

SOLVING THE STERLITE PROBLEM

Relevant for: Geography | Topic: Distribution of key Natural Resources - Mineral & Oil Resources of India

Distrust of Sterlite is so much that many people now credit good rains to the shuttering of the plant. File | Photo Credit: [N. RAJESH](#)

Sterlite Copper of Thoothukudi in Tamil Nadu has become a moral issue after [the police firing on protesters](#) resulted in [the deaths of 13 people in May 2018](#). Over some 20 years of plant operation, the company had violated many pollution regulations and faced at least two major allegations of excessive emissions. It also faced consistent protests against pollution from the plant. It had been ordered shut many times only to reopen and expand capacity.

Residents around Sterlite say that when the plant was operating, there would be release of gas at 3 a.m. every day. They would wake up short of breath and to a foul smell. Even cattle were refusing to drink groundwater since it was contaminated by Sterlite effluents, they say. Now, the air is cleaner, they contend. The business community complains that Sterlite did not employ enough local people and did not give enough contracts for local businessmen. It was a high-handed management that talked down to them.

Also read | [Plea to reopen Sterlite Copper plant](#)

Though Sterlite has constructed toilets, water tanks and community centers, it has not invested much in serving the educational or health needs of the local population.

Distrust of Sterlite is so much that many people now credit good rains to the shuttering of the plant. During the 2018 protests, WhatsApp videos of a grieving widow of a cancer patient demanding shutting of Sterlite went viral. There has not been any study to link cancer with Sterlite emissions. But people were only eager to believe the talk. Sterlite representatives have faulted protesters for spreading rumours and serving hostile vested interests. But the company's record has not been above board. It is unapologetic about the 13 deaths in firing.

Sterlite's product, copper, is a strategic metal. Important applications are energy, electrical equipment and electronics. Nations are switching more and more to wind and solar. This means new projects and transmission lines. There is a push for electrical vehicles. Globally, and in India, copper demand is only set to ramp up. Imports can cause supply bottlenecks. End consumers such as electrical equipment manufacturers sometimes pay a high premium as a result.

Also read | [Sterlite says 'external forces' were responsible for copper plant woes](#)

There are more than 120 copper smelters across the world. All major copper-consuming countries have copper smelters within their country. Copper production provides strategic balance and price stability. The shuttering of the Sterlite plant quickly made India, a copper exporter, an importer. Domestic copper price is typically higher than the landed price of imported copper, increasing forex outgo. India now imports copper at the rate of 3 lakh of tonnes a year and the figure is only likely to grow. Volatile global copper prices are now at least 50% more than what they were when the plant shut.

A copper smelter would serve India well. The only other major smelter in India is Hindalco. Thousands of jobs were lost when Sterlite shut. Real estate and local businesses serving the employees were hit. Imports through the Thoothukudi port fell by 25% the year Sterlite was shut

and have only slid further since then. The port lost some 120 calls of vessels every year carrying copper concentrate. Port dues, berth charges, wharfage, etc. took a hit. In 2018-19, the operating income of the port fell by 15% and operating surplus reduced by 20% compared to the previous year. Without Sterlite's copper exports, the port's container terminal has been struggling. The business of some 20 stevedores and 100 clearing and forwarding agents came to zero. On average, 5,000 lorry trips were needed to transport the concentrate import from each ship to the plant. A whole lorry ecosystem had developed in Thoothukudi sustaining thousands of families. In 2020, the Madras High Court, while upholding the 2018 State government order closing the plant, said, "when economy is pitted against the environment, environment will reign supreme." Sterlite has gone on appeal to the Supreme Court.

'Political parties have fooled themselves by giving nod for Sterlite Copper's oxygen plant operation'

While the economic and national interest case for a copper smelter is proven, the trust deficit between Vedanta and the people of Thoothukudi needs to be bridged if the smelter has to restart. The framework for a solution could focus on adherence to norms and creating harmony between the company, government and the people. Sterlite presents an opportunity for the people of Thoothukudi to move forward in national and local economic interest. It is an opportunity for a corporate group to act responsibly and take people along while conducting its business. The process, however, needs someone who can help bridge the trust deficit. An assurance from him, her or an agency should guarantee any settlement. And it's not something governments can do.

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