



39 coal blocks up for auction could face clearance delays, legal challenges and community opposition

Investor Briefing:

- New GIS analysis by Greenpeace India of the 101 blocks likely to be auctioned by the Coal Ministry in 2015 shows that at least 39 are in ecologically critical areas and therefore likely to face significant delays in securing clearances, apart from the likelihood of legal challenges and community opposition.
- 35 blocks are in tiger, leopard or elephant habitat and 20 blocks are within 10 km. of a Protected Area or within 15Km of an identified wildlife corridor. The 39 critical blocks cover a total forest area of more than 10,500 hectares. Annex I contains the complete list of the analysed blocks.
- Seven blocks auctioned in round I, II and allotted to public sector companies fall in ecologically critical areas and will have to overcome significant obstacles if they are to become operational.
- Paturia and Tara coal blocks in Hasedeo Arand were auctioned and allotted respectively by coal ministry despite clearly knowing they may not get forest clearance since they fall in inviolate forest areas.
- Three blocks (Jhamkhani, Sondia and Dongri Tal II) scheduled to be auctioned in the third and upcoming round fall in ecologically critical areas. Bidders will face problems operationalising these blocks.
- GIS data for 55 blocks was not available; it would be reasonable to assume that several of these 55 blocks will also face similar problems in terms of their financial viability.

Implications:

- Given these findings, the government would be well advised to withdraw these 39 blocks from the auction process, as unwary bid winners are likely to face legal challenges and community opposition if they persist in developing these mines.
- Potential bidders, investors and analysts should take note of the 39 identified blocks that are likely to face financial viability issues. (Complete list enclosed)
- Details of all proposed blocks (forest cover, community and environmental impacts, status of forest clearance etc) must be made available well before they are put up for auction.
- Going forward, project proponents, investors and the government should avoid blocks that are high in forest cover, habitat for endangered species and important for livelihoods of forest communities. This is necessary not just from an environmental standpoint, but also due to the operational challenges such projects will face.
- These findings reiterate the need for a transparent and consultative process to define areas that will be inviolate or “no go” for mining – in the interests of the environment, forest communities and wildlife, but also in the interests of investors seeking to minimise the likelihood of stranded investments.

Background

In September 2014, the Honourable Supreme Court of India, declared 204 coal blocks allocated via Screening Committee and Government Dispensation routes as arbitrary and illegal. The Hon'ble Supreme Court pronounced its order on 24.09.2014 cancelling allocation of 204 coal blocks. Cancellation in case of 42 coal blocks under 'Producing' and 'Ready to produce' category shall take effect from 31.03.2015. Remaining 162 coal blocks stood cancelled with immediate effect. Post the cancellation, parliament finally passed the **Coal Mines (Special Provisions) Bill 2015** on 20th March 2015 after issuing two ordinances by the Government, the first as on 21st October, 2014 and then repromulgated on 26th December, 2014.

The Supreme Court order presented an opportunity for the government and corporate sector to relook at the prior allocations for the lapses and their possible implications on environment and health and livelihood of people living in and nearby forests. However, these concerns have been ignored in order to satisfy the demand for coal from power producers and industry.

While there was a need to adopt a comprehensive process to accommodate environmental protection, tribal welfare and protection of endangered species; the government showed unprecedented hurry and resorted to the ordinance route to ensure reallocation of blocks cancelled due to Supreme Court's decision. In an order by Ministry of Coal on December 18, 2014, 101 blocks were named for auction/allotment. These blocks are spread in eight different states including Madhya Pradesh, Jharkhand, Orissa, Chhattisgarh, Maharashtra, Andhra Pradesh, Arunachal Pradesh and West Bengal.

Of the 101 listed for the 1st phase of auctions, 25 are in areas earlier marked as "No Go" on account of dense forest cover. Many of the blocks have already seen lengthy delays in securing clearances. The presence of endangered species such as tigers, elephants and leopards and proximity to Protected Areas also means that some of the 101 blocks could require the approval of bodies such as the National Board for Wildlife (NBWL) and National Tiger Conservation Authority (NTCA). In addition, many village boundaries overlap with the areas of the listed blocks, necessitating approvals from Gram Sabhas under the Forests Rights Act, 2006 prior to forest diversion under the Forest Conservation Act 1980. Several blocks are already facing legal challenges in various courts.

However, despite these complications, there has been little transparency from the government. In many cases Forest Clearance letters have not been provided on the official website. For instance only a few blocks have their Stage 1 forest clearance letters on the official website and fewer still have Stage 2 clearance letters. While the government is claiming to do everything to make coal auctions more transparent, this thrust for transparency does not seem to apply when it comes to providing even basic information to the public regarding the impact of proposed mines on the environment and livelihoods.

