

# Land Acquisition and Resettlement Due Diligence Report

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Document stage: Draft for consultation

Project Number: 48434

Loan and/or Grant Number(s): {LXXXX; GXXXX; TXXXX}

April 2016

India: Visakhapatnam-Chennai Industrial Corridor  
Development Program  
Construction of Common Effluent Treatment plant at  
Atchutapuram and Naidupet Industrial Cluster -  
APIIC/01

This due diligence report is a document of the borrower. The views expressed herein do not necessarily represent those of ADB's Board of Directors, Management, or staff, and may be preliminary in nature.

## **CURRENCY EQUIVALENTS**

(as of 29 March 2016)

|               |   |             |
|---------------|---|-------------|
| Currency unit | = | Rupee (INR) |
| INR 1.00      | = | USD 0.01501 |
| USD 1.00      | = | INR 66.6255 |

## **ABBREVIATIONS**

|           |   |   |
|-----------|---|---|
| ADB       | – | Asian Development Bank  |
| APIIC     | – | Andhra Pradesh Industrial Infrastructure Corporation Limited  |
| APRDC     | – | Andhra Pradesh Road Development Corporation                   |
| APTransco | – | Andhra Pradesh Transmission Corporation Ltd                   |
| CETP      | – | Common effluent treatment plant                               |
| DDR       | – | Due diligence report  |
| DoI       | – | Department of Industries                                      |
| GVMC      | – | Greater Visakhapatnam Municipal Corporation                   |
| MFF       | – | multitranche financing facility                               |
| R&R       | – | Resettlement and rehabilitation                               |
| VCICDP    | – | Visakhapatnam Chennai Industrial Corridor Development Program |

## CONTENTS

|  | Page |
|--|------|
| I. INTRODUCTION                                | 1    |
| A. Background                                  | 1    |
| B. Scope of this report                        | 1    |
| II. SUBPROJECT DESCRIPTION                     | 2    |
| A. Proposed components                         | 2    |
| III. FIELD WORK AND CONSULTATION               | 2    |
| A. Outline of field work                       | 2    |
| B. Consultation                                | 2    |
| IV. LAND AVAILABILITY AND RESETTLEMENT IMPACTS | 3    |
| A. Findings                                    | 3    |
| V. CONCLUSIONS                                 | 5    |
| A. Summary and Conclusions                     | 5    |

## LIST OF APPENDIXES

1. Photographs
2. Land Possession Certificates
3. APIIC Certification on Chronology of Land Acquisition



## **I. INTRODUCTION**

### **A. Background**

1. The proposed Visakhapatnam-Chennai Industrial Corridor Development Program (VCICDP) will complement ongoing efforts of the Government of Andhra Pradesh to enhance manufacturing sector growth and create high quality jobs in the state of Andhra Pradesh. The VCICDP comprises: (i) a policy-based loan to support policy reforms, and institutional development in the state's industrial sector; and (ii) a multitranche financing facility (MFF) for priority infrastructure projects within the Visakhapatnam-Chennai Industrial Corridor.

2. The envisaged outputs of VCICDP include: (i) ease of doing business improved; (ii) Visakhapatnam-Chennai Industrial Corridor infrastructure strengthened; and (iii) institutional capacities and program management strengthened. The Program will support output 1; and the MFF will support outputs 2 and 3. Subprojects identified for funding under Tranche 1 of the MFF include: (i) Package Andhra Pradesh Industrial Infrastructure Corporation Limited (APIIC)/01: Construction of Common Effluent Treatment plant at Atchutapuram and Naidupet Industrial cluster; (ii) Package APIIC/03: Augmenting utility services for Naidupet Industrial cluster. [SWD, power, internal road and one stop centre]; (iii) Package Greater Visakhapatnam Municipal Corporation (GVMC)/02: Distribution Network improvements for nonrevenue water reduction and 24x7 supply in GVMC area; (iv) Package Andhra Pradesh Road Development Corporation (APRDC)/01: Upgrading and Rehabilitation of 'Samarlkota to Rajanagaram' Section of 'Kakinada – Rajanagaram' Road to '2 Lane Dual Carriageway Standard; (v) Package Andhra Pradesh Transmission Corporation Ltd (APTransco)/01: Augmenting power distribution capacity for meeting Industry demand at Kapuleppada, Oszone Valley, Nakkapalle/ Chandanada and Achutapuram locations; and (vi) APTransco/02: Augmenting power distribution capacity for meeting Industry demand at Rachagunneri, Naidupeta and Yerpedu locations. All Tranche 1 subprojects are to be implemented in 4 years, from 2016 to 2019.

