

## **2.2 Performance Audit on the 'Resettlement and Rehabilitation in Upper Krishna Project'.**

### **Executive Summary**

#### **Introduction**

The Upper Krishna Project (UKP) consists of construction of Narayanpur dam to the height of 492.25 metres and Almatti dam to 524.25 metres and network of canals to irrigate parts of drought-prone districts of Vijapura, Bagalkot, Kalaburgi and Raichur of northern Karnataka.

The Resettlement and Rehabilitation (R&R) of 173 out of 176 villages affected by the backwaters of both Narayanpur and Almatti dams (up to Reservoir Level-RL 519.60 metres) was completed in 2001-02 and that of balance three villages was under progress (September 2015). The R&R of the people living in Bagalkot Town was completed up to RL 521 metres and for the subsequent levels, the work was under progress. Besides, R&R of 14 villages affected under the floods of Narayanpur dam was in progress.

The modalities of implementation of R&R were specified through Executive Orders issued by the GoK during 1989-95 and these Orders are continued to be in force even now (2015-16).

#### **Implementing authorities**

Krishna Bhagya Jala Nigam Limited (Company), a wholly owned Government Company, was responsible for overall implementation of irrigation projects including R&R under UKP. The funding was met from borrowings and the State Budget.

The Commissioner for Land Acquisition and R&R and Ex-officio Additional Secretary to Government was given powers in land acquisition under UKP. Bagalkot Town Development Authority (BTDA) was created solely for the purpose of implementation of R&R of Bagalkot town.

#### **Audit objective**

The Performance Audit was conducted to assess whether rehabilitation and resettlement packages for the project displaced people of UKP were planned and implemented in an expeditious manner so as to enable them to reap the intended benefits.

#### **Audit findings**

##### **Absence of R&R Policy**

The Karnataka Resettlement of Project Displaced Persons Act, 1987 was notified (August 1994) by the GoK envisaging various policies on R&R. But, the GoK did not implement the Act. The GoK had not adopted the National Rehabilitation and Resettlement Policy, 2007 either, which was notified in October 2007. But, continued to implement the orders issued during 1989-95 even for the R&R implemented after the policy was notified.

The Executive Orders issued (1989-95) by the GoK for implementation of R&R did not include an important provision of 'allotment of land in command area to Project Displaced Families (PDFs)' which was envisaged in the National Rehabilitation and Resettlement

Policy 2007. The PDFs, who had lost their agricultural lands were not only deprived of allotment of land in the command area but also received insufficient compensation.

The GoK did not make provision for indexing the R&R benefits to the Consumer Price Index in violation of National R&R Policy. As a result, the various monetary benefits fixed during 1989-95 were continued to be paid even now (2015-16) without revision.

### ***Socio-Economic Survey***

The GoK had not mandated any specific criteria for conducting socio-economic survey. The Socio-Economic Survey reports did not contain income of the PDFs, details of rural artisans, families belonging to the scheduled caste or scheduled tribe categories; vulnerable persons such as destitute, orphans, widows.

In the absence of base line data with regard to living condition of the PDFs pre and post project implementation, the improvement or otherwise in the economic condition of PDFs was not assessable and also the priority or special attention for certain sections of the society was not ensured, which was not in line with the National R&R Policy.

### ***Inordinate delay in completion of R&R***

Though 14 villages, which came under the submergence of backwaters of Narayanpur reservoir, were within the purview of acquisition norms of CWC, the rehabilitation was taken up only when these villages were inundated by flood water discharge during August 2005 and after requests by the affected people. The GoK issued orders for R&R of these villages only in January 2007/ September 2009.

### ***Insufficient land procurement and non-disbursement of benefits***

There was abnormal delay in acquisition of structures (houses and buildings of PDFs) and land for establishing Rehabilitation Centres (RCs) in respect of 14 villages affected under the backwaters of Narayanpur reservoir. There were 4,274 PDFs in these villages awaiting rehabilitation (December 2015).

There were cases of insufficient procurement of land and delays in acquisition of land resulting in delay in formation of RCs. The process of acquisition of structures and land was completed only between December 2014 and December 2015. The land acquisition for two out of 14 villages was not completed (December 2015).

Other benefits such as land and house construction grants, income generating grant, *etc.*, had not been disbursed to any of the PDFs in these 14 villages (December 2015).

### ***Poor implementation***

Based on the protests and complaints from the affected people in Bagalkot town (living between RL 521 metres and RL 523 metres) of Almatti dam, the GoK ordered (November 2002) for rehabilitation as they were suffering from serious unhygienic conditions due to backwaters.

Despite receiving directions from the GoK in November 2002, BTDA brought the subject matter before the Board of Directors of the Company only in June 2010 and the rehabilitation of PDFs was yet to take place (December 2015). The works for underground drainage system, construction of roads and electrification were taken up only during 2013-14 and water supply works were initiated in 2014-15.

### ***Introduction***

**2.2.1.** The Upper Krishna Project (UKP) consists of construction of Narayanpur dam to the height of 492.25 metres and Almatti dam to 524.25 metres and network of canals to irrigate parts of drought-prone districts of Vijapura, Bagalkot, Kalaburgi and Raichur of northern Karnataka. The construction of Narayanpur and Almatti dams, which was funded partially by the World Bank, was completed to their projected heights during 1978-97. The water storage in Almatti reservoir reached to Reservoir Level (RL) 519.60 metres during 2002-03 and the height was restricted at this RL as per the directions issued by the Supreme Court in April 2000. The Krishna Water Dispute Tribunal (KWDT) in its final judgment (December 2010) allowed the State to store water up to Full Reservoir Level (FRL) of 524.25 metres at Almatti reservoir. The water level has not been raised up to FRL of 524.25 metres pending Rehabilitation and Resettlement (R&R)<sup>66</sup> of the people affected by the backwaters of Almatti reservoir between RL 519.60 metres and 524.25 metres.