Introduction:

In an attempt to understand the risk that mining the 101 coal blocks pose to forests, villages, endangered species and livelihoods, Greenpeace India collected GIS data from five states for 46 coal blocks spread over 10 coal fields. Data for the remaining 55 blocks (of 101) were not available. This

analysis does not cover currently operational coal blocks (Parsa East and Kente Basan being the exception because the Forest clearances for those blocks have been kept aside by the National Green Tribunal - NGT). For other blocks Greenpeace could not access the coal block boundary data from Central Mine Planning and Design Institute (CMPDIL).

These 46 blocks together contain over 11,000 ha. of forest, including tiger, leopard and elephant habitat. Several blocks are close to protected areas (PAs) and overlap with the buffer zones of PAs. The blocks also contained water-bodies spread over around 725 ha.

The findings stress the need for the Ministry of Coal to reconsider its approach to auctioning blocks in ecologically critical areas. By seeking to mine these areas the government is jeopardising forest and tribal communities, endangered species and India's forest cover. Such a piecemeal approach also risks fostering opposition on the ground leading to the continued risk of litigation and civil unrest. Project promoters and investors in turn will be affected by the likelihood of delayed or stalled projects. In some cases, entire investments could be stranded or rendered financially unviable.

Coal mining in India needs to follow a comprehensive process that takes into account the interest of people and the environment, and not just those of corporations and "end users".

Methodology:

Coal block data including coordinates and maps were obtained from the Ministry of Coal. Forest cover data is from the Forest Survey of India (FSI). The presence/absence maps of tiger, elephant and leopard is taken from maps prepared by the Wildlife Institute of India (WII)/ National Tiger Conservation Authority (NTCA).

Using these data sets, the area of each block was calculated. The area covered by forest (Very Dense, Moderately Dense and Open Forest) within each block was calculated by overlaying FSI data. Similarly, the area of tiger, leopard and elephant habitats in or around each coal block was calculated through an overlay analysis, using data from the Wildlife Institute of India's 2011 study. Area of water bodies, distance of coal blocks from migratory corridors and distance from the 10 km. buffer from Protected Areas, if any, was also estimated.

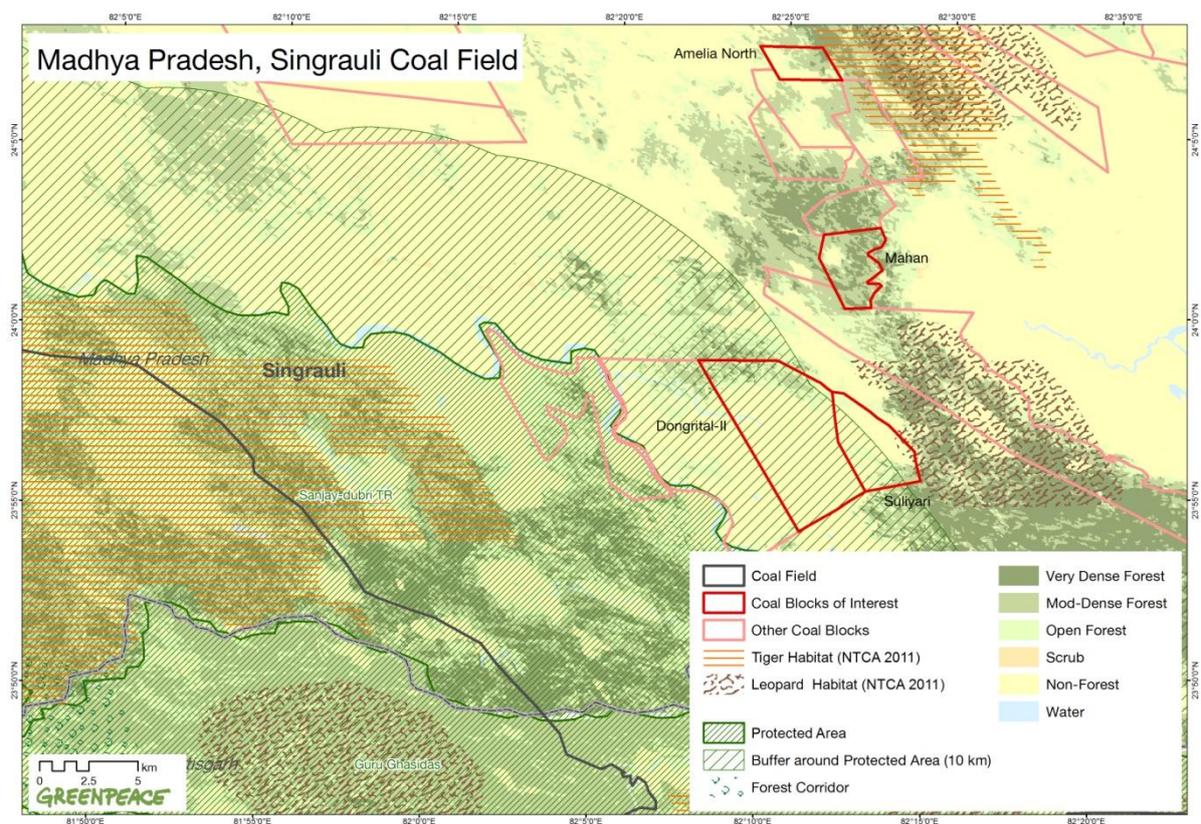
Case Studies of Coal Blocks:

