

India Case Study

**Presented at the workshop on
“Indigenous Peoples, the Extractive Industries and the World Bank”
The case of East Parej Coal Mines Open Cast Project in
Jharkland, India
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For the

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Abbreviations and Acronyms

CASS	Chotanagpur Adivasi Sewa Samiti
CCL	Central Coal Fields Ltd.
CIL	Coal India Ltd
CMPDI	Central Mine Planning & Design Institute Ltd.
CSESMP	Coal Sector Environment and Social Mitigation Project
CSRP	Coal Sector Rehabilitation Project
CSRP	Coal Sector Rehabilitation Project
EIA	Environment Impact Assessment
EIR	Extractive Industries Review
ESMP	Environmental and Social Mitigation Project)
ESRP	Environmental and Social Review Panel
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
ILO	International Labour Organisation
IP report	Inspection Panel report 2002
IPDP	Indigenous Peoples Development Programme
JBIC	Japanese Bank for International Cooperation
OD 4.20	Operation Directive 4.20 on -Indigenous Peoples
OD 4.30	Operation Directive 4.30 on Involuntary Resettlement
OPN 11.03	Operation Policy Note 11.03 on Management of Cultural Property
PAFs	Project Affected Families
PAPs	Project Affected Persons / oustees)
R&R	Rehabilitation and Resettlement
RAPs	Rehabilitation Action Plans
SEIA	Sectoral Environmental Impact Assessment
XISS	Xavier Institute of Social Service– facilitation NGO in Peraj East

Words used other than English

Gair Majurwa, Gair Majurwa Aam, Gair Majurwa Khas – categories of customary and common land

Keond, Mahua, Bahera, Pyaar, Kusum, and Sarjom – native species of trees all have social and or medicinal use

Mahila Mandals –women’s associations

Manjhi Haram - village headman

Pranic, Jogwa - social positions in the village community

Jaher - the sacred grove, normally a patch of virgin forest where the Spirit of the Supreme Being dwells.

1. Introduction

If we look at the peoples concern in India on how they see the whole industrialisation process, extractive industry being a major part of which, in the words of Gregory Bahla of Bondabahal in Orissa who was displaced from the Rourkela (the earlier proposed Jharkhand) industrial region in northern Orissa say:

***“We dream of our land.
Everything that we see, that we walk on, that we feel through our body, it belongs to our land.
We need the land to think about ourselves, to know who we are.
We are no people without our land.
The government should understand this.
This is not negotiable.
Land cannot be compensated.”***

What the industrialisation process has brought to indigenous peoples territories today for the development of their peoples raises serious questions. The annexed development method in these territories, through the formal sector, to which the informal sector is tagged, has been an experience of a betrayal for the indigenous peoples. This report presents a general overview of the Extractive Industries and its impact in the indigenous people in the frame of Formal and Informal Sector and then it goes into the specifics of the World Bank funded Coal India Ltd.'s subsidiary Central Coalfields Ltd. East Parej project in Hazaribag district in Jharkhand.

A General Overview of the Extractive Industries and its implication on Indigenous Peoples: Formal and Informal Sector

The problem with extractive industries operating on indigenous peoples' areas and territories worldwide is that its impact is more indirect than direct. This impact staggers on indirectly to the extent that without a deep analysis, it would not be possible to understand and analyse the sensual link between the opening up of extractive industries and the degradation of the life of the indigenous peoples.

To understand this process we need to look into India's industrial policy. India has accorded great importance to mining in its industrial development and the overall growth of the country. Mining and a policy on the management of mineral resources were part of India's industrial policy and initial five year plans, both in the non-Scheduled or Scheduled Areas – the latter are areas specified by the India Constitution having indigenous population. Land in the Scheduled areas cannot be owned by non-indigenous persons unless it is for 'public purpose' and other such uses. In these areas, massive industrial programmes were carried out in the 1950s and 1960s enabling the industrial sector to fuel development in other sectors. Enormous sums were invested in large projects such as irrigation and power installation, steel plants and mines. This massive industrialisation not only put tremendous pressure on the mineral resources of the country, but also on the traditional lands and resources of Adivasi (indigenous) communities in India.

It is seen that large scale capital investment for these extractive industries in the localised zones breeds an informal cycle of economy. However, from a layman's point of view, it is impossible to develop on its own into a capital intensive system. The formal cycle of economy on the other hand, is known as the backward and forward linkage of capital. For the formal sectors to become viable and functional it is necessary to develop certain infrastructure nets which economists call overheads. Extractive industries like oil, gas and coal need a highly developed network of transportation which requires building up of networks, rail heads, linkages to ports amongst others, and all this means further erosion of indigenous peoples' rights over land, forest, and their livelihood resource base.

Extractive industries not only require capital in form of money but also sophisticated machines. Hence extractive industries require other ancillary industries for repair, maintenance of sophisticated technology. This kind of investment in the industry is required simply to put up an extractive unit in order to run it. Certain other requirements also have to be met as well of which 3 are most important. 1) skilled labour, 2) management and 3) technical and scientists. Briefly put, for an extractive industry to function it is necessary that technical skilled population of non-indigenous people are brought to the area. Thus by definition, setting up of extractive industry implies, not only curtailment of rights of the indigenous people towards land forest resources but also of putting them into a radically subordinate position *vis-à-vis* a population of non-indigenous peoples with urban life orientation. This is so because indigenous people from the agrarian and traditional way of life, even if they are appointed in the extractive industries, perform only the manual and unskilled tasks. The non-indigenous population provides for the bulk of skilled and technical staff.

Even if we take the formal sector of economy, two things are certain: 1) there is a loss of rights of indigenous peoples towards the land, forest and water resources. 2) They are placed in a subordinate position to the skilled and manual task force in primarily comprised of non-indigenous people.

As far as the loss of rights towards forest, water, and land resources are concerned, there is only limited understanding about what constitutes fair and just compensation for such serious losses, which have a devastating impact on human welfare and cultural integrity. But on the whole, the protection of the indigenous people from this subordination by the non-indigenous people, who are technically qualified and understand the dynamics of the extractive industry, is a serious question.

Dispossession and displacement:

The extent of displacement in the process of industrialisation is illustrated by the following few historical cases. Industries depending on extractive industries i.e. the TATA Iron and Steel Company, established in 1907, initially acquired 3,564 acres of land comprising villages at the cost of Rs. 46,332. No one knows about the condition of those displaced. The construction of Rourkela Steel Plant in 1956 caused the displacement of 32 villages consisting of 2,465 families of which 70% were Adivasis. Only 1,200 of these families have been rehabilitated in the two settlement colonies at Jhalda and Jhirpani in Orissa.

The Heavy Engineering Corporation established at Ranchi in 1958, acquired 9,200 acres of land from 25 villages. As a result, 2,198 families or a total population of 12,990, mostly Adivasis, were displaced. 46 villages were acquired for the construction of Bokaro Steel Plant displacing 12,487 families, 2,707 of them Adivasis.

The Informal Sector

In the Informal sector, there is a large special section dependent on the market. This section is based on consumerist values, a class with an urban lifestyle, and it is motivated by profit. Money, the market, and urbanisation work against the indigenous peoples' lifestyle. This section, which is motivated by profit, works against the interest of the indigenous values and their way of life. The process of money market and urbanisation brings indebtedness to tribal communities which results in: 1) Debt servitude - i.e. bonded labour. 2) Alienation of land. The long-term dependency on cash due to Adivasis being low skilled communities means that the demand of cash leads to demand of migration. This brings about the collapse of self-sufficiency.

Urbanisation:

After Indian independence in 1947, mining and manufacturing activities in the industrial landscape of Jharkhand region have undergone massive change. There has been a rapid growth of the urbanisation process with urban centres chiefly concentrated in the Damodar and Subarnarekha basins, which are the main mining and manufacturing zones of the region. The ancillary industry is a very small scale, paltry industry, for which there is no strict policy guideline, and sometimes these are not even available.

The small-scale industry's other activity is distribution for the network of extractive industries – these are transportation, coal loading, and gas pipeline contract systems of subcontracting, which are dominated by the Mafia. In this whole exercise Adivasi / indigenous peoples identity is eroded. The Mafia nexus influences the entire destitution system. Lumpen industry leads to illicit liquor, operated and controlled by the liquor Mafia.

2. Project context, objectives, planned operations and progress.

In India, Jharkhand state alone contains approximately 51 billion tonnes, or 27% of the India coal reserves. The mining operation in this region is done by Central Coal Fields Ltd. (CCL), a subsidiary of Coal India Ltd (CIL). Geographically, CCL is situated in Jharkhand, and spread over Palamau, Hazaribagh, Ranchi, Bokaro and Giridih districts. It has its headquarters in Ranchi.

CCL has 69 collieries and 5 coal washeries under revenue production, 30 mining projects, 20 non-mining projects and one washery under development construction. (The existing manpower of CCL is 92,816 which include 3,313 executives.)

The coal fields of CCL

The command area of CCL comprises of 11 coalfields: Giridih, East Bokaro, West Bokaro, Ramgarh, North Karanpura, Daltonganj, Auranga, Hutar, Jayanti and Sherghati. The total area of these coalfields is approximately 2700 sq kms. However, only 1,750 sq kms is amenable for coal mining.

There are 5 companies Central Coalfields Ltd -CCL, Mahanadi Coalfields Ltd. -MCL, Northern Coalfields Ltd. -NCL, South East Coalfields Ltd. -SECL, Western Coalfields Ltd. -WCL under Coal India Limited (CIL) in which the 25 mines operate. In this paper the East Parej case is taken up to be presented. East Parej is one of the three mines to operate in CCL.

Open cast and underground mining:

Whereas underground mining was the main procedure being followed earlier, the thrust is shifting from underground to open cast mining. In the 1970s, 80% of the total coal production was from underground mines. In 1990, underground mines produced 40% of the total output, the remaining 60% being from open cast mines.

In the CCL mines, in 1990–1991, 82.8 % of the mining was open cast, which will increase further. All of its new projects in the last decade in the east and west Bokaro coalfields, Ramgarh and North Karanpura are open cast mines in Jharkhand state.

The land use in open cast mining is considerable, most of it originally being forest and agriculture land; Requirement for open cast mines varies with reserves of coal per unit area, stripping ratio, the type of excavating equipment and the method of dumping wastes.

In an open cast mine in CCL, with a reserve of 345 mt. and designed to produce about 10 million tones per year, the area of land assessed to be required is about 1,602 ha for quarries and the rest of a total of 2,281 ha for magazines, colony, industrial site, etc. This works out to about 7 ha per million tones of reserves.

