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**A STUDY OF CHALLENGES TO MINERAL BASED PROJECTS IN  
ODISHA DURING IMPLEMENTATION**

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**ABSTRACT**

Odisha because of its minerals reserve has been attracting major projects. The mineral resources are mostly located in “Scheduled Areas”. Mineral based projects in “Scheduled Areas” have to comply with additional statutory conditions. Based on the study it is found that the implementation of projects in Scheduled areas is more challenging. From the study it is found that in order to avoid delay and/or failure, the Project Proponents should meticulously examine the land details at the initial days of project implementation and strictly follow the procedures for obtaining Environment and Forest Clearance. To achieve success in project implementation, Govt. of Odisha can follow the models put in place by Govt. of India for Ultra Mega Power Projects (UMPPs) or that of Gujarat Mineral Development Corporation (GMDC), where in the Govt. through a special purpose vehicle (SPV) acquires the land and obtains all the clearances and gives the project for implementation through a bidding process.

Key Words: Scheduled Areas, Environment Clearance, Forest Clearance, SPV, UMPP, GMDC

**1. Introduction**

Odisha State is blessed with a large variety of Mineral resources. It stands a prominent place in India in terms of deposits in Coal, Bauxite, Iron, Manganese, Chromite etc. and has a leading position in the Country in this regard. Based on these minerals various Mega Project have been implemented in Odisha. Govt. of Odisha also encourages the establishment of these Projects as it can generate employment, revenue and bring in development in the State.

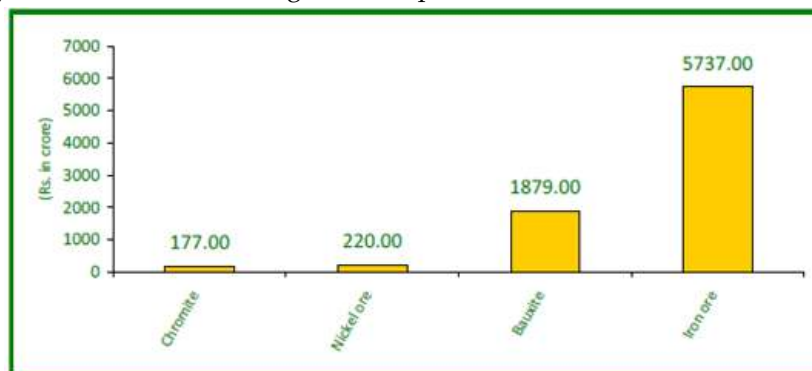


Fig. 1 Major Mineral Deposit in Odisha. Source: -Odisha Economic Survey – 2014-15

These mineral deposits are mostly located in tribal dominated areas attracting various additional provisions of law for clearance. As per the information available in the web site of Department of Steel & Mines, Govt. of Odisha<sup>4</sup> the mining areas spread in different districts are as follows: -

The predominantly tribal dominated areas of our country have been covered under a “Scheduled” in the Constitutions of India and are known as “Scheduled Areas”. These areas attract some special provisions for land acquisition and village level developmental activities. Many projects located in the “Scheduled Areas” are getting delayed or are unable to take off because of challenges posed while going through these special provisions.

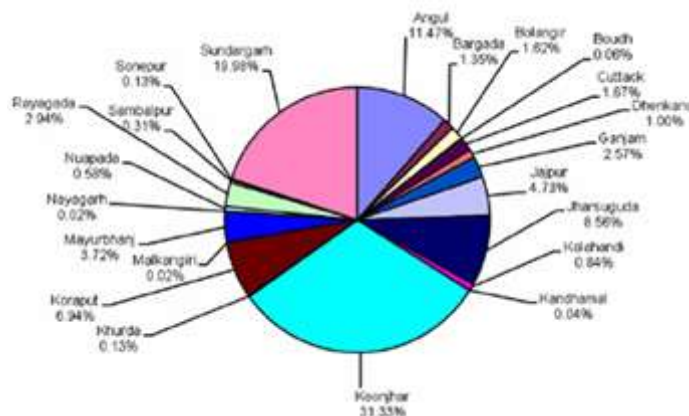


Fig. 2 : Mining Area spread in different districts,

Source: <http://www.orrissaminerals.gov.in/website/MineralProduction.aspx?GL=resstat&PL=1>

From the diagram above it can be seen that the “scheduled areas” of the state are very rich in mineral resources. Keonjhar district has 31.33% of the total mineral deposit followed by Sundergarh with 19.98%. Koraput District is in third place with 6.94%, followed by Mayurbhanj (3.72%) and Rayagada (2.94%) respectively for the 4<sup>th</sup> and 5<sup>th</sup> position. Angul (11.47%) and Jharsuguda (8.56%) are the “non – scheduled” mineral rich districts. This information suggests that industries based on Iron ore and Bauxite are likely to be located in the scheduled districts, whereas industries based on coal shall be located in non-“schedule districts”.