Singrauli coalfield: Dongrital II, Suyalgri, Mahan and Amelia North blocks

Singrauli coal field has three ready to start coal blocks and one currently operational coal block according to the ordinance - Dongrital II, Suyalguri and Mahan are the ready for operation and Amelia North is currently operational . Both Dongrital II and Sungyaikuri fall within 5Km of the Sanjay Dubri tiger reserve. However, the Environmental Clearance documents do not even mention the presence of the Tiger Reserve. These blocks will still need an approval from the National Board of Wildlife. Apart from the presence of tiger, the area has many other schedule I species like elephants, sloth bears, leopards and Chinkara. In the case of Mahan , an office memorandum issued on 22nd December 2014, MoEFCC has asked the Ministry of coal not to auction Mahan coal block since it falls in inviolate forest area. The Ministry of Coal has accepted this recommendation and withdrawn the Mahan coal block from auction. The Environment Clearance(EC) letter of

Dongrital II coal block states that the coal block does not fall within 15Km but GIS analysis shows that Sanjay Dubri tiger reserve is just within 2km distance from the coal block. Most of the coal blocks in the Mahan region were classified as NoGo coal block back in 2010.

Legal Challenges & Local Fights: Mahan Sangharsh Samiti (MSS) has been fighting to save their forest from being mined for coal in the region. The forest clearance for Mahan coal block, which threatened the livelihood of more than 50000 people, was challenged by MSS at the National Green Tribunal.ⁱ MSS has also challenged the inaction of the state government on the alleged forged Gramsabha resolution on the basis of which Mahan Coal Block was granted stage II forest clearance.ⁱⁱ

