

The Omkareshwar Dam in India : Closing Doors on Peoples' Future

Abstract: The Omkareshwar Project is one of 30 large dams to be built in the Narmada Valley and which are being contested by one of India's strongest grassroots movements. In Spring 2004 MIGA, the World Bank's Investment Guarantee Agency, turned down an application for Omkareshwar because of "environmental and social concerns". The project will displace 50,000 small farmers and flood up to 5800 hectares of one of Central India's last intact natural forests. Construction of the dam was taken up in November 2003, in spite of the fact that no Environmental Impact Assessment and no resettlement plan has been prepared for the project. The project violates a number of national and international standards, including the so-called Equator Principles. Although it has been turned down by Deutsche Bank, several foreign banks and export credit agencies are still considering loan and insurance applications for Omkareshwar.



Village Sukwa, Omkareshwar submergence area

A number of European private banks and several Export Credit Agencies (ECAs) have been asked to provide support for the highly controversial Omkareshwar Dam Project in India. In November 2003, representatives of the *Japan Center for Sustainable Environment and Society* (JACSES) and the German environment and human rights NGO *Urgewald* undertook a fact-finding mission to the Omkareshwar area. The following report is based on data collected during our visit as well as discussions with the project sponsor, affected villagers and a review of all obtainable project documents.

The Project and its Sponsor

The Omkareshwar Project was conceived in 1965 as an irrigation and power dam to be built in the Central Indian State of Madhya Pradesh. A Detailed Project Report (DPR) was put forward in 1983, but as construction was delayed time and again, both design and budget have changed significantly over time. The € 400 million project entails the construction of a 73 meter high concrete gravity dam on the Narmada River about 1 km upstream of Mandhata Island, where the famous temple town of Omkareshwar is situated. At full reservoir level, the project will submerge 93 sq km including up to 5800 ha of forest lands and some 30 villages in the Khandwa and Dewas Districts of Madhya Pradesh.¹ The dam is envisaged to provide up to 520 MW of electricity and will supposedly irrigate 147,000 hectares. At this time, however, there seem to be no plans to complete the irrigation component of the project. The hydroelectric component is scheduled to be finalized by March 2007.

The main sponsor of the Omkareshwar Project is India's *National Hydroelectric Power Corporation* (NHPC), which was set up in 1975. While NHPC has only managed to install around 2,200 MW of hydropower over the past 29 years, it now aims to install 32,265 MW (!) over the next 13 years.² Since early 2002, NHPC has thus been looking for domestic and foreign bank loans and bonds to finance this expansion, which includes among many other projects, Omkareshwar. Banks which are considering providing loans for NHPC's general corporate expenses or for specific projects should take note of this agency's controversial track record. It includes projects such as Chamera I where affected villagers were not informed of impoundment and had to suddenly flee when the reservoir began filling³, Koel Karo, which had to be shelved after 8 tribals were shot during a peaceful protest in 2001⁴ and Indira Sagar, where local newspapers report instances of affected people being forced out of their villages at gunpoint.⁵ NHPC has no social policy whatsoever and its environmental policy (see Annex 1) is comprised of 3 fairly non-committal sentences.

For the realization of the Omkareshwar and Indira Sagar Projects, NHPC has formed a subsidiary company, the *Narmada Hydroelectric Development Corporation* (NHDC), in which NHPC holds 51% and the Madhya Pradesh Government holds 49% of the shares.

Overview of the Omkareshwar Project Area

The Omkareshwar Project area lies along the banks of the Narmada and the Kaveri River (a tributary of Narmada). It includes rich natural forest areas along the North and South banks of the Narmada as well as agricultural lands belonging to the 30 affected villages.

The soils in the project area are extremely fertile and irrigated agriculture forms the mainstay of the local economy. As Ramchandra Laad from village Goal says: „We have black cotton soils here which are almost 15 feet deep. Whatever we want, we can grow on our lands“. In the 12 villages that we visited, between 75% and 100% of the agricultural lands are irrigated, mostly through pipelines either from the Narmada or the Kaveri River. Thus, farmers from the region are able to grow 3 crops a year, including many different types of grain, vegetables,

¹ Webpage of the Narmada Valley Development Authority: www.mp.nic.in/nvda/omkareshwar.htm

² „The Financing of the Omkareshwar Dam in India“, Jan Willem van Gelder, Profundo, May 2004

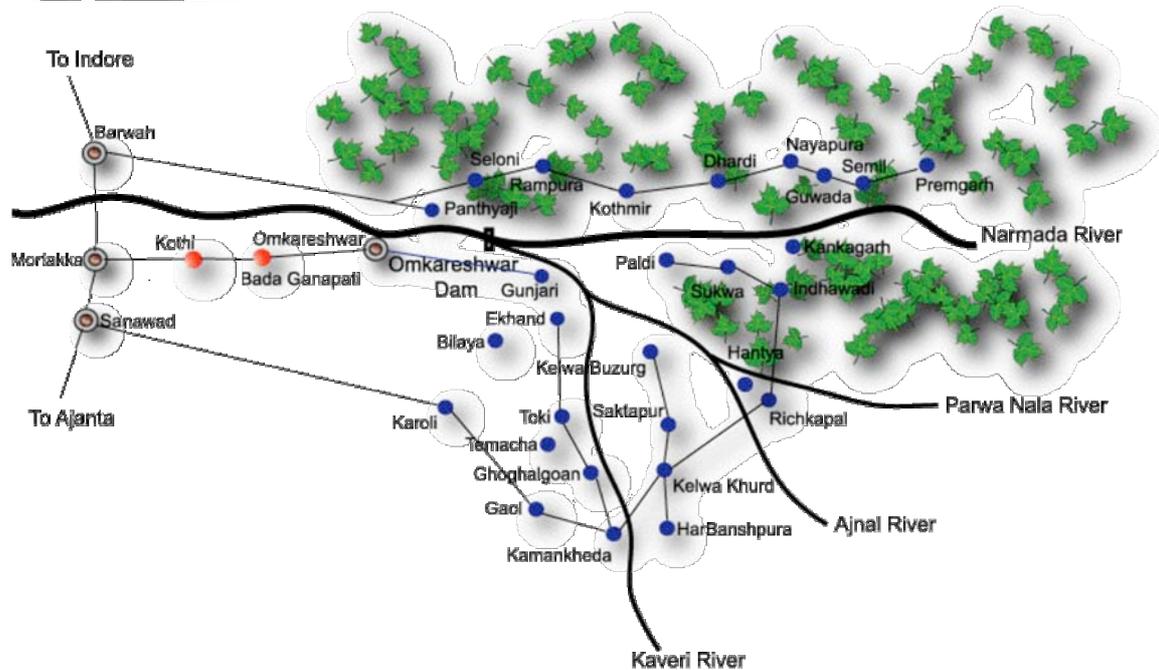
³ „You be the Judge – Evidence Regarding the Performance of NHPC“, South Asia Network on Dams, Rivers and People, May 2003