In Odisha, the first major project was Rourkela Steel Plant, which was implemented in 1960s. National Aluminium Company, Talcher Super Thermal Power Plant were implemented in early 1990s. These projects did not encounter any major bottlenecks during implementation from issues relating to land acquisition, environmental clearance etc. During this period (1983) the Gandhamardan Mining Project of the then Bharat Aluminium Co. (BALCO) was abandoned due to strong Public Protest on religious ground.

In the late of 1990s and in 2000 large Projects like Bhusan Steel & Power, Jindal Steel & Power, GMR – Kamalangi Power Plant, Arati Steel, Vedanta’s Aluminium Smelter and Power Project near Jharsuguda, Aditya Aluminium Project in Sambalpur District and many other medium scale industries in steel sectors have come up. There also have been cases of delay in implementation of Projects like POSCO, Kalinga Nagar Plant of TISCO, ArcelorMittal, Utkal Alumina and Vedanta Alumina.

In this paper attention has been focused on Five Projects implemented in the “Scheduled Districts” and non –“Scheduled Districts” have been examined through literature review, personal interview with Company and Govt. Officials. The information available in the websites of the companies has also been used for the study.

## 2. Clearances Required for Major Projects.

Implementation of a Green Field project in Mineral sector comes under large project category and is governed by various rules/laws/acts of Govt. of India & Govt. of Odisha. One of the Article in

“Business Standards” dated 8<sup>th</sup> June 2012 has listed 65 clearances required for a Thermal Power Project. These Clearances are starting from Certificate of incorporation to commissioning Certification. Various Central Govt., State Govt. and local bodies are involved in these clearances. The major clearances required are:

1. Approval from State Govt.
2. Gram Sabha Clearance for land acquisition
3. RPDAC for compensation of land acquisition
4. Environmental Clearance including Public Hearing
5. Forest Clearance including clearance from Palli Sabha
6. Consent to Establish from OSPCB
7. Clearance from Department of Water Resources / Central Ground Water Board for use of water
8. Clearance of Railways for transport of goods, finished product and construction of siding
9. Connectivity to state grid and drawl of power.

In a state like Odisha having substantial Coast line, CRZ Clearance can be a requirement for projects coming within 100 Km of the Coast.

In order to appreciate the degree of difficulties faced by project proponents, a brief out line for the first five clearance/approvals mentioned above is given below.

- 1) **Approval by State Govt.:** - As per the Policies of the State Govt., the Promoters, after conceiving the project have to approach IPICOL- A Govt. of Odisha Undertaking, for its project appraisal in the form of a “Combined Application Form” (CAF) along with a processing fee<sup>9</sup>.

HLCA, comprising of Chief Minister and 12 other members, examines and considers proposals where the amount of investment is more than or equal to Rs 1,000 cr.

IPICOL examines the proposal and processes the same for approval by State Level Single Window Clearance Authority (SLSWCA) headed by Chief Secretary or High Level Clearance Authority (HLCA) headed by Chief Minister depending on the project Cost. This process though design to be a one-step clearance process, however in fact, it’s only a “go-ahead”.

In this process the assessment of land by IPICOL is becoming time consuming as the demand for land is increasing. It can be seen that land allotted by IPICOL for similar project has been different over a period of time. This also because of the fact that all terrains are not same and there is no hard and fast rule for assessing the land requirement.

As per “Odisha Economic Survey 2014-15”<sup>1</sup>- IPICOL has received 26 CAFs in the year 2013-14 as against 432 CAFs during the previous year. Out of the 26 applications 11 proposals have cleared through 8 Task Force Meetings and 2 SLSWCA.