### ***Project implementing authorities***

**2.2.2.** Krishna Bhagya Jala Nigam Limited (Company), a wholly owned Government Company, was responsible for planning, investigation, estimation, execution, operation and maintenance of all irrigation projects coming under UKP. In addition, the Company was responsible for R&R of the people affected by UKP. The funding for the R&R was met from State Budget and through borrowings.

The Government of Karnataka (GoK) created (October 1995) a post of ‘Commissioner for Land Acquisition and R&R and Ex-officio Additional Secretary to Government’, giving him powers for land acquisition under UKP. The GoK had also created (April 1985) Bagalkot Town Development Authority (BTDA) for the purpose of implementation of the R&R of the people of Bagalkot town.

### ***Status of Resettlement and Rehabilitation***

**2.2.3.** The Displaced Person<sup>67</sup> and Displaced Family<sup>68</sup> are referred to as Project Displace Person (PDP)/Project Displaced Family (PDF).

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<sup>66</sup> Rehabilitation is the act of restoring something to its original state. Resettlement is the process of moving people to a different place to live.

<sup>67</sup> ‘Displaced Person’ means any person, either land owning or landless, who for at least one year prior to the date of publication of any notification under Section 4 of the Land Acquisition Act, 1894 for the purpose of acquiring any land for the Project, has ordinarily been residing in or cultivating land or carrying on any trade, occupation or working for gain in the Project Area who would be involuntarily displaced from his or her usual place of residence or work due to such land acquisition.

<sup>68</sup> ‘Displaced Family’ included each adult displaced person, his or her spouse, minor children and other dependents who habitually resided in one household for at least one year prior to the date of publication of any notification under Section 4 of the Land Acquisition Act, 1894 for the purpose of acquiring any land for the project or prior to the displacement of such family as the case may be.

The R&R of 173 out of 176 villages (68,512 out of 70,176 PDFs) affected by the backwaters of both Narayanpur reservoir and Almatti reservoir (up to RL 519.60 metres) was completed in 2001-02. The R&R of balance three villages (1,664 PDFs) was under progress (December 2015).

Besides, R&R of 14 villages (4,274 PDFs), which should have been taken up along with 176 villages, was initiated only in January 2007 and September 2009 and was under progress (December 2015).

In addition, Bagalkot town was the major town affected by the backwaters of Almatti reservoir. The R&R of the 4,524 PDFs living in Bagalkot town up to RL 521<sup>69</sup> metres was completed in 2000-01. Further, R&R of 6,329 PDFs affected in Bagalkot town between RL 521 metres and RL 523 metres was under progress (December 2015).

### **National Rehabilitation and Resettlement Policy, 2007**

**2.2.4.** The National Rehabilitation and Resettlement Policy, 2007 came into effect in October 2007 replacing the existing National Policy on Resettlement and Rehabilitation, 2003. The new policy was applicable to all projects where involuntary displacement had taken place. The adverse impact on affected families - economic, environmental, social and cultural, needed to be assessed in a participatory and transparent manner. The policy stipulated that where large numbers of families are affected, it was mandatory to conduct social impact assessments, provide required infrastructural facilities and amenities in the resettlement area and specify the clear timeframes within which the implementation of the rehabilitation package should be completed. The Policy also mandated that an effective monitoring and grievance redressal mechanism was laid down.

The GoK had not adopted the provisions of the R&R Policy of 2007. The various Executive Orders issued during 1989-95 specifying the modalities of implementation of R&R and the type of benefits to be extended to the affected families under the project, continued to be in force (2015-16).

### **Why we choose the topic**

**2.2.5.** The R&R activities under UKP, which had begun simultaneously with the construction of Narayanpur and Almatti dams (completed during 1978-97), continued even now (December 2015). The R&R activities were perennially delayed due to exclusion of some villages from the purview of R&R, restriction in water storage levels due to disputes and poor implementation at various stages. The World Bank, which had funded the project partially, had also been critical of the implementation of R&R stating that the GoK had followed a linear approach to R&R.

The R&R of 173 villages affected under Narayanpur dam and Alamtti dam was deficient as the Rehabilitation Centres were built without basic infrastructure and the PDFs in 47 out of 173 villages continued to reside in

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<sup>69</sup> Rehabilitation in Bagalkot town was done up to RL 521 metres for the storage level of RL 519.60 metres of Almatti Dam.

their original villages as on date though RCs were created. Further, there was encroachment of 146.6 acres in 32 RCs and grants of ₹ 53.41 crore meant for distribution to the PDFs remained undisbursed.

Keeping this in view, Audit conducted a study of the R&R activities of three villages under Almatti dam, 14 villages under Narayanpur dam, besides Bagalkot town, which were taken up during the period 2010-15 to ascertain whether lessons were learnt from the past experience.

### **Audit Objective**

**2.2.6.** The objective of this Performance Audit was to assess whether R&R packages for the project displaced people of UKP were planned and implemented in an expeditious manner so as to enable them to reap the intended benefits.

### **Scope of Audit**

**2.2.7.** The scope of the audit was to review:

- Establishment of three Rehabilitation Centres<sup>70</sup> (RCs) related to R&R of three villages<sup>71</sup> (1,664 PDFs), which were under progress during 2010-15.
- R&R of 14 villages<sup>72</sup> (4,274 PDFs) affected by flood discharge of Narayanpur reservoir; and
- R&R of Bagalkot town affected between RL 521 metres and RL 523 metres (6,329 PDFs) and acquisition of land for RL 523 metres to RL 525 metres of Almatti dam.