The India Coal Sector Environment and Social Mitigation Project (CSESMP)

The India Coal Sector Environment and Social Mitigation Project (CSESMP) was initially conceived as a component of the Coal Sector Rehabilitation Project (CSR) of the World Bank, then it was taken up as a separate project as “the Indian Coal Sector Environmental and Social Mitigation Project” (CSESMP). Its objective was to assist the Coal India Ltd. in making coal production more environmentally and socially sustainable. The three main objectives were to i) Enhance CIL’s institutional capacity to deal more effectively with environmental and social issues. ii) Implement policies for environmental and Rehabilitation and Resettlement (R&R) mitigation of affected people. iii) Help CIL develop its policies for R&R, Community Development, Environmental Management. These objectives were to be achieved by means of : - a) Rehabilitation Action Plans (RAPs) for 14 mines where people were to be resettled. b) Indigenous Peoples Development Programme (IPDP) in 25 mines for the villages within 1 km radius of the mines. c) Capacity building and institutional changes in CIL (appointment and training of Rehabilitation and Resettlement officers, Public Information Centre). d) Appointing NGOs to facilitate the RAPs and IPDPs. e) Formation of Village Working Group. f) “Self-employment” as the main strategy for economic rehabilitation.

Employment in the Company (the traditional means of economic rehabilitation) was radically curtailed. An International Development Association (IDA) credit of \$63m was granted in May 1996, which was originally due to close in June 30, 2001. However, at this closure date, \$24m of the loan remained undisbursed, so this date was extended to June 30, 2002.

The Coal Sector Rehabilitation Project (CSR)

The Coal Sector Rehabilitation Project (CSR) of the World Bank was formed with the objective of financing the purchase of mining equipment for modernisation and maintenance of 24 CIL open cast mines, chosen on the basis of larger profitability. This would increase the total output of the mines from 78.6 million to 104.6 million tons / year. The loan would also contribute to the overall modernisation and profitability of Coal India. CIL, which is the recipient on the Indian part, is a holding company for 7 subsidiaries, who are owners and managers of the 25 mines of the project. East Parej is one of the mines owned and operated by the subsidiary, CCL. The Environment Impact Assessment (EIA) estimates that by the end of 2004, the project would thus boost Coal India’s annual production to about 320 million tons, as compared to the above 240 million tons without the project.

The World Bank Board approved the loan for the CSR in September 1997. This loan was due to expire June 2003. However, for reasons this study has been unable to ascertain, the second phase was cancelled on 24th July 2000. At that time International Bank for Reconstruction and Development (IBRD) loan disbursements had totalled \$235.7m, and IDA credit disbursements had reached \$1.41m. Japanese Bank for International Cooperation (JBIC) disbursements were the equivalent, JBIC was also cancelled.

Reasons for cancellation of the second phase of loan are rather ambiguous. As per the official version, the revised demand made by the Dept of Coal indicated that coal demand would not grow as fast as initially estimated, and hence with the main equipments brought in the first stage of the loan, the second phase is not necessary. There seems to be more. Business line (June 24, 2000) indicated that Government of India has done little to reconstitute the domestic coal sector

which the Bank has a conditionality. This would include amending the Coal Nationalisation Act., opening the mining sector to private sector etc. It is acknowledged that the failure of income restoration to resettled communities is also a factor.

According to the CSESMP Staff Appraisal Report (No.15405-IN. April 24 1996), the following are some figures of land to be acquired, number of people to be affected by these mines, numbers of indigenous peoples among the total population etc. As this paper focuses on the Parej East case it has specified it among the 25 mines.

Total land acquired in these 25 projects: 1,827 ha
Land Acquired for Parej East project: 237 ha

Total number of persons affected by the project: 17,632
In Parej East the total number of people affected: 1,172

Total number of Tribal persons affected: 4,619
In Parej East they are: 487*

Total population of this area: 185,811
In Parej East the total population is: 2,913

** These figures are misleading because the project actually affects communities in 11 villages and from this figures one is made to believe that the number of Adivasis is very small. The figures can be distorted, however the project fails to show that the damage is not just contained in Parej East alone. It has neither intensified the problem further which is talked about in this study.*

3. World Bank, government, and private sector consultations and dealings with affected communities.

As one of the activists working here for more than five years said, “you ask us if we have been consulted or how we have been treated by the management ?” ...he explains with strong emotion that “ we people here have been crippled. The land has gone... is like **amputating** one leg. Our forests are gone... has amputated our other leg. We have no jobs and have to depend on casual labour of truck loading which you don't get ... is like amputating an arm then you come up with some project plan. The money for compensation is like a slap on our face. You may call it development, but our life is ruined. The project has made us more trouble than we had before... We people are tired of you all coming here, taking photos of us, interviewing us and then what happens. Our situation is deteriorating still.”

Consultations:

There have been 18 World Bank visits. They were always assisted by central coalfields officials, on whom they depended for the translations whenever they needed to understand what the people in the project area said. Because of this language problem of the World Bank officials, the CCL's officials took good advantage of it. E.g. in one of the visit to Pindra rehabilitation site World Bank officials were interviewing the people who had been obliged to relocate there, CCL officials presented Mr Ashok Ganjhu as Arjun Turi's brother. They asked him “are you happy here” and he said “yes”. Then the Chotanagpur Adivasi Sewa Samiti (CASS) team members protested saying he is not Arjun Turi's brother and not displaced or residing here in Pindra.

Again CCL officials quoted a name of a Sathal man belonging to the host community in Pindra saying he is happy in Pindra. In fact the man they were referring to in Pindra had died already 2 years ago.

How can the WB say that they have consulted the people, because in actual fact the people are angry with you, so they come to shout at you. The CCL officials have never made an effort to gather the people and inform them that WB representatives are coming, and they with whom you should share your grievances. People see cars arriving in front of the offices of Xavier Institute of Social Service (XISS) – facilitation NGO in Peraj East, then get people angry and a crowd gathers to share their grievances i.e. jobs, drinking water. Finally the CCL officials literally have to chase the people away because they are not satisfied with the consultation.

It is 5 years since the 9 Turi families have been displaced. Recently, Rameshwer and Bisheshwer went to the Project Officer Mr Gopal Singh of East Parej at his residence which is just adjacent to theirs, to share their grievances. The Project Officer got annoyed with them and shouted at them saying “I don’t know who you are”! The Project Officer also got angry with his driver for allowing such people to meet him. But when Rameshwer wasn’t displaced and he was on his land, then the CCL went pleading to them for land. There was Mr MP Mishra another General Manager in 1996 who told us “today at least we are talking to them”. In March Jogwa Tola, another Santhal hamlet was displaced. The people here wanted to collect Mahua, - their last Mahua fruits as they were eventually to be displaced - the minor forest product of that season. But there was no dialogue instead as few of the men had jobs in the company and they were laid off and pressure was put on them to relocate. When the General Manager Mr Tarsem Kumar was queried, he said “the people have agreed to shift.” We asked if the consultation included women. He said no, as he was only concerned with the heads of the family (apparently meaning those men who had jobs in the coal company).



The Turis (basket makers) of Turi Tola were the first to be displaced.



House of Arjun Turi, Turi Tola

2 Feb. 1998, 2.30 p.m.

As mining started coming close to their door step, the means used by the company became more and more frightening, such as calling the police and arresting people. Rameshwer Turin was beaten up by the police in front of his family members. Teklal Turi was arrested on one of these EXEISE raids and jailed, and subsequently died in Jail. Consultations happened in this oppressive environment. It is this attitude of the company that created a disturbing and intimidating atmosphere. Due to this, the people were unfairly compensated for house and land with insufficient cash compensation. Cash is a medium that Adivasis (Turis also considered a part of the Adivasi community – though listed as Scheduled Caste) cannot handle, and this form of

compensation is totally inappropriate. And the consequence was many of them have been ruined and impoverished.

Many Adivasis did try to do business, like Shikari Manjhi tried to open a Gumti - shop near the coal dump but it failed. Merilal tried a poultry farm and that too failed. Kallu also tried a poultry farm and that too failed. Beniram bought a tracer -407 (8 to 10 seater jeep normally used as a shared taxi) with the compensation money, but he was forced to sell it at a low price, because it didn't work. Dhaniram bought a car which is sitting in his garage. Mehilal Murmu started a bicycle repair shop, as it didn't work, and he has ended up raising pigs. Anil Hembrom from Lopongtandi has started a grocery shop but he is hardly there in his shop.

In 1996 Peter Pollak the first Task Manager of the project, in his visit to East Parej said "not to be on record" that God made a mistake by putting the forest on top of the coal. But at that time we were able to gather people and some consultation did take place.



- **Thousands of *mahua* and indigenous trees uprooted by Parej mine ignores the Tribal relationship with these trees, which are also a source of livelihood.**
- **The compensation for one fully-grown fruiting tree is approximately Rs500/-.**
In a good season, a tree will give Rs 2000/-
- ***"Loss of fishing, grazing, or forest areas cannot easily be evaluated or compensated for in monetary term"* (IP.197, p.50)**

In March 2002, when Mr Asgher Christein visited Pindra, he was pleased to see some houses these old sites in Pindra rehabilitation site he said they are similar or better then what they had in the old site - (the site acquired by CCL before consulting the Project Affected Persons PAPs / oustees) -but in actual fact most of the houses here had used Asbestos, a banned material, in their building. What was unfortunate is that he failed to go beyond the facade that was there, i.e. he failed to see their loss of income, loss of community support, and loss of a meaningful structure where social conflicts could be resolved. Even on income restoration there was no meaningful interaction concerning the possibilities even though the mines had started in 1993. It was only in 1998 when Ms (Jelson) Jelena Pantelic, (deputed by the World Bank as Task Manager in 1996 of the ESMP Project to look into the income restoration and income generation programmes for the PAPs) came that the people were finally told that jobs are not possible in the mines. She got Col Bakshi involved and a Rehabilitation and Resettlement (R&R) officer from 24 mines visited Turi Tola to convince them about income generation schemes. The cane basket making was quite successful with Turis who are traditionally basket weavers. But today due to bureaucratic

problems the people are left high and dry. With the help of Col Bakshi the company agreed to that they will supply the raw materials – cane and buy the finished baskets (usually used for manual loading for coal). A few stocks were supplied. The Turis made the baskets and supplied it to the company, some baskets were taken some were rejected. Gradually most of the baskets were rejected not necessarily for their quality, they presume. Later there was irregularity in the part of the company to supply the cans for months, this is when the contractors were involved. This wasn't regular substitute of livelihood for the Turis. This is obvious that they lost confidence in the company's agreement. Col Bakshi too was disheartened dealing with the company's management and gave up further efforts.

