

POSCO: A CONTROVERSY OR A SOLUTION FOR SHAPING THE FUTURE OF OUR COUNTRY

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Abstract: This article focuses upon the impact of globalization on the economy of our country and whether foreign investment in every sector is going to give a positive result or not. After globalization, India has achieved a lot and gained in almost all the sectors. It has attracted a large amount of FDI. All the developed countries are interested to keep economic relationship with India as economic globalization plays a major role in shaping the country's future. Many big companies want to invest in India. We can take the example of steel plants in India. Indian market has a huge potential in terms of steel consumption. Government of India also wants to establish steel plants all over the country seeing the potential of the Indian market. Among other big projects, POSCO steel is a big and ambitious project of the government. POSCO is mainly a South Korean company who has a lot of joint ventures in other countries. If the project is worked properly, India can be an economically progressive country. Seeing the steel production in India, POSCO proposed to build a 12 million ton steel project in Paradeep, Odisha in 2005. It is slated to start production in 2010. The project would fetch revenue up to 7 to 8 billion annually for the Indian government and provide direct and indirect employment to almost 50,000 people. But due to strong opposition from the localities the project has not been able to proceed. The land acquisition process is still under controversy. Only time will tell whether this project is only become a controversy or a solution for shaping the future of the country.

Keywords: Potential, Approval, Environmentalist, Clearances, Proposed, Acquisition, Globalization.

1. INTRODUCTION

Indian market has a huge potential in terms of steel consumption. As of 2004, steel production in India stood at 35 million tons but its main objective for the year 2020 is to reach 100 million tons. To keep it in target, the government of India actively started various steel plants all over the country. POSCO steel is one of them. POSCO is formerly known as Pohang Iron and Steel Company, whose headquarter is in Pohang, South Korea. Currently POSCO operated two integrated steel mills in South Korea, one is in Pohang and other is in Gwangyang. Besides that, it also operates a Joint Venture with U.S. Steel, USS-POSCO, which is located in Pittsburg, California.

In June 2005, South Korea's POSCO proposed to build a 12 million ton Steel Project in Paradeep, Orissa. At that time, POSCO signed a Memorandum of Understanding with the Govt. of Orissa (India). Under the agreement, POSCO planned to invest US\$ 12 billion to construct a plant with four blast furnaces, an electricity plant, housing, and an annual production capacity of 12 million tons of steel, which is slated to start production in 2010. The project which would start with a 3 million ton capacity utility would fetch revenue for the government to the tune of 7 to 8 billion annually⁽¹⁾. It would also provide direct employment to 13,000 people and ensured indirect employment for another 35,000 people. Apart from the mandatory government approvals, it had also reached an agreement with some farmers in Erasama block, close to the coastal town, the location for the Plant who had agreed to sell their land.

However, from 2005 till now, this project has not been able to proceed due to strong opposition from the local residents in that area proposed to be given for the steel plant. There has been allegation that the federal and state government have

been illegally trying to take lands and forest for the project. The government had originally planned in June 2005 to take over around 438 acres of private land for POSCO's proposed steel plant and brought out the notification in 2006 under the land Acquisition Act. This land would have been part of the 4004 acres that the South Korean Steel giant had sought to build its \$ 12 billion project. ⁽²⁾ Following opposition from locals, the state government said it would not acquire any land from Dhinkia and Govindapur villages of Jagatsinghpur district.

According to the MoU of 2005, POSCO agreed to invest in Jagatsinghpur district of Orissa to establish an integrated plant to manufacture steel, iron ore and other ores, as well as the infrastructure necessary for its operation in Orissa. The MoU listed some understanding between POSCO and the Govt. of Orissa.

The Govt. of Orissa agreed to accrue and provide three land parcels to POSCO, about 25 acres of land in Bhubaneswar for establishment of its headquarters, about 4,000 acres to the projected site to setup a steel plant and about 2000 acres for developing a township adjacent to the steel plant.

The Govt. of Orissa agreed to work with the Central government of India to arrange necessary supplies and infrastructure for steel production by POSCO India. These supplies included water, electrical power, drainage and sewerage, licenses and permits to obtain coal and iron ore, rail links and a highway road connection.

POSCO India agreed to conduct a rapid Environment Impact Assessment (EIA) and prepared a detailed EIA report and an Environment Management Plan (EMP) for the project. The Government of India agreed to provide any assistance required by the Company during the time the EIA is conducted and the EMP is prepared. The Govt. of Orissa also agreed in the MoU to use its best efforts to procure the great of all environment approvals and forest clearances from the Central government within the minimum possible time for the project.