- 2) **Land Acquisition:** - Once the project gets approved by SLSWCA or HLCA, the project proponent has to again approach IPICOL for assessment and recommendation of Land requirement, Water requirement. The project proponent can apply for the amount of land which is recommended by IPICOL.

After approval by IPICOL, the details of land in the selected area is done by the project proponent. Collection of land details is very cumbersome in earlier period as the availability of cadastral (village) maps and Record of Right (RoR) was very tedious. Now with computerization of land details the RoR can be downloaded on line, but getting a copy of village level map still remains a difficult task. In recent times the village maps are also available on line for some districts.

After assessing the land details and obtaining the certified copies of the RoR from respective Tehsildar the application for land acquisition is made to IDCO – the agency of Govt. of Odisha for this activity. A Project proponent can also acquire land directly, provided Govt. of Odisha gives its

clearance under section 73/c of the Orissa Land Acquisition Regulation (OLR) Act <sup>13</sup>. In reality Govt. of Odisha has some restriction for issue of 73(c) certificate for "schedule areas".

On receipt of the application for land details IDCO then sends the application of acquisition of Govt. land to Collector of the district concern. While the process of acquisition is simpler in case of Govt. land, the same for private land is lengthy and time consuming.

For the private land IDCO has to take approval of the administrative Ministry of Govt. of Odisha. After that the application is sent to Land Acquisition Officer (LAO) of the respective district. They after examining the land details and checking the records send, the same to Revenue Department of Govt. of Odisha for 4(1) notification. In this notification Govt. announces its intention of acquiring the land for Industrial purpose. After publication of 4(1) notification in the newspapers and Gazettes, the land owners cannot sale their land. This done to save innocent villagers from getting cheated by land grabbers.

After 4(1) notification the actual land holders are identified along with the genealogy of the holding. In this step actual land area is measured and their compensation etc. is calculated. There is a process of getting approval of villagers for the rate of compensation of land. All the structures and trees are also measured and counted to establish their cost.

Based on the above estimate, LAO then send the proposal for 6(1) notification. After it is approved by Govt. of Odisha, the same is published in News Papers and Gazettes. At this stage the intent of the Govt. to acquire the land becomes firm and the real process of acquisition starts. After this the 7 order is passed by Government on deposit of cost of land by project proponent. After that Collectors/LAO take various steps to disburse the land cost and acquire the land.

While this above process is applicable for all major projects, for projects in "schedule areas", a process of "Gram Sabha" is mandatory as per PESA Act <sup>12</sup>. In this process the Gram Sabha under the Chairmanship of the Ward Members and in presence of Block Development Officer (BDO), Tehsildar etc. passes a majority resolution for allowing land acquisition. This becomes a major challenge as motivating the villagers to attend the meeting and then getting a majority to vote for the project is really difficult. Gram Sabha clearance is required for both Government and Private Land.

Rehabilitation and Periphery Development Advisory Committee (RPDAC) headed by "The Revue Divisional Commissioner (RDC)". The elected representatives like MLA and MPs also members of this committee. RPDAC plays a major role. Here the amounts of various compensation, welfare measure, rehabilitation of displaced people etc. are decided. There are some instances, where the compensation gets revised by RPDAC even after the land is acquired and project is in advance stage of construction. This poses the challenges of Cost Overrun.

- 3) **Environmental Clearance:** - In to-day's context Environmental Clearance for any project is vital. This process is governed by the Environment Impact Assessment (EIA) Act. 2006 <sup>10</sup>. Here the project proponent submits an application (Form-I), out lining the project details to Ministry of Environment & Forest (MoEF). After preliminary presentations to the Environmental Appraisal Committee (EAC) of MoEF, a "Terms of Reference" (ToR) to conduct the study of Environmental Impact Assessment (EIA) for the project and also submit the Environmental Management Plan (EMP) is issued. The project proponent gets 2 years' time from the date of issue of ToR to go for final presentation before the EAC, for Environment Clearance (EC) after completion of the EIA/EMP report and also successful completion of "Public Hearing"

"Public Hearing" is the process of Public Consultation and is conducted by the State Pollution Control Board and the District Administration. In this process the project proponent publishes an Executive Summary of the EIA/EMP report highlighting the environment issues and impacts. The Public is given a chance to raise their views in front of the "Regional Officer" of State Pollution Control Board and a District Officials not below the rank of ADM. This process is video recorded and

proceeding is signed and prepared by the Regional Officer and the District Officials present. The attendance of all those presence is also collected.

