



Mangalore SEZ – Towards Greater Economic Activity and Development of the Region

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Abstract

Mangalore Special Economic Zone in Karnataka is uniquely conceived as a fully integrated, functionally viable, and modern business location. The objective of MSEZ is to secure coordination between economic and urban development policies aimed at promoting evenness of regional development. This paper presents the case of Mangalore Special Economic Zone (MSEZ), a multi-product SEZ, which along with its economic infrastructure can be utilized to develop the region and to achieve a more balanced urbanization in Karnataka.



1. INTRODUCTION

India has emerged as one of the fastest growing economies in the world, particularly in manufacturing and services. With increasing investments and robust macroeconomic fundamentals, the future outlook for India is distinctly upbeat. The major positive feature of economic development is identified to be the higher economic growth rate, signaling increased current demand. World trade as taking place in a global market place with virtually no boundaries would not only boost trade activities across countries but also impel Indian companies to be more competitive and innovative than ever before.

Trade imbalance arising on account of higher imports of capital goods as well as the need to meet the growing consumer acquaintance and aspirations, coupled with continuous rise in crude oil prices, prompted the Government of India to strategize activities that could help in boosting exports. The idea is that income from exports should tend to meet and exceed expenditure on imports. In this endeavor, Ministry of Commerce and Industry, Government of India has made significant changes in the Export-Import Policy. One of these changes is the introduction of guidelines for setting up Special Economic Zones (De Prabir, 2008).

Seeds of the present day SEZ model in India can be traced back to 1965 when Asia's first Export Processing Zone was set up at Kandla, Gujarat. Industries Development and Regulation Act (IDRA) in 1951 laid the foundations but kept the licensing requirements stringent, requiring multi-level clearances by a number of agencies. Early 1960s and 1970s witnessed planned targets remaining unmet. This led to further changes restrictive in terms of regulations and reservations. By the early 1980s,

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economic reforms were being slowly introduced to liberalize trade, industrial and financial policies. In July 1991, India launched a major economic reforms program, opening up the economy to the world for trade, foreign investment and more private sector participation.

Still there were many hassles in the path of growth with factors such as control regulations, securing multi-level clearances, infrastructural inadequacies or unattractive fiscal regime, etc. With a view to bypassing the shortcomings, the SEZ Policy was announced in April 2000, thereby overcoming the policy rigidities (Cushman and Wakefield India, 2008). Many states in the country have welcomed this policy and set up the SEZs for the promotion of economic activities.

To instill confidence in investors and signal the Government's commitment to a stable SEZ policy regime, a comprehensive draft SEZ Bill was prepared after extensive discussions with the stakeholders. After extensive consultations, the Central SEZ Act, 2005, supplemented by SEZ Rules, 2006 came into effect on 10th February, 2006, providing for a simplification of procedures and for single window clearance on matters relating to central as well as state governments. The main objectives of the SEZ Act, 2005 are:

- Generation of additional economic activity;
- Promotion of exports of goods and services;
- Promotion of investment from domestic and foreign sources;
- Creation of employment opportunities; and
- Development of infrastructure facilities.

It is expected that this will trigger a large flow of foreign and domestic investment in SEZs, infrastructure and productive capacity. Decongestion of existing cities, spread of urbanization, and further economic development can also be expected.

SEZ Act, 2005 envisages a key role for state governments in export promotion and creation of related infrastructure. Single window SEZ approval mechanism has been provided through the 19 member inter-ministerial SEZ Board of Approvals (BOA). The applications duly recommended by the respective state governments and union territories administration is considered by this BOA periodically. All decisions of the Board of Approvals are made through consensus. SEZ Rules, 2006 provide for different minimum land requirement for different classes of SEZs. Every SEZ is divided into a processing area, where only the SEZ units would come up, and the non-processing area where the supporting infrastructure could be created.

The SEZ Rules, 2006 provide:

- Simplified procedures for development, operation, and maintenance of the SEZs and for setting up of units and conducting business in SEZs;
- Single window clearance for setting up of an SEZ;



- Single window clearance for setting up a unit in an SEZ;
- Single window clearance on matters relating to Central as well as State Governments; and
- Simplified compliance procedures and documentation with an emphasis on self certification (<http://www.sezindia.nic.in>).

