

Bauxite mine Niyamgiri Hills India

Sectors: Mining

● On record

This profile is no longer actively maintained, with the information now possibly out of date

Send [feedback](#) on this profile

By: BankTrack

Created before Nov 2016

Last update: **Oct 18 2016**

Contact:

[Heffa Schücking](#), Urgewald, Germany

[Project website](#)

Sectors	Mining
Location	

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

on which hundreds of thousands of people depend will be severely impacted if Vedanta's plans go ahead.

In the Niyamgiri forest Vedanta Resources has illegally felled hectares of forest. After the clear cutting, an aluminum smelter was built without the necessary permission. The Orissa pollution board has found that the smelters waste water has contaminated the Vanshadhara river as well as local groundwater. The smelter is designed to process bauxite from the surrounding mountains.

A commission of the Indian High Court has condemned Vedanta for the consequences of the bauxite mining on the indigenous population. Vedanta already faced censure in 2004 for dumping toxic waste from the Tuticorin copper smelter in Tamil Nadu. A working group of the Indian High Court wrote in 2004 that the waste processing of the copper smelter failed.

Governance

Updates

Jun 8 2011

In response to the protests that took place in May, the Ministry of Environment and Forests of India released a statement on June 3rd, 2011, saying that an assessment took place of the red mud wall and in fact a breach did not take place. Their exact words were, "...There was no breach of the red mud pond and pH of the water body in the down stream of red mud pond was within the prescribed limits." To find out more [please read on](#).

On 16th May 2011 after heavy rain, toxic red mud poured from a breach in one of Vedanta's Lanjigarh refinery red mud ponds, spilling onto the village below. The next day landless people displaced by the project held two blockades demanding adequate compensation; a five day walking protest ended with a meeting of 500 people on the threatened Niyamgiri hills; and the funeral of a tribal movement leader, killed by factory pollution, was held. Two months before Vedanta's often-subverted AGM this will be bad news for the company. [Read more](#).

On March 12, 2010, a research committee appointed by the Indian government submitted a report that contradicts the claims of Orissa Government officials that the implementation of the Forest Rights Act (FRA) has been completed. The report states that there is enough to show that serious damage would be caused to the Dongria Kondh and the environment and show cause notices have been issued to Vedanta and its companies. Vedanta's plan to mine bauxite in Orissa could be jeopardised if the environment ministry accepts the findings of the report. The MOEF report was written by an appointed three-member committee, comprising Usha Ramanathan, an independent law researcher, Vinod Rishi, additional director general (wildlife) at Dehradun's Wildlife Institute of India, and JK Tewari, chief conservator of forests, MoEF (Bhubaneswar), with the objective to look into the various allegations against Vedanta. [Read full report here](#).

On August 24 2010, Vedanta's plans to mine bauxite on sacred tribal land of the Dongria Khond were halted by India's environment ministry. By not granting permission for forest clearance, also the environmental clearance for the mine is inoperable. The Indian Minister of Environment and Forest Jairam Ramesh concluded that serious violation of various laws have taken place, these include the Forest Conservation Act, 1980, the Environmental Protection Act, 1986, the Scheduled Tribes and Traditional Forest Dwellers Act, 2006, and many others, and that his Ministry would examine what penal action should be initiated against the project proponent for the violation of these laws. [Read full report here](#).

Financers

Banks

[ANZ](#) Australia [profile](#)

[Details](#) ▼

Debt – corporate loan
Loan to Sterlite Industries in June 2004

[Bank of Taiwan](#) Taiwan, Republic of China [profile](#)

[Details](#) ▼

Debt – corporate loan
Hindustan Zinc in August 2005

[Barclays](#) United Kingdom [profile](#)

[Details](#) ▼

Bond issue – underwriter GBP 30 million 2004 - 2009
http://www.theecologist.org/News/news_analysis/comments/935711/barclays_hsbc_and_rbs_linked_to_dirty_financing_for_fossil_fuels.html#comments_form

