

# Research Briefing: Adani's record of environmental destruction and non-compliance with regulations

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## Introduction

Adani, an Indian resources, logistics and energy company with big expansion plans, founded by Indian billionaire, Gutram Adani, in 1988 has coal mining interests in India, Indonesia and Australia and plans to feed the coal from these into a series of massive coal power stations in India. The company has built a huge 4,620 MW power station at Mundra and plans to construct two more very large coal power stations at other locations in Gujarat, and is developing three other coal station projects in Maharashtra, Rajasthan and Madhya Pradesh. By 2020 the company hope to have a generating capacity of 20,000 MW.

The company also has interests in ports with a presence in six ports across India. It owns and runs Mundra, the largest privately owned port in the country. Located in Gujarat the port, according to Adani, contains the world's largest coal receiving terminal, and is linked to thousands of hectares of special economic zone (SEZ), also owned by Adani and two very large coal power stations (one owned by Tata).

Adani also distributes gas in India and has domestic and overseas oil and gas exploration permits.

Here, in Australia, Adani owns the existing coal terminal at Abbot Point and has expansion plans both there and at the port of Hay Point. It is also the proponent of the 60 Million tonne per annum Carmichael mine in Queensland's Galilee Basin. Adani plans to integrate its business interests: burning coal from its Australian mines in its Indian power stations, transported through its own ports.

## Mundra

Adani began construction of a port at Mundra in the late 1990s, with commercial operations commencing in 2001. Since then the company has pursued an incredibly fast paced expansion strategy with the port and connected Special Economic Zone (SEZ) now covering thousands of hectares. This development has come at a significant cost. Construction of the port has resulted in the destruction of mangroves and has severely impacted creeks, mudflats and the intertidal area. Artisanal fishermen have worked this part of Gujarat coast for generations, basing themselves close to the sea for many months of the year. Their way of life has been severely disrupted, as has that of the many villagers whose land has been swallowed by the SEZ.

## Adani's record of environmental destruction and non-compliance with regulations

In India Adani has a dubious record of compliance with environmental regulations. Government investigators have accused of bribery and illicit activity as part of a major scandal to export iron ore without paying taxes. Adani has also sought to destroy tiger habitat and flood villages as part of their coal mining and power generation expansion plans. These incidences are detailed below.

## 2011: Illegal Iron ore transportation and bribery

An investigation by the Karnataka anti-corruption ombudsman (Lokayukta) uncovered a major scandal. He found that Adani Enterprises and other port operators were actively involved in large scale illegal exports of the iron ore resulting in “huge” economic losses to the Government. The investigation’s report details how, at its port in the south western state of Karnataka the company routinely received trucks overloaded with iron ore. In doing so the company was involved in the theft of substantial quantities of iron ore. It also received illicit iron ore at its plot at Belekeri port from a number of suppliers that had no permits to supply ore to that port. Documents seized from Adani’s offices indicated that the company had been paying cash bribes to officials of the Port department, Customs, Police, State Pollution Control Board, Weights and Measurement Department, Local politicians and others. The bribes were paid to receive “undue favour for illegal exports”<sup>1</sup>.

## 2011 -2012: Illegal construction

Gujarat courts have found that Adani had illegally constructed an intake channel for its power station at Mundra on private and government land. The company was ordered to compensate the individual on whose land the illegal construction had occurred<sup>2</sup>

## 2012: Construction before environmental approval received

The Gujarat High Court found that construction was occurring inside an Adani Special Economic Zone (SEZ) at Mundra even though the SEZ had not received environmental approval (an Environmental Clearance from the central government of India). Adani was found to have contracts with tenants within the SEZ for rent and maintenance charges for providing infrastructural facilities despite having no permission to build infrastructure in the SEZ<sup>3</sup>.

## 2012: Deliberately concealing and falsifying material facts

Adani was investigated by the Indian Ministry of Commerce and Industry after prima facie evidence indicated that the company had “*deliberately concealed and falsified material facts*” when applying for a 1,840 hectare SEZ in Mundra<sup>4</sup>. The investigation found that the SEZ did not comply with various required conditions and in October 2012 the government cancelled the SEZ<sup>5</sup>.

## Mangrove destruction

Over the past five years Adani have been the subject of a number of court cases alleging that mass clearances of mangroves have occurred at the Mundra site.

