

No fairy tale

**Singrauli, India, still suffering years
after World Bank coal investments**

November 2011



No fairy tale: Singrauli, India, still suffering years after World Bank coal investments

As debates continue at the World Bank about its lending for new coal-fired power plants, residents of the Indian district of Singrauli, the country's coal capital, still live with the lasting social and environmental impacts of decades of coal-related projects and ask why the Bank has never returned to fully address what has been left in the wake of its investments in the region.

For the past two years, the World Bank has been reviewing its energy strategy, which is meant to set the course of its lending and policy in the sector for the next decade. The most contentious issue has been whether the Bank should use its limited resources to lend to coal projects, rather than focusing on projects that emphasise

access to energy for the poorest or a move towards low-carbon development.

With new private sector coal developments planned for Singrauli, revisiting the Bank's involvement in the region offers an opportunity to look at the long-term effects of Bank investments in coal-fired power plants and the path they have paved for future development.

The World Bank and Singrauli

The story of the World Bank in Singrauli is more than a decade old (see box 1), but contrary to what the Bank would like to believe, it is not one that ended with its last investment there. Their involvement did not turn the region into a development fairy tale, instead setting the stage for new and devastating coal projects that are contributing to further environmental degradation, displacement of communities from their land, and undermining of local livelihoods.

The area in question encompasses parts of Singrauli district in Madhya Pradesh and Sonbhadra district in Uttar Pradesh. Once a densely forested region, the area is now a conglomeration of 11 open coal mines, and seven coal-fired power plants, with proposals to expand this to 17 more, all in an area of 1,800 square kilometres.¹ Furthermore, a jumble of pipes mar the land for miles transporting ash, known to have carcinogenic properties, from existing coal-fired thermal power plants to massive

The World Bank provided the government of India with the seed money to transform Singrauli into a coal-producing, coal-burning pocket of economic activity and environmental squalor

Dana Clark
Center for International Environmental Law

Box 1

World Bank investment, a story retold

While there had been long-standing energy interests in the region, starting with the building of Rihand dam in the 1960s, World Bank investments kicked off the transformation of Singrauli into a coal and power capital, displacing thousands of people and irreversibly transforming the local environment and social and economic landscapes.

In 1977 the Bank provided a \$150 million loan to the National Thermal Power Corporation (NTPC), a state-owned company, for the first coal-fired power plant in the region. It also financed its expansion in 1980. These were among the largest Bank loans of the time. It also helped finance one of the first open-pit coalmines in the area, Dudhichua. In 1985 the Bank also financed the connection of the power plants to the grid with a

loan to the NTPC for the Rihand Power Transmission Project.

"The World Bank provided the government of India with the seed money to transform Singrauli into a coal-producing, coal-burning pocket of economic activity and environmental squalor," writes Dana Clark, who conducted extensive field research in the area in the 1990s on behalf of US NGO Center for International Environmental Law.

A researcher working with NGO Survival International also detailed the rapid transformation of Singrauli from an agrarian society of tribal groups with heavy reliance on forest products for their survival to a group without the skills or ability to qualify for modern jobs brought to the region. As a result, the NGO concludes they have been left behind as a "cost of development".²

open ponds, where it pours out day and night.

Roma Malik of the movement National Forum of Forest People and Forest Workers, which works in Singrauli, emphasises the vast social and economic shifts in the make up of the region following local Bank investments. This has led to major changes in the landscape, environment and livelihoods, particularly of the local tribal people reliant on the forests. “They have taken a huge forest area that Nehru called the Switzerland of India, and destroyed it. How will this irreparable loss be compensated? This is a major lasting impact of the World Bank’s funding, along with others. It is not very easy for the World Bank to wash their hands of this,” she said.

Mourning a lost way of life

The mourning of a lost way of life and the impoverishment that was left in the wake of Bank investments (see box 2) is still felt acutely today and may even be more so as life becomes increasingly difficult for local people.

The World Bank is responsible for making people’s lives worse... but there’s no one to listen. There is so much pollution, no basic electrification and dust from [coalmine] blasting.