3. The State of Andhra Pradesh acting through its Department of Industries (DoI) will be the executing agency. The Directorate of Industries within the DoI will be responsible for the daily coordination and execution of both the Program as well as the MFF. A program management unit, established in the DoI, will be responsible for planning, implementation, monitoring and supervision, and coordination of all activities under the Program and the MFF. Project implementation units (PIUs) will be established in APIIC, APRDC, APTransco, and GVMC, and will be responsible for implementing the MFF.

### **B. Scope of this report**

4. This land acquisition and resettlement due diligence report (DDR) is prepared for the proposed tranche 1 package APIIC/01, under which construction of common effluent treatment plants are proposed at Atchutapuram and Naidupet industrial clusters under VCICDP.

5. A due diligence process was conducted to examine land acquisition and resettlement issues in detail, in line with Asian Development Bank (ADB's) Safeguard Policy Statement, 2009. This report describes the findings and provides copies of available documents and photographs. This land acquisition and resettlement due DDR needs to be read along with the Resettlement Framework prepared for VCICDP.

6. Upon project implementation, the Safeguard Manager, Social and Gender in the APIIC PIU will be required to undertake a review of this due diligence, prepare a confirmation letter or

report documenting any modifications for the subproject and submit to the Safeguard Officer in the program management unit and ADB. A 'no objection' confirmation is required from ADB prior to start of construction in the subproject.

## **II. SUBPROJECT DESCRIPTION**

### **A. Proposed components**

7. Subproject components (civil works) proposed under the package APIIC/01 include construction of effluent treatment plants at Atchutapuram and Naidupeta industrial clusters.

8. Atchutapuram SEZ is a multi-product SEZ developed over an area of 5,595.47 acres of land at Atchutapuram and Rambilli mandals of Visakhapatnam district. Similarly, Naidupeta Cluster in the southern part of the state consists of a multi-product SEZ (2,549 acres), Naidupeta Industrial Park (1,244 acres) and Attivaram Industrial Park (406 acres). Many investors have evinced interest in these areas and a few have even started production. Investors would be facilitated in running smooth production operations if some vital infrastructure components, such as bulk water supply and effluent treatment facilities, are installed and commissioned. Due to pressing demand from the existing chemical units, APIIC has already started constructing a 1.5 million liters per day (MLD) common effluent treatment plant (CETP) and an outfall system for transporting treated effluent for marine disposal in APSEZ Atchutapuram. This needs to be augmented to a capacity of 4.5 MLD to cater to the requirement of all allocated units in the chemical sector. Thus, construction of a 3 MLD CETP is planned under the project.

9. There is a similar pressing need for upgrading internal infrastructure in Naidupeta cluster of Yerepedu Kalahasti node. There are many operating units in the Industrial Park, Naidupeta and upcoming units in MPSEZ Naidupeta. Their production capacity can be enhanced and many allotted units can start producing only when proper Effluent Treatment Facility is established. Considering the capacity requirement of units already operating and likely to be commissioned soon, a CETP of 1.0 MLD is planned under the project. As there is no nearby site for disposal of treated effluent, the CETP shall be operating on a Zero Liquid Discharge (ZLD) mode.

## **III. FIELD WORK AND CONSULTATION**

### **A. Outline of field work**

10. Field inspection of proposed subproject facility locations was undertaken in October 2015. These included field visit to the identified sites and stakeholder consultations. All the land requirement for the subproject, is fulfilled by government land, owned by APIIC.

### **B. Consultation**

11. Consultations were held with the key stakeholder, APIIC. The consultations (subsequently followed by certification from APIIC on the chronology of land acquisition) revealed that the CETP sites in both locations were not acquired by APIIC in anticipation of ADB funding and there are no legacy issues on involuntary resettlement for the subproject. The sites had been acquired with the intention of setting up industrial parks/SEZs/ industrial clusters.