2. KARNATAKA - THE ECONOMICALLY HAPPENING STATE

Karnataka is one of the 28 states in India which has industrially advanced. The State has 29 districts and 176 talukas. Over the last 100 years the state has had the distinction of building strong and vibrant industrial base, which combines the intrinsic strengths of large industrial public sector undertakings, large and medium privately owned industries, and a very wide and dispersed micro and small scale sector. Karnataka has demonstrated strength over a wide spectrum of sectors in industry and has outstanding examples of success in the world economy. In recent times Karnataka has emerged as the knowledge and technology capital of the country making rapid strides in the new economy. Karnataka's capital, Bangalore, is globally recognized as the Silicon Valley of the Asian region.

Karnataka is among the top five industrial states in the country. The achievements of Karnataka in promoting high-tech industries in key sectors like electronics, telecommunication, information technology, precision engineering, aircraft industry, defense industries, automobiles, readymade garments, bio-technology and food processing have been noteworthy. The emergence of a vibrant small scale sector in the state is a source of considerable employment opportunities to the people of Karnataka. Karnataka's pre-eminent position in industrial India is based on several factors. The State is rich in natural resources and known for its salubrious climate. It has a strong resource base of highly skilled people backed by an extensive educational infrastructure comprising world-renowned schools, colleges, institutes of higher learning and research and development centers.

The State is widely recognized as a centre of learning with 20 universities, 141 engineering colleges, 33 medical colleges, and 481 degree colleges as per 2009 data. The State is linked by air with international centers and also has a wide network of roads, railways, seaports, airports and communication network. Karnataka has an area of 191,791 sq km and a population of 52.85 million. (<http://www.indiaedu.com/karnataka/colleges/>).

State government has embarked on a plan to facilitate rapid and sustained growth and to increase Karnataka's share in Indian exports to 15 percent. State government also aims to achieve this by providing an effective and proactive institutional mechanism for rapid growth of exports, building effective and competitive infrastructure within a short time frame. SEZ Policy of Karnataka seeks to achieve these objectives soon.

Various other economic and development policies like the urban development policy, five year plans, urban infrastructure policy, industrial policy 2009-2014, all are



directed towards creating larger employment opportunities, securing greater economic benefits and achieving balanced growth in the state. It is expected that there will be an intense and close interrelationship between the policies, industry requirements, infrastructure supporting facilities and urban and regional planning which would promote even regional development in Karnataka.

Endeavoring to make policy implementation more conducive for investments, production and trade, Karnataka has been proactive in spearheading SEZ initiative. Government in Karnataka has been instrumental in achieving growth through SEZs at various locations across the State.

Board of Approvals of SEZ constituted under SEZ Act, 2005 will give approvals to the SEZ developers. In principle approval will be given to an SEZ developer who has no land in his possession, whereas formal approval will be granted to developers who already have land in their possession. Board of Approvals has granted 52 formal approvals and 8 in principle approvals to SEZ developers in Karnataka. There are 17 operational SEZs and 29 are notified SEZs as on 14 December 2009 (<http://www.kumbangalore.com>).

3. SEZS IN AND AROUND MANGALORE

The following are Special Economic Zones to be located in and around Mangalore. These include those SEZs that are approved by the BOA, Government of India and those in the pipeline (Table 1).

Table 1 SEZs in and around Mangalore

Location (in hec)	Status	Name of Promoter
Petroleum and Petrochemicals SEZ - 588	Formal approval and notified. Under Implementation.	Mangalore SEZ Ltd.
Infosys - IT&ITES SEZ - 125	Notified and 1st phase operational	Infosys Tech. Ltd.
Thumbay, Bantwal, Dakshina Kannada District - IT/ITES SEZ - 10	Formal approval and notified. Under Implementation.	B. A. Tech Park Pvt. Ltd.
KIADB - IT&ITES SEZ - 203	Formal approval	Karnataka Industrial Areas Development Board
EPIP Indl. Area, Ganjimutt, Mangalore - IT/ITES SEZ - 10 hectares	Formal approval	Nitesh Estates Private Limited
EPIP Indl. Area, Ganjimutt, Mangalore - IT/ITES SEZ - 10	Formal approval	Brigade Enterprises Private Limited
EPIP Indl. Area, Ganjimutt, Mangalore - IT/ITES SEZ - 10	Formal approval	Kinfotech Software Pvt. Ltd.
Padubidre, Udupi District.- Hi-tech Engineering SEZ - 259	Notified and 1st phase operational.	Suzlon Infrastructure Ltd.

Source: en.wikipedia.org/wiki/Economy_of_Mangalore.

