

Tata Mundra Ultra Mega Power Plant (UMPP) India

Sectors: energy plants - coal

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About Tata Mundra Ultra Mega Power Plant (UMPP)

The first of 16 Ultra Mega Power Projects (UMPPs) to be commissioned in India, the Tata Mundra UMPP is located in Tunda village at Mundra, in the Kutch district in Gujarat. The power plant is fuelled by sub-bituminous coal, imported primarily from Indonesia. The power plant is owned by Tata Power. It has a total installed capacity of 4,000 megawatt. It consists of five units generating 800 megawatt of electricity each. Given the average coal plant produces around 500 megawatt, this plant represents a huge source of greenhouse gas emissions. The project has also been marred with serious social as well as environmental impacts.

Brief history

The Government of India created a plan to provide "power for all" within its eleventh Five-Year Plan (2007 - 2012), through the creation of an additional electricity generating capacity of at least 100,000 megawatt by 2012. The Ultra Mega Power Projects, each using super-critical technology and with a capacity of 4,000 megawatt or above, are being developed with the aim of bridging this gap.

Through the UMPP programme, the Power Finance Corporation (PFC) of the Indian Government creates and manages shell companies and acquire land, secure coal mines or delivery commitments and secure the necessary clearances before giving private companies the chance to acquire the shell company under competitive bidding (source: [Forbes](#), [SourceWatch](#)).

There are **16 UMPPs envisioned**, of which Mundra UMPP was the first to be commissioned. The special purpose vehicle Coastal Gujarat Power Ltd (CGPL) was incorporated on February 10 2006, and acquired by Tata Power on April 22 2007 (source: [Tata](#)). The first 500 megawatt unit of the power station was commissioned in March 2012, and the fifth and last was commissioned in March 2013. In May 2013, Tata revealed that it was **considering adding a further two units** of 800 megawatt each, outside of its existing price agreements with the government.

Due to a policy change by the Indonesian government in regards to coal prices, CGPL would not be able to recover the full cost of fuel through its tariff charged to its customers. In view of this, CGPL submitted a petition to the Central Electricity Regulatory Commission (CERC) for compensation. CERC ruled that CGPL was entitled to a compensatory tariff to offset additional fuel costs and was allowed to charge higher rates as of March 2014. According to an estimate dues for Tata Power's 4,000 megawatt Mundra plant for March 2014 are **USD54.9 million**.

The project has been marred with serious social and environmental impacts. The affected communities, organized under Machimar Adhikar Sangharsh Sangathan (MASS - Association for the Struggle for Fishworkers' Rights), have been raising these issues in various forums, and in 2012 sent an international fact-finding team to **report** on the plant's impacts.

MASS also filed in 2011 a **formal complaint** to the Compliance Advisor Ombudsman (CAO) the independent recourse mechanisms of the International Finance Corporation (IFC), the private sector lending arm of the World Bank. This process led to a full scientific investigation of this project, and the CAO compliance audit validated key aspects of the MASS complaint in 2013.

Early 2014, the Asian Development Bank (ADB) followed suit and approved the recommendation of its accountability mechanism, the Compliance Review Panel (CRP) for a full investigation of this project, after finding prima facie evidence of non compliance with ADB policies and procedures.

What must happen

Financiers of the Tata Mundra project must :

1. Recognize the serious impacts of their financing after World Bank **CAO audit reconfirmed community's complaint**;
2. Develop a remedial action plan that has a clear timeline, specific targets and monitorable indicators that address restoration and reparation needs; and
3. Withdraw their funding immediately from the Tata coal plant and do not consider funding any project expansion.

Issues

Social issues

A number of social impacts have been outlined by the eminent fact-finding mission which visited Mundra in April and May 2012, reported in the [Real Cost of Power](#).