The Government's attitude has also been pro-company. Take the example of authentication of land paper/land titles. Once the land is given on lease, the government refuses to authenticate land. If a man who's name is on the land paper has died, his heir has to get a succession certificate which is a lengthy court process. On the other hand, in the case of Borwa tola which did not shift or want rehabilitation, the company got the local administration to bring the police and evict the people, and the reason the Deputy Commissioner gave was that World Bank machines are lying unused. So the people are caught between the Indian government and the World Bank. And the World Bank is supporting this dirty business.



- **The Forced Eviction (“relocation”- World Bank) of Borwa Tola in December 1999.**
- **17 families were evicted in this manner, the families were carted in dumpers and left at the Pindra Rehabilitation site.**
- **The only use the school, community hall and primary health centre provided, was to shelter these displaced families, while they hurriedly built their houses at the rehabilitation site.**

From early 1996 there has been a constant interaction between the NGOs in the field and international level, Management and the World Bank. The interaction included the following:-

- 25.02.96: "Comments": initial communication of Indian NGOs to the World Bank.
- 20.04.96: "Report on the East Parej Opencast Project" by CASS.
- 26.04.96: "Mainstreaming Sustainability" by Berne Declaration
- 30.04.96: "Environmental Arguments" by Mine Watch.
- 13.05.96: World Bank (Pollak) reply to "Mainstreaming".
- 15.05.96: "NGO rejoinder" to WB response to "Mainstreaming"
- 09.06.96: "Memorandum" by Indian NGOs on occasion of Task Manager Pollak's visit
- 13.09.96: "Benchmarks" submitted by 13 NGOs.
- 04.10.96: NGO discussion of Benchmarks with the Bank's India Department, Washington.
- 29.10.96: Letter to Chaoji "Arrest & beatings"
- 01.11.96: WB response (Vergin) to Benchmarks.
- 12.12.96: D.Marsden "Update Concerns"
- 07.02.97: "Outstanding Issues"
- 27.02.97: J Panelic "issues to new TM
- 05.04.97: Local NGO Meeting with CCL Ranchi
- 16.04.97: Meeting in Washington between northern NGOs and WB
- 25.04.97: WB response (Drysdale) to Outstanding Issues.
- 27.04.97: CASS letter to Bauer.
- 30.04.97: Second meeting in Washington, northern NGOs and WB.
- 30.04.97: Meeting with Marsden at Charhi
- 06.05.97: Pantelic to Bossard
- 09.05.97: Consultation in Paris, World Bank and northern NGOs.
- 13.05.97: Bossard re Delhi NGO Meeting
- 13.05.97: Bossard to Gerber
- 14.05.97: K Singh to Bank re Delhi NGO Meeting
- 14.05.97: CASS to Pantelic re Delhi NGO Meeting
- 15.05.97: WB proposed NGO consultation in New Delhi.
- 20.05.97: Letter to WB President Wolfensohn (42 NGOs from 12 countries)
- 04.06.97: Response by Wolfensohn
- 12.06.97: "Output Indicators" proposed by NGOs
- 30.09.97: WB response (McKechnie) to Output Indicators.
- 03.02.98: CASS to Patnelic
- 19.05.98: CASS to TM (A Christensen)
- 01.09.98: CASS to A Christensen
- 12.12.98: CASS Letter (and 24 NGOs) to World Bank
- 14.02.99: WB response (C Asger) to CASS
- mid-99: Efforts by CASS and Minewatch to obtain mid-term Review
- 24.07.99: CASS to Mohan
- 08.09.99: Asger to CASS
- 04.01.00: Letter on Borwa Tola evictions
- 27.01.00: To Md. Hasan
- 08.02.00: WB response to CASS on Borwo Tola evictions.
- 11.02.00: From Md.Hasan
- 22.02.00: CASS reply to World Bank of 8.2.001
- 4.08.00: Wall St Journal article in which World Bank virtually admits failure of Environmental and Social Mitigation Project (ESMP) project.

Inspection Panel Claims

The Inspection Panel was created in September 1993 by the Board of Executive Directors of the World Bank to serve as an independent mechanism to ensure accountability in Bank operations with respect to its policies and practices. In the case of Parej East the request for Inspection was submitted on June 21, 2001 by a local organisation Chotanagpur Adivasi Sewa Samiti on behalf of village applicants who requested anonymity. The management response on 20th July 2001 mentioned that it had received the complaint. The Panel recommended an investigation after reviewing Management's response and visiting the project area. The Board approved the Panel's recommendation for inspection on September 7th 2001.

The Panel visited the site in December 2001. It submitted the Inspection panels report to the Board in November 25th, 2002, with nearly a year's delay.

Following are the issues that came out from the Inspection Panels report on Parej East Project:

ISSUES as summarised and put forward by the Inspection Panel (IP) report

Gap between Bank Planning Documents and Ground Realities: The IP found that "management's failure to ensure that the original RAP reflected reality on the ground resulted in many problems (Paragraph 13 of the executive summary of the Inspection Panel report)"

While proclaiming "poverty alleviation", the bank funding of 24 large open-cast coal mines for mechanisation has led to retrenchment of 87,000 mineworkers, and new jobs on the mines in Orissa has been contracted-out with less job security.

Despite Bank claims to have introduced best international practices, it made no effort to press the Government of India to ratify the International Labour Organisation (ILO) Convention on health and safety in mines. (Frontline July 2001) The Inspection Panel findings confirm what many people know or suspected about the World Banks ability to and interests in taking seriously the social and environmental aspect of its loans.

To coal mine a village, its lands and commons, and expect a mitigation project like CSESMP to compensate for the destruction of the life giving natural resource base of the village, is to be out of contact with reality.

The Panel recorded that this project was one of the most supervised World Bank Projects ever. The Bank undertook 21 supervision missions between 1996 and 2001. However, the Panel found that: "the supervision team's knowledge of ground realities was limited, and for that reason, their efforts to resolve problems had virtually no impact on the ground (paragraph 458 in the main text of the Inspection Panel report). People have long argued that the bank indulges in 'check-box' appraisal and supervision of its loans, adding lists of new criteria but not following through to ensure that they are rigorously adopted and enforced.



- **Bhola Manjhi, Borwa Tola, the day he was “ involuntary relocated”, Dec 21. 1999**
- **After having lost 2 acres of land to the Parej mine, his two sons were not given a job and his entire family faced total loss.**
- **A farmer by occupation he had to be content with Rs.50,000/- as compensation for not choosing to go to the Pindra Rehabilitation site.**
- ***“In the Panel’s view, it is difficult, if not impossible, to reconcile the Bank’s aim of development with a one time cash grant for acquisition of home and land.” (IP.20,p.x)***

Transparency

Based on its review of documentation and interview, the Panel notes that while management ensured that Sectoral Environmental Impact Assessment (SEIA) and Parej East’s Environmental Action Plan was based in the Bank’s Public information Centres in Washington and New Delhi before appraisal, it failed to ensure that report was available in Parej East at a public place accessible to affected groups and NGOs for their views and comments., not even the summary of this conclusion ‘in a form and language meaningful to the groups being consulted, as required by OD 4.01/BP 17.5. In the light of this Panel finds that the Management was not in compliance with paragraph 21 of OD 4.01 and paragraph 12 of BP 17. 50 in respect of disclosure”. (Paragraph 394 of the main text of the Inspection Panel report).

4. Implementation of the World Bank's Safeguard Policy Framework



- **Photograph of Lalmatti Murmu. Evicted from Borwa tola December 1999. Died September 2002.**
- **Lalbatti Murmu is one of the several women to have died after having being displaced, a victim of the one-time grant for acquisition of land and homestead, as well as not being compensated at replacement value. Her death and the suffering of several women demonstrates a lack of support during the transition period in the resettlement site.**
- **Her young teenage daughter Birsi was a domestic servant in one of the company official's quarters in Premnagar. "Late at night she was brought home dead - she had died under mysterious circumstances".**
- **Another younger son also died of sickness. Her husband is Jagdish in Pindra Rehabilitation site.**

Involuntary Resettlement

How can you say that people have accepted Pindra when only 12 families have opted to shift to Pindra Rehab site, when the place had actually been prepared for 290 families? Again most of those who are there are those who have been *forcibly* evicted in 1999 in the cold month of December. Even Dhani Ram Manjhi is there because being an Adivasi he wanted to escape the harassment of the CCL officials.

Again with Turi tola the company put an eviction case against the people. This case went on for a long time and concluded in a compromise in court, which to date has not been implemented. Agaira Tola is Parej East Project IPDP (resettlement) village and mining is going on right next to that village. Their water resources have been badly affected. The Maddai where they worshipped ancestors has been bulldozed by TISCO who was also mining in the same village. CCL has no health services for people there and so far 11 People have died due to various illnesses.

The Inspection panel has touched almost all the points on the Involuntary Resettlement as per defined in the World Bank's Operation Directive (OD) 4.30 - on Involuntary Resettlement. There were only 6 counts of compliance and 31 counts of non compliance (including Operation Directive (OD) 4.20 on -Indigenous Peoples, OD 13.05 on Project Supervision and Operation Policy Note (OPN) 11.03 on Management of Cultural Property). Please see annex 1 for further reference.

In the area there are several other mines TISCO (West Bokaro), Jharkhand mine, Liayo mine, Kedla mine, Tapin North and Tapin South, Pundi Project, all open cast mines. In the presence of these mines, the people in East Parej project area, where there are a total of 4 revenue villages,

were made to believe that by letting the project come they will be given jobs. It is not clear about the notification for acquisition of the land for this project. People in general had no idea about the project. It only came to notice when they were invited to inaugurate the project with a dance team, and following lot of talks of “development” by the officials present here. The CCL office has the tape of the formal announcements {date} in the villages where some elders of the project affected villages, and the Mukhyas, Netas were present. Only after that did the heavy machines start coming in and digging in the forest area west from Parej village. With the assurance made by the company people that development would improve their lives, people looked up to the project. East Parej had 1095 jobs, in its project span of 27 years. For the oustees there would be 17 jobs from the first village Parej, who will be displaced in first five years of the project. (Baseline Report of the Peraj East Project)

The project was implemented without fully informing the people of potential direct and indirect negative impacts, in particular consultations failed to fully explain key issues relating to choice of sites for relocation. In short, the consultation provided incomplete and mis- information to the affected communities, which prevented them from making informed decisions about resettlement and development options. As the conditions made for the PAPs they had no choice. Those who were employees in the company due to fear of being in the bad books of the company couldn't be more assertive about it. As a result, the movement of people to resettlement sites became involuntary or forced because they rejected the sites chosen for their relocation. It was a forced reallocation.