The coastal region of Dakshina Kannada District with a maritime all weather port is found to be an appropriate venue for setting up an SEZ. This port has been contributing to the economic development of this region and caters to the needs of the shippers. It is one of the deepest inner harbors on the west coast and is ideal for handling project cargo for mega industries. The port provides facilities suitable to the emerging needs of the 21st century. Dakshina Kannada also provides cutting edge technology and the city of Mangalore is known as the industrial capital of Karnataka. It scores over other districts due to the low cost of infrastructure investment, vast land resources, educated and skilled manpower, availability of plentiful water and the peaceful social life.

Apart from all weather sea port, it also has a good rail network. Konkan Railway functions as the major artery connecting this region to the entire west coast of India. A dedicated railway siding/terminal is planned in Mangalore SEZ to facilitate movement of goods to and from Mangalore Special Economic Zone (MSEZ) to Domestic Tariff Area or DTA. Mangalore is very well connected to the hinterland by good road network.

A dedicated road cum pipeline corridor for connecting SEZ lands to New Mangalore Port Trust (NMPT) is being developed. This satisfies the SEZ's requirement to be connected to the port for importing and exporting raw materials and finished goods. This is a dedicated corridor of 100m by 70m width for road and pipelines. MSEZ will be connected to NMPT harbor through a dedicated two lane road cum pipeline rack corridor which will enable faster movement of goods (Fig.1)

3.1 Mangalore Special Economic Zone (MSEZ)

The MSEZ project is proposed over a total area of 1,612.71 hectares out of 0.485 million hectares of the district land of Dakshina Kannada District in Karnataka, contiguous with the existing Mangalore Refinery and Petrochemical Limited (MRPL) to its east and northeast (multi-product SEZ requires more than 1,011.74 hectares

Fig.1 Dedicated Corridor



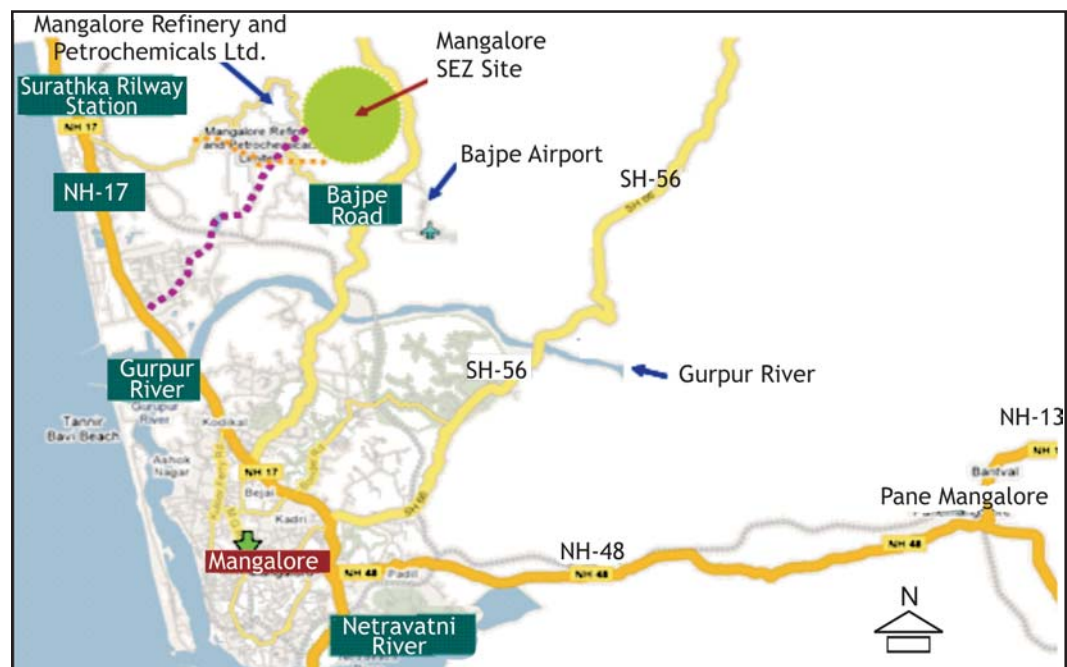
Source: Mangalore SEZ Limited, compiled by the Authors

of land). Currently 728.45 hectares is already in possession of MSEZL, of which 588.02 hectare has been notified as sector specific SEZ (Petroleum and Petrochemicals). Mangalore SEZ is located in the villages of Permude, Bajpe, Kalavaru, Thenkaekkuru, Delanthabettu, and Kuthethuru in Dakshina Kannada District. The process is underway for acquiring the remaining 809.39 hectare of land.