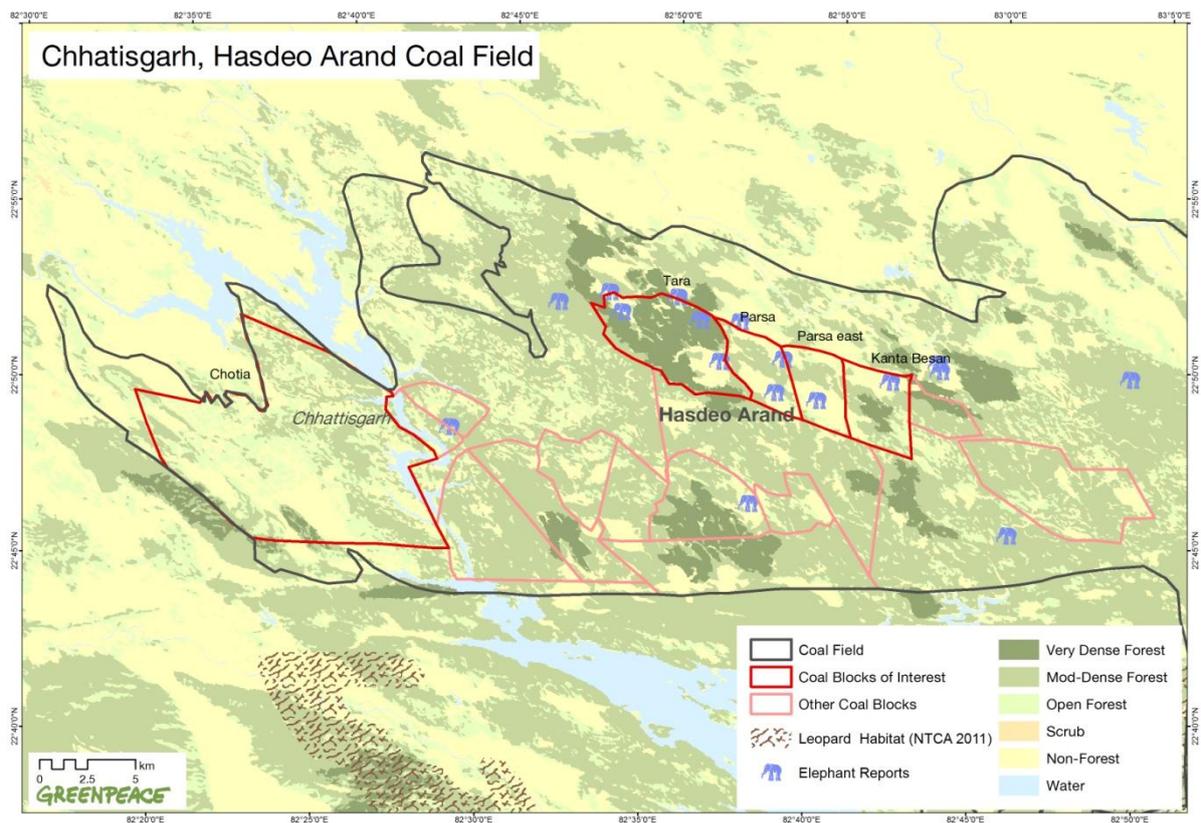


Hasdeo Arand coal field, Chhattisgarh: Paturia, Chotia, Parsa East, Kente Basan, Tara and Parsa blocks

In Hasdeo Arand Coal Field there are three currently operational coal blocks Chotia, Parsa East and Kente Basan. The ready to be operational coal blocks are Tara and Parsa. It should be noted that all the coal blocks in Hasdeo Arand coalfield were declared NoGo for mining back in 2010. National Green Tribunal in 2014 cancelled the forest clearance given to Parsa East and Kente Basan coal blocks. NGT has also asked the Forest Advisory Committee(FAC) to assess the elephant corridor in the region.ⁱⁱⁱ Apart from elephants, there have been also sighting tigers, leopards, sloth bears and other schedule 1 species are reported from the forests of Hasdeo Arand.