

India Tigers versus Coal

India is the world's 3rd largest coal producer **and** the world's 3rd largest coal importer. In 2012, it produced 595 million tons of coal, and imported a further 160 million tons.⁸⁴ Even these mountains of coal are, however, not enough to keep pace with rising demand. Many power plants built after 2009 do not have sufficient coal supplies to run at full capacity, leading to huge pressure to quickly increase mining or subsidize imported coal.

Most Indian coal is mined in the central and eastern parts of the country in the states of Jharkhand, Odisha and Chhattisgarh. While coal is also produced in other parts of the country, the major coal mining expansion plans focus on these 3 states. Over 90% of India's coal comes from open pit mines, with severe impacts in terms of displacement, loss of livelihoods, destroyed forest, polluted water bodies and air pollution.

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Just one company – Coal India Limited – accounts for over 80% of the country's coal production. With 452 million tons annual production, Coal India is the world's number 2 coal producer, right after China's Shenhua. Coal India is 90% government-owned, with the remaining 10% held by international investors following an initial public offering (IPO) in 2010. The government plans to sell a further 5% share before the end of 2013.

Coal mining has always been a dirty business in India, with a poor safety record, rampant illegalities and massive collateral damage due to unregulated mining. In the 1970s, coal mining was nationalized and Coal India was set up with the aim of addressing these problems. Yet today, we find Coal India itself committing serious environmental violations and human rights abuses.

The Repeat Offender

In September 2011, an investigation by India's Comptroller and Auditor General found that Coal India was running 2/3 of its mines without environment permits.⁸⁵ In May 2012, 43 mines operated by Coal India's subsidiary Bharat Coking Coal were served closure notices by the State Pollution Control Board. Also in the same month, Coal India's subsidiary Mahanandi Coalfields was fined US\$ 237 million for illegal coal extraction.⁸⁶

In 2010, an investigation by the Haq Centre for Child Rights found children working in Coal India's mining pits in Hazaribagh.⁸⁷ In the North Karanpura coalfield, Coal India is currently evicting indigenous tribal communities and riding roughshod over their concerns, while conveniently ignoring the national laws that accord these communities special protection. As villagers fight attempts to deprive them of their land, in July 2013, police opened fire on protestors, killing one.⁸⁸

When it comes to Coal India, it's hard to identify laws that the company hasn't broken. This, however, does not seem to deter banks – whether national or international – from doing business with the company. When the Indian government decided to float another 5% of the company on the stock market in 2013, it had no problem convincing Bank of America, Deutsche Bank, Credit Suisse, Goldman Sachs, Kotak Mahindra Capital, JM Financial and SBI Capital markets to underwrite the offering, which is due to come out in December.

84 "Coal Statistics," Webpage World Coal Association, 2013

85 "Coal India operating 239 mines without environmental clearance," Economic Times, September 9, 2011

86 "High risk, low return," Greenpeace investor briefing on Coal India, 2013

87 "2010. India's Childhood in the "Pits" – A Report on the Impacts of Mining on Children in India," Haq Centre for Child Rights & Dhaatri Resource Centre for Women & Children, 2010

88 "Jharkhand police opens fire on people protesting NTPC project; one killed," DownToEarth, July 24 2013



Photo: D Mukherjee/Greenpeace

Though Coal India is the dominant coal producer, there is an increasing shift towards privatization of coal mining. Private Indian companies like Adani, Tata, Jindal, Reliance, Essar and Lanco are already mining coal for their own power projects or acting as mine operators on behalf of state-owned entities. Over half of India's planned coal-fired generation capacity will come from the private sector and pressure is growing to open up more space in the coal mining sector for private companies.

If government-controlled Coal India is guilty of terrible violations, the private sector is just as bad or perhaps even worse. In Madhya Pradesh, Essar Power, Hindalco and Reliance are attempting to mine coal in Mahan and Chatrasal, tribal areas with dense forests and unique biodiversity. Thousands of villagers depend on these forests for daily sustenance. They gather firewood, fruits, tubers, honey, seeds and a variety of other products that they either use themselves or sell in nearby markets. As Chote Singh from the Gond tribe says, "Our life begins and ends with the forests." Apart from being a lifeline for local communities, Mahan and Chatrasal are a catchment for the Mahan river, and an important corridor for wildlife. They link the Sanjay Dubri Tiger Reserve with forests to the north, including the Bagdara Sanctuary.