But as of June 2012, the controversies and delays of regulations have prevented POSCO India's project in Orissa to proceed beyond the concept. Because of social and environmental controversies the company has not able to start the project.

After the MOU in 2005, Indian Parliament passed a new law, which directly affected it. The schedule tribes and other traditional forest dwellers Act, 2006 or the Forests Rights Act (2006), granted certain rights to forest dwelling communities in India, including the use of forest land and other resources. This law is opposed by the environmentalists. This law was published in 2007 and became effective in 2008.

Then India's Supreme Court examined the facts related to the state government of Orissa's initiatives to enter into MOU to encourage economic growth in the state and whether such development meets the intent of ecological and environmental laws of India. On August 2008, Supreme Court instructed the Ministry of Environment and Forests (MOEF) of India to examine, and then if appropriate grant approval under the law. The Ministry of Environment and Forest of India accepted the ruling and examined the facts under Indian laws, including the Forests Right Act. The review process included a committee which visited Orissa many times, including the POSCO-India's planned site, the villages, the forests covering the proposed plant site and iron ore mining area, and the environmentalists, ecologists, socials activists, farmers and families that may be affected by the proposed POSCO-India initiative. The review process by Ministry of Environment and Forests of India took over about two and half year. They sent a committee to review the matter briefly.

2. NC SAXENA COMMITTEE REPORT

In July 2010, a 19 member NC Saxena Committee Visited Orissa and made a very public denouncement about the non-recognition of forest rights by the Government of Orissa and violation of the forest Rights act, in the forest areas proposed to be diverted for the POSCO-India project. The Committee urged the Ministry of Environment and Forest of government of India to withdraw the clearance given to the state government for diversion of the forest land. In August 2010, the Ministry of Environment and Forest of the government of India, in response to the claws of NC Saxena Committee, issued a stop work order.

The order directed that all land acquisition and transfer for POSCO-India project, including handling over of the forest and non-forest land be stopped and details submitted to the ministry. The state government of Orissa and POSCO India respected the stop work order from the Central government of India.

3. MEENA GUPTA COMMITTEE REPORT

After that a 4 member review committee on POSCO headed by former environment secretary Meena Gupta was appointed by the Government of India. This committee claimed to have conducted intensive enquiry by consulting a large number of documents, field visits and meeting a large number of people. The committee after examining various social, ecological and environmental issues returned a split report to the government of India in October 2010.

But 3 out of 4 members submitted a report which confirmed that the project is illegal and were granted clearances in violation of the law.

Some key findings of that report are as follows:-

1. The forest clearance was illegal and the Ministry of Environment and Forests had no right to divert the land without the consent of the Gram Sabhas of the area.
2. The project may have a dangerous environmental impact on large numbers of people through its impact on water availability, air pollution, flooding etc. Even when these issues were raised by government authorities such as the regional MOEF office and the state Pollution Control Board, both the Orissa authorities and the MOEF ignored them.
3. The project was given environmental clearances in violation of the law and of procedure.
4. POSCO suppressed facts in order to get around the law. ⁽³⁾

At the same time Meena Gupta submitted another report which said, there is no need to cancel clearances but project proposal must carry out Comprehensive Environmental impact Assessment (EIA). On the contrary, the other 3 members report suggested cancellation of Environmental Impact Assessment (EIA) and Coastal Regulation Zone (CRZ) Clearances to POSCO project proposal.

As of October 2010, the report claimed that in almost every village except one, named Dinkia are equally divided between supported of the POSCO project and the opponents of the project.

But POSCO has always stated that the company has never violated any law or procedure for obtaining any governmental clearance. In the report, the committee chairman, Meena Gupta acknowledged that the schedule tribe enjoys an important constitutional status in India and POSCO India has not disturbed them in any ways. The plant is planned to be located in a coastal district and that is not a scheduled area. The people to be displaced are mostly agricultural and fisherman families and the forest area mentioned are mainly shrub forest.

On 31st January 2011, the Ministry of Environment and Forest of India gave final clearance to the POSCO-India project. The former Union Minister of Environment and Forests, Jairam Ramesh had granted the environmental clearance. The National Green Tribunal (NGT) bench comprising Dr. Devendra Kumar Agarwal, and Justice C.V. Ramulu directed the Ministry of Environment and Forests (MOEF) to make a fresh review of the project by engaging specialists for a better appreciation of environmental issues.