12. Field visits were made to the proposed CETP sites, which were found to be vacant, unused sites within the boundary of Atchutapuram and Naidupeta industrial clusters. The field

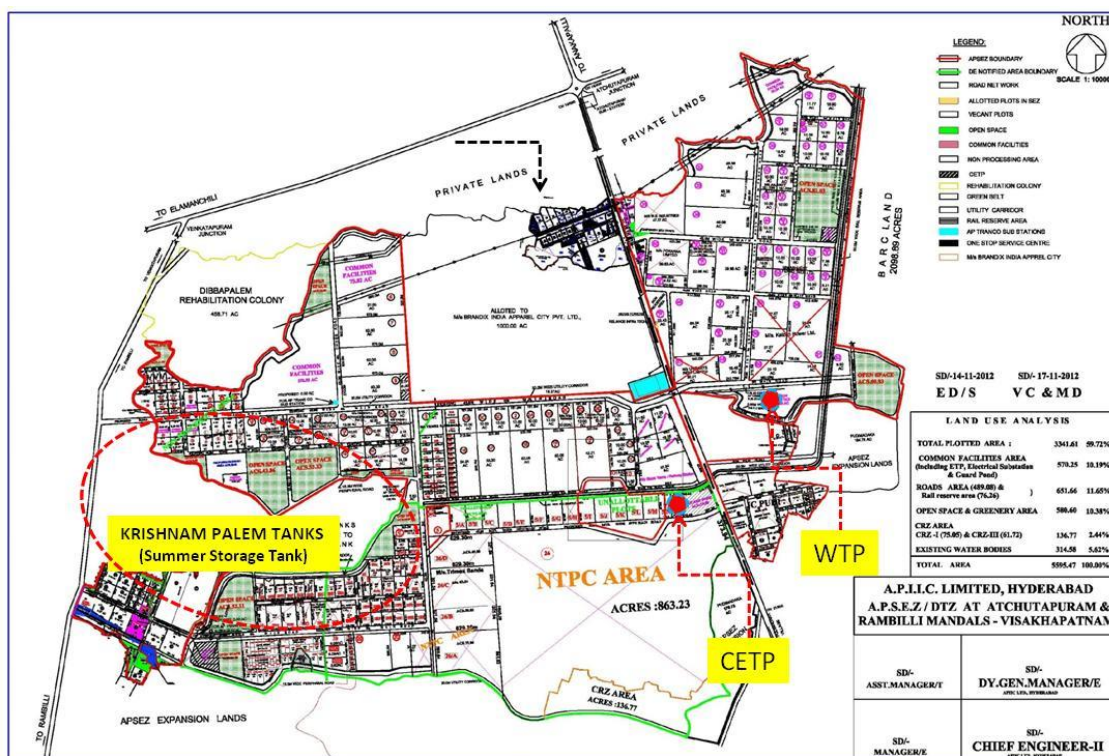
visits/reconnaissance surveys and discussions with APIIC helped establish that there was no need for further surveys / inventories of loss of assets to be prepared. Members of a relocated household from the Atchutapuram site (met during field visit by the ADB team and consultants) indicated that they were happy with the facilities provided at the resettlement site and that their living conditions were better at the new location. They were also happy about the fact that they had been resettled close to their original location.