Dakshina Kannada district, endowed with enterprising and intelligent people, has carved out a niche for itself in banking, trade and commerce, education, health care, IT/ITES, hotel, art, religion and various other fields. MSEZ is located 8 km aerielly to the east of New Mangalore Port and is contiguous with the existing refinery, MRPL, on the eastern side. Industrial estate of the District, namely Baikampady is located to the south west of MSEZ. Mangalore Airport is 5 km to the southeast of MSEZ. The project area is primarily located in the villages of Permude, Bajpe and Kalavar in Dakshina Kannada District, Karnataka (Fig. 2).

Mangalore is one of the most developed cities of Karnataka, and has an advanced social infrastructure to support industrial growth. Mangalore, promoted as Tier II city, has attracted huge investments from Mangalore Refinery and Petrochemicals Ltd (MRPL- a subsidiary of ONGCL), Kudremukh Iron Ore Company (KIOCL)/ Kudremukh Iron and Steel Company (KISCO), Mangalore Chemicals and Fertilizers (MCF), BASF etc. The MSEZ is a unique project being promoted by central government, state government, local Industry chambers and a leading financial institution.

Fig. 2 SEZ Site and Regional Setting



Source: Mangalore SEZ Limited, compiled by the author



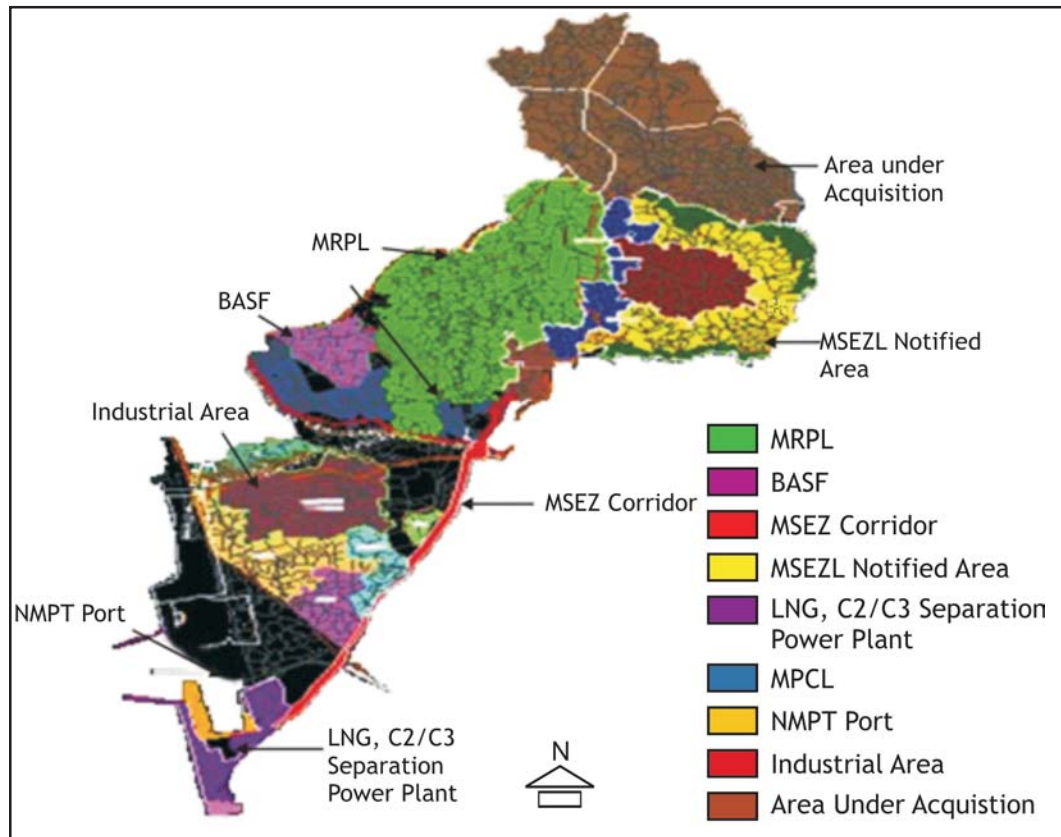
Mangalore SEZ Limited (MSEZL) is an SPV incorporated in February 2006 with a unique combination of central government, state government, a leading financial institution and local industry chamber, namely ONGC (26 per cent), KIADB (23 per cent), IL&FS (50 percent) and KCCI & others (1 percent) respectively to develop a Multi-Product SEZ near MRPL. In addition, IT giants like Infosys, Wipro and Mphasis have established their centers in this area. About 24 IT companies are registered in Mangalore city alone, of which 17 are already operational. The company has now begun basic preparations for the SEZ by providing planned roads to give access to industries coming under the target zones within the SEZ. In the processing zone of MSEZ, two categories of industries are proposed, namely (i) petrochemical/petroleum sector specific industries (presently) and (ii) General purpose multi-product industries (subsequently). The non-processing area of the SEZ will host various infrastructure amenities including housing, offices, educational and health facilities, etc.