⁴ „Killing of eight Tribal Villagers“, PUCL Bulletin, April 2001

⁵ Dianik Bhaskar, December 13, 2002

fruit, pulses, soy beans, ground nuts, chilis, sugar cane and cotton. In addition, villagers possess large herds of cattle, water buffalo and goats. The annual gross income per acre is around 25,000 – 30,000 Rupees and most of the villagers are landed. In the villages that we surveyed, between 70% - 98% of families have land of their own. Villagers who don't own land are - for the most part – working as agricultural labourers.

Map of the Omkareshwar Project



There are, however, certain economic and ethnic differences between the villages that lie along the Kaveri and those that are situated along the Narmada River. In the latter villages, tribal people (Adivasi) generally make up a higher percentage of the population, individual landholdings are smaller and the village economy shows a high dependence on forest resources. Most of these villages have cooperatives which collect tendu patta, a forest plant that is gathered for the production of bidis (a type of cigarette that is popular throughout India). Other forest-related sources of income are the collection of firewood, fodder for cattle, bamboo shoots for baskets, certain medicinal herbs which play an important role in Ayurvedic medicine and mahua, a fruit that is used for brewing liquor. Some villagers also find work as labourers with the Forest Department. Around 30% - 40 % of the population of the villages along the Narmada depend on the forests for part of their income.



The fertile soils in the project area yield a rich and varied produce

Resettlement and Rehabilitation: Wrong Numbers and No Plan

Any serious effort to deal with the impacts of displacement and to restore peoples' livelihoods begins with the collection of data. People who are not counted at the beginning have little chance of being rehabilitated at the end. According to the *Narmada Valley Development Authority* (NVDA), the Omkareshwar Project will affect 3024 families (around 15,120 persons from 30 villages). Our own research shows this to be a gross underestimate. The following chart gives population estimates for the 12 villages which we visited during our stay: These estimates are based on interviews with village mayors and elders, which we cross-checked by comparing them to the total number of houses in the individual villages.

Name of Village	Population (rounded)
Ekhand	2,000
Goal	5,500
Goghalgaon	2,500
Indhawadi	2,500
Kamankheda	1,500
Karoli	1,200
Kelwa Buzurg	1,400
Paladi	1,300
Saktapur	1,350
Sukwa	1,000
Toki	1,500
Panthiaji	350
Total:	22,100

If one assumes that the remaining 18 villages are of similar size or even slightly smaller than the 12 villages in which we collected data, a reasonable estimate of the total population in the submergence villages would be at least 50,000 people.⁶



Village interview in Sukwa, Omkareshwar submergence area

In a planning document from 1985, the Madhya Pradesh Government claims that around half of the affected villages will be only partially submerged.⁷ However, in each and every village that we visited, villagers had detailed and very serious complaints about the surveying process and the resulting projections. In many villages, we were told that surveyors had refused to include peoples' houses or lands unless they were given bribes; in other places, land and houses belonging to Harijans („untouchables“) were excluded from the survey and virtually everywhere, people pointed out to us that although some high-lying areas were marked with surveyor stones, many lower-lying areas had been classified as „non-submerging“. In a typical interview, Rejaram Panch says: „ The land of our village is around 700 ha and initially we were told that the entire village is submerging. But now, they are showing only 380 ha as submerging. But even without the dam, our village is severely affected by backwaters from the Narmada during floods. When the dam is there, submergence will be much more. We are quite sure that these surveys are incorrect.“⁸

⁶ If one simply extrapolates our figures to encompass 30 villages, the estimate of the total population in the submergence area actually works out to 55,250.

⁷ Even if one accepts the land surveys at face value, this still means that the number of affected people has been grossly underestimated. Around 26,600 people live in the 16 villages which are listed as „full submergence villages“. The project authorities don't give figures on how much land will be flooded in the 14 „partial submergence villages“, but if one, for example, (optimistically) assumes that only 50% of the population in these villages will be affected, this would still raise the total number of people to be displaced by the reservoir to over 38,000.

⁸ As experiences with other large dams in Madhya Pradesh show, these concerns must be taken very seriously. In the case of the Bargi Dam, which was completed in 1987, the official planning documents concluded that 101

Our research corroborates these concerns: When sifting through the project documents, we were struck by the fact that the submergence area for the project was calculated only at Full Reservoir Level (FRL), but not at Maximum Water Level (MWL). While FRL is given at 196.6 meters above sea level and defines up to which height land will be permanently inundated, the MWL specifies to which level the water behind the dam can rise in the event of a heavy flood - and thus up to which height temporary submergence would take place. According to the rules laid down by the *Narmada Water Disputes Tribunal*, villagers whose houses lie in the zone that will be affected by MWL must also be rehabilitated.⁹ Also, in 1989 (for reasons that are not made clear in the project documents), the MWL was raised by 1.5 meters. This increase is quite significant as the lands to both sides of the river are flat to undulating and could conceivably double the area to be affected by temporary submergence.¹⁰

The negligence of the planning authorities and the lack of reliable surveys on the extent of submergence at FRL and MWL make it very difficult to give a realistic estimate of the number of people who will lose their lands or homes for this project. Moreover, such estimates must also include the people who will be displaced for the canals once the irrigation component of the project is implemented.¹¹ Under the Madhya Pradesh Resettlement Policy, these people have the same right to resettlement as those in the submergence area. As a matter of fact, the Environment Ministry of India has made the provision of land to canal-affected people one of the conditions for the project's environmental clearance, with a time-bound plan to be submitted by December 1993.