It is seen that while some environmental aspects are discussed in this meeting, the issues of compensation, employment is generally emphasized. This is a cumbersome process and various local issues, not directly related to environment may derail the process.

- 4) **Forest Clearance:** - The order of Honorable Supreme Court dated 12.12.1996 in WP (C) No. 202/1995 has stated that all proposals for diversion of such forest areas to any non-forest purposes, irrespective of its ownership, would require the prior approval of the Central Government. This means private land or govt. land qualifying to be "forest" as per definition will require a diversion proposal for acquisition. Based on further direction of the Honorable Supreme Court, Govt. of Odisha has constituted "District Level Committees (DLC)". These DLCs have listed the various areas (other than areas declared as forest by forest department) as 'forest' requiring prior approval of Central Govt. for use for non-forest purpose.

Historically much of land in Odisha was under forest cover bearing towns/settlements. Further the ownership of these lands has got transferred to Government, in course of time. In Odisha the land under the "Department of Forest" like the "Reserve Forest", "Protected Forest" etc. are forest land in real term. But there are land under the Revenue Department which is termed as "Patra Jungle", "Gramya Jungle" etc. These are also to be considered for diversion as per the above mentioned order.

In Odisha, for some of the lands, in the RoR it is marked as "Sabik Kisam Jungle". This means that in the 'Sabik' (Older) settlement the land was jungle and in the next "Hall" (current) settlement the type has changed to non-jungle. But as per Forest (Conservation) Act, 1980<sup>11</sup> any change in type of land from "Jungle" to "non-jungle" notified after 25<sup>th</sup> day of October, 1980, has to be included for forest diversion. Even after detailed examination the possibility of error cannot be ruled out. Thus there is always a risk that some land may contravene these provisions during verification at a later date.

Confirmation and verification of these facts delays the land acquisition process as many times, land categorized as "Govt. land", may have to be considered as "Forest land". This leads to revision of land acquisition proposal and also Forest Diversion Proposal.

Then there is the main and most critical aspect i.e. "Palli Sabha" under the "Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006"<sup>14</sup>. This Act protects the rights of Scheduled Tribes and Other Traditional forest dwellers, who are depended on the forest for their lively hood. As per the provisions of this act the proposal for diversion of forest land for non-forest use, shall require a NOC through Palli Sabha. As per rule, 51% of eligible voters of a village have to give consent for acquisition of forest land. The presence of ladies is also mandatory. This is a major challenge for acquisition of forest land for industry and mines, in the tribal districts of Koraput-Kalahandi and Keonjhar. OMC's Niyangiri Mines could not get Forest or Environment Clearance as the "Palli Sabha" did not pass the proposal.

### 3. Challenges faced by the Five Major Projects

#### 3.1 Tata Iron and Steel Company's (TISCO) Gopalpur and Kalinganagar Projects

Tata has been taking most of its raw materials from the state and did not had any major plant in the state. Gopalpur Steel Plant was supposed to be a showpiece project of Tata in Odisha was the next big Project after NALCO. Even though the site for the project is coming under non "Schedule Area" this project saw violent protests as people started opposing the land acquisition on various ground. As per Delhi Association for Protection of Democratic Rights<sup>2</sup>, one of the reasons of opposition was that the compensation for land was based on conventional calculation for an agricultural land, whereas in that area, people were getting additional income from sale of one type of flower "Kewda" (locally known as "Kia"), which grows naturally and is the source for producing essence or perfumes with a high market value.



Sustained effort from the State Govt. and also revision in compensation formula by the Company could result in acquisition of about 2970 Acres of land. Subsequently, TISCO did not implement the Steel Plant and the area acquired has now been converted into an Industrial Park including a SEZ. It is proposed that the SEZ shall come over 2570 Acres and will house projects in Electronics and Defense related items. In the balance 470 Acres, Tata Steel is putting up a 55,000 TPA Carbon Ferro Chrome Plant at an estimated investment of ₹ 800 Crores. This project is expected to start production in near future. They have completed the formalities for environmental clearance.