New Mangalore Port Trust (NMPT) is a major port of Karnataka established in 1975. The port has been facilitating economic development of this region and caters to the needs of shippers. NMPT is one of the deepest inner harbors on the west coast and is ideal for handling project cargo for mega industries. Over the years, the Port has grown from the level of handling less than 0.1 million tons of cargo per annum to 36 million tones handled during 2007-2008. Major commodities exported through the Port are iron ore concentrates and pellets, iron ore fines, POL products, granite products, containerized cargo, processed fish and related items. Major imports of the Port are crude and POL products, LPG, wood pulp, timber logs, finished fertilizers, liquid ammonia, phosphoric acid, other liquid chemicals, containerized cargo, etc. The Port provides facilities to face the growing challenges and emerging needs of the 21st century. The Port is well equipped to handle bulk liquid chemicals, hazardous cargoes, crude and POL products, heavy lifts, machinery and containers.

Mangalore airport has been recently upgraded with facilities to handle international flights. The airport now handles about 150 domestic flights and 21 international flights per week. Soon the airport is going to begin flights to Kuwait and Saudi Arabia to further improve connectivity to Arabian countries. Night landing facilities have made traveling from Mangalore to other parts of the country easier. When India gained independence, Mangalore was not connected to Mumbai by rail. Konkan Railway came into being to establish the much needed connectivity from Mangalore to Mumbai. The project was completed in 1998 and since then the travel time to the north of the country has reduced considerably.

Three National Highways pass through Mangalore connecting the city to the rest of the country. NH-17 (1,567 km), which runs from Panvel in Maharashtra to Cranganur Junction near Edapally in Kerala passes through Mangalore in a north-south direction, while NH-48 runs eastward to the state capital Bangalore. NH-13 runs northeast from Mangalore to Sholapur for a total of 676 km and a state highway connects it to the city of Mysore (250 km) passing through the hill station of Madikeri.

Fig.3 MSEZ Project Site



Source: Mangalore SEZ Limited, compiled by the author

3.2 MSEZ-Master Plan

In order to implement this uniquely conceived MSEZ (Fig.3) into a fully integrated, functionally viable business environment, and to promote a new 'urban planned image' in Karnataka, as well as to attract foreign and local investors to undertake their businesses, the following planning objectives and principles need to be made operational:

- To transform the zone into a comprehensively planned multi-product Special Economic Zone with focus on petro-chemical based industries of international standard;
- To capitalize on the proximity to various industrial units of the region and well developed city of Mangalore;
- To optimize on the locational advantage of being situated near Mangalore Port and Mangalore Refinery and Petrochemicals Ltd;
- To optimize on the use of land parcels;
- To maximize business subdivision value by skillfully adapting site and corner constraints to create as far as possible rectangular plots with good plot aspect ratios. The sizes of plots are 60'x 90', 40'x 60', 30'x 40';