Participation:

People for a long time did not know that Simuli Turi was on the co-ordination committee. This is the Village Coordination Committee – as per the provision of the World Bank guidelines. The role of this committee was to inform the management of the grievances of the PAPs to the management and help it take appropriate action. This name Simuli Turi sounded as if the committee was representative of the Turis also. The women referred to here happened to be the wife of the leader from the Santhal community, he is in close terms with the management. The villagers have no knowledge how this was formed.

There has been no participation in how their resources have been computed and compensated, e.g. trees, domestic animals, and cultural property.

Special reference must be made of the extent to which women were able to participate in the negotiation process. It is only when they suddenly turned up in a village that women if they happened to be at home met concerned officials.

As one of the CASS members explained, “One day when we happened to be close to the mines, we saw a white man talking to one of the CCL officials so we went up to him and asked him who he was. He said that he came to see the safety part of the Project, then this white man (name not known) said ‘let’s visit some of the families’ then we took him to Kartick Turis house and showed him the effects of blasting on the wall.”



- **House of Rameshwar Turi, in Premnagar (in foreground), located just outside the boundary wall of the CCL employees colony.**
- **Contrast the two - one of local people who gave land for the project who have no definite income, the other outsiders who are salaried employees.**
- ***“The comparative deprivation of the Turi families has thus been made very apparent. The forests are adjacent to the colony and there is frequent encroachment o the forest area by the resettlement area by the families leading to quarrels with the local forest guard resulting in harassment of these families. No school and health facilities are provided here” [IP 95 fn93]***

On 30-11-02 when the CASS team members met Phulo Manjhi (sister of the village headman – *Manjhi haram* – his elder son is Dhaniram Manjhi) at Pindra Rehab site; also a PAP, she was worried that the land that CCL has given to them does not have a legal holding. She also shared that Dhaniram (now the headman), her nephew did not buy land yet, but he bought a car and a motorcycle. On the other hand Shanti Murmu when she received compensation money the first thing she did was to buy land. With the coming in of financial institutions, women’s role in Adivasi societies has been neglected and they are relegated to the home and to being labourers. Decisions are being made for them with regard to alienation of land, home and forests. Women are no where in the discussion. Again negotiations with people start only at the implementation stage. As Matio Tudu shares, “we thought that the mines would give us ‘Rozgar’ (livelihood)”. Today the women in East Parej have no job, no land, no land title, and no rehabilitation packet.

In the co-ordination committee among the ten persons there was only one was a woman. She was the wife of an influential person whom the company considers as their man. Again three women have died since displacement especially from those families that have moved to Pindra at the time of the forcible relocation in December 1999.

Forestry:

In 1993 mining in East Parej started in the forest. It was inaugurated by the company people and dances and songs of the Adivasis. This as we feel was done on purpose because people cannot say any thing because it is between two departments: forest and the mining company. After the forests are distorted, then the mining started in *Gair Majurwa* land, [in most of the Adivasi areas

this is seen as customary land. It is that land which is for common use ... if some one is farming on this land for more then 7 to 12 years and has some documentary proof that he is using this land can apply for it authentication in his name in the block office. He then becomes a legal holder of this land.] and then people started questioning. Again, local people emphasised that for the villagers the forest is a source of food, medicine, fodder and shelter. It has very valuable trees like *Sarjom* (sal), *Mahua*, *Keyond*, *Pyaar* and *Karam* trees. These trees are meaningful for the Adivasi way of life, livelihood and culture. These forests have been replaced by Eucalyptus and Acacia mostly around the overburden and generally around the mines to bring some “greenery” which has not have any social, medicinal or economic uses. This is a very drastic transformation of the Adivasis living here. There is already a water crisis and planting both *acacia* and *eucalyptus* really intensifies the problem. While the trees the projects had destroyed for these plantations are very old, strong, and useful trees having historical and sacred meaning for the Adivasis.

Cultural Heritage

According to the Adivasi world view, land, forest, and rivers are all cultural heritage sites. We find that the World Bank does not have a clear a policy on cultural sites, even if it has a theoretical policy. The implementation of this is unclear since all the festivals of Adivasi community are linked to the forests, rivers and land, how will they celebrate them when all these are destroyed. In fact the life cycle of the Adivasis revolves around this entire natural environment. Here the land is turned into a huge pit, forests are no longer forests, and most of it continues to be destroyed. The Peraj East mining started when the mining activities approached into the *Gair Majurwa* and revenue land. When the Peraj East mining project was being inaugurated the local Adivasis were invited to perform traditional dances and songs on the occasion. The project presumably was to bring “prosperity and development” for the people in the area here. How cold have the adivasis know what they were singing and dancing for would change their lives conditioned to the worldview different from their own.

With the displacement of Dhaniram Manjhi - the tribal chief (*Manjhi Haram*, as he is called) shifting him to Pindra, of Bablu Murmu who was the *Pranic* to Dogdagia, and of Mehala Manjhi the *Jogwa* to Chenaro, the social structure of the Adivasis fell apart. Dhaniram’s authority / headmanship finished and in the Rehab site he has to now belong to the social structure of the host community where he is no longer the headman.

Sacred groves are patches of virgin forest that are left by the Adivasi community where they worship their ancestors. There are three such sacred groves in East Parej. One of those groves is now destroyed. According to our understanding, the sacred grove in question could have been left untouched, and after the back-filling of the other sites, the patch where the sacred grove stood could have become part of the ecology around. This would have allowed the protection of certain species in the vegetation of the old virgin forest. The bank seems to be unclear about the protection of sacred groves.



- ***JAHER* / or the Sacred Grove in Parej mine.**
- **The Indigenous community worship the ancestors here. Today that community does not exist any more. *Jaher Ayo* or Mother Sacred Grove, as she is affectionately called seems to be the mute spectator of this devastation and wonders “how long shall I survive.”**

According to OPN 11.03 that deals with Management of Cultural Property, the project should not have been financed. Again the bank applies two standards. If you are vocal people then the company will not destroy your property because they are frightened. E.g. in East Parej there is one Muslim Graveyard the coal company tried to make a drain near by the graveyard the people got angry and as a result the company was forced to build a wall around it. On the other hand the Adivasi community is not vocal so then the company deals with them in another manner by not giving them respect. As the Adivasi community generally is a peace loving community and is not demanding or complaining by nature, rather is sharing and accommodative unlike other communities where the sense of insecurity is more as being market oriented. This makes the two groups different from each other in many ways. The other communities have to take out the best from what they have, where as the Adivasi communities count upon the nature and depend on the natural environment and not demanding as the other communities do. It is also the language that is another cause for them not being very vocal.

Environmental Assessment

In and around Parej East, one must remember that before mining had started in 1993 there were already several environmental problems due to the two coal washeries. One by TISCO and the other by CCL at Basatpur, both of these have polluted the Chutwa Nala and the Bokaro River. The consequence has been that the water resources have been turned black. All forms of life in the river have died. The cattle have died by eating plastic disposed of by the mining colony residents. Due to the Parej East there are two workshops, two dispensaries, a store, employees' colonies, and all these contribute to the Environmental problems in the area. As these workshops real their waste i.e. used oil and water into the agriculture fields. The waste of dispensary, store and the employees' colony all are released and dumped outside this campus. Cattle that move around freely in search of food eat up plastic bags which at times have waste eatables in it

From the workshops, untreated wastes are released down to the Bokaro River. From the employees quarters plastic bags are thrown all over the forest areas. Cattle from the adjoining villages eat the plastic and die. Dispensary waste is sent into the streams of Lopongtandi village. Besides all the above, huge quantities of coal dust are inhaled by the villages especially those living close to the road where thousands of trucks loaded or over-loaded, with coal falling all over the roads, pass by the hamlets. Environmental assessment must be done by an independent agency other than Central Mine Planning & Design Institute Ltd. (CMPDI) which is also a subsidiary of Coal India Ltd. like CCL.

Guidelines for Mining Companies

Local people must be the target of the project, rather than production alone.

Talk to local people telling them what the mines will do and how useful it will be to their life. Then take their consent.

If they are willing to give land, dialogue with them many times, not once, and give them time. *Culturally appropriate* consultation must be a step-wise process.

Baseline surveys must be done carefully.

What is valuable to the indigenous peoples: do not touch it because those same things are valuable to the human race as well, e.g. *Sarna* - the sacred grove.

Land after mining must be returned to the original owners - the Indigenous peoples – Adivasis, after refilling and making it fit for agriculture.

We have a serious concern about the inflow of the outsiders in the area and the replacing of valuable trees like *keond*, *mahua*, *baheera*, *Pyaar*, *kusum*, and *sarjom* by *Acacia*, and *Eucalyptus*.

Land for land must be done on a priority basis.

Cash Compensation is not fit for Indigenous people. We have serious concern that this is being perpetuated in World Bank Projects.

Whatever land is being given for the PAPs must be with legal Patta.

WE NEED TO THINK WHETHER MINING IS SUSTANABLE FOR US OR NOT. CAN WE NOT THINK OF DEVELOPING RENEWABLES?

For how long will we go on flattening mountains and making mountains of overburden?

Environmental Remedies

“The Environmental Action Plan states that ‘it is proposed to remove the top soil from the quarry and overburden dump and conserve it for re-use during the biological reclamation stage’... The Panel was not shown nor did it observe any topsoil conservation during its visit to Parej East Open Pit. Although requested at the site, no documentation or information on the five year Coal Sector Environmental and Social Mitigation Project (CSESMP) mine reclamation programme was sever provided to the Panel team” (paragraphs 360, 362 & 364 of the main text of the IP report).

5. Extent of compliance with Operation Directive (OD) 4.20 in Indigenous Peoples

Indigenous Peoples Development Plans (IPDP)

It appears that experience did not result in much change. In its 2001 report, the ESRP observes that subsequent revision to the original IPDP “followed the lead of the first plan[s], adding a little here, subtracting a little there, but essentially repeating the form and substance of initial work plans, year after year.” And they conclude that “What was originally meant to be a series of location-specific plans, arrived at through local consultation, tailored to the needs of villages, quickly grew into a rigid, inflexible and largely unresponsive exercise.” Its own lack of success was built right into the design, in the very genes of the project itself” (paragraph 322 of the main text of the IP report)

In its review the Panel found that each year entire sections of the annual IPDP for Parej East are repeated verbatim, including the one indicating the community’s ‘felt needs’. Each year there appears to be a ‘one size fits all’ plan for each of the 11 communities, regardless of specific needs. The description of every hamlet begins with the same qualitative paragraph, and the plan ends with the same recommendations (and the same costs) such as “Bleaching Powder Distribution”, Fruit Tree Distribution, Mahila Mandals’ (self-help saving schemes) etc.” (Paragraph 324 of the main text of the IP report)



- **This is a picture of Jayaram Agaria of Agaria Tola.**
- **He is 11 years old, and is suffering from TB.**
- **From his hamlet of 22 families, 10 people have died in the 3 years from 1998-2001.**
- **Causes of death are TB, diarrhoea and malaria.**
- ***“It would be extremely difficult, if not impossible, to ascribe any alleged increases (of morbidity and mortality) to the project. (IP 122).***
- **But, it is an IPDP village, and in spite of this, these deaths have occurred.**

- IPDP changed into Community Development in this within 1km range since there were mixed villages in between.
- Original IPDP plan trivial, refer to Inspection Panel - Page 72
- The plan underestimates the overall negative impacts of the mining
- Some IPDP villages already affected by TISCO mines - this information was hidden.
- No health component - out of 20 families in Agaria tola 10 people have died in 3 years.