Kamlesh Prasad
Chilka Daad

Awadesh Kumar is a Singrauli activist who heads Indian NGO Srijan Lok Hit Samiti, which was very active in organising local communities and advocating for their rights at the height of the conflict in the 90s. According to Kumar, the Bank made a large mistake in the initial stages of the NTPC funding. “Before destroying anybody’s house, you have to think about rehabilitation. There was

Box 2

Displacement and struggle for justice

One of the most tragic outcomes of World Bank investments in Singrauli was the massive displacement of local people, a population that was disproportionately comprised of indigenous and low-income groups with little political voice.

An environmental assessment commissioned by the World Bank and NTPC in 1991 found that 90 per cent of the local people had been displaced at least once, and 34 per cent had been forced to move multiples times. The same study found that resettlement “appears to have failed in practically all cases”, and noted in particular “the inadequacy of facilities and equipment necessary for water, sewage treatment, schools, education and medical care.”³

With the compounding affects of displacement, among other impacts of the NTPC power plants, protests by locals escalated to the point where they could not be ignored by Bank management. Furthermore, in 1997, a complaint was filed at the Inspection Panel, the Bank’s complaint mechanism, by Madhu Kohli, a local activist, on behalf of local affected communities. The complaint detailed major violations of Bank displacement policy, lost livelihoods, brutality against those who protested and unfulfilled promises of jobs. It also detailed how women in particular suffered as they received little if any compensation for land and lost livelihoods, were

offered far fewer job opportunities with the companies and were harassed when they did secure employment.⁴

Following the Inspection Panel complaint and high levels of protest by locals in Singrauli, an investigation was carried out. However, the World Bank did not allow the Panel to do a field assessment. Regardless, the Panel’s desk research found that “violations of policies and procedures can be attributed to pressure from Senior Regional Management to accelerate the process of loan approval and to not granting the same relevance to Resettlement and Rehabilitation and Environmental Action matters as to other project components.”⁵

Despite some improvement in compensation as a result of the claim, the fundamental objectives of the Bank’s resettlement policy have been “completely violated” in Singrauli, according to Clark. “Although the claimants to the Inspection Panel feel that they are better off than they would have been in the absence of the claim, they have not regained their previous standard of living, and they mourn their lost way of life,” writes Clark. “Hundreds of thousands of people have been unjustly impoverished as a result of World Bank-financed activities in Singrauli.”⁶ This emphasises how the effects of Bank investments in coal-fired power plants last over generations, often causing unforeseen, overlooked, or ignored impacts that continue long beyond the period of investment.

no prior planning, no issue-based analysis,” he says.

While the Bank claimed limited responsibility over its local partner NTPC, Kumar emphasises that the Bank ensured nothing stood in the way of the NTPC power plant development and, as a result, holds responsibility for the transformations that followed in the region. “The World Bank had full influence over the officials and acted with *carte blanche*. They were ensured that nothing would interfere with operations,” he adds. “The World Bank had close cooperation with the local companies and local administration to sway things in favour of the companies. They heard the local people and NGOs but they didn’t take them into account.”

Regrets abound among those who gave up their land for the Bank-backed NTPC power plants. Though many speak of having given up their land to contribute to the development of the nation, they now lament having been grossly taken advantage of and left behind.

Chilka Daad Colony is a residential development less than two kilometres south of NTPC’s oldest power plant, Shakti Nagar. Many of the residents were relocated here after their land was acquired for the plant. Since then, people displaced twice, and even three times due to prior projects like Rihand dam, have been living in 12-by-18 meters or 9-by-15 meters plots that they received as compensation. They cannot sell the land and have no access to employment, with forests and agricultural areas diminishing in the region.⁷ Of the 12,000 people living in the colony, approximately half belong to tribal groups and 30 per cent belong to disadvantaged castes from non-tribal groups.⁸

“We feel we made the wrong decision in the past, giving our land to NTPC. We would have had our land for subsistence and would be living a better life. The colonies for the [NTPC] workers have all of the services, but the people who gave their land are regretting their mistake,” said an elderly resident gathered at a community meeting in May 2011.


Residents emphasised that despite living amidst massive coalmines and power plants, they receive limited electricity. Meanwhile, community leaders such as Mr Shukla explained how they suffer from daily blasts from the coalmines neighbouring them, which have cracked their homes and contributed to dust-induced respiratory illnesses, like tuberculosis and stress-related diseases. Other repercussions include water pollution. Furthermore, according to Shukla, while some of them were able to secure jobs at the power plant initially as a form of compensation, those few left with jobs now

support extended families of people with no jobs and no prospects of securing them.