#### IV. LAND AVAILABILITY AND RESETTLEMENT IMPACTS

##### A. Findings

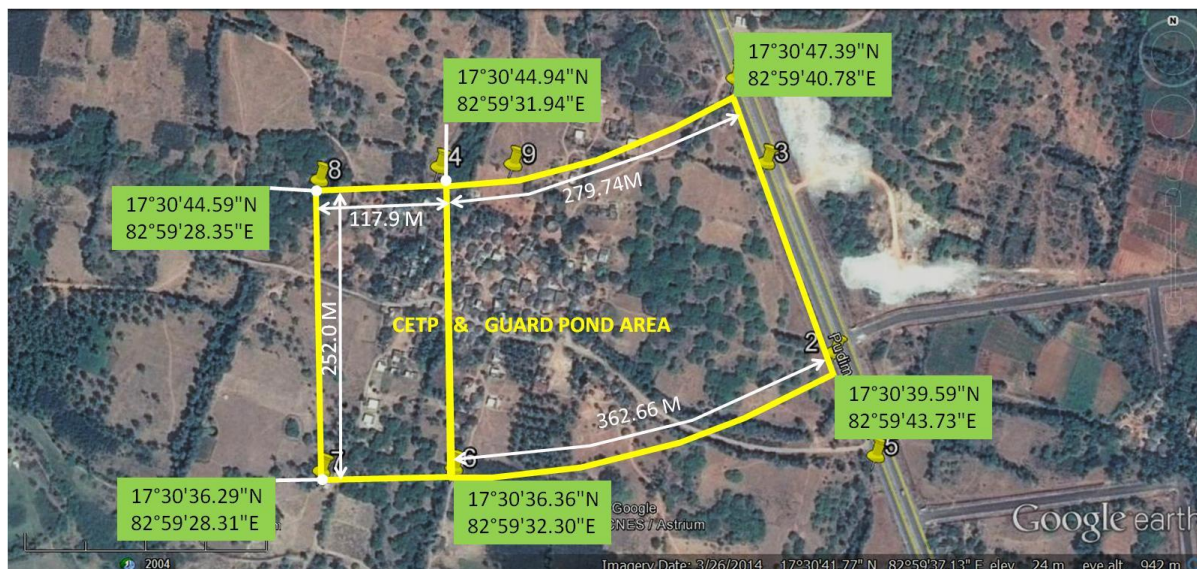
13. The total land in Naidupeta under APIIC's possession is 4,556.84 acres; the CETP is proposed within the boundary of APIIC's land, and is presently vacant. The total land available in Atchutapuram under APIIC's possession is 5595.47 acres; the 3 MLD CETP requires about 27.46 acres of land that is presently vacant and under APIIC's possession. Appendix 2 presents details of land in APIIC's possession in Atchutapuram and Naidupeta. Appendix 3 presents APIIC's certification on the chronology of land acquisition in APIIC's Atchutapuram and Naidupeta industrial areas, which confirms that land acquisition was not initiated in anticipation of ADB funding, but was undertaken as a result of the government's own plans for industrial development.<sup>1</sup> APIIC has confirmed that there are no legacy issues on involuntary resettlement for the subproject.

**Figure 1: Schematic Layout of Atchutapuram SEZ depicting CETP Location**



<sup>1</sup> Land acquisition for APIIC lands at Atchutapuram was undertaken between 2004-05 and 2007-08, whereas LA for APIIC lands at Naidupeta were undertaken between 2006-07 and 2008-09.

**Figure 2: Google Earth Map showing Proposed Location of CETP in APSEZ Area, Atchutapuram**



14. Figure 1 presents a schematic layout and Figure 2 is a Google Earth map dated 2014 depicting the proposed Atchutapuram CETP site condition in that year. It is evident that there were houses (huts) located at the site at that time. However, the people / families who were staying at the Atchutapuram CETP site were later relocated to Resettlement Colonies developed by APIIC at Dibbapalem and Veduruvada, adjacent to APSEZ, hence the relocated people's networks remained undisturbed. The Government provided an ex-gratia amount and compensation and developed house plots at the resettlement colonies to affected persons, who have constructed their own houses in the allotted plots in the resettlement colonies. APIIC and the affected persons initiated reconstruction of infrastructure and housing in 2010. Some people continued to live in their old houses (within the SEZ boundary) until 2015, i.e., until construction was initiated at the APIIC funded CETP site of 1.5 MLD, presently under implementation by APIIC with its own funds. The proposed CETP under this subproject is located adjacent to the under-construction CETP.

