

Maoists scare off investors from Chhattisgarh

December 6, 2009

Raipur (IANS) The increasing dominance of Maoists in Chhattisgarh's iron ore-rich pockets have led to the halt of several key industrial projects in the region and scared off potential investors, say businessmen and officials. The state's Bastar region, spread out in about 40,000 square km, has some 20 percent of India's finest quality iron ore reserves. But industrialists are apprehensive of investing in the restive region, a stronghold of the outlawed Communist Party of India-Maoist (CPI-Maoist).

'The investors who have signed deals for setting up steel projects in the region are not getting their projects moved because of Maoists' meddling,' said Ashok Surana, head of an industrial body, Mini Steel Plant Association, told IANS. The association is a forum of 175 steel units based in central India.

'The Maoist dominance is growing in the iron ore-rich pockets of Chhattisgarh. No businessmen want to put money in this region. Even mega projects of Tata Steel and Essar Steel are being held up,' Surana said. Both Tata Steel and Essar Steel had signed separate deals in June 2005 with the state government for setting up integrated steel units in Chhattisgarh. Tata proposed to set up a 5.5-million-tonne plant, while Essar has plans to build a 3.2-million-tonne plant.

However, the projects have got stuck as Maoists offered direct support for the families, whose land would be taken over for the plants.

The worst-hit is the state-run National Mineral Development Corp (NMDC), the country's largest iron ore producer and exporter, whose mining took a huge hit due to the insurgency. NMDC produces roughly 80 percent of its 27-million-tonne annual iron ore output from Bailadila reserves in the Maoist-infested Dantewada of Chhattisgarh.

'Maoists have been expanding their influence every day,' a senior NMDC official, who did not want to be identified, told IANS. 'I think after five-six years, the iron ore mining in Chhattisgarh would be left for the mercy of Maoists. Now on an average, at least seven days every month, we fail to transport iron ore because of insurgents' strikes,' the official said.

State's Director General of Police Vishwa Ranjan said Maoists forced businessmen from the mineral rich area to pay extortion money. 'The cash books and other papers we seized recently show that the rebels' all India annual extortion earning is up to Rs.2,000 crore and a major portion of this comes from iron ore and coal businessmen,' Ranjan said.

Vani Rao, a senior Congress party leader in the state, also said Maoists' influence was growing. 'Maoists are dictating terms in the mineral-rich areas in Chhattisgarh. If urgent steps are not taken by the government, India will lose control over its vast mineral rich areas in five years,' Rao told IANS.

Police say over 1,500 people were killed in the Bastar region alone in Maoist related violence since 2004. The Maoist insurgency began in 1967 as a peasant rebellion, but has now spread to large parts of central and eastern states. They have strong presence in the states of Jharkhand, Bihar, Andhra Pradesh, Chhattisgarh, Madhya Pradesh, Maharashtra and West Bengal. Prime Minister Manmohan Singh had said in October this year that Maoism was the 'greatest internal security threat'.

<http://india-forums.com/news/article.asp?id=214457>