At a minimum, we are assuming that 50,000 people will be displaced for the Omkareshwar Project, but we would like to caution that the true figure could easily be higher.

Another prerequisite for the restoration of peoples' livelihoods is a detailed resettlement plan that is developed in collaboration with the affected communities. To date, no resettlement plan exists for the Omkareshwar Project, thus making it unlikely that even the 15,120 people who are officially acknowledged as project-affected, will have their livelihoods restored.

Resettlement or Eviction?

In 1989, the Government of Madhya Pradesh decreed a „Rehabilitation Policy for the Oustees of the Narmada Projects“. The major provisions of this policy are:

villages would be flooded. When the dam's floodgates closed, however, 162 villages **and** 26 of the resettlement sites were submerged.

⁹ Although MWL is usually calculated for a 1-in-100 years flood and waters should thus rarely reach this maximum level, areas lying between the height of FRL and MWL will be impacted much more frequently. The *Narmada Water Disputes Tribunal Award* therefore specifies that while agricultural land must only be acquired up to FRL, houses and appurtenant land must be acquired up to MWL.

¹⁰ Telephone interview with Shekhar Singh, member of the Narmada Control Authority's Subgroup on the Environment, June 3, 2004. Mr. Singh's statement was not intended to be a specific estimate for Omkareshwar (as this can only be done on the basis of exact topographical surveys), but rather as an explanation of the potential impact of such an increase in MWL.

¹¹ Using a very conservative estimate, based on another dam (with much smaller irrigation canals), our calculations lead to the conclusion that the irrigation and distribution canals will probably require an additional 5,680 hectares of land.

- Every land-owning family that will lose more than 25% of its land is entitled to land-for-land compensation, with a minimum of 5 and a maximum of 20 acres to be provided.
- Long-term encroachers will be treated on par with land-owners.
- Villages should be resettled as communities.
- Each person whose land is being acquired for purposes of the project is considered a project-affected person.
- If an oustee family expressly wishes to receive cash in lieu of land, it must submit an application to this effect to the Land Acquisition Officer. If an oustee family belongs to the Scheduled Tribes (Adivasi) and submits such an application, the District Collector must verify that cash compensation will not adversely affect the interests of the family.
- The project authorities are responsible for the transportation of families from the area of submergence to the relocation sites and the entire expenditure for transportation will be met by the project. Civic amenities (electricity, school, temple, dispensary, seed store etc.) are to be provided at the new site.

During our visit it became evident that none of these policy provisions are being implemented and that even the most basic information about the project and the resettlement policy are being withheld from local people.

Himmat Giri describes the experience of Kamankheda village. „No person from NHDC or the Madhya Pradesh Government has come here and informed us about the kind of provisions being made for us. There has been no announcement or information from the government. We only came to know that this project is commissioned, when we read in the newspaper that the Prime Minister was coming to lay the foundation stone. We then ourselves went to the NHDC office, but no one in charge was willing to speak with us. We were told to go to Khandwa – about 100 km from here. When we went to Khandwa, they told us to go to Barwah and to collect a map there. There, we were again told that the officers are busy in a meeting. We tried to approach so many people. No answers were given and no map was ever shown.“

In the case of Paladi village, the Sarpanch (mayor) went directly to the Deputy Collector, who is also the Land Acquisition Officer. „I said to him, you are the rehabilitation officer, so please tell us what is the rehabilitation policy? He said: „You’ll be given only cash, because we have no land“. I then asked him for a copy of the policy in writing, and he said „No, it is out of my jurisdiction. I can’t give you anything in writing.“ Then, he threw me out of his office. I said to him: I am the highest elected representative from this village. If you are throwing me out, then what are you going to do with the ordinary people?“

Villagers from Kelwa Buzurg also asked the Land Acquisition Officer about the rehabilitation policy when he came to their village. His reply was: „Look, don’t object to anything and don’t interrupt any survey. In the Indira Sagar¹² submergence area, people objected and they were then not given anything. And you know, we have police, we have bulldozers and if you people object, then we will just demolish your houses. We can do what we like, so don’t object to anything, otherwise things will get worse for you.“

¹² The Indira Sagar Project is just 48 km upstream of Omkareshwar and is also being built under the auspices of NHDC. The 92 meter high dam will displace an estimated 200,000 people, many of whom are tribals, and submerge an area of 91,000 hectares. According to a local newspaper, affected people are being evicted by Special Armed Forces (SAF) and police, who have created „an atmosphere of fear and terror“ in the project area (Dianik Bhaskar, January 8, 2003).

None of the villages that we visited were provided with any information on the resettlement policy, and those that tried to inquire were either met with indifference, misinformation or threats. Although the land acquisition process is in full swing, not a single family has yet been offered land-for-land compensation.¹³

The Tragedy of Panthiaji

Panthiaji was a small village of about 70 families – many of them Adivasi - which had the misfortune to be situated in the hills, just above the construction site for the Omkareshwar dam. The villagers were therefore evicted in August 2003 to make way for the inauguration ceremony for the dam site. Ramphere Yadav tells the story of what transpired here:

„Our village was broken down with the help of force. People from NHDC came with police in the evening and told us to vacate our houses. When we refused, they said that they would break our houses with bulldozers and smash everything. So there was no choice. The first part of our village was broken during the rains in August, just around Raksha Bandhan, which is a very important holiday for us. It was raining heavily, but we were forced to leave our homes, and all our belongings were lying there in the rain. When we asked the officials, where are we to go now; they said we would be given new house plots, but only if we helped break down our houses before the morning. So we worked all night. We took out all our belongings, took down our roofs and broke our homes because the pressure was so much. People were crying. People didn't eat. We were in extreme distress.

