

**Overview of mining in India**



**Claude Alvares of the Goa Foundation** introduced the workshop with an overall perspective on mining issues. The Goa Foundation, which he represents, has been working on mining issues in Goa for the last 20 years.

According to Claude, the most dramatic changes in mining in these two decades came in 1992. Before this year, the bulk of mining was done through public sector corporations. In 1992, FDI in mining was allowed and the private sector was encouraged to get into the business of mining. In order to facilitate the entry of these new actors, a new Bill was proposed to replace the 1957 MMDR Act. In the new legislation – which has been approved by the cabinet – the total lease area in any given state that can be granted to a mining company has been expanded to 100 sq km whereas the 1957 Act restricted lease area to only 10 sq km. There are other changes of similar nature.

The central government came out with an new National Mineral Policy in 2008. The principal focus of the document has been on privatisation of the mining industry.

Another big benchmark for the mining business arose with the Chinese boom which commenced around 2004-05. Chinese demand was fuelled by the need for the Chinese 2008 Olympics. China's production of iron and steel was already 500 million tons (MT) whereas that of India was not more than 30 MT. India's ambition is now to produce 150 MT by the year 2020 whereas China's target is already 750 MT. Like the US, China has a policy of building reserves and maximising exploitation of external sources.

The main focus in India is therefore on expansion. But there is a problem of raw material, where it will come from. Most new mines are in forest areas. There appears to be no policy for the exploitation of the available mineral resources. The Shah Commission on illegal mining has come to the conclusion that at the present rate of extraction Goa's ore will be over in 9 years. The impact of intensive mining can be assessed from the fact that almost 60% (45 MT) of the country's total export of iron ore is coming now from a mere four talukas in Goa. Goa occupies less than 1% of the land mass of the entire country. So much extraction coming from such a small geographical area has not only led to environmental havoc but to large scale corruption of public officials including local bodies. All the political parties (Congress, BJP) have earned dividends from the mining companies.

There are just 5-6 big families or actors in Goa who extract all the ore from around 90 mining leases. Many leases are in the name of private individuals which have handed over their operations to big companies like Vedanta, Fomento, etc. Vedanta alone exports nearly 50% of Goa's ore. The second biggest exporter is Fomento. Both have a cosy relationship with the political class. The politicians are extremely clever. When a public delegation went to the Chief Minister to complain about mining operations on a particular lease, he advised them to physically go and stop the mine from operations. When they did so, the police arrested all of them. There are over 1600 cases filed against anti-mining villagers in one village alone.

A similar situation is now being manifest in Orissa. Export consignments which demand higher freight charges on railways have, with the collaboration of railway officials, been shown as domestic consignments. The state government has now issued show cause notices for recovery of Rs.1,57,000 crore from Orissa miners.

According to Prashant Bhushan, the estimate of revenue losses can be quantified without too much difficulty. In Bellary, the rate of extraction was 40 MT a year and the loss around Rs. 4000 per ton, so the annual losses would be around Rs.8000 crore per year. (This estimate was confirmed by S R Hiremath.) The extent of cash circulating in the two states of Karnataka and Goa from mining is simply huge.

The Environment Ministry issued a grand total of 182 environment clearances for extracting 66 MT per year in Goa whereas in Bellary, ECs granted were for extraction of a total of 82 MT.

Mining therefore has become one of the most important issues in the country today for the following reasons:

1. Unlimited and unsustainable exploitation of mineral resources of this country.
2. Pollution and destruction of natural resources including forests.
3. Large scale displacement of rural and tribal people.
4. Rapid depletion of mineral wealth of the region.
5. Huge rate of profit maximisation.
6. Royalty paid to the state is a pittance. (The present rate is Rs.61 per ton.)

Profits range from 70-90%. The total contribution of mining to the GDP is 2%. However even this has been plateauing or going down over the years. Employment in the industry is also going down due to reliance on heavier and more efficient machines.