On the Issue of Resettlement

The panel finds that the original Rehabilitation Action Plan (RAP) of Parej East did not reflect the actual situation in Parej East and was not location specific as required by Management when it approved Coal India Ltd.'s R&R policy. In the Panels view, Management's failure, during appraisal, to ensure that the original RAP reflected reality on the ground resulted in many problems that are at the root of the Requesters complaints. In light of this, the Panel finds that Management's appraisal of the Parej East RAP was not in compliance with paragraph 30 of 4.30. (Paragraph 13 of the executive summary of Inspection Panel -IP report)

It seems evident that Project Affected Persons (PAPs) in Parej East were not consulted in the selection of the Pindra site as required by OD 4.30. In light of this, the Panel finds that Management was not in compliance with paragraph 8 of OD 4.30 (Paragraph 96 of the main text of IP report).

But beyond these interviews, "there is nothing to indicate that the PAPs in Parej East were systematically informed and consulted during preparation of the resettlement plan about their options and rights." In the light of this the Panel finds that Management was not in compliance with paragraph 8 of OD 4.30.

The Panel viewed the barracks besides CCL Headquarters and observed that the conditions are pathetic, as the Requests claim: they are hardly fit for human habitation, especially for families. Even so, it would now appear that the seven PAFs (Project Affected Families) regard remaining there a better alternative than building a house in Pindra because of the proximity of the barracks to casual labour opportunities and the informal economy at the mine site. The Parej East RAP limited its discussion of casual labour opportunities for resettlers at Pindra to mentioning some future near by industrial development. "The panel could not find any report of a professional analysis to the pre and post reallocation (casual) labour market" Those who have moved in Pindra thus have superior physical accommodation but lack access to formal and informal labour opportunities at mine site. Thus in neither cases have these PAPs regained their former standard of living. (Paragraph 102 of the main text of the IP report)

Management accepted Coal India Ltd's R&R policy on the clear understanding that it would "have to receive each RAP to be sure it contains the obligatory requirements for a successful RAP" The Parej East The RAP simply repeated CIL's R&R Policy in respect of the size of plots (100m²) and did not provide for second generation growth or land for animals. The panel therefore finds that Management's appraisal of the Parej East RAP was not in compliance with Paragraphs 13 and 19 of OD 4.30. However, in practice, Management recognised this flaw, and in response to CASS insistence, CCL allocated plots twice the size of that provided for in the RAP. In addition, since implementation commenced, management has continued to press Coal India Ltd. to change its policy. (Paragraph 110 of the main text of the IP report)

It is clear that the question of title transfer should have been identified and dealt with when the Parej East RAP was prepared, as required under OD 4.30. CCL had already purchased the Pindra resettlement site by that stage. Now up to four years affected people have been involuntarily resettled they are still suffering the harm that results from lack of title, including a sense of insecurity and an inability to borrow for self employment restoration schemes. (Paragraph 144 in the main text of the IP report)

As provided for in paragraph 15 (c) of OD 4.30 the RAP states that the Pindra resettlement site will provide equivalent access to the forest, but it fails to support this statement with any details about the adjacent forest including whether the forest will support the same income earning opportunities for 227 families originally expected to move there, or whether the host community is prepared to share the resources. The panel found no evidence that during appraisal, Management ensured that access would be available, or the access to that forest besides Pindra would provide PAPs who moved there with equivalent compensation for loss of their access to forest products. Because of this, the panel finds that Management was not in compliance with paragraph 15 (c) of OD 4.30 during Preparation. (Paragraph 204 of the main text in the IP report)

Complaints not met with in OD 4.30 on Involuntary Resettlement:

Adequacy of planning, RAP - the Panel finds that the original RAP for Parej East did not reflect the actual situation in Parej East and was not location -specific as required by Management when it approved CIL's R&R policy. In the Panel's view, Management's failure during appraisal to ensure that the original RAP reflected reality on the ground resulted in many problems that are at the root of the Requesters complaints. In the light of this, the Panel finds that Management's appraisal of the Parej East RAP was not in Compliance with paragraph 30 of OD 4.30. (Paragraph 13 of the executive summary and also see paragraph 56 & 57 from the main text of the IP report).

Adequate compensation for land - When affected land holders are not satisfied with compensation decided by CCL and the district authorities, they may seek a decision to increase the amount from a special tribunal, constituted under section 14 of the Coal Bearing Areas Act. In this regard, the Panel considers it revealing that, in all cases so far finalised in Parej East, the tribunal has awarded increased compensation to those PAPs able to lodge an appeal. In the Panel's view, it is not appropriate that PAPs should have to go through a lengthy and costly judicial processes to get compensation, especially since not all PAPs can afford the direct costs of an appeal process and, even if they could, they would end up losing, unless the cost of the appeal were added to their award. Even then, the delays and uncertainties associated with the process could result in tangible harm, especially since the awards are subject to future appeal by CCL. It is unfortunate to note that CCL is appealing all these decisions. In light of this, the Panel finds that Management was not in compliance with paragraph 3 (b) of OD 4.30. (Paragraph 16 of the executive summary also see the main text paragraph 74 & 75 of the IP report)

Compensation process to be transparent- There is another problem: the lack of transparency in the compensation process. In the Panel's view, it is clear that, as the Requesters claim, the compensation process in Parej East was and is not transparent. In light of this, the Panel finds the Management is not in compliance with paragraph 8 of OD 4.30 (Paragraph 17 of executive summary, also see the main text paragraph 78 of the IP report)

Consultation in selection of resettlement site - Concerning the choice of site, the PAPs generally complain that they had never been consulted in their selection. They were guided to a pre-selected site and told to move there. The Panel finds that the PAPs in Parej East were not consulted in the selection of the Pindra resettlement site as required by paragraph 8 of OD 4.30 and the Management was not in compliance with the OD in this respect. (Paragraph 22 of executive summary; also see the main text paragraph 96 of IP report)

Resettlement site, second generation expansion - concerning the size of the plots offered to the PAPs, OD 4.30 provides that planning for shelter, infrastructure, and service should take into account population growth. Management accepted CIL's R&R policy on the clear understanding that it would have to review each RAP to be sure it contains the obligatory requirements for a successful RAP. The Parej East RAP simply repeated Coal India's R&R policy in respect of the size of plots, and did not provide second-generation growth or land for gardens and animals. The Panel therefore finds that Management's appraisal of Parej East RAP was not in compliance with paragraph 13 and 19 of OD 4.30. However, in practice, Management immediately recognised this flaw, and in response to CASS insistence, CCL allocated plots twice the size of that provided for in the RAP. In addition, since implementation commenced, Management has continued to press CIL to change its policy. (Paragraph 25 of executive summary, also see the main text paragraph 110 of IP report)



- This is a picture of the Parej barracks “*hardly fit for human habitation*” (IP para 24) where 7 families continue to live after relocation. One room per family.
- They prefer to remain here because this place gives them livelihood opportunities.

Potable water for resettlement site - Concerning potable water, based on the Panel’s review of the records available, it seems clear that the date set for the families to move in Pindra, December 15, 1999, was dictated by the scheduled mine experience and that they were moved without establishing whether potable water was available at Pindra. For failing to ensure access to potable water before the PAPs were moved to the Pindra resettlement site, the Panel finds the Management was not in compliance with Paragraph 19 of OD 4.30 (Paragraph 26 of executive summary, also see the main text paragraph 117 of IP report)

Educational services at resettlement site- Concerning schools, in December 1999, the PAPs from Borwa Tola were involuntarily relocated some distance away to Pindra. There they found a school building with no teacher, despite OD 4.30 and promises to the contrary. The Panel therefore finds that Management was not in compliance with paragraph 19 of OD 4.30 in this respect. (Paragraph 28 of the executive summary, also see the main text paragraph 126 of IP report)

Arrangement for legal title deeds - It is clear that the question of title transfer should have been identified and dealt with when the Parej East RAP was prepared under OD 4.30. CCL had already purchased the Pindra resettlement site by that stage. Now, up to four years after affected people have been involuntarily resettled they are still suffering the harm that results from the lack of title, including a sense of insecurity and, as management itself had stated, an inability to borrow from self-employment income restoration scheme. The Panel finds that management was not in compliance with paragraph 13 (c) and 14 (a) of OD 4.30 when the RAP for Parej East was prepared. (Paragraph 35 of the executive summary, also see the main text paragraph 145 of the IP report)

Legal recognition for customary held land- the Panel finds that Management was not in compliance with paragraph 17 of OD 4.30 and paragraph 15 (c) and 17 of OD 4.20, in connection with the preparation of the Parej East RAP. At the same time, the Panel recognises that after this

flaw was raised by CASS and international NGOs, Management acknowledged the problem. It raised the issue to the level of a cross conditionality under the CSRP loan. And since, it had worked with persistence to try to get the matter resolved. (Paragraph 40 of the executive summary, also see the main text paragraph 177 of IP report)

Compensation for customary held land - The Panel questioned Management on this and received a response in mid October 2002. The Panel notes that there are two villages in Parej East and Durulkasmbar. With respect to Durulkasmbar village, the Management response is clear and no PAP's have yet been relocated. For the village of Parej, the Management response appears to deal only with one of the existing hamlets of Parej, namely Borwa Tola. This hamlet no longer exists so clearly every PAP has been reallocated. Apparently six tribals from Borwa Tola claimed they were cultivating *Gair Majurwa Khas* -GMK land. Of these, two claims were rejected. Of the four claims approved two were paid compensation before reallocation, one not paid before relocation due to bureaucratic error, and one had died but their heirs have not been informed of the claim. This response informs that 18 non-tribal PAPs apparently from Borwa Tola claimed they were cultivating land under customary rights.