### **Audit Methodology**

**2.2.8.** The methodology adopted for attaining the audit objectives involved explaining audit objectives to the top management, scrutiny of records maintained at Water Resource Department of Government of Karnataka, Corporate office of the Company, Office of the Commissioner of R&R and Office of the Chief Engineer, BTDA.

Audit explained the objectives of the performance audit to the Government, Management of the Company, Commissioner of R&R and Chief Engineer of BTDA during the 'Entry Conference' held in March 2015. The draft Performance Audit was issued to the Government in October 2015. The Exit Conference was held in December 2015 wherein the audit findings were discussed with the Government represented by the Additional Chief Secretary to the GoK, Water Resource Department, the Managing Director of

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<sup>70</sup> Rehabilitation Centre is an alternate habitation provided to the affected families.

<sup>71</sup>Kamaladinni, Dhannur, Kankanwadi.

<sup>72</sup>Katagur, Turadgi, Bommanagi, Kengalkadapatti, Bisnal, Bisnalkoppa, Iddalgi, Kamadatta, Adhial, Yemmeti, Anupkatti, Kesarpenti, Kajgal, Varagoddinni.

the Company, the Commissioner, R&R and the Chief Engineer, BTDA. The views of the Government have been incorporated in the Report.

### **Audit Criteria**

**2.2.9.** The audit criteria considered for assessing the achievement of the audit objectives were derived from the following sources:

- Executive Orders issued by GoK on R&R implementation, Central Water Commission (CWC) norms, Land Acquisition Act, 1894, Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013, National Rehabilitation and Resettlement Policy, 2007, Government Orders, Bagalkot Town Development Authority Act and Bagalkot Town Development Authority (Allotment of Sites) Rules, 1993;
- Socio-Economic Survey, FRL Survey;
- Contract agreements, annual work programmes/ annual plans, Budgets.

### **Acknowledgement**

**2.2.10.** Audit acknowledges the co-operation extended by the Water Resource Department of the GoK, the Company, the Commissioner R&R, Bagalkot and the BTDA in facilitating the conduct of Performance Audit.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

### **Audit findings**

**2.2.11.** The detailed audit findings are discussed in the succeeding paragraphs.

### **Policy and Survey**

#### ***Absence of R&R Policy***

**2.2.12.** The implementation of UKP had led to involuntary displacement of people, depriving them of their land, livelihood and shelter and uprooting them from their socio-cultural environment. The Government should have had a definite policy for implementation of R&R of the people displaced by the project to rehabilitate and resettle displaced persons and families. This would also set a bench mark for decision making and implementation by the executive authorities as also for doing a post implementation impact assessment. Audit of policy formulation revealed the following deficiencies:

- The Karnataka Resettlement of Project Displaced Persons Act, 1987 (Act) was notified (November 1994) by the Government envisaging various policies on R&R of the project displaced persons. But the Government did not implement the Act. Delay in obtaining the assent from the President of India and the need to hasten negotiations with the

**The R&R was implemented with Executive Orders issued by the Government rather than complying with enacted Acts and Polices.**

World Bank for implementation of the project were the reasons attributed by the Government for not enforcing the Act. The Government did not take initiative to implement the Act subsequently though it continued to implement R&R activities even now (2015-16) for the levels beyond RL 519.60 metres of Almatti Dam.

- The Government issued (1989-95) Executive Orders merely specifying the extent of monetary compensation payable for losing land and other structures and various benefits that should be extended to the PDP/PDFs. It did not spell out the processes involved in R&R activities including socio-economic survey, identification of PDPs/PDFs, land acquisition, roles of different authorities, timeframe for completion of various activities, *etc.* The Government had also not adopted the National Rehabilitation and Resettlement Policy, 2007 either, which was notified in October 2007. Instead, it continued to implement the same Executive Orders issued during 1989-95 even for the R&R activities implemented after the National R&R Policy, 2007 was notified.
- The National R&R Policy had envisaged an important provision of ‘allotment of land in command area of the project to the affected families’. The National R&R Policy had also stipulated that the State Governments should formulate suitable schemes for providing land to the affected families in the command areas of the projects by way of pooling of the lands. As the Government failed to give effect to the Act and to formulate any policy in this regard, PDFs who had lost their agricultural lands (307.27 acres in respect of 14 villages submerged under Narayanpur dam) were deprived of allotment of land in the command area.
- The National R&R Policy envisaged that the rehabilitation grant and other benefits expressed in monetary terms should be indexed to the Consumer Price Index and the same should also be revised by the appropriate Government at suitable intervals. The Government, in violation of the Policy, had not made any provision for indexation of the various monetary benefits though these were fixed during 1989-95 and continued to provide the same benefits even during 2015-16. As a result, the PDFs who had lost their agricultural land were not only given insufficient compensation but were also deprived of allotment of land in the command area.
- Though the National R&R Policy specified that the States should fix time schedule for completion of R&R, the GoK had not fixed any time frame. Consequent to which, the R&R of people affected (6,329 PDFs) in Bagalkot town between RL 521 metres and 523 metres of Almatti reservoir taken up in November 2002 and R&R of 14 villages (4,274 PDFs) affected under the backwaters of Narayanpur reservoir taken up as per GoK orders in January 2007 and September 2009 was not completed (September 2015) even after a lapse of considerable period of 6 to 13 years as commented in paragraphs 2.2.15, 2.2.16 and 2.2.18.1.