- To adhere and plan in accordance with the prescribed norms and rules;
- Internal road network alignments and junction placement to meet the requirements of balanced access, movement, safety and optimality of land use;
- Project report for Mangalore SEZ, Karnataka;
- Rational apportionment of different land use clusters taking into account the neighborhood planning concept;
- To provide an integrated infrastructure system network to support development;
- To develop various public utilities;
- To build attractive landscape and urban design nodes and vistas by creating recessed entrance areas, buffer zones along roads and so forth;
- Laying down broad policies and directions for growth in the principal zones and establishing the zoning of land use;
- Devising mechanisms for sustainable industrial development that harmonizes both the needs of the environment and of development, as well as guidelines for such developments. To develop various target industrial zones within the SEZ area like petro-chemical based industries such as Olefin Complex, Aromatic Complex, D/S Petrochemicals, ISPRIL Site and land for MRPL Phase-III expansion and other industries such as Pharmaceuticals, Garments, IT/ITES, General Zone and Central Business District zone, etc. employing state of the art planning and infrastructure;
- To position the targeted sectors within the SEZ area in an optimal manner meeting the requirements of environmental considerations;
- To develop SEZ as a service oriented self contained estate. All the necessary infrastructure facilities are to be designed and provided to create an ideal ambience. Land use mix - business, commercial, residential, institutional infrastructure, common facilities, road, green spaces, etc;
- To plan and create saleable area mix - saleable plots of varying sizes;
- To address aesthetic and environmental concerns; and
- To identify the quantum and types of investments.

3.3 Design Criteria

From the planning point of view, the SEZ is a package for a number of land uses. Manufacturing activities are basic and the efficiency of production is enhanced by a number of complementary activity zones. These are transportation networks, cultural and service establishments, community facilities and green spaces and possibly skill development institutions.

Guiding principle for the design of SEZ is to create a favorable environment for national and multinational manufacturing activities. The design is based upon modern



integrated business city planning concepts of providing good and efficient internal transportation, supporting social amenities, infrastructure and utilities and an attractive physical environment.

Proposed layout has the concept of one main entry from the proposed Mangalore SEZ Corridor connected to the New Mangalore Port, National Highway (NH-17). Primary, secondary and tertiary roads are planned to give access to the industries situated within SEZ, apart from catering to residential, institutional, commercial zones of the proposed developments and shall be looped with inter connecting roads. The processing area is well connected by a 50 meter wide spinal road (with provision for services on either side), which connects the Road Cum Pipeline Corridor and acts as a main access entrance at the north of MSEZ. All other internal roads are designed for 4 lane traffic for smooth traffic flow.

For power supply MSEZL will rely on captive power plants and state grid. Continuous 24 x 7 power supply is being planned from captive power plant in MSEZ. Tapping power from KPTCL/Nagarjun Thermal power plant is also being considered. MSEZL has formed an SPV with Mangalore City Corporation (MCC) to maintain the STPs and reuse secondary treated effluent, thereby minimizing the load on environment. Mangalore City Corporation has proposed to let 18 MGD sewage to SPV with overhead and maintenance cost shared for 30 years. Water storage facility created by MSEZL barrages will also provide cushion for drinking water requirements in crisis periods for Mangalore city. MSEZL will be constructing 4 barrages, 2 each across Nethravathi and Gurpur River for fresh water supply. MSEZL has signed an MOA with Mangalore City Corporation for utilizing treated sewage water from 3 STPs. Storing water in natural valley areas of MSEZ in Phase-II land. However, land is still not secured.

While planning the SEZ development, the following factors have been taken into account:

- Size of the SEZ is an important issue. According to present government regulations the minimum size of SEZ should be 1,000 hectare for a multi-sector integrated SEZ and the area earmarked for the proposed MSEZ meets this requirement;
- The whole area is suitably divided into a number of identified activity centers of different sizes. It is advisable to develop standardized modules of plots within the proposed activity mix. This will automatically allow flexibility in planning to accommodate future development. Integration of the cost aspects with physical planning needs is the most important factor for success in implementation;
- Various matters such as monitoring of pollution and the standards of goods, storage and handling of industrial waste, common effluent treatment, etc. need advance planning and the same has been considered while planning the SEZ; and



- MSEZL has been taking great care to safeguard the environment and minimize pollution resulting from the commissioning of the MSEZ project. National Environmental Engineering Research Institute (NEERI), a prestigious national institute has carried out the Environmental Impact Assessment study over an area of 20 km radial distance surrounding Mangalore SEZ. All the environmental impacts were duly mapped and a robust Environment Management Plan has been drawn up and approved. Similarly, another prestigious national institute namely National Institute of Oceanography carried out the study related to the marine ecology and the marine outfall point was identified. Based on the above preliminaries and after following due procedures, MSEZL has obtained the environmental clearance from the Ministry of Environment and Forests and the Consent for Establishment from the Karnataka State Pollution Control Board (KSPCB).

The project was given environmental clearance for 728.45 hectare of land in its possession by the Ministry of Environment and Forests, Government of India on 3 April 2008 and Consent for Establishment by Karnataka State Pollution Board on 30 April 2008. As a result, establishment activities have begun in full swing at MSEZL.