The response does not state whether compensation was paid, before their relocation, to the seven whose claims were authenticated. Of the 11 who's claims were rejected, Management could not discover the status of the appeal lodged by eight of them, so it would appear that they have relocated before a decision on their appeal. Finally, all three times Management has addressed this question in its response; it mentions that for Parej village a total of 8.17 ha out of 59.5ha have been authenticated and that claims regarding the other 42.44 ha remain to be settled. None of the answers provide any further information on this, so the Panel does not know how many PAPs are involved, which hamlets of Parej village they are from, and whether or not they have been relocated. For the above reasons, the Panel notes that Management has failed to provide the Panel with evidence that it has complied with the OD 4.30 with regard to the compensation of PAP's who own land under traditional or customary rights, prior to their relocation. (Paragraph 41 of executive summary; also see the main text paragraph 179 of IP report)

Access to equivalent natural resources - (Forest Products). As provided for in paragraph 15 (c) of OD 4.30 the RAP states that the Pindra resettlement site will provide equivalent access to the forest, but it fails to support this statement with any details about the adjacent forest including whether the forest will support the same income earning opportunities for the 227 families originally expected to move there with equivalent compensation for loss of their access to forest products. Because of this, the Panel finds that Management was not in compliance with paragraph 15 (c) of OD 4.30 during Preparation. (Paragraph 44 of the executive summary; also see the main text paragraph 196 & 204 of the IP report)

Improve former livelihood standards - (Income restoration). In the light of the above, the Panel finds that, as Management itself recognises, it is not in compliance with paragraphs 3(b) (iii) of OD 4.30, and since, according to the April 2000 Management Response, the income of at least 21 percent of EPAPs in the Parej East sub-project has not been improved, less, restored. (Paragraph 48 of the executive summary, also see paragraph 210, 211 & 212 of the main text of the IP report)

Feasibility of rehabilitation arrangements - In Panel's view, it is quiet understandable that PAPs who opted for jobs in June 1994 should naturally expect to receive those jobs. Nor is it surprising that those who owned less than two acres continued to demand and expect jobs for land. It must have been a shock for them to discover otherwise when finally presented with the reality of their situation in early 1997. The Panel finds that Management was not in compliance with paragraph 30 (e) of OD 4.30 during preparation and appraisal of the Parej East RAP. (Paragraph 51 of the executive summary; also see the main text paragraph 227 of IP report)

Preference to land based resettlement strategies- Under the Bank's policy the land for land option is not mandatory, but it is clearly preferred wherever possible. Under CCL's Parej East RAP, CCL was to offer assistance to PAPs to find replacement land. According to Management

CCL received no request for such assistance. But in the RAP some 117 opted for this assistance and 115 qualified. Management also indicated in its Response that a large number of PAPs found replacement land, indicating that, with effort, it could be obtained. The Panel finds that Management was not in compliance with paragraph 4 of OD 4.30. (Paragraph 53 of the executive summary; also see the main text paragraph 235 of IP report)

Failure of self -employment - The Panel finds that Management failed to ascertain the adequacy or feasibility of the self-employment income rehabilitation strategy in the Parej East RAP during appraisal and, after the Market Survey was finally conducted in March 1998, it failed to ensure that the recommended follow-up measures were taken. In the light of this, Management was not in compliance with paragraph 24, 29, and 30 of OD 4.30. (Paragraph 55 of the executive summary; also see the main text paragraph 243 of the IP report)

Failed to improve, or at least restore livelihood standards - during the project preparation and appraisal, Management relied almost entirely on off-farm self-employment as the strategy to regain standards of living, without assessing its feasibility for income restoration in Parej East. As a result, many PAPs in Parej East have failed to restore their living standards and incomes to their previous levels and consequently have suffered and continue to suffer harm. In the light of the forgoing, the Panel finds that Management was not in compliance with OD 4.30 in this respect. (Paragraph 57 of the executive summary; also see the main text paragraph 258 of IP report)

Self employment unrealistic for regenerating livelihood - In the Panel's view it was a major planning flaw for the Bank not to have recognised that it was unrealistic to expect that the PAPs in Parej East could become entrepreneurs in five years. In accordance with paragraph 30 of OD 4.30 the feasibility of Parej East PAPs regarding their livelihood through self employment should have been reviewed when the RAP was appraised. (Paragraph 62 of the executive summary; also see the main text paragraph 267 of the IP report)



Many children like this one are left to themselves at the coal dump, while their parents hand-load the trucks, while sick children are left at home unattended.



The hand-loading of trucks is done mostly by hundreds of women. This coal dump for the East Parej project has become one of the most exploitative business in the area. Yet this is one of the only viable livelihood option the people have in the coalfields.

Assistance during transition period - Management provided no data as to whether PAPs has received the Subsistence Allowance (Part B of 3.4.4). The Panel notes that Management's response of April 2002 asserted that "no PAP has received a subsistence allowance because the eligibility criteria have not been met." The R&R budget for Parej East, however, contains a line item for subsistence allowance / grant for the years 1998- 2002. Management has provided no explanation concerning the disposition of the monies for the subsistence allowance / grant, nor concerning the reasons why the PAPs were regarded as ineligible for their benefits, nor the procedures followed to arrive at this determination. The supervision report made available to the Panel finds that Management has failed to demonstrate that it has complied with paragraph 3 (b) (ii) of OD4.30 that requires that displaced persons "be supported during the transition period in resettlement site." (Paragraph 68 of the executive summary, also see the main text paragraph 284 of IP report)

IPDP responsive to local needs - In the panel's view, as recognised by the ESRP, the Parej East IPDP should have been responsive to local needs. It was not. Moreover, Management clearly erred in ignoring a local NGO report on the IPDP, especially since it did not itself review the latter. However failing to revive the Parej East IPDP, Management could not have assessed whether it was in compliance with paragraph 18 of OD 4.20 during appraisal. The Panel finds that Management did not ensure that the original Parej East IPDP was prepared in compliance with paragraph 18 of OD 4.20. (Paragraph 77 of the executive summary, also see the main text paragraph 316 of the IP report)

Inflexible - In the Panel's view, the panel found that, each year, entire sections of the annual IPDP for Parej East are repeated verbatim, including the one indicating a community's "felt needs." Each year there appears to be a "one size fir for all" plan for each of the 11 communities, regardless of special needs. (Paragraph 80 of the executive summary, also see the main text paragraph 326 of IP report)

Not informed and consulted systematically - But beyond these interviews, there is nothing to indicate that the PAPs in Parej East were "systematically informed and consulted during preparation of the resettlement plan about their options and rights." In light of this, the Panel finds that Management was not in compliance with paragraph 8 of OD 4.30 (Paragraph 102 of executive summary, also see the main text paragraph 433 of IP report)

Consultation of host community - The evidence is clear that the host community for the Pindra resettlement site was not consulted during project preparation and, in light of this, the Panel finds that Management was not in compliance with paragraph 9 of OD 4.30. (Paragraph 103 of the executive summary, also see the main text paragraph 434 of the IP report)

Complaints met with in OD 4.30 on Involuntary Resettlement:

Formally in compliance the Grievance Mechanism - Since a grievance mechanism was established in Parej East and appeals process described, the Panel finds that Management is formally in compliance with paragraph 17 of OD 4.30. However bank staff was unable to confirm that any independent person was on the grievance committee. The Panel is also concerned that it was unable to establish whether or not PAP members are elected democratically, or are selected by authorities (Paragraph 37 in the executive summary of the IP report)

PAPs interviewed during Base line Survey - The Panel recognises that Management ensured that the PAPs in Parej East were interviewed during the process of the Baseline Survey preparation and, to the extent that this provided inputs for the RAP, finds that management was in compliance with paragraph 8 of OD 4.30 (Paragraph 101 of the executive summary of the IP report)

Systematic consultation and involvement by facilitating- The Panel notes that, after the RAP was prepared, consultation with PAPs and PAP participation in resettlement process, was to be undertaken entirely through the implementing NGO, but also observes that in Parej East, the implementing NGO XISS, set up an office in Parej East only in July 1997. During the three years that elapsed since the RAP had been preparing there is scant evidence of consultations on planning for displacement except occasionally at the insistence of CASS. The Panel, finds however, that ones XISS began work, there was systematic consultation and involvement of the PAPs, on behalf of CCL, and therefore finds Management in compliance with paragraph 8 of OD 4.30 (Paragraph 104 of the executive summary of the IP report)

6. Did Indigenous Peoples benefit from the Project?

Land-for-land

The Environmental and Social Review Panel (ESRP) visited some mines, including the CCL mines, in 1997. They noted that part of the Coal India Ltd. policy were a source of much discontent and confusion. They observed that, contrary to Bank Policy, “this [land for land] option has never been offered in any of the subsidiaries visited. Partly as result, the question of the adequacy of compensation paid for land is an important source of discontent with land owners” (Paragraph 231 of the main text of the IP report)

Under the Bank’s policy, the land-for-land option is not mandatory, but it is clearly preferred wherever possible. Under CCL’s Parej East RAP, CCL was to offer assistance PAP’s in Finding Replacement Land. According to Management, CCL received no requests for such assistance. But in then RAP some 177 PAPs opted for this assistance and 115 qualified. Management also indicated that a large number of PAPs found replacement land, indicating that, with effort, it could be obtained. The Panel finds that Management was not in compliance with paragraph 4 of OD.30 (Paragraph 235 in the main text of the IP report)

Land Compensation

Basic principal of OD 4.30 is that “[d]isplaced persons should be (i) compensated for their losses at full replacement cost prior to the actual move ...” In the light of the above, the Panel finds that, in Parej East, many of the displaced PAPs have not been and are not being compensated at full cost, with the result that many of them have suffered harm. (Paragraph 14 is from the executive summary and paragraph 72 from the main text of the IP report)

In the panel’s view it is difficult, if not impossible, to reconcile the Bank’s aim of development with a one time cash grant for acquisition of home and land. Presenting a poor oustee, whose previous source of survival included a small patch of land with a check may be a legal way of

getting them move on, but it should not be confused with development. The Panel highlights that the ESRP has recommended that the Bank commission a post-Project audit to assess the long term results of the cash settlement approach. (Paragraph 20 from the executive summary of the IP report)

During the project preparation and the early stages of project implementation, at least through late 1996, the record indicated that the East Parej PAPs were led to expect a mine job. In February 1997, the mine has expanded to within a few hundred yards of the hamlet of Turi Tola where the PAPs resisted relocation. At this point, the Bank supervision team noted the discrepancy between what the PAPs expected and the eligibility criteria in the RAP. They reported that the previous mine manager had given promises of jobs to PAPs with less than two acres of land.