Thus, in the absence of a specific policy on R&R for the State and non-adoption of the provisions of the National R&R Policy, the R&R activities were delayed, depriving the project displaced families their due benefits.

The Government, while replying (December 2015) that the Karnataka Resettlement of Project Displaced Persons Act, 1987 was repealed subsequently, stated that the provision of 'land for land' in the command area was found to be impractical from the implementation point of view. Necessary provision was made for extending monetary assistance up to ₹ 60,000 to land losing PDFs for purchase of agricultural land, in addition to the compensation paid for the land acquired, exemption of stamp duty to purchase agricultural lands and reservation in Government jobs in Group 'C' and 'D' categories. It was further replied that adopting the National R&R Policy was left to the respective States and some benefits given under R&R by the State Government were more beneficial to the PDFs than those provided in the National R&R Policy.

In the Exit Conference, the Government accepted (December 2015) that the indexation of monetary benefits was not done. Regarding Policy formulation, the Government stated that as there was urgency in project implementation and as assent from the President of India was abnormally delayed, Executive Orders had been issued and the National Policy had come into effect at a later stage.

The reply is not acceptable. The National R&R Policy stipulated (Para 1.3) that the Policy must apply to all projects where involuntary displacement takes place. There was no hindrance in implementing the National Policy, for the R&R implemented after it came into effect. Further, the benefits extended by the State Government were not commensurate with that envisaged in the National R&R Policy, as brought out in the following table:

**Table No.2.2.1: Statement showing the benefits extended by the Government and that envisaged in the National R&R Policy**

Nature of benefit	Benefit as per the National R&R Policy	Benefit as given by the State Government
Allotment of land to the land losing PDFs	Maximum of one hectare of irrigated land or two hectares of un-irrigated land or cultivable wasteland	Compensation to the land and additional incentive up to ₹ 60,000 per PDF.
Agricultural wages for land losers if they were not given land to land	Minimum wages of 750 days.	Subsistence allowance of ₹ 2,800
One time assistance for Schedule Tribe affected families.	Additional wages of 500 days	No such additional benefit was given.
Transportation for shifting of family	₹ 10,000	Maximum of ₹ 2,500
Construction of working shed for rural artisans	Minimum of ₹ 25,000	No such benefit was given
Employment	Employment for at least one person per nuclear family	5 per cent reservation in Government Jobs for Group C and D category



Nature of benefit	Benefit as per the National R&R Policy	Benefit as given by the State Government
Indexation of benefits	Benefits to be indexed to Consumer Price Index with the first day of April following the date of coming into force of this policy and shall be revised at suitable intervals.	Indexation not done, benefits announced during 1989-95 remained unchanged

### ***Socio-Economic Survey***

**2.2.13.** For any meaningful monitoring and evaluation, it was essential to have baseline data relating to the pre-project conditions of PDFs. This data could be used for the purpose of comparison with the later changes in living conditions of PDFs that would come as a result of R&R. This would help to assess whether there was a positive change in the lives of the PDFs in the desired direction post R&R.

The National R&R Policy stipulated that the Socio-Economic Survey should consist of data on various parameters *viz.*, members of the family who were permanently residing, engaged in any trade, business, occupation or vocation in the affected area; families who were likely to lose, or had lost, their house, agricultural land, employment agricultural and non-agricultural labourers; families belonging to the scheduled caste or scheduled tribe categories; vulnerable persons such as the disabled, destitute, orphans, widows, unmarried girls, persons above fifty years of age who were not provided or could not immediately be provided with alternative livelihood, and who are not otherwise covered as part of a family; families that were landless and below poverty line, *etc.*

Audit observed that the Government had not mandated any specific criteria for conducting socio-economic survey. The socio-economic status of the PDFs prior to their displacement had not been assessed. The Socio-Economic Survey Reports (in respect of 14 villages submerged under Narayanpur dam) prepared (June 2012) by the Government did not contain income of the PDFs, details of rural artisans, families belonging to the Scheduled Caste or Scheduled Tribe categories and vulnerable categories. The Survey Reports should have projected the data on various parameters, as envisaged in the National Policy, so that Government could give priority or special attention for certain sections of the society. Rather, it served the sole purpose of identification of eligible PDFs under R&R.

The very purpose of preparation of survey reports had been defeated as the Government was unable to provide envisaged benefits to the project affected persons and families that were below poverty line in the absence of relevant information. In the absence of base line data with regard to living condition of the PDFs pre and post project implementation, the improvement or otherwise in the economic condition of PDFs was not assessable.

The Government replied (December 2015) that the details of affected families have been collected showing the pre-project conditions of PDFs and indicated extent of land and house lost. The benefits as stipulated by the Government orders were extended to the eligible persons. The provisions as envisaged in

**The Socio-Economic survey neither captured the status of the affected families nor identified the vulnerable and weaker sections of the society.**

the new Land Acquisition Act, 2013 with regard to socio economic survey would be implemented for the next stages of R&R.

The reply is not acceptable as the survey reports neither captured the socio-economic status of the affected families nor identified the vulnerable and weaker sections of the society, on the lines as mandated in the National R&R Policy.