^{iv} The region is currently has escalating levels of Human Elephant Conflict.^v **It should also be noted that the coal ministry has gone ahead and allotted Paturia (Added to the allotment list later) and Tara coal blocks in Hasdeo Arand despite these coal blocks were identified as inviolate forests and communicated to coal ministry by MoEFCC in December 2014.**

Local & Legal Fights

Recently around 20 gram sabhas have passed resolutions against mining projects coming up in their forests in the Hasdeo Arand region.^{vi} Hasdeo Arand Bachao Samiti and Chhattisgarh Bachao Andolan are leading the protests by communities opposing coal mining in their forests.



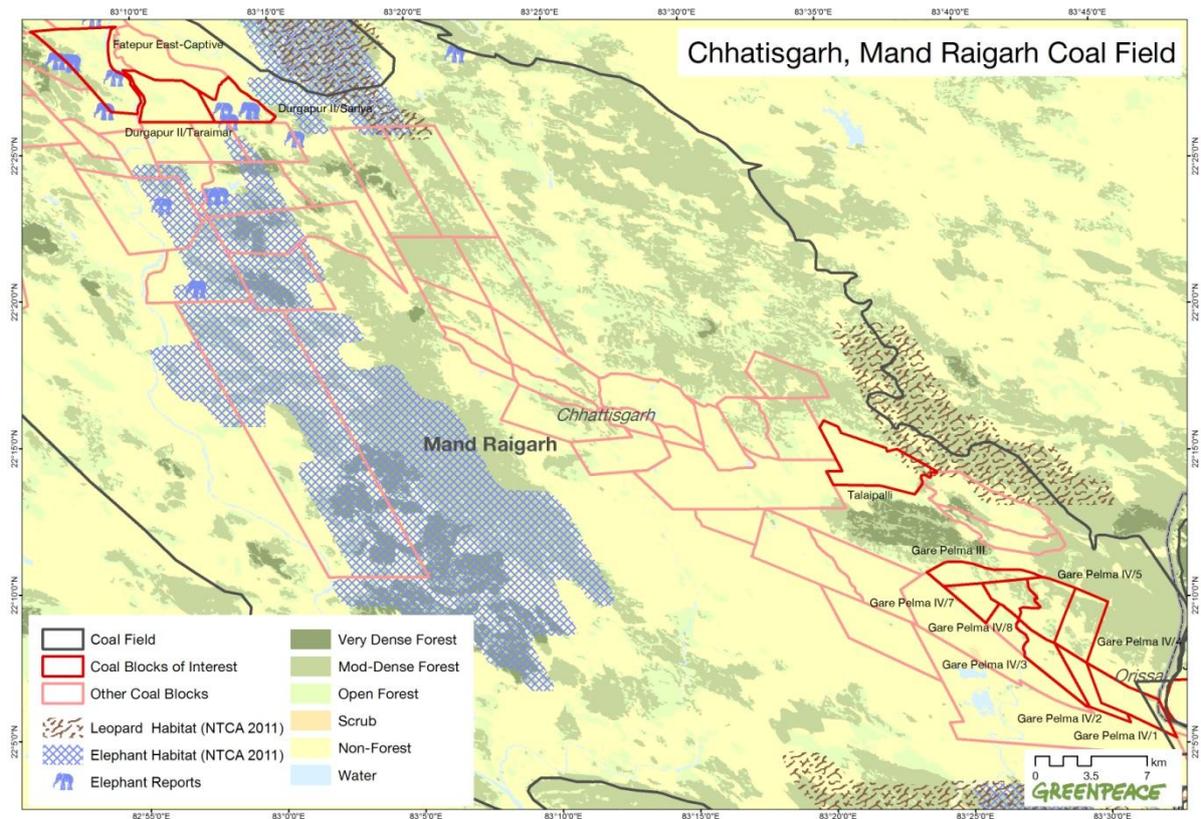
Mandraigarh Coal field, Chhattisgarh: urgapur II/Sariya, Durgapur II/Taraimar, Fatepur East-Captive, Gare Pelma III, Gare Pelma IV/8 and Talaipalli