- **Adequate, meaningful, and informed consultations with the affected communities were not conducted.** The communities repeatedly complained about the lack of consultation before the project started and failure to share key information about the impacts and mitigation plans.
- **The project has caused drastic reduction in fish catches, destroying the livelihoods of local fisher-folk.** Available fish-catch data indicate considerable reduction in fish catch in the past three years since the adjacent Adani plant was commissioned, which has been exacerbated by the partial commissioning of Tata Mundra. Communities fear total loss of aquatic wealth when the project is fully operational, along with their livelihoods as fisher-folk.
- **The project blocked access to fishing and grazing grounds.** Access roads for local fisher-folk and pastoralists to fishing and grazing grounds have either been blocked or diverted, forcing villagers to take an unusually long route and pay more for their transport, and resulting in considerable delay for women returning from the markets after selling fish.
- **The project failed to thoroughly examine or adequately address the health and environmental impacts of ash contamination.** The partially-operational plant is already contaminating drying fish, salt, and animal fodder in the area, causing significant health concerns. Salt contamination has been demonstrated to cause an increase of diseases and abnormal abortions in cattle. Further, heavy metals contained in toxic coal ash such as cadmium, lead, selenium, and mercury are known to bio-accumulate in animal and human bodies.
- **CGPL forced a massive financial burden on its consumers.** In 2014 CGPL petitioned the CERC, the government regulator, to be compensated for the increase in imported fuel price, allowing them to increase their tariffs by 27%. This has the potential to have a cascading effect on consumers in India if other power plants follow suit.
- **Insufficient social baseline data for E&S assessments according to IFC policies.** Therefore the risk and impact of the project on the local fisher people could not be determined correctly. People have been displaced both in physical terms and in economic terms due to improper application of land acquisition policies.

Environmental issues

Environmental impacts were also outlined by the fact-finding mission and reported in 2012 by BIC in the [Real Cost of Power](#).

- **Massive contribution to global warming:** The total greenhouse gases emission from the Tata Mundra plant, based on Ernst and Young's estimated baseline CO emissions for the project, would be 30.796 million tonnes per year (baseline value), which would make it India's third largest emitter of greenhouse gases. This would significantly increase the atmospheric carbon load, and put further pressure on already vulnerable communities.
- **The project violated its environmental clearance by destroying inland ecosystems.** Large stretches of mangroves, dry-land forests, and biodiversity-rich creeks were destroyed for the construction of the inlet and outfall channels and other associated activities of the project. The team could not find the required forest clearance for this destruction, which the company refuses to own up to.
- **The company was not required to conduct and/or disclose chemical pollution studies.** The IFC and ADB failed to require the company to conduct and/or disclose chemical pollution studies. This harm warrants further, in-depth investigation.
- **The project violated its environmental clearance by adopting a one-through cooling system.** The project was permitted for a closed-cycle cooling system, but installed a cheaper, more environmentally-destructive one-through cooling system.
- **The project ignored the potential impacts of radioactivity from the coal ash pond.** Independent readings taken as far as 400 meters away from the ash pond recorded radiation levels that were double those found in the villages. While this reading is about half the permissible limit, the project is only one-fifth operational, with four more units planned. None of the impact assessments have addressed this.

Human rights

- **Insufficient attention was given to local fishworkers.** The local fishworkers are from a religious minority and occupy a marginal position in society given their migrant traditions. The impact of the project was not adequately considered during the E&S assessments of this project.

Gender aspects

Women's safety, security and free access to their livelihood sources have been obstructed. Communities constantly complain about the presence of a large migrant labour force being a cause of women's safety concerns.

In fishing families, women work alongside men, in sorting, drying, and often taking the products to the market. Thus, free and safe access for women to all these areas is a precondition to their daily life and enterprise. In several fishing settlements around the Tata Mundra plant, the issue of local women not being allowed to enter some areas was reported to the fact-finding team by these women themselves.

The name of Tata's/CGPL's Korean Colony came up on a number of occasions, as a place unsafe for women and where incidents might have happened. Since the Tata Mundra UMPP is using many Korean-supplied machinery, there is a settlement of Korean workers. Some men also raised the issue of the presence of a large migrant labour force being a cause of concern for these women's safety. Instead of taking corrective measure in this regard, the company has decided to ban local women from entering some areas.

Other issues

- **The Environmental and Social Impact Assessments filed by the company were deficient.** The company failed to account for significant social, economic, and environmental damages caused by the project in its EIA and SIA. It even neglected to identify certain

communities as project affected. For example, the EIA states that the project covers 1,254 hectares of "vacant land", whereas in fact the area has a high rural population density, and the land has supported multiple rural economic activities, fishing, fish-drying, animal-grazing being the main ones, for many decades. It is highly ecologically sensitive. The impact assessments were not carried out independently, but by a Tata-owned venture, TCE Consulting Engineers, impacting their credibility substantially.

