Our frustrations lead some of us to get addicted to alcohol. Drinking and smoking are bad habits. Some of our boys have joined *killi* [gangs] groups, although most of us keep our distance from those *killi* groups. We need somebody to help us to make our lives better.

Social Differentiation

Humanitarian aid agencies generally view displaced people as an undifferentiated mass, and believe that they share common problems and needs (Shanmugaratnam 2000; Porter and Haslam 2005). Stereotypical notions of displaced and resettled people as helpless and dependent on aid and assistance often obscure social divisions that exist among them. Displaced persons may be ethnically or religiously homogenous, but they are often differentiated in terms of place of origin, political connections, and pre-displacement class and social status. Apart from gender and age-related social differentiation systems, several other hierarchical relationships have emerged among the displaced Muslims during the post-displacement or resettlement phase.

1. Social Divisions Based on Place of Origin

The most visible form of social differentiation among the displaced Muslims is based on their place of origin. More than 70% of displaced Muslims arrived in settlement and camps from Mannar District. They arrived early and established access to fertile lands in Puttalam District. Later, others came from Jaffna, Kilinochchi, and Mullaithivu districts and established temporary settlements in resource-scarce localities.

The resettlers from Mannar District soon exploited the new opportunities created by the economic growth in the region, and especially by the boom in onion-growing in the area. Some of them became intermediaries and brokers in the

land or labor markets. The most deprived group of displaced Muslims came from Mullaithivu District. They constitute only 6% of displaced Muslims, and most of them still live in camps and welfare centers run by government agencies. Many resettlers in camps think that they are being discriminated against in benefit distribution. A displaced Muslim school teacher from Mullaithivu District described how his community became marginalized because of the displaced Muslims of Mannar District:

We have been living in these *cadjan* (temporary) houses in the camp for the past 15 years. Most of us do not have any land. We live on government land. For the past 5 years, we have been requesting the government to regularize our land plots, so that we can apply for housing grants. But the district secretariat has not taken any action so far. Many NGOs have visited our camp many times and promised that they would help us to get better housing and other facilities. About a year ago, a Cabinet minister came here to promise assistance. He promised that all settlers would be resettled in new houses. But nothing has happened so far. We are now becoming a show piece for politicians and government agencies to get foreign funds. Once funds are received, nobody wants to implement projects for our benefit.

After 15 years, many displaced Muslims from the north live in camps and welfare centers and remain poor and marginalized. Several processes have contributed to this scenario. First, they can leave the camps only when the state provides them with land, but they lack political networks through which to pressure government officials into implementing land distribution programs in their favor. Second, people from rural and farming backgrounds have limited social networks outside their own communities. This restricts their capacity to move out of the camps and forces them to depend on government subsidies and on wage labor. Third, they prefer to live in camps that have evolved into neighborhood communities where they find security, mutual support, and social and economic aid. They are reluctant to move out of the camps and resettlements to face risks and competition.

2. Social Divisions Based on Political Affiliations

In Puttalam, the displaced Muslims are affiliated with political parties. In Sri Lanka, political affiliations and networks are important prerequisites to benefit from government and external assistance programs (Perera 1985). Such affiliations not only regulate the assistance that they receive from outside but also create new socioeconomic hierarchies. Displaced Muslims can be broadly divided into three main political groups. The most influential and politically powerful displaced Muslims belong to the All Ceylon Muslim Congress, a break-away

political party of the second political group, the Sri Lanka Muslims Congress. The third political group among the displaced Muslims consists largely of people who were displaced from Jaffna District. They seek political patronage from Tamil politicians to get assistance and benefits from the government. However, they do not expect to receive support from the All Ceylon Muslim Congress or the Sri Lanka Muslims Congress. Therefore, they trust a local Tamil politician whom they think could resolve their grievances. This individual helped some of the displaced Muslim households obtain government land to resettle.

Affiliation with political parties is an important dimension of the social hierarchy among displaced Muslims. A person who has close connections with political leaders could become influential in a resettlement camp. Camp officers appointed by politicians wield such power. They are the key players in selecting beneficiaries for rehabilitation and resettlement, and for humanitarian assistance from the government and external agencies. Such favors and discrimination based on political affiliations sometimes trigger clashes among political groups.

3. Emerging Class Stratification

Political affiliations and regional groupings of the displaced Muslims are now gradually evolving into a class-based⁵ hierarchical structure. In addition to enjoying the comparative advantage in wielding political power shared by the displaced Muslims of Mannar District, those from Erukkalampitty⁶ in the same district are more entrepreneurial and better educated than their fellow settlers. Some of them started small shops and businesses such as firewood stalls and fast-food outlets. Educated members of this community formed nonprofit organizations and private education institutions. Some of them work as agents of overseas employment companies to recruit employees for foreign households. This small business community has grown fast from the late 1990s, as they have been able to accumulate capital from buying and selling land; selling construction materials such as sand, hardware, and bricks; and operating taxi services in local towns. Their economic advancement has been strengthened further as their political leaders obtained prominent positions in the national and local governments.

The emerging new hierarchy among the displaced Muslims in Puttalam District consists of five classes (Table 4.1). Each class displays distinct characteristics based on occupation, political affiliations, and place of origin.

⁵ The term “class” is used in a generic and descriptive sense to denote different socioeconomic positions held by individuals in a hierarchical structure, based on employment, social status, and political linkages.

⁶ People who lived in this locality in Mannar District are considered to be in a better-off community.

Table 4.1 Class Categories and Their Characteristics

Class/ Socioeconomic Category	Percentage of Displaced Persons	Characteristics
Rich and affluent (upper class)	1–5	<ul style="list-style-type: none"> • Live in private houses on large blocks of land with concrete fences • Own trade stalls and vehicles including commuter buses • Some engage in businesses in Colombo and are the key political agents in the resettler community • Children study abroad, in Colombo, or in international schools • Live in Puttalam town, along the Colombo–Puttalam main road and in Norachcholai town
Better-off (upper-middle class)	15–20	<ul style="list-style-type: none"> • Live in permanent houses at resettlement villages and town areas of Puttalam and in Kalpitiya • Own land and vehicles especially three-wheeler taxis • Engage in retail trades, and in government and private sector jobs • Children study in town schools
Moderate (middle class)	15–20	<ul style="list-style-type: none"> • Live in partly built permanent houses in settlements and relocation villages • Own small plots of land • Engage in small-scale trade, farming, and government jobs—mainly in teaching
Poor (lower-middle class)	20–25	<ul style="list-style-type: none"> • Live in camps and welfare centers • Few own small land plots • Engage in wage labor, fishing, or taxi driving • Women work in the Middle East as housemaids
Destitute or poorest (lower class)	25–30	<ul style="list-style-type: none"> • Living mainly in <i>cadjan</i> (temporary) huts at camps and partly built houses at welfare centers • No land or other assets • Wage workers in agriculture • Depend mainly on rations and subsidies from the government

Source: Field Notes (2009–2010).

The hierarchical social structure of the displaced community influences community members in different ways. The powerful groups use their positions to strengthen their dominance over the less fortunate and vulnerable by manipulating the resources and opportunities provided by NGOs, development agencies, and the government. The patterns of exclusion and discrimination in the distribution of assistance also underline the greater vulnerability of underprivileged groups.

How this new class hierarchy would adjust if the displaced Muslims were to return to their original villages in Jaffna, Mannar, and Mullaithivu districts is

a key research question. Another important question is whether the affluent settlers would prefer to return to their original places or stay where they are. The second generation has already indicated that they would prefer to remain in Puttalam District. A third question is: If settlers were to return to their original village, would they be able to transfer the total value of their assets in cash?

Summary

The central argument of this chapter is that the life chances of the displaced Muslims in Puttalam District are similar to those of the victims of a development-induced physical displacement. At resettlements, they use their skills and experience gained at their original communities to tackle difficulties and risks in their new environment, and to overcome obstacles they face from their host community. To survive in an unfamiliar social space, they adopt different strategies, depending on its socioeconomic, political, and cultural conditions. Many displaced Muslims began their new lives in Puttalam District as wage workers applying their skills and experience, and gradually moved into different and innovative occupations.

Cheating and misuse of relief and other external support are coping mechanisms they use to survive, at least in the initial phase of resettlement. Such mechanisms are accommodated and accepted by the local administration, host community, and camp and settlement officials. This is because the strategy does not harm social relationships; indeed, such transactions reinforce mutual understanding and dependency in the community.

Women are prominent contributors to the incomes of displaced Muslim households. They are respected for their contribution as breadwinners, and over the years this has directly contributed to reversal of traditional gender roles. Temporary migration to the Middle East for employment has further strengthened their socioeconomic status. Young displaced men, despite their innovative skills and capabilities, however, find it difficult to develop a visible presence at the household and community levels. They are often excluded and viewed as dependents of the first-generation settlers. This has made them socially isolated and subject to exploitation by political and religious interest groups.

Physically displaced people are not passive recipients of aid and assistance. Some of them have contributed significantly to the transformation of the local economy, and in so doing have transformed themselves from a dependent, subordinate community to a dominant, catalytic group in the area where they live. This shows that, after their initial dependence on aid and NGOs, displaced people have become dynamic social agents rather than a prolonged social

problem (Muggah 2000). Their dynamism and innovativeness combined with their economic achievements enabled a complex social hierarchy to emerge in the area. This structure provides indicators to ascertain social status, as well as mechanisms to handle day-to-day crises frequently found at resettlement sites.

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5. Resettlement Planning and Pre-Displacement Impoverishment

by Jayantha Perera

Involuntary resettlement models deal with how to manage adverse impacts of physical displacement on persons and communities caused by development projects. These “reformist-managerial” (Dwivedi 1998) models consider development-induced physical displacement of populations as an inevitable, legitimate cost of development. The losses incurred by such populations, the models explain, can be dealt with adequately through relocation and income restoration programs, which offer them an opportunity to improve their income and livelihood. The focus on post-displacement management of the welfare of the populations downplays the trauma, impoverishment, and social disarticulation that populations undergo during the planning of their displacement and relocation.

This chapter focuses on “planned-only projects,” which are development projects that have been in the planning phase for several years, and sometimes several decades. It highlights the risks and realities persons and communities encounter without being displaced. In such projects, borrowers, lenders, and affected populations engage in socioeconomic surveys, consultations, and scientific studies, and in formulating development plans such as resettlement plans, indigenous peoples’ development plans, and community development plans, as if their implementation is imminent. This chapter argues that such project planning activities themselves have major adverse impacts on persons and communities in areas demarcated for such projects, and such impacts and experiences should be part of resettlement theories and models.

The chapter expands and fine-tunes the planning and recruitment phase of Scudder’s four-stage framework, and the eightfold impoverishment risks outlined in Cernea’s impoverishment risks and reconstruction model by including planned-only project scenarios in the scope of resettlement theory and practice (Scudder 2005; Cernea 1997). It also demonstrates that borrowers and lenders

usually pay little attention in their protracted negotiations to the traumas, impoverishment, fears, uncertainty, social disarticulation, and temporary coping strategies of the populations that have been identified and notified that they will physically be displaced in the name of development. Feasibility reports rarely touch on such palpable and critical social situations. Borrowers and lenders are usually embroiled in negotiations on profitability, internal rate of return, and the distribution of tasks among competing contractors. If negotiations fail, the proposed project is abandoned or shelved until a fresh round of negotiations between the borrower and new lenders are started.

Often, such negotiations widen the scope of the proposed project, revise the lists of potentially affected persons and communities, and recalculate the compensation packages. If preliminary negotiations are successful, fresh rounds of project planning and consultations will take place, and the new project proponents will promise new packages for socioeconomic improvement of the affected persons, especially of those who will be physically displaced. The information on physical displacement and socioeconomic impacts of a proposed project will soon be spread among those who live in the identified project areas, fuelled by rumors and threats, creating new fears and trauma among the people living there.

Moreover, such project planning identifies potential host communities where the displaced will eventually be relocated. Sooner or later, this information reaches the potential host communities triggering trauma and agitation, as well as hostility toward potential resettlers well before their arrival at the resettlement sites. The state, particularly its local administrative organs, begins to consider the demarcated project areas and the identified resettlement sites as land lost to the project and excludes them from local development programs and infrastructure maintenance programs. The traumatized communities of potential resettlers as well as potential host communities suffer from such lack of development assistance to their communities.

This chapter illustrates these scenarios by describing the planning processes of a proposed hydropower project in Nepal that has been in the planning phase for more than 3 decades. Several social impact assessments, population records, and resettlement planning documents have been formulated by different potential lenders, making the project's planning framework repetitive, cumulative, and complex.

Theoretical Models: Their Scope and Adequacy

Two theoretical models dominate involuntary resettlement literature: the four-stage framework, and the impoverishment risks and reconstruction model. Both models focus on large-scale physical displacement of populations arising from infrastructure development projects. The four-stage framework claims to provide “a successful process of involuntary resettlement with dam construction, with success simply defined as development that is environmentally, economically, institutionally and cultural sustainable into the second generation” (Scudder 2005, 32). The framework helps to predict how persons displaced by a development project could benefit from such relocation, provided sufficient opportunities and resources are available at the resettlement sites. It presents involuntary resettlement as a process with four distinct stages or phases: planning and recruitment, adjustment and coping, community formation and economic development, and handing over and incorporation. For the purposes of this chapter, the relevant part of the framework is the planning and recruitment phase. During this phase, according to the framework, all potentially displaced people are to be engaged in project planning and decision making. The prescriptive part of the framework says that this is the time to inculcate the idea that they will eventually become the project beneficiaries, not mere project-affected persons. Although the framework recognizes that this phase could stretch into several years, it does not anticipate that it could go through several successive project planning phases spanning decades. In addition, the framework does not consider the trauma, frustration, disarticulation, and hopelessness associated with prolonged planning of unimplemented development projects that impoverish people at their original locations without physically displacing them.

Like the four-stage framework, the impoverishment risks and reconstruction model follows a linear path of change to describe the impacts of a project on a population. It has three main phases: displacement, relocation, and rehabilitation. It measures the severity of “multiple vulnerabilities” that displaced people would experience in the resettlement process and helps find ways to offset such vulnerabilities through appropriate resettlement planning and implementation. In other words, it elaborates the risks associated with physical displacement, explains the behavioral responses of displaced people to such risks, and guides the reconstruction of their livelihoods to counterbalance them. Thus, the model is essentially a resettlement planner’s tool. It deals extensively with the impoverishment risks of affected persons. The model considers the risks of losing property, livelihood, and social networks arising from physical displacement to be temporary and bearable, as they can be counterbalanced by appropriate actions, thereby turning the loss to a gain. “Displacement is a

socially caused disruption, not a natural disaster, and can be counterbalanced” (Cernea 1997, 1570).

The impoverishment risks and reconstruction model cannot adequately deal with the impoverishment and psychological trauma generated by planned-only projects or by projects that have remained unimplemented for several decades, because it assumes that physical displacement will take place soon after the planning phase of the project is complete. It also assumes that if the project is properly planned, risks arising from physical displacement could be avoided or at least mitigated. The model does not predict that the potentially displaced persons of a failed or delayed development project would force people to encounter all or most of multiple vulnerabilities listed in the model. The case study of the West Seti Hydropower Project in Nepal demonstrates that the vulnerabilities and risks of displaced persons and communities elaborated in the model can also be found among those who have been waiting several decades to be displaced and relocated. Risks such as food insecurity, loss of access to common property, marginalization, and disarticulation are not exclusively suffered by those who are actually displaced; they are also shared by those who have been identified as potentially displaced. Although the potentially displaced persons live in their natural communities, hopelessness, anxiety, and fear of eviction corrode their entrepreneurship and desire to improve their livelihoods or land.

The West Seti Hydropower Project

Sogreah Consultants, a French firm, conducted preliminary studies with a grant from the Government of France in 1980–1981 on the West Seti River to identify a location to develop a run-of-river hydroelectric scheme. The river flows through the Far-Western Development Region, a sparsely populated region rich in biodiversity that is one of the least developed areas of Nepal. The studies recommended a 37-megawatt (MW) run-of-river hydropower project, triggering the interest of the Government of Nepal and several international development investors. Feasibility studies completed in 1984 assessed the proposed scheme’s preliminary design feasibility and proposed a site for a much larger hydroelectric storage scheme on the same river. As a result, the storage scheme concept was adopted and the run-of-river scheme proposal was discarded. More studies were carried out to ascertain the potential capacity of the river to generate hydropower. These studies, completed in 1987, recommended a 360 MW storage project on the West Seti River.

Two detailed feasibility studies were undertaken between 1987 and 1991 to investigate further the hydrological, geological, and seismic aspects of the proposed project. The studies confirmed the findings of the previous studies,

and increased the anticipated average annual energy production of the proposed scheme from 2,042 to 2,437 gigawatt-hours. In 1992, the Snowy Mountain Engineering Corporation (SMEC), an international engineering firm, signed a memorandum of understanding (MOU) with the Electrical Development Center of the Ministry of Water Resources to secure the rights to develop the hydropower project plan on behalf of the Government of Nepal. In September 1994, the government granted the company survey licenses to proceed.

The proposed reservoir area of the West Seti Hydropower Project is in Baitadi and Bajhang districts. The other project components, including the power house, will be in Doti and Dedeldhura districts. The total project area extends from the Shivalik Mountain Range in the north to the Terai (plains) in the south. The proposed project area will occupy the land to the west of the Karnali River which remained relatively isolated from the rest of the country until the opening of the East–West Highway and the construction of a bridge across the Karnali River.

In 1995, the SMEC conducted a comprehensive review of the project feasibility studies. The studies resulted in the selection of a single-stage 750 MW storage scheme. The dam was to be located 67 kilometers upstream of the confluence of the West Seti and the Karnali rivers. The proposed project was expected to generate year-round electricity by storing excess rainy season river flows in the reservoir. The storage scheme was to be maintained to provide a constant, stable power supply throughout the year. From 1995, the SMEC engaged consultants who conducted further engineering, financial, social, economic, and legal studies and investigations. In April 1997, the SMEC West Seti Hydroelectric Corporation was established as an independent Nepalese company, and took over the responsibility for the proposed project. A project agreement was signed by the Government of Nepal and the SMEC West Seti Hydroelectric Corporation in June 1997. In the same year, the corporation was renamed West Seti Hydro (WSH).

From 1997, the proposal went through various complicated negotiation and planning phases. As there was no large-scale private sector power project in Nepal, several unknown issues needed to be explored through more studies and political dialogue within Nepal, and between Nepal and India. Drafting and negotiating the power purchase agreement between the two countries only became possible after the introduction of the Electricity Act in 2003 in Nepal and the establishment of the Power Trading Corporation of India.

WSH found that private banks were reluctant to finance the project because of its size and cost, and the political uncertainties in Nepal. Therefore, it approached development finance institutions such as the Asian Development Bank (ADB). From 2005, WSH discussed with ADB the possibility of obtaining financial support to the proposed project. Based on the discussions, ADB found

that the proposed project had sound fundamentals. The government thought that ADB's participation in the project would bring in significant development benefits to Nepal. The government welcomed ADB's partnership in the project, as it would send an important signal to the private sector, encouraging it to participate in renewable energy development and building confidence in financing hydropower projects in Nepal. The proposed West Seti Project was recognized as a pioneer in generating renewable energy that could provide a long-term, reliable supply of electricity for domestic use while also rectifying power shortages in Northern India.

Several planning activities were swiftly completed between 2005 and 2009 to launch the project. One key planning activity was the approval of the shareholding arrangement. The government obtained Cabinet approval to participate in the project as a minor shareholder with financial support from ADB. The Snowy Mountain Engineering Corporation and Infrastructure Leasing and Financial Services of India agreed to join as shareholders. In August 2007, the environmental impact assessment (EIA) of the proposed project was reviewed and updated. A summary EIA, a vulnerable community development plan, and an updated resettlement plan were also posted on ADB's website to meet its safeguard policy requirements. The requirement for WSH to achieve financial close by the end of 2008 under the power purchase agreement was extended until the end of 2009, enabling the completion of negotiations and other administrative requirements. The widespread news at that time was that the impounding of the land for the reservoir and construction of the hydropower plant and its associated facilities were imminent.

As project processing did not progress as planned, in 2010, WSH lost two important investors: ADB and the China National Machinery and Equipment Import and Export Corporation. At the same time, a well-organized campaign against dam construction and impounding of fertile agricultural land for reservoir construction gathered momentum in local and international forums. The campaign premised its opposition to the proposed project mainly on its environmental, physical displacement, and resettlement issues. In May 2011, China Three Gorges Corporation expressed interest in developing the project. Nepal's Ministry of Energy proposed a public-private partnership after learning of the corporation's interest in the proposed project. An official from the ministry stated that "the Government is committed to construct the project at any cost."

A technical team of experts from CWE Investment Corporation, a subsidiary of China Three Gorges Corporation, initiated a preliminary study of the project site in August 2012 to examine the technical and financial feasibility of the proposed 750 MW hydropower project. The team reassessed the proposed project's hydrology, geology, migrant planning, project hydraulics, and engineering. In August 2012, the Government of Nepal and the Government of the People's Republic of China (PRC) signed a fresh MOU to develop the

West Seti Hydropower Project. The estimated project cost was NRs180 billion (\$2.2 billion). Project work was scheduled to commence in 2012 and to be completed in 2020. The revised and updated MOU stated that CWE Investment Corporation would provide a 10% stake to the local investors and agreed to make the project multipurpose by including irrigation, fisheries, and water transport as components of the project. About 150 MW of electricity would be allocated for local industrial development. CWE Investment Corporation also agreed to help generate funds for the construction of the transmission line to minimize delays in connecting the power generated to the national grid.

Potential Social Impacts

1. Impacts of Land Acquisition

The dam, reservoir, and downstream project components, including the power station and reregulation weir, will be located in Baitadi, Bajhang, Dadeldhura, and Doti districts and will affect parts of 20 village development committee (VDC) areas. The consolidated findings of various socioeconomic surveys estimated that the proposed project would acquire 660 hectares (ha) of cultivated land, 806 ha of forestland, 415 ha of grassland and shrubland, 14 ha of abandoned settlement land, and 432 ha of river valleys and hilly areas. The transmission line would require a right-of-way that would affect about 600 ha of land.

Construction of the storage dam, reservoir, tunnels, reregulation weir, power station, access roads, workforce camps, work areas, and office buildings, including the transmission line, will require the acquisition of about 2,340 ha of private and state land. About 5.1 ha will be acquired for the construction of 356 tower pads for the transmission line. 600 ha of land will be acquired partially for the right-of-way of the transmission line, while another 15 ha of land will be leased temporarily for the camps and storage areas adjacent to construction sites.

2. Displacement Impacts

About 2,400 households with about 18,200 persons will directly be affected by the project. About 1,700 (70%) of these households live and earn their living from the land that will be inundated by the reservoir. They will be physically and economically displaced from their land and will have to move away from the hilly valleys and relocate in the Terai region. Another 200 households (8%) are expected to relocate locally. About 440 households who live in the downstream areas of the project will be partially affected by the flow level fluctuations in the river because of discharges from the dam. The project's impacts on them

will be mainly economic, and although they will experience various degrees of economic displacement, they could continue to live on their original land and in their original communities. Another 1,500 households (about 11,000 persons) in the downstream riparian zone between the dam site and the reregulation weir site will be affected by the project in varying degrees as a result of permanent reduction in the flow of the West Seti River, and by increases and decreases in river flow because of discharges from the power station. About 300 households (about 2,000 persons) will be affected by the construction of the transmission line. Of them, 186 households will be relocated locally, adjacent to the right-of-way of the transmission line.

The populations that will be affected by the project live mainly in the West Seti River Valley in settlements such as Chaudam, Deura, Dhungad, and Talara, and along some of the river's tributaries. Bagthala, Deura, and Dhungad are important marketplaces in the valley. The village communities are scattered and sparsely populated. The number of households per village averages 20, ranging from 2 to 30. Most of the communities are not accessible by motor vehicles. The need to walk many miles over difficult terrain to reach a village makes it an independent and self-sufficient entity. Education facilities are rare and are usually catered for by local teachers. Similarly, medical facilities are seldom found, and are typically staffed by native physicians. The inhabitants receive information about regional or rural development and proposals for development interventions in the valley mainly through visiting travelers and itinerant businesspeople. The downstream part of the valley is much more accessible because of the Seti–Rajmarg Highway, which connects several VDCs and small towns. The communities in Kailali and Kanchanpur districts in the lower hilly areas are larger and more densely populated than the small village communities in the hilly areas in Deura and Dhungad.

Subsistence agriculture plays a dominant role in the local economic activities and livelihoods of the proposed project areas. Households use a range of forest resources such as fodder, fuelwood, timber, wild fruits, medicinal plants, and vegetables to earn a living. Animal husbandry is also an important subsistence and income source. Households rear cattle, goats, poultry, and sheep. Cattle and buffalos are kept for milk and ghee for household use, while goats and sheep are kept as a source of ready income. Off-farm employment, such as professional services, petty trade, and cottage industries, is rare. Other household income sources include wage labor, the sale of forest products, and occasional sharecropping. A farmer who will be physically displaced by the project succinctly described the environment of their communities:

The simple meaning of society is a group of people living together in one place by sharing joy and sadness of each household. Thus what we would like to say is that we have been here since our ancestors' time and following the same social

norms and values. We have unity and we share cooperative feelings and closely associate with others in the community for various social events such as religious festivals, agricultural work, cultural, and education programs. In this social context, our community has been living since time immemorial by having very basic amenities such as drinking water and primary education for our children (Consultation notes with 92 affected persons in Talara village in November 2006).

Compensation Package

Based on surveys, censuses, and studies conducted in the project area by various agencies, WSH planned a comprehensive compensation package, based mainly on the land-for-land compensation modality. The key characteristic of the package is the determination of the government to provide replacement value for the land acquired, as well as additional assistance for relocation. The following principles on land exchange (land-for-land) were determined by WSH:

- Landowners will have the productivity of their land recognized in the amount of exchange land provided.
- Landowners will be provided with an additional 10% of their current landholding productivity and a residential plot as a direct project benefit, in addition to the land exchange based on productivity.
- Landowners will have their current community resource usage recognized and will be given land to compensate for the lost user benefits received from these resources.
- A landowner who would be entitled to a less-than-subsistence-level landholding will receive a subsistence-level landholding.

To recognize land productivity as the prime determinant of land exchange, irrigated land and rainfed land are considered as the two major types of cultivated land. In the case of titled land, "irrigated cultivation" refers to rice (paddy) cultivation, while "rainfed cultivation" refers to maize cultivation. Marginal land, such as "house and land," or "thatch grass," that does not fall into irrigated or rainfed land categories, will also be categorized as rainfed land. In the land-for-land exchange for cultivated land acquired, an extra 10% of land will also be given to a relocated household. This will provide the relocated household with a direct project benefit of 10% more crop production over and above of its current production level in the proposed West Seti project area. The land-for-land package will be supplemented with another parcel of land of 300 square meters as a residential plot to each relocated household.

Project-affected households will lose their access to communal resources. From the household income sources point of view, smaller landowners are more heavily reliant on community common resources for their daily food and other household requirements than large landowners are. But each household has equal access to their community's common land and other resources regardless of the amount of land it owns or the types of employment of its members. Communal resources include fodder; timber; wild fruits; ferns; vegetables; medicinal herbs; *chui* (ghee) products; stone, sand, and gravel; thatching grass; fuelwood; and fish. The compensation package will provide each relocated household with 0.47 ha of land in compensation for their loss of community resources. The compensation and rehabilitation package was disclosed widely to all project-affected communities. Several rounds of detailed consultations were held to fine-tune entitlements and discuss the fears, worries, and aspirations of individuals who have been informed of their relocation.

Pre-Displacement Uncertainties, Confusions, and Trauma

After more than 40 years since the first feasibility studies were conducted in the project area, the project is scheduled to start soon. Its scheduled completion date has been revised to 2022. During the past 30 years, the boundaries of the proposed project area and the number of affected village communities, households, and persons have changed as the engineering designs have been revised and new project components have been added by different project planners. With the changing boundaries of project components, households in many village communities targeted and potentially targeted for land acquisition and displacement have had lived with uncertainty engulfed in a threatening atmosphere. This situation was aggravated by the civil war started by the Maoists in rural areas. Life in the remote areas became dangerous, as both Maoists and the military harassed them to collect information on each other and to obtain food. At the peak of the civil war, the villagers did not get sufficient information about the proposed project and, as a result, did not know whether they were in the list of households to be displaced. Some villagers were waiting for an opportunity to move out of their communities to escape the impact of the civil war. As a result, some of them welcome their proposed physical relocation to the Terai region, where they expect to find better life chances for themselves and their families.

When the government authorities began to review and approve the plans of the project, local authorities in the West Seti area started preliminary administrative work to pave the way for land acquisition and relocation of affected persons and households. They gradually demarcated common and state land from private

land, and imposed some restrictions on the access of villagers to common and state land. This was the first time that some villagers felt the presence of the state and its command over common and state land. The trauma of pending physical displacement and curtailed access to common land generated a scenario of “suspended communities” in the proposed project areas. Uncertainty about future, the lack of information, disinformation campaigns run by interest groups, escalating hostilities between the government and Maoist forces, and progressive impoverishment of communities have exposed a large number of households in the proposed project areas to psychological and socioeconomic hardships. These households did not know when they would be physically displaced or where they would be relocated. Information on compensation, relocation, and rehabilitation was often scanty and did not reach them until the first decade of the 21st century.

In Deura, a key community center in the project area, 130 wealthy, high-caste landowner households formed the West Seti Affected Concern Group, together with political party workers, government servants, businesspeople of Deura Market, and farmers. It held a series of meetings with WSH to show their displeasure regarding the lack of project information, and their anxiety over losing their fertile land and animal husbandry. They pointed out that WSH had not shown sufficient interest in maintaining a healthy dialogue with the people in the project area and had sometimes attempted to withhold important project information from them. They highlighted the deteriorating pattern of WSH’s disclosure of project information. In 2006, it requested project-affected households through a newspaper notice, issued by the Ministry of Population and Environment, to send their comments on the EIA of the project within 30 days. They were not provided with sufficient information about the EIA or its contents. People thought it was a very short period and felt it was an attempt to deceive them. In the minutes of the group meeting, they recorded two points. First, SMEC prepared the EIA reports without consulting the potential project-affected persons or their representatives, environmental specialists, water resources specialists, human rights activists, and other project stakeholders, and submitted them to the Ministry of Water Resources and Environment for approval. Second, various socioeconomic and environmental surveys and studies conducted during 1997–2000 would not provide an accurate picture of the current state of affairs in the project area, especially the number of persons and households affected, and the amount of land the project would acquire permanently and temporarily. Therefore, the West Seti Affected Concern Group asked for new surveys and studies to capture the changes that had taken place in the area since 2000.

Partly as a response to this complaint and partly to resuscitate the construction plans of the hydropower project, in 2008, WSH decided to conduct a household consultation program. It found that such a program was overdue because the curtailing of activities in the project area during 2000–2007 owing to rural unrest

unquestionably had an effect on the project's consultation program and its working relationship with the stakeholders. By conducting a fresh consultation program, the company expected to reestablish contact with the potentially affected persons and their communities. WSH implemented a multifaceted communication and consultation program in the project areas that (i) updated the socioeconomic survey of all affected households; (ii) met each potentially affected household to discuss project impacts, mitigation measures, and entitlements; and (iii) established district resettlement coordination committees to finalize the monetary exchange values of the entitlements. As part of the consultation team, 12 community liaison assistants were appointed from among the youth in the main project areas and transmission line corridor to increase people's awareness about the project, especially its benefits to individuals, communities, and the region. WSH also deployed resettlement tasks teams in collaboration with the community committees to work with small groups of affected households on entitlements and household relocation preferences. It employed communication and consultation officers to manage and coordinate local communication and consultation at each key project site, including the transmission line.

The presence in the field of a dedicated group of communication specialists and the launching of various consultation programs have qualitatively changed the relationship between WSH and the people in the project area. With more project information, the affected people's awareness about the project has increased. Through their own organizations or with the assistance of local and international NGOs, they articulated their demands and conditions for surrendering their property, acceptance of compensation packages, and physical relocation, and negotiated mutually beneficial comprehensive compensation packages. The careful and detailed compensation and relocation planning and their disclosure and discussions with a variety of groups of project-affected persons and other project stakeholders functioned as the project's social preparation phase of the project. While the poor and marginalized groups moved rapidly toward negotiation of their compensation and relocation options with WSH, several landowning groups protested against the project, mainly because they were reluctant to surrender their land.

