

Greens alarmed as floodgates open for Indian industrialists

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Tension between the environment ministry and pro-business colleagues has been a feature of India's left-leaning government, in power for the last decade, but it has dissipated since a cabinet change on December 24.

M. Veerappa Moily, a troubleshooter from the ruling Congress party who has been petroleum and gas minister since late 2012, took charge of the environment and forest portfolio with a clear mandate.

Once decried as a roadblock to economic growth, the ministry under him has been transformed, issuing green flags for major industrial projects at a rate that has struck fear into environmentalists.

"I do not like to keep files pending in my ministry and after I took charge, nearly 170 pending files with an implication of 2.50 lakh crore (\$40.1 billion) were cleared," he told The Hindu newspaper last week.

"There was no mala fide in clearing these files," he added.

One of the major beneficiaries has been South Korea's Posco, whose long-delayed \$12-billion steel plant in eastern Indian was approved days before the visit of South Korean President Park Geun-Hye last month.

The scheme, India's biggest foreign investment project, had been held up for almost decade due to disputes over its impact on a forested area of the state of Orissa populated by vulnerable tribal groups.

Other industrial groups and public sector companies operating in coal mining, hydropower, shipping, nuclear energy, and construction also have reason to cheer.

Faced with the dizzying speed of approvals, environmentalists say they are struggling to keep track amid fears that that safeguards to protect forests, rivers and local livelihoods are being flouted.

An alliance of 212 anguished civil society groups released an open letter to Prime Minister Manmohan Singh in early February, condemning "shoddy" practices which amounted to "appeasing" corporations.



Indian Minister for Petroleum and Natural Gas, Veerappa Moily addresses a press conference in New Delhi, September 24, 2013

Amitendu Palit, a senior fellow at the Institute of South Asian Studies at the National University of Singapore who tracks investments, commented that "the pendulum has been swinging rather wildly".

From a logjam under the previous environment ministers of this government, Jairam Ramesh and then Jayanti Natarajan, "now we have

moved to the other end of the spectrum," he told AFP.

The wrong signal?

Economic growth has halved to around 5.0 percent in India since 2009, the second term of the Congress party. Many economists, as well as Finance Minister P. Chidambaram, see red tape as partly to blame.

As a result, India's biggest corporate groups have flocked behind business-friendly opposition leader Narendra Modi, whose Bharatiya Janata Party (BJP) is expected to beat Congress in national elections to be held by May.

Campaign group Greenpeace views the combination of the oil, gas, environment and forests portfolio as a naked attempt to woo industrialists—and political donations—from a cabinet besieged by corruption allegations.

"They should have known that it would send the wrong signal. Unless of course they want to send the right signal to the corporates?" said Nandikesh Sivalingam from the Indian branch of the organisation.

He says the environment ministry has long failed in its mission, giving too much power to companies to assess the impact of their own projects and failing to monitor compliance once investments begin.

Under Moily, the situation is worse because commissions inside the ministry like the National Board of Wildlife or the Forest Advisory Committee have been defanged, according to Greenpeace.

"They've become rubber-stamp bodies," Sivalingam told AFP.

Praise from business

The dispute goes to the heart of India's development dilemma and governance challenge.

As it seeks economic growth to help its millions of poor, it is encouraging infrastructure building, manufacturing jobs and urbanisation.



Villagers protest against use of their farmland for industrial development in Jagatsinghpur district, about 140 kilometers east of the eastern Indian city of Bhubaneswar, June 28, 2011

Yet these often entail environmental degradation and the acquisition of land belonging to often illiterate and mostly unskilled rural communities built around farming or foraging.

Many see Moily as simply cutting through red tape that has forced [economic growth](#) to its lowest rate in a decade and damaged the investment climate.

Bhaskar Chatterjee, head of the Indian Institute of Corporate Affairs, told AFP the changes under Moily were "welcome", while business lobbies have hailed the politician from southern Karnataka as a decisive decision-maker.

The secretary general of the Federation of Indian Chambers of Commerce and Industry, A. Didar Singh, commended "the energy and vigour" that the 74-year-old has brought to the job.

Palit, from the Institute of South Asian Studies, argues that long-term predictability and transparency in government are preferable to a "rather uncomfortable degree of oscillation".

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