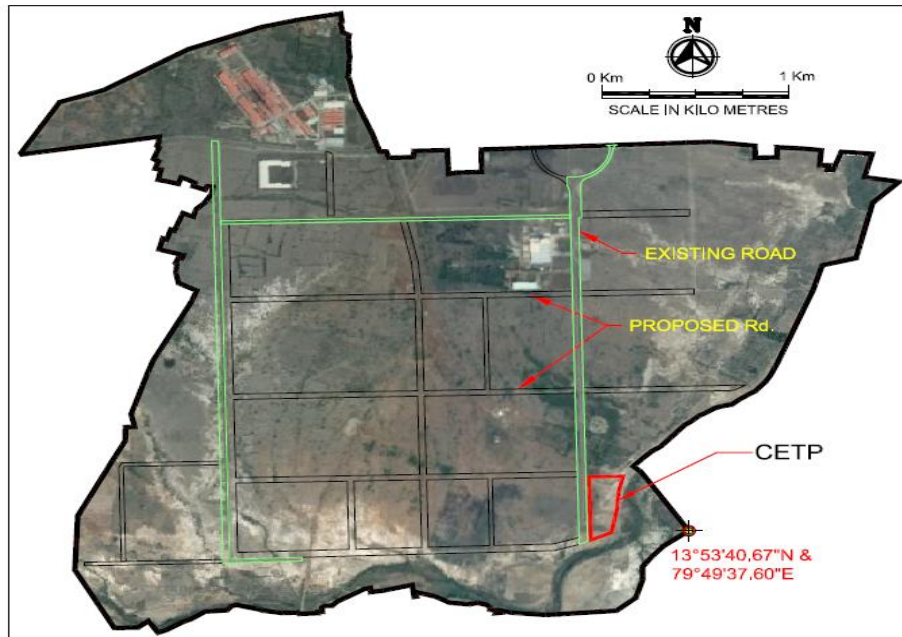
15. As per information shared by APIIC, the resettlement and rehabilitation (R&R) package for Atchutapuram was implemented as per Government of Andhra Pradesh's "Policy on Resettlement and Rehabilitation (R&R) for Project Affected Families, 2005", *vide* G.O.Ms. No. 68 dated April 08, 2005, and R&R Guidelines issued *vide* G.O.Ms. No. 231 dated August 10, 2005. Two resettlement sites, namely one at Dibbapalem village measuring 458.5 acres, and another at Veduruvada village measuring 120 acres, were identified adjacent to the SEZ site, in consultation with affected households. House sites were provided for 4100 families at Dibbapalem, and 1029 families at Veduruvada, as per State R&R policies and guidelines. In addition to sites, infrastructure facilities like water supply, power supply, internal roads, street lighting, drainage, sewerage, school, marriage hall, dispensaries and *anganwadis* (play schools) were also provided at the resettlement colonies.<sup>2</sup> After implementation of the R&R Package by APIIC and after relocation to the resettlement sites, the project affected people's (PAP) quality of life is noted to have improved; as stated by the relocated household consulted during field visit by ADB safeguard team. The quality of life of PAFs before and after implementation of R&R Package by APIIC are shown in the photographs appended to this due diligence report.

<sup>2</sup> Based on EIA Report for APSEZ, 2009, prepared by L&T Ramboll Consulting Engineers Ltd.



16. Figure 3 is a Google Earth map depicting the Naidupeta CETP location.

**Figure 3: Map showing Proposed Location of CETP in Naidupeta**








## V. CONCLUSIONS

### A. Summary and Conclusions

17. No involuntary resettlement impacts are assessed at identified sites for sub-project components, as both CETP sites belong to APIIC and adequate vacant, presently unused land is available within the APIIC SEZ compounds for the CETPs.


18. This DDR needs to be updated by the APIIC PIU in case of any design changes or site changes, and the updated DDR needs to be approved by ADB.

**PHOTOGRAPHS****A) Atchutapuram: Proposed CETP Site****B) Atchutapuram CETP Site in 2009 (before initiation of resettlement)**

|  |  |
|--|--|
| <b>C) Atchutapuram CETP Site in 2009 (before initiation of resettlement)</b>   |  |
|                                       |  |
| <b>D) Resettlement Colonies at Dibbapalem and Veduruvada (where people from Atchutapuram CETP site were resettled)</b> |  |
|                                       |  |
| <b>B) Naidupeta : Proposed CETP Site</b>   |  |
|                                     |  |

## LAND POSSESSION CERTIFICATES

### 2A: LAND POSSESSION CERTIFICATE FOR CETP ATCHUTAPURAM



**C.YATHI RAJU, B.Tech.,**  
ZONAL MANAGER

ANDHRA PRADESH  
INDUSTRIAL INFRASTRUCTURE CORPORATION LTD.  
(A Government of Andhra Pradesh Undertaking)  
Special Projects Zone, One Stop Service Centre, APSEZ,  
Atchutapuram, Visakhapatnam. Dist-531011  
Ph: 08924-237300; Email: apicvspz@rediffmail.com