Several local interest groups who were against the proposed project have organized ad hoc protest groups against the proposed project, and sabotaged social surveys and public consultation programs organized by WSH. Meanwhile, international and regional advocacy groups agitated against the project partly on behalf of the local interest groups and partly out of genuine concern for the potential adverse environmental impacts of the project. Such agitations caused confusion and anxiety among local communities. The agitation took two forms: agitation against the project on ideological and personal grounds, and agitation against the compensation and entitlement packages. Some NGOs spread misinformation, stating that although WSH promised to compensate

them land for land and to give them more land in the Terai region, people in the region were against the arrival of the displaced hill people. In reality, most of the large, fertile tracts of irrigated land in the Terai region were owned by a small group of rich absentee landholders from Kathmandu who were willing to sell large portions of their land to the project to establish resettlement sites for the displaced from the project area. Such contradictory information confused those who were willing to relocate to the Terai region with the support of the project. Some were scared to move, even though they aspired to own land in the region, as doing so would improve their life chances.

Sporadic intimidation and disinformation also discouraged households from investing in livelihood development, land and house improvement, and children's education, as well as from engaging in community activities. They were living a community that was in an imagined transition without knowing whether they would ever leave their ancestral lands. Data collection and incessant consultations organized by the project authorities, potential lenders, researchers, and NGOs periodically reminded the communities of their imminent physical displacement, rekindling their anxieties and fears. The psychological traumas of impending loss of land, businesses, community, culture, and social networks have already generated depression, family breakup, and hopelessness, and impoverishment risks such as social disarticulation and food insecurity have gradually become realities for many households. Because of the pain of prolonged uncertainty, some villagers in the project area began to hope for the earliest possible commencement of the project. They found that waiting would ruin them and deprive them of improving their life chances.

Initially, few people in the project area knew about the project. Those with some knowledge did not know when it would be implemented or which areas and communities would be affected. Over the years, because of various consultations held by project authorities, NGOs, and agitation groups to discuss the project and its benefits and risks with villagers, village communities have come to know about the project, its impacts, and what they could expect from the project as displaced persons and resettlers. This knowledge triggered more problems and demands from local people who believed that, although the project would affect them adversely, they would not get any assistance or benefit from it.

A group of communities that live on the upper reaches of the West Seti Valley where the proposed reservoir will be located found that the project authorities did not pay attention to their predicament. They found out that their land would not be acquired for the reservoir, but they would be seriously affected by the project. They think that the project authorities should acquire their lands, even though they are located above the highest watermark of the proposed reservoir. They have good relations with people in the valley, and they are part of the local economy, society, and polity. They are anxious about their future as

access of their communities to schools, hospitals, administrative offices, and other facilities in the valley will be cut off by the reservoir, and they do not want to miss out on the development benefits of the project. A group petition that they submitted to WSH in 2006 sums up this confusion, anxiety, and desire to improve their life chances:

The largest hydroelectric project to be implemented in the rural areas of Far Western Region is welcome by the people of this area. But the survey conducted has not focused on long-run [impacts] on us [communities in the upper reaches of the valley]. There has been no mention about the adverse impacts to be endured by more than 1,000 households [who will be] affected by the project. It just seems that the project is trying to displace the people of the area for the sake of the project. Before the start of the project, it is essential to have a good knowledge about the real situation of the area. Till now surveys focused only on the reservoir area and not on us. Now the question arises, where will [we as] affected people go and what will they [authorities] do? The government and nongovernment agencies need to acknowledge this fact and act accordingly. The EIA approved by the government in 2000 covers only reservoir area [and not the area above the full supply level (FSL) + 100]... We request the concerned authorities to acknowledge the facts and agree to resolve the following issues. The main effects of the reservoir on our communities are listed below:

- Our fertile land in the upper reaches of the proposed reservoir is susceptible to landslides.
- Forests and community forests in the upper reaches of the reservoir on which we depend for livelihood will adversely be affected by the reservoir; villagers will be deprived of collecting forest products.
- Communities in the upper reaches of the reservoir will be cut off from the rest of the valley as a large water body will separate them.
- Access to schools, temples, and other institutions in the valley will be cut from the upper reaches of the valley where we live.
- There will be effects on habitats due to the climate change triggered by the project.

(Petition of the People of the Area above FSL + 100
[November 2006])

Dalits and Other Vulnerable Households

The Dalits are the vulnerable group in the proposed project area. The total number of Dalit households affected in upstream and downstream project sites is 274 households with about 2,000 persons. In 2009, there were 28 households headed by women among them. About 45% of dalit households fall into the category of absolute poor. Illiterate and lacking land-ownership, members of these groups are often unable to make their voices heard effectively. In its resettlement policy, WSH states that account will be taken of this category of persons in consultation and planning processes, as well as in the establishment of grievance procedures. Based on this policy, WSH stated that it is “committed to ensure that viable options are prepared and made available to households to be displaced by the project.” The project planners prefer to relocate the Dalits in the Terai region, as it offers viable land-based livelihood restoration opportunities.

When information about the project was widely disseminated and consultations were organized in remote areas, the Dalits formed their own associations to negotiate their entitlements with the project authorities. The key question they raised was: “We, *dalit* people, depend on high-caste groups for livelihood. After the reservoir is built, landholders will get land for land. What will *dalit* people get?” They indicated that they should be prioritized in the relocation process, as they are vulnerable and easy to ignore in relocation programs. They demand that they should get first preference in the allocation of project-related employment, as such work would allow at least some of them to get out the poverty cycle in which they are now fully embedded. In this regard, they wanted the project to provide them with skills training. As with the other physically displaced households, they too are entitled to move to new resettlement sites and should receive land to cultivate and houses to live in, thereby improving their life chances. Those *dalit* households who earn their living from fishing want to continue fishing in the project area or at resettlement locations. The provision of such assistance is the direct responsibility of the project managers who should take necessary action not to commence project implementation until such arrangements are place for the benefit of Dalits.

The landholders who employ Dalits as their agricultural workers want the Dalits to move with them to the Terai region, so that they can continue to work on their land. However, the landholders do not expect their Dalits to become landowners for two reasons. First, such a structural change would adversely affect the social hierarchy and honor system in the society; and second, if Dalits were to become landowners, there would be no agricultural workers to help the landholders. WSH formulated a vulnerable community development plan to ensure that Dalits and other vulnerable communities such as Janajatis (indigenous peoples) receive their entitlements as displaced and resettled persons. The project’s resettlement policy states that particular attention will be

paid to collective adverse impacts on vulnerable groups and social categories who may be vulnerable to changes brought about by project activities or who may be excluded from its benefits. Dalits and other vulnerable households would be classified as subsistence farmers with small holdings or without any land other than homesteads in the scheme of allocation of land in the Terai region. Each such household is to get a subsistence-sized plot of land to cultivate at the resettlement site in addition to a residential plot of 300 square meters. Furthermore, as off-farm employment opportunities are abundant in the Terai region, they could easily supplement their household income by engaging in employment such as transport, food processing, construction, and fishing. These opportunities would allow the Dalits to escape from poverty and bondage.

The generous resettlement plan triggered the Dalits' interest in the project. Some of them visited the potential resettlement areas and are awaiting relocation. These high expectations among Dalits disturb the economic and social harmony in the project areas. Their organization into "demand groups" to negotiate their entitlements under the project is seen as the beginning of a radical change in rural Nepalese society.

Perceptions of the Host Community

Most of the households that will be physically displaced prefer to relocate themselves in the Terai region, provided they get a generous compensation package that includes irrigated land and permanent housing. The amount of land needed to relocate 1,200 households from the project area was estimated at 2,300 ha in 2009. The project checked the availability of suitable land in the Terai region in 1997–1998, 2007, and 2009. The project contacted about 40 village development committees in Baridya, Kailali, and Kanchanpur districts and more than 200 large landowners. The investigations were done along the East–West Highway and in the Terai section of the Far-Western Development Region.

The investigations focused on (i) assessing the physical characteristics of land available for purchasing, (ii) identifying owners of large estates who are willing to sell some of their land to the project, (iii) understanding current land-use patterns, (iv) recording information such as GPS locations, and (v) establishing land values.

WHS identified 1,954 ha of land as being available for purchase. The land is fertile irrigated agricultural land located either adjacent to rural roads or within 10–15 minutes walking distance from village centers. However, further discussions with landowners and cultivators revealed that much of this land

had already been “confiscated” by the Maoists during the civil unrest and distributed to Maoist cadres and supporters who were mostly the bonded laborers of large landholders. A central government directive issued in 2009 requested the handover of all the confiscated land to its rightful owners, but the sharecroppers who had received the land from the Maoists refused to return it. Several interviews with them indicated that they had suffered for many centuries as bonded laborers, although as tribal peoples of the area they have the right to own and use the land.

The landowners are mainly absentee landholders who live in Kathmandu and other cities. They are of high caste and literate. Many of them are businesspeople in addition to being landowners. They wanted to take advantage of the presence of international development agencies to express their concerns and expectations, particularly in drawing attention in the area to the difficulties they had experienced during the Maoist insurgency. They are willing to sell their land as they have no control over their sharecroppers.

From the project viewpoint, the landowners are willing to sell their land at a reasonable price and the available land matches the relocation requirements of about 1,000 households. The sharecroppers are displeased to learn that farmers and Dalits from the hilly areas will arrive as resettlers in an area which they had just “liberated” from bonded labor. The caste affinities between most of those who will lose land to the reservoir and the big landholders in the Terai region led them to doubt the intentions of their landholders. The sharecroppers think that by bringing in high-caste resettlers from hilly areas, the landholders are trying to achieve numerical dominance over Tharus (tribal peoples) in the Terai region, which would harm their cultural, economic, and social interests. They argue such a radical change in the Terai region would once again marginalize the tribal population.

Perceptions of the Resettlers

The potential resettlers from the project areas view the possibility of obtaining land and housing in the Terai region as a great blessing. The vectors of social and economic mobility are from the hill areas to the Terai, and from the Terai to Kathmandu and other major cities and towns in Nepal. They believe if they get better land in the Terai region, they could further their economic and social interests. The Dalits and Janajatis who will be displaced from the project area also demand a generous compensation package to enable them to overcome their current social and economic inferiority, landlessness, and illiteracy.

The proposal to give ample land in the Terai region for resettlement encouraged the potential resettlers to articulate their demands. Their key demands are that

(i) resettlement sites should not be located close to the Indian border or to major flood-prone rivers; (ii) a community displaced from the project area should be resettled as one unit; (iii) the land that will be distributed should be irrigated land with high potential for crop production; and (iv) the sites should be close to markets, roads, and town centers.

Nongovernment and Community-Based Organizations

Because of the project's significant social and environmental impacts, a wide range of actors have become involved either to represent the affected communities or to agitate against the project. The main group of actors comprises local community associations, who demand comprehensive compensation and rehabilitation packages as a precondition to leaving their native land and being resettled in the Terai region. This group is made up of well-organized intervillage people's associations such as the West Seti Affected Concerns Committees. Local nongovernment organizations (NGOs), such as the Water and Energy Users' Federation (WAFED), work with them, provide information, muster regional NGO support, and control local agitations and demands. They sometimes reformulate affected people's needs to suit their own political and development agendas.

International NGOs generally follow an anti-hydropower agenda with or without local NGO support. The Japan Center for Sustainable Environment and Society (JACSES), a Japanese NGO, is closely associated with WAFED. Both organizations consistently follow an anti-hydropower agenda. Working with local groups has enabled these NGOs to spread information more effectively among remote communities concerning project risks, inadequacies of project planning, and the entitlements that affected people should demand, and to organize them into agitation movements. As the project activities get delayed, NGOs and local associations demand more and more information from the project authorities, including clarifications on minor technicalities, and the translation of all safeguard planning documents including their technical appendices into local languages. For example, a key demand of NGOs was to translate the six-volume environmental impact assessment into local languages. They organize large anti-project demonstrations at short notice and transmit photographs and highlights to the local and international press.

Based on discussions about the project, and reading of project planning documents and newspaper articles, local community-based groups and NGOs have gained a good sense of the scope of community and individual losses and have framed community demands in a systematic manner. For example, Sunaulo Gaun Nepal, a community-based organization in Dadelhura, an area

that will be affected by the construction of an access road to the reservoir's dam area, prepared a concept paper outlining their observations and risks, expectations from the project, and questions for project authorities. One of their short-term demands was that cash compensation for land should be calculated according to their market value. They have asked for the timber that will be chopped and the cash compensation that will be paid for the damage to the forests to be given to local people through their concerned consumers' committees. They have also demanded that a water channel should be dug to the village from the upstream river. Other demands include land for a cemetery, employment at worksites, contracts to transport construction materials, and a project information center at the village. Medium-term demands include a base hospital with 15 beds, and a new road to connect the village with two nearby villages.

One unintended benefit of prolonged resettlement planning is the opportunity it provides to potential resettlers to participate in resettlement planning. In this regard, NGOs played a key role in checking the proposed resettlement sites, assisting the project authorities in establishing "equivalence" between the fragmented, low-fertility, hilly landholdings and the large-scale, fertile, flat Terai land. A critical demand of local NGOs and community organizations is that each displaced household be given 300% of the lost land as compensation. They also specified that they should get irrigation facilities and the land allocated should be productive. A small town in the reservoir area demanded 1:7 land compensation at resettlement sites on the ground that the land that they currently cultivate is inadequate to earn their living. A total of 170 potential resettlers of Deura village in Bajhang District sent the following letter to SMEC outlining their requirements at new resettlement sites:

We the people on behalf of Bhajhang District—Rayal Village Development Council, Ward 3, Deura Village—demand that the following conditions/requirements be fulfilled if we are to be resettled in new areas: irrigation facilities to cultivate new land; schools and high school campuses; good roads with bus services; electricity supply to houses free of cost from the West Seti Hydropower Project; and provision of postal services, food stores, a health center, a police post, banking facilities, community forest, safe drinking water, and employment opportunities.

“Mis-Development” and Prolonged Planning

Although implementation of the project plans has not started, local government authorities act as if the project is being implemented and the project area will

soon be inundated by the proposed reservoir. As a result, the areas that fall under the project do not get priority in development planning or local welfare budget allocations. Private companies do not want to invest in the area for the same reason. The unusually prolonged planning phase of the project has exacerbated such “mis-development,” as the construction and repair of suspension bridges, refurbishment of roads, and expansion of school buildings were put on hold because of the imminent inundation of the area.

Effective administration is a key aspect of local development. But delays in project implementation have stalled local development initiatives, such as training and extension for crop diversification and multicropping, for several decades in the reservoir and downstream areas. Maintenance of social services, such as clinics, health centers, primary schools has also been affected because of the lack of government support. After decades of neglect, these facilities barely exist in the project area. General maintenance by local communities using VDC funds, such as for road maintenance, is also neglected because of the pending evacuation of populations.

The residents in the proposed project areas also take “mis-development” in their communities for granted. They concentrate more on their new relocation sites and the advantages they will bring than on their own land in their villages. During consultations with such people, this issue came up clearly and in strong terms. In Talara Village, a group of Dalits pointed out that at their new relocation site they should get minimum common facilities and special programs targeted at vulnerable groups. This would enable them to find decent employment and move away from bonded labor, thus helping their children at least to improve their socioeconomic status. At their present location, they continue to be oppressed, vulnerable, and poor.

Many households do not trust outsiders, especially project authorities, surveyors, and data collectors, because of uncertainties and confusions regarding the time of displacement and locations of resettlement. They do not know who to believe regarding the compensation packages offered at various times. They now suffer from “consultation fatigue.” As more consultations are held to explain the project, its benefits, their entitlements, and opportunities for development, expectations rise and project-affected persons increase their demands.

Because of stress, anxiety, and trauma, project-affected persons react unenthusiastically to their own self-improvement. They no longer invest in house improvement, vehicles, or furniture, or in improving basic facilities such as toilets. They are essentially a population waiting to be moved and resettled elsewhere. Several generations’ experience of a “suspended community” acutely demoralizes them.

Some villagers in the project area suspect that their local governments are colluding with West Seti Hydropower Project officials in physically displacing them without appropriate compensation and resettlement assistance. The formation of Concerned Committees by the villagers shows their concerns about their future and their lack of trust in local and national governing bodies. At least one-fifth of the potential resettlers thought as recently as 2009 that they had received false information concocted by local governments to pacify them and to grab their land. Suspicion and exasperation with the inordinate delay have made them resentful of outsiders. They do not want to meet any researchers, social survey groups, or project personnel any more.

The behavior of villagers of Gopghat, a key village in the project area, reflects the general attitude and mood among potential project-affected persons in the project areas. While extending their support cautiously to the proposed project, they demand strong commitment from the project authorities regarding employment, land size and productivity, off-farm employment, infrastructure, and environmental issues at resettlement sites. The villagers prepared a list of 26 demands, which reflect the absence of community facilities in their village and their desire to have them provided at the resettlement site. Among the demands are upgraded health post at the resettlement site and a 100-bed hospital in the area; drinking water facilities and a drainage network at the resettlement site; a model school and free education, especially for the children of Dalit, Janajati, and other vulnerable groups; postal and television services; a community forestry program; spacious houses built according to international standards; priority in employment at the project sites; and at least one project job for each resettled household.

Conclusion

Project planning delays over several years or decades induce impoverishment, hopelessness, anxiety, and fear among potential project-affected persons. These adverse impacts of resettlement planning are aggravated when several development agencies are engaged in project planning. In such a context, the impoverishment risks become actual experience for those who live in proposed project areas. This is the case in the West Seti Hydropower Project. In the project areas, the potential project-affected households have already entered the stream of impoverishment, with concomitant marginalization and hopelessness. The social disarticulation and anxiety thus created at proposed project areas spread to the host communities where the project authorities plan to resettle the physically displaced households.

In resettlement literature, host communities are generally considered as homogenous communities which resettlers could easily join, if both groups

could share the project benefits. However, the host communities of the West Seti Hydropower Project have their own worries, fears, and political agendas that encourage them to oppose the establishment of resettlement sites in the Terai region. Superficially, the landholders appear willing to sell large parts of their estates to the project to establish resettlements. But behind such willingness, there is an urgency to dispose of such land as quickly as possible and collect some money before they lose it altogether to their sharecroppers who claim the land as their ancestral domain under a resuscitated indigenous identity. The sharecroppers oppose the arrival of resettlers in the Terai region because they fear that such an influx of high-caste resettlers would upset their numerical dominance in the area and effectively destroy their chances of becoming landholders of their tenanted land.

The current resettlement models—the four-stage framework, and the impoverishment risks and reconstruction model—are not comprehensive enough to capture the “upstream” process of impoverishment in the project cycle. This is a major deficiency that requires the attention of resettlement model builders, policy makers, and practitioners. If it is ignored, impoverishment risks could become a reality before a project plan is implemented. A key requirement is to expand the scope of resettlement and its management to include pre-displacement planning risks. This expansion in scope is being delayed mainly because of the reluctance among resettlement policy makers, planners, and practitioners to deal with the physical displacement of large numbers of persons that would trigger human rights issues and call into question the legitimacy of development interventions. Another reason is the lingering similarities between environmental assessment and planning, and socioeconomic assessment and resettlement planning. Soon after the introduction of environmental management policies and frameworks in the 1980s, social scientists too presented resettlement management models that use the same language, issues, and targets. Environmental management policies focus on how to avoid adverse impacts of development activities, based on the primary policy of “do no harm.” Resettlement policies and frameworks also focus on how to avoid or minimize impoverishment during resettlement. But there is a big difference between environment and resettlement programs. First, it is possible to benchmark the time of adverse environmental impacts of a development intervention. This is invariably during the intervention, and not during its planning. In resettlement, the impacts of a project or development intervention affect people from the time the intervention is planned, as demonstrated in this chapter. Second, environmental policies exclusively focus on adverse impacts of an intervention and how to avoid or minimize such impacts. Resettlement impacts include both positive and adverse impacts. Thus, resettlement policies, models, and practices present a dilemma in which resettlement impacts are both adverse and beneficial: adverse because of impoverishment risks; beneficial because of the development opportunities they provide. The unavoidability of resettlement in the context of national development, together with the possibility of providing

a development opportunity for those who are affected, provide a formidable rationale for physical displacement of large number of persons. But global physical displacement and resettlement experiences clearly indicate that impoverishment risks associated with displacement far exceed the possibility of converting displacement and resettlement into a development opportunity even for a fraction of displaced population.

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6. Why Compensation Is Not Enough to Make Resettlement a Development Opportunity?

by Chiara Mariotti

The forced movement of people to make way for projects intended to trigger growth and development is not new in South Asia. Fernandes estimated that about 60 million people have been displaced since India gained independence from the British rule in 1947 (2011, 303). Moreover, forced movement of large populations in the name of development and growth is often combined with the acceleration of their impoverishment and the worsening of their living conditions (Dreze et al. 2000; Parasuraman 1999; Jain and Bala 2006; Somayaji and Talwar 2011).

The recognition of this worldwide phenomenon has triggered a reflection by many international institutions and development banks on the factors affecting displacement and resettlement. This reflection has now been incorporated into the dominant discourse on displacement and resettlement. This discourse articulates resettlement essentially as a problem of policy and management. Its main theoretical justification rests on the Impoverishment Risks and Reconstruction Model (Cernea 1997), which links displacement to impoverishment through the concept of risks: displacement triggers mechanisms that create or exacerbate the risk of impoverishment in its multiple dimensions. Resettlement is then understood as the device devoted to the management of risks (Mathur 2006).

This chapter argues that the performance of a resettlement program does not depend only on its management, but also on structural factors such as the social composition of the affected population, the structure of landownership and the history of agrarian relations, the characteristics of the labor market, and the ability of the local development growth path to create nonfarm employment. Such factors act independently from the implementation and management

of the resettlement programs, and accounting for their role can contribute to understanding what mechanisms prevent different forms of restitution and rehabilitation from improving the lives of people affected by development interventions.

Taking the case of the Polavaram Dam in Andhra Pradesh, India, this chapter analyzes two fundamental forms of restitution included in any good resettlement and rehabilitation program: cash-for-land and land-for-land compensation for assets acquired for a project. The findings of the author's extensive fieldwork, conducted in the affected areas of the Polavaram Dam in 2009, suggest that these two compensation typologies are unlikely to prevent the impoverishment of the population affected by the Polavaram Project. This is because of shortcomings in the design of the Polavaram resettlement and rehabilitation (R&R) package, and the interaction of these shortcomings with the socioeconomic characteristics of the affected population and the history of agrarian relations. The most important of these shortcomings are the payment of insufficient compensation for the land lost to the project, the provision of land-for-land compensation only to tribal peoples, and the neglect of alternative resettlement interventions such as income restoration and employment creation programs.

The Polavaram Dam

The Polavaram Dam is a large multipurpose dam, located next to Polavaram Town on the Godavari River in West Godavari District of the State of Andhra Pradesh. The dam project was first conceived in 1947, but its construction was postponed many times and only started in 2004. Construction works were stopped again in 2010 and resumed in 2012. The main reason of these delays is the opposition of Orissa and Chhattisgarh states, which will be adversely affected by the project (Gujja et al. 2006).

The original cost estimate of the project was \$2.04 billion and it was later increased to \$2.28 billion. By July 2010, about \$725 million had been spent on the project (Government of Andhra Pradesh, Irrigation Department). The length of the dam is about 2.32 kilometers (km) and, once completed, it will inundate about 35,000 hectares (ha) of land. It will divert 5,325 million cubic meters of water to the Krishna Delta in Krishna District through the 174-km-long Right Main Canal and to Visakhapatnam District through the 208-km-long Left Main Canal.

The expected benefits of the dam are manifold. It will generate power and augment irrigation supplies for agriculture. In particular, it will provide water for irrigation to 54 *Mandals* (sub districts) in four districts (East Godavari,

West Godavari, Krishna, and Visakhapatnam) and for industrial uses in Visakhapatnam City. Power generation is particularly important because the state has a severe energy shortage. The supporters of the project stress that improved availability of electricity and irrigation water will benefit sectors vital for economic development and will increase the growth potential of the region.

After the completion of the dam, about 60,000 ha of land in the State of Andhra Pradesh, 2,400 ha in Chhattisgarh State, and 1,230 ha in Orissa State will be submerged. In Andhra Pradesh, 277 villages will be submerged; 43 of them are in the East Godavari District, 29 in the West Godavari District, and 47 in Khammam District. This will affect about 42,700 households. Of these, 40,100 (94%) are below the state's poverty line (Table 6.1).

Table 6.1 Project-Affected Villages and Households, 2010

District	Number of Affected Villages	Project-Displaced Households	Households below Poverty Line	% of Displaced Households below Poverty line
East Godavari	43	4,630	4,409	95
West Godavari	29	4,363	4,139	95
Khammam	205	33,708	31,552	94
Total	277	42,701	40,100	94

Source: Government of Andhra Pradesh, Commissioner of Resettlement and Rehabilitation.

As the construction of the dam is lagging, so are the resettlement operations. In 2009, only one resettlement colony had been completed and households had not yet been relocated. Compensation for the expropriated land is being paid in accordance with the Land Acquisition Act of 1894. Relocation and the provision of other benefits are granted according to the Andhra Pradesh Resettlement and Rehabilitation Policy of 2005. These benefits form an R&R package that grants different amounts of money to different social groups according to the extent to which their livelihoods are disrupted by displacement. Appendix I lists the main financial benefits granted under the R&R package in the Polavaram *Mandal* in West Godavari District.

The Affected Population: Social Composition and Sources of Livelihood

The structural factors that affect and complicate relocation of the people affected by the Polavaram Dam include the diverse social composition of the population, its low income level, and the nature of the livelihood sources and of

the agrarian relations. Poor scheduled tribes and scheduled castes are among the majority of project-affected households. The project's environmental impact assessment of 2005 states that 53% of the total affected population belongs to scheduled tribes and 13% belongs to scheduled castes. Scheduled castes and scheduled tribes also constitute the most vulnerable groups in the state and in India (Mehta and Shah 2001). They show backwardness in every aspect of human development, from income level to health and education, as well as in access to basic infrastructure and amenities (Centre for Economic and Social Studies 2008). A key reason for the persistence of their disadvantage is their dependence on agriculture as their main source of income, either as small or marginal farmers, or as agricultural wage laborers.

Physical displacement of farmers and agricultural wage workers is an assault on their primary source of livelihood. This assault is further aggravated by the fact that displaced people are also deprived of another key source of livelihood: access to forests. Scheduled tribes of Andhra Pradesh State supplement their meager income from farming, grazing, hunting, and by collecting minor forest produce such as firewood, honey, tamarind, soapnuts, and bamboo. These items are often sold to raise cash (Reddy et al. 2010). Indeed, the majority of the displaced population of the Polavaram Dam lives in forest areas and is engaged in collecting forest produce. However, as they are being relocated in plain areas, they will lose their access to this key source of livelihood.

Tribal Land Issues and Forest Conflicts in Andhra Pradesh

The submersion areas of the Polavaram Dam are recognized by the fifth schedule of the Indian Constitution and by the Integrated Tribal Development Agency as scheduled tribal and scheduled caste areas. This important factor not only signals that the areas have a unique system of agrarian relations, which is characterized by conflicts and disputes over land, but it also has significant implications for the modalities of compensation and resettlement granted to the affected people.

Historically, agrarian relations in areas affected by the Polavaram Dam have been characterized by alienation of tribal land to people from the plains and the eviction of tribal peoples from forest areas. Land alienation has occurred as an outcome of the penetration of the market economy into the hills region, and of the creation of relationships of interdependence between tribal peoples and the plains people operating as traders, intermediaries, and moneylenders (Rao 2006). In Andhra Pradesh “[t]he process of land alienation has manifested itself mainly in large-scale migration of tribal communities from fertile plain areas to the neighboring forests. The structural changes occurring in the plain areas

have been responsible for this shift [...]. These changes introduced rapid capital penetration, irrigation facilities, railway and communication facilities, sale and purchase of lands and creation of certain land systems like Zamindari, Ryotwari systems, etc.” (Rupavath 2009, 4).

Processes of land alienation have progressively forced tribal peoples deeper into forest areas. Furthermore, tribal peoples' customary rights to forestland have been put at stake by the state through the reservation of large forest tracts as state property, with the restriction of access to forests and forest produce collection, and the allocation of such land for logging and commercialization of forest produce (Saravanan 2009).

Nowadays, *podu* (shifting cultivation) in Andhra Pradesh State is declared illegal and considered a form of forest encroachment by the Forest Department (Reddy et al. 2004). The takeover of control and management of forest and forest resources was initiated by the British administration and followed up by the Government of India, mainly through environmental legislation and forest conservation policies (Gadgil and Guha 1992). From the 19th century, forestry has been considered a distinct land use system. Blaming shifting cultivation for degradation of soils, and tribal populations for the retreat of the forest cover, further restrictions have been imposed on forest use in the name of environmental protection.

The post-independence policies on forest use have maintained the colonial focus on the productive and profit-making aspects of forest management, mainly to subsidize industry. For instance, the Forest Policy of 1952 aimed primarily at increasing state revenues, earmarking the production of timber for the use in industries, railways, markets, exports, and defense needs. These uses superseded the domestic and agricultural needs of local people (Reddy et al. 2004). Only at the end of the 1980s, with the National Forest Policy of 1988, was tribal peoples' dependence on forests legally recognized. Since then, the government has designed policies to safeguard customary rights and well-being of tribal people (Rao 2006; Saravan 2009). Tribal peoples have been allowed through joint forest management programs to use forestland in a limited way. These exceptions were codified in the Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act of 2006.

As a measure to make up for the injustice suffered by tribals over the centuries through land alienation and forest eviction, the Government of Andhra Pradesh enacted stringent laws prohibiting the alienation of tribal land to nontribals. The Andhra Pradesh Scheduled Area Land Transfer Regulation of 1959 (as amended in 1970) prohibits nontribals from purchasing land from tribals in areas declared under the fifth schedule of the Constitution. The presumption is that all land in scheduled areas originally belonged to scheduled tribes. This legislative measure has important consequences for land compensation in the Polavaram Dam areas. The Polavaram R&R package includes land-for-

land compensation only for displaced tribal households, whereas nontribals (scheduled castes and other castes) are offered cash for land lost to the project. The rationale for the policy is derived from the assumption that only tribal peoples are entitled to own land, and therefore only they are entitled to land-for-land compensation at resettlement sites. It is also implied that all other households own land “illegally,” and therefore are entitled only to cash compensation. This preferential treatment is aimed at reestablishing social justice for tribal peoples who suffered discrimination over many centuries. However, this measure will have the undesirable effect increasing landlessness among nontribal households, particularly among scheduled caste households..

Methods of Data Collection

This chapter is based on the findings of my fieldwork conducted in the Polavaram Dam affected area in 2009. One of the main aims of the fieldwork was to identify the sources of livelihood of the affected communities and to elicit their preferred forms of compensation and relocation. The data were collected using a household survey, a choice experiment, and focus group discussions.

1. Household Survey

The household survey included 167 households belonging to 15 villages that will be submerged by the Polavaram Dam. The sample was constructed to replicate as closely as possible the social composition of the affected population. Thus, 56% of sample households belonged to scheduled tribes, 25% to scheduled caste, 9% to backward castes, and 10% to other castes (Table 6.2).

Table 6.2 Key Characteristics of the Sample Population

Social Composition (%)	Share of Landless Families (%)	Share of Families Collecting Forest Produce (%)	Literacy Rate (%)
56 scheduled tribes 25 scheduled castes 9 backward castes 10 other castes	46	79	75
Households Engaged in Agricultural Wage Labor (%)	Small and Marginal Farmers (%)	Households with Agriculture as Main Source of Income (%)	
61	74	14	

Source: Sample survey, 2009.

The survey found that the majority of the households were engaged in agriculture. Only 14% of them had employment other than farming or agricultural wage labor. Landlessness was also very high, with 46% of the sample households owning no land. The two supplementary livelihood strategies that most sample households adopted were agricultural wage labor (61%) and collection of forest produce (79%).

2. The Choice Experiment

Choice experiment is a methodology developed in experimental and behavioral economics to elicit people's preferences for nonmarket goods and estimate the value of such goods. In a choice experiment, a participant is asked to choose their favorite from different varieties of the same good to ascertain the participant's preferences for the attributes of the good (rather than for the good itself). If one of the goods offered includes among its attributes monetary compensation for the different level of the other attribute(s) that characterizes that version of the good, the researcher is able to estimate the marginal rate of substitution between attributes, and to attach a value to each of them. A consultation exercise based on the choice experiment methodology was used to investigate the attitudes of the affected people of the Polavaram Dam toward different types of compensation and resettlement. The rationale for using a choice experiment was that if the resettlement package is the good to be investigated, and the different benefits granted by it are the attributes to be evaluated, a choice experiment can help identifying the affected people's favorite forms of compensation and modalities of relocation, thereby contributing to the design of more efficient resettlement programs.