**Recommendation No.1: The Government should formulate a comprehensive R&R Policy specific for the State in line with the National Rehabilitation and Resettlement Policy, 2007 and ensure that its provisions are adhered to so as to enable the project displaced families get their legitimate benefits.**

### Implementation of R&R

**2.2.14.** The process of R&R involved identification of affected villages through a survey, their acquisition in consultation with local authorities and Gramsabhas, resettlement of PDFs/PDPs in a new habitation called Rehabilitation Centre (RC) with adequate provision for essential infrastructural facilities including basic amenities such as schools, hospitals, drains, community centres, *etc.*, and providing just and fair compensation to the affected families for improvement in their post-acquisition social and economic status. The major benefits that were entitled by the PDFs/PDPs under R&R were, allotment of free sites at RCs, house construction grant, income generating grant, compensation for the land lost, land purchase grant, transport allowance and subsistence allowance.

A review of R&R of people affected under the backwaters of Narayanpur and Almatti reservoirs revealed multiple instances of delayed and poor implementation in creation of essential facilities, leading to PDFs being denied their rightful dues even after considerable period, as brought out below:

#### *Inordinate delay in taking up of R&R*

**2.2.15.** The norms of acquisition of lands and structures coming under submergence by major and medium irrigation projects, laid down by Central Water Commission (CWC) states that structures along with their lands should be acquired up to the designed Mean Water Level<sup>73</sup> (MWL) plus wave height plus one foot vertical or 300 feet horizontal (100 metres) from the MWL line whichever was



Bisnalkoppa village – June 2015

Though 14 villages were within the norms of CWC, they were included under R&R only when these villages were inundated with flood water discharge.

<sup>73</sup>The average height of the water surface, determined at equal (usually hourly) intervals over a considerable period of time.

less. 14 villages<sup>74</sup>, which were at a distance between 45 metres and 80 metres from the MWL of Narayanpur dam, met the criteria fixed by CWC for acquisition. Despite the fact that these villages were well within the norms of rehabilitation, the Government had not brought them into the scope of rehabilitation before impounding (1982) water in Narayanpur dam. The villagers of Kesarpenti and Bisnalkoppa had abandoned their villages as these villages were below FRL and were washed off in flood discharge. The rehabilitation was taken up only when these villages were inundated by flood water discharge during August 2005 and after requests by the affected people. The Government issued orders in January 2007 for rehabilitation of three villages and in September 2009 for rehabilitation of another 11 villages for taking up R&R.

The Government replied (December 2015) that the delay in implementation of R&R in these villages was due to administrative reasons.

The Government failed to bring these villages under the ambit of R&R before impounding water at Narayanpur Dam although they satisfied the norms of acquisition as per CWC, rather it waited to act till the villages were affected by the floods. Even after belated action for inclusion of these villages, the Government had failed to complete the entire R&R process within a definite time frame as commented in the succeeding paragraphs.

#### ***Insufficient land procurement for RCs and non-disbursement of benefits***

**2.2.16.** There were 4,274 PDFs in the 14 villages. The progress in implementation was very poor. Audit observed that in respect of three villages viz., Bommanagi, Katagur and Turadgi, the land procured for establishment of RCs was not sufficient resulting in delay in formation of RCs. As per the criteria adopted for the purpose, a total of 217.75 acres<sup>75</sup> was to be acquired for formation of RCs in respect of these three villages. Against this only 95.35 acres<sup>76</sup> was acquired. The PDFs did not accept the allotment letters and the formation of RCs as the land acquired was not sufficient. The infrastructural works in these RCs were taken up belatedly during September 2010 and August 2013. In respect of Katagur and Turadgi, the works related to drinking water facilities are expected to be completed only during February 2016.

Audit further observed that the process of acquisition of structures (houses and other buildings belonging to the affected families) in 11 flood affected villages<sup>77</sup>, which had commenced only in October 2011 after two years from the date of issue of orders, was completed in December 2014. Similarly, the acquisition of land for RCs for 12 villages was completed in December 2015

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<sup>74</sup> Katagur, Turadgi, Bommanagi, Kengalkadapatti, Bisnal, Bisnalkoppa, Iddalgi, Kamadatta, Adhial, Yemmeti, Anupkatti, Kesarpenti, Kajgal, Varagoddinni.

<sup>75</sup> 78.75 acres for Bommanagi (315 PDFs x 5 guntas x 2 =3,150 guntas), 63 acres (252 x 5 guntas x 2=2,520 guntas) for Katagur, 76 acres (304 x 5 guntas x 2=3,040 guntas) for Turadgi as per Planning norms. (1 acre = 40 guntas).

<sup>76</sup> 30 acres for Bommanagi, 30.35 acres for Katagur and 35 acres for Turadgi.

<sup>77</sup> Kengalkadapatti, Bisnal, Bisnalkoppa, Iddalgi, Kamadatta, Adhial, Yemmeti, Anupkatti, Kesarpenti, Kajgal, Varagoddinni.

and the land acquisition for the balance two villages (Adhial and Bisnalkoppa) was not completed (December 2015). Further, other benefits such as land and house construction grants, income generating grant, *etc.*, had not been disbursed to any of the PDFs in these 14 villages (December 2015). As a result, the PDFs are continuing to live in temporary sheds.

The Government replied (December 2015) that 244 out of 658 plots in respect of Turadgi village and 302 out of 1,242 in case of Bommanagi village were allotted and many families had moved over to other places for livelihood over a period of time. In respect of Katagur village, additional land acquisition has been initiated. Efforts were being made to educate eligible PDFs in these villages to claim benefits. Further, it was also stated that land acquisition for 12 RCs had been completed and 10 RCs had been formed while the land acquisition process for two RCs were under progress.

Thus, failure to rehabilitate the project affected people within a reasonable period had led to a situation where some of the PDFs in Turadgi and Bommanagi villages had to move away to other places for their livelihood depriving their benefits under R&R. Acquisition of land and formation of RCs in two out of 14 villages, disbursement of other benefits such as land and construction grants in 11 villages and allotment of plots to PDFs in RCs excepting two villages has still not commenced (December 2015).

