

## **Global Investors' Meet – Bangalore**

The Global Investors Meet (GIM) was hosted by the Government of Karnataka on 3<sup>rd</sup> and 4<sup>th</sup> June 2010. 353 MOU's worth a whopping Rs.4 lakh crores was reported as signed. However, questions have been raised as to what proportion of these projects will see completion.

Taking the mineral sector, two major consumers of minerals are the steel and cement industries. For the steel sector, an additional capacity of 24 million tonnes by major steel plants and 18 million tonnes of sponge iron plants are planned to be created. This will require an additional 60 million tonnes of iron ore.

While optimistic noises were made at the conference, the situation regarding iron ore reserves is hardly comforting. Though reported reserves are about 11 billion tonnes, 9 billion tonnes of magnetite ore is mostly in the Western Ghats and hence out of bounds. A further problem arises with the sponge iron plants. They will take only calibrated ore (10-40 mm) and there will be no takers for the huge quantity of fines. Bellary/Hospet ore is friable and the proportion of lumps:fines is 30:70.

There is also a huge problem regarding availability of water. An integrated steel plant requires 4 to 5 tonnes of water for every tonnes of steel produced. The problem is already acute in Bellary/Hospet area as the domestic and agriculture needs are being met with difficulty.

The infrastructure in the form of roads and railway lines is already inadequate. How are the additional needs going to be met?

While the steel industries will come up mostly in the Bellary/Hospet area, cement industries will come up mostly around Bagalkot. There will no problem about raw materials for cement as Karnataka has huge reserves of limestone (51 billion tonnes).

However, along with cement, other industries like power and sugar are planned in the Bagalkot area. 22 projects have been cleared in this area and it is reported that they will require 15 tmcft (thousand million cubic feet) of water from the Krishna river. Interestingly, under the Bachawat Tribunal Award (Scheme – A), only 0.50 tmcft is allotted for industries. Under Scheme – B, the State has asked for an additional 11 tmcft for domestic and industrial purposes. So, the moot point is how the requirement of 15 tmcft is going to be met.

Another important issue is that of environment. Already Bellary/Hospet region is highly polluted. With increased mining activity, the impact of the steel plants will have to be considered. Every tonne of steel produced releases 2 to 2.50 tonnes of CO<sub>2</sub> (a green house gas). In addition, large quantities of solid wastes like slag will be produced. It is doubtful if the carrying capacity of the area can sustain all these activities.

In all, it does not appear that the Government has gone into the matter in depth and the whole thing seems to be more of a public relation exercise.

D.V. PICHAMUTHU

E: [davidpichamuthu@yahoo.co.in](mailto:davidpichamuthu@yahoo.co.in)