In the Panel's view, it is quite understandable that PAPs who opted for jobs in June 1994 should naturally expect to receive these jobs. Nor is it surprising that those who owned less than two acres continued to demand and expect jobs for land. It must have been a shock for them to discover otherwise when finally presented with the reality for this situation [no job] in early 1997. The panel finds that Management was not in compliance with paragraph 30 (e) of OD 4.30 during preparation and appraisal of the Parej East RAP. (Paragraphs 50 & 51 from the executive summary of the IP report)

Traditional Land Rights (Land held under Customary Title)

In June 1997, after the NGOs had raised the issue a number of times, the Bank team, under a new Task Leader, admitted that although Coal India Ltd's R&R policy stipulates that the tribals cultivating land under customary tenure arrangements are entitled to full compensation under package A, Coal India Ltd. admits that this is at present not possible because there is no legal framework to accommodate this. The R&R policy is in this respect ineffectual unless the required legal provisions are created. To achieve this CIL accepts an additional cross-conditionality for the CSR. The agreed minutes of the CSR Negotiations held in July 1997 state that: "the Bank team expressed its concerns that compensation for land held under customary tenure has not been uniformly provided by all Coal India subsidiaries. The Indian delegation assures that these issues will be addressed to the satisfaction of the Bank. In supplemental Letter to CSR Loan Agreement, signed in March 1998, "CIL Obligations Relating to Resettlement Action Plans" was attached. The "Agreed Action" for Parej East lists the need for a "Record of Right" for all land held under tenure forms such as *Ghai Mazurwa Aam*, *Gair Mazurwa Khas*, *Bhudan* and *Bahamian* and states that for there were a total eligible 382 EPAPs in Parej East. The letter shows that for there were a total of 3350 PAPs at eight mines in need of a "Record of Right" and figures were to be provided for other six mines. The ESRP concluded that the CIL R&R Policy was contrary to Operation Directive (OD) 4.30! (158). The Panel report that CIL informed management in 1998 that necessary title recognition applies to "3359 PAPs at eight mines... and figures were to be provided for other six mines. (Paragraph 170 from the main text of the IP report)

The above account in Parej East of Traditional Land Rights reveals a serious failure to comply with the relevant Bank policy provisions. In proceeding with the CSESMP, Management expected (and Coal India Ltd. agreed) that the tribals would be treated in accordance with the Bank ODs 4.30 and 4.20. Yet, it appears that the laws of the state of Bihar (now Jharkhand) precluded such treatment without documentation. The Panel finds it difficult to understand how, at the time of preparation, Management could be unaware of this when the Bank has been involved in resettlement projects in India for some years. Further more, based on the foregoing, it seems clear that, during preparation, management did not raise any question about the possible lack of legal recognition or the process required to ensure compensation for tribals cultivating traditional land without title or documentation. (Paragraph 174 of the main text of IP report)

Legal recognition of traditional land rights is a serious problem. In Bihar (and now Jharkhand)

authentication by state authorities is required. During its field visit, the Panel was told that this process was and is not on the District Administration's priority list, so it continues to be belayed, with the resulting serious consequences for the PAPs. Nearly eight years after adoption of the CIL (R&R) policy and the RAP for Parej East about 150 ha out of the total of about 167ha claimed by tribals (indigenous peoples), claimed by tribals cultivating and under traditional rights have not been settled. This is extremely serious and need immediate action. (Paragraph 176 of the main text of the IP report)

Income Restoration

A basic principle of OD 4.30 is that displaced persons should be compensated for their losses at full replacement cost prior to the actual move. The Panel finds that, in Parej East, Many of the project displaced affected persons have not been and are not being compensated at full replacement cost, with the result that many have suffered and continue to suffer harm. (Paragraph 14 of the executive summary of the IP report)

The Panel finds that this suffering and harm comes as a result of a failure to:

- be transparent in how existing land and housing was measured
- value existing land and housing realistically
- offer a choice of resettlement site
- provide jobs or effective income generation schemes

During Project preparation and appraisal, Management relied almost entirely on non-farm self-employment as the strategy to regain standards of living, without assessing its feasibility for income restoration in Parej East. As a result, many PAPs in Parej East have failed to restore their living standards and income to their previous levels and consequently have suffered and continue to suffer harm. In the light of the foregoing, the Panel finds that Management was not in compliance with OD 4.30 in this respect. The Panel finds that the Management failed to ascertain the adequacy or feasibility of the self-employment income rehabilitation strategy in the Peraj East RAP during appraisal and, after a Market Survey was finally conducted in March 1998, it failed to ensure that the recommended follow-up measures were taken. In the light of this, Management was not in compliance with paragraphs 24, 29, and 30 of OD 4.30. (Paragraph 55 of the executive summary, paragraph 243 of the main text of the IP report)

Non-farm based Self Employment

The Panel finds that the Management failed to ascertain the adequacy or feasibility of the self-employment income rehabilitation strategy in the Peraj East RAP during appraisal and, after a Market Survey was finally conducted in March 1998, it failed to ensure that the recommended follow-up measures were taken. In the light of this, Management was not in compliance with paragraphs 24, 29, and 30 of OD 4.30. (Paragraph 55 of the executive summary; also see 243 of the main text of the IP report)

In the Panel's view, it is difficult, if not impossible, to reconcile the Bank's aim of development with a one time cash grant for acquisition of house and land. Presenting a poor oustee, whose previous source of survival included a small patch of land, with a check may be a legal way of getting them to move on, but it should not be confused with development.... (Paragraph 20 of the executive summary of the IP report)

7. Reasons for Failure of the Project

When the Turis in Turi Tola, the first village to be evicted, were charged with the Eviction case and taken to court, there were added false criminal cases on them for which they appealed. The court gave the judgement in favour of the Turis. This followed a compromise with CCL, which was done on following points. That:

1. The 9 Turi families would get manual coal loading in the dump every working day.
2. Self employment basket weaving work will be given to them and the cost will be borne by the CCL.
3. Suresh Turi, son of Rameshwer Turi, will be given a job against 2.08 acre land.
4. Bhola Turi, son of Taklal Turi, on compassionate grounds, shall get a temporary job in CCL until there is a vacancy in future.
5. The false criminal case on Turis will be withdrawn.

Those Project Affected Persons displaced from the original habitats, even with compensation and rehabilitation packet today feel they are broken and powerless. The court order in their favour also has less or no meaning today.

The income restoration initiatives were taken up by retired Colonel Baxi with the Project Affected Persons of East Parej during 1998's, is no more operational. "We used to make cane baskets, as there was this agreement with CCL that they will buy them. It became complicated as our baskets were rejected" says Rameshwer. Also the agreement letter from court which said that the oustees should be given priority in manual loading of coal in the dump is of no use. When Rameshwer went to the Project Officer to ask for the manual coal loading job as they were deprived of it by the coal dump committee, the Project Officer refused to recognise him and asked him to move out of his office. On insisting that he has the court agreement paper for it the Project Officer's reply was that, "I will then see you in court then. Let them call me". The electricity supply has been cut from the houses in Prem Nagar. There is no more water supply here any more.

Rameshwer Turi in Prem Nagar, was robbed some six months ago. The family's belongings, marriage jewels / ornaments were all taken away. Rameshwer says "we had informed the police, we don't know if the FIR was written, the police came to see but nothing happened after that."

The man who used to live with so much of self-confidence and self-respect when he was on his own land, in his house, with his family: he would be open to invite his guests even when he didn't have much to give. Today he is a wretched man.

Giving this account of some people who we knew before they were displaced, seeing and meeting them after five years or so displaced and "relocated", the change in their person is very much visible. These are Biseshwer Turi, Rameshwer Turi, Arjun Turi, and others who we met. ***There is sense of insecurity, lose of confidence, lose of selfhood.***

NGOs as CSESMP implementing sub-contractors

During its interview in East Peraj, the Panel was able to confirm ESRP's finding that CCL treated the NGOs it had engaged like hired hands. They had to deliver, without room for critical comment, "plans and data at regular intervals for it's [CIL's] reporting to the World Bank and wide range of consultations engaged with ESMP." As the ESRP said, this "further moved the programme from one which was to be tailor made for each local community, towards a more generic and less flexible format, which again made it easier for [CIL's World Bank Project Division] to report on." Instead of the villages being the NGO's clients, the client now Coal India Ltd.. (Id., 2001 Report, pp.17-18) (Paragraph 321 from the main text of the IP report)

Broken Commitment: The Sectoral Environmental Impact Assessment (SEIA) (on the basis of which the project is approved) gives an unambiguous commitment to reclamation of mined land (From paragraph 354 of the main text, IP report). Yet CCL's senior mine manager made it clear to the Inspection Panel that they had no intention of reclaiming the land for post-mining use. (From paragraph 372 of the main text, IP report) nor was the Inspection panel able to find any evidence of such reclamation (363, 364). We are faced here with the hard reality of commitments made (by both CIL and the Bank) at the planning stage (to get project approved), and yet wilfully ignore at the implementation stage. This raises questions:-

- a. about the credibility of such commitments in any other context, and
- b. if there is not a legal possibility of challenging such breaking of commitments.

One disturbing feature is the use of misinformation in planning documents. By this are meant the inflated, unfounded or partly true claims, not grounded on fact, that form an important part of project planning. Examples are:-

1) The Bank's Staff Appraisal Report of April 1996 stated that "implementation of Environment and Social mitigation Project will safeguard the rehabilitation of 9,260 people and the proper resettlement of about 10,000 people. The implementation of the Indigenous Peoples Development Plan will improve the lives of about 186,000 of which 56,900 will be tribals" The basic defect in the project is that from the beginning there has been heavy "oversell" of its capabilities. Such oversell is found in the planning documents (Cf SAR 1.8, 1.9, 2.2, 2.11, 1.24, 4.2), almost appearing to exaggerate the value of the product in the hope that it will be approved by the board. Such exaggeration, when accepted, has allowed the mining to go ahead, with the goals of environmental and social rehabilitation virtually impossible to achieve.

2) Another example is the claim in the environmental management plan for the Parej East mine. This suggested that only about half of the 253 hectare mine area would be reclaimed for agriculture land after mining, while the rest would be left to fill up with water. This water, it was argued, "will help the local population, as a source of irrigation, drinking or industrial demand". The Panel concluded, however that the water would be inaccessible, as it would be "tens of meters below the country side and separated from it by vertical quarry rock faces" (357). It would be very costly to pump it for irrigation and impossible to use it for drinking as it would be poisoned by contact with coal seams. Concluding on transparency, the panel notes that many of the villagers participated in a baseline survey. "But beyond these interviews there is nothing to indicate that the PAPs in Parej East were systematically informed and consulted during preparation of the resettlement plan about their opinions and rights" (as is called for in the Bank's Involuntary Resettlement policy). The panel found "no evidence" that documents such as the Sectoral Environmental Impact assessment were available to local NGOs for their review. The Bank claimed that the report of the mid-term review of the project could not be released unless authorised by Coal India.