When NHDC people came in the morning with their bulldozers, we said „We have broken our houses, now take us to the new place.“ But they told us we would have to pay them for transport: 5,000 Rupees per person. In my family there are five people, so we said „No, we will manage ourselves.“ Then we organized a tractor and took our things to the rehabilitation site. This is simply an open space many kilometers from here. Now, half of my family is still here and camping in the fields to take care of the farm. The other half has moved to the site. But there is no agricultural land and no employment there.“

While Ramphere is allowed to cultivate his land for one more season, many other farmers from Panthiaji were not so lucky: In a typical interview, we were told: „They took the agricultural land on which my crops were standing and paid me 16,000 Rupees per acre. Then they bulldozed the crop. Land here costs around 100,000 Rupees per acre. How can I purchase new land with that?“

All of the key provisions of the State Resettlement Policy were violated in Panthiaji. No one received land-for-land compensation, instead only paltry sums of cash were paid. The special provisions that apply to Adivasi families were not exercised. Although Panthiaji was a very small village, the community was not resettled in one place, but torn apart into two resettlement sites. People were forced to pay or to manage transport to the new sites through their own means. And the manner of the evictions was such, that the entire community was severely traumatized.

¹³ In fact, the Environment Ministry Clearance letter for Omkareshwar specifies that landless labourers must also be provided with suitable land.



Even Panthiaji's beautiful Pashu Pathinath temple from the 13th century was not spared by the bulldozers

The Resettlement Sites: No Land, No Employment, No Future

Our team visited both of the resettlement sites (Kothi and Bada Ganapati) for Panthiaji. What we found were bleak and stony lands, situated next to a road, with house plots of 60 by 90 feet marked out. The overall picture is that of a refugee camp. Although over 3 months had passed since the evictions in Panthiaji, most villagers were still camping either in makeshift tin sheds or tents. There is no electricity and none of the civic amenities foreseen by the resettlement policy at these sites. At one of the sites, even the water supply seemed to be contaminated, so that many of the villagers had become sick. An atmosphere of uncertainty and hopelessness prevails among the oustees as they no longer have any source of income, and families are forced to spend their dwindling compensation money on food.

Neelabai, a middle-aged woman from Panthiaji, sums up the oustees' situation: „In our original village, we were happy, whether we were doing labour for daily wages or cultivating our own land. Now, since we have come here, our life is full of hardships. There are no basic facilities, we were not given agricultural land and we have no way to earn our living. This place is very remote, so even if we want to do labour, we have to walk first to Sanawad or Omkareshwar, and then we still do not know if there will be work for us. In Panthiaji, we used to collect firewood and sell it in the next towns because we had the jungle on our doorstep. But here, we don't even have that. So whatever we have brought from home, we are eating it, we are surviving on that. But we have no idea what the future will be. In 6 months or so, our money will be finished. What will we do then?“



Kothi resettlement site, November 2003

The inhabitants of Panthiaji, who were formerly independent farmers or found work in the nearby forests, have been reduced to paupers. Some of them are still camping in their fields beside the old village to try and bring in one more crop; others have moved to one of the two resettlement sites, but either way, there is no future for these people. The fate of Panthiaji illustrates clearly what is in store for the other villages: If the project authorities are not able to rehabilitate 70 families adequately, how will they be able to deal with 10,000 families?

The Project Sponsor's Response

There is absolutely no willingness to acknowledge or address these problems by leading officials from NHDC. When we - after very arduous negotiations - managed to garner a meeting with NHDC's top environmental manager, Mr. V.B. Bhatt, he claimed that „the Madhya Pradesh Resettlement Policy is being applied 100% to this project“. When we asked, why it is then, that no one in the area is receiving land-for-land compensation, he replied: „Yes, it is surprising, but up to now everyone has opted for cash compensation. People are tired of farming – they all want to move to the city and open up shops of their own.“¹⁴

Our own research as well as the detailed project report show this to be untrue. The DPR states quite clearly that a survey among affected people showed that „Most of the displaced persons would opt for an agricultural based rehabilitation rather than changing their present occupation. Cash compensation (...) is the least opted choice“ (page 246). In each and every of the village interviews that we conducted, people affirmed their wish for land-based

¹⁴ Interview with Mr. Bhatt, November 25, 2003

resettlement. In a typical interview, village elders from Toki said: „We don't want cash, we want land. We have seen with our own eyes the Indira Sagar people wandering without land and we have seen the Bargi people wandering without land. So until we get lands like the ones we have today, we will not move, even if the waters enter our houses.“

Corruption: There is a lot of Money in Poverty

During our fact-finding mission, we were regularly confronted with detailed accounts of corrupt practices in connection with the project. The instances reported to us basically fall into two categories: officials extorting bribes from villagers through the surveying process or when villagers try to access their already meager compensation payments. The following two interview excerpts illustrate how villagers are being regularly fleeced in the framework of the rehabilitation process.