Dharamjaigarh forest division which overlaps with the Mandraigarh coal field is one of the divisions that has very high human elephant conflict in the state of Chhattisgarh. There have been many protests by the local communities in the past years against the inaction of the local government to solve human elephant conflict.^{vii} Many of the forest areas which are threatened by mining are leopard and elephant habitat.

Local opposition & Legal Challenges

Some of these blocks have already been challenged by various groups and individuals. Durgapur Sariya^{viii} and Taminar^{ix} coal blocks have been challenged at the NGT.^x Gare Pelma IV/1 has also been challenged at the NGT for illegal underground mining. On the other hand the environmental impact due to rapid industrialisation in Raigarh has been enormous, resulting in massive deforestation, water and air pollution, and the consequent impact on the health of those who inhabit these places. But by far the greatest conflict is on the issue of land, and the way that land is sold and

acquired in these places. Of the 533 Gram Panchayats in Raigarh, about 300 are likely to be affected by mining and industrial projects according to some reports.^{xi}

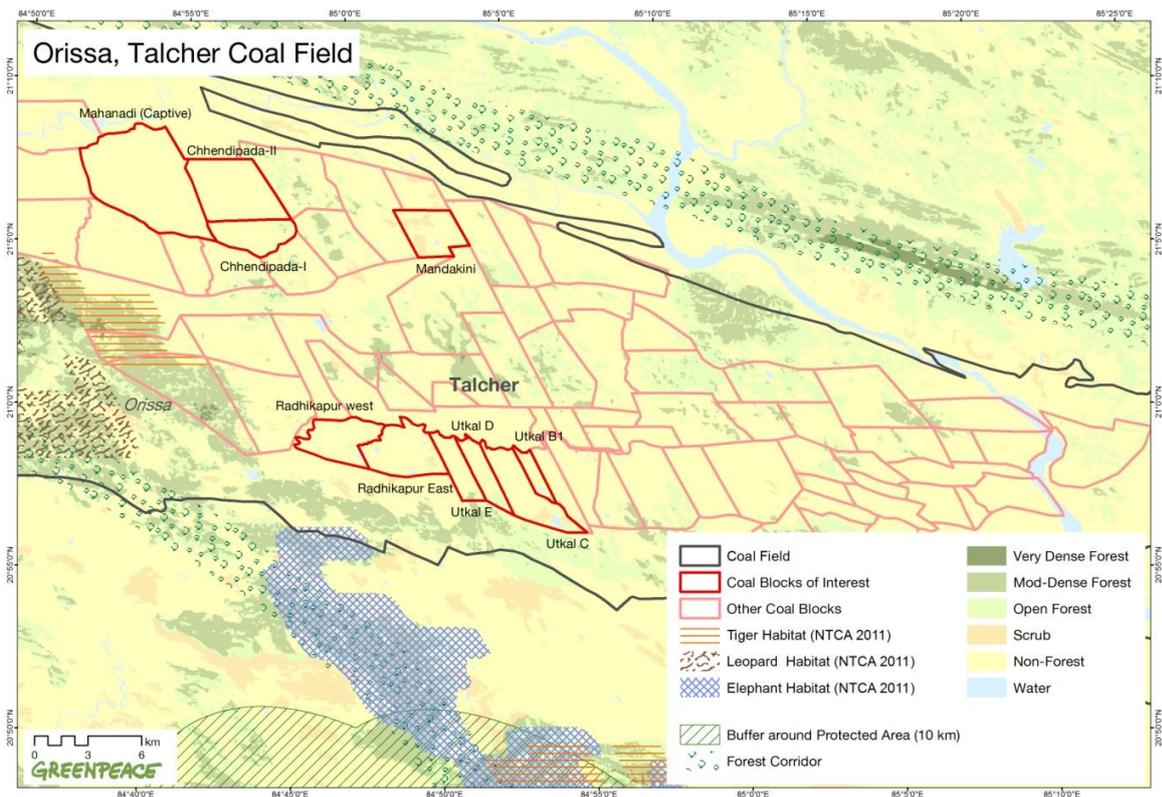


Talchar Coal Field, Odisha: name blocks Chhendipada-I, Chhendipada-II, Mahanadi, Mandakini, Radhikapur East, Radhikapur west, Utkal B1, Utkal C, Utkal D and Utkal E

Most of the coal blocks in Talchar coal field are few kilometers close to the corridor between Satkosia Tiger Reserve and Simlipal Tiger Reserve. Areas around the blocks in Angul district also see frequent visits by elephants according to local activists.^{xii}

Local resistance

In September 2014, people of five gram panchayats, including Bagadia, Machhakata under the Chhendipada block Angul district attended a public hearing organised for Chhendipada coal and made their opposition to the project clear. Following this, the local administration was forced to cancel the public hearing since the people who were to be displaced from 7,000 acres of agricultural land were opposing it.^{xiii}



Conclusion

The Supreme Court judgement in the coal block allocation case presented a good opportunity for the government to undo the mistakes of the past. While transparency in awarding coal blocks for companies is important, that alone does not account for complete transparency of the coal sector. There are many discrepancies in how environmental and forest clearance were awarded, how land was acquired, how pollution control norms were violated and how consent of forest dependent community was obtained. Ignoring those aspects of the coal sector and moving ahead with auctioning will not only do grave injustice but also will put the new coal block bidders in conflict with communities and legal challenges.

The opportunity was there to finalise and legalise a free, fair inviolate forests policy and to identify coal mining in such a way that it has less forest destruction and impact on communities and wildlife. Sadly, the reality is that the government took the route of ordinance in the name of efficiency. The government did not show the same hurry or the transparency it claims in identifying inviolate forest areas that will protect our natural heritage. This begs the question whether efficiency and transparency are selective only to protect the interests of businesses but not people and environment.

Recommendation:

1. Government must prioritise the identification of inviolate forest areas through a free and fair policy to keep them away permanently from mining before further auctioning.
2. Coal blocks should be auctioned only after resolving the pending legal challenges and complaints with regard to environment and people's rights.
3. Consent from local communities should be obtained wherever applicable before auctioning the coal blocks.

ANNEXURE I - GIS analysis done by Greenpeace India for 46 coal blocks of the 101 coal blocks earmarked for Phase I auction