In Kalinganagar Tata Steel is putting up a 6 Million Steel Plant in 2 Phases. The land requirement is 3470 Acres. This project of Tata Steel saw public protest, leading to death of tribals in police firing during erection of boundary wall around the acquired land. From various articles<sup>5,6,8</sup> available in Tata Steel's web site on their Kalinganagar greenfield Steel Plant, it is seen that even though they had the land on 1st January 2005, the firing on 2<sup>nd</sup> January 2005 stalled the project activity for about 1½ years. They were not allowed to move near the land and the life of their employees were at stake.

Though this project is situated in a non-schedule district (Jajpur), the villages in the project areas were tribal dominated. Here again by strong and determined action from TISCO, the project has seen the light of the day. The fact that the additional provisions of Panchayat Raj Act for land acquisition, was not applicable, being a non-schedule district didn't give the so call veto power to the tribals.

### 3.2 POSCO Project near Paradip

POSCO, a South Korean Steel Making Company have signed an MoU with Govt. of Odisha in 2015 for setting up an integrated port based 12 Million TPY Steel Plant in Jagatsinghpur District of Odisha. It had selected the site near Paradip. This was one of the largest FDI in the country. The land acquisition process started in 2007. However, persistent protest by some of the displaced and affected villages did not allow the land acquisition process to complete. Land acquisition officers of IDCO explained that the opposition to acquisition has been due the fact that though people over generations have occupied the Govt. Land for agriculture, they were not entitled to any compensation. Further by allowing land acquisition they were going to lose their livelihood without any possibility of employment. This aspect has also been brought out by Mohanty M. K. and Tripathy C.K., (2010)<sup>7</sup> in their study. Paikray Prasant (2015)<sup>3</sup> has also brought out these facts.

Giving in to the strong protest both Govt. of Odisha and POSCO agreed to reduce the size of the project to 8 Million TPY and the land requirement to 2704 Acres from earlier requirement of 4004 Acres. In fact, Govt. of Odisha agreed to leave all the private land proposed to be acquired for the project.

This project has received the Environmental Clearance and forest. However, it has to face many delays because of complaints lodge by the protesters regarding violation of forest right act etc. The process of allotment of Khandadhar Iron Mines to POSCO by Govt. of Odisha's (GoO), suffered because of litigation on Mining Lease.

The POSCO Project is still to take off even though Govt. has acquired substantial land over a decade. This project is also in doldrums due to lack of clarity in allocation of Khandadhar Iron Mines on lease. POSCO project also saw protest and judicial intervention for Environmental Aspects. This project is planned in a non- "Schedule District".

### 3.3 Vedanta Projects

Vedanta has set up one 1 Million Ton Alumina Refinery in Lanjigarh of Kalahandi District. About 1610 Acres of land has been acquired for the project and the same is operating now. The project authorities have even planned for expansion, which was stopped because of withdrawal of environmental clearance.

The Vedanta Alumina Refinery in Lanjigarh, Kalahandi saw various protests over land acquisition and interventions of MoEF on environmental issue. Ex-CEO and the then head of operation of the plant were interviewed to know the various issues faced by them in Lanjigarh. During the interview with the then Ex- CEO, it came out that, in this plant the project authorities were

asked to even change the layout and leave out some trees coming inside the acquired land. In fact, when the author visited the plant in 2011, some of the trees were still alive and could be seen inside the plant. It was also learnt that even though OMC has entered into a Joint Venture (JV) with Vedanta, for development of the Niyamgiri Mines and Vedanta has even appointed a Contractor for development of the Mines, the environmental/Forest clearance for the Mines could not be obtained because of opposition of tribals for forest diversion.

While Vedanta could complete the Alumina Refinery Project and related infrastructure, the opening of its Bauxite Mines has not become possible. This project is located in the "Scheduled Districts" of Kalahandi and Rayagada. On the other hand, Vedanta has been able to successfully implement its Aluminium Smelter and Power plant including another Independent Power Plant (IPP) in Jharsuguda District. About 1465 Acres of Land has been acquired for the Smelter and Power project. This component of the project has been implemented successfully and without much disturbance. Jharsuguda is a non-scheduled district. The ease of implementation was obvious from the replies of GM (Project) of the Power plant in Jharsuguda.

