EDITORIAL

Economic Growth or Environmental Fallout? A Critical Examination of JSW Steel’s Proposed Steel Plant in Keonjhar

By **Brajabandhu Mahanta** • April 2, 2025 • 4 min read

Odisha has long been a state rich in natural resources, especially in iron ore, making it a coveted location for large-scale industrial projects. The latest of these ventures is the proposed **5 million tonnes per annum (MTPA) steel plant** in **Keonjhar district**, a collaborative effort between **JSW Steel** and South Korea’s **POSCO**. With an investment of **Rs 40,000 crore**, this project promises significant economic benefits—job creation, industrial growth, and infrastructural development. However, beneath the sheen of these projections, there are critical questions that deserve closer scrutiny.

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The Economic Mirage: Short-term Gains, Long-term Consequences?

The announcement of the steel plant was made by **Odisha Chief Minister Mohan Charan Majhi**, amidst much fanfare, with promises of substantial investment in the region. While the project will likely generate **8,000 direct jobs** and spur growth in **ancillary industries**, it remains to be seen whether these benefits will trickle down to the local communities or whether they will be confined to corporate entities and a few skilled workers.

In the short term, the creation of these jobs is certainly commendable. However, **Keonjhar district's history with industrial ventures** is not without challenges. Large-scale industries, especially steel plants, tend to bring with them environmental degradation, displacement of local communities, and social unrest. Local laborers often find themselves relegated to menial, low-paying jobs while the skilled positions are filled by outsiders. The promise of ancillary industries boosting local employment may also be overstated, as these often depend on the larger, more established hubs, not necessarily benefiting the immediate local population.

Environmental Concerns: Is Keonjhar Ready for Industrialization?

Keonjhar, with its rich reserves of iron ore, is naturally positioned as an industrial hotspot. However, the environmental impact of establishing such a large plant in a region with sensitive ecosystems should not be underestimated. Odisha has faced **environmental crises** in the past, especially concerning the extraction of minerals. The mining activities that accompany the steel production process often lead to **deforestation, soil erosion, and contamination of water bodies**. While the steel plant promises state-of-the-art technology, the long-term environmental consequences of such massive industrial operations on local ecosystems, agriculture, and water resources remain to be seen.

Furthermore, the plant is expected to be just the beginning of a larger steel industrial complex in Keonjhar, with investments pushing beyond **Rs 1 lakh crore** in total. As the region becomes more industrialized, the strain on **local resources and infrastructure** will inevitably intensify. Will the local population have access to clean water, breathable air, and the fertile land needed for agriculture, or will they become mere spectators to the degradation of their environment?

The Promise of Infrastructure Development: A Double-Edged Sword

Another key promise tied to this steel plant is the **development of local infrastructure**. Enhanced transportation networks, utilities, and other infrastructural improvements are crucial for industrial growth. However, while the investment in infrastructure may bring some benefits, it also comes with potential drawbacks. The construction of new roads, railways, and utilities could lead to **displacement of communities**, **damage to local farming lands**, and strain already overstretched public services. Moreover, such infrastructure improvements are often geared towards serving the plant and its associated industries, not necessarily enhancing the lives of the local people in a meaningful or sustainable way.

The Hype of Investment: A Deeper Look at the ‘Utkarsh Odisha’ Conclave

The **‘Utkarsh Odisha-Make in Odisha Conclave’**, where the MoU between **JSW Steel** and the Odisha government was signed, showcased several industrial ventures promising to transform the state’s economy. Alongside JSW’s mega steel plant, other projects include **Vedanta’s alumina refinery and aluminum park**, **Jindal Steel’s Angul plant expansion**, and **Indian Oil Corporation’s petrochemical projects**. Together, these investments total **over Rs 2 lakh crore**, positioning Odisha as an emerging industrial hub.

However, it is worth questioning the long-term sustainability of such rapid industrialization. While these projects may indeed bring economic growth in the short run, they risk **over-reliance on resource extraction** without fostering a diversified, self-sustaining economy. Odisha could find itself trapped in a cycle of **natural resource depletion**, with limited efforts directed at building the **knowledge economy**, **service industries**, or **sustainable agriculture**.

Conclusion: A Balanced Approach to Growth

While the **JSW Steel-POSCO collaboration** promises significant investments and industrial growth, the true impact on **Keonjhar's environment** and **local communities** cannot be ignored. The promise of thousands of jobs, improved infrastructure, and industrialization may not fully outweigh the environmental and social costs that could come with such a mega-project. Odisha must take a more balanced approach, one that doesn't prioritize corporate interests at the expense of its people's livelihoods or the state's rich ecosystems.

The time has come for a more **holistic vision** of development—one that integrates economic growth with **environmental sustainability**, **community well-being**, and **long-term prosperity** for all, not just corporate entities. Only then will Odisha's industrialization serve as a model of balanced progress rather than a cautionary tale of unchecked industrial ambition.

(By Brajabandhu Mahanta)

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