A similar story is told by Kamlesh Prasad of Chilka Daad. Meeting with Prasad and other local residents at the storefront he owns along one of the main roads running between the various coalmines and power plants, it became too loud to have a conversation. The rumbling and shrill horns of a constant stream of trucks kicked up a thick veil of dust and required him to shout over the noise.

“When the World Bank came here, people were not educated enough to analyse the prospects of what they would gain or lose... People were provided 4,000 rupees (approximately \$100) per acre of land, but they had to fight to get that money”, he recounts. “The World Bank should have put in a provision for 20 years after the project was developed for what should be provided for people in the long-term.” He laments that the younger generations do not have jobs, and that those few who were given jobs at the NTPC power plants and others will soon retire and be replaced by migrant workers, rather than locals. This is just one of the long-term impacts of the thermal power plants which demonstrate how Bank investments have irreversibly altered the socio-economic landscape.

“The World Bank is responsible for making people’s lives worse... but there’s no one to listen. There is so much pollution, no basic electrification and dust from [coalmine] blasting,” concludes Prasad.



The World Bank had close cooperation with the local companies and local administration to sway things in favour of the companies. They heard the local people and NGOs but they didn’t take them into account.

Awadesh Kumar
Srijan Lok Hit Samiti



इंकलाब जिन्दाबाद

हरित सिंगरीली

— जन चेतना रैली —

* पर्यावरण दिवस 5 जून 2011 *

सिंगरीली के अस्तित्व एवं पर्यावरण की रक्षा का उ

कम्पनियों होश में आओ , झूठे नाटक से न भरमाओ

जन-जन ने यह ठाना है , कम्पनियों की भगाना है , सिंगरीली की बचाना है

निवेदक :- सृजन लोकहित समिति, अमृता सेवा संस्थान, अकिंचन सेवा संस्थान, ग्रामीण विकास

सिंगरीली मंच आजादी बचाओ आन्दोलन, पीएम (दिल्ली)

Paving the way for new developments

The Bank's heavy investment in Singrauli contributed to the founding and signalling of the region as a "coal capital", and many others have followed in its footsteps, whether directly linked to it or not. Already choking under the pollution of the existing power operations and coal mines, today the region is scheduled to house up to an additional 17 power projects, most of which are being developed by the private sector.

NGO Greenpeace India has recently sent a fact-finding mission to Singrauli to look at new developments in the area. According to it, an important change in the last decade in Singrauli has been "the affirmative push of the private sector to tap the area's coal reserves for large-scale power generation". Several big energy players in the country are positioning themselves to play a role in Singrauli's future. Among them are Reliance, Hindalco, Essar, Jaypee, Dainik Bhaskar (DB) Power and many other state government-led special purpose vehicles (SPV), set up as public-private partnerships, which are looking to operate mines as well as build super critical and mega thermal power plants in the area.⁹

This is no coincidence. The World Bank has been a large proponent of privatisation of the electricity sector in India. In 1993 alone, the Bank provided a \$20 million technical assistance loan to the Indian government to review outstanding power projects, and negotiate power purchase agreements and privatisation of power projects.¹⁰ Following privatisation of the power sector in the state of Orissa in 1995, the government has continued to work with the World Bank to privatise the sector across the country.

Indian NGO Prayas energy group was vocal in its concern about the process in the late 90s, claiming it would primarily serve powerful vested interests, as there are weak legal provisions in India regarding transparency and direct public accountability. They also asserted that regulatory agencies would have to be transparent in their functioning and accountable not only to economic actors but also to the public.¹¹

Laxmi Chand Dubey's story is a cautionary tale of what has been and what more is still to come at the hands of private sector development. According to his accounts, the Rihand dam displaced his family in 1958. Later they were displaced again by the Bank-backed Vinhyachal NTPC power plant. Since 2007, Dubey and his family have been fighting a third displacement by private sector development at the hands of an Essar-funded power plant that has acquired his land in Khairali village, as well

as the land of three other villages. While he says that earlier displacements were difficult, in prior instances some services and provisions were provided to local people, even if only to a portion of them. Now private sector development is creating even harsher conditions. "People aren't getting benefits from these companies and they are imposing criminal charges against villagers and are putting them in jail if they protest," he says.