Interviewee from Kelwa Buzurg: „There was a surveyor in our village, and what he would do is survey one house and then put a red mark on it. Then he would survey the next house and put a different mark on it. So people were scared and approached him asking: What about my house, what about my land? He then said: „Meet me in the evening, we will discuss this later.“ So every day, he was meeting different people separately in the evening, asking for money from them. Some people paid 500 rupees, other people paid 200 rupees. After a week, he had received money from almost everyone here.“

Interviewee from Kothi resettlement site: „When we were displaced, I was told that 30,000 rupees compensation money for our house had been deposited in the bank. When I tried to withdraw the money, the bank people said „You'll have to go to the Deputy District Collector and get his signature. You can only then withdraw the money.“ So I went to the Deputy Collector for his signature. But, he said „Look, this is not really your money, you have not earned it yourself. This is government money, and if you want to withdraw it, you'll have to pay me 15,000 rupees.“ So I was forced to do this and to give the money by hand [meaning no receipt].“

In spite of the fact that the Omkareshwar Project has been planned for several decades now, the affected communities have never been provided with even the most basic information about the project, the extent of submergence and the provisions for resettlement and compensation. There have never been any public consultations in the area, although such consultations were made a requirement by Indian federal law in 1994. This has obviously resulted in a situation where even minor officials are able to utilize the high levels of anxiety and the lack of knowledge among affected villagers to line their private pockets.

A Multitude of Environmental Problems

Environmental Impact Assessments (EIAs) for large dam projects have been routine administrative procedure in India since the late 1970's. In 1985, the Ministry of Environment and Forests issued its „Guidelines for Environmental Assessment of River Valley Projects“, which were updated in 1989 and specified the various studies that must be carried out under an EIA. Furthermore in 1994, the Ministry of Environment and Forests issued a notification under the *Environmental Protection Act*, making EIAs a legal requirement for large dams. We were therefore amazed to find out from NHDC that there is **no** Environmental Impact

Assessment for Omkareshwar.¹⁵ This is not only highly irregular, but a matter of great concern as the project will have many serious negative environmental impacts.

It will, for example, cause great harm to one of the few relatively intact natural forest areas in Madhya Pradesh. The dam reservoir itself will submerge between 2471 and 5829 hectares of forest¹⁶, including parts of the Chandgarh and Nimanpur reserved forests on the North Bank of the Narmada and the reserved and protected forests of Punasa and Gunjari on the South bank. These dry deciduous teak forests harbour nilgai, spotted deer, leopards, tigers, sloth bears, wild boars and many other large mammals as well as around 130 species of birds. According to the *Wildlife Institute of India*, this is one of the last pristine stretches of riparian forest along the Narmada River.



Hanuman Langur in the forest on the south bank of the Narmada

The project impacts, however, go far beyond the the forest area that will be drowned in the reservoir. The Wildlife Institute notes the already heavy dependence of the local population

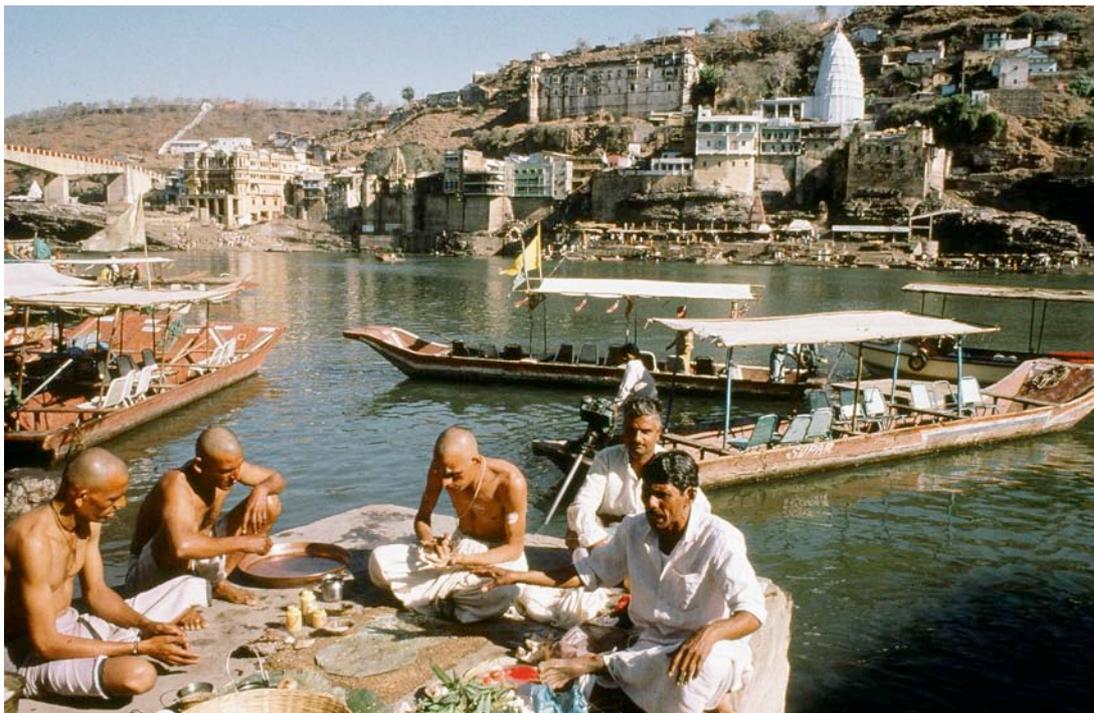
¹⁵ Interview with Mr. V.B. Bhatt of NHDC. There is apparently some kind of Environmental Management Plan for Omkareshwar, and NHDC claims that this covers „most of the requirements of an EIA“. However, the Environment Ministry’s „Guidelines for Environmental Assesment of River Valley Projects“ specify that there must be both an Environmental Impact Assessment **and** an Environmental Management Plan. We were not able to obtain a legible copy of this plan from NHDC, but it is, in any case, hard to see how an appropriate Environmental Management Plan could have been developed without the information that would be contained in a full EIA.