**TO WHOMSOEVER IT MAY CONCERN**

This is to certify that, the sites for the construction of proposed 3 MLD Common Effluent Treatment Plant (CETP) and 5 MLD Water Treatment Plant (WTP) with financial assistance from Asian Development Bank (ADB), are located within the APSEZ/ De-notified area are in possession of APIIC and developed by APIIC. Details are as follows.

| S. No | Component       | Survey Numbers & Village/Mandal  | Extent Available (Acres) | Land Ownership & Status              |
|-------|-----------------|--|--------------------------|--------------------------------------|
| 1     | CETP<br>(3 MLD) | 353, 354, 355, 356, 358, 359, 363 and 364 of Moturupalem village, Rambilli Mandal  | 27.46                    | In possession of APIIC & Vacant land |
| 2     | WTP<br>(5 MLD)  | 234 P, 235 P, 236 P, 237 P & 238 P, of Moturupalem village, Rambilli Mandal.<br><br>243 P & 244 P of Pudi Village of Rambilli Mandal<br><br>48 P, 47 P, 49, 50 & 51 of Uddapalem Village, Atchutapuram Mandal.<br><br>52, 53 P, 55 P, 56 & 57 P of Thallapalem Village, Atchutapuram Mandal. | 60.63                    | In possession of APIIC & Vacant land |

The copies of Possession certificates of above survey numbers are here with enclosed.

End : As above

  
**ZONAL MANAGER**  
**APIIC, VISAKHAPATNAM**

**Andhra Pradesh Industrial Infrastructure Corporation Ltd.**

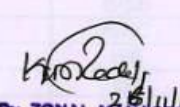
Special Projects Zone, Industrial Estate, Visakhapatnam - 530 007, Andhra Pradesh, INDIA  
Tel : +91-891-2559314, Tel/Fax : +91-891-2736059, E-mail : apic\_spt\_vsp@yahoo.com  
web : www.apic.in

NOTE: Supporting documents (copies of land possession certificates) are available in APIIC office.

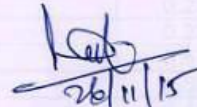


**2B: LAND POSSESSION CERTIFICATE FOR CETP NAIDUPETA**

| The following extent of land are in possession of APIIC<br>(Village wise extent in Acres) |                   |                |               |                |
|---|-------------------|----------------|---------------|----------------|
| <b>Multi Product SEZ - Naidupeta</b>  |                   |                |               |                |
| Sl.No   | Village Name      | Extent (Acs)   |               | Total (Acs)    |
|   |                   | Govt.          | Patta         |                |
| 1   | Dwarakapuram      | 154.20         | 421.87        | 576.07         |
| 2   | Pale Palem        | 324.66         | 59.42         | 384.08         |
| 3   | Menakur           | 212.49         | 116.07        | 328.56         |
| 4   | Koneti Raju Palem | 83.62          | 21.97         | 105.59         |
| 5   | Palachuru         | 1094.58        | 60.69         | 1155.27        |
| <b>Total</b>  |                   | <b>1869.55</b> | <b>680.02</b> | <b>2549.57</b> |
| <b>Industrial Park - Naidupeta</b>  |                   |                |               |                |
| Sl.No   | Village Name      | Extent (Acs)   |               | Total (Acs)    |
|   |                   | Govt.          | Patta         |                |
| 1   | Menakur           | 756.67         | 425.94        | 1182.61        |
| 2   | Koneti Raju Palem | 176.81         | 241.59        | 418.40         |
| <b>Total</b>  |                   | <b>933.48</b>  | <b>667.53</b> | <b>1601.01</b> |
| <b>Industrial Park - Attivaram</b>  |                   |                |               |                |
| Sl.No   | Village Name      | Extent (Acs)   |               | Total (Acs)    |
|   |                   | Govt.          | Patta         |                |
| 1   | IP-Attivaram      | 329.22         | 77.04         | 406.26         |



**Dy. ZONAL MANAGER (ENGRG.)**  
**A.P.I.C. LTD., NELLORE.**



**ZONAL MANAGER**  
**APIIC - LTD, NELLORE.**

NOTE: Supporting documents (copies of land possession certificates) are available in APIIC office.