### **3.4 Jindal Steel and Power Limited (JSPL)**

Jindal Steel and Power (JSPL), has been able to successfully implement its 6 Million TPY steel and 810 MW power project near Chendipada in Angul District, which is again coming under the non-"scheduled district" area. 4300 Acres have been acquired for this project, out of which 2500 Acres have been handed over to the project proponent. The balance land though has been acquired is yet to be handed over as the assessment of land required for the project is pending at IPICOL level.

This project also saw lot of protest and violence during land acquisition. However, through joint efforts of Govt. and the project proponent the plant is running. This group has two more projects in Odisha. They have a 9 Million TPY Iron Ore Pallet Plant in Barbill in Keonjhar District and three iron ore mines with a combined capacity of 3.11 Million TPY in Tensa of Sundergarh District. The implementation of these two project did not face any major issue even though they are located in "scheduled district"

### **3.5 Hindalco Industries - Utkal Alumina International Limited and Aditya Aluminium**

Utkal Alumina International Limited (UAIL) was first conceived by the erstwhile Indian Aluminium Company Limited (INDAL), Aluminium Canada, Hydro Aluminium Norway and Tatas in the eighties as a one million tone Alumina Plant based on the Baphlimali bauxite Deposit in Rayagada District. The project consists of a 1.5 Million TPY Alumina Refinery and a 90 MW Co-generation Power Plant.

This project also was entangled with protest over land acquisition as this is a tribal area coming under the "schedule area". The project required 2115 Acres of private land and 712 Acres of Private land. Land acquisition for the project started in 1995 and was completed by April 2000. During and after the acquisition of land there has been firing and various violent protest continuing even up to as late as 2012. The plant has however made it to the final stage and is running now. Rayagada is a scheduled district of Odisha.

The Aluminium Smelter (3,60,000 TPY) and Captive Power Plant (900 MW) Project of this group has come up in Lapanga near Sambalpur. The area acquired for the project is about 2700 Acres. This project was conceived much after UAIL and has been commissioned in 2014. This project did not saw much protest, except some sporadic disturbances. Sambalpur is a non-Schedule District of Odisha. Head of Projects of CPP has mentioned that closing of boundary wall, theft from stores though has been major issues, overall the project implementation was smooth.

Hindalco Industries had planned for Alumina Refinery of 1.5 Million TPY in Rayagada district along with the above units, the same has not been implemented till date. The land for the alumina project has also been acquired and compensation paid.

### **3.6 Other Projects**

In addition to the above, the Integrated Steel Plant of ArcelorMittal also could not take off because of land and issue relating to mines. This project was proposed in Keonjhar District. However,

in Angul, Cuttack, Jharsuguda and Sambalpur districts, two integrated Steel Plants of Bhusan Steel and Power, Arati Steel, Smelter and Power Plant of Aditya Aluminium have been implemented successfully. It may be noted that these projects have come up in non- "schedule districts".

#### 4. Summing Up

On examination of the above provisions some critical areas of challenges can be identified as below: -

- In remote villages it is always difficult to mobilize the people for a gathering and also difficult to get their majority support in reality. Many part of the population may not be present in the village, but their presence is to be ensured to complete the formality in case their name appears in the voter list.
- Getting 51% of eligible voters to favour forest diversion proposal is a mammoth task. The project proponent should diligently go through the voter list and mobilize the presence of required number of people in the meeting through volunteers.
- The process of award of compensation by RPDAC, without any time limit, in some cases increases the burden of project proponent and may also delay implementation by way of agitations.
- "Public Hearing" being an open affair, influences of elements who have strong personal issues cannot be ignored.
- The rules /laws trying to protect the interest of the effected/displaced people have gone to an extent, whereby people who are indirectly affected also are covered. For example, when a village is affected a barber from a neighboring village can also claim to be affected; because his client base is moving out. This interpretation leaves the window open for litigation/delay.
- The definition of the population dependent on a "forest land" is also not well defined and can lead to future litigation.
- RoR have not been corrected in many case. The land is still in the name of people, who are long dead. In these cases, identifying and establishing the current ownership is very critical/crucial.
- In earlier days in villages, many land transactions have taken place off the record. In such case the person who is using the land may not be appearing on the RoR. Considering that the amount of compensation for land is substantial, the persons named in RoR may stake a claim even though they do not have physical ownership of the land. This delays the land acquisition.
- The land acquisition act has been amended in 2013 and is effective from 01.01.2014. However, Govt. of Odisha is yet to formulate the rules under this new law. Thus projects who were undertaking land acquisition are stuck. Further delay is anticipated for these projects as amendments have been planned in this law by the ruling coalition at the Centre.