¹⁶ The webpage of the *Narmada Valley Development Authority* and the study of the *Indian Wildlife Institute* both mention the higher figure, while several other project documents list only 2471 hectares of forest as submerging. The confusion about the figures is a further indication of the unreliability of the planning documents.

on forest resources and warns that the project will increase pressure on the remaining forest areas. It predicts that, as a result, these forests will be „drastically altered“.¹⁷

Another major environmental concern is the issue of water-logging. In the 1980's, the Madhya Pradesh Government had asked the *Indian Institute of Science* in Bangalore to study the prevailing situation of underground water and its implications for the future of the command area of Omkareshwar and the up-stream Indira Sagar Project. In its three volume report, the *Indian Institute of Science* concludes that up to 40% of the command area would become water-logged.¹⁸ This has grave implications for the environment, but also for the economics of the project, as water-logging raises the salinity of the soils, destroys natural vegetation, reduces agricultural yields and damages buildings and roads. In the case of the Tawa and Barna Dams (both of which are in the Narmada Valley)) water-logging, for example, became so severe that agricultural production declined below pre-irrigation levels.¹⁹

The India Country Study for the *World Commission on Dams* notes „despite popular belief that the major environmental impacts of dams are upstream, the downstream adverse impacts of dams are often even greater“.²⁰ About one kilometer downstream of the project is the temple town of Omkareshwar, which is situated on an island in the Narmada that has the form of the holy syllable „Om“. Omkareshwar is a sacred site for Hindus throughout India and draws hundreds of thousands of pilgrims each year.



The town of Omkareshwar on Mandhata Island

¹⁷ „Impact assessment Studies of Narmada Sagar and Omkareshwar Projects on Flora and Fauna with Attendant Human Aspects“, Wildlife Institute of India, Dehradun, 1994

¹⁸ „Ground Water Modelling for the Composite Command of Narmada Sagar and Omkareshwar Reservoirs“, Indian Institute of Science, Bangalore, 1985

¹⁹ See „Barna Irrigation Project: A Curse for Farmers“, *Nai Duniya*, April 15, 1985 and p. 31-32 of „Large Dams in India – Environmental, Social and Economic Impacts“, (eds.) Shekhar Singh and Pranab Banerji, Indian Institute of Public Administration, New Delhi, 2002.

²⁰ „Large Dams: India's Experience“, WCD Case Study by R. Rangachari, Nirmal Sengupta, Ramaswamy Iyer, Pranab Benerji and Shekhar Singh, November 2000

One of the adverse downstream impacts of large dams is a significant increase in river bank erosion, especially in the area immediately below the dam as silt deposits are held back, flow patterns change and sudden releases of water create flooding conditions. The erosion and potential collapse of the river banks poses a serious problem for the town of Omkareshwar and will endanger the long-term stability of many of its temples, which are situated directly on the perimeter of the island. Although the environmental clearance letter for the project mentions the necessity of protection measures for Omkareshwar Temple, it is not at all clear how the project authorities will be able to mitigate and deal with the above-named impacts.

Questionable Project Rationale

Omkareshwar is planned as a multi-purpose project, with both an irrigation and a power component. The 1983 DPR states, „the Project offers an excellent opportunity for cheap power generation and irrigation on both sides of River Narmada“ (page 1). 20 years later, however, this basic assumption must be questioned.

Irrigation

Over the past twenty years, immense changes have taken place in the command area (the area to be benefitted by irrigation) of the project. Anyone who travels through the Maheshwar, Barwah or Kasrawad Tehsils²¹ (as we did on our way to Omkareshwar) can see that irrigated agriculture has become commonplace in these areas and that farmers are already making extensive use of Narmada water through lift irrigation. Instead of going ahead with a project on the basis of planning data that is 20-30 years old, a survey must take place to ascertain how much of the command area is already irrigated. And the cost/benefit analysis for the irrigation component of the project must be revised to reflect current needs and to reflect the results of the *Indan Institute for Science* study on water-logging. The ensuing result must then be compared with alternative water supply options to ascertain whether the project meets least-cost and efficiency criteria.²²

Power

The power component of the project needs to undergo a similar review. Investing into new power generation projects in Madhya Pradesh is akin to pouring water into a leaking tub as the State currently has transmission and distribution losses of 44% (!) in the electricity sector. In this situation, the only rational option is to improve the management of existing infrastructure, upgrade the transmission and distribution systems and to combat what a former World Bank India Country Director termed the „widespread theft, graft and corruption“ in the Indian power sector.²³ While upstream and downstream projects such as Indira Sagar and Sardar-Sarovar, which have been under construction for more than a decade, are still not finished, it seems bizarre to take up the construction of yet another large dam, instead of addressing the much more cost-effective task of lowering transmission and distribution (T&D) losses.²⁴ Addressing the T&D losses could generate as much power as half-a-dozen projects the size of Omkareshwar and would avoid the massive social and environmental impacts that are part and parcel of such projects.

²¹ These are three of the six Tehsils (Counties) which are part of the command area.

²² In this context, it should also be noted that parts of the Omkareshwar command overlap with the command areas of the Indira Sagar and Man dams, thus raising further questions regarding the project's rationale.

²³ Conference on Distribution Reforms, Speech by Edwin Lim, Country Director, World Bank, October 12-13, 2001

²⁴ Using figures of the Madhya Pradesh Electricity Board, the *Narmada Bachao Andolan* calculates that the cost of reducing T&D losses is only 1/3 – 1/4 of the cost of generating new power. See NBA press release March 18, 2004

The lack of an Environmental Impact Assessment and an updated cost/benefit analysis make it quite clear that the full costs of the Omkareshwar Project have never been calculated and that an examination of alternatives (which is part of a state-of-the-art EIA) did not take place.

Public Resistance

When we visited the project area in November 2003, it was already apparent that people had begun organizing themselves to resist displacement. On November 19, only two weeks after construction work at the dam site had begun, we encountered a protest rally of several hundred people in Omkareshwar town. These were mainly members of the Kevat/Kahar community (Boat- and Fisherpeople), who are not officially recognized as project affected, but whose livelihoods will nonetheless be severely impacted. On Friday, November 20, 2003, the Kevat/Kahars captured the dam site and were able to stop work for several days.