The NGT found Meena Gupta's report a balanced one. The NGT added, "however, we have kept in mind the need for industrial development, employment opportunities created by such projects that involve huge foreign investment, but at the same time we are conscious that any development should be within the parameters of environmental and ecological concerns and satisfying the principles of sustainable development and precautionary measures. ⁽⁴⁾ The bench stated that in large projects like POSCO where MoUs are signed for large capacities and up scaling is planned within a few years, the Environmental Impact Assessment (EIA) should take into account the projects full capacity and Environmental Clearance should be granted on that basis.

The MoU which was signed in June 2005 was valid only for 5 year and it expired in June 2010. The state government and POSCO negotiated its renewal with some changes in the original terms and conditions. As of September 2011, the MoU renewal remained a subject of negotiation between POSCO India and the state government of Orissa, because of changed terms and conditions.

On 14th June, 2011 Orissa government paused land acquisition at the proposed steel plant of POSCO in Dinkia gram panchayat. On 8th September, 2011 Orissa High Court ruled that land acquisition in public interest, allowed non-private land acquisition by the state government for POSCO India to proceed and ordered a continued pause on the acquisition of private land till further ruling.

On 30th March 2012, the National Green Tribunal (NGT) gave its judgment related to the environmental clearance granted to POSCO India's steel cum captive power plant and its captive minor port. Most importantly that judgment brought several important principles which are applied to all large industrial projects like POSCO. The POSCO project has several components including the steel plant cum captive power plant, captive mini port, water project, townships etc. However different components are being examined separately. The project obtained the environment clearance for the steel-cum-captive power plant in May 2007 and for the port in July 2007, but it has not obtained clearance for the mines yet. NGT had suspended the environmental clearance. After that judgment of NGT, the review committee formed by the Ministry of Environment and Forest (MOEF) visited the proposed site on 21st August 2012 without prior notice to the local people. The people came to know this after the media report. The review committee mainly visited the Noliyasi and Nuagaon village, where land has been acquired forcefully. They did not visit Dinkia Panchayat and not interacted with the people who were opposed the project since 2005. The team also did not visit the proposed port site at the mouth of river Jatadhari and without visiting such important site; report was given to the central and state government.

But people strongly opposed that type of visit of the review committee. The National Green Tribunal also has objected to the project. But both the center and state governments have gone mad after POSCO and not interested in judicial and quasi-judicial bodies. The POSCO and the state government are repeatedly announcing that there will be no forcible land acquisition. On the other hand, there is Gram Sabha, which has told that the people have given a message that majority are against the project, hence it should cancel the POSCO project.

On 18th October 2012, more than 2000 people participated in Dinkia Gram Sabha meeting and passed resolution stating not to co-operate in POSCO project. They told that they have rights upon the forest lands, and they have not got the necessary forms and records regarding the claim benefit under the forest rights committee. They told that no forest land can be diverted until all the rights of the people in that area has not recognized.

After that, people's resolution sent a strong message to the government that people are against the illegal diversion of forest land for the project and gave a befitting reply to the recent declaration of Mr. Yong Won Yoon, CMD of POSCO to start the project soon.⁽⁵⁾ This resolution has also exposed the government and POSCO's earlier claim that people are in support of the POSCO project.

There is also an ill motivated campaign going against the people by making false assertion that out of 4000 acres of land, the company has got 200 acres, but people don't know it clearly that where the lands are?

4. CONCLUSION

India has completed 66 years of independence. But our leaders have forgotten the sacrifice of the freedom fighters. In the name of globalization they are ignoring the sacrifice of our freedom fighters. The land, rivers, hill and soil of our country are being sold to global corporate giants, displacing millions of farmers, dalits, scheduled tribes, fisherman community and mainly the poor people. The project planned by the multinational giant POSCO represents the largest Foreign Direct Investment (FDI) of the country during the post globalised India. The project is going to be destroyed the lives of thousands of farmers, dalits, women, children and other people. The struggle against POSCO led by POSCO Pratirodh Sangram Samiti (PPSS) is still on air. If the movement is suppressed due to the interest of corporations, it will affect many similar struggles in Orissa as well as India. It has to be treated as a struggle against globalization and India's Freedom.

In the name of 7 to 8 billion incomes annually and 50,000 employments for the country, whether it is a healthy sign to invite foreign corporate giants to rule our country is still debatable.

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