

# 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 was founded by Indian billionaire, Gautam Adani, in 1988. It 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 hopes to have a generating capacity of 20,000 MW.

Adani also has significant interests in ports with a presence in six 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 Adani, 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 coal export terminal expansion plans there and at the port of Hay Point. It is also the proponent of the proposed 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 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 long history of environmental destruction, regulatory non-compliance and other illegal activity, including bribery of government officials, unauthorised construction and tax evasion. The company's unscrupulous activities have come to light via a number of government investigations and court hearings, including a multi-disciplinary committee formed in September 2012 by the Ministry of Environment and Forest (MoEF) to investigate the raft of allegations made against Adani and its conduct at the Mundra SEZ.<sup>1</sup>

## 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 who lacked 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>2</sup>

## Illegal construction

Adani has been found to have completed illegal construction on various occasions, by both the Gujarat High Court and the Ministry of Environment and Forests (MoEF) Committee.

In 2011, the High Court 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>3</sup>

In 2012 the same 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>4</sup> In April 2013, a MoEF Committee created to investigate numerous complaints into Adani’s Mundra SEZ found that an airstrip and aerodrome had also been constructed in the SEZ without an Environmental Clearance.<sup>5</sup>

In a current Gujarat High Court case, ten resident of Siracha Village have accused Adani of encroaching upon 40 acres of Siracha’s pastoral land that was not allotted to the Special Economic Zone. It is alleged that Adani carried on construction of employee accommodation on the land despite protests from villagers.<sup>6</sup> The case is ongoing.

## Deliberate concealment and falsification of 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>7</sup> The investigation found that the SEZ did not comply with various required conditions and in October 2012 the government cancelled the SEZ.<sup>8</sup>

## Deliberate manipulation of approval processes

The recent MoEF committee found that Adani had deliberately manipulated the application process for the Mundra Port and SEZ by dividing the project into numerous components and applying to multiple Government Departments to bypass statutory procedures and prevent the cumulative impacts of the project from being considered.<sup>9</sup> Adani applied to be exempt from the public hearing assessment requirement, which assists in identifying and addressing community concerns, for the SEZ application. This was granted on the condition that the future projects within the SEZ received individual public hearings. The company did not adhere to this condition.

## Mangrove and waterway 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.

Environmental approvals for the development explicitly stated that no “existing mangroves shall be destroyed during construction/operation of project” and forbade the filling up and reclamation of creeks. Ongoing inspections of Adani’s port and SEZ at Mundra, conducted by the Ministry of Environment and Forests<sup>10</sup> have found multiple violations of these approvals. These include:

- 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, including 75ha of mangroves in a dedicated conservation area
- creeks systems and the natural flow of seawater were being obstructed by reclamation along the creeks.

## Mitigation and monitoring non-compliance

A report delivered this year by a MoEF investigative Committee found that Adani was ‘less than serious’ about a range of conditions imposed by Environmental Clearances at the Mundra Port SEZ, including those relating to fly ash and salinity management and effluent temperature monitoring.<sup>11</sup> The Committee found fly ash management at Adani’s Mundra power station was unsatisfactory and could lead to air and land pollution through ash dumping. The company further failed to take appropriate basic steps to prevent salinity groundwater intrusion at the site. In addition, Adani has failed to monitor and report effluent temperatures in accordance with conditions, exacerbating community concern about the effluent’s impact on local fish populations.