Despite the past generations of energy developments and those rapidly cropping up across the region, locals find themselves excluded from the benefits and are increasingly marginalised. They are also finding themselves the targets of intense pressure to vacate their land at below market costs.

"The new companies are following the World Bank model. They are more cruel though and are hiring private armies to control the local people, threaten the officials to do the work they want and loot the natural resources," says Malik. "These goons will go and tell the adivasis (indigenous people) they have to leave their land tomorrow. It is not uncommon to burn people's houses."


Furthermore, new development does not appear to be providing employment for locals. Shyam Kishore is a local labour leader who liaises with workers in a number of the surrounding plants. According to Kishore, 80 to 85 per cent of workers do not have job security. "They are hired for a week or maybe a month. They can get fired anytime, anywhere," he says. When asked about basic service provision, he emphasised the precariousness of the average worker: "First people have to fight to be able to buy food, then they can think about electrification and other services."

Turning attention to the cumulative impact of Singrauli's power plants, Kishore insists that those currently under construction, like the private sector extension to the state-run Anpara power plant, the largest in Uttar Pradesh, will have an even greater impact than those already in operation. This is due to the large number of new developments under construction, their scale, the poor practices that are emerging under the private sector, and the fact that they are being built in an area where the population and the environment are already being pushed to their limits. "They are trying to create a situation where human life is not possible," he says. "In three to five years we won't be able to live here any longer. Then people would leave by their own will and the companies would be happy that they don't have to pay any compensation."

Visits by long-time environmental and social impact

assessment specialists like Kanchi Kohli have reinforced grave concerns about plants such as Anpara. Two new extensions of the power plant, which were originally to be undertaken by the state utility, are now being built by Lanco, a private sector infrastructure and power investor. This is consistent with efforts by the state of Uttar Pradesh to fall in line with World Bank privatisation reforms.¹² According to Kohli, the plants are raising alarms as they exacerbate pollution, bring up questions as to whether benefits will accrue to those whose land was acquired for the projects, and signal a harsh new era of private sector development.

Walking the streets of Dibulganj, one of the villages affected, Kohli noted ash pipelines, an unprotected hot water discharge channel, and high-tension wires haphazardly circling the village boundary. She also documented a lack of safe drinking water and medical facilities for locals, not to mention empty promises of jobs and unusually harsh retaliatory practices. Saraswati Vishwakarma, a resident and local leader, claimed in conversations with Kohli that “the police picked up my sons in April 2010 and falsely accused them of many things just because they asked for employment in the power plants.”¹³



The new companies are following the World Bank model. They are more cruel though and are hiring private armies to control the local people, threaten the officials to do the work they want and loot the natural resources.

Roma Malik

National Forum of Forest People and Forest Workers

World Bank investments within the larger picture

In July meetings in Delhi, World Bank energy and operational experts acknowledged that it is fair to ask if the Bank has a lasting responsibility for the impacts of their investment and what it contributes to in terms of future development, particularly in light of accounts of current events in Singrauli. However, they felt that it is a question that must be taken up by the Bank at the executive level. The most immediate response was that the Bank has “zero influence” beyond the period of its direct investment.

Girish Sant, founder of Prayas Energy Group, sees Bank investments and what has happened in Singrauli as part of a larger pattern in energy development in the country. “What you see in Singrauli is taking place in other parts of India like uncontrolled air pollution and massive resettlement. There is a larger question of development. The government is not requiring environmental control even though the cost is fairly low to reduce the impacts,” he says. “There are some impacts which can’t be monetised though. The problem is that people living in these areas have little political voice in a country like India, which has so much corruption.”

Despite placing responsibility on the Indian government for tackling the challenges the country faces in addressing energy needs and sustainable growth, Sant emphasises that there are specific responsibilities that financiers hold in ensuring that people and the environment are not exploited: “All public investments, whether World Bank or other bilaterals, have a responsibility to take care of their investments and make sure they don’t have a negative impact.”

He highlights that multilaterals’ responsibility ends at a point, but that institutions like the Bank have a clear responsibility in terms of due diligence: “The World Bank has to ensure due process while ensuring there is consultation and making sure government implements processes properly and monitors.” “We should tell the World Bank that they invested in Singrauli and they

should go back and check up,” he concludes. Sant also emphasises that with the new waves of private sector investment in the energy sector, a stronger government regulatory role is needed.