| SNo | Coal Block | Coal Field | State | Coal Block Area , ha | Forest Area, ha | Nearest PA, within 10Km | Nearest Leopard habitat within 15Km | Nearest Elephant habitat within 15Km | Nearest Tiger habitat within 15Km | Nearest Forest Corridor within 15Km |
|-----|----------------------|-----------------|-------------|----------------------|-----------------|-------------------------|-------------------------------------|--------------------------------------|-----------------------------------|---|
| 1 | Kanta Besan | Hasdeo Arand | Chhatisgarh | 1,373 | 886 | | Yes | Yes | | |
| 2 | Parsa | Hasdeo Arand | Chhatisgarh | 1,126 | 552 | | Yes | Yes | | |
| 3 | Parsa east | Hasdeo Arand | Chhatisgarh | 1,092 | 451 | | Yes | Yes | | |
| 4 | Tara | Hasdeo Arand | Chhatisgarh | 2,551 | 2,071 | | Yes | Yes | | |
| 5 | Durgapur II/Sariya | Mand Raigarh | Chhatisgarh | 719 | 146 | | Yes | Yes | | |
| 6 | Durgapur II/Taraimar | Mand Raigarh | Chhatisgarh | 1,091 | 53 | | Yes | Yes | | |
| 7 | Fatepur East-Captive | Mand Raigarh | Chhatisgarh | 1,613 | 536 | | Yes | Yes | | |
| 8 | Gare Pelma III | Mand Raigarh | Chhatisgarh | 640 | 182 | | Yes | Yes | | |
| 9 | Gare Pelma IV/8 | Mand Raigarh | Chhatisgarh | 486 | 219 | | Yes | Yes | | |
| 10 | Talaipalli | Mand Raigarh | Chhatisgarh | 1,613 | 151 | | Yes | Yes | | |
| 11 | Sondiha | Tatapani | Chhatisgarh | 667 | 62 | Yes | | | Yes | Guru Ghasidas National Park/Tamor Pingla Sanctuary to Palamau Tiger Reserve |
| 12 | Tubeid | Auranga | Jharkhand | 200 | 0 | | | | Yes | |
| 13 | Badam | North Karanpura | Jharkhand | 319 | 120 | | | Yes | | Palamu to Hazaribagh |
| 14 | Brinda Sisai | North Karanpura | Jharkhand | 1,959 | 263 | | | | | Palamu to Lawalong |
| 15 | Chakla | North Karanpura | Jharkhand | 846 | 528 | | | | | Palamu to Lawalong |
| 16 | Chatti Bariatu | North Karanpura | Jharkhand | 753 | 2 | | | | | |
| 17 | Chitarpur | North Karanpura | Jharkhand | 640 | 135 | | | | | |
| 18 | Dumri | North Karanpura | Jharkhand | 260 | 3 | | | | | |
| 19 | Ganeshpur | North Karanpura | Jharkhand | 226 | 187 | | | | | |
| 20 | Kerendari A | North Karanpura | Jharkhand | 665 | 2 | | | | | Palamu to Hazaribagh |
| 21 | Moitra | North Karanpura | Jharkhand | 424 | 15 | | | | | Palamu to Hazaribagh |
| 22 | North Dhadu | North Karanpura | Jharkhand | 1,061 | 313 | | | | | |

| | | | | | | | | | | |
|----|--------------------|-----------------|----------------|-------|-----|-----|-----|-----|-----|--|
| 23 | Rohne | North Karanpura | Jharkhand | 1,167 | 654 | | | Yes | | Palamu to Hazaribagh |
| 24 | Seregarha | North Karanpura | Jharkhand | 255 | 103 | | | | | |
| 25 | Dongrital-II | Singrauli | Madhya Pradesh | 3,818 | 837 | yes | Yes | yes | | Sanjay Dubri Tiger Reserve and Guru Ghasidas National Park to Bagdara Wildlife Sanctuary |
| 26 | Mahan | Singrauli | Madhya Pradesh | 969 | 906 | | Yes | yes | | Sanjay Dubri Tiger Reserve and Guru Ghasidas National Park to Bagdara Wildlife Sanctuary |
| 27 | Suliyari | Singrauli | Madhya Pradesh | 1,292 | 410 | Yes | Yes | yes | | Sanjay Dubri Tiger Reserve and Guru Ghasidas National Park to Bagdara Wildlife Sanctuary |
| 28 | Baranj I/IV | Wardha | Maharashtra | 765 | 10 | | Yes | | | |
| 29 | Kiloni OC | Wardha | Maharashtra | 351 | 0 | | Yes | | | |
| 30 | Majra | Wardha | Maharashtra | 543 | 26 | | | | | |
| 31 | Manora Deep-II | Wardha | Maharashtra | 365 | 21 | | Yes | | | |
| 32 | Marki Mangli II | Wardha | Maharashtra | 164 | 42 | Yes | | | Yes | |
| 33 | Bijahan | Ib Valley | Orissa | 833 | 338 | | Yes | Yes | | |
| 34 | Dulanga | Ib Valley | Orissa | 462 | 182 | | | Yes | | |
| 35 | Jamkhani | Ib Valley | Orissa | 1,025 | 131 | | Yes | Yes | | |
| 36 | Manoharpur | Ib Valley | Orissa | 714 | 367 | | | Yes | | |
| 37 | Chhendipada-I | Talcher | Orissa | 742 | 46 | | Yes | | Yes | Satkosia Tiger Reserve to Simlipal Tiger Reserve and to Khalasuni Sanctuary |
| 38 | Chhendipada-II | Talcher | Orissa | 1,503 | 5 | | Yes | | Yes | Satkosia Tiger Reserve to Simlipal Tiger Reserve and to Khalasuni Sanctuary |
| 39 | Mahanadi (Captive) | Talcher | Orissa | 2,971 | 0 | | Yes | | Yes | Satkosia Tiger Reserve to Simlipal Tiger Reserve and to Khalasuni Sanctuary |
| 40 | Mandakini | Talcher | Orissa | 777 | 141 | | | | Yes | Satkosia Tiger Reserve to Simlipal Tiger Reserve and to Khalasuni Sanctuary |
| 41 | Radhikapur East | Talcher | Orissa | 1,065 | 43 | | Yes | Yes | Yes | Satkosia Tiger Reserve to Simlipal Tiger Reserve and to Khalasuni Sanctuary |
| 42 | Radhikapur west | Talcher | Orissa | 866 | 18 | | Yes | Yes | Yes | Satkosia Tiger Reserve to Simlipal Tiger Reserve and to Khalasuni Sanctuary |