Protest rally in Omkareshwar Town, Nov. 19, 2003

On January 5, 2004 around 4,000 affected farmers demonstrated in Omkareshwar town. They announced that unless they are given agricultural land of the same quality, they will not leave their traditional lands. The same sentiment was expressed in many of our discussions with villagers. In a typical interview, village leaders from Goghalgaon said „Panthiaji was only one village and alone, but now the remaining 29 villages have come together. We will raise one voice and we will not move, unless they give us lands like the ones we have today. In Panthiaji, they bulldozed the crops, but if they try and do this in our villages, we ourselves will come under the bulldozers. We would rather die than allow our lands to be bulldozed. The land nurtures us, she is our mother, and we will defend her at any cost.“

These are not empty words. In other parts of the Narmada Valley, a massive resistance movement has sprung up against large dams with affected people going on indefinite fasts,

blocking roads, occupying dam sites and using all available non-violent means of civil disobedience to defend their livelihoods. This movement has, in turn, captured the attention of national and international media and drawn support from NGOs around the world. The writer, Arundhati Roy, calls the *Narmada Bachao Andolan* (Save the Narmada Movement) „the biggest, finest, most magnificent resistance movement since the [Indian] independence struggle“.²⁵ Any bank or financing institution that is considering a loan for Omkareshwar should therefore take note of the „history“ of the Narmada Valley Projects and the reputational and other risks involved in financing one of these dams.

The Track Record of Dams in the Narmada Valley

Omkareshwar is part of a larger scheme that entails the construction of 30 large and 135 medium-sized dams, that together constitute the *Narmada Valley Development Project*. Up to now, a total of six dams has been completed in Madhya Pradesh. These are Tawa, Bargi, Barna, Sukhta, Kolar and Matiyari. Of the over 139,000 people who were uprooted for these projects almost no one received the land-for-land compensation that is prescribed in the Resettlement Policy of Madhya Pradesh. A further 200,000 people are being displaced by the Sardar Sarovar Dam, which although situated in the State of Gujarat, will inundate an enormous area in Madhya Pradesh. The Sardar Sarovar Dam was originally supported through loans from the World Bank and Japanese Overseas Development Assistance. However, the complete failure of the resettlement component of the project²⁶ and the massive resistance of project affected communities, led both the Japanese Government and the World Bank to pull out of Sardar Sarovar in 1993.



Villagers face rising waters in the Sardar Sarovar submergence

²⁵ Interview with David Barsamian, *Himal Magazine*, August 2000

²⁶ This failure was extensively documented when the World Bank commissioned an independent review of the project under the leadership of Bradford Morse, a former Head of the *United Nations Development Program*. The Morse Report (1992) gives the following description of Madhya Pradesh's institutional capacity vis-a-vis resettlement: „lack of planning, institutional indifference, policies that discriminate against the weakest and poorest of oustees, and a substitution of paper planning for real, on-the-ground-commitment to measures that will work.“ (page 197)

In 1998, a private consortium comprised of Indian and German companies attempted to build a large dam just 40 km downstream of Omkareshwar. At the end however, this project - Maheshwar – could not be carried out as there was intense grassroots resistance by the 60 affected villages and an independent international experts review commissioned by the German Development Ministry²⁷ confirmed that the project would lead to massive evictions without resettlement. Subsequently, German and Portuguese Export Credit Agencies refused to provide guarantees for the project, and the deal fell apart.²⁸

Looking at the history of the Narmada dams, one can say that an impressive array of independent studies, international funding and guarantee agencies, private banks and private investors have all, at different times, come to the common conclusion, that there is no chance of rehabilitation of dam-affected people and that these projects constitute enormous reputational risks.

AViolation of Standards on All Counts

This has obviously been recognized by MIGA, the World Bank's *Multilateral Investment Guarantee Agency*, which turned down an application for Omkareshwar in April 2004 due to „environmental and social concerns“.²⁹ Deutsche Bank, which was asked to arrange financing for Omkareshwar has apparently also backed out of the deal. It informed us in May 2004 that „Deutsche Bank is no longer involved with the project in any manner - whether in advising on it or in financing it“.³⁰

Currently, however, at least three private banks (Standard Chartered, Credit Lyonnais and ABN AMRO) and several Export Credit Agencies (among others NEXI from Japan) are still considering support for Omkareshwar. These and all other institutions who are approached for financing or insurance coverage should note that the Omkareshwar Project violates relevant national and international standards, including India's Environmental Protection Act, Madhya Pradesh's Resettlement Policy, the Equator Principles, five of the *International Finance Corporation's* Safeguard Policies (Environmental Assessment, Natural Habitats, Indigenous People, Cultural Property and Involuntary Resettlement)³¹ and the recommendations of the *World Commission on Dams* (WCD). It also violates the provisions of the OECD Agreement on „Common Approaches on the Environment“ for Export Credit Agencies (ECAs) as well as the more specific environmental standards that were adopted by ECAs in Japan (NEXI) and France (COFACE).³²

²⁷ „Maheshwar Hydroelectric Project: Resettlement and Rehabilitation“, Richard Bissell, Shekhar Singh and Hermann Warth, *Ministry of Economic Cooperation and Development*, Government of Germany, June 2000

²⁸ All in all, six foreign companies, two private banks and two export credit agencies pulled out of the Maheshwar Project.

²⁹ Personal communication with MIGA's Press Officer, M. Varkie

³⁰ Email from Michael Hölz, Deutsche Bank, May 7, 004

³¹ See Annex 2 of this report

³² See „Guidelines on Environmental and Social Considerations in Trade Insurance“, *Nippon Export and Investment Insurance*, April 2002 and „Environmental Guidelines: Hydroelectric Power Stations and Large Dams“, COFACE, July 2003

The violations of these standards are not some minor detail – they were put into place to protect people and the environment against unacceptable impacts. The Omkareshwar Project will submerge fertile agricultural lands and destroy a large chunk of one of Central India’s oldest natural forests; forests that were immortalized in Kipling’s Jungle Books and have already been reduced to a small percentage of their original range. It will snatch away the livelihoods of self-sufficient farming communities and cast 50,000 people out onto the streets. As Kalabai from village Sukwa says: „Please do not raise the funds for this project. If we are displaced from this place, it will be difficult for us to survive. Please do not give funds to NHPC. We fear what will happen to our future.“

Heffa Schücking (Urgewald)
Kyoko Ishida and Yuki Tanabe (JACSES)



Urgewald is a German environment and human rights organization that focusses on the impacts of German companies and banks abroad. As a registered non-profit, it supports local communities in their struggle to achieve equitable development and works towards establishing high environmental and social standards for public and private financial institutions. Email: urgewald@urgewald.de Webpage: www.urgewald.de



The Japan Center for a Sustainable Environment and Society (JACSES) is an independent non-profit organization that was founded in 1993. JACSES carries out policy research and advocacy on environmental and sustainable development issues.