Choice experiments are typically grounded in a consumer utility model and rest on the assumption that preferences behave as postulated by rational choice theory. By contrast, the choice experiment of this case study does not assume rational preferences and does not attribute to them a normative status. The preferences expressed by the respondents are not grounded in a utility model and are simply taken to indicate what aspects of their lives people value and for which they should be compensated. In this sense, the choice experiment is employed as a method for systematic and direct consultation with the affected people (Mariotti 2012). The advantage of using the blueprint offered by choice experiments for systematic consultation with displaced people is twofold. First, it can reveal what are the attributes of a resettlement program that are more likely to be acceptable to the displaced households. Second, it can also bring to the surface resettlement-related issues that might otherwise remain hidden.

The choice experiment in Polavaram was applied to the same 167 respondents who participated in the household survey. Each respondent was asked to make a sequence of choices among different kinds of hypothetical resettlement packages.

Each package was represented by a set of attributes (different types of compensation and relocation), so that by choosing a particular package, the respondent was expressing his or her preference for one or more attribute. The exercises were conducted with the help of visual tools: each package was represented by a card and each card contained images portraying an attribute of the package (e.g., a house to represent housing facilities provided by the government). This made it easier to explain the characteristics of and the differences among different R&R packages.

The Polavaram R&R package that was offered by the state government to the displaced people was taken as a benchmark to design six different hypothetical R&R packages used in the choice experiment (described below). It is marked as Package I. The other five packages are:

Package II—Access to Forest: It offered no cash compensation, but provided relocation in a place similar to the original village, and in particular close to the forest and a river. This package aimed to replicate the conditions in which the affected people are living at the moment.

Package III—Cash Compensation: A household is offered only cash as compensation for the loss of land, housing, access to forest and river, and loss of livelihood. It was assumed that the government would provide a relocation site and supply it with basic facilities, but without housing assistance.

Package IV—Land-for-Land: The package resembles the one offered by the government. It included housing at a relocation site, cash compensation for the loss of access to forest and river, and land-for-land compensation. It differs from the government's package as it provides land-for-land compensation to each affected landowning household, irrespective of its social status, i.e., membership of a scheduled caste, scheduled tribe, or other castes.

Package V—Self-Employment: It offered each affected household cash compensation for lost land; housing; cash compensation for the loss of access to forest and river; and training and technical and financial assistance to start self-employment, such as a petty business, carpentry, or a tailor shop. The rationale of this package was to offer the possibility of abandoning farming and to move to nonfarm self-employment.

Package VI—Compensation in Installments: It offered the same compensation as Package III, but with higher cash compensation. However, the payment of cash compensation was divided into 10 installments and paid over a period of 5 years. The rationale for offering this package was to check whether households, when given an opportunity, would opt for a (larger) flow of income that lasts for a longer period, rather than for a bulk payment that is likely to be exhausted by the time resettlement takes place.

One of main objectives of the choice experiment was to observe the trade-offs in the preferences for a resettlement package consisting of the maintenance

of the status quo (Package II—Access to Forest) compared with resettlement packages that led to significant changes in at least one aspect of people’s lives. For this purpose, the experiment consisted of three exercises. In the first exercise, respondents were asked to make a sequence of binary choices, where the choice was between Package II and each of the other packages. Table 6.3 shows the results of the first exercise. It is evident that Package II was the preferred option in the majority of cases, regardless of the alternatives offered—cash compensation, housing and land compensation, or self-employment.

Table 6.3 Results of the Choice Experiment, Exercise 1

Item	Choice Presented to the Respondent		
	Package II— Access to Forest, or Package III—Cash Compensation	Package II— Access to Forest, or Package IV— Land-for-Land	Package II— Access to Forest, or Package V— Self-Employment
Number and share of respondents who preferred Package II—Access to Forest	143 (86%)	136 (81%)	126 (75%)
Number and share of respondents who preferred the alternative package	27 (14%)	31 (19%)	41 (25%)

Source: Fieldwork notes, 2009.

In the second exercise, respondents were asked to rank four packages (II, III, IV, and V) in order of preference. The aim of this exercise was to double-check the preferences expressed in the first exercise, making the respondents reflect more deeply on the options. The results confirmed the findings of the first exercise (Table 6.4). From a total of 166 answers, Package II appears 133 times in first place (the most preferred option), 9 times in second place, 2 times in third place, and 22 times as the least preferred option.

Table 6.4 Summary of Ranking Results, Exercise 2

Rank	Package II —Access to Forest	Package III —Cash Compensation	Package IV— Land-for-Land	Package V —Self- Employment	Total
First	133	20	4	9	166
Second	9	4	126	27	166
Third	2	32	28	104	166
Fourth	22	110	8	26	166
Total	166	166	166	166	

Source: Fieldwork notes, 2009.

A third exercise was also implemented in which respondents were asked to choose between Package IV (Land-for-Land) and Package VI (Compensation in Installments). A significant number of respondents preferred Package IV, indicating their dislike of receiving compensation in installments.

3. Focus Group Discussions

The choice experiment was complemented with focus group discussions conducted in eight project-affected village communities. The discussion took place at the village's collective space where village meetings are normally held, typically under a tree or at the village temple or shrine. Participation in the discussion was voluntary and no limit was set to the number of people who could join in. The conversation was held by one of the research assistants in Telugu.

Four focus group discussions were conducted before the choice experiment was started with the purpose of obtaining information useful to the design of the resettlement packages to be included in the choice experiment. The other four focus groups were held in four of the villages where the choice experiment and the household survey had already been conducted. These ex post focus group discussions had two objectives: first, to investigate thoroughly how the issues of displacement, resettlement, and compensation are perceived by the affected people; and second, to recheck the information collected through the household survey and also to test whether collective preferences differed from individual preferences for resettlement packages. Two types of questions were discussed with the participants of focused groups: the first type focused on what they wanted and what deemed to be fair compensation for being displaced; and the second focused on participants' subjective evaluation of costs and benefits of displacement and relocation.

The choice experiment, complemented by the household survey and the focus group discussions, helped to collect information on the characteristics of the resettlement package preferred by the affected people. It also helped to understand how the processes of displacement and resettlement are perceived by those affected by them.

Limits of Cash Compensation: Money Does Not Buy New Livelihoods

The aim of the Polavaram R&R package is to restore the losses borne by the affected people as a consequence of displacement. In this regard, the designers of the package adopted cash compensation as the most important

device to achieve this objective. Cash compensation for lost land and property provides the freedom for affected people to use cash according to their own preferences, without any influence from outside, especially from project authorities. With money, they are free to replace what has been lost or to use it for different purposes. However, constraints exist that limit this freedom. These constraints operate at three levels: access to markets, land prices, and consumption and saving.

1. Access to Market

Affected households might not have access to markets to buy assets to replace what they lost. Sometimes, markets do not exist. This is particularly true of land. If land is scarce in the resettlement area or the land market is interlocked with the credit market and both are shaped by power and exploitative relationships, it is difficult for a displaced household to buy land of equal size and quality at or near a resettlement site.

2. Land Prices

Accessibility to land market becomes irrelevant if the compensation received for lost land is below the market price. This happens when land compensation is estimated at the price of land in the displacement area instead of the resettlement area. Often, the market in the resettlement area is more developed than that in the displacement area, and prices are higher. This limits the resettlers' ability to repurchase land after relocation.

Indeed, this was the experience of the displaced people of the Polavaram Dam Project. The estimated price of a hectare of land calculated in the Polavaram R&R package was four to five times less than the market price of land in the resettlement area. This means that many nontribal small farmers who owned a few hectares of land became landless when resettled, as their land compensation was insufficient to repurchase even the minimum amount of land a household needed to earn a living in the resettlement area. For example, a displaced household received Rs201,250 as compensation for 1.75 acres of land at the compensation rate of Rs115,000 per acre. However, in the resettlement area the land value was Rs500,000 per acre; so with the compensation, the displaced household could buy only 0.4 acres of land. Another displaced household received Rs618,000 for 6.0 acres of land. With this compensation, it could buy only 1.2 acres in the resettlement area. This means that the small farmer household (owning 6 acres of land) in the pre-displacement phase of the project has become a marginal farmer household (i.e., owing less than 5 acres of land). At the same time, nontribal big farmers, although disappointed over the unfair and inadequate prices received for their

land, gained by losing land to the project. This was because the package gave them an opportunity to get some compensation for the land for which they did not have titles. The loss of land therefore did not significantly affect their livelihood, as in most cases they own land in other locations as well.

3. Consumption and Savings

The use of cash compensation by the affected households is also influenced by the fact that often they have a limited engagement with the monetized economy, and do not have experience in transacting with outsiders using significant amounts of money. Poor displaced households holding large amounts of money for the first time usually use the money for daily household needs and the repayment of an outstanding debt, or to give a dowry to a daughter. Some particularly unlucky households may spend all of their compensation on the health expenses of a household member and eventually on his or her funeral.

In Polavaram, of 167 households interviewed, 46 (32%) had already received some cash compensation either for the land parcel and the dwelling lost or as allowances for lost wages. Table 6.5 lists the ways in which the compensation money was used (or was going to be used) by the interviewed households. Only a very small number of households indicated that they were using compensation for productive purposes, such as the purchase of land or cattle. The majority used the money for consumption needs and social expenses.

Table 6.5 Use of Cash Compensation by Households Affected by the Polavaram Dam

Use of Cash Compensation	Number of Households	Use of Cash Compensation	Number of Households
Deposit in commercial bank	31	Children's education	2
General everyday expenses	13	Health expenses	2
House purchase or construction	8	Purchase of land	2
Dowry or wedding ceremony	6	Purchase of cattle	2
Redistribution of money among household members	3	Investment in agriculture	1
Purchase of a motorbike	3	Loan repayment	1

Source: Fieldwork notes, 2009.

Perceptions of Displaced Households on Cash Compensation

A key finding of the household survey is that cash compensation for the land lost to the project is not sufficient to buy sufficient land in the resettlement area. There is also significant evidence that most of the households used the compensation for household consumption and social expenses, and very little on productive investments (Table 6.5).

These findings are consistent with the results of the focus group discussions on the fairness of land compensation and what kind and amount of compensation the participants considered satisfactory. In all the focus group discussions, some dissatisfaction was expressed by participants toward the amount of compensation that they had received. They thought that the government had not valued the acquired property correctly and as a result, they had not received what they should have as compensation. Land-for-land compensation, housing, relocation close to forests, and secure employment were considered to be integral elements of a fair compensation and R&R package.

The results of the focus group discussions also reaffirmed the findings of the choice experiment. When the participants of the choice experiment were asked to choose between the “status quo” package (Package II) and an “only cash compensation” package (Package III), only 14% of the 167 households preferred Package III (Table 6.3). In the ranking of preferences, Package III appears more often as the least preferred option (110 times out of 160) (Table 6.4).

The findings seem to point toward a generalized dislike and distrust of cash compensation among displaced households, and a clear preference among them for other forms of resettlement. In other words, cash compensation is welcomed as a transfer that increases consumption, but it is not perceived as a substitute for the lost sources of livelihood.

Participants in the choice experiment also showed a strong preference for up-front and bulk payments. In the third exercise, only 9 of the 167 respondents (5%) chose Package VI—Compensation in Installments (which offered a higher amount of cash compensation paid in installments). This was motivated by the fact that many displaced households did not believe that the government would keep the promise of paying all five installments, or they feared that the government might “change its mind,” especially after the elections.

It was stated earlier that the history of land alienation and forest eviction of tribal populations from forest areas has had some impact on the choice of land for acquisition and significant consequences for the modalities of compensation and outcomes of resettlement. This argument is supported by the findings of

this case study. As a result of centuries of abuse and neglect by the state, tribal peoples have developed a sense of distrust toward the state and its functionaries. In the eyes of the affected people, the state has no reputation of delivering benefits in due time to the poor and vulnerable and, on the contrary, it is the instigator of disruption of lives and livelihoods. As a result, they do not take the government's promises of fair compensation and other rewards seriously. This diffidence toward the state also has the undesirable consequence of affecting the preferences of the displaced people for a given form of compensation. It might well be that cash compensation is disliked, and land-for-land compensation is preferred not because land-for-land compensation is indeed deemed more useful and fair than cash, but because it is perceived as more reliable and secure.

This discussion clearly shows that modalities of compensation and resettlement cannot be determined in a vacuum, as the effectiveness of each modality is the result of the interplay of the agents involved. If the affected households are inclined not to believe the state's promises, they are less likely to cooperate with the project personnel in implementing the resettlement process by readily handing over their land and other assets to the project. Instead, they resist any such demobilization of existing assets and try to hold on to them until compensation is paid for the lost assets.

Methodological Issues of Cash Compensation

To complete the discussion on the limitations of cash compensation, the methodological implications of its extensive use need also to be considered. Cash compensation entails estimating the value of the affected household's losses. Such valuation is done by the state and project personnel at their own discretion. They decide what kind of losses can be compensated and at what rate. As a result, the risk of subjectivity and variability of rates is likely to be high. The affected households are excluded from the process and are aware of the unpredictability of its results. National safeguard policies and international guidelines on good practices attempt to minimize such risks. But even if project authorities adhere to them, a significant level of variability and randomness is left in the estimation of the value of the losses incurred by affected households.

Estimation of the value of lost properties can be problematic. This is especially true when there are no land markets to obtain base prices of such properties to determine compensation. The Polavaram Dam Project will uproot the affected tribal households from forest areas, which is their traditional environment and the catalyst of their spiritual, cultural, and social life. Attributing a monetary value to this loss is not feasible, and probably not even desirable.

Even if the compensation is fair and sufficient to buy land and other productive assets elsewhere, the reconstruction of a new livelihood at a new location will

need resources other than money. Personal skills and institutional support are needed to invest in income-generating activities. If training and institutions are not provided, cash compensation, even if fair and sufficient, runs the risk of being used to meet consumption expenditure, without contributing to the restoration of lost livelihoods. In the long term, this implies increase in vulnerability, joblessness, landlessness, and poverty.

Land-for-Land Compensation: A Better Alternative to Cash for Land?

Agriculture is the main source of livelihood of the affected population of the Polavaram Dam Project. Physical displacement arising from land acquisition will directly impact their main livelihood: land cultivation. This applies to affected landless households, too, as they work as wage laborers on their neighbors' land.

The purpose of land-for-land compensation is to restore the disrupted livelihoods. However, in Polavaram, land compensation neither provides a fair restitution of what has been lost nor helps regenerating lost livelihoods. Three sets of factors influence the capacity of land-for-land compensation to restore the disrupted livelihoods. The first relates to the entrenchment of land compensation with preexisting land conflicts and the insufficiency of the price paid for the expropriated land. The second depends on whether the modality of land-for-land compensation reflects the preference of the affected people. A third set of factors is related to the quality of the land provided as compensation.

1. Entrenchment with Issues of Agrarian Relations

Land compensation in Polavaram is made particularly problematic by the processes of tribal land alienation to outsiders and eviction of tribal peoples from forest areas, which historically have vexed the affected area and population. As discussed earlier, in conformity with the Andhra Pradesh Scheduled Area Land Transfer Regulations, the Polavaram R&R package grants land-for-land compensation to scheduled tribes and cash-for-land compensation to all other groups. Land-for-land compensation is not given to nontribal households on the assumption that they illegally occupy tribal land recognized by the fifth schedule of the Indian Constitution. Moreover, it is implicitly assumed that nontribal landowners who lost land to the project would buy land outside the scheduled areas using the cash received as compensation for land losses. However, two major constraints limit the success of this policy. First, most villages will be resettled in colonies in Fifth Schedule Areas. This is to avoid tribal peoples losing the special rights and safeguards that they enjoy in Fifth Schedule Areas as a consequence of displacement. The implication, however,

is that households from scheduled castes and other castes living in the same village will be relocated in an area where they are not supposed to own land. Of course, they are free to leave the community and move out of the Fifth Schedule Area, but this option is not even contemplated as such a movement is often too risky and costly.

The second constraint is that even if nontribal households were willing to purchase land outside Fifth Schedule Areas, they could not do so because the cash compensation received is not sufficient to buy land in the resettlement area. As a result of displacement and the provision of land-for-land compensation only to tribal households, landlessness will continue to increase among the non-tribal displaced households. If alternative employment opportunities are lacking, most of them will join the cadres of casual wage laborers and become even more vulnerable and marginalized.

2. Displaced Households and Preference for Land-for-Land Compensation

The choice experiment used a hypothetical R&R package (Package IV—Land-for-Land) resembling the package effectively offered by the government, including a relocation site, housing, some cash compensation for the loss of access to forest and river, and land compensation. However, it differed from the government package as it offered land-for-land compensation to every family irrespective of their social group—i.e., to both tribal and nontribal households. In the ranking exercise, the land-for-land package was chosen as the second-most-favored option (after Access to Forest) by 126 (76%) of the 166 households surveyed. Similarly, when asked to indicate the elements of a fair compensation package, all the focus groups consultations pointed out that land-for-land compensation was a key element of any fair R&R package. This strongly suggests that, in Polavaram, land is still considered as the main productive asset by most households and that the expropriation of this asset is perceived as an injustice that can only be alleviated by providing alternative land of similar quality and size.

3. Quality of Land

The quality of the land distributed under the land-for-land compensation modality and the distance between resettlement colonies and farming sites directly affect people's livelihoods and therefore also influence the land recipients' views about the resettlement process. In Polavaram, some displaced households who had already received land or had been shown their allotments at the resettlement sites reported that the allocated land is of low quality or far away from the resettlement colony. During the focus group discussions,

affected households of Sirvaca village reported that the authorities had shown them their new land, and they had found it to be unsuitable for farming because it is sandy.

Low-quality land cannot be cultivated immediately upon arrival at resettlement areas. Time and inputs are required to prepare such land for cultivation. This delays the restoration of the disrupted livelihood thereby increasing the household's vulnerability. The resettler households of the village of Devaragundi will have to walk 5 kilometers to reach the allocated agricultural land. The households pointed out that walking this distance will be a waste of their time and money, and that before displacement they owned fertile land with irrigation water. Their farms were only a few meters away from their dwelling and, as a result, they did not spend time on walking or money on hiring transport to go to work.

Conclusion

The chapter has examined the structural factors that make the resettlement process problematic in the Polavaram Dam Project in Andhra Pradesh, using the results of a household survey, a choice experiment, and focus group discussions conducted with the affected population. The discussion has focused on the social composition of the affected population, their sources of livelihood, and the historical context of agrarian relations. It also examined the main shortcomings of the two forms of compensation adopted in the Polavaram R&R package: cash-for-land and land-for-land.

The main finding was that the cash-for-land and land-for-land compensation modalities used in the Polavaram Dam Project are unlikely to meet the R&R objectives of preventing further impoverishment and enabling the restoration of livelihoods disrupted by displacement and relocation processes.

It also found that cash compensation can be arbitrary, as the estimation of the value of land and other properties is made by government officials without consultation with the affected persons and without paying sufficient attention to the replacement cost of land and other physical assets. In Polavaram, the compensation rates for land were below the price of land at the resettlement sites, making it impossible for the displaced households to purchase land of equal quality and size after relocation. Moreover, many households are compelled by their poverty to use the cash compensation to satisfy daily household needs, compromising their ability to make productive investments after relocation. It was also found that many affected people do not believe that the government will pay all the compensation due to them. This distrust toward the government leads them to prefer smaller amounts of compensation paid

in bulk to higher amounts paid in installments. It also prevents the creation of a climate of cooperation in resettlement operations.

The study found that the modalities and outcomes of land compensation are affected by preexisting agrarian relations and conflicts over land. The Polavaram R&R package attempts to correct the injustice historically endured by tribal communities by granting land-for-land compensation only to displaced tribal households. However, in so doing it harms small and marginal farmers belonging to scheduled, backward, or other castes, increasing their risk of landlessness after relocation.

Overall, the Polavaram Dam Project demonstrates that compensation in cash or land alone does not guarantee an efficient and fair form of restoration and rehabilitation of income sources and livelihoods of displaced households. On the basis of these findings, some recommendations for improving compensation and resettlement programs are listed below:

First, cash compensation must be paid at replacement cost for all acquired land and other properties. The calculation of replacement cost should be fair and transparent, and the money should be paid promptly and predictably so that resettlers can plan their investments at resettlement sites, particularly in productive sources such as land, business, and education. This would help stabilize affected households' income flow, allowing them to plan consumption and investments, and it would increase their trust in the government.

Second, land-for-land compensation should be pursued as much as possible in resettlement planning and implementation. Such planning should be based on a thorough understanding of the socioeconomic conditions of the affected households, and the nature of their interaction and sources of conflict and cooperation among the communities. Resettlement planning should not aggravate existing inequalities but should attenuate such inequalities to guard against further impoverishment of resettlers.

Third, when land-for-land compensation is not feasible, the replacement cost of all acquired property should be calculated by following good governance practices such as including all affected households regardless of ownership of land in the category of eligible displaced households.

Finally, any resettlement program should be combined with comprehensive income restoration and improvement interventions to tackle the risks of landlessness and unemployment. This could be done by establishing a connection between the resettlement program and programs for current employment generation in the resettlement area. Indeed, linking resettlement to employment creation would truly contribute to making resettlement a progressive process that opens up development opportunities to all project-affected households.

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APPENDIX

RESETTLEMENT AND REHABILITATION PACKAGE FOR AGRICULTURAL LABORER/ FARMER IN POLAVARAM *MANDAL* IN WEST GODAVARI DISTRICT (Rs)

Item	Tribal		Nontribal	
	Agricultural laborers	Farmers	Agricultural laborers	Farmers
Free house site, all categories of PAF	202 m ²	202 m ²	202 m ²	202 m ²
Grant for house construction (BPL families only)	50,000	50,000	50,000	50,000
Grant for construction of sanitary toilets (BPL families only)	3,000	3,000	3,000	3,000
Grant of cattle shed (all PAFs)	3,000	3,000	3,000	3,000
Grant of transporting material (all PAFs)	5,000	5,000	5,000	5,000
Minimum agricultural wages of 625 days @ Rs80 per day (all PAFs)	50,000	0	50,000	0
Subsistence allowance of 240 days @ Rs80 per day (all project-displaced families)	19,200	19,200	19,200	19,200
Additional allowance of 500 days @ Rs80 per day as compensation for loss of customary rights and usage of forest produce	40,000	40,000	0	0
Financial assistance equivalent to 750 days of minimum agricultural wage @ Rs80 per day	0	0	0	60,000
Total	170,200	120,200	130,200	140,200

BPL = below poverty line, m² = square meter, PAF = project-affected family.

Source: Resettlement and rehabilitation details of Indira Sagar (Polavaram) Project as at 5 June 2009.

7. Reconstructing and Improving Livelihoods among the Urban Displaced: Lessons from Mumbai, India

by Dolores Koenig

Many cities in developing countries are facing dramatic growth, estimated at 2.20% per year in Asia during 2000–2030 (UN-HABITAT 2007, 337). This is partly because of natural population increase, but cities also attract migrants because they are “engines of national economic growth” (ADB 2006, 3). Some city governments have tried to plan for rapid urban growth, but most do not have sufficient infrastructure to become the modern “global” cities they desire to be. Nor do they have enough regularized residential areas for new immigrants; thus, new residents typically move to neighborhoods that lack basic services and adequate housing, commonly known as slums. In 2001, approximately 38% of the residents of the entire Mumbai metropolitan area lived in areas considered slums.¹ Within Greater Mumbai (the original island city and its suburbs), there is an even greater concentration of slums, with an estimated 54% of its inhabitants living in such neighborhoods (Mahendra et al., unpublished, p. 9).

To address problems of inadequate infrastructure and slums, urban administrations have planned and undertaken programs of urban development and neighborhood rehabilitation. These include transport such as roads, rail, and rapid transit; sanitary infrastructure such as water and sewerage; and electricity. Health and education services, both basic and high-end, have also been targeted to attract major economic investments. To create a positive

¹ Slums are areas “with one or more of the following conditions: inadequate drinking water; inadequate sanitation; poor structural quality/durability of housing; overcrowding; and insecurity of tenure” (UN-HABITAT 2007, 334).

urban image while reducing poverty and improving the lives of poorer residents, governments have also implemented programs to regularize and bring services to slum areas.

These efforts improve city infrastructure and services, but they also displace many urban residents. Those who live in the path of new transport initiatives and other infrastructure must move. Although slum rehabilitation projects target the existing residents, many are displaced, either because they can no longer afford to live in improved areas or because the regularized neighborhoods house fewer residents.

This chapter focuses on the outcomes for residents displaced by these urban development initiatives. It asks whether they been able to reconstruct and improve their livelihoods—a major objective of involuntary resettlement safeguards. In Mumbai, for example, the evidence suggests that those displaced by urban development projects often become impoverished because the projects do not pay sufficient attention to livelihoods.

This chapter first presents an overview of growth and development in Mumbai and discusses the kinds of displacement that have occurred. Second, it looks at the safeguard policies that have been instrumental in framing interventions to assist the displaced and resettled. Then, it considers the outcomes of projects in Mumbai in terms of the policy goals of the right to resettlement, reconstruction of housing and neighborhoods, and livelihood restoration and improvement. Because many resettled households face impoverishment, the next section focuses on issues important to livelihood improvement, including social class differentiation, the constraints of informal sector occupations, and the challenge of reconstructing livelihoods for providers of goods. The conclusion discusses ways that urban projects could better restore and improve urban livelihoods through a more direct focus on livelihood reconstruction.

Development and Growth in Mumbai

The Mumbai Metropolitan Region is one of the largest and most densely populated urban areas in the world (Table 7.1). Its population is still growing, although the growth rate has slowed since the 1970s when it was estimated at 3.6% per year (Mahendra et al., unpublished, p. 16). The region includes Greater Mumbai, the new city of Navi Mumbai, and neighboring districts in Thane and Raigad (also known as Raigarh). Recent growth has been particularly marked in the outer districts of Thane and Raigad. Nevertheless, Greater Mumbai retains the vast majority of the population.

Table 7.1 Population of the Mumbai Metropolitan Region

Population, 2011	18.4 million ^a	Greater Mumbai	63% in 2001 ^b
		Outer regions	37% in 2001 ^b
Area	4,355 km ² ^b	Greater Mumbai	777 km ² ^c
		Outer regions	3,578 km ² ^b
Annual Population Growth, 1991–2001	2.7% ^b		
Residents in Substandard Housing, 2003	8.5 million ^d	Slums	5.5 million–6.0 million ^d
		Pavement dwellers	1 million ^d
		Old, dilapidated rental units	2 million ^d

km² = square kilometer.

Sources: (a) Government of India. 2011. Provisional Population Totals, Census of India 2011: Cities Having Population 1 lakh and above; (b) Mahendra et al. Economic Growth of the Mumbai Metropolitan Region (Draft). 2006. The Urban Institute, Washington, DC. pp. 7–8; (c) Demographia. 2011. *Demographica World Urban Areas (World Agglomerations)*. Seventh annual edition. Belleville; (d) P. Das. 2003. Slums: The Continuing Struggle for Housing. In S. Patel and J. Masselos, eds. *Bombay and Mumbai: The City in Transition*. p. 210. New Delhi: Oxford University Press.

In this context of high density and rapid growth, life is difficult for all Mumbai residents. Interviewees said that almost no one had water 24 hours a day, and the situation is substantially more difficult in slums created after January 1995 (Dimri 2010; Nair 2007).² Traffic is congested and public transport, which carries more than 80% of commuters, is crowded. Trains designed for 2,000 passengers carry 4,000–5,000, and buses and private cars move at an average speed of less than 10 kilometers (km) per hour during peak hours (Nallathiga 2010). Almost everyone lives in tight living quarters, with most regularized housing in apartments in multistory buildings. As shown in Table 7.1, the situation is particularly acute for many poor of the city. The densely populated slums house more than half the population of Greater Mumbai on an estimated 6% of its land. About half the slums are located on private land, a quarter on state government land, and another quarter on land owned by the municipal corporation (Das 2003, 210).

² Slums created and residents who migrated to Mumbai after an official cut-off date have not been legally eligible for benefits or regularization. The most recent cut-off date was January 1995, which replaced earlier dates, first 1976, then 1985 (Das 2003, 214). However, there has been ongoing discussion of extending the date, given the number of new immigrants since 1995, and some large projects, such as Dharavi redevelopment, have used later dates, such as 2000. The state government, often as an elections approach, has attempted to change the cut-off date, although earlier efforts were overturned by the Supreme Court. In January 2012, the government announced that all who had lived in a structure for a year would be eligible for free housing in the case of redevelopment (Nair 2012).

People tolerate the living conditions because of Mumbai's booming economy and abundant jobs. The economy has grown substantially since 1991, when India adopted a policy of liberalization, which loosened the strict control of the government over development and economic growth. The private sector has taken a greater role in economic investment and has become a partner in social welfare initiatives, leading to substantial growth in private sector economic activity, both domestic and international. Directly after liberalization, the real earnings of workers grew, and the incomes of casual workers and those at the lower end of the hierarchy increased proportionately more (Deshpande and Deshpande 2003, 77). During 1998–2008, India as a whole saw annual average gross domestic product grow by 7.2% and average annual per capita by 5.6% (World Bank 2009).

With liberalization, the economic structure of Mumbai's economy has also changed. The importance of manufacturing has declined, and production facilities have moved from the city center to the periphery. Services have increased in importance, from 52.5% of gross domestic product during 1994–1995 to 63.5% during 2003–2004 (Mahendra et al., unpublished, p. 2; see also Deshpande and Deshpande 2003). However, Mumbai's economic growth has lagged that of smaller cities, such as Hyderabad and Bangalore, which have carved out new niches in the expanding global economy (Mahendra et al., unpublished). Thus, there are plans to increase the growth of the Mumbai region substantially and make it a world-class city attractive to international investment. The focus is on growth in finance, internet services, healthcare, media and entertainment as well as improvement in the quality of life of its citizens (Bombay First–McKinsey 2003; Mahendra et al., unpublished, p. 16).

The issue of who will benefit from the urban development needed for economic growth has been hotly debated. Even planning documents reflect the issue. Although Mahendra et al. (unpublished, p. 16) stressed the importance of "equitable participation in economic growth by all segments of society" and considered workforce development to be a necessary part of any development initiative, other planning documents emphasized the importance of creating upscale housing and retail that will attract "high-quality" talent (Bombay First–McKinsey 2003, 15). For slum residents, the question is whether they are accepted as legitimate urban residents who contribute to the economic life of the city.

Growth and Displacement in Mumbai

Since 2001, multiple efforts have been taken to improve the city's infrastructure through improved transport; the creation of growth centers such as the Bandra Kurla Complex; environment improvements; and initiatives to meet

the Millennium Development Goals of poverty alleviation and access to water, sanitation, and housing for all Mumbai residents (Mumbai Metropolitan Regional Development Authority 2011; Municipal Corporation of Greater Mumbai 2011). Both public and private sector actors have undertaken initiatives to increase economic growth and quality of life in the city. This process renders some areas more attractive, as they receive more services and better transport, facilities, and markets. Although the initiatives include efforts to improve and regularize slum areas so that people will have access to secure tenure and a full range of city services, the infrastructure and improvement projects also have the potential to displace people, by formally moving or informally coercing poorer residents to move to less attractive areas. Because of the high population density, any initiative that relocates people, even from a very small area, is likely to displace large numbers.

1. Formal Development and Resettlement Projects

Formal projects to relocate people consist of formal development projects and slum renovation initiatives. Formal development projects, which generally create new infrastructure, are usually well funded and large-scale, and are undertaken with state sponsorship. Recent projects include the Mumbai Urban Transport Project (MUTP) and the Mumbai Urban Infrastructure Project (to improve road, rail, and traffic), the Mumbai Metro Rail, the Bandra–Worli Sea Link, and airport improvements.

These projects have and will displace large numbers of people. The official Mumbai Metropolitan Region Development Authority estimate is 35,000 households, but this does not take into account future plans through 2020. Because these projects are often at least partly funded by international development agencies, such as the Asian Development Bank (ADB) or the World Bank, they are subject to safeguard policies that frame planning, resettlement, and the allocation of benefits. Those resettled should have the best outcomes as the projects require benefits for all displaced households, including residents without formal tenure who are considered squatters or encroachers.

