

# Bauxite mine Niyamgiri Hills India

**Sectors:** Mining

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**By:** BankTrack

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**Contact:**

[Heffa Schücking](#), Urgewald, Germany

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<b>Sectors</b>	Mining
<b>Location</b>	

## About Bauxite mine Niyamgiri Hills

On October 5th, 2004 an official agreement was signed between the Orissa Mining Corporation (OMC) and Sterlite Industries, a subsidiary of Vedanta Resources plc, for the purpose of mining of bauxite reserves at at the foot of the Niyamgiri mountain, near the town of Lanjigarh.

The mining operation will have massive negative affects on the Dongria Kondh, one of India's most isolated tribes. The company is planning to mine over 1 million tonnes of bauxite a year from reserves within Niyamgiri mountain. Official studies have indicated that this is likely to lead to massive deforestation on the slopes, the destruction of protected local ecosystems rich in biodiversity, and the disruption of key water sources that supply springs and streams on the surrounding hillsides and feed two rivers which irrigate large areas of farmland in southeast Orissa.

Local communities and civil society groups have raised serious concerns about the impacts of the existing refinery operation, the proposed expansion of the refinery, and the mine.

### 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.

## Issues

### Human rights and social issues

The Dongria Kondh are considered a 'scheduled-tribe', living on the Niyamgiri Hills. Their economy is based on gathering forest products in these hills. Vedanta is determined to strip-mine the Niyamgiri Hills for Bauxite. If Vedanta is permitted to mine in Niyamgiri, two of India's strongest institutional guarantees will be overturned; the right of a 'primitive' tribal group to their territorial integrity and to decide on their own path of development (Schedule V of the Indian constitution), and the right to religious practices and beliefs (Article 25).

Nonetheless, the company has already built an aluminium refinery in the town of Lanjigarh at the foot of the mountain. Several villages have had to make way for the refinery. Others will have to vacate their lands as the plant expands and feeder roads, airstrips, and toxic waste ponds are built.

In March 2009 Amnesty International visited Lanjigarh to assess the human rights situation on the ground. Their findings show that both the proposed mine and the refinery have serious implications for the human rights of the affected communities – including the rights to water, food, health and a sustainable livelihood. [Read more.](#)

### Environmental issues

The dense forests of the Niyamgiri Hills are one of the most important biodiversity hotspots in eastern India. The area was proposed as a wildlife sanctuary by the Indian Ministry of Environment and Forests (MoEF) in 1998 and was designated as an Elephant Reserve by the State of Orissa in 2004. There are more than 300 species of plants and trees on Nyamgiri Mountain, including at least 50 species of medicinal plants. The forests are home to sambhars, leopards, tigers, barking deer, elephants, sloth bears, pangolin, the rare golden gecko and many other endangered species, whose habitat is protected under section 18 of the Indian Wildlife Act.

The Niyamgiri Hills are also integral to the ecosystem of a much wider area. More than 30 streams and two large rivers, the Nagavali and Vamsadhara depend on water flow from the Nyamgiri hills. The bauxite deposits and the forests are essentially overhead aquifers, feeding the rivers during the dry season. The hydrological systems



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Share issue – underwriter  
Issuing of shares: Vedanta in 2003 (IPO) and 2007, Sterlite Industries June 2007

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Bond issue – underwriter  
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37956

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Bond issue – underwriter  
inherited from take over ABN Amro

December 2004

Debt – corporate loan  
Loan facility for BALCO in August 2004 - inherited from take over ABN Amro

Debt – corporate loan  
Inherited corporate loan from ABN Amro; loan to Vedanta in April 2007, May 2008, August 2008 & March 2009, Sterlite Industries in June 2004, Hindustan Zinc in August 2005

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Share issue – underwriter  
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Debt – corporate loan  
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August 2007

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Debt – corporate loan  
Vedanta in May 2008, Hindustan Zinc in August 2005, Sterlite Industries in March 2006

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Debt – corporate loan  
Vedanta in May 2008, Hindustan Zinc in August 2005, Sterlite Industries in September 2005

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Debt – corporate loan  
Loan facility for BALCO in August 2004

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August 2005

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## Investment banks

[Merrill Lynch](#)

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Share issue – underwriter

Vedanta in June 2007

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 investments 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 it's refusal to cooperate and improve on these issues.

## Related companies

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Orissa State Mining Corporation India

Sterlite Industries India

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