- **The IFC and ADB failed to require the company to conduct a cumulative impact study.** The project, sited in the vicinity of several other large-scale polluting industries, will have significant cumulative impacts on the local population and environment, yet no cumulative impact assessment has been performed.
- **The IFC has failed to respond to CAO findings.** In response to the weak IFC response to the CAO findings, human rights and environmental activists from over 28 countries have come together to send an [open letter](#) to President Kim, urging him to immediately withdraw from the project. In April 2014 MASS has handed over an additional 24,000 signatures to the executive directors of the World Bank.

The impacts noted above by the fact-finding team were found at a time when only one unit of the 4,000 megawatts plant was operational. Now that all units of the project are on stream, the impacts are manifold, and according to a [follow-up report](#) by a member of the fact-finding team, are not being monitored by either the Tata or the Government. For example, an increase of 20% of severe respiratory diseases among children in the villages near to the Mundra plant has been reported by a local doctor. Coal dust and fly ash is putting the lives of people and that of animals and horticulture at risk.

Governance

Applicable norms and standards

[International Finance Corporation Performance Standards - 2012 Edition](#)

[OECD Guidelines for Multinational Enterprises](#)

Updates

Tata Power refinances loan for Mundra project

Dec 29 2015

Tata Power said it has refinanced INR3,864 crore (USD573 million) loans for its 4,000 megawatt Mundra ultra mega power project (UMPP) in Gujarat which will help the plant save around INR77 crore a year in interest cost [...] Axis Bank has joined as a new lender to the existing rupee lenders consortium, pursuant to the refinancing exercise, in line with the regulations, the filing said.

Chevron, EDF and BNP-Paribas have been awarded Pinocchio Climate Awards for their roles in undermining climate action and harming local communities

Dec 3 2015

Climate talk sponsor BNP-Paribas **was awarded its prize** for financing coal around the world, including huge coal-fired power plants in South Africa and India. EDF received the award for using its controversial sponsorship to brand nuclear power as a "clean" energy source and for its continued investments in fossil fuels, with 16 coal power plants worldwide, including some of the dirtiest in Europe.

BNP Paribas finance la centrale très controversée de Tata à Mundra en Inde

Sep 10 2015

Complément d'enquête" du jeudi 10 septembre 2015 s'est penché sur les noirs investissements des entreprises françaises à l'étranger. EDF, Engie, ex-GDF Suez, mais aussi les banques françaises, telle BNP Paribas, font des placements dans le charbon. Leur pays de prédilection : l'Inde

Communities Suffering from Destructive Coal Plant Sue the International Finance Corporation in U.S. Federal Court

Apr 23 2015

Fishing communities and farmers from India, represented by Earthrights International filed a suit against the IFC. Earthrights allegations are that the IFC caused the loss of the livelihoods of these communities, destroyed their land and water and created threats to their health by funding the Tata Mundra coal-fired power plant. The lawsuit is seeking compensation for harm to property and economic livelihoods, and asks the court to order the IFC to enforce the provisions of the loan agreement which were intended to protect local communities and the environment to minimize future harm. This lawsuit marks the first time a community harmed by a World Bank Group project has filed a suit. For more information see [Earthrights International](#).

Report by the Compliance Advisor Ombudsman

Jan 22 2015

One year after his audit report which listed a number of serious violations of the IFC's policies while financing the Tata Mundra project, the Compliance Advisor Ombudsman published a monitoring report finding that the actions undertaken by IFC are insufficient. This new report states that IFC has failed to address the key points raised by the CAO report. In response to the monitoring report, MASS, the Association for the Struggle for Fishworkers Rights, demands World Bank President Jim Kim to withdraw IFC financing from the Tata Mundra UMPP project. MASS already rejected the IFC's action plan in 2013 and states that this once more confirms that it was indeed "non-serious and non-committal". [Read more](#).