#### 5. Conclusion and Recommendations

Acquisition of land is a major challenge for any Mega Project in Odisha irrespective of location in a scheduled or non-scheduled district. The project proponent has to do extensive research to arrive at the actual classification of land before submitting their acquisition proposal. Here care should be taken to avoid any type of forest land as far as possible.

Implementation of Green Field Project in "Scheduled Districts" of Odisha have been facing greater opposition and have become more challenging as they need to comply with the provisions of PESA Act in 1996, EIA Notification 2006 and Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006,. These challenges have slowed down implementation of large projects based on Iron Ore and Bauxite. During this stage the project proponent should take extra precautions to comply with the various provisions of the act and rules like Video Recording of the event, Signature of the villagers in the resolutions etc.



The coal bearing areas of Odisha, comes in Angul and Jharsuguda District, which are “non-scheduled districts”. Implementation of Coal Based Industries and power intensive industries have been possible in these district, in spite of public protest relating to land.

Coupled with the closure of mining activities in recent time and also amendment in MMDR Act, implementation of mineral based industries in Odisha has slowed down. This can be seen from the absence of announcement of MoU signing of any major projects in Odisha in last 2 years. In fact, as reported by Business Standard on 15.02.2015, the meeting of HLCA has not been convened between September 2012 and March 2014.

To reactivate Mineral based major projects in Scheduled areas, Govt. of Odisha, should devise some mechanism of attract investment. Govt. of Odisha can develop the bauxite-based industry following the concept of Ultra Mega Power Projects (UMPPs).

Ministry of Power, Govt. of India had launched an initiative in 2005-06 to facilitate the development of UMPPs, each having a capacity of about 4000 MW each, at both the coal pitheads and coastal locations aimed at delivering power at competitive cost to consumers by achieving economies of the scale. Here the Central Government has taken the initiative for facilitating the development of UMPPs under tariff based competitive bidding route using super critical technology on build, own and operate (BOO) basis. Central Electricity Authority (CEA) is the Technical partner and Power Finance Corporation (PFC) is the Nodal Agency.<sup>16</sup>

To enhance investors’ confidence, reduce risk perception and get good response to competitive bidding, PFC incorporates Special Purpose Vehicles (SPVs) for each UMPP to undertake the bidding process on behalf of the power procuring (beneficiary) States. The purpose of the SPVs is to carry out the bid process management and obtain various clearances/consents for the projects so that the same are transferred to the successful bidder along with the SPV, who is selected through the tariff based International Competitive Bidding (ICB) in accordance with the “Guidelines for determination of tariff by bidding process for procurement of power by distribution licensees”, issued by Ministry of Power, Govt. of India, as amended from time to time.<sup>16</sup>

Following this concept Govt. of Odisha, under OMC or any other agency, can plan and acquire land for the projects and obtain environmental & forest clearance. After completion of these processes, the project can be offered to a Company based on competitive bidding for implementing the project. This will encourage investors to come forward and bid for a project once they know that the land and other clearances are available.

However, while implementing this model, it must be kept in mind that out of 16 UMPPs planned Govt. has been able to award only 4, out of which 2 are operating with disputes/requests for increasing the power tariffs. The two approved but not implemented UMPPs are stuck with land acquisition and coastal zone regulations. The reasons for delay are stated to be 1. delay in land acquisition, 2. Administrative delays have led to several financial over heads, 3. uncertainty in coal supply and quality, 4. Delay in payment by power purchasers i.e. SEBs, 5. Absence of clarity on coal price and power purchase agreement. These issues have forced the Govt. to stop the process and it is reported that Govt. is planning to revise the RFQ conditions.<sup>15</sup>

The second way can be that Odisha Mining Corporation (OMC) develop the mines as being done by GMDC. After that OMC can ask for offers from parties to set up Alumina Refinery through a bidding process. The mines can go to the party giving the best offer. In these options Govt. of Odisha shall be involved in the process of obtaining clearances and also land acquisition through a SPV or through its enterprise. This may eliminate many oppositions to a large extent. However, tuning the state administration into an entrepreneur mode will require dynamic political leadership.

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