| | | | | | | | | | | |
|----|----------|---------|--------|-----|-----|--|-----|-----|-----|---|
| 43 | Utkal B1 | Talcher | Orissa | 243 | 0 | | | Yes | Yes | Satkosia Tiger Reserve to Simlipal Tiger Reserve and to Khalasuni Sanctuary |
| 44 | Utkal C | Talcher | Orissa | 998 | 136 | | | Yes | Yes | Satkosia Tiger Reserve to Simlipal Tiger Reserve and to Khalasuni Sanctuary |
| 45 | Utkal D | Talcher | Orissa | 466 | 82 | | Yes | Yes | Yes | Satkosia Tiger Reserve to Simlipal Tiger Reserve and to Khalasuni Sanctuary |
| 46 | Utkal E | Talcher | Orissa | 495 | 48 | | Yes | Yes | Yes | Satkosia Tiger Reserve to Simlipal Tiger Reserve and to Khalasuni Sanctuary |

Of the 46 coal blocks analysed:

7 coal blocks have been already auctioned in round I & II (Brinda Sasai counted as 2 blocks)

3 coal blocks are listed for III round of auction

12 coal blocks are already allotted (total 38 blocks have been allotted so far)

-
- ⁱ http://www.business-standard.com/article/economy-policy/nda-govt-s-grouse-with-greenpeace-mahan-coal-block-protests-115022000023_1.html
- ⁱⁱ <http://www.dailypioneer.com/state-editions/bhopal/hc-asks-sp-to-probe-gram-sabha-forgery.html>
- ⁱⁱⁱ <http://www.thehindu.com/news/national/green-tribunal-cancels-forest-clearance-for-chhattisgarh-coal-blocks/article5826314.ece>
- ^{iv} Human elephant conflict data collected from the state government of chhattisgarh
- ^v <http://timesofindia.indiatimes.com/city/raipur/Elephants-trample-three-women-to-death-in-Chhattisgarh/articleshow/46814943.cms>
- ^{vi} As India Faces Energy Shortage, Tribal Protests Pose Threat to Fresh Coal Allocations in Chhattisgarh - <http://www.ndtv.com/india-news/as-india-faces-energy-shortage-tribal-protests-pose-threat-to-fresh-coal-allocations-in-chhattisgarh-734917>
- ^{vii} <http://www.thehindu.com/news/national/other-states/chhattisgarh-villagers-blame-forest-officials-for-manelephant-conflict/article5078737.ece>
- ^{viii} <http://timesofindia.indiatimes.com/city/bhopal/Coal-mining-in-Chhattisgarh-Plea-transferred-to-green-panel/articleshow/37831367.cms>
- ^{ix} <http://indiankanoon.org/doc/132543238/?type=print>
- ^x <http://timesofindia.indiatimes.com/city/bhopal/Coal-mining-in-Chhattisgarh-Plea-transferred-to-green-panel/articleshow/37831367.cms>
- ^{xi} http://centreforequitystudies.org/wp-content/uploads/2014/02/Land-Acquisition-and-Transfers-for-Private-Industry_2112131.pdf
- ^{xii} <http://www.orissadiary.com/CurrentNews.asp?id=49459>
- ^{xiii} <http://www.thehindu.com/todays-paper/tp-national/tp-otherstates/public-hearing-on-nod-for-coal-mining-in-odisha-cancelled/article6381582.ece>

For more information:

Nandikesh Sivalingam

Campaigner, Greenpeace India

Ph: 09686450785

Email: nandikesh.sivalingam@greenpeace.org

Publication Date: August 2015