



Governing India's bauxite mineral expansion: Caught between facilitating investment and mediating social concerns[☆]



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ABSTRACT

This article examines the implementation of social and environmental criteria for a bauxite mining and refining project as a way of understanding wider governance processes around controversial industrial projects in India. It does this by tracing the extent to which decision-making processes have been able to mediate between government support for private investments on the one hand, and social welfare and environmental sustainability on the other. Governance processes take place in a wealth of forums across federal India from the proposed project sites to national expert committees in Delhi. Increased transparency based on freedom of information legislation combined with ethnographic fieldwork allow for a detailed examination of how investment approvals were put into practice in a particular case to almost, but crucially not entirely, facilitate investment. The existence, and even ongoing expansion, of rights for marginalized groups and environmental protection thus continue to be a source of both frustration and hope for more inclusive forms of governance which might improve the social consequences of large-scale mining in India. At present the significant uncertainty which both communities and investors face appear to not benefit anyone other than perhaps the key policymakers who work behind the scenes to facilitate the deals

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1. Introduction

Attempting to strike a balance between the need for overall economic improvement and the basic fact of mining that the costs are overwhelmingly borne by peoples and environments in the immediate area of extraction, is certainly a serious challenge. Mining areas tend to be some of the poorest regions within countries with few alternative opportunities to mineral extraction for significant poverty reduction (Bebbington et al., 2008; Ross, 1999). In India population density and the overall scarcity of other resources, such as water and land, and an often difficult security setting provide for a very challenging socio-political setting (Lahiri-Dutt, 2014; Bhushan and Zeya Hazra, 2008). In short, to mediate on land and mineral use as well as the overall direction of society requires difficult trade-offs over justice, sustainability and progress.

Abbreviations: MoEF, the Indian National Government's Ministry of Environment and Forests; GoAP, the State Government of Andhra Pradesh.

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This article discusses how one Indian state government has handled its often contradictory commitments of ensuring that due process of law is followed, but also to facilitate private investment for economic growth. The article does this by tracing the regulatory processes which took place for a bauxite mining and refining project across federal India from the nation to state, region and further locally to the proposed project sites. The aim is to better understand poor mining area outcomes, despite an extensive, protective framework, by highlighting uncertainty and contradictions in existing governance processes.

Untangling how governance actually happens is a demanding task given the many different interests which at any point in time exist within and between governments in federal India as well as in wider society with cleavages along class, caste, gender, region and party lines (Kohli, 2007). Given the dominance of the state in settling these processes, investment approvals often become the site of contention when deciding how mineral projects should be implemented. At issue in these bureaucratic disputes, though often couched in apolitical, technical language, are as Fraser (1989) reminds us power struggles over who should make decisions and who should benefit, but also who should receive protection from potential negative consequences such as displacement or environmental degradation. Increased devolution of powers across India in recent decades have worked to increase the number of forums in

which debates take place on these matters but also seen additional powers for central government expert bodies perceived as more technically competent and independent of vested interests compared to the bureaucracy. Multiple approaches to governance are likely to continue to flourish side by side in India with a distinct lack of clarity in terms of overall intent.

Bauxite¹ mining and refining have in recent years become one of the most widely covered resource struggles in India. At the heart of these struggles are marginalized adivasi groups² who, like indigenous peoples in other parts of the world, live on land supposedly reserved for their benefit, but increasingly finding their territories handed over to large-scale mining (Kalshian, 2007; Oskarsson, 2013; Padel and Das, 2010).³ This article provides a detailed view of the governance of one such bauxite mineral project from its inception in 2005–2012 when it went into what, with the benefit of hindsight, appears to be a terminal decline as local protests and corruption cases combined with wider political uncertainties worked to reduce government support toward implementation. The analysis has become possible in large part due to the improved transparency afforded by India's national freedom of information legislation.⁴ It was also helped by an active civil society which worked hard to understand how governance operated.⁵ As such it provides insights into the otherwise closed workings of the state in India across a wide number of different forums while following a particular mining project.

The article starts with a theoretical overview of mineral governance in central India in the face of the contradictory forces of liberalizing economic reforms but also improved participatory decision-making over natural resources. It then presents details about the examined case before discussing governance via investment approvals across federal India. Finally, some conclusions are made.