## APIIC CERTIFICATION ON CHRONOLOGY OF LAND ACQUISITION

### 3A: COPY OF CERTIFICATION FOR APIIC LAND AT ATCHUTAPURAM



C. YATHI RAJU,  
ZONAL MANAGER

ANDHRA PRADESH  
INDUSTRIAL INFRASTRUCTURE CORPORATION LTD  
(A Government of Andhra Pradesh Undertaking)  
Special Projects Zone, Industrial Estate, Visakhapatnam-530007  
Ph: 0891-237100, Email: apic\_spz\_vsp@rediffmail.com

Lr. No. ZM/APIIC/SPZ/VSP/Lands/2015-16 .

dt. 09/02/2016.

To

**Asian Development Bank**

Sir/Madam,

**Subject :** Vizag – Chennai Industrial Corridor (VCIC) – Infrastructure Upgradation for Atchutapuram Cluster – Land Acquisition Details – Submitted –reg.

**Ref :** Email of Ms. Saswati Ghosh Belliappa, ADB – Social Safeguard Specialist, Dated: 03. 02.2016.

With reference to the subject project and reference cited above, the Chronology of Land Acquisition and R&R for “**Atchutapuram Cluster**” is submitted as below.

| LAND ACQUISITION |             |                               |
|------------------|-------------|-------------------------------|
| S.No             | Year        | Total Extent Acquired (Acres) |
| 1                | 2004 - 2005 | 3534.27                       |
| 2                | 2005 - 2006 | 5580.54                       |
| 3                | 2006 -2007  | 93.92                         |
| 4                | 2007 - 2008 | 78.97                         |
| <b>TOTAL</b>     |             | <b>9287.70</b>                |

| R & R Details |      |                     |  |
|---------------|------|---------------------|--|
| S.No          | Year | No. of PDFs Shifted | Name of R&R Colony<br>(developed to by APIIC)      |
| 1             | 2007 | 831                 | R&R Colony, Dibbapalem                             |
| 2             | 2008 | 538                 |  |
| 3             | 2010 | 571                 |  |
| 4             | 2013 | 477                 |  |
|               | 2015 | 1257                | R&R Colony, Dibbapalem &<br>R&R Colony, Veduravada |
| <b>Total</b>  |      | <b>3674</b>         |  |

ZONAL MANAGER

APIIC, VISAKHAPATNAM  
8/2/16

**3B: COPY OF CERTIFICATION FOR APIIC LANDS AT NAIDUPETA**

V.NAGESWARA RAO  
ZONAL MANAGER

Andhra Pradesh  
Industrial Infrastructure Corporation Ltd.  
(A Govt. of Andhra Pradesh Undertaking)  
www.apiic.in

Lr.No.ZO/APIIC/NLR/DB/VCIC/2015-16,

Dt.12-02-2016

To  
The Chief Engineer-I  
APIIC Limited,  
Hyderabad.

Sir,

Sub: - ZO-APIIC-NLR- Vizag – Chennai Industrial Corridor (VCIC) –  
Infrastructure Upgradation for Naidupet Cluster – Land  
Acquisition Details – Submitted – Reg.

Ref: - VCIC-Land acquisition details, vide Mail Dt.11-02-2016.

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With reference to the above subject cited, the chronology of  
Land Acquisition for “Naidupeta Cluster” is submitted as below.

| LAND ACQUISITION |                |         |                                  |
|------------------|----------------|---------|----------------------------------|
| Sl.No.           | Name of IP     | Year    | Total Extent Acquired<br>(Acres) |
| 1                | IP-Naidupet    | 2006-07 | 562.93                           |
|                  |                | 2007-08 | 1037.72                          |
|                  |                |         | <b>1600.65</b>                   |
| 2                | MPSEZ-Naidupet | 2006-07 | 1967.42                          |
|                  |                | 2007-08 | 582.37                           |
|                  |                |         | <b>2549.79</b>                   |
| 3                | IP-Attivaram   | 2008-09 | 406.26                           |
|                  |                |         | <b>406.26</b>                    |

Yours faithfully

  
ZONAL MANAGER  
12/02/16