Some important measures toward sustainable development with reference to MSEZ:

- MSEZL has earmarked 33 percent of its land for development of green belt. Several thousand of plants from among appropriate local species will be planted to develop a sustainable green cover;
- Best and clean technology will be used in all the major state-of-the-art units coming up in this SEZ;
- Very low sulphur fuels would be used in order to minimize toxicity in emissions. Tall stacks or chimneys are required to be installed to minimize ground level concentrations;
- As much as 70 percent of treated processed waste water will be recycled to minimize the effluent discharge and help minimize water requirements;
- Nearly 18 MGD of treated sewage water from Mangalore city's sewage treatment plants will be utilized for industrial purposes thereby reducing the demand for fresh water;
- Appropriate solid waste handling and disposal systems will be put in place; and
- High importance is being given to industrial safety measures.

Potential Downstream Petrochemical Industries of various types has been explored. Establishment of industries dealing with the production of Polystyrene Phenol, Styrene Butadiene Rubber, Poly- Butadiene Rubber, Poly Vinyl Chloride, Maleic Anhydride, Carbon Black, Linear Alkyl Benzene, Aniline, Ethylene Di- Chloride, Vinyl Chloride Monomer, Nylon 6 Filament Yarn, Pure Terephthalic Acid, Polyester



Filament Yarn, Acrylonitrile, Caprolactam, Propylene Oxide, Ethylene Oxide and Mono- Ethylene Glycol + Ethylene Oxide, Multi-product industries like Textiles, Apparels, Auto parts, IT, ITES etc. LNG Terminal with C1/ C2 / C3 separation unit and a gas based power plant are also being contemplated (<http://www.mangaloresez.com/management.php>).

Master Plan takes into account planning for services and amenities. Advance planning of services and amenities avoids problems of administration later. Advance planning can substantially reduce problems of maintenance of infrastructure. Master Plan has duly considered transport linkages. As the SEZ requires regional, national as well as international linkages for freight movement, it generates a lot of traffic. The site enjoys the advantages of an ideal location due to its proximity to the city of Mangalore, which has good connectivity with all the parts of the state, and major cities of the country. As part of the infrastructure facilities, MSEZL is also planning bypass roads, connecting to existing national highways and state highway to avoid vehicular traffic congestion in Mangalore city.

3.4 Sector Specific Milestones of Achievements (Phase - I)

- Over 849.86 hectare of land is already in possession of Mangalore SEZ Ltd. Out of this 84.18 hectare is earmarked for MRPL Phase - III expansion and around 99.15 hectare for development of rehabilitation and resettlement colony;
- MSEZ notified in November 2007 a contiguous 588.02 hectare as sector specific (Petroleum and Petrochemicals) SEZ initially and will be upgraded to Multi product SEZ once more land is acquired and made available;
- Environmental clearance obtained from the Ministry of Environment and Forests (MOEF);
- Consent from Karnataka State Pollution Control Board (KSPCB) obtained;
- Complete socio-economic survey of Project Displaced Families (PDFs) conducted;
- Comprehensive Resettlement and Rehabilitation (R&R) package approved by state government with certain corrections and modifications and Government Order (GO) is awaited. R&R package is hoped to be the best in the state;
- Permission from state government for taking treated effluents from STPs obtained;
- Topo-survey of all land in possession is completed;
- Master Plan is nearing completion; and
- R&R Colony Phase - I work nearing completion and a few houses already stand commissioned.

3.5 Present status

- Expansion of existing refinery by MRPL - Construction Activities has already commenced;



- Aromatics Complex by ONGC - Construction activities already started;
- Indian Strategic Petroleum Reserve by ISPRL- Construction activities already started; and
- Marketing of balance land (Sector Specific, Petroleum and Petro Chemical) to be taken up shortly.

3.6 Status of Various Activities in MSEZL Phase - I

- Land acquisition status for the Project - I in possession 849.86 hectare;
- Land acquisition status for R&R Colony - I in possession 99.15 hectare;
- R&R Colony Phase - II, III & IV layout and Infrastructure design completed and tendering in progress;
- Evacuation process is in full swing;
- R&R Phase - I Colony development work completed and being made ready for inauguration;
- Master plan design completed for Phase - I and infrastructure designing is in progress;
- Water supply source development and distribution designing completed and tendering action initiated; and
- Design of road cum pipeline corridor - I is in progress

Planned completion of Phase - I is expected by the end of 2010 or beginning of 2011. For Phase - II, land measuring 823.55 hectare has been acquired. So far, landowners have come forward with an offer of approximately 364.23 hectare of land including 121.41 hectare of land being provided by the Government, the total land acquisition is 485.63 hectare. We understand that over 90 percent of landowners are willing to give land on higher rates. Another 6.21 hectare of phase - II land on fringe has already been transferred to MSEZL for shifting of the temples existing in phase - I. Activities at site commenced in October 2008.