### ***Failure to provide adequate infrastructure***

**2.2.17** As per the directions of the Government (January 1993), RCs should be established with basic facilities such as piped water supply, electricity, internal roads, school building, teachers quarters, public health centre, community building, places of worship, *etc.* Audit scrutiny revealed that RCs in respect of Kamaldinni, Dhannur and Kankanwadi were formed without providing these basic facilities as commented in paragraphs 2.2.17.1 to 2.2.17.3 below.

**2.2.17.1.** The RC for Kamaladinni village was formed with 186 plots in January 1988 and other entitled benefits under R&R were distributed, but allotment of plots in RC commenced only in September 2011. Audit observed that the villagers had complained about non-issue of allotment letters which deprived them of constructing houses in the RC and were forced to live in sheds.



**Rehabilitation Centres were formed without providing basic amenities.**

The delay in allotment was because of the refusal by the villagers to occupy the RC as there was lack of basic amenities and non-execution of restructuring works in RC as sought by them. The restructuring of RC was taken up only after receiving complaints from the affected PDFs. The infrastructure works for providing basic amenities such as roads, drains,

anganwadi buildings, public toilets, schools, *etc.*, were taken up only during 2012-13. Some of these works were still under progress (March 2015). During this intervening period, 41 people, who died due to passage of time, were deprived of the benefits under R&R. Only 67 out of 186 plots had been allotted up to March 2015.

The Government replied (December 2015) that the villagers continued to stay in the old village as major part of the village remained outside the limits of submergence. It further stated that 107 out of 178 PDFs have received allotment letters. Some of the remaining PDFs failed to prove their eligibility while some of the others had settled elsewhere.

The reply is not acceptable as, though the RC was formed in 1988, the infrastructure works in RCs were taken up only during 2012-13, which was a failure on the part of the Government. Creation of infrastructure was mandatory as per the prevailing orders and the PDFs did not shift to RCs because of non-completion of these works.

**2.2.17.2.** In case of Dhannur, RC was formed in 1993. The allotment of plots in the RC had commenced only in 2006, i.e. after 13 years of formation. The infrastructure works were taken up only during 2013-14 and some of these works were still under progress (March 2015). 338 out of 462 PDFs were allotted plots in the RC. The PDFs who were not allotted plots continued to live in sheds. The reasons for non-allotment were deaths (20 PDFs), absence of required permission from the Deputy Commissioner (41 PDFs), and absence of certain documents (32 PDFs).



Dhannur RC – June 2015

The Government replied (December 2015) that 343 out of 462 plots had been allotted and the remaining 119 PDFs failed to prove their eligibility (cut-off date: January 1984). Continued vacancy in the posts of Rehabilitation Officers and other levels since 2006 had delayed the process.

The reply is not acceptable as the infrastructure works in RCs taken up in 2013-14 were still under progress. Socio economic survey should have been the base for extending the benefits under R&R rather than seeking PDFs to prove their eligibility through some other documents after a lapse of more than 30 years (January 1984). Thus, these PDFs were deprived of their benefits under R&R.



**2.2.17.3.** The village of Kankanwadi in Jhamkhandi Taluk of Bagalkot District with 1,024 PDFs came under submergence for the RL 519.60 metres of Almatti dam and should have been rehabilitated by 2002-03 when the water was impounded at Almatti reservoir up to the said RL. Initially the Government issued (November 1995/July 1996) notification under Section 4(1)/6(1) of the Land Acquisition Act for acquisition of 129 acres and 6 guntas of land for providing sites for the PDFs. As against which, Special Land Acquisition Officer (SLAO) could acquire (August 2000) only 85 acres and 14 guntas of land due to objections raised by the owners of land and subsequent litigation in courts and de-notification of lands by the Government. Acquisition of further land had not taken place (August 2015) as a portion of land (28.06 acres), which was proposed to be acquired, was under dispute.



The villagers refused (May 2001) to receive the allotment letters to the RC till acquisition of sufficient land. No infrastructure had been created (August 2015) in the RC and the land in which RC had been formed was covered by shrubs.



Though the Government paid (December 2000) a compensation of ₹ 1.95 crore to the villagers, yet rehabilitation was not successful and the people continued to live in uninhabitable condition as no infrastructure was created in RCs.

The Government replied (December 2015) that the RC has now been equipped with basic infrastructure and civic amenities. Efforts are being made to expedite the disposal of the court case and to acquire remaining portion of land (28.06 acres).

The reply that RC is complete with basic amenities is not acceptable because drinking water facility, school, health centre, teachers' quarters, dhobi ghat, public toilets *etc.*, have not been provided in the RC. Further, a portion of the land was yet to be acquired to accommodate all the PDFs.

### ***R&R in Bagalkot Town***

**2.2.18.** In order to plan, develop and manage the resettlement and rehabilitation of PDFs of the Bagalkot town, the Government had established Bagalkot Town Development Authority (BTDA). The Government had also framed rules called BTDA (Allotment of sites) Rules, 1993 for allotment of

sites to PDFs. The rehabilitation of PDFs in Bagalkot town up to the RL 521 metres of Almatti reservoir was completed in 2001-02. Audit scrutiny of records relating to rehabilitation of PDFs for RL 521 metres and RL 523 metres and land acquisition for RL 523 metres and RL 525 metres which was under progress during 2010-15 revealed the following (paragraphs 2.2.18.1 and 2.2.18.2).

