

# BANKTRACK

**Recipient**

HSBC

**BankTrack**Vismarkt 15  
6511 VJ  
Nijmegen  
The Netherlands**Subject:**

JSW Steel, and JSW Utkal Steel Limited

20 February 2025

Dear Will Morgan,

We are writing to you regarding the JSW Utkal integrated steel plant, a 900-megawatt captive coal power plant, a pipeline and other production related plants, and a captive jetty - a project being proposed by JSW Steel in the Jagatsinghpur district, Odisha, India. We understand that JSW Utkal Steel Limited, the special purpose vehicle created to develop the project, is seeking a project finance loan of USD 4 billion<sup>1</sup>. We are contacting HSBC as one of 23 banks we identified as a previous financier of the project sponsor, JSW Steel.

Global civil society groups contacted banks in 2013 regarding this project, when it was being developed by South Korean steel major POSCO, with whom the Odisha government had signed an agreement in 2005, to build an integrated steel project worth US \$12 billion<sup>2</sup>. The land in question was acquired without effective consent of the villagers and in disregard of established legal frameworks. After 12 years of significant and sustained opposition from affected communities, POSCO withdrew in 2017. But instead of handing over the land to communities who had been cultivating it for generations, the Odisha state government handed it over to JSW Steel. JSW Steel set up a special purpose vehicle, **JSW Utkal Steel Limited (JUSL)**, to build the steel plant and the captive coal power plant in the villages of Dinkia, Nuagaon, and Gudkajang and the captive jetty in the village of Jatadhar, in Paradeep.

BankTrack, in collaboration with local organisations in India, are **urging banks to publicly commit to steer clear of financing this project** based on the severe risks it poses to communities, nature, and the climate. These are risks which we do not consider adequately manageable. These risks are set out in more detail below.

We would like to request a response providing such a commitment by **Friday, March 7<sup>th</sup> 2025**.

The severe risks and impacts that raise particular concern for us and our partners include:

- **Violating the rights of human rights defenders** A report by the American Bar Association in 2024 found that human rights defenders and residents who are peacefully opposing the project, are facing

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<sup>1</sup> According to the technical feasibility study, the project will cost USD 7.8 billion, and will be financed by a debt-equity ratio of 1:1. Ltd Consulting Engineers and JSW Utkal Steel Limited, [Techno-Economic Feasibility Report on Integrated Steel Plant in Odisha to JSW Utkal Steel Limited](#), February 2021

<sup>2</sup> BankTrack, [POSCO Integrated Steel Project Dodgy Deal Profile](#), Last updated, March 2017



human rights violations and government repression.<sup>3</sup> Since the Odisha state government handed the land over to JSW Steel in 2017, hundreds of human rights defenders and residents have been arbitrarily arrested, detained, and have had cases filed against them. Of those detained, several have alleged torture and ill-treatment in custody, as well as a denial of their rights to a fair trial and investigation. Increased police presence within the village of Dhinkia has restricted the movement of the residents and has impacted their ability to exercise their civic freedoms. Peaceful protests organised by human rights defenders and residents have been marred by excessive use of force by police and company supporters and gender-based violence.

- **Loss of livelihood** Several people whose land and beetle vines were forcibly destroyed and acquired by the Government for POSCO have lost their livelihood sources and are now reduced to daily wagers.<sup>4</sup> Most of these families have no other employable skills and have farmed beetle leaves for generations to earn a livelihood. In addition to the income stream provided by the cultivation of betel or cashews, families in the affected villages also supplement their livelihood in significant ways by accessing common resources, including rice, fish and forest products that are gathered locally and used for household consumption. Diversion of forestland and community resources on which villagers are directly dependent on has thereby negatively impacted on their ability to secure adequate food and sustain themselves. Additionally, severe restraint on their freedom of movement has reduced their ability to get work, access educational facilities and access crops and markets, forcing them to pay inflated prices for everyday necessities that are brought in.
- **Lack of Free, Prior, and Informed Consent (FPIC) in the land acquisition process** Communities allege that the JUSL project, larger in scope than the original POSCO project, could displace up to 40,000 people.<sup>5</sup> Numerous human rights law experts familiar with FPIC have found that the land was not acquired with consent from communities in 2005<sup>6</sup>. According to community members, the two public hearings conducted on 20 December 2019 at Gadakujang by the State Pollution Control Board, Odisha upon the application of JUSL to obtain environment clearance from the Ministry of Environment, Forest and Climate Change (MoEFCC), were unlawfully conducted, as the procedure stipulated for obtaining environmental clearance for integrated and interlinked projects was not followed.<sup>7</sup> According to community members, a large police presence was placed at the location of the hearing, deterring community members from attending; testimonies allege that the police were threatening arrest of villagers that speak out against the project; and the Environment Impact