Prayas does however acknowledge that while there have been many problems with coal projects, countries need to choose their energy mix that allows them to provide energy access and support development, which may include coal in some cases.

What is clear is that rather than a development fairy tale unfolding from initial Bank investments, Singrauli has continued to be a precautionary tale, one which is now undergoing a third chapter of imbalanced development. “This is the paradox that is Singrauli: the energy capital of the country that lights up cities and powers our industries, but has left the people who forfeited their land for the greater ‘public good’ with precious little,” warn the Greenpeace report authors.

“There is injustice in the distribution of the use of natural resources and electricity. There have to be some limits,” adds Awadesh Kumar. Despite the challenges, many locals like him are preparing themselves for the road ahead. “Although people are vulnerable, they are not voiceless. People are standing up and won’t keep silent,” he concludes.

The daily reality of those living in Singrauli, like Kumar or Shukla and the many people displaced, is an irrefutable reminder that investments made by the Bank and policy advice given have and will continue to create a footprint that long outlasts its maker.

The story of Singrauli offers a compelling and urgent set of lessons for the future of Bank energy lending. With new controversial Bank-financed coal projects already taking place, like the Medupui plant in South Africa, it is time for the Bank to think carefully about the long-term impacts of its investments.

Endnotes

- 1 Sierra Club Singrauli visit blog. April 12, 2011 <http://sierraclub.typepad.com/compass/2011/04/sierra-club-india-trip-more-perspectives.html>
- 2 Routledge, P. "Modernity as a vision of conquest: development and culture in India", *Cultural Survival Quarterly*, 1987, available at <http://www.culturalsurvival.org/ourpublications/csq/article/modernity-a-vision-conquest-development-and-culture-india>.
- 3 Clark, Dana. "Singrauli: An unfulfilled struggle for justice" in *Demanding Accountability: Civil Society Claims and the World Bank Inspection Panel*. Dana Clark, et al (eds.) Rowman and Littlefield. 2003
- 4 Kohli, Madhu. "Complaint to World Bank Inspection Panel." May 1, 1997.
- 5 Inspection Panel "India: NTPC Power Generation Project, Loan 3632-IN, Report on Investigation". December 22, 1997. P. 8
- 6 Clark, Dana. 2003
- 7 Kohli, Kanchi. "India's energy belt heavy on environment, populace." *One World South Asia*. July 12, 2011. <http://southasia.oneworld.net/todaysheadlines/indias-energy-belt-heavy-on-emissions>
- 8 Grenpeace "Singrauli: the coal curse. A fact finding report on the impact of coal mining on the people and environment of Singrauli." September, 2011.
- 9 *ibid.*
- 10 Ministry of Power, Government of India. "Annual Report 1993-94".
- 11 Bretton Woods Project. "Indian Power Sector Employees Protest Privatisation." February 6, 2001. <http://www.brettonwoodsproject.org/art-16337>
- 12 Sonoda, Hajime. "Anpara Power Transmission System Project (1) (2)". *Global Group 21 External Evaluators*. November, 2005.
- 13 Kohli, Kanchi. "They Didn't Bargain for Grey and Black." *Tehelka*. June 21, 2011 http://www.tehelka.com/story_main50.asp?filename=Ws21062011They.asp

This report was written by Ama Marston of the Bretton Woods Project and was based on field research conducted in India in the summer of 2011.

Acknowledgements

The author would like to extend a special thank you to all those interviewed, particularly Awadesh Kumar. Furthermore, she would like to extend her gratitude to Madhuresh Kumar, Joe Athialy, Srinivas Krishnaswamy, Vijayan M.J. She would also like to thank the World Bank staff in the Delhi office. Gratitude is also due to Geeta, Manu, Preeti, and Priya for facilitating the author's stay and research in Singrauli. This project was made possible with the support and inputs of the Bretton Woods Project team, Jesse Griffiths, Tom Fry, Ana Canestrelli and Peter Chowla.

Photo credits:

Singrauli power plant smoke stacks. Ama Marston

Locals protest new energy developments in Singrauli. Courtesy of Awadesh Kumar