3.7 Rehabilitation and Resettlement (R&R) Package

The R&R package offered by Mangalore SEZ is one of the best in the state. Apart from compensation paid for the land tendered and lost by the riots, Project Displaced Families or PDFs have been given house sites, training and employment, rehabilitation grants, house construction grants, etc. An R&R Colony is coming up on 91.06 hectare of land in Kulai and Thokur with all the infrastructure facilities, storm water drainage, rain water catchment, electricity, schools, community hall etc. An R&R Colony is proposed to develop in 190.61 hectare to rehabilitate PDFs of 1618.78 hectare of project site. Out of the total number of existing houses (4,700) in the project affected villages, 1,787 houses are going to be displaced due to proposed project.

- Out of 190.2 hectare, 99.15 hectare is in possession and 91.06 hectare are under acquisition; and



- Out of 99.15 hectare in possession, 19.49 hectare colony development is in the final stages, and work has started on 7.28 hectare of land, while planning has been completed for 3.88, 11.53 and 27.92 hectare.

Strategy of urban planning and development should include promotion of growth centers, endowed with forward and backward linkages, for reducing imbalances between towns, cities and the surrounding regions. SEZs have the potential to develop as new growth centers. After the SEZ Act, 2005 came into force, many SEZs are being set up. These SEZs would emerge as new urban growth centers, and therefore, their location and size have to be meaningfully planned. Sufficient land and water resources, for a population of 200,000 to 300,000 needs to be made available at the outset. Future growth has to be anticipated and provided for while planning.

The case study of MSEZ indicates that the multi-product SEZ in Mangalore would create 50,000 to 100,000 direct employment and 100,000 to 200,000 indirect employment by the end of Phase - II. This clearly reflects that MSEZ would impact the surroundings in terms of development, as large scale immigration by job aspirants would become reality. Also the local people affected by this project would contribute to an additional number of job seekers. This region would experience rapid urbanization in a span of 4 to 5 years. Urban planners and policy framers have to be prepared for this situation and see that growth happens in a planned manner whereby due consultations with all stakeholders is a necessary input. With this in view, SEZs should be planned as self sufficient units. Development plans have to be made with the future growth in mind and should be strictly followed. Land use regulations, as per the guidelines of the state, have to be followed. The entire physical and social infrastructure has to be provided. Forward and backward linkages have to be established in a planned manner, which would result in the development of the entire region in a wholesome, harmonious and inclusive manner.

4. CONCLUSIONS

SEZs are very much an urban and urbanizing phenomenon, forming new urban pockets located near existing mega cities or away from them. A large number of SEZs are of the IT/ITES types in Karnataka. The IT/ITES SEZs were earlier Software Technology Parks (STPs) or Export Processing Zones (EPZs) which were established in the mega cities or in the fringes. These STPs or EPZs were converted as SEZs once the SEZ Act, 2005 came into force. Therefore we see most of IT/ITES SEZs as appendages to existing urban centers.

The vision behind planning and development of SEZs, right from their conceptualization to implementation and working, is that there will be a close interrelationship between the policies, industry requirements, infrastructure supporting facilities and urban and regional development. Here, the multi-product SEZ, MSEZL is expected to provide large employment opportunities, which would



attract people towards it, and thereby result in rapid urbanization. This would in turn intensify the development of the region. Mangalore city region would be a dynamic and prosperous part of coastal Karnataka. Mangalore's role as a strong regional centre and major city will soon be a reality. A similar trend and success can be expected from the other SEZs coming up in various parts of the state like Hassan SEZ, Shimoga SEZ, Bidar SEZ, Hubli SEZ, Belgaum SEZ, etc. All these SEZs will act as new growth centers, upgrading the existing centers towards increased urbanization. Coupled with the trickledown effect, these SEZs would aid in developing the less developed regions. In a few years, when these SEZs become operational, their impact will become clearly visible. We can thus expect more balanced urbanization and regional development in Karnataka.

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