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<sup>3</sup> American Bar Association [Punished for Protest: Indian Human Rights Defenders Persecuted in Struggle Against Dhinkia's Steel Mill Project](#), May 2024

<sup>4</sup> FIAN, [Indian steel giant eco destruction devastates livelihoods](#), October 2023

<sup>5</sup> The Wire, [As Anti-Jindal Protests Continue in Odisha's Dhinkia, Villagers Face Police Violence, Arrests](#), 18 January 2022

<sup>6</sup> Both the NYU School of Law Human Rights Clinic, and the American Bar Association found this in their respective reports: [The Price of Steel: Human Rights and Forced Evictions in the POSCO-India Project](#), 2013 and [Punished for Protest: Indian Human Rights Defenders Persecuted in Struggle Against Dhinkia's Steel Mill Project](#), 2024

<sup>7</sup> FIAN, [Universal Periodic Review - India Human Rights Violations in the Context of Environmental Destruction and Illegal Land Appropriation in Jagatsinghpur District](#), 2022



Assessment Report and Social Impact Assessment Report were not made available to the public before or during the meeting, as required by law.<sup>8</sup> The lack of adequate community consultation was also listed as one of the reasons that motivated India's National Green Tribunal, in March 2023, to rescind the environmental clearance for the project.<sup>9</sup>

- **Potential risks to villagers' health and right to a clean environment** The proposed project site currently has a Comprehensive Environmental Pollution Index (CEPI) score of 69.26, categorizing it as a severely polluted area.<sup>10</sup> This indicates an already fragile environmental condition that could exacerbate health risks with the new emissions. According to a January 2022 briefing by the Centre for Research on Energy and Clean Air, if built, the steel plant would greatly exceed air pollution limits set by the World Health Organisation and cause severe health issues among the local population.<sup>11</sup> Additionally, there are significant issues related to water usage, including potential contamination from industrial waste, which could affect drinking water sources and lead to health problems like gastrointestinal diseases.
- **Slowing a coal phase-out and steel decarbonisation** This project includes the construction of a 900 MW captive coal power plant, and three large coal-fired blast furnaces for steelmaking. Constructing new blast furnaces and coal-fired power plants puts the world at risk of exceeding the globally-agreed carbon budget.<sup>12</sup> Additionally, there is a significant "stranded asset" risk associated with building new blast furnaces and coal-fired power plants. India has set a Net Zero-target of 2070, and it's primary steel trading partners, like the EU, are even more ambitious. With the introduction of national, and regional carbon pricing schemes (including the upcoming Carbon Border Adjustment Mechanism in the EU), India faces a stranded assets risk of US\$124–187 billion just from announced new steel capacity.<sup>13</sup> Finance for this project would be at odds with HSBC's commitment to bring your steel portfolio in line with the IEA's Net Zero by 2050 scenario, and to phase out finance for the coal power sector worldwide by 2040.<sup>14</sup>
- **Destruction of forests and critical ecosystems** Even though POSCO has withdrawn from the project, subsequent chopping down of betel vines and of over five lakh (500 000) cashew nut and other fruit-

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<sup>8</sup> American Bar Association, "[Punished for Protest: Indian Human Rights Defenders Persecuted in Struggle Against Dhinkia's Steel Mill Project](#)", May 2024, page 10

<sup>9</sup> National Green Tribunal, [Prafulla Samantara & Ors. v Union of India & Ors., Profulla Samantara & Ors. v Union of India & Ors., and Sarita Barpanda & Ors v Union of India & Ors](#), 20 March 2023.

<sup>10</sup> Odisha State Pollution Control Board, [Action Plan for Abatement of Pollution in Industrial Areas of Paradeep](#), July 2020

<sup>11</sup> Centre for Energy and Clean Air, [Health Impacts Assessment of the Integrated Steel Plant, JSW Utkal Steel Limited in Odisha, India](#), 24 January 2022

<sup>12</sup> According to SteelWatch's 2023 report, the Steel Industry proceeding with business as usual operations will eat 1/4th of the world's carbon budget. SteelWatch, [Sunsetting Coal in Steel Production](#), 23 June 2023

<sup>13</sup> Global Energy Monitor, [Why India's 'build now, decarbonize later' approach to achieving a net-zero steel industry will fail](#), December 2024