Slum renovation projects aim to improve areas that do not meet urban standards for plot layout, road access, or service provision. Their focus is on improving the lives of the existing residents.³ In the past, international development organizations funded substantial slum renovation projects, but this is no longer the case. Thus, the State of Maharashtra has turned to the private sector as a major partner in slum renovation. Private developers rebuild slums in exchange for opportunities to build houses usually for the upper and upper-middle classes,

³ See Das (2003, 211) for some of the initiatives undertaken in Mumbai.

either on part of the redeveloped parcel or elsewhere in the city. Because slum renovation is rarely funded or guaranteed by international organizations, it is not subject to international policies, and instead falls under the policies and laws of India, Maharashtra State, and the municipality of Mumbai.

2. Other Resettlement and Development Efforts

Other efforts also relocate people, sometimes directly obligating them to move. For example, special economic zones (SEZs) for targeted economic development can acquire land for factories, offices, and worker housing. In rural areas, people often lose agricultural land (Sharma 2009). However, SEZs are also built on urban peripheries, such as the outer Mumbai metropolitan region, which includes some of the estimated 139 SEZs in Maharashtra State in 2008 (Marpakwar 2008, 1). Moreover, planned future economic development, such as information technology parks in Navi Mumbai or Thane, or a biotechnology corridor between Mumbai and Pune, is likely to occur on the urban periphery (Kingsley et al. 2007, 33, 55).⁴ There is as yet little systematic study of the effects of urban-periphery SEZs on displacement of existing residential areas or businesses.

Other relocation occurs as a secondary consequence of economic development. Gentrification (refurbishment), usually of poor or working-class neighborhoods, with private capital is a primary example (Smith 1996, 32). City neighborhoods with new infrastructure or economic activity become more attractive, and those with the capacity to invest may develop these areas for new residences or commercial purposes, such as shopping malls. Formal development efforts, such as new roads, new residential neighborhoods in former slums, and new businesses and industries, may also make localities more attractive. These changes disproportionately benefit the more affluent. For example, in Bandra West, older building societies that own cooperative apartments have been solicited to sell by developers who want to build luxury apartments. Although gentrification may be considered a part of the natural process of urban growth, it incrementally forces poorer residents to move to less attractive areas.

Although much of the development that leads informally and secondarily to displacement of poorer residents depends on private investment, it is not independent of government action, since rezoning and new municipal infrastructure create opportunities for investment. These can lead to large-scale gentrification. The reclassification of old textile factory areas, such as

⁴ Despite the decline in the proportion of Mumbai's gross domestic product generated by manufacturing, secondary sector activity is important and is expected to remain so. Much large-scale production is now on the urban periphery; in 2006, 69% of the value added in this sector came from enterprises in Thane, while 23% came from Greater Mumbai (Mahendra et al., unpublished, p. 50).

Lower Parel or Worli, from industrial to commercial and residential use allowed developers to build luxury housing and upscale retail establishments in the area. Former textile workers who still lived in substandard housing in the vicinity are now the target of redevelopment (Kamath 2010). There have been few studies of these processes in Mumbai, so little is known about the effects on the poor in terms of access to housing or employment, beyond the fact that they often move to less expensive areas on the urban periphery, where they face longer and more expensive commutes to existing jobs.⁵ A more in-depth understanding of urban displacement requires analysts to take into account displacement that occurs outside formal initiatives.

The safeguard policies of international organizations apply only when those organizations fund a formal project that involves relocation. They do not apply when funding is strictly from national government sources or the private sector, nor do they apply without a formal project or in cases of secondary relocation. In these instances, national laws on land acquisition, resettlement, zoning regulations, and social welfare policies affect how relocation and resettlement are carried out. Nevertheless, international organizations that set standards for resettlement and rehabilitation may have a positive effect on national thinking about the problems involved in forced resettlement and how to solve them (Cernea 2005).

Safeguard Policies and Standards of Living

Because displaced “people face impoverishment when their productive assets or income sources are lost” through development-caused forced resettlement (World Bank 2001, para 1), international development agencies have developed safeguard strategies to mitigate or avoid these losses. This section looks at the policies of ADB, the International Finance Corporation (IFC), and the World Bank (ADB 2009; IFC 2012; World Bank 2001).⁶ The main points of these policies are quite similar. They all intend to counteract the well-documented impoverishment brought about by forced resettlement that does not attend to the development of the displaced (Table 7.2).

⁵ But see the work done by PUKAR Editors' Collective (2008) on the textile neighborhood of Girangaon. See also <http://pukar.org.in/>

⁶ The IFC policy discussed here is the new policy that came into force on 1 January 2012.

Table 7.2 Summary of Basic Safeguards in Projects Requiring Resettlement

Basic Safeguards	Sources
Minimize or avoid displacement	ADB (2009, 17); World Bank (2001, para 2[a]); IFC (2012, 1)
Improve or restore livelihoods of the displaced	ADB (2009, 17); World Bank (2001, para 2[c]); IFC (2012, 2)
Attend to economic (loss of assets, income) and physical displacement (loss of homes, land)	ADB (2009, 17); World Bank (2001, para 3[a]); IFC (2012, 1)
Create formal resettlement plan	ADB (2009, 48); World Bank (2001, para 6); IFC (2012, 4)
Encourage negotiated settlements	ADB (2009, 48); IFC (2012, 1)
Accent participation, consultation, communication with affected communities	ADB (2009, 17); World Bank (2001, para 6[a]); IFC (2012, 3)
Include those without formal land tenure; distinction between recognized and nonrecognized rights to possession	ADB (2009, 17); World Bank (2001, para 15); IFC (2012, 5)
Include vulnerable groups: landless, elderly, women and children, indigenous peoples, ethnic minorities	ADB (2009, 17); World Bank (2001, para 8); IFC (2012, 3, 5)
Provide compensation at full replacement cost	ADB (2009, 45); World Bank (2001, para 6[a]); IFC (2012, 3)
Provide livelihood improvement strategies: locational advantage, productive potential, security of tenure, sustainable development programs	ADB (2009, 17, 46); World Bank (2001, paras 2[b], 6[c]); IFC (2012, 6)
Include land-based asset replacement	ADB (2009, 45); World Bank (2001, para 11); IFC (2012, 2)
Provide housing and community services	ADB (2009, 17); World Bank (2001, paras 6[b], 13[b]); IFC (2012, 2, 5)
Establish cut-off date for eligibility	ADB (2009, 45); World Bank (2001, para 16); IFC (2012, 4)
Form formal grievance mechanisms	ADB (2009, 49); World Bank (2001, para 13[a]); IFC (2012, 4)
Share in benefits of project	ADB (2009, 17); World Bank (2001, para 2[b]); IFC (2012, 3)

ADB = Asian Development Bank, IFC = International Finance Corporation.

Sources: ADB (2009); IFC (2012); World Bank (2001).

The explicit focus of all three policies is to avoid or minimize displacement if possible. If displacement is unavoidable, there should be a formal resettlement plan to restore or improve the livelihoods of the displaced, whether this displacement is physical or economic (loss of income, assets, or means of livelihoods without physical movement). All three policies (i) include households without formal land tenure, (ii) recommend compensation at replacement cost rather than market value, (iii) recognize the precarious position of the most

vulnerable, (iv) require formal grievance mechanisms to address problems of the displaced, and (v) encourage consultation and participation and the sharing of benefits generated by the larger development project that caused displacement. This section will discuss a few of the issues that are particularly problematic in urban resettlement projects.

Policies to mitigate the effects of involuntary resettlement were largely put into place to address the effects of dam construction projects, where large numbers of people were displaced from reservoir areas and suffered economic displacement in the affected watersheds. In this case, the affected households were usually rural residents and displacement left them without land or other natural resources to ensure their survival. These three international policies all show a strong rural bias, focusing on land as the primary productive resource. The resettlement plan should involve direct provision of replacement farmland, or, if that is impossible, compensation at full replacement cost.

The safeguard policies address the livelihoods of those who live from other than physical or natural resources—the situation of most urban residents—much less directly. The language of the IFC policy suggests that they may be ignored: “This Performance Standard...does not apply to impacts on livelihoods where the project is not changing the land use of the affected groups” (2012, 2). In cities, many residents earn their living from skills and social networks; physical displacement may disrupt these, but land use does not change.

Both the ADB and IFC policies address directly the situation of business owners with physical premises. They should receive replacement property of equal or higher value, with equivalent or better characteristics and advantages of location; they should get indemnities for net income lost during transition and the costs of transferring and reinstalling their plant, machinery, or other equipment (ADB 2009, 46; IFC 2012, 5). For nonbusiness owners, the ADB safeguard policy places more stress on income than the other two policies, requiring resettlement plans to include detailed measures for income restoration and livelihood improvement (2009, 48). Resettlement sites should have comparable access to employment opportunities, and transitional support could include employment (ADB 2009, 46). The World Bank policy discusses non-land-based options the least (2001, para 6[c]). It stresses the importance of executing resettlement as a development program that may include credit, training, or job opportunities. The lack of attention to the ways in which the urban displaced earn their living and the potential impact of resettlement on income-earning strategies has made it difficult for those resettled to reconstruct or improve their livelihoods. Thus, although the policies explicitly focus on livelihood improvement, the lack of discussion of strategies to reconstitute urban livelihoods makes it difficult to achieve this objective.

All the policies include benefits for displaced residents without formal legal tenure. They require that those with recognized status, either through customary tenure or adverse possession, should receive compensation for the land they lose. In contrast, those with no recognizable legal right to the land they occupy should receive resettlement assistance, but do not have rights to land. Non-land assets should be compensated, and the IFC notes explicitly that lost livelihoods should be restored and people should be resettled in sites with the possibility for security of tenure (2012, 2). Projects also should offer community services, better infrastructure, and improved housing. However, the status of urban residents is not always clear. National governments consider many of them to be squatters with few rights to benefits, although residents themselves often argue that they purchased or rented rights to occupy their land. Thus, the right to resettlement itself is often a point of contention.

These policies have improved the outcomes for the urban displaced, especially in regard to housing and community infrastructure. However, they still face a basic problem: lack of recognition that many urban livelihoods are based on access to skills and social networks rather than tangible assets, such as land, physical premises, or natural resources. Although these policies all prioritize the improvement or reconstruction of livelihoods, they discuss the reconstruction and restoration of tangible assets (land, infrastructure, and housing) to a greater extent. Projects themselves often have the same focus, as it is much easier to implement, monitor, and evaluate the restoration of tangible assets. Many urban resettlement projects therefore become housing projects, and livelihoods are forgotten.

The Outcomes for the Urban Displaced and Resettled

Throughout the world, the outcomes for the urban displaced and resettled are not good. Many become impoverished, because they cannot restore, much less improve, their livelihoods. This section looks at displacement and resettlement in Mumbai in terms of (i) the right to formal resettlement, (ii) the reconstruction of housing and neighborhood infrastructure, and (iii) livelihood reconstruction.

1. The Right to Resettlement with Development

The right to resettlement following displacement has not been systematically recognized in Mumbai. When a project is externally funded, the funder requires the organization receiving the funds to follow its safeguard policies, which, as noted, emphasize improvement or restoration of livelihoods and the

reestablishment of housing and neighborhood infrastructure in projects that include those without formal tenure. Although urban development initiatives that are not funded by international development agencies are not subject to the same policies, there have been some efforts to provide benefits, particularly housing, when large numbers are displaced. For example, the World Bank strategy in the MUTP has been used by the Mumbai Metropolitan Region Development Authority and the Municipal Corporation of Greater Mumbai as a model to resettle those displaced by other projects.

In contrast, when a project is smaller and funded internally by either the public or private sector, there are fewer benefits for the displaced. In these projects, displacement and resettlement are governed by national, state, and local laws, which are quite complex and sometimes contradictory. Many slum residents are technically squatters or encroachers without rights to live on their parcels. In theory, they simply can be evicted without benefits, yet because many slum dwellers are voters, they have political power and the politicians for whom they have voted may act in their interests.

In general, older slums, where residents have often lived for several generations and invested in housing and businesses, are more likely to become recognized slums. At the same time, larger slums have more political power because of the number of their inhabitants. For example, the renovation of Dharavi, with its many occupants, contrasts with the experiences of smaller slums. Dharavi, originally on the northern margin of the city, but, with urban growth, now in central Mumbai, has become the target of a highly publicized slum renovation project. A large section was divided into five different redevelopment zones, each working with a different developer. Stakes are high because of the significant investment planned, but whether all the redevelopment laws will be respected and whether the new area will benefit existing residents has been debated (Patel and Arputham 2008; Arputham and Patel 2010). The experiences of smaller slums are less well documented, but they tend to face more difficulty getting redevelopment that benefits existing residents. Several interviewees talked about the problems of getting approvals for smaller projects done by NGOs or community groups, rather than with private for-profit developers (see also Das 2003, 217). In general, the larger the slum, the greater is its ability to negotiate for resettlement and rehabilitation benefits. However, these projects can become highly politicized and subject to corruption; developers may collude with influential residents to spur action or even use coercion to persuade people to move (Das 2003; Sharma 2009).

People in unregularized, unrecognized slums are more vulnerable to displacement, because they are often considered squatters or encroachers. In 2008, this viewpoint was reinforced by a judgment by the Supreme Court of India. Existing law had allowed adverse possession, which could include squatting, as a way to take over a property; the owner was given a stipulated

period of time to take back the house or land. The judgment noted that although the right to property is not a fundamental right, it is an important human right and the ousting of real property owners is a human rights violation (Mahapatra 2008, 1). Although the relevance of this decision was not immediately clear for those who occupy public lands, it did potentially affect the many slums located on private land.

In Mumbai, this perspective also validates actions taken to demolish slums on public and private land and evict residents in recent years. Since 1997, at least 50,000 families have been evicted from the Sanjay Gandhi National Park on the northern edge of Mumbai (Sachar and Daud 2000). Some 300,000 people were evicted from approximately 80,000 demolished houses in Mumbai during 2004–2005 (UN-HABITAT 2007, 158 and 124). The outcomes for these people are unclear; some may be rehoused, but others simply go on to rebuild in other slums. In Mumbai, an estimated one-third of slum dwellers have been evicted from other areas (UN-HABITAT 2007, 158).

Those with the fewest rights are pavement dwellers, who build along the edges of roads, pavements, or railroads. The city center once had large numbers of pavement dwellers, but many have been relocated as part of urban improvement efforts. Peripheral areas of the city still have pavement dwellers. Usually, they receive few, if any, benefits when they are displaced, although those resettled as part of the MUTP were rehoused along with slums residents.

Overall, many people in Mumbai are displaced by development initiatives that do not take into account their right to resettlement with development, although some local laws and policies do require benefits for some residents, even those without legal tenure. Nevertheless, the resettlers that are most likely to receive benefits are those displaced by externally funded projects with safeguard policies. The following two subsections concentrate on these projects.

2. Reconstruction of Housing and Neighborhoods

The strongest aspect of current resettlement programs is the provision of housing and associated neighborhood infrastructure. This section discusses the relatively well studied MUTP, which was financed by the World Bank and subject to its 1990 involuntary resettlement policy. Because this project was based on known best practices, it should be expected to show the best outcomes. Indeed, an evaluation by the Tata Institute of Social Sciences (TISS) recognized that this project, which adhered to international guidelines, showed better outcomes than many others projects involving displacements.

The MUTP required approximately 20,000 households in various areas of the city to relocate. Displaced residents were given new apartments in resettlement

areas at no cost. Even though the apartments were tiny (a standard 225 square feet), over 95% of households had more space than before (TISS 2008, 9). They also received other benefits, including assistance in creating cooperative housing societies and a fund whose interest was used to pay some required fees.

Because of the large number of displaced people, the MUTP had multiple resettlement areas. Some were in small, neighboring areas, where resettlers tended to be satisfied because they remained near to their existing jobs. Most, however, were moved to buildings with five to six stories in large tracts of land at a significant distance from their previous homes. Some moved to Vashi Nakka, a neighborhood with 33 buildings. Another site, Lallubhai Compound, had a similar number of buildings. These were both dense developments with numerous poor households. In any given neighborhood, residents came as a result of multiple projects; for example, residents at Mankhurd had been moved not only by the MUTP, but also by the Mumbai Urban Infrastructure Project and smaller municipal projects.

Finding sites with sufficient space to house large numbers of people within Greater Mumbai meant building in areas that were considered unattractive, and thus had smaller populations. Thus, Anik was located in a site that had previously been used for heavy industry and was reclassified from industrial use, raising the possibility of land contamination. Mankhurd was near the Deonar dump site for untreated municipal waste and some residents complained of air pollution (TISS 2008, 64).

The quality of the new buildings was poor. There were many cases of leaking pipes, caved-in ceilings, and walls with water damage (TISS 2008). The buildings were also very close together. The evaluation found distances between buildings “inadequate” at both Anik and Mankhurd (TISS 2008, 58, 65). Although required by law to be sited at least 20 feet apart, the distance between the buildings was sometimes only 9–10 feet. People complained about darkness and lack of sunlight. Buildings with five stories did not have elevators, meaning a long walk up to the top floors. Buildings with seven stories had elevators, but these worked for only several hours in the morning and afternoon. The hallways were dark, with lights turned off during the day. Although the buildings had electricity, residents did not use it 24 hours a day, because the building society had to pay for the utilities.

Water provision has been a problem. At one site, water was not available during the first 2 years, and people received their water from trucks. By 2008, the water was connected, but people claimed they received water for less than 1 hour per day and sometimes went for several days without water. It was unclear what caused the problem; some said that it was because of reconstruction

of the water tanks, while others said that water bills were unpaid because of disagreement over rates.

Because the buildings were so close together, the open spaces surrounding them were generally inadequate for public events or children's play (TISS 2008, 58, 65). The few open areas were used heavily, turning to dirt in the dry season and mud when it rained. Given the environmental problems and the poor construction and upkeep, some residents considered these new communities to be vertical slums.

As noted, there have been some efforts to provide similar housing benefits to those displaced by other projects. Because these people are now often in the same neighborhoods, they suffer from the same deficiencies of neighborhood location, and since the buildings are similar, they may face some of the same construction problems. Nonetheless, compared to livelihood improvement and restoration, housing replacement and neighborhood infrastructure provision are a comparative success.

3. Livelihood Reconstruction and Improvement

Although livelihood improvement and restoration are the explicit objectives of international involuntary resettlement policies, they are seriously neglected by urban resettlement projects, which usually pay more attention to housing. The original MUTP design recognized explicitly the importance of restoring livelihoods (Government of Maharashtra 2000). The plan included transit passes for commuters for a period of time as well as livelihood compensation based on the previous year's income if the resident lost a job (Government of Maharashtra 2000). However, at some point it was decided not to implement these two livelihood provisions. One interviewee claimed that there was also supposed to be a livelihood restoration fund with seed money for new businesses; this was implemented in the form of a women's savings and income-generation program. However, the great majority of the displaced had to sustain their livelihoods without project assistance.

In this context, many people complained about the difficulty of sustaining their standard of living, primarily because the distance to their old jobs increased the amount of time and money spent on travel. At worst, people lost jobs. Moreover, people faced increased expenses associated with their new residences. Nevertheless, the TISS found that the average household income increased after resettlement (2008). This was because of the booming Mumbai economy and because more family members were working (1.8 compared with 1.3 before the resettlement) (TISS 2008).

Women, business owners, and the unemployed were more seriously impacted. Many women lost their jobs. Before resettlement, many had worked as domestic servants and were able to earn adequate incomes by working for five or six different clients. This strategy was possible only when clients lived nearby; when they moved to resettlement areas with large settlements of former slum dwellers segregated from more affluent areas, there were fewer families to employ them. They could not continue with their earlier employers, because the distance between home and jobs compromised their ability to meet their domestic obligations. Business owners also found it difficult to continue their businesses, eventually bringing a grievance as a strategy to increase their compensation (World Bank Inspection Panel 2005).

The MUTP included people with few or no sources of regular income, such as abandoned widows, the handicapped, and the sick. Because these people often were unable to pay the new housing fees, they were the most likely to rent or sell their apartments. It is unclear to what extent the resettled were able to take advantage of existing federal or state government programs to assist the completely indigent.

Those affected by the MUTP also saw their social networks disrupted. Because people had to move some distance, they were cut off from networks with inhabitants in neighboring communities that did not move. Those whose work depended on these networks, such as domestic servants, had to find new income-earning strategies. Social networks inside the community, which can be used for solidarity and mutual assistance, were also disrupted. Although the MUTP tried to move neighborhoods together, and, indeed, many neighborhoods often relocated to a single site (TISS 2008), building residents usually came from different places. This led to obstacles in creating workable building societies. The new neighborhoods needed time to grow as social communities, and people had to learn to trust their neighbors.

Although people in the MUTP received better housing than before, they faced continuing livelihood problems, despite Mumbai's growing economy. They also faced increased costs for the new housing, especially cooperative fees to maintain services such as electricity and water. Thus, they had to earn more than they had before simply to maintain living standards. Those who depended upon social networks found it more difficult to maintain income-earning strategies. Individual per capita incomes declined, although when multiple family members could work, this could fill the gap. This provided some short-term benefit, but it risked compromising long-term economic growth if young people left school to go to work. Those who were able to keep their existing jobs generally faced more expensive and longer commutes. Both sites were served by some public transport—buses or trains, but queues were especially long at Anik, which relied on buses.

In other projects, there is little to no information available about the restoration or improvement of livelihood. However, given the abundant literature on livelihood problems faced by the forcibly displaced, there is no reason to believe that their situation would have improved. As many have noted, livelihood restoration and improvement, so prominent in the policies, often disappear in urban projects that become housing projects (Koenig 2009). Even if the right to resettlement with development is recognized, housing is replaced, new neighborhood infrastructure is constructed and the ability of the displaced and resettled to maintain their standard of living is compromised because the need to reconstruct income and employment is rarely taken into account.

Improving Livelihood Outcomes for the Displaced and Resettled

Achieving better outcomes from urban forced resettlement projects requires more attention to livelihood reconstruction and improvement. However, “restoring the livelihoods of people displaced in urban areas is one of the most complex tasks in resettlement” (Agrawal 2003, 172). Urban livelihoods are diverse because urban populations themselves are very diverse. Residents use different kinds of resources and produce goods, services, and information. In contrast to a rural resettlement project, which might provide new land and agricultural extension, it is difficult if not impossible to offer a standardized income-earning package to the urban displaced. This section discusses the complexities of income improvement and restoration among the urban displaced and resettled through the lens of their diverse income-earning strategies. It pays particular attention to (i) social class and the assets available to a household, (ii) whether income-earning takes place in the formal or informal sector, and (iii) whether the occupation produces goods or provides services.

1. Social Class, Access to Resources, and the Reconstruction of Livelihoods

Most of the displaced, whatever the project, have been residents of nonregularized areas. Outsiders may consider these areas to be homogeneously poor, but, because they house almost half the population of Mumbai, residents are quite diverse in terms of social class, occupation, education, economic resources, and status. Studies of slum settlements undertaken in the mid-1990s suggested little association between income and living standards among social classes (Swaminathan 2003). Many who lived in these neighborhoods were not poor, but upwardly mobile in terms of income and occupation (Swaminathan 2003). Studies have consistently found that many who live in slums have

incomes above the poverty line—60%–70% in the 1980s and about 60% in the early 1990s. In a study of one slum settlement in 1993, per capita monthly incomes ranged widely, from 0 rupees to 3,000 rupees (Swaminathan 2003). While Swaminathan found the levels of income poverty in Mumbai “deeply disturbing” (2003, 85), resettlement planners need to recognize that many regularly employed working-class individuals live in slums because of the lack of decent and regularized housing.

Despite this diversity, many resettlement projects offer standard packages that poorly recognize the effects of these wealth differences on the reconstruction of livelihoods. Indeed, many resettlement projects appear to be planned with the average resident in mind—usually relatively poor, but working. Both the wealthier and the very poor are less well served by resettlement projects.

It is difficult to find systematic information on outcomes in Mumbai, but projects elsewhere have shown that many of the better off use compensation to move to neighborhoods other than the formal resettlement area (Koenig 2009). With greater social capital (networks and connections with the larger urban milieu), cultural capital (knowledge of their society and culture), and education to complement greater economic resources, they choose personalized solutions. From a policy point of view, this allows projects to concentrate on the needier members of the community, but resettlement communities may become poorer.

Some of those resettled by the MUTP were too poor to pay the cooperative housing fees required in their new apartments. These individuals might opt to rent or sell their units illegally (TISS 2008). In rural areas, the indigent may be cared for by kin and community; if resettlement conserves communities and their social capital, these people can make do. In urban communities, the links between kin and neighbors are usually less close, and some individuals have little, if any, social support. Many urban residents depend on institutional links to help them survive; in India these include state and federal social welfare programs and religious activities, such as feeding programs. It was not clear to what extent these institutional supports have been replaced in the resettlement sites. The truly poor should not be forgotten by resettlement programs; they are the vulnerable populations for which some safeguard policies, such as that of ADB, mandate improvement of livelihoods. For the elderly and chronically ill, projects may need to include social welfare benefits and facilitate the participation of resettled residents in existing schemes. Lacking these, projects may include their own social welfare benefits.

2. Informal Sector Occupations

Another major issue was the occupation of the displaced residents. One important difference was whether their occupation was in the formal or informal

sector and whether the individual was employee, employer, or individual entrepreneur. Formal employees who worked for individuals or enterprises outside the displacement zones were most likely to be able to conserve their occupations after resettlement. These individuals had primarily faced housing poverty rather than a lack of income or assets (Chaurasia 2007), a situation not uncommon in Mumbai, with its booming job market but notoriously bad housing market. For these people, a resettlement project that improves housing may indeed improve their standard of living. However, as noted, these people faced increased commuting costs and had new expenses to maintain housing. Thus, to maintain aspects of their livelihoods, such as the potential upward mobility of children through school achievement, they needed more income. For some MUTP resettlers, this necessitated sending more family members, usually youth, out to work.

Many people, however, worked in the informal sector rather than in formal occupations. The informal sector includes a great array of activities. People may be informal employees, subcontractors, or market vendors; or they may own small or medium-sized businesses. The owner of a medium-sized craft-production business or a building-trades professional may have a relatively high and steady income, while other informal sector workers, such as small-scale street vendors, may earn little and be quite vulnerable to competition. Despite these differences, there is one commonality: those who make a living in the informal sector often depend on social networks to sustain their income streams. Since displacement and resettlement disrupt both intra- and intercommunity social networks, people in the informal sector are at greater risk of losing income than those with formal sector jobs.

Many analysts have noted the “informalization” of the Mumbai economy in recent years, as large textile firms have closed and moved to subcontracting (Patel 2003, 19). Although some large industries, such as construction, are formally organized, the labor is often provided through subcontracting arrangements that are substantially more informal. Overall, the informal sector in Mumbai provides 55%–65% of employment (Kingsley et al. 2007). Although Kingsley et al. consider the informal sector problematic because of its lack of worker protection, tax payments, and effective economic growth, it is likely to continue to provide most of Mumbai’s employment in the future, even as the city economy develops.

Information suggests that informal sector livelihoods are especially difficult to reconstruct. As was noted, women who lived near affluent neighborhoods could work as domestic servants for multiple households, but when the MUTP relocated them, more affluent women lived farther away and resettled women lost their jobs. The most vulnerable people were those with supplementary informal jobs were close to their homes. Overall, 17.4% of people in the

evaluation sample had to change the location of their job when they moved to Anik. For those moving to Mankhurd, the figure was 6.8% (TISS 2008, 20, 21).

3. Providing Services versus Producing Goods

Another major difference that impacts livelihood reconstruction is whether an individual or business produces goods or provides services. Employees and those who provide services usually need only a residence when they are relocated. In contrast, people who sell goods need a place of business; and even though many stores were relatively small, this proved to be a problem in the MUTP. Shopkeepers lost significant numbers of clients. After the World Bank Inspection Panel investigation, there was agreement in principle that they would receive improved benefits; nevertheless, they continued negotiating for several years afterward.

Craftspeople and manufacturers of goods usually require space for supplies, areas to work, and storage for finished inventory. This category of occupations is rarely taken into account, partly because certain areas of Indian cities have often been categorized as residential. In Delhi's 1962 master plan, some craft production was deemed inappropriate for the city, and people who pursued these activities were pushed to the periphery. Since then, hazardous industry has been relocated out of the city. This has affected many small industries, which are often more polluting than their larger counterparts (Sundaram 2010). Mumbai has not been as clearly demarcated as Delhi; however, zoning changes, environmental regulations, and the price of land have encouraged industry to move to Mumbai's periphery. The main issues in resettling production facilities are the need for significant amounts of land and the maintenance of locational advantages such as access to supplies and clientele. As noted, both the ADB and IFC policies state that affected business owners are entitled to the costs of reestablishing commercial activities and net income lost during the transition. However, the World Bank policy does not address these issues.

The relocation of businesses was a matter of significant discussion in the plans for the redevelopment of Dharavi, with its extensive production facilities, mostly for crafts such as leather and pottery. Artisans were adamant that they needed areas to continue their businesses as well as housing for their families. Because many businesses, such as leather tanning, can be polluting, environmental issues had to be addressed. For these reasons, creating an adequate resettlement plan for the artisans was more difficult. Some potential developers had begun to work with those who needed housing only, encouraging them to opt for plans that would rehouse them quickly but would separate them from the artisans.

Arguably, the ability of Mumbai to provide a range of employment depends on a diverse economy that includes artisanal production as well as new services. The continuation of artisanal production can be directly linked to one of the targeted areas for growth: the creation of Maharashtra as a tourist destination (Mahendra et al., unpublished).

Conclusion: Toward Livelihoods Improvement

Current approaches to resettlement of the urban displaced in contemporary Mumbai are insufficient to restore or improve livelihoods of affected persons. Although projects are generally successful at restoring housing and neighborhood infrastructure, they fail to recognize the right to resettlement for all displaced people and they do not sufficiently address livelihood restoration, much less improvement. Therefore, the standards of living of the resettled are often compromised, even if they have better housing. In Maharashtra State, the laws are very complex and sometimes contradictory (Rozario and Krishnan 2005). As a result, the room for policy correction regarding livelihood restoration and improvement of project-affected persons is limited.

At the national level, the National Resettlement and Rehabilitation Policy of 2007 is certainly a landmark in the process of recognizing project-affected persons' right to resettlement. This process was culminated in 2013 when the Parliament passed the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Bill. The new law includes resettlement and rehabilitation as an integral part of land acquisition, and pays attention to livelihood reconstruction.

Planning for livelihood improvement among the urban displaced is complex because of the diversity of their livelihood strategies and the varying amounts of resources available to them. Standard packages will not work. Pre-resettlement studies will need to obtain significant information on people's livelihood strategies and offer a portfolio of livelihood reconstruction options. This will not be easy. Although people may share the outlines of their livelihood strategies fairly readily, they are often unwilling to divulge the details necessary to accurately measure the available resources. Informal sector workers are often used to underestimating income and assets when talking to officials as a means to avoid taxation. However, if they perceive an opportunity for greater benefits, they may begin to overestimate these figures.

Planning for reconstruction is also difficult because of the varying needs of different groups of people. Some can maintain their income-earning strategies with assistance to cover increased commuting costs, such as subsidized commuter passes or scooter purchase. Others might need credit facilities to

rebuild or adapt existing businesses. Formal job training programs are usually needed to increase skills, particularly among resettled young men and women. Business owners need advice on re-siting their businesses. Finally, maintaining livelihoods may require the reinforcement of social safety nets for the completely indigent, especially those with minimal social support.

One way to address livelihood reconstruction is to partner with and build on existing efforts to provide employment and training as well as social safety nets. For example, Mumbai has government-supported technical and vocational training, nongovernment organization training programs in career development and skills, and employer-provided training (Kingsley et al. 2007). Although these are not sufficient to provide employment for all inadequately trained youth, projects involving involuntary resettlement could consider working in association with workforce development planners to improve the programs, and would assist both the resettled and the wider population (Kingsley et al. 2007). In the case of the MUTP, Mahila Milan, a women's microcredit organization, expanded its programs to include women affected by the project. This kind of activity could be augmented as well.

Changing the focus to livelihood reconstruction to avoid impoverishment offers the possibility of refocusing some of the debates about involuntary resettlement in India. Concentrating on the livelihood provisions of involuntary resettlement safeguards deemphasizes landownership and land-based compensation and focuses on the livelihood needs of the displaced, whatever their tenure status. Whether they are squatters or encroachers becomes less important than the fact that they are urban residents threatened by impoverishment if relocated. This aligns with the ADB policy, which includes "those without legal title to land" in its list of vulnerable groups whose livelihoods should be improved (2009, 49).