Financiers

Banks

BNP Paribas France profile			Details ▼
Debt – project finance	USD 327 million	April 2008	
Acted as lead arranger for one tranche of US\$ 327 million of the US\$1.2 billion loan. <i>source:Profundo</i>			
Oriental Bank of Commerce			Details ▼
Debt – project finance	USD 99.4 million	April 2008	
Amount contributed to a larger syndicated loan by a consortium of banks of \$1.2 billion. <i>source:Profundo</i>			
State Bank of Bikaner & Jaipur			Details ▼
Debt – project finance	USD 1.2 billion	April 2008	
Participation in a syndicated loan by a consortium of banks of US\$1.2 billion. <i>source:Profundo</i>			
State Bank of Hyderabad			Details ▼
Debt – project finance	USD 1.2 billion	April 2008	
Participation in a syndicated loan by a consortium of banks of US\$1.2 billion <i>source:Profundo</i>			
State Bank of India India profile			Details ▼
Debt – project finance	USD 397.5 million	April 2008	
Amount contributed to a larger syndicated loan by a consortium of banks of \$1.2 billion. SBI acted as bookrunner for four of the five tranches of the larger loan of US\$ 2.93 billion. <i>source:Profundo</i>			
State Bank of Indore			Details ▼
Debt – project finance	USD 1.2 billion	April 2008	
Participation in a syndicated loan by a consortium of banks of US\$1.2 billion. <i>source:Profundo</i>			
State Bank of Travancore			Details ▼
Debt – project finance	USD 1.2 billion	April 2008	
Participation in a syndicated loan by a consortium of banks of US\$1.2 billion. <i>source:Profundo</i>			
Vijaya Bank			Details ▼
Debt – project finance	USD 99.4 million	April 2008	
Amount contributed to a larger syndicated loan by a consortium of banks of \$1.2 billion. <i>source:Profundo</i>			

Export credit agencies

Exim Bank of Korea			Details ▼
Debt – project finance	USD 700 million	April 2008	
Participation to a syndicated loan provided by a consortium of banks <i>source:Profundo</i>			
Debt – project finance	USD 200 million	February 2008	
Participation to a syndicated loan provided by a consortium of banks <i>source:Profundo</i>			
Korea Export Insurance Corporation (KEIC)			Details ▼
Debt – project finance	USD 326.6 million	April 2008	
Participation to a syndicated loan of US\$ 326.6 million provided by a consortium of banks <i>source:Profundo</i>			

Government funding

Housing & Urban Development Corporation Ltd.			Details ▼
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Debt – project finance	USD 99.4 million	April 2008
Amount contributed to a larger syndicated loan by a consortium of banks of \$1.2 billion. <i>source: Profundo</i>		

Investment funds

India Infrastructure Finance Company

[Details ▼](#)

Debt – project finance	USD 357.7 million	April 2008
Amount contributed to a larger syndicated loan by a consortium of banks of \$1.2 billion. <i>source: Profundo</i>		

Multilateral development banks

Asian Development Bank (ADB)

[Details ▼](#)

Debt – project finance	USD 250 million	April 2008
Participation to a syndicated loan provided by a consortium of banks <i>source: Profundo</i>		

Uncategorised	USD 200 million	April 2008
Risk participation agreement - US\$ 200 million syndicated to Korea Export Import Bank through a risk participation agreement. <i>source: Profundo</i>		

International Finance Corporation (IFC)

[Details ▼](#)

Debt – project finance	USD 450 million	April 2008
Participation to a syndicated loan provided by a consortium of banks <i>source: Profundo</i>		

The debt portion of the project, originally planned at USD three billion, was secured by Coastal Gujarat Power in April 2008 through a five-tranche amortizing loan for a total of INR143.8 billion (USD2.93 billion). All tranches have maturity terms of up to 20 years. SBI Capital Markets, a subsidiary of the State Bank of India, acted as lead arranger of four of the tranches, BNP Paribas acted as lead arranger for one tranche. It was one of the largest deals in the Asia-Pacific regions for which BNP Paribas acted as lead arranger in 2008.

Commitments of the following banks; State Bank of Bikaner & Jaipur, State Bank of Hyderabad and State Bank of Travancore. State Bank of Indore could not be identified but took part in the first tranche of the loan. According to the Thomson financial database BNP Paribas and the Export-Import Bank of Korea were also lenders for this tranche.

Related companies

Tata Power India

Sole owner of the power plant, through its subsidiary Coastal Gujarat Power Ltd (CGPL).