2. Regulation and reform in Indian mining

Mediation processes offer possibilities to strike a balance between conflicting positions. These processes typically take place via the state which is in charge of ensuring that due course of law is followed (Fraser, 1989). But the state comes with many internal contradictions seen clearly in mining when state governments take on the dual roles of promoting land-disruptive mining in joint ventures with private companies, while also being in charge of for example environmental protection and fair compensation to those losing land (Howitt, 2001; Bebbington et al., 2008). Outcomes are thus far from certain especially in the fluid environment in which Indian governance operates with frequent realignments of power and dramatic policy reversals (Jenkins, 1999).

India's economic reforms program in recent decades has opened up for private participation in mining in what used to be a government-dominated activity. In the minerals sector some of the main reforms include an integration with world markets to

allow import of technology and export of raw materials as well as processed products. Indicating the still somewhat patchy and unclear intent of policy reform is however the fact that coal remains reserved for the public sector, though with significant possibilities for private sector participation (Lahiri-Dutt, 2007, 2014). The bauxite mineral project discussed here would have been impossible without the reforms given its reliance on imported technology, at least partially international funds, and global markets for the end product (Oskarsson, 2013).

In terms of investment regulation the direction of reforms is not completely clear however. While a dominant strand of policy change has worked towards increased market orientation other reforms continue to assert the role of the state or, alternatively, look to participatory decision-making. According to Kohli, '[T]he development model pursued in India since about 1980 is a probusiness model that rests on a fairly narrow ruling alliance of the political and economic elite' (Kohli, 2007, p. 113). This view of the economic reform process in India sees recent policy change as bringing about a reorientation of government behavior in favor particularly of domestic, private sector interests, rather than reduced government intervention in the economy, which is the usual objective of economic liberalization. Strong economic and political incentives have united this elite in its attempts to exploit India's mineral reserves.

At the same time, it is essential to acknowledge the significant limitations to how closely comparatively small, elite interest groups can collaborate, not least because of India's highly fractured mode of governance with frequent realignments of power (Kohli, 2009; Jenkins 1999). Democracy puts a check on power in India. Voting politicians out of power is a very frequent occurrence which takes place under increasingly competitive forms (Kohli, 2001). An increasingly important part of governance is the *Panchayat Raj* (Village Rule) legislation with its vision of democratically elected councils towards decentralization and self-governance. *Panchayats* are increasingly given a role in land matters but their actual ability to assert independence has been shown to vary strongly across the country, and particularly so in India's *adivasi*-dominated mining areas (Johnson et al., 2003; Dandekar and Choudhury, 2010).

Part of the transformation of the Indian state during the reforms process has been from an interventionary state to a regulatory one (Rudolph and Rudolph, 2001) as private investments become more important. This has involved setting up independent regulatory bodies in for example electricity or telecom to avoid political intervention. For other forms of regulation expert committees consisting of scientists have been created by, for example, the Ministry of Environment and Forests (MoEF), to provide rule-based, scientific decision making independent of political pressures.

In sectors such as mining, state governments remain able to strongly influence, even if not completely control, who gets to operate within its territories. Without bureaucratic licenses of the earlier planned economy deciding the geographical location of projects and a reduced level of national government investment state governments have been forced to compete with each other for private investment in a completely new manner (Sud, 2014a,b). Andhra Pradesh is one state intent on projecting an image as a top reformer to attract investors with explicit support provided by the government (Suri, 2005). As a result of these processes, gaining support from state governments has become crucial for mining investors in India.

Once support has been secured for an investor, regulatory approvals must be sought in a wide number of forums which can not be controlled by any one entity. And while complexity and uncertainty were seen as key features of the pre-liberalization, state-controlled regulatory system of India with ample opportunities for manipulation in favor of vested interests (Wade, 1985;

¹ Bauxite is an ore containing aluminum oxide, alumina, and a range of other elements. It is the main mineral used to produce the metal aluminum.

² Tribal people in central India comprises a wide range of peoples living across a number of different states, where some have their own religion, language or other customs separating them from 'mainstream' India but others do not (Xaxa, 1999). The terms tribal, adivasi and Scheduled Tribes, the latter being the official term, are used interchangeably in this article.

³ Best known is Vedanta's proposed mine in the state of Odisha (previously known as Orissa), under implementation since 2003, but a number of other similar struggles are currently on-going in central-eastern India in the states of Odisha and Andhra Pradesh.

⁴ The Right to Information Act of 2005. Government documents are cited in the text as original sources whether obtained via the RTI Act or other means.

⁵ Fieldwork was carried out long-term in 2007 and 2008 as well as via a follow up field visit in 2012.

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