<sup>14</sup> HSBC, Annual Report 2023; HSBC, Thermal Coal Phase Out Policy, January 2024



bearing trees, crucial for sustaining the livelihood of the locals, has caused large-scale environmental destruction.<sup>15</sup> The construction of JUSL further requires clear-cutting hundreds of acres of forest land. Local villagers have taken photos to demonstrate that JSW Steel has already begun the clear-cutting process.<sup>16</sup> On account of such large-scale felling of trees and destruction of natural flora and fauna, the inhabitants of these villages will also have to directly face the brunt of climate change. As the trees acted as natural barriers and prevented seawater from entering villages, the villagers are now exposed to tidal surges, powerful storms and cyclones, which are common in the region. Some villagers have also reported a visible rise in temperature, widespread soil erosion and a shortage of firewood. Additionally, the project includes the construction of a port for which mangrove forests and sand dunes would need to be cleared. Next to numerous fish and crab species, the coastline also hosts the largest mass nesting of Olive Ridley sea turtles, an endangered species whose population is decreasing globally, and whose nesting areas are protected.<sup>17</sup> The Indian government's international legal obligation to protect this species and its nesting beaches, breeding, feeding and congregation areas, may not be met if JUSL proceeds.<sup>18</sup>

- **Reputational risk from local and international resistance** The POSCO project had been opposed by communities since 2005. Since JSW took over the land in 2017, there has been a fresh wave of resistance from local and international groups. In December 2021, after local villagers erected bamboo barricades to restrict access to the project area, a criminal case was filed by local police against 300 protesters.<sup>19</sup> On January 14, 2022, the police, in riot control gear, cracked down on a protest in Dinkia village, resulting in the injury of more than 20 villagers, including women and children.<sup>20</sup> Every year, a “Black Day” has been observed by the villagers on January 14th in remembrance of the police atrocities committed. As recently as February 1st 2025, local groups peacefully occupied the project site, calling for JSW Steel to cancel the project.<sup>21</sup>
- **Insufficient environmental and social clearances** The project initially received Environmental Clearance (EC) from the Indian Ministry of Environment & Forest and Climate Change in 2022, but after review from the National Green Tribunal (NGT), the EC was suspended in March 2023, which deemed the Environmental and Social Impact Assessments incomplete, insufficient, and not presented to

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<sup>15</sup> Priya Ranjan Sahu, [‘As Posco exits steel project, Odisha is left with thousands of felled trees and lost livelihoods’](#), March 22, 2017

<sup>16</sup> Pictures can be found here: [A](#), [B](#), [C](#), [D](#)

<sup>17</sup> NOAA Fisheries, [Olive Ridley Turtle Species profile](#), accessed 11 February 2025

<sup>18</sup> Odisha Wildlife Organisation, [Sea Turtle Conservation](#)

<sup>19</sup> Alternative Law Forum, [Captive Democracy: Abuse of the criminal system and filing false cases to curb dissent against the POSCO steel plant in Odisha](#), February 2013

<sup>20</sup> Hindustan Times, [Explained: The protest against JSW steel project in Odisha](#), January 2023

<sup>21</sup> Sushant Sekhar Swain, [Facebook post showing a peaceful demonstration at JSW company gates](#), 1 February 2025



communities in due time.<sup>22</sup> JSW Steel then issued additional action plans to address the criticisms of the NGT, and once again received Environmental Clearance in September 2024.<sup>23</sup> However, these new plans have still not been presented in a public hearing to project-impacted communities, and have major gaps in sufficiently addressing the environmental and social impact of the plant.

For further information and additional references on these risks, please see BankTrack's regularly updated Dodgy Deal profile on the JUSL project [here](#), and JSW Steel [here](#).

We are happy to provide further information about these risks, and to organise discussions including representatives of affected groups in India that consider this project a threat to their environment and livelihoods, to help in your consideration of this matter.

Clear-cutting of forest and construction of enabling infrastructure of the project has already begun. Given the urgency of the situation, we would like to request a response to the letter by **March 7<sup>th</sup> 2025**. We intend to publish who responded, and how, on our [Response Tracker database](#). We would be happy to discuss this further at a mutually convenient time.

Yours sincerely,

Julia Hovenier

Banks and Steel campaign coordinator

**BankTrack**

Camila Perotti

Banks and Coal campaigner

**BankTrack**

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<sup>22</sup> Mongabay, [NGT stays environmental clearance for JSW project in Odisha, protestors relieved](#), 17 April 2023

<sup>23</sup> Government of India Ministry of Environment, Forest and Climate Change, [JSW Utkal Steel Re-validation of Environmental Clearance](#), 15 September 2023; JSW Steel, [2023-2024 Annual Report](#), page 294