Reframing urban resettlement projects to take livelihoods more directly into account is likely to increase the cost of resettlement projects, because it is easier to build housing than it is to restore livelihoods. International policies, especially that of the World Bank, will need to be enhanced to address urban livelihood restoration more directly. Emphasis on livelihoods promotes a strategy of inclusive growth for a more vibrant, economically robust city. A move toward a more productive and educated population will sustain and help create the global city envisioned by the elite of Mumbai.

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8. Income Restoration and Livelihood Development: Impoverishment Risk or a Development Opportunity?

by Amarasena Gamaathige

The core component of a resettlement plan is its income restoration program, which enables project-affected persons to restore and improve their income and livelihood sources. A resettlement implementation plan (RIP)¹ pays special attention to poor and vulnerable project-affected persons. The successful planning and implementation of an income restoration strategy help minimize the impoverishment risks associated with involuntary displacement and resettlement. The Asian Development Bank (ADB) observes that “the efficacy of resettlement plan lies in its effective implementation.” But often the problem lies with the quality of the plan itself, as the income restoration component is not given adequate attention either in terms of the baseline data collected or the interventions designed. As a result, income restoration remains a concern that is largely unaddressed in resettlement practice (ADB 2007, 39).

The need for a conceptual framework and methodological tools to analyze impoverishment risks results from the widespread consensus that impoverishment is the key negative effect of the displacement, resettlement, and rehabilitation processes. The resettlement literature shows that a significant number of persons affected by projects, including those funded by international development agencies, have failed to restore their incomes after resettlement. Worldwide experience with resettlement has shown that physically displaced people do not easily recover. Resettlement studies have documented examples of new pockets of poverty in many resettlement projects (Downing 2002; Mathur 2008; and Scudder 2005). Such unsatisfactory resettlement outcomes are contrary to national involuntary resettlement policy objectives that view resettlement as a development opportunity. They also challenge the safeguard

¹ In Sri Lanka, a resettlement plan is known as a resettlement implementation plan.

policies of development partners that consider resettlement as a vehicle to achieve poverty reduction. National involuntary resettlement policies in general, and safeguard policies of international development agencies in particular, provide a framework for preventing or minimizing risks and avoiding or mitigating them during the project cycle. However, the inclusion of involuntary resettlement practices within the framework of project preparation and implementation has produced mixed results and therefore the framework needs strengthening. In this context, the impoverishment risk and reconstruction model (IRR model) is a useful guide to lead project planners in appraisal and implementation of resettlement programs (Cernea 2000).

At the project planning stage, an income restoration plan is often included in the RIP, for the benefit of the project-affected households who will lose their income sources. The implementation of such income restoration programs usually becomes a difficult task because of the inherent problems of project administration, including (i) considerable delays in land acquisition and compensation payments, (ii) difficulties in obtaining sufficient funds for compensation, (iii) delays in identifying and developing resettlement sites, (iv) hurdles in employing poor affected persons at project construction sites because of their lack of skills, (v) financial constraints in the establishment of a revolving fund or providing credit facilities through financial institutions for resettlement programs, and (vi) the lack of knowledge and field experience among resettlement staff. Moreover, it is often difficult to recruit consultants or nongovernment organizations (NGOs) with appropriate skills and field experience to formulate and implement income restoration and improvement programs. However, a widespread view among project implementing agencies is that paying the replacement value of lost properties, providing displacement and resettlement support, undertaking regular consultations with affected persons, and a robust income restoration assistance programs will ultimately contribute to restoring and improving their income and livelihood.

This chapter discusses experiences in income restoration and livelihood improvement of two development projects in Sri Lanka funded by ADB, the Japan Bank for International Cooperation (JBIC), and the Government of Sri Lanka. The Southern Transport Development Project (STDP) was implemented to construct a controlled-access expressway from Kottawa town in the Western Province to Matara town in the Southern Province covering a distance of 128 kilometers (km). It physically displaced more than 1,300 households. About one-third of these households were resettled in project-assisted resettlement sites, while others self-relocated. The Upper Kotmale Hydropower Project (UKHP) is in Talawakale Division, in Nuwara Eliya District, Central Province. Its major components are the construction of a dam, reservoir, tunnels, powerhouse, and a transmission line. The project involved the resettlement of 495 households and 88 commercial and industrial establishments.

The STDP applied both ADB's involuntary resettlement policy and the National Involuntary Resettlement Policy (NIRP) of 2001, while the UKHP had the benefit of using both the NIRP and the experiences of the STDP in its resettlement planning. Both projects resettled the displaced households at resettlement sites near their original communities. They also paid them the replacement cost of lost assets, provided displacement and resettlement support, and implemented income restoration measures as stipulated by the policies. Because the project authorities realized that cash compensation alone would not be adequate to restore and improve incomes, efforts were made to offer a compensation package and income restoration program as a "development program" to create new income-generating opportunities for the displaced.

The chapter reviews the development of guidelines, conceptual approaches, and methodological tools used in impoverishment risk management in the two projects' resettlement planning and implementation, and income restoration and livelihood rebuilding efforts. The chapter also discusses issues pertaining to the eligibility criteria for receiving income restoration assistance, as well as problems relating to the measurement of impoverishment risks, income changes, and livelihood improvements.

Resettlement Planning in Projects Funded by International Development Agencies

For projects funded by international development agencies, resettlement planning is an integral part of project design from the earliest phase in the project cycle. An initial poverty and social assessment is required for every development project. Undertaken at the inception of the project processing phase, this provides a preliminary assessment of the resettlement impacts envisaged, the resources required for resettlement planning, and the type of resettlement plan needed. For all public and private sector projects with potential involuntary resettlement impacts, executing agencies prepare and submit to their development partners before project appraisal a draft resettlement planning document with time-bound actions. The resettlement impacts are categorized as A, B, or C, according to their significance. A category A project is likely to physically displace or have a significant impact on the income and livelihoods of more than 200 persons (ADB 1998). In such a project, the project planners formulate a detailed resettlement plan based on a comprehensive social impact assessment. The assessment will include an inventory of properties and other losses, their replacement cost, impacts on livelihoods and income sources and on access to commons and natural resources, and a list of all affected persons and households. The resettlement impacts of category B projects are less significant than those of category A.

A category B project follows the same procedures in formulating a resettlement plan. A category C project foresees no involuntary resettlement impacts and therefore does not require a resettlement plan. The progress of resettlement planning and implementation is reviewed throughout the project cycle, and adjustments are made to solve implementation problems. Internal and external monitoring reports inform project managers of resettlement process and issues, if any.

The borrower—usually the government—is responsible for planning, implementing, and monitoring resettlement plans; while the development partners assist in preparing and implementing resettlement plans, and provide finance and technical assistance to strengthen the capacities of agencies responsible for managing the resettlement activities. Thus, the government and the development partners share responsibilities and are committed to the timely implementation of the resettlement plans. The key objective in this partnership is to ensure that persons whose land has been acquired and whose access to natural resources has been curtailed are assisted to improve or at least to restore their pre-project income and living standards.

Design and Approval of Development Projects in Sri Lanka

In Sri Lanka, the National Environmental Act of 1980, amended in 1988 and 1993, requires each project to prepare an interdisciplinary and publicly available assessment of its likely environmental and social impacts. This document is known as an environmental impact assessment (EIA). The EIA will be reviewed by the Central Environmental Authority for its adequacy of coverage of potential environmental and social impacts of the proposed project. A component of the EIA is the environmental management plan (EMP). It provides guidelines how to implement the recommendations of the EIA. Another component is a resettlement plan with implementation procedures.

The National Involuntary Resettlement Policy of 2001 requires the conduct of a social impact assessment (SIA) for each project with significant social impacts. In formulating a resettlement plan, an SIA provides a framework to assess the likely social impacts of a proposed project. SIA methodology has three analytical components: (i) impact description to identify, measure, or estimate and describe the direct impact of the proposed intervention on persons and their communities; (ii) response determination to assess the relevance and comprehensiveness of suggestions, attitudes, and views of potential affected persons and their communities on the impacts, their magnitude, and how to avoid or at least minimize such impacts; and (iii) policy adjustment to implement

the proposed concrete actions to minimize impacts and maximize the benefits of the intervention. A resettlement plan addresses these issues highlighting the types of social impacts, how they will be addressed, budgetary allocations, and a time frame to implement it.

Project assisted by an international development agency is subject to partner agency's safeguard policies, as well as domestic safeguard laws, regulations, and practices. The presence of parallel lines of guidance poses a difficulty to the proposers of development interventions on how to determine a proper mix of these competing demands, interests, and recommendations in a resettlement plan. This is specifically difficult when the laws, regulations, and practices of a borrower country sometimes do not match the involuntary resettlement policy requirements of the international development agency. As a result, resettlement plans often include aspirational programs that are included only to obtain the approval of all parties participating in the project. The borrower usually does not have sufficient resources, expertise, and commitment to implement such aspirational programs. Income restoration and improvement programs often fall into this category. In this context, a critical question is how to improve, or at least restore, the income and livelihoods of those affected by projects?

Project Experiences in Planning and Implementing Income Restoration Programs

Since independence in 1948, Sri Lanka has caused large-scale involuntary resettlement impacts by constructing dams and reservoirs for irrigation and hydropower, and building roads and urban facilities. The restoration of major irrigation schemes in the country's dry zone aimed to resettle people from densely populated districts in the wet zone, aided by a generous assistance package of services in their new relocation villages. The accelerated Mahaweli Development Program, implemented from 1978, necessitated the involuntary relocation of large numbers of people from their ancestral lands and communities in the wet zone to make way for large dams and reservoirs. The resettled households received alternative lands as part of a land-for-land resettlement program, and their relocation was completed in about 3–4 years.

In the 1980s and early 1990s, development projects with involuntary resettlement impacts were approved after preparing an EIA and conducting a series of public hearings. Starting in 1995, ADB expected the government to follow its safeguard policy on involuntary resettlement in assisted development interventions. For a project involving resettlement, the borrower was required to formulate a resettlement plan, but project documents prepared during 1995–2000 contained neither income restoration measures nor a budget for

the purpose. In contrast to earlier projects, the STDP in 2002 and the UKHP in 2005 both incorporated income restoration programs with budgets in their resettlement implementation plans.

Southern Transport Development Project Income Restoration Program

The STDP was designed to construct the first access-controlled highway—a 128 km road from Colombo to Matara town. The project was approved by ADB in November 1999, and the loan agreement was signed on 16 December 1999. The loan became effective on 30 October 2002 with the approval by ADB of the resettlement implementation plan (RIP). ADB financed the 60.0 km road section from Kurundugahahatakme town to Godagama town, and the 5.6 km access road to Galle City in Southern Province. JBIC financed about 60 km of the highway from Kottawa town in Colombo District to Kurundugahahatakme town in Galle District. The RIP, which covered both sections of the highway, estimated that 5,683 households (20,340 persons) would be affected, and 1,315 houses and 151 commercial structures would be physically displaced. The extent of the land area to be acquired for the right-of-way of the highway was estimated at about 951 hectares (ha), comprising about 300 ha of rice lands and 651 ha of agricultural land and home gardens. The land acquisition process started in 2002 and was completed in 2006.

The STDP acquired land under the Land Acquisition Act of 1950 and paid statutory compensation for acquired land under section 17 of the act. In 2001, Cabinet approved the establishment of land acquisition and resettlement committees (LARCs) at the divisional secretariat level to pay additional allowances to bring statutory compensation rates up to the level of replacement cost of land and structures acquired. In addition, the RIP included a package of other payments, such as a payment of 25% of the statutory compensation amount for a house, SLRs100,000 per household for self-relocation, and other resettlement allowances.

Chapter 6 of the RIP included an income restoration program (IRP) for affected persons with a budget of SLRs60 million to be implemented by the project resettlement staff. It identified 1,430 project-affected households (25% of the total number) as poor households earning less than SLRs3000 per month. Among them, 214 households were considered “vulnerable affected households.” The resettlement staff paid little attention to the income restoration program because of their engagement in a large-scale project management, court cases regarding compensation and land acquisition, and delays in paying compensation and providing relocation facilities. However, a community welfare

program was implemented during 2003–2005, which included the formation of housing societies in 32 resettlement sites, the development of home gardens, and skills training.

In 2005, IRP preparation and implementation was outsourced to an NGO, Sarvodaya Economic Enterprise Development Services (SEEDS). It took about 2 years to develop the program, complete social mobilization, and inform the affected people about the IRP. Of the 5,683 households affected, only 1,557, including 1,315 displaced households and 151 commercial establishments affected were eligible to benefit from the IRP. But only 1,050 households (332 households at resettlement sites and 728 households who self-relocated) showed interest in participating in the IRP. There were three categories of recipients: vulnerable (20%), economically poor (39%), and middle-income group (41%). The key objectives of the RIP were to (i) promote self-employment and business opportunities for about 800 project-affected persons through entrepreneurial skills development training, preparation of business development plans, and access to credit; (ii) encourage home garden improvements; (iii) develop microfinance programs through savings and establish revolving funds in Housing Societies formed at each resettlement site; (iv) conduct vocational training; and (v) establish housing societies at resettlement sites.

The first IRP training program was on entrepreneurial training for about 800 project-affected persons who had basic skills and a desire to develop business plans with the seed money to start new self-employment and small business enterprises. The project resettlement staff and the NGO were responsible for contacting lending agencies to obtain credit for the project-affected persons. The starting of new self-employment and small business enterprises was the most difficult task. The majority of those who participated in the program could not proceed beyond the formulation of business plans. It was not possible to obtain credit from lending institutions for such small-scale income-generating activities without appropriate and sufficient collateral. At the end of the first year of the program, only 30 participants had applied for loans, and just 16 were approved.

The skills training and vocational training programs were unsuccessful because the majority of affected persons who were enrolled in the training courses dropped out as they found the training programs were not suitable for them. As SEEDS had failed to meet the program targets, the project management unit of the STDP terminated its contract in February 2008 and took over the responsibility for redesigning the RIP. In March 2008, the project management unit appointed a consultant to conduct a household survey of the 960 affected households listed in the database. The survey found that only 22 households in the JBIC section were eligible for income restoration assistance. The IRP was implemented for these households during 2008–2010. In 2010, the

implementation performance of the IRP was examined by a committee appointed by the project director. Based on its assessment of the need for further support for income restoration of project-affected persons, the committee found that the project had achieved its objective of income restoration and improvement of the living conditions of project-affected households. Although the IRP was beset with several managerial and financial difficulties, the project-affected poor and vulnerable households have managed to improve their household incomes over a period of 5–8 years. This is mainly because of rapid regional development in the project area which created employment, enhanced mobility, and improved communication. The role of the IRP in this process is marginal.

Upper Kotmale Hydropower Project Income Restoration Program

The UKHP was designed to generate 150 megawatts of electricity at an estimated cost of \$334 million. It is located in Nuwara Eliya District in the upper reaches of the Kotmale Oya—a tributary of the Mahaweli River. The project was first identified in 1968 as a component of the Mahaweli Development Program. Its first feasibility study was completed in 1987. The study was subsequently updated by examining several project alternatives in order to minimize its potential social and environmental impacts, particularly damages to waterfalls in the area. The Central Environmental Authority provisionally approved the project in July 1998. However, as a result of legal proceedings initiated by an environmental NGO at the Court of Appeal, the final approval was delayed until March 2000. The project loan agreement between the Government of Sri Lanka and JBIC was signed in March 2002. The Ceylon Electricity Board (CEB) was the executing agency of the project.

In the formulation of the resettlement plan of the project, the resettlement planner applied the resettlement principles of the National Involuntary Resettlement Policy of 2001. The planner benefited from the resettlement experiences in other infrastructure development projects, including the STDP in formulating the resettlement plan. The project-affected area mainly consists of tea plantations. The majority of the 495 households that were displaced lived in line-room houses belonging to their employers. The floor area of a house was less than 300 square feet, and 44% of households lacked basic facilities such as running water and electricity. About 75% of the affected households were Tamils, 22% were Sinhalese, and the remaining 3% were Muslims. The 11 village communities affected were to be relocated in 10 resettlement sites within nearby Talawakelle town. Of 88 affected structures, 33 were commercial structures, 26 were cattle sheds, and the rest were common facilities such as schools, temples, libraries, workshops, and garages.

By November 2012, the project had built 460 houses and had resettled 435 displaced households at 9 resettlement sites. A further 60 houses were under construction. Six types of houses were constructed at the resettlement sites, and each displaced household was given a new house that is bigger than their original house and has additional amenities such as water, electricity, and access roads. The houses were allocated to the resettlers after checking the floor area of the house they occupied in the pre-displacement phase. A type A house with two bedrooms was given to a settler who occupied a house with a floor area of less than 400 square feet. A type F house with five bedrooms was allocated to a resettler who lived in a house with a floor area of 1,200–1,500 square feet. Each house has a piece of land of 10 *perches* (0.025 ha) in size. All houses at the resettlement sites have access to common facilities such as cooperative shops and worship centers for all represented religious denominations.

The income restoration program was implemented by the CEB in consultation with the displaced households. A total of 130 persons requested income restoration assistance to set up income-generating activities such as poultry rearing, dairy farming, horticulture, and mushroom farming. Some 134 project-affected persons requested occupational skills-development training to allow them to start self-employment enterprises. The CEB financed the skills-training programs on heavy machinery equipment operation, electrical wiring, dress making, plumbing, mushroom cultivation, and computer programming. A significant number of trainees later found jobs in project-related construction activities. Although the home garden size is only about 2.5 *perches* (0.006 ha), a package of services, including agricultural equipment, seeds, and fertilizer, was also provided to each household for home garden cultivation. This enabled some affected households to begin cultivating vegetables. Those who bred and raised cattle as a secondary occupation were assisted in building cattle sheds. It proved difficult to provide credit through commercial banks or other sources; however, the payment of a disturbance allowance of SLRs15,000 and a shifting allowance helped supplement income restoration assistance. Vulnerable households were given additional voluntary payment of SLRs15,000. The project planned to establish a revolving fund to provide micro-credit facilities to project-affected persons as part of the self-employment initiatives. But the project could not obtain sufficient funds to operate it.

Key Issues in Income Restoration in Resettlement Programs:

In both projects, there was broad agreement among stakeholders, including development partners and government agencies, that income restoration

assistance should be provided in addition to compensation payments at replacement cost, and the living standards of the displaced households should be restored or improved. The need to plan such new economic opportunities was recognized by both projects (Table 8.1).

Table 8.1 Income Restoration Planning in the Southern Transport Development Project and Upper Kotmale Hydropower Project

Component	Southern Transport Development Project	Upper Kotmale Hydropower Project
Baseline data and inventory of losses survey	Inventory losses survey was conducted and income restoration program was included in the resettlement implementation plan. However, information on household incomes, income sources, occupations, skills possessed, and extent of land left after acquisition was limited and not updated.	Consultation with affected persons was done, but there is no primary or secondary data available for analysis of incomes and living conditions before resettlement of project-affected persons.
Eligibility criteria and vulnerability analysis	The resettlement implementation plan listed the selection criteria of vulnerable households. Resettlement staff, and land acquisition and resettlement committees identified vulnerable households for income restoration assistance, and such selection was not based on a scientifically conducted census of affected population.	Some vulnerable households were identified for additional financial assistance at the final stage of the project.
Identification of appropriate income restoration measures for eligible persons	The section on "income restoration programs" of the resettlement plan identified several income restoration strategies. However, measures proposed by the agency appointed to implement the income strategies were difficult to implement.	A list of suggestions from affected persons was prepared, and this became the income restoration assistance program.
Determination of poverty levels and identification of poor households	There was lack of information to determine poverty levels and identify poor households.	Information on poverty levels was not available.
Income restoration assistance for nontitled persons	The project provided financial assistance and house plots to squatters and adult children of affected households.	The project built houses for all displaced households, including nontitled affected persons.

Source: Review of Southern Transport Development Project documents and secondary information from the website of the Upper Kotmale Hydropower Project.



1. Identifying Eligible Affected People for Income Restoration and Improvement

It is important to state explicitly in the resettlement plan the eligibility criteria for income restoration assistance, the components of the income restoration program and the budget. Such information would help reduce confusion in selecting eligible persons and groups for income restoration and improvement assistance programs and facilitating delivery mechanisms of financial support and other services. The following example from the STDP shows that the identification of eligible affected persons for the IRP was a major problem from the early phases of planning of the IRP.

In its third annual monitoring report on STDP in 2010, the ADB Compliance Review Panel (CRP) questioned the validity of reducing the original scope of the IRP from 1,050 affected households to 22 affected households under the revised IRP (ADB 2010). The CRP pointed out that compliance with the IRP in principle is achieved only when the IRP has been instrumental in raising the poor identified in the original IRP to non-poor status. This also applies to those who entered the category of poor after the launching of the IRP in 2005. A safeguard consultant was recruited to review the revised IRP, especially its process of selecting households to be included in the IRP. The consultant reported that the methodology used by the IRP to define eligibility for income restoration assistance was not sound. He also pointed out that the absence of a comprehensive database of household income levels at the pre-displacement phase contributed to the failure of several subsequent attempts to identify the poor and vulnerable among the project-affected households.

The CRP report also referred to the report prepared by an independent external monitoring team (the Center for Poverty Analysis) of the project, which analyzed the economic status of a sample of 17 of the 62 households identified by the March 2008 survey as poor households who needed income restoration assistance in the ADB section of the highway. They owned commercial properties in the pre-project phase and self-relocated instead of moving to a resettlement site as resettlers. Of this group, 60% managed to reestablish their businesses. The other 40% either abandoned their commercial enterprises for other sources of income and livelihoods, or still are trying to restart their commercial enterprises (Center for Poverty Analysis unpublished; Jayawardene 2011). The CRP report further indicated that several affected households, especially those headed by women, continued to be poverty stricken, and their socioeconomic status continued to deteriorate. The CRP concluded that some affected households were highly successful in setting up new businesses, while others are still struggling to regain their livelihoods.

The CRP suggested that ADB should support the Road Development Authority, the project executing agency, in identifying vulnerable and poor

project-affected households and should continue its IRP for their benefit. It instructed that necessary data for this purpose could be found in the report prepared by the external monitoring team, management information system, and information contained in resettler files at regional STDP offices. The critical problems that the CRP review brought to light is the absence of a database enumerating the precise number of affected persons who are severely affected by income losses, and the lack of a comprehensive profile of the 1,050 affected persons identified in 2005 for IRP assistance and their standard of living before relocation and 5 years after relocation. The 2002 inventory-of-losses survey data are outdated, while the 2005 survey data are inadequate for estimating the correct number of affected persons who have recovered from poverty and those who still require assistance.

2. Income Restoration and Impoverishment Risks

The process of income restoration is defined in the STDP as the reestablishment of the livelihood, income, income-earning capacity, and production levels of people directly affected by the project (Government of Sri Lanka 2002). In the STDP, the pre-project socioeconomic survey of 2002 calculated the monthly income levels of 5,683 project-affected households. It estimated that 23% of them (1,430) were below the poverty line, i.e., less than SLRs3,000 per month. However, the estimate did not include the losses incurred by households from (i) the value of standing seasonal crops, (ii) income from rent and sharecropping, (iii) income from wage earnings, (iv) income from affected businesses, and (v) income from perennial crops and other produce. Project authorities argued that land acquisition has had a marginal impact on about 70% of total affected households because each of them lost less than 5 *perches* of their paddy land or high land to the project. As there was no comprehensive definition of poverty, it was difficult to categorize persons as poor or non-poor, and hence to determine their eligibility. This was discussed and debated at length during project progress review meetings. The discussions revealed that some ineligible persons received income restoration assistance while some bona fide affected persons were deprived of such assistance.

Neither the IRP nor the management information system of the STDP provided comparable income data on affected households. As a result, it is difficult to determine the difference between pre-project (before land acquisition in 2002) poverty levels and post-project poverty level at different milestones—2005 and 2010. The IRP did not consider the full resource base (land, savings, skills, and social support) of each affected household in the analysis of household income levels. Generally, the project authorities did not adopt a clear conceptual framework and methodologies to collect, analyze, and evaluate data to understand the poverty levels of project-affected persons and their livelihood options in the post-displacement phase. These shortcomings were

incorporated into the management information system making it an inadequate planning tool for IRP.

A lesson learned was that it is important to understand resettlement risks for different persons, households, and communities before preparing an income restoration assistance program. Impoverishment risks can be understood not only through the analysis of poverty data, but also from examining a combination of economic and social conditions and psychological perspectives. The mapping of variables of impoverishment and understanding the ways in which these variables are interlinked and influence one another need more statistical analysis. Given the speed with which the project moved on to acquiring land under the section 38 A “urgency clause” of the Land Acquisition Act, it is difficult to see how such a detailed analysis of the socioeconomic conditions and psychological perspectives of project-affected persons could have been accomplished under the STDP. Another lesson is that it is necessary to define key concepts and describe methodological tools that will be used to estimate total household income, income sources, lost income from the acquired properties, and pre- and post-project living standards of affected households.

In the case of the UKHP, the resettlement of 495 households was the major issue and the only option available was to relocate all of them at a resettlement site identified by the project. As the affected households were resettled close to their original communities, there was no direct impact on the sources of their incomes. Most of them were estate workers and they continue to be employed on the estate. However, relocation has had some adverse impacts on those who cultivated vegetables in home gardens as supplementary income before displacement. The identification of income restoration strategies for the affected commercial and industrial activities was done on a case-by-case basis. The UKHP was less complicated than the STDP in terms of income restoration programs. However, in both projects, some income restoration measures were taken for the benefit of nontitled holders, poor households, and vulnerable groups. Table 8.2 shows the severity of different impoverishment risks of the households displaced by the two projects.

Table 8.2 Impoverishment Risks Assessment in the Southern Transport Development Project and Upper Kotmale Hydropower Project

Impoverishment Risks	STDP			UKHP			Remarks
	H	M	L	H	M	L	
Landlessness	X					X	Risk of landlessness was high in the STDP, because replacement of agricultural and paddy land was difficult.
Joblessness		X				X	The laborers and self-employed in agricultural land, paddy cultivation, and home gardens, and employees in commercial establishments lost their income sources. Some have already recovered under the STDP.
Homelessness			X			X	In both projects, resettlement sites were developed and nontitled persons were given free house plots in addition to payment of the replacement cost of lost assets.
Marginalization			X			X	The risk of marginalization is quite low because incomes and living conditions of many poor and medium-income groups have been improved in both the STDP and the UKHP.
Food security			X			X	There was a risk of food insecurity in both projects due to the loss of home gardens and agricultural lands; but home gardens have been developed as a component of the income restoration program, which provides food security to some households.
Social disarticulation			X			X	In both projects, group resettlement and resettlement closer to original communities reduced the risk of social disarticulation.
Increased morbidity and mortality							No baseline information was available to make any comparison.
Loss of access to common property resources			X			X	In both projects, all common property resources affected were rebuilt.

H = high, L = low, M = medium, STDP = Southern Transport Development Project, UKHP = Upper Kotmale Hydropower Project.

Source: Review of STDP documents and secondary information from the UKHP website.

Although project-affected persons of the STDP were exposed to several impoverishment risks, payment of replacement cost for land and structures acquired, provision of resettlement support, special assistance to those who self-

relocated in finding and purchasing alternative land, and assistance provided to poor households through the IRP helped the majority of affected households in restoring their incomes and improving their living conditions, particularly in case of low-income households. However, remarkable increases in affected households' incomes are usually attributed to factors such as favorable changes in the local economy, the large amount of cash compensation received, or the entrepreneurship of household members. Cash compensation at replacement cost for lost assets, income sources, and livelihoods played a critical role in preventing impoverishment among project-affected households. The UKHP also paid replacement costs for land and structures acquired; allocated lands in resettlement sites with houses and other amenities; provided assistance in finding employment and opportunities for self-employment and skills training; and, in case of self-relocating project-affected persons, helped find, purchase, and develop alternative lands. In both projects, such specific project actions certainly minimized impoverishment risks among project-affected persons and their households.

3. Analysis of Vulnerability and Selection of Vulnerable Groups

SEEDS, the NGO, in formulating the IRP for the STDP used outdated socioeconomic information at the project offices to identify households eligible for income restoration assistance. Most of the project-affected persons, especially in rural areas, suffered from a lack of skills, capital, and support systems to restart their livelihoods. This knowledge is useful to identify the kinds of financial support to be provided to each selected household. However, without a vulnerability analysis, it is difficult to develop sustainable livelihood development plans.

The RIP of the STDP defined a vulnerable household as one with elderly; invalids; households headed by women; estate workers; households without legal title to land (informal dwellers); and the poor households identified in inventory-of-losses surveys as those who would suffer disproportionately from displacement and resettlement impacts. The surveys identified 214 such project-affected households in the project area.

The identification of 214 households as vulnerable households in the RIP in 2002 was not done systematically using a set of eligibility criteria. The determination of vulnerability of a project-affected person or household in the STDP was done during RIP implementation after reviewing the field observations of resettlement staff and the records of the meetings the Land Acquisition and Resettlement Committee (LARC) conducted with each affected household. The LARC used not only the amount of compensation an affected household received, but also the age of adults and their health conditions in determining whether the

household is vulnerable or not. As a result, the vulnerable households identified by the LARC were not identical to the list of vulnerable households found in the RIP. According to the LARC records, such detailed analysis of vulnerability of an affected household was not done at each LARC meeting. This led to a discrepancy in the payment of special allowances to vulnerable households and including them in the RIP. The definitions of “employee” in formal and informal businesses, and “casual” and “permanent” agricultural workers were not clear in the RIP. As a result, appropriate compensation rates could not be determined for these categories of project-affected persons. For example, some casual agricultural workers received income restoration assistance while others did not, although they qualified as vulnerable. There was inadequate information for identifying vulnerable households in the UKHP. The RIP did not include a complete list of affected vulnerable households. As a result, only a few vulnerable households received vulnerable assistance from the project.

4. Methodological Tools and Databases

The first step in planning income restoration programs is to develop indicators with benchmarks against which a project-affected person’s recovery from poverty could be measured. The benchmarks could be derived from the census of affected persons, the inventory of losses, and other socioeconomic databases. In both the STDP and the UKHP, such surveys and censuses were conducted to develop baseline data, but such data were not used to develop comprehensive development indicators. The project authorities also failed to update the databases, and, as a result, they could not monitor the progress of land acquisition, payment of compensation, and resettlement.

In the STDP, the key unit of data was a land lot which reflected the narrow legal focus on the acquisition of land. Such data were not adequate for long-term income restoration planning as such planning focus on project-affected individuals and households and not on land plots or parcels. The data on persons’ occupations and skills were patchy and inadequate for formulating comprehensive income restoration strategies for different occupational groups affected by the project. The quality of data collected through various surveys was poor, as evidenced by missing information on important variables such as total income, income sources, and total household wealth in the STDP databases. The computerized management information system maintains data on all land plots acquired for the project and socioeconomic profiles of all affected persons, but information regarding pre-project income levels is only available for few households in the system. The Road Development Authority has failed to remedy this key deficiency in the management information system. The author was informed in 2013 that project authorities in the UKHP have not yet done any studies on the effectiveness of the project’s income restoration program.

Project monitoring reports for the two projects have highlighted the following key information needs for formulating and implementing comprehensive income restoration and improvement programs: (i) establishing clear definitions of key concepts such as income restoration, impoverishment, entitlement, and vulnerable groups; (ii) suitable income restoration options, such as livelihood development and skills training for eligible households in consultation with them; (iii) collecting baseline data to measure the income losses and lost assets; and (iv) establishing key monitoring indicators for scientific evaluation of project outcomes before commencing displacement. Most IRPs contain a section on income restoration; but it is often perfunctory and fails to identify adequate income restoration measures or monitoring and evaluation indicators based on livelihood impact analysis, vulnerability analysis, and impoverishment risk identification. As a result, income restoration activities in an IRP are often limited to rehabilitation assistance. Effective and sustainable income restoration interventions can only be designed and implemented within a carefully constructed conceptual framework, based on reliable databases.

Much scholarly attention has been devoted to project monitoring and evaluation studies to find out whether the expected objectives of income restoration and living standards improvements have been achieved after relocation. The findings of such studies have become controversial because of the lack of clear definitions of key concepts, such as income restoration, livelihood improvements, living standards, impoverishment, and marginalization. The selection and measurement of key indicators to determine the success or failure of such programs also appear to be questionable.