Trashing Tigerland

Indian planners are now grappling with the mistakes of the past five years. An unprecedented boom in the construction of coal power plants was encouraged, with no thought as to where the coal to feed these plants would come from. Indonesia's international price benchmarking of its coal exports made this source too expensive for most Indian plants. As a result, the pressure to expand domestic mining is immense and new areas are being designated for coal mining, irrespective of the social and environmental impacts. According to a GIS analysis by Greenpeace, over a million hectares of forest are at risk in central India alone. The attempts of India's Ministry of Environment and Forests to keep at least some of the densest forest areas off limits for mining, were defeated in 2010, and companies are now scrambling for new coal blocks.

Greenpeace India's analysis shows that over 350,000 hectares of tiger habitat is threatened across 13 of India's major coalfields. Many other corridors connecting tiger reserves and protected areas also stand to be lost to advancing coal mines and infrastructure. A major portion of the Singrauli and Wardha coalfields lies adjacent to the Sanjay Dubri and Tadoba-Andhari Tiger Reserves, which are also crucial for other wildlife such as leopards and elephants.⁸⁹

The population of the Bengal tiger, India's national symbol, has reached a critical level, with only about 1,700 individuals left in the wild - of which 35% live in central India's forests. Biodiversity and endangered species, however, mean nothing to Coal India. A common refrain heard by anyone questioning the company's operations is: "Choose whether you want tigers or electricity - you cannot have both!"

IV. The "Hot Spots"

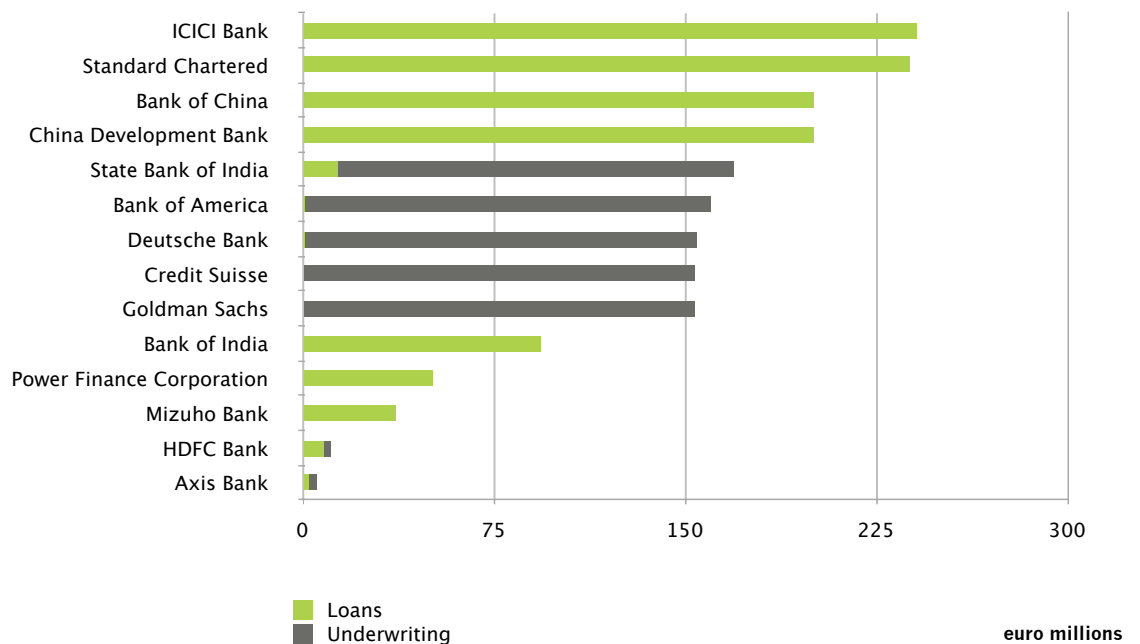
Over 1 million hectares of forest are at risk in central India alone.

Top Coal Mining Banks for India

The following 14 banks were the biggest financiers of the Indian coal mining sector since 2011. With total loans of 240 million euros, India's ICICI Bank is at the top of the list, closely followed by the UK bank Standard Chartered with 238 million euro. Then, interestingly, two Chinese banks follow, each providing loans of 200 million euro.

Two of the biggest deals that turned up in our data are the 2013 share offering of Coal India (hence the large amounts of investment banking in the chart for Bank of America, Deutsche Bank, Credit Suisse and Goldman Sachs). Another notable deal was made with the company Reliance, which received an 800 million euro loan, split up among Standard Chartered, Bank of China and the China Development Bank.

Banking on Indian Coal, 2011 - mid-2013



- Lignite Deposits
- Hard Coal Deposits
- Important Coal Ports
- Provinces