3) A local Public Information Centre was established, but suffers from a number of flaws. Documents can only be consulted with supervisory (Coal India) staff are present and it is not possible to study documents in private or photocopy them. The Panel expresses surprise that despite the low level of literacy among PAPs, all information in the Centre is in technical written documents. The Panel was surprised to see "no pamphlets, or simplified information material, or sketches, photographs or visual materials to depict the Project, its sequence and affect on people (403)" It also noted that "the location of the Centre in the office of the Resettlement and Rehabilitation Officer, in the gated CCL mine Head quarter's compound, does nothing to facilitate information being provided 'in a timely manner and in a form that is meaningful for, and accessible to, the groups being consulted', as required by the Bank's Environmental Assessment Operational Directive. On the contrary, for poor, vulnerable and dependent people, it is clearly intimidating to approach and officer in that location, let alone walk in and freely-request information, register complains and engaged in dialogue." (Paragraph 408 of the main text of the IP report)

8. Recommendations

Follow-up for Coal India

Positive outcomes of the project are the posting and training of R&R officers, the opening of Public Information Centres, the formation of village working groups, in general, a wider understanding of the need for good R&R.

Urgent Response: while many of the violations related to preparation and appraisal of the original RAP and IPDP, many violations are continuing. Most urgent is the restoration of income to the PAPs who have not received it and of further urgency is the issue of back filling as the mining progresses.

The Inspection Panel asked the headquarters about CIL's standard practices on Rehabilitation (concerning plot size, land title, basic services, potable water, host community), all of which will now have to be seriously considered by CIL.

The Panel recommends that the Bank make good its promises to continue monitoring the social issues after the project closes.

It also suggests establishing a Independent Monitoring Committee. In the case of the similarly controversial Singurali National Thermal Power Corporation loan such a committee composed of three well respected Indian nationals produced some useful recommendations.

Panel recommendations are not binding however.

Because of this CASS has drawn its own Action Plan which it wants to have supported by Bank management. The Action Plan, agreed with the displaced communities set out ways to address the livelihood restoration of the project affected people. They are asking the Bank's Executive Board to agree to fund and secure its full implementation when it considers the panel's report in mid-January.

Questions

To what degree is the Bank committed to follow its own Operation Directives? Or conversely, when will the bank withdraw from a project because circumstances make it impossible to follow its Directives. The ESMP has provided a situation where it is clear that ODs could not be implemented, yet the bank still went ahead, e.g. Indian Land legislation which made it impossible to give the required recognition to customary held land. Yet the Bank went ahead. Here we are not referring merely to lax implementation of the ODs, but to predictable and foreseeable impossibility of their being implemented. Are Operation Directives just statements of conversation?

Can the Bank hear what civil society is saying? The Bank often professes willingness and desire to listen to what "civil society" have to say. In this project, there was a long extended dialogue between the Bank and NGOs prior to its approval. During this dialogue, the very issue now raised by the inspection panel after the project, was raised by the NGOs before the project. The Bank blindly went ahead despite this dialogue.

To what degree is the Bank's development ideology and overriding factor which binds it to other ground realities that do not fit in with that? And to what degree is the Bank driven by its needs, as a Bank, to give loans?

Towards an Action Plan

1) Policy Change

The Inspection Panel points to areas where changes need to be made at the level of Policy. These may concern A) Legal changes, B) CIL R&R policy, C) Current implementation policies with CIL.

A. Policy Change

Re: Customary Held land

- *Make legal provisions so that Gair Majurwa land can be settled in names of those in possessions [170, 179,478]*

Re: Land-reclamation (top-soil preservation, backfilling, and re-vegetation)

- *that it be required by law [372]*
- *The financial remuneration /incentive be created to enable CIL to reclaim the mined land. [372]*
- *for planning new mines, CIL to explore possibilities of utilisation the available backfilling to maximise the area restored to productive land use... [373]*
- *improving reclamation of mines land in the future ...is .. an issue... fundamental to CIL's future environmental and social performance. [376]*
- *That each subsidiary of CIL be required to prepare and implement an Environmental Management Strategy... These recommendations are vital... [377]*
- *CIL improves planning system for new mines, with particular reference to land use issues and reinstatement of mined areas of agriculture use... These recommendations are vital [377]*
- *because legal conditions prevent the transfer of land acquires under the CBA Act the IMC recommends that CIL should lobby the government to amend existing legislation to allow for the eventual transfer of reclaimed land" [377]*

Re: consultation:

- *A post mine audit... to improve relations with civil society... bottom up approach [349]*
- *That in formulation and implementation of plans (EIA, EAP, RAP, IPDP, consultation of affected groups be made mandatory under Indian Environmental legislation. [417].*

B. R&R Policy changes:

Resettlement site

- *Size of the plots- sufficient for second generation [110]*
- *Health and Education services, not just infrastructure [126]*
- *Assurance of portable water [117]*
- *Title deeds to plots [145, 468]*
- *Evidence of eligibility [158]*

C: Policy: current implementation within CIL:

Compensation for Land

- *be taken on rates of date of payment, not date of notification [59,71]*
- *at replacement cost, not at market rate [66]*
- *by direct negotiations with oustees [70]*
- *reform of tribunal process [74],*
- *itemised breakdown of compensation be given [76].*

One Time Cash Grant:

An audit to assess the long term results of cash settlement approach [887]

Review the change of R&R policy which gives a one time grant payment [88]

Compensation for houses

Make public the rate of house measurement [85]

Planning:

In the Base Line Survey: to recognise and to accurately record the dependence of tribals on natural resources vital to their subsistence. [194, Ex Sum 44]

Access to natural resources: The RAP to ensure continued access to natural resources vital to their subsistence [44, 204].

All documents (EIA, EAP, RAP, and CDP) have to be location specific. It was damaging to this project that they were repeatedly non-specific, general in nature [313, 324]

Consultation

Collaboration with NGOs: not to be treated as inflexible implementers [321], to serve people not company. [321]

For adequate information, that key documents (EIA, EAP, RAP, etc.) be at a public place accessible to affected groups and local NGOs for their review and comments, in a forum and language meaningful to the groups being consulted. [394]

Set up system of genuine consultation with a) PAPs, b) host communities, c) NGOs. These systems must a) go beyond information giving to actual consultation, b) bypass manipulating dalals (middle men), and c) represent especially the weaker sections who tend to be dominated. [410-448].

General: need to change in attitude and approach in CIL towards social issues: more time strong leadership, satisfactory and timely internal and external measures, employment of appropriate expertise, significant changes in career incentives. [472]

2) Income Restoration

- Income restoration of PAPs in vital: it touches the right to livelihood, “share benefits of the project”, it is the test for aims of this project and of those who make them.
- The Inspection Panel Report’s (IPR) criticism is devastating concerning this
- In view of the failure of this “central pillar” of Involuntary Resettlement Policy, and in view of current norms which virtually excludes excess to company jobs, what precisely is CIL going to use for IR?
- The IPR says the one time cash pay off of 50,000 is unacceptable
- If there is no alternative employment in company, and if larger numbers are displaced, and there is no alternative, then they have to be given jobs. [227]
- Change the current field practice of company people interacting with the indigenous people (now still widely practiced in new mining areas, of building up hopes of *naukri* (jobs).

Annex: 1

Counts of Compliance:-

IP No.	Oper. Dir.	Issue.
129:	ODN 11.03	discussion on cultural issues.
152:	OD 4.30 para 17	grievance mechanism, formally in compliance
299:	OD 4.20	to include all vulnerable people in framework plan...
432 :	OD 4.30 para 8	PAPs interviewed during base-line survey.....
440:	OD.4.30 para 8	systematic consultation and involvement by....
473:	OD 13.05	major problems, doing best to translate efforts into outcomes.

Further commendations:

- 291: “for recognizing that a land-based income restoration option was essential...
 340: “recent efforts by Management...in some progress..massive shift of institutional culture....
 466: “made significant effort to overcome some of the problems

Counts of Non-Compliance:

IP Rpt	Oper. Dir.	Issue.
57:	OD 4.30 para 30	adequacy of the planning, RAP
75:	OD 4.30 3(b)	adequate compensation for land
78:	OD 4.30 para 8:	compensation process to be transparent
96:	OD 4.30 para 8:	consultation in selection of resettlement site.
110:	OD 4.30 paras 13,19	resettlement site - second-generation expansion.
117:	OD 4.30 para19	potable water at resettlement site
126:	OD 4.30 para 19	educational services at resettlement site
145:	OD 4.30 paras 13(c), 14(a)	arranging for legal title deeds,
177:	OD 4.30 p.17, OD 4.20: 5c,17	legal recognition of customary held land.
179:	OD.430	compensation for customary held land.
196*:	OD 4.20 para 15(a)	tribal dependence on /access to natural resources
204:	OD 4.30 para 15(c)	access to equivalent natural resources
212:	OD 4.30 para 3(b)(iii)	improve former living standards
227:	OD 4.30 para 30(e)	feasibility of rehabilitation arrangements,
235:	OD 4.30 para 4	preference to land-base resettlement strategies
243:	OD 4.30 para 24, 29, 30	failure of “self-employment” to improve, or restore
258*:	OD 4.30	failed to improve, or at least restore living standard
267:	OD 4.30 para 30	self-employment unrealistic for regaining livelihood
284:	OD 4.30 3(b) (ii)	assistance during transition period
304:	OD 4.20 para 18	review of IPDPs before appraisal
316:	OD 4.30 para 18	IPDP responsive to local needs
326:	OD 4.30	inflexible IPDP
331:	OD 4.20 para 14(a), 18	consultation during preparation of IPDP
341:	OD 4.20 para 15(d)	IPDP non specific to community needs
394:	OD 4.01 p. 21, BP 17.50 p.12	inadequate disclosure of information
409:	OD 4.01 p. 21, BP 17.50 p.12	inadequate accessibility to information
425:	OD 4.01 p. 20, BP 17.50 p.12	no meaningful consultation on EIA preparation.
433:	OD.4.30 para 8	systematically informed and consulted.
434:	OD.4.30 para 9	consultation of host community
448:	OD 4.01 para 19	consultation of local NGOs
457:	OD.13.05	Bank supervision unsatisfactory

* 196 omits important point of Ex Sum 44,

* 258 omits important point of Ex Sum 57.