Conclusion

This chapter discussed the key aspects of planning and implementation of income restoration and improvement programs of two infrastructure development projects in Sri Lanka. It also discussed experiences of income restoration and livelihood improvement in the two projects. Both projects resettled displaced households at sites near their original communities, paid replacement cost for lost assets, and provided displacement support and income restoration measures according to the policies of development partners and the NIRP. Some efforts were made to offer an attractive compensation package and income restoration program as a development program to create new income-generating opportunities for project-affected persons, because cash compensation alone cannot restore income and livelihood losses. The key issues identified in planning and implementing the income restoration programs in the two case studies are (i) delays in IRP implementation and weak institutional arrangements; (ii) ambiguities throughout IRP planning and implementation with regard to definitions of eligibility criteria for receiving

income restoration assistance; (iii) difficulties in identifying appropriate income-generating activities for diverse groups of affected persons; and (iv) problems of measuring impoverishment risks, income changes, income restoration, and livelihood improvements.

Several lessons were learned from the two case studies. First, income restoration and livelihood programs should be carefully developed in consultation with project-affected persons before displacement starts, and they should be implemented soon after displacement. Second, the attitudes of project authorities toward identifying and managing impoverishment risk will affect both the planning and implementation of the income restoration program. They need to be educated and informed about the gravity of induced impoverishment among project-affected persons and households by projects. Third, an income restoration program should be supported by an adequate budget and an efficient management team. Fourth, the income restoration and improvement programs should tally with the level of education, skills, and income levels of the affected persons. The project-affected persons, especially in rural areas, lack skills, capital, and support systems to restart their livelihoods. Such information could be found through a vulnerability analysis. It is difficult to develop sustainable livelihood development plans unless they are based on a vulnerability analysis of all project-affected persons.

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9. Compensation, Replacement Cost, and Post-Resettlement Impoverishment

by Biswanath Debnath

This chapter highlights the importance of having a social preparation phase early in the project cycle to allow both the affected persons and project authorities to discuss, negotiate, and agree on a fair and adequate compensation package for property acquired for a development project. It also argues that such a social preparation phase should lead to timely disbursement of cash compensation to the affected persons or households in full at replacement cost for the property acquired to avoid their impoverishment. By doing so, the chapter aims to contribute to the long-running debate on compensation and impoverishment.

Social preparation refers to a series of meaningful consultations that land-acquiring authorities and project authorities conduct with landowners and land users before the acquisition of private land for a development intervention. It precedes the displacement and relocation phases of a development intervention. As a preinvestment process, social preparation can be used to

- i. consult with project-affected persons and to provide them with project information;
- ii. help them to decide between self-relocation and project-assisted resettlement;
- iii. motivate them to identify economic opportunities at resettlement sites, or where they opt to settle down as self-relocatees;
- iv. prepare them to develop such opportunities into development opportunities which, in turn, help them to restore income and livelihoods and improve their living standards; and

- v. educate and guide them on how to negotiate adequate compensation for property lost and invest cash compensation in income-generating activities.

Social Preparation

The safeguard policies of international development agencies provide a narrow scope for the social preparation phase in the project cycle by reserving its application only to development interventions that are likely to displace large populations or pose complex and sensitive involuntary resettlement impacts and risks. In such projects, they expect borrowers to consult all potential project-affected persons at the initial phase of resettlement planning to ascertain their views, concerns, and suggestions. Based on this understanding, the borrower and the international development agency can determine whether project-affected persons would support and participate in the resettlement planning or oppose the development intervention. If there is significant opposition to or agitation against the proposed development intervention, the international development agency would distance itself from the project planning process and leave the borrower and project-affected persons to resolve their grievances and to arrive at an understanding that would allow the development intervention to proceed.

The affected people should be fully informed and closely consulted on resettlement and compensation options. Where adversely affected people are particularly vulnerable, resettlement and compensation decisions should be preceded by a social preparation phase to build up the capacity of the vulnerable people to deal with the issues. Social preparation would so be necessary to obtain cooperation for the project to proceed in cases where there is likely to be significant social resistance (ADB 1997).

Compensation

Compensation is a payment for a loss. In land law, compensation is defined as the amount of money required to make the owner no better or worse off than if no land had been acquired from him or her. In the context of involuntary displacement and resettlement, compensation takes two key forms: cash for land and land for land. In case of cash-for-land compensation, it is the amount of cash that the owner of lost asset needs to replace it. This is not the market value of the lost property; but the money the property owner needs to buy a

property of equal productivity or value. If compensation is given as land for land, the land received in lieu of the acquired land must be of equal value or productivity. A key difference between cash for land and land for land is that in land-for-land compensation, the loser is given replacement land by the project authorities, while in cash-for-land compensation, the loser has the option either to invest the money received in land or to use it as he or she wishes. The Land Acquisition Act of Sri Lanka defines compensation as payment in cash or kind to replace an asset, resource, or income source which has been acquired or affected by a project for which the person affected is entitled to, and the amount of money required to keep a person in the same socioeconomic position that he or she held before acquisition (Government of Sri Lanka 1950).

Replacement Cost

Replacement cost is used in the context of compensation for expropriated property as a matter of good governance. In general, it refers to the fair market value of a property. It is tomorrow's anticipated price for today's acquired land. It helps prevent the impoverishment of the land loser. Often, soon after compensation is paid, land prices shoot up in the formal land market, reacting to the perceived demand for land. This effectively blocks project-affected persons from purchasing land to replace their lost assets. Replacement cost, thus, indicates the level of valuation for expropriated property that will be sufficient for project-affected persons to replace their lost land with land of equal value or comparable productivity. Accordingly, compensation at replacement cost includes actual cost of asset replacement plus associated transaction costs and fees.

Replacement cost applies to tangible assets—primarily land, houses, commercial buildings, temporary structures, trees, and crops. Intangible losses, such as sentimental attachment to a house or a location, proximity to neighbors or relatives, accessibility to spiritual sites, or aesthetic qualities are rarely considered as eligible losses for compensation. But intangible factors, such as customer goodwill toward a commercial establishment, are usually taken into consideration in determining compensation for such property. For example, shopkeepers that are displaced from a popular market should be relocated at a place where there is the possibility of developing a similar level of goodwill. This would include easy access and the availability of parking facilities and security. An example is the Bangalore–Pune Highway, built by the National Highways Authority of India. The project's resettlement planners recognized the need to relocate small vendors at a location along the highway where they could continue their small businesses.

Sometimes, instead of providing special facilities, a premium is paid as part of cash compensation to acknowledge the loss of goodwill that will result from the acquisition of property and the time the project-affected person would require to reconstruct goodwill and business. When the payment of compensation is only an element of the resettlement package, several other payments are applied by resettlement planners as part of the replacement cost. These include (i) relocation or resettlement assistance; (ii) subsistence and transition allowances for a specific period of time soon after displacement; (iii) interest paid for delays in paying compensation; and, in case of India, (iv) the *solatium*, which is 30% of the statutory value of the land acquired and is intended to compensate for the involuntary nature of the acquisition. However, potential project-related benefits, such as access to new irrigation facilities or employment-training programs, are counted not as components of the replacement cost but as components of resettlement assistance.

Resettlement literature on compensation in general and replacement cost in particular does not clearly distinguish between market value and replacement cost, or between replacement cost and resettlement assistance. Replacement cost, however, is a much wider concept than market value. Resettlement assistance is a bundle of assistance provided over a period of time to a resettler. It is therefore different from replacement cost, which takes the form of a lump sum payment to replace the lost property and thereby to arrest impoverishment. Compensation, resettlement assistance, income restoration, and improvement assistance, together with special arrangements to find employment, are all geared to prevent project-affected persons losing their incomes which would either impoverish them or, if they are already poor, make them more vulnerable and marginalized.

Replacement Cost versus Market Value: Valuation Methodologies

Replacement cost and market value are not synonymous. Market value is the prevailing open market value of a property. Fair compensation according to market valuation is carried out in most South Asian countries in accordance with the standards of the International Valuation Standards Committee in London. The standards are sensitive to local laws, customs, practices, and market conditions, and are usually adapted to accommodate a specific economic and social environment. Market value is defined by the International Valuation Standards Committee and adopted by the Royal Institution of Chartered Surveyors as follows:

The estimated rate for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

There are several methods to value a property. The key methods are the comparable method, the residual method, the replacement cost method (used for building valuation), the rent capitalization method, and the discounted cash flow method. The comparable and residual methods are most relevant to the calculation of replacement cost of acquired property in involuntary resettlement programs.

The comparable method arrives at the value of a property by reviewing comparable recent property transactions in the vicinity. Recent transactions are examined to get a comparable understanding of property value. If recent transactions are not available in the micro-market (in the area), a valuation specialist will form an opinion based on the quoted prices in the market with adjustments for margin for negotiation. Based on this information, adjustments are made for the property attributes that affect its land value. These attributes may include the location, micro-market characteristics, size, shape, availability of infrastructural facilities, frontage along the access road, accessibility, and its development potential. Given the heterogeneous nature of real estate properties, appropriate adjustments usually allow for any qualitative and quantitative differences that may affect the property's price. In land markets, especially in remote rural areas, transaction comparators are often difficult to find. In such instances, values are benchmarked with transactions in other locations with comparable neighborhood profiles.

The residual method is an assessment of the capital value of a property on a completion basis, i.e., assuming it was completed on the date of valuation. An estimated total cost, including fees and an allowance for interest and other associated expenditures such as developer's risks, is considered in this method. Generally, anticipated profits are deducted from the gross development value. The resultant figure is the residual value. This method is subject to some hypothetical assumptions and parameters. A slight change in one or more of the assumptions or parameters would have a significant impact on the residual value estimated.

Resettlement practitioners and professional valuers have generally employed the comparable and residual methods to provide fair compensation according to the current market value of assets. While the comparable method is suitable for valuing land, the residual method is useful in valuing structures and land with structures.

A brief discussion of the three other valuation methods is in order. The replacement cost method is based on the construction cost of assets. This method is appropriate for valuing buildings. The cost to be estimated is the cost of construction according to the construction status as of the valuation date. This is based on the inspection of the facility; however, no structural survey is conducted because valuation of the buildings is based on book value. The rent capitalization method is used to value a leased property. This method focuses on valuing the entire property (both buildings and land that have revenue-generating potential), not the land alone. This method involves deriving the rental income net of operating expenses for the current lease in the subject property that would be capitalized with an appropriate capitalization rate to arrive at the sale value for the leased space. The discounted cash flow method is based on the present value of the future receivable net income from the current operational leases. It is mostly speculative. This method focuses on valuing the entire property (not the land alone) based on its long-term revenue-generation potential.

Negotiated Settlement and Replacement Cost

Often, international development agencies hesitate to proceed with resettlement planning if there is a dispute between the borrower and potential project-affected persons regarding land acquisition, compensation rates, and relocation programs. In such situations, besides providing social preparation time to the borrower and project-affected persons, the agency may encourage the borrower and project-affected persons to negotiate, consult, and arrive at a mutually acceptable formula that is also acceptable to the agency. An example of this approach is the Asian Development Bank (ADB)-assisted Himachal Pradesh Clean Energy Development Investment Program in India. Compensation rates were negotiated between the project-affected persons and the executing agency, and the agreed-upon rates were included in the project's resettlement framework to guide the formulation of appropriate resettlement plans (ADB 2008a).

Negotiated settlement is an alternative arrangement to land acquisition for a public purpose. Under this arrangement, the value of the land is negotiated by the land-acquiring party and the property owner. When a state acquires land for a public purpose, the negotiation framework becomes asymmetrical as the state has powers to acquire any private land for a public purpose regardless of its owner's consent. This power emanates from the state's inherent right of eminent domain. However, it does not mean that the state would acquire private land regardless of its owner's opposition. There are several paths that the state could take in acquiring land through negotiated settlement. First, it could negotiate and pay the negotiated price to the landowner. This is equal

to the replacement cost of the land or more. Second, the government could decide not to proceed with acquisition. Several recent community development projects, such as rural roads projects in several states in India, use as a guiding principle the consent of the people to hand over some land through negotiation. If the community as a whole or a significant component of it opposes the project, the state government would not proceed with the project. Another example is the Building Climate Resilience of Watersheds in Mountain Eco-Regions Project in Nepal, where the consensus of the community to provide land to the project is a requirement to proceed with the project (ADB 2013). In such situations, payment of replacement cost does not arise. Third, the state could acquire private land, regardless of landowners' opposition or resistance, and pay compensation as prescribed under the land law. This option falls into the involuntary resettlement category of international development agencies' social safeguard policies. This type of cash compensation is generally known in South Asia as statutory compensation. It is much lower than the prevailing market value and is below the replacement cost. However, many countries are moving toward fair market value. For example, in Sri Lanka, the National Involuntary Resettlement Policy (2001) provides for replacement cost for all acquired land:

- Replacement land should be an option for compensation in the case of loss of land, and in the absence of replacement land cash compensation should be an option for all affected persons.
- Compensation for loss of land, structures, other assets and income should be based on replacement cost and should be paid promptly. This should include transactions costs (Government of Sri Lanka 2001).

Several international development agencies and government departments in South Asia prefer negotiated settlement to land acquisition under land acquisition acts. For example, ADB specifically encourages negotiated settlement when acquiring land for development interventions (ADB 2009). Social safeguard policies of these agencies lay out procedural guidelines to protect landowners from risks associated with negotiated settlement transactions. These procedures pay special attention to transparency and consistency, and ensure that those who enter into a negotiated settlement can maintain the same or better income and livelihood status after the acquisition of land. In this process, the key words are "adequate" and "fair price" for land and other assets acquired. The safeguard policies want the borrower to ensure that the proposed land acquisition process corrects any asymmetries of information and bargaining power of the parties. The documents pertaining to negotiated settlements such as village maps, land registry entries, land sales records, and bylaws used during negotiations are to be disclosed. The borrower should also engage an independent external party to document the negotiations and settlement process, and verify their adequacy and transparency. The anticipated outcome of this elaborated process is that the property owner receives the replacement cost of the property.

Payment of Replacement Cost in ADB Operations

The payment of replacement cost for acquired property is one of the key principles of the Involuntary Resettlement Policy of ADB (ADB 2009). During the past 18 years, this principle has been applied to hundreds of ADB-funded development interventions. It is pertinent to examine how well it has been applied in different countries. The following section discusses the progress in applying the principle of replacement cost in several countries.

1. India

Under the Indian Constitution, the responsibility for acquiring private land and other property for a public purpose lies solely with state governments. The key legal instrument in this regard is the Land Acquisition Act 1894 (amended in 1984).¹ According to the Land Acquisition Act, a cash compensation package includes the market price of land based on documented recent land transactions in the area, 12% annual interest from the day the intention of land acquisition was gazetted, and 30% of the compensation amount as a *solatium* (Government of India 1894).

In a free market situation, the market price of a parcel of land is determined through a transaction between a willing buyer and a willing seller of the land parcel. But when a state government acquires land from a private individual for a public purpose under the Land Acquisition Act, the landowner usually is not a willing seller. This is because the owner does not have the option not to sell the land parcel or not to accept the compensation package determined by the acquiring officer. The process of appeal and seeking justice through filing a case in a competent court are the options open for the affected person. But such remedies could take years to materialize.

In the 1990s, the World Bank introduced the practice of paying the difference between statutory compensation and replacement cost as part of “resettlement assistance” to ensure that landowners would receive replacement cost of their property in projects that it assisted. In addition, it encouraged the borrower to top up the current land price index to bring it up to the prevailing open market prices to establish the replacement cost of acquired property. The baseline data on land prices are obtained from the government land registry, which is controlled by the states revenue departments, for the topping-up exercise. The baseline data on other tangible assets—known as Basic Schedule of

¹ The Land Acquisition Law of 1894 was replaced in 2013 by the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act.

Rates (BSR)—are obtained from the State Public Works Department. The BSR are notoriously outdated and often lag by 4–5 years. This complicates the topping-up exercise and determining the replacement cost.

In India, complex ground realities add to the difficulties of determining replacement cost on the basis of the fair market price of a land parcel. Landowners do not declare the real value of their property, especially land, to avoid paying taxes; land offices do not update land records on a systematic manner; and corruption is rampant in land transactions. As a result, it is difficult to apply any of the valuation methods outlined. When projects encounter such situations, project managers try to overcome them by adding an extra payment of up to 50% of the registered land price to the total cash compensation package. However, this arrangement does not guarantee that the total package of compensation will reach the replacement cost threshold. An ADB study found that in a highway project, the replacement cost of a lost property was 250% of the market value awarded according to the Land Acquisition Act (ADB 2007).

The government pays an index-based special allowance called a “dearness allowance” (cost of living adjustment allowance) to all salaried employees. The allowance is updated twice a year based on the prevailing price index of consumer goods. A similar practice of updating the land price index is required to help apply the principle of replacement cost in land transactions, especially when land is acquired for a public purpose. If state governments update and revise the land price index at least once a year, the persons affected by development interventions could expect to obtain a better cash compensation package.

2. Afghanistan

Any action to acquire land in Afghanistan for a public purpose triggers the Law on Land Expropriation, enacted in October 2000 (Government of Afghanistan 2000). The law allows the payment of adequate compensation, based on the market price of the land at the time the land is acquired. The compensation package includes the value of the land, and the structures and fruit trees on the land. The Council of Ministers decides land prices while the municipalities decide the value of the building structures in accordance with the rates given in the Unified Table for Valuation. Most land records in Afghanistan were destroyed during the prolonged wars. Therefore, actual land prices are to be calculated based on the principle of the willingness of the owner to sell the land (Debnath, unpublished).

Project implementing agencies consult with the project-affected persons and the Ministry of Agriculture to determine compensation for other tangible losses, such as crops and fruit trees. Based on consultations and negotiations, all

parties arrive at the replacement cost of the assets. The author was a witness to such an exercise in early 2008 carried out by the Ministry of Energy and Water (Debnath, unpublished). It determined the replacement cost of assets such as grape vines, mulberry trees, walnut trees, and almond trees in consultation with project-affected persons' representatives and the Ministry of Agriculture. They determined prices for each item under negotiation. The net present value methodology was used to establish a value for the average productive life of a fruit tree. While this methodology enabled project-affected persons to achieve a fair price for their fruit trees, it carries the risk that they may try to claim compensation for thousands of fruit tree seedlings planted to make a quick profit. Such cheating is rare, however, and can be contained through proper due diligence during project formulation.

3. The People's Republic of China

There are three types of land in the People's Republic of China (PRC): the land in urban areas is owned by the state; the land in rural areas is owned by village collectives; and reserved land is owned either by the state or the village collectives. Individuals cannot own land, but they do have user rights over land for varying periods of time as members of collectives. Individuals and communities are eligible to receive compensation when land for which they have user rights is acquired by the state. Generally, a compensation package includes cash compensation for land, dwelling units, and crops cultivated on the land; a resettlement subsidy for services such as telephone and television connections; and the right to collect the harvest of the crops cultivated on land that has just been acquired. The land compensation fees for the acquired farmland in rural areas belong to the village collective. However, a large portion of it is also paid to the farmers. The remaining portion is kept in the collective's reserved fund. The resettlement subsidy and compensation for crops are paid to the farmers.

There is no land market in the PRC. However, prices of land and other assets are regularly updated both in rural and urban areas. In the urban areas, some form of market rates are emerging and these are applied to land sales. Compensation is a state-administered exercise, as only the state can acquire land from a collective. In this process, the consent of project-affected persons is to be obtained according to the Law of Land Administration of the People's Republic of China, but the decision of the central or provincial government prevails over the affected persons' consent (Government of the PRC 1998). However, the scope for consultation between project-affected persons and the state indicates that there is room for negotiations to determine mutually acceptable prices for land and other assets.

Provincial and local governments use their own rates to determine the replacement cost of land acquired. A multiplier of the average annual gross output value (AAOV) of agricultural production over the preceding 3 years is applied in determining the replacement cost of crops and trees. Despite the presence of national laws and policies on land acquisition and compensation, compensation rates are influenced by local conditions and local government laws and regulations. This opens a window of opportunity for project-affected persons to negotiate a better price for their losses. Consultation and the willingness of local government officials to accommodate project-affected persons' concerns and demands play a vital role in such negotiations. Community negotiations on behalf of individuals facilitate a quick, consensus-seeking decision-making process, thereby ensuring a fair compensation package for individuals. Such negotiations prioritize individuals and households according to their degree of economic loss. An additional allowance is given to these project-affected persons as part of the compensation package.

During the past 20 years, compensation standards in the PRC have improved. The PRC has learned that compensation and resettlement systems can only work if they are fair to all. They cannot be adjusted arbitrarily or manipulated to favor one at the expense of another, otherwise they will break down. Thus, the adjustment made in 2008 to the Law of Land Administration has helped improve the compensation rates and standards.

Based on this law, provincial governments formulate uniform land compensation standards to be applied when the government acquires collectively owned agricultural land for construction projects. In 2008, provinces resurveyed farmlands to develop uniform zones of AAOV rates and location-based composite land prices for land acquisition. Since 2004, the minimum combined multiplier of the AAOV was set at 16 times, with the provision that it can be raised to 30 times at the discretion of the local government. Typically, the land compensation multiplier ranges from 8 to 10 times, but it is lower for non-irrigated land, grassland, or forestlands. The resettlement subsidy multiplier ranges from 6 to 20 times for small landholdings and is only applied to cultivated lands. A landholding is considered smallholding based on rural population density and socioeconomic factors. Some local governments use a combined multiplier, which provides a better compensation package for project-affected persons.

During land acquisition, multipliers can be adjusted in consultation with the affected communities, and a higher multiplier can be agreed upon. Thus, land valuation in the PRC is based on the income capitalization method, which gives compensation for the land that is generally considered adequate to replace the income losses. Since the net income from the land is often less than 50% of the AAOV, the compensation is equivalent to 30–70 years of farming income. The PRC's land valuation method does not consider the "best" use of land as the basis for valuation, as all land use is strictly controlled, and it is owned by a

collective (as in the case of farming), state-owned (as in the case of construction sites), or reserved for a special purpose.

Determining the total amount of compensation for a community is the first step in allocating compensation to project-affected persons. The allocation of compensation from the village level to individual project-affected persons or other villagers is decided at village meetings. The common approach to distributing compensation to individuals or households is direct payment to project-affected persons. In several areas, the old system of land adjustment to accommodate a community's land lost is still practiced. In such instances, cash compensation is distributed equally among the members of the community, and a portion of cash compensation is retained by the community to pay for village infrastructure maintenance or to issue endowment insurance policies to needy community members. The road improvement component of the ADB-assisted Gansu Baiyin Urban Development Project in Baiyin District provides an example of the calculation of a compensation package to meet the replacement cost (ADB 2008d). The project followed the formula prescribed for calculating compensation at replacement cost:

- Compensation for acquired cultivated land at the rate of 6–10 times the AAOV of the acquired land for during the 3 preceding years.
- Resettlement subsidy at the rate of 4–6 times the AAOV of the acquired cultivated land during the preceding 3 years.
- Compensation rates for structures and crops on the requisitioned land are to be prescribed by provincial authorities, autonomous region administrators, and municipalities.

In case the cash compensation and resettlement subsidies are insufficient to economically rehabilitate project-affected persons at least to their pre-project living standards, provincial governments, municipalities, and administrators of autonomous regions can increase the resettlement subsidy to meet the requirement. However, the total land compensation and resettlement subsidy cannot exceed 30 times the AAOV of the requisitioned land.

As discussed earlier, some ADB-assisted projects considered an endowment insurance scheme as a sustainable income-generating instrument for use by project-affected persons in lieu of cash compensation (ADB 2008c). A disadvantage of the scheme is that project-affected persons cannot benefit from endowment insurance until they retire. This approach is similar to the rehabilitation measures adopted by a power-generation project in India that sought to pay compensation for the lost land in the form of an annuity for 33 years (ADB 2008b). In both cases, the purported objective is to ensure that project-affected persons are better off after their losses to the project, or can at least restore their pre-project income and livelihoods with the assistance provided by the project. Thus, by losing their property to a development intervention, they

could achieve a net gain. If this occurs, the arrangement described would fulfill the requirements of applying the principle of replacement cost. In the PRC, many project-affected persons want to participate in the endowment insurance scheme as the government pays the major share of the premium.

A Case Study of Replacement Cost: The Bangalore Metro Rail Project in India

The Bangalore Metro Rail Project in Karnataka State in India acquired about 30 hectares of land affecting 9,190 persons in 1,838 households (ADB 2010). A post-acquisition due diligence exercise confirmed that compensation for land and other properties had been paid at open market prices following the principle of replacement cost. This section discusses how the Land Committee established by the project authorities determined the replacement cost of land and other properties.

The Bangalore Metro Rail Corporation (BMRC) constituted a land committee comprising chartered valuers, planners, architects, real estate experts, and analysts to determine the replacement cost of the land that the BMRC proposed to acquire. The Land Committee adopted a value assessment methodology that combined the comparable approach with the residual approach to determine the market value of the acquired land. The final value was determined by taking the average value of the two methodologies. The combination of the two methodologies boosted the confidence of the Land Committee in valuing the affected properties.

The BMRC also adopted the resettlement principle of restoring and improving the income and livelihood of project-affected persons by adding a cash assistance component to the income and livelihood rehabilitation package. This principle was drawn from the National Resettlement and Rehabilitation Policy of India (Government of India 2007). The package includes a shifting allowance, an inconvenience allowance, the right to salvage material, a transitional allowance, a rental income loss allowance, a business premises reestablishment allowance, and a business loss allowance. Moreover, project-affected slums were rehabilitated by providing a new housing scheme where each affected slum-dwelling household was allotted a duplex apartment together with rights to the land to improve their security of tenure. Further, the BMRC also provided utilities (water and electricity) free of charge for 5 years as part of the compensation package.

Compensation and Impoverishment

Impoverishment and increased vulnerability of project-affected persons are often caused by the poor management of compensation delivery, which leads to money being wasted on liquor, gambling, and on nonproductive assets such as television sets and motorcycles. The delivery of compensation is often delayed because of bureaucratic procedures and project managers' poor attitude to development. The apathy of project managers has often been a cause of the failure of cash compensation to restore and improve the income and livelihood of project-affected persons. Cernea and Mathur hinted at this issue: "is it possible that there is something else which is not yet under analytical scrutiny as it should be, and which may explain the recurrence of the same problems in resettlement?" (2008, 5). Unfortunately, their book did not pursue this issue further.

Many projects have failed to deliver compensation on time and in full. For example, in an ADB-funded national highway project in the State of Madhya Pradesh in India, compensation to affected persons was paid in 2007 based on the cost estimates of 2005 (ADB 2003). Although the prices of construction material and the cost of labor increased substantially in the intervening period, the project managers did not revise the resettlement budget to reflect 2007 prices. Many affected persons, especially wealthy individuals, refused to accept the compensation offered and filed lawsuits requesting to review the compensation package. Ironically, the project management filed a counter lawsuit arguing that the package was "more than required."

Cash compensation for acquired property is often welcomed by poor rural households. They usually spend the bulk of cash received as compensation to defray the cost of occasional household expenditures, the wedding of a daughter, a pilgrimage, or house repairs. By using compensation in such activities, the affected households lose the opportunity to invest the compensation in productive investment. This will further impoverish them unless they are assisted by the project to learn vocational skills or invest their compensation in productive assets such as land.

Harassment, extortion, and vulnerability are hallmarks of rural society and economy, and in such an environment, the poor and vulnerable can become easy targets. As soon as illiterate and vulnerable affected persons receive large sums of money, dominant elements of the local economy, such as landholders, moneylenders, and the police, pounce on them and extract significant amounts of cash under various pretexts such as loans owed, protection, and favors in finding or registering new land bought with cash compensation. Therefore, it is necessary to control and manage the cash compensation received by affected persons to prevent their impoverishment. Such asset management should be a

component of income restoration and improvement programs of development interventions given the vulnerability, illiteracy, and indebtedness among poor project-affected households.

One critical issue regarding the adequacy of cash compensation at replacement cost is the perceptions of different actors in the resettlement process—the project owners, advocacy nongovernment organizations, and affected persons. What matters most is how affected persons perceive their compensation packages. If they find that the compensation package is equal to replacement cost, the whole transaction takes the form of an asset exchange between a willing buyer and a willing seller based on informed decision making, prudence, and transparency. Otherwise, it may become a bitter experience for affected persons who may not use the cash compensation prudently, thereby losing their once-in-a-lifetime chance to invest a large sum of money to improve their life chances.

Conclusion

Often, the payment of compensation at full replacement cost for acquired properties, especially land, does not prevent the impoverishment of the affected persons. As Koppel (unpublished) pointed out, cash compensation is inadequate to purchase new land of comparable quality and size. Often, affected persons do not receive compensation in full before displacement. Payment in installments exposes them to rapidly increasing prices for land and construction materials. In the absence of livelihood opportunities, compensation is quickly exhausted, leaving the affected persons destitute. Unless the payment of compensation at replacement cost is accompanied by an income and livelihood restoration program, it will not help affected persons to restore their pre-project income, livelihoods, and socioeconomic status.

Social preparation phase should be a part of resettlement planning in each project. During this period, project-affected persons could learn how to use cash compensation to restore and improve lost income sources and livelihoods. Consultations, training, and advice on financial matters are the core pillars of social preparation in a sustainable resettlement program.



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10. Development-Induced Displacement and Resettlement: Experiences of the People's Republic of China and India

by Hari Mohan Mathur

Development projects in the People's Republic of China (PRC) and India have physically displaced large numbers of people during the past 60 years. In India, it is estimated that development projects have displaced about 60 million people during this period (Mathur 2013), while in the PRC about 70 million have been displaced (Shi and Yu 2012). The resettlement programs of large infrastructure development projects, such as the Three Gorges Dam Project in the PRC and the Narmada River projects in India, have impoverished and marginalized large populations, triggering strong grassroots protests. Despite the protests and known risks of impoverishment that such programs entail, neither the PRC nor India has slowed the pace of development, which inevitably causes displacement. They both see development projects as the basis for enhancing the living standards of their large populations.

This chapter examines how the PRC and India deal with massive physical displacement arising from large-scale development interventions. The resettlement policies and the implementing strategies of both countries are reviewed, as well as their performance in preventing the impoverishment and marginalization of resettlers. The chapter is based mostly on published documents. In India, there is no dearth of resettlement literature, and research publications—especially on the disruptive and impoverishing aspects of development—keep emerging. Since the controversy over the Sardar Sarovar Narmada Dam Project erupted in the mid-1980s, dozens of books and papers have been published on these projects alone, and, even today, the Narmada projects enjoy great popularity as a research topic. In contrast,

there is a noticeable lack of resettlement literature in English on the PRC. The Three Gorges Dam is the biggest dam in the world and yet little is known about its resettlement impacts. A number of studies conducted mainly by provincial and county officials and institutions responsible for resettlement exist, but these are largely inaccessible unpublished government reports meant for internal use (Tan 2008). McDonald-Wilmsen reported the problems she encountered while carrying out resettlement research in the PRC: “the fieldwork undertaken ... was constrained by its political context—by municipal government restrictions that limited the study to the resettlement region in Hubei Province” (2000, 297). As a result, World Bank reports on the resettlement experience of various infrastructure projects continue to be the main source of information on resettlement programs in the PRC.

Involuntary Resettlement Policies and Laws

A major World Bank review holds that the lack of a resettlement policy is the reason for most impoverishment associated with development interventions: “An extensive review of the anthropological and sociological research literature on resettlement, carried out by the task force to assess displacement impacts worldwide, found that the most frequent and severe cases of impoverishment have occurred in programs unguided by domestic or international policy norms” (1994a, ix). The World Bank sees resettlement policy as an important tool in controlling impoverishment risks and also in improving resettlement outcomes. It attributes the improved performance of resettlement planning and implementation in the PRC to major changes that have been introduced to its national policies and legal environment surrounding resettlement.

During the 1960s and the early 1970s, dam projects in the PRC caused impoverishment and social and political discontent. In response to such agitation, the government reformed its resettlement policy, and major steps have been taken to formulate a new comprehensive resettlement policy (Nian 1995, Shaohua 1995). In the new policy, “Compensation and assistance before resettlement, and support for production after resettlement are provided as per the displaced persons’ needs and to the extent that national resources permit to enable the displaced persons’ livelihood to reach or exceed the former level” (Nian 1995, 59).

Since 1978, a series of laws and regulations have been adopted and fine-tuned, either for national-level application or for specific investment sectors such as water, transport, industry, and urban. These laws and regulations apply to all types of resettlement programs. The benefits of enacting a comprehensive resettlement policy and a legal framework can be seen in the impressive improvement in resettlement program implementation (World Bank 1994b).

