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Did anyone say inclusive growth?

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Niyamgiri in Orissa is a classic example of the development vs people debate

THE ROAD to Lanjigarh *tehsil* in Orissa's Kalandi district is a perfect example of what we always knew: a very *minute* proportion of our — the taxpayers' — money manages to escape the corruption sieve and reach the poorest regions. But what makes this roller coaster ride worth it is what you see when you near the *tehsil* — a gleaming alumina refinery sandwiched between the thickly forested Niyamgiri hills on one side and agricultural fields on the other. In one shot, this captures the very essence of a debate raging across the country: which comes first — people or economic growth?

Adding another chapter to this controversy is Lanjigarh and the alumina refinery. On one side of this debate are the government and the Vedanta Aluminum Ltd, a subsidiary of the London-based Vedanta Resources Plc. On the other are the tribals and activists. The bone of contention is the bauxite-rich Niyamgiri hills. Tribals like the Dongria Kondh, Kutia Kondha and Jharania Kondha and activists say that the mining clearance given to the company by the Ministry of Environment and Forests (MoEF) violates the environmental clearance procedure and fundamental provisions of forest clearances. The last leg of mining clearance is awaiting the Supreme Court's nod.

Vedanta's top executives are clear on what is central to their plans. "The mine is crucial to the plant and we are optimistic that we will get the rights. It will not be worthwhile to get bauxite from somewhere else and process it here," says Umesh Mehta, Vedanta Vice-President, Commercial. The Niyamgiri has enough bauxite for the company to carry on for the next two decades, if not more.

Studies, including one done by a Supreme Court-mandated Central Empowered Committee (CEC), have highlighted how the ministry has deliberately overlooked reports that had called for a detailed assessment prior to giving the clearance. The CEC also said that mining will lead to deforestation of the slopes, destroy ecosystems rich in biodiversity and disrupt water sources that feed two rivers. Based on this and reports on Vedanta's other operations, Norway's Government Pension Fund-Global decided to sell off its stake in Vedanta Resources. The reason given was that "the company seems to lack interest in and willingness to do something about the serious and long-term damage that its operations inflict in people and environment". The fund, which is the second largest sovereign wealth fund in the world and has one of the best ethical standards, had invested around \$ 14 million.

Before going ahead with its decision, the fund had contacted the company requesting them to comment on the accusations. There was no response because "the case was *subjudice*". "We are writing back to them now," says CV Krishnan, Head, Business, Sterlite Industries Ltd, a

Vedanta group company. Krishnan blames these 'timely' reports on the company's "global competitors and local political interests". So, what about the local protests? "They are being created by people outside the region, not the stakeholders". The 'stakeholder' comment doesn't hold much water because, as a commentator succinctly puts it, "if globalisation can facilitate the movement of capital, goods and services across the border, the same instrument could also be used to build alliances and solidarity with like-minded groups."

Another key issue is whether there tribals actually stay in Niyamgiri. "There is no habitation on the hill and therefore there is no question of displacement," says Krishnan. However, when I visited a hamlet located 200 metres from the Vedanta officers' colony, most people talked about hamlets existing on the hill. "Yes, there are small hamlets spread on the other side of the hill," says a sharecropper, a 'stakeholder' of the region. In the same breath, he added, "We don't stay there, but we depend on Niyamgiri for fruits and medicinal herbs. Without trees in Niyamgiri, rainfall patterns will also be affected."

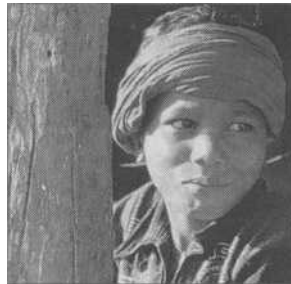
What about the ecosystem of the region? After all, bauxite is known to have water retention capacity. According to Krishnan, mining will improve forest cover and a water regime as it will release water from bauxite reserves. But geologists told me that if bauxite is ripped out, it will release water and improve the regime downstream, but only for a few years. That's because in the next season, the 'storage tank' (bauxite) will be gone and there will nothing to hold back the rainwater. And this will affect

the green vegetation that is found in the shoulder region of the hill. In fact, a report released by the Centre for Science and Environment says that Orissa has the dubious distinction of clearing the maximum amount of forestland for mining in the country and this is negatively impacting its water resources.

The company answers the livelihood question (of the people displaced due to the refinery, and *not* the ones living in the hills as it maintains that there is no habitation in Niyamgiri) with financial promises: it claims to have rehabilitated 118 families and provided for basic amenities. "We have spent Rs 20 crore from 2004 and will put in Rs 4-5 crore every year for the development of the region," says Krishnan.

Lanjigarh is not the first in this tug-of-war between growth and people. Nor will it be the last as long as the State thinks that industrialisation is the only tool for development and companies with deep pockets will manage to do what it could not in so many years with all its reach. But whichever way you look at it, a nagging question remains: who will be the watchdog in this match between David and Goliath? The State, we would love to believe. But then, remember that road journey to Lanjigarh?

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IS THE STATE LOOKING AWAY?
A tribal boy in Lanjigarh, Orissa