## Punitive measures

The most recent MoEF investigation committee made various recommendations based on their findings of Adani’s non-compliance, all of which have been accepted by the Indian Government. Remedial measures imposed on the company include a 200 crore fine and cancellation of an Environmental Clearance for the proposed ‘North Port’ at the site to make way for mangrove conservation.<sup>12</sup> The Committee acknowledged that while the severity of the non-compliance warranted complete revocation of environmental clearances for the non-compliant projects at the site, such measures were not possible or environmentally beneficial given the advanced state of the development.<sup>13</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>14</sup>. In 2012 a special committee of Maharashtra forest officials rejected clearance to Adani Power Ltd for the project.<sup>15</sup>

Adani Power also has plans to construct a 1320 MW coal power plant in Madhya Pradesh.<sup>16</sup> The plant will necessitate construction of a dam to supply its water. Construction of this will flood over 5,600 ha of land, fully submerging 6 villages and affecting over 30 in total.<sup>17</sup> Adani received

environmental approval of this project in October 2012,<sup>18</sup> and the project is now in the advanced stages of development.<sup>19</sup>

## References

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<sup>1</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>2</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: [http://www.thehindu.com/multimedia/archive/00736/Report\\_on\\_the\\_refer\\_736286a.pdf](http://www.thehindu.com/multimedia/archive/00736/Report_on_the_refer_736286a.pdf)

<sup>3</sup> Gujarat High Court (2012) Order for Civil Application - For Direction No. 3370 of 2011; Gujarat High Court (2011) Order for Special Civil Application No. 11023 of 2010 with Civil Application No. 3370 of 2011.

<sup>4</sup> Gujarat High Court (2012) Judgement of Writ Petition (PIL) No. 194 of 2011

<sup>5</sup> MoEF (April 2013) Report of the Committee for Inspection of M/s Adani Port and SEZ Ltd. Mundra, Gujarat. Ministry of Environment and Forests p77: <http://moef.nic.in/sites/default/files/adani-report-290413.pdf>

<sup>6</sup> High Court of Gujarat Wript Petition (PIL) No. 137 of 2013; 'PIL accuses Adani SEZ of land grab, HC issues notices' 21 June 2013, The Indian Express. Available from <http://www.indianexpress.com/news/pil-accuses-adani-sez-of-land-grab-hc-issues-notices/1131956/>

<sup>7</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>8</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>9</sup> MoEF (April 2013) Report of the Committee for Inspection of M/s Adani Port and SEZ Ltd. Mundra, Gujarat. Ministry of Environment and Forests p76: <http://moef.nic.in/sites/default/files/adani-report-290413.pdf>

<sup>10</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>; MoEF (April 2013) Report of the Committee for Inspection of M/s Adani Port and SEZ Ltd. Mundra, Gujarat. Ministry of Environment and Forests p76: <http://moef.nic.in/sites/default/files/adani-report-290413.pdf>

<sup>11</sup> MoEF (April 2013) Report of the Committee for Inspection of M/s Adani Port and SEZ Ltd. Mundra, Gujarat. Ministry of Environment and Forests p80: <http://moef.nic.in/sites/default/files/adani-report-290413.pdf>

<sup>12</sup> MoEF (April 2013) Report of the Committee for Inspection of M/s Adani Port and SEZ Ltd. Mundra, Gujarat. Ministry of Environment and Forests p76: <http://moef.nic.in/sites/default/files/adani-report-290413.pdf> p 81.

<sup>13</sup> MoEF (April 2013) Report of the Committee for Inspection of M/s Adani Port and SEZ Ltd. Mundra, Gujarat. Ministry of Environment and Forests p76: <http://moef.nic.in/sites/default/files/adani-report-290413.pdf> p 81.

<sup>14</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>15</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)

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

<sup>17</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)

<sup>18</sup> MoEF Clearance 2x660 MW Coal Thermal Power Plant [http://adanipower.com.204-11-59-220.mdus-pp-wb10.webhostbox.net/Common/Uploads/DownloadsTemplate/14\\_Download\\_copy%20of%20environment%20clearance%20PPL.pdf](http://adanipower.com.204-11-59-220.mdus-pp-wb10.webhostbox.net/Common/Uploads/DownloadsTemplate/14_Download_copy%20of%20environment%20clearance%20PPL.pdf)

<sup>19</sup><http://adanipower.com/Power%20Thermal>