The 1986 Land Administration Law and its 1988 amendments clarify the land rights of individuals and communes and the land registration processes. They also guide provinces, cities, prefectures, counties, districts, and collectives on how to acquire land for projects and implement resettlement programs associated with such projects. In the late 1980s, special measures were also introduced to compensate for lost assets at their replacement value, restore pre-relocation incomes, and attend to the specific needs of ethnic minority groups. The Land Administration Law formalizes procedures of consultation and grievance resolution for those who are affected by development projects. Provinces, cities, and counties are encouraged to draw up their own guidelines for consultation and grievance redress in conformity with the national law.

Resettlement planning and implementation are the responsibility of the government (Tan 2008). The government encourages self-reliance among resettlers and helps them restore their pre-project living standards and livelihoods. The Land Administration Law established general resettlement principles, leaving the development of detailed regulations to individual sectors, and made provincial and local administrations accountable for the application of the law and its regulations. The PRC is committed to ensuring that projects are undertaken to further the development process. In this process, it will take action to prevent impoverishment among its citizens.

In the 1990s, the government formally promoted its Developmental Resettlement Policy (Yuefang and McDonald 2004, 9). The aim of the policy is to support the development of local economies so that resettlers can improve their livelihoods in the post-relocation phase of resettlement programs. The policy is an improvement on previous resettlement policies, which largely failed to resolve several resettlement problems, particularly impoverishment (Jing 2000). This policy led to better resettlement packages.

Although the World Bank found the resettlement policies of the PRC to be forward-looking and development-oriented, several scholars have argued that they are still weak. Jing concludes his study of the resettlement experience in the PRC as follows:

It is not only too early but also fallacious to declare [the PRC] as a model for the world in handling population resettlement in the construction of large-scale dams and reservoirs. Even [PRC] officials have repeatedly stated in writing that resettlement for new projects remains a daunting task for them to accomplish while there are a great many unsolved problems from the past for them to tackle (2000, 30–31).

In India, resettlement policies and laws have not evolved at the same speed as has been witnessed in the PRC. Development projects acquire private land through the Land Acquisition Act of 1894, as amended in 1984. The act prescribes cash compensation at market value for such land acquisition. As a result, India's approach to displacement and resettlement arising from land acquisition is closely tied up with cash compensation principles based on the market value of property acquired. Moreover, the law only recognizes titleholders and excludes squatters and other informal dwellers from compensation programs, triggering impoverishment and further marginalization of such vulnerable groups. Cash compensation paid for acquired property is usually inadequate to replace it.

The Government of India began to formulate a national resettlement and rehabilitation policy in the 1980s; but the policy took more than 2 decades to get adopted, despite pressure from the World Bank, nongovernment organizations (NGOs), and others. The government adopted the policy in 2007. Based on the National Resettlement and Rehabilitation Policy, the Government of India presented a new bill to repeal the Land Acquisition Act to the Parliament. In 2013, the Parliament passed the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act.

During the past 30 years, the states of Gujarat, Karnataka, and Uttar Pradesh have adopted their own state-level resettlement policies, mainly to satisfy international development agencies. Such policies were haphazardly prepared copying the involuntary resettlement policies of the agencies. In addition, several large-scale domestic corporations have also formulated their own involuntary resettlement policies. Coal India, for example, operates about 500 mines in India and its resettlement policy was formulated as a requirement of a World Bank loan. The policy applies only to the 25 mines that received financial assistance from the World Bank-sponsored Coal Sector Environment and Social Mitigation Project. Some states and public sector undertakings are steering away from the World Bank to other funding sources to escape its strict policy compliance stipulations (Mathur 2006).

Country Commitment

Next to the presence of a comprehensive resettlement policy is the government's commitment that makes a difference to resettlement projects' performance. The World Bank pointed out that "resettlement works when governments want it to work" (1994a, iv). According to an evaluation study, the restoration of resettlers' incomes to their pre-project levels is a legal requirement in the PRC, and the state and resettlement authorities have displayed their strong commitment to realize it. As a result, resettlement programs succeed even in remote areas such as Yantan Province (World Bank 1998a). As a rule, all local

governments are committed to the implementation of resettlement programs. In areas that are significantly affected by irrigation and hydropower projects, the income and livelihood recovery of all affected persons is considered the most important objective of the local administration. In this regard, the performance of the Shuikou Project and the Yantan Hydroelectric Project, both of which were assisted by the World Bank, exceeded the World Bank's resettlement safeguard policy standards. The projects set new standards regarding the formulation of income restoration programs for resettlers, and much of the credit for income recovery should go to the local governments. The projects demonstrate what can be done to make a resettlement program work when the executing agencies are committed to the program's success (Picciotto et al. 2001).

A World Bank evaluation study rated resettlement programs of irrigation projects in Karnataka and Maharashtra in India that it had sponsored as "poor." It found that the main cause of the poor performance of the projects in rehabilitating incomes and livelihoods of affected farmers was the failure of commitment at the highest level of government (World Bank 1998b). The evaluation also noted that "the strongest pressure the Bank could bring to bear did not influence resettlement success in the face of the absence of government commitment" (Picciotto et al. 2001, 132).

Compensation: For Individual or Community?

Land belongs to the community, not to individuals in the PRC. This makes the task of land acquisition easy for project authorities. They negotiate land requirements and applicable compensation rates with leaders who are influential representatives of the affected communities. There is little complaint about the manner in which compensation is determined or how it is paid. The determination and payment of compensation for land acquired in the PRC is therefore not a major problem (Picciotto et al. 2001). During the past 20 years, however, compensation rates for land acquired have gone up considerably. Village collectives continue to negotiate higher rates for farmland especially in peri-urban areas.

In India, compensation calculation and payment are major stumbling blocks, as they involve the project-affected persons rather than their community leaders. The key problem regarding compensation is definitional. In India, "project-affected person" is used in a restricted sense to refer only to owners who lose immovable property. Others who are not owners of land, such as agricultural workers, are excluded from the definition of a project-affected person and denied compensation and resettlement assistance.

In India, those who are entitled to receive cash compensation for their lost land receive only its market value, not its replacement value. The market value calculated by local administration is never sufficient to buy land of similar productivity or size, especially when physically displaced persons enter the land market in large numbers. Unable to find replacement land, farmers who once were landowners often end up as unskilled workers in nearby towns eking a living at a level much lower than what they had enjoyed before their land was acquired.

Physically displaced people, especially tribal people and villagers in remote communities, seldom know what to do with the cash compensation they receive. Often, it is the largest amount of money that they handle in their lifetime. Some spend their compensation on drinking, gambling, ostentatious marriages, religious ceremonies, and purchasing of TVs and scooters. Compensation is thus frittered away in ways least likely to support the rehabilitation of their income and livelihood (Mathur 1999). Often, cash compensation is the surest and most direct route to impoverishment for many physically displaced persons in India.

Despite the shortcomings of cash compensation, development projects frequently use the policy of cash for land. Perera (2000) found a strong compensation bias in the resettlement programs of thermal power projects in the Singrauli region of Uttar Pradesh State. Oleschak, reporting on the Sardar Sarovar project, states that “although the Narmada Water Dispute Tribunal awards and the Supreme Court explicitly calls for providing compensation on the ‘land-for-land’ basis, the State of Madhya Pradesh is forcing displaced persons to accept cash compensation—which, as studies have shown, generally leads to impoverishment” (2006, 68).

Relocation

Relocation requires careful advance planning. The World Bank (1994a) outlined two approaches to relocation planning—one from the PRC and the other from India. To relocate 40,000 persons, the Yantan Hydroelectric Project in the PRC formulated a timetable that spread the relocation process of displaced persons over the entire duration of the project, keeping in mind the project’s capacity to handle the task optimally. Budgetary allocations were specified year by year. On average, 5,000 persons were relocated annually for 8 years (1986–1993) in accordance with the plan. Relocation at this pace did not strain the project’s organizational capacity or financial resources, nor did it necessitate any hurried or last-minute emergency resettlement. As a result, the whole operation moved smoothly without shock or trauma to the large number of displaced persons, and avoided impoverishing them by providing opportunities to reestablish their livelihoods at the resettlement sites.

The Yantan example shows that resettlement with development is possible even if a large number of persons are affected, provided that resettlement planning is conducted in a comprehensive and a meaningful way. However, in the Three Gorges Project, Steil and Yuefang (2002) found that the ideal of resettlement with development was an ambiguous concept that poses serious challenges for resettlement officials. Yuefang and McDonald (2004) argued that resettlement with development is only an ideal, and very few projects have attempted to apply it in the PRC. They pointed out, based on 40 years of field experience, that the approach has been applied inadequately in the PRC, except in the case of hydropower-related resettlement programs.

One notable feature of the Three Gorges Project's resettlement programs is that it ran parallel to the construction of the dam. This required thorough planning so that the relocation process could be completed before the commissioning of the dam. But not all aspects of resettlement appear to have received careful attention from the project authorities, and this jeopardized the chances of completing the resettlement process before impounding the reservoir. Tan observed that "resettlement components [of the Three Gorges Project] are often underdesigned, underfunded, and understaffed" (2008, 5). In large infrastructure projects, a decisive factor in resettlement planning is the number of project-affected persons who need to be relocated. However, accurate estimates are always difficult, and numbers tend to increase when the technical designs of the project are completed. As a result, in the Three Gorges Project, estimates of the number of project-affected persons varied from 1.1 million to 1.9 million.

In the PRC, an important good relocation practice is "near resettlement," involving the relocation of displaced rural farming people on the hilly land of local communities. This was considered a great success in the Three Gorges Project. But Tan (2008) found that the measures taken to reclaim uphill land were inadequate, jeopardizing the success of the near-resettlement programs. Uphill land resettlement programs encountered several difficulties. First, all uphill land parcels were not available for near-resettlement purposes, as some hilly areas were already demarcated for national reforestation programs. As a result, sufficient suitable replacement land could not be found in hilly areas close to the displaced persons' original settlements. Second, inadequate capital for land improvement, deteriorating water supply situation, and soil erosion arising from runoff on steep slopes further compounded the problem. Third, the capacity of near-resettlement programs to overcome the shortage of farmland in nearby areas for those physically displaced was overestimated.

The other modality of relocation, distant resettlement, also had problems (Padovani 2006a and 2007). Padovani (2007) provides a vivid account of the problems involved in moving displaced persons from the reservoir area to a distant resettlement location. Shanghai Municipality, where some of the

physically displaced had moved, used a strict resettler selection process. Only after successful screening was a displaced person or household allowed to resettle on the outskirts of the municipality. Persons with a peasant registration certificate had to satisfy the following criteria:

- A household has fewer than three children.
- There is no report against the household members at a police station.
- Both cultivated fields and the dwelling place were flooded and lost.
- A physically and mentally challenged resettler was to be accompanied by three young adults who possess agricultural residence licenses and are capable of supporting the patient.

Life was not easy for those who succeeded in obtaining permits to resettle on the outskirts of Shanghai. The policy adopted by the local cadres was to disperse physically displaced households as widely as possible within the municipality, rather than to resettle them as a group in one district. This policy aimed to prevent them from becoming a homogenous small community that was sufficiently united to put forth their demands to the municipal resettlement authorities. Moreover, the cadres wanted the resettlers to share their resources with their host population, which they believed would help resettlers integrate with their host communities.

Many resettlers complained about living in a peri-urban environment. Shanghai was too expensive for them, and for the first time in their lives they had to pay for everything, including water and firewood. Taking peasants from rural areas and giving them land on the outskirts of the city overlooked one key issue in resettlement planning—the need to find resettlement areas where displaced persons could use their skills and other capital. Before displacement, the resettled households largely depended on an informal economy, where cash was not the primary vehicle for transactions. They cultivated their lands and collected timber, firewood, and fruits from nearby forests on the hilly slopes. After moving to the city fringe, each resettler had to find a job. This was a difficult task, especially when the unemployment rate is rising, old state-owned enterprises were closing, and their level of literacy did not match the job requirements in the new economy. Their resident permits did not help them either, as the job market in Shanghai is highly competitive. To make matters worse, they had to compete with economic migrants arriving from all over the country as well as with the local people.

In India, generally there are no relocation timetables for resettlement. For example, the Narmada Sardar Sarovar Project did not have a relocation timetable. The Narmada Control Authority prepared a timetable to relocate 126,172 persons over a 5-year period toward the end of project implementation. The authority planned to relocate 86,000 persons, or 70% of the total number of physically displaced persons, during the final 12

months of the project (World Bank 1994a). During the first 7 years of the project (1985–1992), the project authorities resettled only 20,000 people (16% of the physically displaced persons). The “bunching” of resettlement in the project’s final year required a level of organizational capacity that the resettlement agency did not possess. As a result, the resettlement of a large number of physically displaced persons within a very short period of time became an emergency under the pressure of rising water levels. The basic principle of synchronizing of the relocation of physically displaced persons with the gradual progress of dam construction was ignored by the authority.

Relocation planning in the PRC is done with care, allowing sufficient time for resources and infrastructure to be ready before the resettlers arrive at their relocation sites, thus minimizing the transition period between resettlement and restoration of resettlers’ livelihoods (Meikle and Walker 2000). A good example is the Shuikou Hydropower Dam Project, where the relocation site was developed well in advance of the resettlers’ arrival. “The project terraced land and removed stones on formerly uncultivated steep hills. On the new terraces, fruits were planted at project expense 4–5 years in advance of resettlers’ arrival. By the time displaced families moved in, the new orchards were close to fruition and produced cash crops” (World Bank 1998a, 80).

In India, feasibility studies at the relocation sites are not generally undertaken before the displaced persons move in. Instead of feasibility studies, the project authorities merely check that land is available for the relocation of displaced persons. Displaced persons are rarely consulted to learn their views, recommendations, and worries. For example, when relocating persons under the Pong Dam Project in the Province of Himachal Pradesh in the Thar Desert areas of the State of Rajasthan, the only factor that was considered was land availability at potential resettlement sites. Once the land area was identified, the displaced were asked to travel a great distance to an area that was physically, climatically, socially, and culturally completely different from their own. Unable to make a living in the harsh conditions that deterred even Rajasthan’s landless poor from settling in that region, the Pong people gave up their efforts to be resettlers and returned home empty-handed (Mathur 1995b).

Due to the lack of resettlement planning, displaced persons are sometimes forced to relocate more than once. For example, the displaced persons of several thermal power projects in the Singrauli region of Uttar Pradesh were subjected to multiple relocation programs because of development interventions introduced at different times in the region in the 1960s (Thukral and Singh 1995, 110). The first group of people was displaced by the Rihand Dam Project in the 1960s. Subsequent projects in the form of mines, railway lines, thermal power plants, and industries, as well as the efforts of the Special Area Development Authority—all of which occurred within a 20-kilometer radius of the Rihand

reservoir—forced the resettlers to undergo repeated displacement, sometimes as many as five times.

In dam projects, such as irrigation and hydropower projects, relocation of displaced persons is to be conducted ahead of the impounding of water. Such programming is often missing, as in case of the Almatti Dam Project in Karnataka State (World Bank 1998b). In 1996 and 1997, the reservoir waters inundated communities before resettlement sites were ready to receive the resettlers. As a result, large numbers of people had to be evacuated from the reservoir area using boats and helicopters. This shows that the dam construction schedule was not synchronized with the relocation schedule. Instead, the construction of the dam took priority without paying attention to both intended and unintended consequences of major decisions regarding time targets of project completion. As the World Bank (1998b) stated, it is an example of how not to do a relocation.

Income and Livelihood Restoration

Income restoration is the most elusive element in any resettlement policy. In a critical response to the World Bank's much-publicized 1994 review of resettlement, Oxfam (1995) pointed out that the World Bank review could not document a single project where a displaced population had restored its standard of living at least to the pre-project level. Scudder made a similar observation: "within the major dam-building countries, including the [United States], the PRC, and India, I am aware of none that can document that they have been able to restore the incomes of the majority of resettlers" (2005, 20).

A policy of employing all employable individuals is rooted in the history of the PRC's economic policy. This helps explain the restatement of this standard in resettlement experience (World Bank 1998c). The resettlement experiences in the Shuikou and Yantan projects demonstrate how sound resettlement practices led to rapid household income restoration in large-scale relocation sites before relocation. The two projects tried first to exploit niche activities on the land that remained underdeveloped. These included orchards on terraced slopes; bamboo and tea on the steeper slopes; forestry on the steepest slopes; goats in the drier hills; integrated fish, duck, and hog farms near reservoirs; oyster beds and fish cages in the reservoirs; and pigs and mushrooms in confined spaces next to dwellings. The resettlement authorities of the Shuikou Project wisely anticipated that the regional economy would grow fast, providing jobs for those who were relocated in the area. The success of the project in providing adequate income sources to all resettled households within a short period of time was boosted by rapid economic growth in the region. Rapid economic growth and the strong commitment of project resettlement officials

to implement the resettlement program saved the large number of relocated persons from impoverishment and marginalization.

In India, as many as 75% of 60 million persons displaced by development projects during the past 6 decades have been physically relocated without any support for rehabilitating their income and livelihood sources. The World Bank (1994a) concluded that in India until 1992 most affected families failed to regain their previous standard of living.

The track record of income restoration in India remains unsatisfactory. Evidence of how development projects frequently leave behind a trail of impoverishment is overwhelming (Mathur and Marsden 1998). This is true of projects that had special provisions to restore the incomes and livelihoods of project-affected persons. A good example is the World Bank-funded Coal India Project (Mathur 2008). The project failed to restore affected persons' income and livelihood sources through its self-employment assistance program (Resettlement News 2003).

Institutional Capacity

The planning culture in the PRC that deals with large-scale resettlement programs is well organized and developed. Large-scale infrastructure development projects usually manage construction contracts with local authorities, thereby sharing the responsibility and ownership of such projects with local people who will be directly impacted by them. In such projects, resettlement programs are sometimes implemented as separate projects with their own budgets, personnel, implementation schedules, and evaluation programs. This separation of resettlement from project construction helps plan and design the resettlement program tailored to various income categories, thereby increasing resettlers' chances of escaping impoverishment (World Bank 1994a).

In the PRC, resettlement programs in most sectors are implemented mainly by local governments with funds provided by project agencies. In some projects, the entire resettlement planning and implementation process is devolved to local governments. Usually, such devolution happens in projects such as rural development projects where resettlement processes take place within one administrative jurisdiction (World Bank 1994b). The transfer of responsibility for most aspects of resettlement to local or city governments has the advantage that (i) resettlement solutions are developed locally, and resettlers and their hosts can hold local authorities accountable; and (ii) resettlement programs can draw upon diverse technical skills and experience of other development projects.

In India, there is no central agency to coordinate resettlement programs either at the central government or state levels. As a result, resettlement planning and implementation are left to the project authorities. Although resettlement implementation units have been established in the recent past as part of the project management structure, their staffing has been inadequate to manage complicated resettlement issues.

In 2001, the National Highways Authority of India (NHAI) established an environmental and social development unit at its headquarters in Delhi. However, it did not have sufficient resettlement specialists to deal with the compensation, relocation, and income restoration aspects of project management. As a result, NHAI engineers are designated as resettlement officers in many projects, where they are expected to manage both technical operations and resettlement tasks. Most of these engineers are unhappy with this arrangement and do not want to engage in resettlement programs, which in their view requires different expertise. They feel that taking over the additional tasks of resettlement management prevents them from performing their technical duties fully (Mathur 2006).

In the mid-1990s, several large-scale infrastructure projects attempted to strengthen their resettlement units by recruiting social scientists on an ad hoc basis. A few projects created a separate cadre of officers for resettlement. The National Thermal Power Corporation was the first organization to recognize the importance of social science inputs in resettlement programs and their implementation, and recruited social scientists especially for field positions. Coal India created a separate cadre of community development, resettlement, and rehabilitation officers to deal exclusively with resettlement programs. Similar specialized resettlement personnel are now found in private infrastructure development agencies such as the Tata and Adani groups.

Despite the recognition of the role of resettlement specialists in development projects, the conditions under which resettlement personnel work are not congenial. They see no future in their careers and feel frustrated. For example, among the Coal India resettlement officers, there is a feeling that they have been given these positions only to meet the World Bank requirements. Once the project is completed, they will either revert to their previous units or lose their jobs (Mathur 2008). In the private sector, in recent years, the recognition of the value of safeguard policy compliance has been noted. The India Infrastructure Financing Company, for example, incorporated a safeguard policy component into its corporate policy and established an environmental and social safeguard unit at its headquarters in Delhi with several permanent social and environmental professionals to attend to safeguard requirements of projects that it support (IIFCL 2013).

Consultation and Participation

The resettlement literature shows that when project-affected persons are consulted regarding their physical displacement, relocation, and associated risks and benefits, they come forward with their own plans or even help project authorities formulate and implement resettlement plans. This phase is known as the “social preparation phase.” Conversely, when project information remains inaccessible to project-affected persons, rumors, gossip, and misinformation replace it, triggering local agitation against projects and providing opportunities for corrupt practices. If they learn about losses and potential risks just before they are relocated, the affected persons will not be able to organize themselves to deal with their new physical, social, and cultural environment. Compensation negotiations and planning for income and livelihood restoration are virtually absent in such situations.

In India, the National Resettlement and Rehabilitation Policy (R&RP) of 2007 provides a framework for consultation and participation. The recommendation in the R&RP that a socioeconomic impact assessment is required for some projects indicates that room is being created for consultation with displaced persons. The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act of 2013 further expanded the room for consultation and participation in resettlement planning and implementation.

In the PRC, displaced persons’ participation in and consultation on resettlement planning and implementation are key areas of resettlement programs. For example, in the Shuikou Hydropower Dam Project, displaced persons were consulted on many resettlement matters from the initial phases of the project, and this participatory process continued throughout the life of the project (World Bank 1998a). During the early phases of the project, consultation was limited. Only town and village leaders participated when resettlement maps were drawn up indicating preferred sites for new towns and villages and the availability of unused land for development. In the next phase of the project, however, the affected households were brought into the resettlement planning process. Local government officials engaged in detailed discussions with each affected household to determine a resettlement plan that was specific to each village and to ensure a sufficient allocation of village development funds. These households were allowed to choose their own post-relocation occupations within the limits set by the availability of funds and natural resources in the area. Resettler participation extended to some macro-level decisions about relocation as well. Households and local officials discussed information about the proposed relocation sites at new villages and the merits of connecting them with other villages and towns.

Several other resettlement programs displayed a similar commitment to resettler participation in resettlement planning and implementation. In the Shanghai Sewerage Project, for example, strenuous efforts were made to disseminate project and resettlement information among project-affected persons. Project offices and local governments used pamphlets, booklets, posters, films, and neighborhood and individual meetings to disseminate project and resettlement information. Such media were used to inform people of a wide range of issues such as compensation policy and rates, other entitlements, relocation schemes, and their availability. Project-sponsored neighborhood meetings helped people to air views and raise issues with project authorities. These meetings were followed up with individual visits, as required. The project team members shared their telephone numbers and office addresses as well as the addresses of the grievance-redress committees, thereby giving project-affected persons good access to project authorities and information (World Bank 2004).

Until the 1990s, India did not engage displaced persons in resettlement planning and implementation. Usually, they came to know about a project and how it would affect them when they were given legal notice informing them that their land would be taken over for a project. By that time, the project would be almost ready to implement, leaving no room for any design change or consultation. Even preliminary project information often remains inaccessible to most project-affected persons. Project and district officials view project information as sensitive and prefer not to part with it. For example, displaced persons facing submergence after the construction of the Rihand Dam received no prior information about the project. "When the waters were released, they had literally to run" (Thukral 1992, 15). The situation has since changed with the promulgation of a law that gives affected persons the right to information (Government of India 2005).

While development NGOs tend to support consultations with project-affected persons and encourage their participation in project activities, they sometimes do not favor participatory development. Commenting on the anti-dam movement launched by the NGO Narmada Bachao Andolan (NBA), Singh said,

It has been less successful in developing a truly democratic representation of the people's interests, and of the diversity of these interests...The oustees (physically displaced persons) have never really been their own spokespersons, nor have they been incorporated in the top leadership of the NBA. In fact, as the momentum of the movement grew, the functioning of the NBA became somewhat less democratic and participatory (1997, 13–14).

Recently, several project authorities have adopted participatory approaches to resettlement planning and implementation. They have understood the advantages of participatory approaches and have increasingly sought NGO assistance to reach out to project-affected persons and their communities. For example, the ADB-funded National Highways Authority of India Project applied a participatory approach to resettlement on the Tumkur–Haveri section of National Highway Number 4 in Karnataka State, and was successful in getting resettlers' cooperation and support.

The Role of Nongovernment Organizations in Resettlement

NGOs remain by far the most important advocates for the rights of people displaced by development programs. The presence of NGOs in a project area makes displaced persons more vocal in demanding their entitlements. NGO-supported protests and agitations are becoming more aggressive and widespread, sometimes proving to be a major hurdle in implementing development projects. Projects have even been rolled back because of their persistent campaigns. Marsden pointed out that “the emergence of large number of organizations of civil society has meant that poor performance is increasingly visible, and more easily translates into pressures for action and change. It is no longer easy for powerful organizations to ride roughshod over the interests of the weak and marginalized, or to impose solutions which have not been publicly debated and agreed to by all the major stakeholders” (1998, 24).

NGOs did not play a role in resettlement planning in the PRC until the 21st century. During the past 10 years, a small number of rural and urban physically displaced persons, supported by NGOs, have agitated and opposed development interventions which seriously affected their livelihoods, residence, and culture. Protest in any form that is seen as obstructing a construction project is summarily dismissed by the government as subversion. Speaking about repression in the Three Gorges Project, Sullivan noted: “sufficient police and legal forces have been deployed to make sure that local agitators cannot gain an upper hand and that demonstrations, such as those that have slowed the Narmada River project in India, do not occur in the Three Gorges area” (2006, 311).

In India, some NGOs are supportive of resettlement programs and are willing to help such projects, while others are confrontational and attempt to obstruct them. Morse and Berger (1992) noted that NGOs greatly assisted the resettlement process of the Sardar Sarovar Project in Gujarat. The identification, selection,

and purchase of resettlement sites, and many other aspects of the relocation process were assisted by NGOs in close collaboration with project officials. The NGOs that operated in the Narmada Valley (Gujarat, Madhya Pradesh and Maharashtra States) illustrate the differences in NGO approaches toward resettlement programs. While the NBA has opposed the dam construction and three resettlement programs associated with it, the NGO ARCH-Vahini fully supported the dam construction and assisted its resettlement program (Dhagamwar 1997).

Summary

Since the 1980s, the PRC has formulated comprehensive resettlement policies and laws that conform to international standards. They are applicable to all resettlement projects regardless of funding sources. They treat resettlement as a development opportunity and ensure that resettlers at least regain their pre-project level income levels. The resettlement policies and laws have created room for local leaders at the village, township, county, and provincial levels to work closely with resettlement officers.

As Meikle and Zhu point out, the strength of PRC's resettlement practice, whether rural or urban, "has traditionally derived from the nature of the operational environment in which it has been undertaken." Specifically, it stems from "the persistence of planning elements in the [the PRC] economy, coupled with collective ownership...and the importance of local government in shaping investment. When combined, these factors allow accurate identification of affected people, protect rights to employment, and foster the ability to create that employment" (2000, 130).

The resettlement program of the Three Gorges Project continues to receive strong criticism from human rights activists. This indicates the difficulties that the PRC continues to encounter in resettlement planning and implementation. As Meikle and Zhu (2000) noted, economic reforms have eroded the right to employment of displaced farmers, shopkeepers, enterprise employees, and illegal migrants, and their right to generate self-employment. Another criticism is that compensation payments serve as a lure, but promises are frequently not kept. The most serious criticism of the PRC resettlement policy is that almost all legal channels for appeal are cut off in state-mandated projects such as dam projects. Stein states that "while appeals and protests appear appropriate over the Three Gorges and other displacement operations, the government effectively suppresses the rights of displaced communities" (1998, 9).

Studies on resettlement programs in India indicate that they do not work well. Much that has been written on resettlement underperformance—a litany

of hardships inflicted by forced evictions—is an accurate reflection of the situation. Resettlement continues to be a dreadful experience for millions of people in India. As a result, the dominant topic in the resettlement debate in India is induced impoverishment.

Until recently, the lack of a national resettlement policy in India was the subject of serious discussion and criticism. Although a formal policy officially became effective only in 2004 (and was replaced in 2007), its absence was not such an obstacle to planning and implementation of resettlement programs as was commonly believed. In India, resettlement planning and implementation are conducted by the state governments. They have managed these operations with their own policies, government orders, and regulations sometimes designed either for specific projects or specific sectors' projects (Mathur 1997).

The Narmada Water Dispute Tribunal award, for example, issued in 1979 to the states of Gujarat, Madhya Pradesh, and Maharashtra, has been the basis for carrying out resettlement programs exclusively for the people affected by the Narmada projects. This was a major policy initiative, albeit meant only for one large project. Highlighting the significance of the tribunal directives, Bhattarai states:

These were stipulated even before the much applauded World Bank guidelines were formulated...the award appears to endorse the overarching principle, later evolved by the World Bank, that the economic status of the [project-affected persons] should be restored at least to the pre-move level. Over and above, the very idea of setting up of resettlement and rehabilitation a precondition for displacement indicates the strong resolve of the Tribunal not to make it an issue to be forgotten later in the actual implementation of the project" (2001, 224).

Social impact assessment is a progressive element of India's resettlement policy (Mathur 2011). The policy has clearly mandated that if involuntary resettlement is required for a new project or for the expansion of an existing one, the government must ensure that a social impact assessment study is carried out in the proposed affected areas. This helps planners to anticipate the likely adverse social impacts of the project and to initiate action to avert or at least to mitigate these impacts.

The poor quality of resettlement planning and implementation in India is often viewed as intolerable, and outcomes of protests led by the affected groups and their NGO supporters are translating into improved resettlement packages. Human rights activists and NGOs are demanding better resettlement policy and laws to guarantee displaced persons' human rights.

In India, it is no longer possible to ride roughshod over the rights of displaced people. "India cannot send storm troopers to evict peasants; governments lose elections if they do so...Its system of pluralistic political participation means that the opposition has a say: After sustained activism, policies are altered, roads change directions, and dams' heights get reduced" (Tripathi 2007, 30). For example, Tata recently had to move their small car project out of West Bengal to Gujarat because of the persistent protest movement against the project (Mathur 2013).

Project-affected persons struggling for their rights are protected by a strong and independent judicial system in India. On this issue, the Supreme Court of India stated that "no development project, however laudable, can possibly justify impoverishment of large sections of people and their destitution" (1982).

Over the years, the resettlement planning process has been improved significantly, and this is reflected in resettlement outcomes in both the PRC and India. Resettlement units are now in place in most projects, and resettlement management capacity is being built up through training programs. People are being brought into decision-making processes through consultation programs. Some successes have also been achieved, and more such stories are gradually coming to light in the PRC and India.

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Index

A

- ADB. See Asian Development Bank
- Afghanistan Law on Land Expropriation (2000), 178–79
- African Development Bank, 3
- Agenda 21 (1992), 2
- agriculture as main economic activity of displaced persons
- Dalits as agricultural workers, 96–97
 - irrigated vs. rainfed cultivation, 90
 - Muslims displaced (Sri Lanka), 61–63
 - Polavaram Dam (India), 110–111, 119–20
 - subsistence agriculture, 23, 89
 - Tehri Hydroelectric Development Project (India), 23–24
 - West Seti Hydropower Project (Nepal), 89
- All Ceylon Muslim Congress (Sri Lanka political party), 76–77
- Almatti Dam Project (India), 196
- altruism, 22, 30
- Andhra Pradesh (India)
- Polavaram Dam, 106–25.
See *also* Polavaram Dam Resettlement and Rehabilitation Policy (2005), 107
 - tribal land issues and forest conflicts, 108–10
- Appadurai, Arjun, 21
- ARCH-Vahini (NGO), 202
- Arnold, T., 22
- artisans and relocation considerations, 144–45
- Asian Development Bank (ADB)
- Compliance Review Panel (CRP), 161–62
 - Himachal Pradesh Clean Energy Development Investment Program (India), 175
 - Indigenous Peoples Policy (1998), 2
 - Involuntary Resettlement Policy (1995), iv–v, 2–3, 177
 - compatible with policies of South Asian countries, 5–6
 - negotiated settlement encouraged by, 176
 - payment of replacement cost, 177–82
 - Afghanistan, 178–79
 - China, People’s Republic of (PRC), 179–82
 - India, 177–78
 - Safeguard Policy Statement (2009), iv, 2–3, 132–35, 133t, 142, 176
 - Southern Transport Development Project (Sri Lanka), role of, 152–53, 156, 161–62
- Staff Instructions on Certain Policy/Administrative Issues—Involuntary Resettlement* (1994), iv
- technical assistance, 5–6

Notes and tables are indicated by “n” and “t” following page numbers.