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Annex 1: NHPC's Environmental Policy



(CORPORATE OFFICE, FARIDABAD)

ENVIRONMENTAL POLICY

OUR AIM

- To address the environmental concerns in hydro power development.
- To maintain and continually improve Environmental Management System to conform to International Standards.

OUR COMMITMENTS

- To comply with legal environmental requirements.
- To prevent pollution from our activities.

OUR ENDEAVOUR

- To make optimum utilization of natural resources.
- To motivate employees for the cause of environment.

Chairman and Managing Director

Date: 27th Dec., 2000

Annex 2: The Omkareshwar Dam and the Equator Principles

A number of European private banks have been asked to provide support to India's *National Hydroelectric Power Corporation* (NHPC) for the construction of the Omkareshwar Dam. At least three of these banks have signed on to the "Equator Principles" and have thus committed themselves to complying with host country laws and regulations as well as with IFC's Safeguard Policies.

Violating Host Country Policies and Laws

In 1989, the Government of Madhya Pradesh decreed a „Rehabilitation Policy for the Oustees of the Narmada Projects“. This policy specifies that farmers whose lands are expropriated for one of the Narmada projects are entitled to land-for-land compensation. Although the project sponsor claims to be complying with the Madhya Pradesh Resettlement Policy 100%, villagers are, in fact, being driven off their lands by intimidation and forced to accept meager cash compensation. Out of the 30 affected villages, not a single family has been offered land-for-land compensation.

In 1994, the Indian Ministry of Environment and Forests issued a notification under the *Environmental Protection Act*, making public consultations and EIAs a legal requirement for large dams. In spite of these requirements, **no** Environmental Impact Assessment was prepared for Omkareshwar, and no public consultations have taken place.

The Omkareshwar Project violates both the Madhya Pradesh Resettlement Policy and India's Environmental Protection Act.

Violating IFC's Safeguard Policies

The Omkareshwar Project violates five of the *International Finance Corporation's* Safeguard Policies.

Indigenous Peoples: Between 30% – 50% of the population in the submergence are indigenous ("Adivasi") and belong to the Bhil and Bhilala tribes, who are awarded special protection under the Indian Constitution. IFC's Policy is based on the principle of informed participation and the establishment of an indigenous peoples' development plan. In the case of Omkareshwar, no such plan has been developed, and indigenous people have neither been informed nor consulted.

Environmental Assessment: No Environmental Impact Assessment was undertaken for the Omkareshwar Project. This is a clear violation of IFC's policy, under which the preparation of a full EIA is mandatory procedure for large dam projects.

Natural Habitats: IFC's policy states that IFC does not support projects that involve the significant conversion of critical natural habitats. The Natural Habitats Policy also includes a consultation requirement, to ensure that local communities' views and rights are taken into account. The dam reservoir will submerge up to 5829 hectares of natural forest, including parts of the Chandgarh and Nimanpur reserved forests on the North Bank of the Narmada and the reserved and protected forests of Punasa and Gunjari on the South bank. The *Wildlife Institute of India* has noted that the loss of these areas, will intensify pressure on the remaining forest areas and fears that these will be „drastically altered“. None of the local communities have been consulted, although many of them depend on forest resources for part of their income.

Cultural Property: The project area contains many historic shrines and temples. In spite of the provisions in IFC's policy, no consultation or mitigation measures (such as the relocation of culturally significant structures) were included in project planning. During the eviction of village Panthiaji, a unique 13th century temple, which is listed by the *Archeological Museum Department of Madhya Pradesh*, was simply bulldozed. In addition, the famous temple town of Omkareshwar (which is situated on an island just 1 km downstream of the dam) will encounter problems, as the expected erosion of the river banks will threaten the long-term stability of temples on the perimeter of the island. No measures have been designated to deal with this problem, although Omkareshwar is considered to be the most sacred place in the entire Narmada Valley and attracts hundreds of thousands of pilgrims each year.

Involuntary Resettlement: IFC's policy states clearly that cash compensation alone is normally inadequate and that preference should be given to land-based resettlement. It also calls for up-to-date socio-economic surveys of the affected population and requires a detailed resettlement plan based on extensive consultation. In the case of Omkareshwar, no such surveys have taken place, and no resettlement plan exists. While the project authorities claim that only 15,000 people will be affected, the actual number is likely to be at least 50,000. Even the most basic information is being withheld from project-affected people, and the project authorities have refused to provide any land-based compensation. The experience of the first village that has been displaced (Panthiaji) shows that the project is driving affected communities into destitution rather than restoring their livelihoods.

Damning the Principles?

It would conceivably be hard to find a project that is more obviously out of line with IFC's Safeguard Policies and the Equator Principles than Omkareshwar. Accordingly, the World Bank's *Multilateral Investment Guarantee Agency* (MIGA) turned down an application for the project in Spring 2004 because of "environmental and social concerns". Deutsche Bank which is not an Equator Bank and was approached in early 2003, has, in the meantime, also declined financing for the project. It is therefore all the more surprising that Standard Chartered, ABN AMRO and Calyon (formerly Credit Lyonnais), are still considering providing a loan for Omkareshwar.