***Poor implementation***

**2.2.18.1.** The Government, based on the protests and complaints from the affected people (6,329 PDFs) in Bagalkot town (living between RL 521 metres and RL 523 metres) of Almatti dam, ordered (November 2002) rehabilitation as they were suffering from unhygienic conditions due to backwaters of Almatti reservoir stored at RL 519.60 metres.

Audit observed that despite receiving directions from the Government in November 2002, BTDA did not take action to acquire the Structures immediately. The subject matter was brought before the Board of Directors of the Company only in June 2010. The Board approved (June 2010) acquisition of structures and infrastructure developmental works for rehabilitation of these PDFs. Though BTDA had completed in 2014-15 the acquisition of 3,723 structures, the R&R of PDFs was yet to take place (December 2015). The works for underground drainage system, construction of roads, electrification were taken up only during 2013-14 and water supply works were initiated in 2014-15.

Thus, the abnormal delay in taking decisions at various stages caused the people to live in unhygienic conditions since 2002 without getting any relief within a definite timeframe. The people were yet to be relocated even after 13 years.

The Government replied (December 2015) that as the State had no mandate to go beyond the level of 519.60 metres and any activity beyond this level would be construed as advance action without any legality and hence the decision taken in 2002 was not implemented. Subsequently in June 2010, a decision was taken to acquire structures from RL 521 to RL 523 metres based on the pressure from the residents.

The reply is not acceptable as the families were affected by the backwaters for water stored within the RL 519.0 metres of Almatti dam. In spite of the Government Order of November 2002 to take up R&R of the families up to RL 523 metres and also the BoD taking a final decision in June 2010 for shifting the PDFs, it is not completed even now (December 2015).

<p><b>Recommendation No.2: The applicable norms of CWC for acquisition of land and structures should be complied with and RCs should be formed with all basic amenities as per the norms in a time bound manner.</b></p>
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**1,168 acres of land acquired for R&R purposes was allotted for non-R&R purposes, resulting in acquiring additional land subsequently, to meet the requirement.**

### ***Allotment of land for non-R&R activities***

**2.2.18.2.** Considering the recommendations of the World Bank, the Government issued (June 1991) an order specifying the facilities or benefits to be extended to the affected people in Bagalkot town. Subsequently, Government notified (May 1994) allotment rules called Bagalkot Town Development Authority (Allotment of Sites) Rules, 1993. The allotment of sites by BTDA was governed by these Rules. These allotment rules were different from those framed for rehabilitation of villages.

With the approval (October 1985) of Government, BTDA had acquired (1986-87) 4,544 acres of land for relocation of Bagalkot town. Out of this, 3,230 acres was utilised for rehabilitation of PDFs affected up to RL 523 metres and 1,168 acres was provided for the purposes other than for R&R such as Horticultural University, Food Parks, *etc.* Further, BTDA (Allotment of Sites) Rules, 1993 provided for certain additional benefits to the affected people in Bagalkot town which *inter alia* included allotment of sites of higher dimension<sup>78</sup> at the option of PDFs, auction of corner plots, allotment of plots to tenants who were residing for a specified period in the project affected area, allotment to host PDFs<sup>79</sup> and non-PDFs, *etc.* These provisions had taken away substantial land acquired at the initial stage and delayed the rehabilitation of PDFs. BTDA, after utilising the land for both R&R and non-R&R purposes, was left with only 146 acres out of 4,544 acres initially acquired.

Audit observed that though the Government was well aware of the fact that the rehabilitation of 42,618 affected people in Bagalkot town was pending for the levels of RL 523 metres to RL 527<sup>80</sup> metres of Almatti dam and 3,600 acres of land was estimated as required for the purpose by the BTDA, yet 1,168 acres of land was given away for other purposes, thereby necessitating procurement of additional land and consequent delay in the rehabilitation of the PDFs.

BTDA issued (between November 2013 and January 2014) notification for 2,032.32 acres to accommodate 9,215 PDFs staying in the contour of RL 523 to RL 525 metres in Bagalkot town, which was not acquired yet (December 2015). This contour required approximately 544 acres of land as per the existing norms. BTDA had a balance of 146 acres out of the initially acquired land of 4,544 acres. As such the requirement was only 400 acres and there was no necessity of fresh acquisition of 2,032.32 acres as this could have been accommodated out of 1,168 acres diverted for other purposes. This process of additional land acquisition had delayed the ongoing rehabilitation process.

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<sup>78</sup> PDFs were eligible for 72 square metres free of cost and they were allotted sites of higher dimension at the option of PDFs after collecting differential cost.

<sup>79</sup> Host PDF is one who loses the land for rehabilitating the project affected people

<sup>80</sup> For the FRL 524.25 metres, the R&R in Bagalkot town was proposed to be done up to RL 527 metres.



Government replied (December 2015) that the allotment of plots to non-PDFs was done as a one-time measure to encourage habitation in the newly formed rehabilitated town. Corner sites were allotted as per BTDA (Disposal of corner sites) rules, 2003. It was also stated that intention of allotment for Food Parks was to generate employment and Horticulture University was given land in order to promote horticulture crops in Bagalkot area.

The reply is not acceptable as BTDA should have given priority to R&R activities since the land was acquired specifically for the rehabilitation of people affected by the UKP. Any additional provision could have been made only after suitably rehabilitating the affected people and the Government could have acquired land for specific purpose. Instead, BTDA resorted to diversion without fulfilling its basic social obligation. The purpose of allotment of land for setting up of Food Parks to generate employment was not served as they were yet to come up (December 2015).

