

Dodgy Deal: **Mining in Goa/ Sesa Goa** India



update

This dodgy deal is no longer being updated

banktrack contact

Description

Sesa Goa is the largest iron ore producer and exporter of Goa. Since 2007 Vedanta Resources is the majority shareholder of Sesa Goa. Sesa Goa's main mining operations are at Codli and Sonshi. Sesa Goa also has other mining sites in villages such as Pissurlem in Sattari and Advalpal in Assonora. Besides mining activities in Goa, Sesa Goa is also mining in Karnataka and Orissa.

Open cast iron ore, manganese and bauxite mining in Goa causes major social and environmental threats, including air pollution, atmospheric dust, water pollution and scarcity, destruction of agricultural fields, fisheries losses, human right problems, and more.

Local communities and civil society groups have raised serious concerns about the impacts of mining in Goa. [Read more.](#)

what must happen

Norway's pension fund, the world's second-largest sovereign wealth fund, sold its shares in Vedanta Resources due to the company's systematic environmental and human rights failures at four Indian subsidiaries. Banks should follow Norway's example.

Financial institutions that have a social ethic or a concept of responsible lending should sever ties with Vedanta Resources and its subsidiaries.

Other issues

Potential legal violations

- Contamination of groundwater and river water
Water act. 1974
Environmental Protection Act. 1986
The Mineral Conservation and Development Rules, 1988
The Mines and Minerals Act. 1957
- Contamination of air quality with dust and chemical pollutants
Air Act. 1981
- Noise pollution
The Noise Pollution (Regulation and Controls) Rules, 2000
- Encroachment by Sesa Goa onto School land
Land Acquisition Act. 1984
Forest (Conservation) Act. 1980

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Updates

Oct 07, 2009

Sirigaon Litigation

In June 2008 Sirigaon village residents filed a petition to the Bombay High Court claiming dried up well and siltation as a result of the mining activities. The Bombay High Court ordered an independent government body to investigate the case (National Environmental Engineering Research Institute). In 2009 a report from this government body confirmed the depletion of water supplies and the land situation. It recommended that the companies (among others Sesa Goa) should "replenish the aquifer, restore the damaged rice fields and stabilise mine waste". These actions are estimated to cost \$1.4 million over 18 months. [Read more.](#)

Advalpal Litigation

In 2009 a public interest litigation was filed by a nine-year-old child of Advalpal village through his mother Sharmila Naik together with the Goa Foundation. The petitioners alleged that Sesa Goa was indulging in hazardous mining in violation of the approved mining plan. On September 17, 2009 the High Court of Bombay (interim order) restrained Sesa Goa from undertaking Phase I and II mining in Advalpal. The Court ordered Sesa Goa to write a proposal for removing illegal mining dumps in Advalpal before the next hearing, likely in October 2009. [Read more.](#)

financial institutions involved

banks

Bank of Baroda

- corporate loan: \$ 75 million (April 2007)
- corporate loan: \$ 66.8 million (August 2008)

Bank of East Asia

- corporate loan: \$ 5 million (August 2008)

Bank of Tokyo Mitsubishi UFJ -

- corporate loan: \$ 73 million (April 2007)
- corporate loan: \$ 66.8 million (August 2008)

Barclays -

- corporate loan: \$ 75 million (April 2007)
- corporate loan: \$66.8 million (August 2008)

BayernLB

- corporate loan: \$ 25 million (August 2008)

BNP Paribas -

- corporate loan: \$ 75 million (April 2007)

Chang Hwa Bank

- corporate loan: \$ 15 million (August 2008)

China Construction Bank -

- corporate loan: \$ 10 million (August 2008)

Citigroup -

Citi have provided share and bond issuances.

- corporate loan: \$ 75 million (April 2007)
- corporate loan: \$ 66.8 million (August 2008)

Crédit Agricole -

- corporate loan: \$ 75 million (April 2007)
- corporate loan: \$ 66.8 million (August 2008)

DBS Bank

- corporate loan: \$ 75 million (April 2007)
- corporate loan: \$ 25 million (August 2008)

DZ Bank

- corporate loan: \$ 25 million (April 2007)

ICICI Bank

- corporate loan: \$ 77 million (April 2007)

Intesa Sanpaolo -

- corporate loan: \$ 25 million (August 2008)

Mizuho -

- corporate loan: \$ 75 million (April 2007)
- corporate loan: \$ 66.8 million (August 2008)

Natixis

- corporate loan: \$ 50 million (August 2008)

Royal Bank of Scotland -

- corporate loan: \$ 75 million (April 2007)
- corporate loan: \$ 66.8 million (August 2008)

Scotia Bank

- corporate loan: \$ 50 million (August 2008)

Société Générale -

- corporate loan: \$ 75 million (April 2007)

Standard Chartered -

- corporate loan: \$ 66.8 million (August 2008)

State Bank of India -

- corporate loan: \$ 66.8 million (August 2008)

Sumitomo Mitsui Banking Corporation -

- corporate loan: \$ 75 million (April 2007)
- corporate loan: \$ 66.8 million (August 2008)

In April 2007, Vedanta Resources acquired a 51% controlling stake in the Indian iron ore mining company Sesa Goa and made a bid for another 20%. Total investment was US\$ 1,370 million (€ 1,015 million). The acquisition was financed in July 2007 by a one-year bridge loan of US\$ 1,100 million (€ 815 million) and existing cash resources. The bridge loan was arranged by ABN Amro Bank (now part of Royal Bank of Scotland), Barclays, Citigroup and ICICI Bank. Fifteen banks participated in the syndicate, which was signed in August 2007.

In August 2008, Vedanta Resources secured a US\$ 1 billion (€ 642 million) five-year loan. The loan is used to refinance the US\$ 1.1 billion acquisition loan that Vedanta took out in 2007 to help fund the purchase of a 51% stake in Sesa Goa, India's biggest private sector iron ore producer. The total banking syndicate consisted of 24 banks.

Since 2009 several banks have indicated they will not invest in Vedanta Resources anymore. Among these are Deutsche Bank, WestLB, and Danske Bank. Also many investment funds have disinvested from Vedanta Resources. Among these are the Norwegian Government Pension Fund, Martin Currie Investments, the Church of England, the Joseph Rowntree Charitable Trust and the Dutch Pension Fund PGGM. The main reasons for these disinvestments are Vedanta's persistent bad performance on environmental, social, and human rights issues, and its refusal to cooperate and improve on these issues.

companies

Sesa Goa Limited

Sesa Group

Vedanta Resources -