In 2010 the Indian Ministry of Environment and Forests inspected Adani’s port and special economic zone at Mundra<sup>6</sup>. Environmental approvals for the development explicitly stated that no “existing mangroves shall be destroyed during construction/operation of project” and forbid the filling up and reclamation of creeks. Despite this officials found multiple violations of these approvals:

- Large scale reclamation using dredged material had been carried out on mangrove areas at the site.
- Pipelines associated with dredging had obstructed tidal flows to mangroves resulting in them drying up.
- The large scale destruction of mangroves had occurred.

- Creeks systems and the natural flow of seawater was being obstructed by reclamation along the creeks.

The environmental problems at Mundra are still unresolved.

Since the 2010 inspection, and despite court orders ordering Adani to not clear mangroves, complaints and allegations against the company continue to be aired in Gujarat's courts. Now another committee has been formed by the Indian Ministry of Environment and Forests. Due to report in the next two months, the committee is due to investigate a raft of allegations including: construction without authority, destruction of mangroves, blocking of creeks and compliance with environmental approvals<sup>7</sup>.

## Plans for environmental destruction

Adani lobbied hard for years to attain permission to build an open cut coal mine in Maharashtra. The project was rejected in 2009 as it was within the buffer zone of the Tadoba-Andhari Tiger Reserve (TATR) and the area was part of the tiger corridor. The most recent incarnation of the plan would have required the destruction of 1400 hectares of forest<sup>8</sup>. In 2012 a special committee of Maharashtra forest officials rejected clearance to Adani Power Ltd for the project<sup>9</sup>.

Adani Power also has plans to construct a 1320 MW coal power plant in Madhya Pradesh<sup>10</sup>. The plant will necessitate construction of a dam to supply its water. Construction of this has will flood over 5,600 ha of land, fully submerging 6 villages and affecting over 30 in total<sup>11</sup>.

## References

<sup>1</sup> Karnataka Lokayukta (2011) Report On The Reference Made By The Government Of Karnataka Under Section 7(2-A) Of The Karnataka Lokayukta Act, 1984 (Part – II). Report number COMPT/LOK/BCD/89/2007. Dated 27th July, 2011. Available from:

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<sup>2</sup> Gujarat High Court (2012) Order for Civil Application - For Direction No. 3370 of 2011

<sup>3</sup> Gujarat High Court (2012) Judgement of Writ Petition (PIL) No. 194 of 2011

<sup>4</sup> The Indian Express (2012) Centre puts Adani SEZ on notice. Available from:

<http://www.indianexpress.com/news/centre-puts-adani-sez-on-notice/963044>

<sup>5</sup> The Indian Express (2012) Govt denotifies Adani Group's SEZ at Mundra. Available from:

<http://www.indianexpress.com/news/govt-denotifies-adani-group-s-sez-at-mundra/1017782>

<sup>6</sup> MoEF (2010) Site visit to M/s Mundra Port & SEZ Limited Port site at Mundra and M/s OPG Power Gujarat Private Limited on 6th – 7th December 2010. Ministry of Environment and Forests.

Available from : <http://moef.nic.in/downloads/public-information/site-visit-Mundra-OPG.pdf>

<sup>7</sup> MoEF (2012) Office Memorandum. Subject: Constitution of committee for inspection of M/s Adani Port and SEZ Ltd, Mundra, Gujarat. Available from: [http://moef.nic.in/downloads/public-information/01\\_order\\_AdaniPort14092012.pdf](http://moef.nic.in/downloads/public-information/01_order_AdaniPort14092012.pdf)

<sup>8</sup> Pinjarkar, Vijay (2012) Adani Power Ltd revives coal mine plan near Tadoba. Times of India. Available from [http://articles.timesofindia.indiatimes.com/2012-07-17/nagpur/32713730\\_1\\_coal-blocks-lohara-forest-land](http://articles.timesofindia.indiatimes.com/2012-07-17/nagpur/32713730_1_coal-blocks-lohara-forest-land)

<sup>9</sup> Deshmane, Akshay (2012) Forest panel rejects Adani's coal proposal. DNA India Available from: [www.dnaindia.com/india/report\\_forest-panel-rejects-adanis-coal-proposal\\_1742575](http://www.dnaindia.com/india/report_forest-panel-rejects-adanis-coal-proposal_1742575)

<sup>10</sup> Adani Power limited (2012) 16<sup>th</sup> Annual Report 2011-2012.

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<sup>11</sup> Pinjarkar, Vijay (2012) Storm brewing against Adani power project in Chhindwara. The times of India Available from: [http://articles.timesofindia.indiatimes.com/2011-08-01/nagpur/29838054\\_1\\_land-acquisition-villages-mpeb](http://articles.timesofindia.indiatimes.com/2011-08-01/nagpur/29838054_1_land-acquisition-villages-mpeb)