**Recommendation No.3: The Government should issue suitable orders preventing the use of land procured for R&R activity for other purposes.**

### **Monitoring**

**2.2.19.** The Government accorded (April 1985) approval for constitution of two committees *viz.*, a High Level Review Committee (HLRC) headed by the Chief Minister to review the progress of works done by BTDA and an Action Plan Committee (APC) headed by the Additional Chief Secretary to take expeditious steps to shift the Bagalkot town. Further, the Government gave approval (July 2013) to form similar Committees for R&R of affected people for FRL 524.25 metres. Besides, the Commissioner of R&R at the Project level, and the Company, as funding authority, were also responsible for monitoring.

The Committees (HLRC, APC) formed for reviewing R&R activities of Bagalkot town did not meet during the entire period between 2010 and 2015. Further, the APC formed in July 2013 for rehabilitation of affected people for FRL 524.25 metres conducted just three meetings (January 2014, August 2014 and December 2014). At the Company level, however, the proposals of Commissioner of R&R and BTDA were discussed only during the review of Annual Plans and there was no regular monitoring of the implementation of R&R.

As a result of not holding periodical meetings, the various bottlenecks, such as insufficient procurement of land for RCs, delay in establishment of RCs, abnormal delay in taking decisions at various levels, *etc.*, were not properly dealt with at appropriate levels of the Government/Management. The affected people under Narayanpur and Almatti dams were still (August 2015) waiting for rehabilitation since November 2002/January 2007. The Government should have issued directions to monitor the implementation of R&R at each level so that any deficiency at any level could have been identified and remedial action taken. Periodical meetings would have helped the Government in assessing the status of Rehabilitation and all the

**The Committees set up to review the progress of work were largely inactive.**

deficiencies noticed by Audit could have been set right at the nascent stage of the process itself.

The Government stated (December 2015) that uncertainty in water allocation to the State and continued vacancy of all the key posts including that of the Commissioner, General Manager, Rehabilitation Officers *etc.*, since 2007 had hindered the progress of R&R. It was further replied that periodical meetings are being held at various levels of the Government at present. The reply indicates the lack of initiative by the Government to rehabilitate the people to fill up the vacancies to carry out such a sensitive job. The Government needs to conduct meetings seriously to hasten the R&R activities.

**Shortage of manpower affected the implementation of R&R.**

**2.2.20.** There was shortage of personnel in the office of the Commissioner of R&R and office of the Chief Engineer, BTDA as well. These offices were working with 37 *per cent* and 58 *per cent* of the sanctioned strength respectively as of March 2015. The posts of Special Land Acquisition Officer, Rehabilitation Officer, Special Tahsildar, First and Second Division Revenue Surveyors were unfilled for the last three to four years (March 2015). There was no regular Commissioner R&R and Land Acquisition between 2006 and 2013 and in case of General Manager there was no regular officer since 2007. Dearth of manpower was one of the reasons attributable to the inordinate delay in implementing R&R. The Government replied (December 2015) that remedial steps were being taken to fill the vacant posts.

**2.2.21.** The R&R envisaged a mechanism redressing the grievances. The PDFs had an opportunity to approach Officers serving at field level *viz.*, Rehabilitation Officers, General Manager (Project), Commissioner for redressing their grievances. If they were not satisfied with the action taken at field level, they could also approach the Government or the Minister concerned.

**Grievance redressal mechanism was inadequate.**

Audit observed that there was no documentation of the process of grievance redressal required as per the Action Plan, which was prepared by the Commissioner, R&R, for different Reservoir Levels. Follow up of petitions or complaints made by the PDFs was absent. The redressal mechanism was poor as was evident from the fact that the people affected by flood discharge of Narayanpur Reservoir were still living in sheds without any remedy in sight. The people, affected between RL 521 metres and 523 metres in Bagalkot, who had been suffering from unhygienic conditions had not been rehabilitated despite complaints and protests since 2002.

The Government replied (December 2015) that Redressal Committee headed by the District Minister constituted for the purpose, had met twice a year since 2013. The official Committee headed by the project Rehabilitation Officer at local levels also meets regularly to attend to the complaints of the PDFs. Monthly meetings by the Commissioner, General Manager and Special DC are now being held regularly to follow up pending cases of grievances.

The reply refers to the recent developments. The very fact that people affected by flood discharge of Naryanpur dam were still living in sheds, suggests that no serious efforts were made in this direction. The Government

should monitor the outcome of the Redressal Committee meetings to ensure redressal of the problems of PDFs.

**Recommendation No.4: The Committees formed for the purpose of monitoring should hold regular meetings to discuss and resolve the bottlenecks in implementation of R&R. The Company should also discuss in the meetings of its Board of Directors the progress of R&R works and take action for speedy completion of works within a timeframe.**

**Recommendation No.5: Adequate manpower should be deployed at Project Offices to implement R&R package in a timely manner.**

### **Conclusions**

**Audit concludes that:**

- **The Government did not frame a comprehensive R&R Policy specific for the State in line with the National Rehabilitation and Resettlement Policy, 2007.**
- **As the Government had not conducted Socio-Economic Survey as per the National Rehabilitation and Resettlement Policy, 2007, the restoration of the pre-project economic status of the PDFs could not be assessed. This defeated the very purpose of R&R.**
- **6,329 PDFs in BTDA and 4,274 PDFs in the 14 villages were yet to be rehabilitated since 2002 and 2007 respectively, due to apathy of the Government in carrying out R&R.**
- **The Government's failure to rehabilitate the affected people within a reasonable time deprived many PDFs of their due benefits under R&R and had forced the PDFs to live in temporary sheds for the last ten years.**
- **The ineffective monitoring and inadequate manpower hindered the implementation.**