Debt – corporate loan
General corporate finance: Vedanta in April 2007, May 2008 & August 2008

[Canara Bank](#)

[Details](#) ▼

Debt – corporate loan
Hindustan Zinc in August 2005

[Cathay United Bank](#) Taiwan, Republic of China [profile](#)

[Details](#) ▼

Debt – corporate loan
Hindustan Zinc in August 2005

[Chang Hwa Bank](#)

[Details](#) ▼

Debt – corporate loan
General corporate finance: Vedanta August 2008, Hindustan Zinc in August 2005

[Chiao Tung Bank](#)

[Details](#) ▼

Debt – corporate loan
Hindustan Zinc in August 2005

[Citigroup](#) United States [profile](#)

[Details](#) ▼

Debt – corporate loan
General corporate finance: Vedanta in April 2007, May 2008 & August 2008

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

[DBS Bank](#) Singapore [profile](#)

[Details](#) ▼

Debt – corporate loan
General corporate finance: Vedanta in April 2007, August 2007 & August 2008, Hindustan Zinc in August 2005, Sterlite Industries in September 2005

[Deutsche Bank](#)

[Details](#) ▼

Bond issue – underwriter
Vedanta in 2004 and 2005

[HSBC](#) United Kingdom [profile](#)

[Details](#) ▼

Share issue – underwriter 37,956

[Hua Nan Bank](#)

[Details](#) ▼

Debt – corporate loan
Hindustan Zinc in August 2005

[ICICI Bank](#) India [profile](#)

[Details](#) ▼

Debt – corporate loan
General corporate finance: Vedanta in April 2007, August 2007 & June 2008, Sterlite Industries in 2004, 2005 and 2006

[Industrial and Commercial Bank of China \(ICBC\)](#) China [profile](#)

[Details](#) ▼

Debt – corporate loan
General corporate finance: Hindustan Zinc in August 2005

[JPMorgan Chase](#) United States [profile](#)

[Details](#) ▼

Bond issue – underwriter USD 312.5 million June 2008

Share issue – underwriter 37956 December 2003

[Macquarie bank](#) Australia [profile](#)

[Details](#) ▼

Share issue – underwriter 37,956

[Mitsubishi UFJ Financial Group \(MUFG\)](#) Japan [profile](#)

[Details](#) ▼

Debt – corporate loan
General corporate finance: Vedanta in April 2007, May 2008 & August 2008

[Mizuho](#) Japan [profile](#)

[Details](#) ▼

Debt – corporate loan
for Vedanta in August 2007, Hindustan Zinc in August 2005

[Morgan Stanley](#) United States [profile](#)

Details ▼

Share issue – underwriter
Vedanta 2003 (IPO) and 2007

[NatWest Group \(formerly RBS Group\)](#) United Kingdom [profile](#)

Details ▼

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

[National Bank of Kuwait](#)

Details ▼

Debt – corporate loan
Hindustan Zinc in August 2005

[Nomura](#)

Details ▼

Share issue – underwriter
Vedanta in June 2007

[Société Générale](#) France [profile](#)

Details ▼

Debt – corporate loan
source: [link](#)

August 2007

[Standard Chartered](#) United Kingdom [profile](#)

Details ▼

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

[Sumitomo Mitsui Banking Corporation \(SMBC\)](#) Japan [profile](#)

Details ▼

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

[Union Bank of India](#)

Details ▼

Debt – corporate loan
Loan facility for BALCO in August 2004

[WestLB AG](#) Germany [profile](#)

Details ▼

Uncategorised

Export credit agencies

[China Exim Bank](#) China [profile](#)

Details ▼

Debt – corporate loan

August 2005

[Export Import Bank of India](#)

Details ▼

Debt – corporate loan
Loan facility for BALCO in August 2004

Investment banks

[Merrill Lynch](#)

Details ▼

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

Orissa State Mining Corporation India

Sterlite Industries India

Vedanta Aluminium Ltd (VAL) India

Vedanta Resources United Kingdom [show profile](#)

Mining