- West Seti Hydropower Project (Nepal), role of, 86–87
- Australian Agency for International Development, 3
- B**
- Bahuguna, Sundarlal, 20
- Bandra–Worli Sea Link (Mumbai), 130
- Bangalore Metro Rail Project (India), 182
- Bangalore–Pune Highway (India), 172
- Bangladesh, 1, 5–6
- Banwasi Seva Ashram, 47, 50
- Basic Schedule of Rates (BSR), 177–78
- Bengal Code, 1, 37
- Berger, T., 201
- Berreman, G., 24
- best resettlement practices, iv–v, 5, 137
- Bhattarai, A., 203
- Bourdieu, P., 23
- Brahmins* (priests), 23
- British rule of India
 - forest administration, 37–39, 44, 53
 - Land Acquisition Act (India 1894), v, 1, 39, 107, 177, 178, 190
- Building Climate Resilience of Watersheds in Mountain Eco-Regions Project (Nepal), 176
- C**
- cash compensation, 10–11
 - compared to land-for-land compensation, 10, 172
 - limits of, 114–16, 167, 184, 190
 - methodological issues of, 118–19
 - perceptions of displaced households on, 117–18
 - poor families' use of, 183
 - premium paid as part of, 173
- Southern Transport Development Project (Sri Lanka), 165, 167
- Tehri Hydroelectric Development Project (India), 17, 18
- castes. *See also* scheduled tribes/castes
 - displaced by Polavaram Dam (India), 110, 110t
 - displaced by Tehri Hydroelectric Development Project (India), 23
 - displaced by West Seti Hydropower Project (Nepal), 98, 103
 - moral economy and, 24
- Cernea, M., 82, 183
- Ceylon Electricity Board (CEB), 158, 159
- cheating of government benefits, 67–68, 79
- Chhattisgarh (India), Polavaram Dam construction in, 106, 107
- China, People's Republic of (PRC)
 - community as unit receiving compensation in, 191
 - consultation and participation of affected people in, 199–201
 - Developmental Resettlement Policy, 189
 - Gansu Baiyin Urban Development Project, 181
 - income restoration in, 196–97
 - institutional capacity in, 197
 - Land Administration Law (1986), 179–80, 189
 - NGO role in resettlement in, 201
 - number of displaced people in, 187

- payment of replacement cost
 - in ADB operations in, 179–82
 - resettlement literature on, 188, 189
 - resettlement policies and laws, 13, 188–90, 202
 - “distant resettlement” practice, 193–94
 - “near resettlement” practice, 193
 - relocation planning, 195
 - self-reliance encouraged for resettlers in, 189
 - Shanghai Sewerage Project, 200
 - Shuikou Hydropower Dam Project, 191, 195, 196, 199
 - Three Gorges Dam Project, 87, 187, 188, 193, 201, 202
 - West Seti Hydropower Project MOU with Nepal, 87–88
 - Yantan Hydroelectric Project, 191, 192–93, 196
- China National Machinery and Equipment Import and Export Corporation, 87
- choice experiments, 111–14, 113t
- class stratification. *See* castes; scheduled tribes/castes; social class
- Coal India, 190, 197, 198
- Coal Sector Environment and Social Mitigation Project (India), 190
- community-based organizations
 - tribal land rights and, 9
 - West Seti Hydropower project (Nepal), 99–100
- compensation packages
 - adequacy of, 10–12
 - cash. *See* cash compensation
 - China, People’s Republic of (PRC), 179–82
 - for community in the PRC, 191
 - consumption and savings, 116
 - definition of compensation, 171–72
 - impoverishment resulting from. *See* impoverishment inadequacy of, 105–25, 153. *See also* Polavaram Dam
 - income restoration. *See* income restoration programs
 - for individuals in India, 191–92
 - land-for-land compensation. *See* land-for-land compensation
 - Southern Transport Development Project (Sri Lanka), 153, 156, 167
 - statutory compensation, 176
 - Tehri Hydroelectric Development Project (India), 17–19
 - tribal land issues and forest conflicts, 108–10
 - Upper Kotmale Hydropower Project (Sri Lanka), 153, 166
 - West Seti Hydropower Project (Nepal), 90–91
- competitive individualistic attitudes, 30
- consultation and participation of displaced people, 3, 7, 8, 92–93, 101, 199–201, 204
- coping with displacement, 19–20
 - Muslims displaced in Sri Lanka. *See* livelihood strategies of displaced Muslims
- corruption, 42, 136, 178
- country commitment to resettlement policies, 190–91
- CWE Investment Corporation, 87, 88

D

- Dalits and other vulnerable
 - households in Nepal, 96–97, 101
- dearness allowance, 178
- Declaration of Principles on Human Rights and the Environment (1994), 2
- Delhi's 1962 master plan, 144
- displaced households
 - cash compensation,
 - perceptions of, 117–18.
 - See *also* cash compensation
 - compensation packages.
 - See compensation packages
 - before displacement. See villages before displacement
 - impoverishment of. See impoverishment
 - income restoration. See income restoration programs
 - informal social structures and practices of, 21–24.
 - See *also* informal social structures and practices
 - land-for-land compensation.
 - See land-for-land compensation
 - Muslims displaced in Sri Lanka. See livelihood strategies of displaced Muslims in Sri Lanka
 - number displaced. See *specific countries*
 - relocation planning for, 7, 192–96
 - training for. See training programs
- Dongria Kondh tribe, 43, 51, 52
- “do no harm” policy, 3, 5, 103
- Downing, T., 28–30, 31

- Downing-Garcia, C., 28–30, 31
- Dwivedi, R., 4

E

- Electricity Act (Nepal 2003), 86
- eminent domain, 1–2, 37–38, 175
- environmental impact assessments (EIAs), 5
 - Sri Lanka development projects requiring, 154, 155
 - West Seti Hydropower Project (Nepal), 87, 92, 103
- environmental management policies, 103, 154
- Environmental Protection Act (India 1986), 4, 51
- ethnic violence leading to displacement, 58–59. See *also* livelihood strategies of displaced Muslims in Sri Lanka
- exchange practices, 22–23, 26–27, 30

F

- Fates and Gimba vs. State of Gujarat* (1997), 48
- feasibility studies
 - Indian relocation sites, 195
 - shortcomings of, 83
 - West Seti Hydropower Project (Nepal), 85–86
- Fernandes, W., 105
- fishing and prawn farming (Sri Lanka), 64–66
- food assistance, 60, 66–67, 142
- forests
 - India limiting access to, 9, 36–54
 - British rule of India, 37–39, 44, 53
 - constitutional distinction between mainstream society and tribal communities, 39–40, 54

- conversion of forest areas into nonforest areas, 45, 46t
 - Director General of Forests guidelines on forest use, 42
 - Forest (Conservation) Act (1980), 41–43, 44, 45, 49
 - Forest Advisory Committee, 45–46
 - Forest Policy (1952), 40–41
 - Forest Rights Act (2006), 9, 44–45, 51–52
 - independent India, 39–41
 - Indian Forest Act (British India 1927), 38–39, 44
 - judicial activism and decisions, 46–50
 - laws into action, 51–53
 - National Forest Policy (1988), 43–44
 - Polavaram Dam, 112, 119
 - privatization of forests, 42
 - tribal land issues, 108–10
 - tribal rights and judicial activism, 46–50
 - Nepal households' reliance on, 89
- G**
- Gansu Baiyin Urban Development Project (PRC), 181
 - gender differences. *See* women
 - gentrification, 131
 - Godavarman Thirumulpad vs. Union of India* (1997), 48–49, 50
 - government relief assistance and subsidies, 66–68, 142
 - Grotius, 37
 - Gujarat (India)
 - exploitation of forests in, 48
 - Narmada Water Dispute Tribunal award, 203
 - resettlement policies of, 190
 - Sardar Sarovar Project, 201–2. *See also* Sardar Sarovar Narmada Dam Project
- H**
- Hanumantha Rao Committee (India), 17
 - Harijans* (untouchables), 23, 24
 - Himachal Pradesh Clean Energy Development Investment Program (India), 175
 - Hindus displaced by Tehri Hydroelectric Development Project (India), 23
 - hostility toward resettlers, 83, 98
 - human rights, 54, 103, 137, 203
- I**
- IFC. *See* International Finance Corporation
 - impoverishment
 - of displaced people, 11, 132
 - impoverishment risks and reconstruction model, 84–85, 103–4, 105, 152
 - poor compensation management leading to, 183–84
 - resettlement implementation plans (RIPs) to minimize, 7, 151–152, 153
 - risk analysis, 152, 162–65, 164t
 - income restoration programs (IRPs)
 - failure to include, 5, 8, 141, 151–52
 - identifying eligible affected people, 161–62
 - impoverishment risks, 162–65

- vulnerability and
 - selection of vulnerable groups, 165–66
 - methodological tools and databases, 166–67
 - resettlement planning
 - in projects of international development agencies, 3, 153–54
 - resettlement policy's need to include, 196–97
 - Sri Lanka project
 - experiences, 155–56
 - design and approval of development projects in, 154–55
 - Southern Transport Development Project.
 - See Southern Transport Development Project
 - Upper Kotmale Hydropower Project.
 - See Upper Kotmale Hydropower Project
 - training programs, 157. See *also* training programs
- India
- Almatti Dam Project, 196
 - cash compensation, 190.
 - See *also* cash compensation
 - constitutional protection of tribal communities, 39–41, 54
 - consultation and participation of affected people, 199–201
 - Environmental Protection Act (1986), 4, 51
 - Forest (Conservation) Act (1980), 41–43, 44, 45, 49
 - forest policies. See forests
 - Forest Rights Act (2006), 9, 44–45, 51–52
 - Himachal Pradesh Clean Energy Development Investment Program, 175
 - income restoration in, 197
 - Indian Forest Act (British India 1927), 38–39, 44
 - individual as unit receiving compensation in, 191–92
 - institutional capacity in, 198
 - involuntary resettlement policies, 5–6, 20–21
 - irrigation projects, 191
 - Land Acquisition Act (1894), v, 1, 39, 107, 177, 178, 190
 - liberalization policy of, 129
 - National Forest Policy (1988), 43–44
 - National Green Tribunal Act (2010), 53
 - National Highways Authority of India (NHA), 172, 198, 201
 - National Resettlement and Rehabilitation Policy (2007), 13, 145, 182, 190, 199
 - NGO role in resettlement in, 201–2
 - number of displaced people, 105, 137, 187
 - payment of replacement cost in ADB operations, 177–78
 - Planning Commission's approval of Tehri Hydroelectric Development Project, 16
 - Pong Dam Project, 195
 - relocation planning in, 195–96
 - resettlement policies and laws, 190, 204
 - resettlement problems in, 203
 - Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act (2013), v, 6, 145, 190, 199
 - Rihand Dam, 195, 200
 - Sardar Sarovar Narmada Dam Project, 187, 192, 194–95, 201–2, 203

- Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act (2006), 9, 44–45, 54
- Tehri Hydroelectric Development Project (THDP), 15–35. *See also* Tehri Hydroelectric Development Project
- India Infrastructure Financing Company, 198
- Indian Forest Act (British India 1927), 38–39, 44
- Indian National Trust for Art and Culture, 17
- informal sector occupations, 129, 142–44, 145
- informal social structures and practices, 15–33
 - coping with displacement, 19–20
 - defined, 21
 - exchange practices, 22–23, 26–27
 - failure of resettlement planning to take into account, 15–16, 32–33
 - labor exchange, 27
 - moral economy, 21–22, 24–26
 - physical displacement and, 28–31
 - role in resettlement process, 16, 31–32
 - samitis* (associations) of resettlers, 31–32
 - social capital, 23
 - traditional collective practices, 19, 27, 29–30
 - in villages before displacement, 23–24
- Infrastructure Leasing and Financial Services of India, 87
- institutional capacity in the PRC and India, 197–98
- international development agencies. *See also specific agencies*
 - involuntary resettlement policies, 2–3
 - resettlement planning, 153–54
 - differing from laws and practices of borrower country, 155
- International Finance Corporation (IFC)
 - Performance Standard 5 on Land Acquisition and Involuntary Resettlement, 3, 36
 - safeguard policies, 132–35, 133t, 144
- International Labour Organization, 54
- International Valuation Standards Committee (London), 173
- involuntary resettlement policies, iv–v, 8. *See also* displaced households; *specific countries and projects by name*
 - avoiding displacement whenever feasible, 3
 - competing frameworks, 4–6
 - consultation of displaced persons, 3
 - country commitment to, 190–91
 - development of, 2–4
 - income restoration. *See* income restoration programs
 - informal social structures, importance of. *See* informal social structures and practices
 - NGO role in, 201–2
 - packages for displaced population, 17–19. *See also* compensation packages
 - reform, 7

- “reformist-managerial”
 approach, 4, 82
 relocation planning, 7, 192–96
 safeguard policies, 6, 130,
 132–36, 133t, 142, 144,
 151–52
 scope of resettlement, 7–8
 Scudder’s framework, 16,
 16n1, 82, 84
 shortcomings of present
 approaches, 4, 8, 141, 151
 sustainable development
 programs, 3, 167
 IRPs. *See* income restoration
 programs
 irrigated cultivation, 90
- J**
- Janajati (Nepal indigenous people),
 96, 98, 102
 Japan Center for Sustainable
 Environment and Society
 (JACSES), 99
 Japan International Cooperation
 Agency, 3
 Jing, J., 189
- K**
- Karnataka (India)
 Almatti Dam Project, 196
 Bangalore Metro Rail Project.
 See Bangalore Metro Rail
 Project
 irrigation projects in, 191
 participatory approach to
 resettlement in, 201
 relocation planning in, 196
 resettlement policies of, 190
 Koppel, J., 184
 Kshatiryas (worriers/cultivators), 23
 Kutia Kandha tribe, 52
- L**
- Land Acquisition Act (British India
 1894), v, 1, 39, 107, 177, 178, 190
 land acquisition laws, 5, 7. *See also*
 specific countries
 Land Administration Law (PRC 1986),
 179–80, 189
 land-for-land compensation, 10–11,
 172
 compared to cash
 compensation, 172
 Polavaram Dam (India), 119–
 21. *See also* Polavaram
 Dam
 Tehri Hydroelectric
 Development Project
 (India), 17–18
 West Seti Hydropower
 Project (Nepal), 90–91
 legal rights of displaced persons, 5,
 46–50
 Liberation Tigers of Tamil Elam
 (LTTE), 59–60, 59n2
 livelihood strategies of displaced
 Muslims (Sri Lanka)
 cheating of government
 benefits, 67–68, 79
 dynamism and
 transformation of people,
 79–80
 feelings of displaced person,
 58, 61–64, 71–76
 fishing and prawn farming,
 64–66
 government relief assistance
 and subsidies, 66–68
 occupational changes, 79
 reversal of gender roles,
 70–71
 small businesses and local
 employment, 69–70
 social differentiation, 75–79
 based on place of origin,
 75–76
 based on political
 affiliations, 76–77
 emerging class
 stratification, 77–79, 78t

- wage labor, 60–64
 - women's role, 62, 63, 70–73, 79
 - Middle East household maids, 68–69, 72
 - youth (second generation of resettlers), 73–75, 79
- M**
- Madhya Pradesh (India)
 - ADB-funded national highway project in, 183
 - cash compensation preferred by, 192
 - forest villages changed into revenue villages in, 41, 48
 - Narmada Water Dispute Tribunal award, 203
 - Maharashtra (India)
 - forest villages changed into revenue villages in, 41, 47–48
 - irrigation projects in, 191
 - Narmada Water Dispute Tribunal award, 203
 - scheduled tribes and forest dwellers in, 54
 - slum renovation in, 130–31, 145
 - special economic zones (SEZs) in, 131
 - Mahaweli Development Program (Sri Lanka), 155, 158
 - Mahendra, A., 129
 - Mahila Milan (women's microcredit organization in India), 146
 - Maoist civil war (Nepal), 91–92, 98
 - market value vs. replacement cost, 173–75
 - Marsden, D., 201
 - Mauss, Marcel, 22
 - McDonald-Wilmsen, B., 188
 - Meikle, S., 202
 - memorandum of agreement (MOU) between Nepal and the PRC for
 - West Seti Hydropower Project, 88–89
 - Middle East household maids, 68–69, 72
 - migration
 - urban growth due to, 126
 - of young Muslim women to Middle East for jobs, 68–69, 72, 79
 - Millennium Development Goals, 130
 - monitoring of income restoration programs, 166–67
 - moral economy, 21–22, 24–26
 - Morse, B., 201
 - Mumbai Metropolitan Region Development Authority, 130, 136
 - Mumbai Metro Rail, 130
 - Mumbai urban development (India), 11
 - development and growth in, 127–29, 128t
 - displacement as result of growth, 129–32
 - formal development and resettlement projects, 130–31
 - other resettlement and development efforts, 131–32
 - future research needs, 132
 - gentrification, 131
 - improving livelihood outcomes, 141–45
 - focusing on, 146
 - informal sector occupations, 142–44
 - providing services vs. producing goods, 144–45
 - recommendations to provide employment and training, 146
 - social class and access to resources, 141–42
 - underestimating income and assets, 145

- outcomes for displaced and resettled, 135–41
 - housing reconstruction, 137–39
 - livelihood reconstruction, 139–41
 - right to resettlement with development, 135–37
 - pavement dwellers, 137
 - rezoning and new municipal infrastructure, 131–32
 - safeguard policies and standards of living, 130, 132–36
 - shift from manufacturing to services, 129, 132n4, 144–45
 - slums of, 126–28, 126n1, 128n2, 136–37
 - special economic zones (SEZs), 131
 - urban displaced in, 126–50
 - Mumbai Urban Infrastructure Project, 130, 138
 - Mumbai Urban Transport Project (MUTP), 130, 136–46
 - Municipal Corporation of Greater Mumbai, 136
 - Muslims in Sri Lanka, 158. *See also* livelihood strategies of displaced Muslims
- N**
- Narmada Bachao Andolan (NBA), 200, 202
 - National Environmental Act (Sri Lanka 1980), 154
 - National Green Tribunal Act (India 2010), 53
 - National Highways Authority of India (NHAI), 198
 - National Involuntary Resettlement Policy (Sri Lanka 2001), 6, 153, 154, 158, 176
 - National Resettlement and Rehabilitation Policy (India 2007), 13, 145, 182, 190, 199
 - National Thermal Power Corporation, 198
 - negotiated settlement and replacement cost, 83, 175–76
 - Nepal
 - Building Climate Resilience of Watersheds in Mountain Eco-Regions Project, 176
 - case studies from, v, 10
 - Electricity Act (2003), 86
 - involuntary resettlement policies, 5–6
 - Land Acquisition Act (1894), 1
 - Maoist civil war in, 91–92, 98
 - West Seti Hydropower Project, planning of, 83–104. *See also* West Seti Hydropower Project
 - nongovernmental organizations (NGOs)
 - anti-hydropower agenda of international NGOs, 99
 - income restoration challenges of, 152
 - land acquisition acts and, 7
 - Muslims displaced in Sri Lanka, support to, 60, 63, 65, 72, 75
 - participatory approaches to resettlement planning, 201
 - resettlement role of, 201–2
 - Southern Transport Development Project (Sri Lanka) role of, 157, 165
 - tribal land rights and, 9
 - West Seti Hydropower Project (Nepal) and, 93, 94, 99–100
- O**
- Odisha Mining Corporation, 51
 - Oleschak, R., 192

- Orissa (India)
 company operating on tribal lands in, 45, 51–52
 mining agreement signed with Vedanta Alumina, 43, 51
 Polavaram Dam construction in, 106, 107
- Orissa Mining Corporation vs. Ministry of Environment and Forest* (2013), 45, 51–52
- Oxfam, 196

P

- Padovani, F., 193
- padyalo* (labor exchange), 27, 32
- painchu* (exchange practices), 26–27
- People's Republic of China. *See* China, People's Republic of
- planning for resettlement
 four-stage framework, 84, 103
 impoverishment risks and reconstruction model, 84–85, 103–4, 105
 in international development agencies' projects, 153–54
 theoretical models, 84–85
 West Seti Hydropower Project (Nepal), 82–104. *See also* West Seti Hydropower (WSH) Project
- Polanyi, Karl, 21
- Polavaram Dam (India)
 access to forest package, 112, 113
 affected villages and households, 107, 107t
 social composition and sources of livelihood, 108–10
 benefits of, 106–7
 cash compensation, 106, 110, 112
 consumption and savings, 116, 116t
 displaced households' perceptions of, 117–18
 land prices as limit, 115–16
 limits of, 114–16, 121
 market access as limit, 115
 methodological issues of, 118–19
 recommendations for, 122
- employment generation
 in resettlement area as recommendation, 122
- financing of, 106
- installment compensation, 112, 117
- land-for-land compensation, 106, 109–10, 112, 119–21
 entrenchment with issues of agrarian relations, 119–20
 limits of, 121–22
 as preference of displaced households, 120
 quality of land, 120–21
 recommendations for, 122
- methods of data collection, 110–14
 choice experiment, 111–14, 113t, 117
 focus group discussions, 114, 117
 household survey, 110–11, 110t
- recommendations based on findings, 122
- resettlement and rehabilitation (R&R) package, 106–7, 112, 125
- self-employment package, 112

tribal land issues, 108–10,
117–18

politics

- allegiance of displaced youth
in Sri Lanka, 74, 79
- slum residents as voters, 136
- social divisions based on
political affiliations, 76–77

Pong Dam Project (India), 195

Popkin, S., 22

Portes, A., 23

Power Trading Corporation of India,
86

Pradeep Krishnan vs. Union of India
(1997), 47

privatization of forests, 42

public–private partnerships, West Seti
Hydropower Project (Nepal), 87

Puttalam District (Sri Lanka),
59, 60n3. *See also* livelihood
strategies of displaced Muslims

R

rained cultivation, 90

ration cards, 66–67

reciprocity, 22–23, 26–27, 28, 30

“reformist-managerial” approach, 4,
82

remittances, 24

replacement cost, 7, 172–73

- Bangalore Metro Rail Project
(India), 182
- Basic Schedule of Rates
(BSR), 177–78
- comparable and residual
methods, 174
- construction cost of assets,
175
- discounted cash flow
method, 175
- market value vs., 173–75
- negotiated settlement and,
175–76
- payment in ADB operations,
177–82
- Afghanistan, 178–79

- China, People’s Republic
of, 179–82
- India, 177–78
- rent capitalization method,
175
- Upper Kotmale Hydropower
Project (Sri Lanka), 165

resettlement. *See* displaced
households; involuntary
resettlement policies

resettlement implementation plans
(RIPs), 151, 152, 153, 154

- adequacy of measures, 167
- Southern Transport
Development Project
(Sri Lanka), 156, 165

Right to Fair Compensation and
Transparency in Land Acquisition,
Rehabilitation and Resettlement
Act (India 2013), v, 6, 145, 190,
199

Rihand Dam (India), 200

Rio Declaration on Environment and
Development (1992), 2, 43

risk management, 21–23. *See also*
impoverishment

Royal Institution of Chartered
Surveyors, 173

S

safeguard policies, 6, 130, 132–36,
133t, 142, 144, 151–52

- for social preparation, 171,
176

Sakalni, Virendra, 20

Samata vs. State of Andhra Pradesh
(1997), 49–50

samitis (associations) of resettlers,
31–32

Sardar Sarovar Narmada Dam
Project (India), 187, 192, 194–95,
201–2, 203

Sarvodaya Economic Enterprise
Development Services (SEEDS),
157, 165

- Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act (India 2006), 9, 44–45, 54
- scheduled tribes/castes, 40, 40n1, 43, 110. *See also* vulnerability and selection of vulnerable groups
- Scott, J., 21, 22, 38
- Scudder, T., 16, 82, 196
- self-reliance of resettlers, 189
- Sen, Amartya, 21
- Senanayake, R., 72
- SEZs. *See* special economic zones, 131
- Shalins, Marshall, 22
- Shanghai Sewerage Project (PRC), 200
- Shuikou Hydropower Dam Project (PRC), 191, 195, 196, 199
- SIA (social impact assessment), 154, 203
- Singh, S., 200
- slums, 126–27, 126n1, 182
- small businesses
 - of Muslims (Sri Lanka), 69–70
 - start-up in Southern Transport Development Project resettlement, 157
- Snowy Mountain Engineering Corporation (SMEC), 86, 87, 92, 100
- social capital
 - compensation used to gain, 142
 - defined, 23
 - social relations as, 27–28
- social class. *See also* castes; scheduled tribes/castes
 - access to resources (Mumbai), 10, 141–42
 - Dalits (Nepal), 96–97, 101
 - displaced Muslims (Sri Lanka), 77–79, 78t
 - meaning of “class,” 77n5
- social goods, 22
- social impact assessment (SIA), 154, 203
- social preparation, 8, 12–13, 170–71, 199
 - compensation. *See* compensation packages
 - defined, 170
 - replacement cost. *See* replacement cost
 - safeguard policies providing, 171
- socioeconomic assessment and resettlement planning, 103
- Sogreah Consultants, 85
- solatium* (India payment for involuntary nature of acquisition), 173
- Sorensen, B., 31
- South Asian countries. *See also specific countries*
 - case studies, v, 7–8
 - domestic environmental policies and environmental laws, 4–5
 - involuntary resettlement safeguard policies, 6
 - land laws, updating and improving, 5, 7
 - moral economy, 21
- Southern Transport Development Project (STDP Sri Lanka), 153–54, 156–58
 - identification of affected people, 161–62
 - income restoration planning (IRP), 159–60, 160t
 - impoverishment risks, 162–63, 164t
 - methodological tools and databases, 166–67
 - lessons learned, 163, 168
 - vulnerable households, 165–66
- special economic zones (SEZs), 131
- Sri Lanka
 - case studies from, v, 9, 11
 - Central Environmental

- Authority, 158
 - design and approval of development projects in, 154–55
 - highway construction. *See* Southern Transport Development Project
 - hydropower project. *See* Upper Kotmale Hydropower Project
 - involuntary resettlement policies, 5–6, 155
 - Land Acquisition Act (1950), 1, 156, 163, 172
 - lessons learned, 163, 168
 - livelihood strategies of displaced Muslims in, 58–80. *See also* livelihood strategies of displaced Muslims
 - Mahaweli Development Program, 155, 158
 - National Environmental Act (1980), 4, 154
 - National Involuntary Resettlement Policy (2001), 6, 153, 154, 158, 176
 - Road Development Authority, 161, 166
 - Sri Lanka Muslims Congress (political party), 77
 - State of Orissa vs. Duti Sahu* (1997), 47
 - statutory compensation, 176
 - STDP. *See* Southern Transport Development Project
 - stereotyping displaced persons, 75
 - Stockholm Declaration on the Human Environment (1972), 2, 43
 - subsidies. *See* government relief assistance and subsidies
 - subsistence ethic, 21, 24
 - Sullivan, L., 201
 - Sunaulo Gaun Nepal (community-based organization), 99–100
 - Suresh Lohia vs. State of Maharashtra* (1998), 48
 - sustainable development programs, 3, 167
 - Swaminathan, M., 142
- T**
- Tamils, 59–60, 59n2, 77, 158
 - Tata (Indian car manufacturer), 204
 - technical assistance, 5–6, 154
 - Tehri Bandh Virodhi Sangharsh (India), 20
 - Tehri Hydroelectric Development Project (THDP, India), 15–35
 - agriculture as main economic activity of displaced persons, 23–24
 - exchange practices, 26–27, 30
 - feelings of displaced person, 15, 20, 25–31
 - informal structures and practices in villages
 - after displacement, 28–32
 - before displacement, 23–24
 - moral economy, 24–26
 - opposition from affected people, 20
 - resettlement packages, 17–18
 - setting, 16–17
 - social relations as social capital, 28–29
 - Three Gorges Dam Project (PRC), 87, 187, 188, 193, 201, 202
 - Tonnies, Ferdinand, 32
 - training programs
 - Mumbai urban development recommendations to provide, 146
 - Sri Lanka income restoration program including, 157
 - transitional stage of resettlement, 16
 - trauma of resettlers, 10, 83, 91–95
 - tribal land issues, 108–10. *See also* scheduled tribes/castes
 - forest conflicts and, 9, 46–50, 108–10. *See also* forests

interests vs. rights of tribal people, 37
 Tehri Hydroelectric Development Project (India), majority of affected displaced populations, 20, 24
 Polavaram Dam (India), 110
 West Seti Hydropower Project (Nepal), 98

U

uncertainties faced by villagers likely to be resettled, 10, 83, 91–95
 underestimating income and assets, 145, 178
 Upper Kotmale Hydropower Project (UKHP Sri Lanka), 152–53
 identification of vulnerable households, 166
 income restoration planning (IRP), 158–59, 160t
 impoverishment risks, 163, 164t
 methodological tools and databases, 166–67
 lessons learned, 168
 urban displacement in Mumbai, 126–50. *See also* Mumbai urban development
 Uttar Pradesh (India)
 Banwasi Seva Ashram vs. State of Uttar Pradesh and Others (1987), 47
 relocation programs in, 196
 resettlement policies of, 190, 192
 scheduled tribes and forest dwellers in, 54

V

valuation methodologies, 173–75.
 See also replacement cost
 Vedanta Aluminium, 43, 51
 Vellore Citizens Welfare Forum vs. Union of India and Ors (1996), 48

villages before displacement
 informal exchange system, 26–27
 informal structures and practices in, 23–24
 moral economy of, 24–26
 vulnerability and selection of vulnerable groups, 9, 151, 157, 165–66, 183–84. *See also* scheduled tribes/castes

W

Wacquant, L., 23
 wage labor of displaced Muslims in Sri Lanka, 60–64
 Walker, J., 202
 Water and Energy Users' Federation (WAFED), 99
 West Seti Affected Concern Groups and Committees, 92, 99, 102
 West Seti Hydropower (WSH) Project (Nepal), 83–104
 ad hoc protest groups against, 93–94
 compensation package, 90–91
 “consultation fatigue” of affected households, 101
 Dalits and other vulnerable households, 96–97, 101
 displacement impacts, 88–90
 environmental impact assessment (EIA), 87, 92
 feasibility reports, 85–86
 feelings of displaced person, 89–90, 95
 financing, 87–88
 host community's perceptions, 97–98, 103
 household consultation program, 92–93
 land acquisition impacts, 88
 land-for-land compensation, 90–91
 Maoist civil war and, 91–92, 98

- marginalization and
 - hopelessness caused by planning delays, 85, 94, 102–3
 - memorandum of agreement (MOU) between Nepal and the PRC, 87–88
 - mis-development and prolonged planning, 100–102
 - NGOs and community-based organizations, 93, 94, 99–100
 - pre-displacement
 - uncertainties, confusions, and trauma, 83, 91–95
 - resettlement tasks teams
 - in collaboration with community committees, 93
 - resettlers' participation in planning, 100
 - resettlers' perceptions, 98–99
 - women
 - displaced Muslim women (Sri Lanka), 62, 63, 70–73
 - Mahila Milan (women's microcredit organization in India), 146
 - Middle East household maids, Muslim migrants as, 68–69
 - Mumbai urban development
 - job loss by women, 140
 - women's savings and income-generation program, 139
 - World Bank
 - Chinese resettlement research by, 188, 189
 - Coal Sector Environment and Social Mitigation Project (Coal India Project India), 190, 197
 - on country commitment to resettlement interventions, 190
 - on displaced Muslims' view of women's role (Sri Lanka), 72
 - on impoverishment resulting from resettlement interventions, 188
 - Indian resettlement evaluation study by, 191
 - Involuntary Resettlement Policy, 2, 3
 - compatible with policies of South Asia countries, 5–6
 - on livelihood restoration, 196
 - Mumbai (India) development projects, 130, 136, 137, 144
 - Operations Directive 4.30, iv
 - relocation planning,
 - importance of, 192, 196
 - resettlement assistance,
 - computation of, 177–78
 - safeguard policies, 130, 132–35, 133t, 144, 191
 - Shuikou Project, 191
 - technical assistance, 6
 - Yantan Hydroelectric Project, 191
- Y**
- Yantan Hydroelectric Project (PRC), 191, 192–93, 196
 - youth, displaced, in Sri Lanka, 73–75, 79

Lose to Gain

Is Involuntary Resettlement a Development Opportunity?

A crucial issue that confronts development in South Asia is how to build a better life for people displaced by infrastructure development projects.

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The book demonstrates that despite significant progress in national policies, laws, and regulations, their application still requires more commitment, adequate resources, and better supervision.

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