India has self sufficiency in most minerals. In the strategy session, there should be a discussion on some of these issues: Who owns the minerals; who should be allowed to extract them; what should be the regulatory framework to deal with the environment and land related issues. The case of Chattisgarh – where militarisation of areas has been done by the State in order to facilitate mining – was taken up for discussion. How does one deal with such developments?

The CAG report on coal mining still does not look at social and environmental losses. The revenue loses do not include social and environmental damages which are dismissed as “externalities”. Sagar Dhara of Cerena Foundation has done a study incorporating such cost for Bellary.

TERI has done a study on green accounting. But how does one quantify the cost of a groundwater aquifer? A lot of minerals occur in water catchment and storage areas.

There was a discussion on the implementation of the National Mineral Policy. The National Mineral Policy calls for concurrent mining and rehabilitation. This is not happening. For example, latest environmental clearances and judgement of the Supreme Court in the Aravalli case allow only 50% of an area to be mined and allow remaining 50% to be taken up only after the exhausted pit is filled and rehabilitated. However, in Goa, there are cases where the entire mining lease area has been converted into one huge pit.

Mining companies are not keen on rehabilitation of older mines. CEC, for example, shut down over 14 mines in Netravalli Sanctuary in Goa as these were found working within the sanctuary. After 10 years, when the forest department wrote to the companies for rehabilitation funding, the companies flatly refused on the grounds that their mines were shut down against their will and therefore they are not responsible for rehabilitation.

One of the ideas discussed at the workshop was to find places with good mining practices. There was a story that Vedanta was functioning better in Zambia. Felix Padel interjected and said there was massive pollution there as well. In Australia and US there is even less opposition than one finds in India.

Are there really any instances of success? The Goa Foundation – with help from the High Court – forced Sesa Goa to recruit NEERI to produce a report for rehabilitating a 20 year old mining pit. The Italians originally running Sesa Goa were very good environmental engineers. However their work was not carried over by Mitsui which took over. Today most environment rehabilitation work has almost been discontinued by Vedanta whose owner lives in England. When he has completed the mining of Goa's hills, most of the ore in Goa will be over and no one will remember who did the damage.

There is only one Sesa Goa mine in a place called Sanquelim where an old mining pit has been filled with water and converted to aquaculture. This is the only so-called rehabilitation site available in the state of Goa to which hundreds of visitors are taken every year. The same Sesa Goa had afforested 40 hectare on their Advalpal mine. Now they say there is no forest there because they want to mine it.

The discussion finally veered round to whether the cost-benefit analysis could provide grounds for legal intervention. The aquaculture case was discussed. It was based on the NEERI report that the cost benefit ratio was adverse. Because of the report, the Supreme Court cancelled aquaculture projects in CRZ areas. Aquaculture never recovered eventually due to this judgement.

We in India are following the principles of Jeremy Bentham's utilitarian philosophy. We manipulate benefit cost ratios and prove that the project will be beneficial by not including all the costs. In the Narmada dam case, the suffering being caused by displacement to 3 lakhs tribals was shown in the terms of equivalent of two years of daily wages.

The Goa Foundation has been getting together a comprehensive study for the National Green Tribunal on the environmental costs of mining in Goa with the view to filing a comprehensive compensation suit against the mining industry.

**Felix Padel:**

- ◆ While steel and aluminium production is going up in India in the west this is a sunset industry. The main reason for this is the increasing investment in the sector in countries like India where the labour is cheap and the environmental standards are freer
- ◆ At present extraction rates India has enough coal to last another 45 years. Coal mining has become an integral part of steel and aluminium production because of its use for captive thermal plants and smelters

- ◆ With mining come the roads, the ports, the smelters, the dams and railways and therefore need to look at the cumulative impacts of all these activities.
- ◆ Further the social structure of the mining companies also needs to be understood. The word 'cartel' is a good one to describe the nexus – a mix of banks, mining companies and governments
- ◆ The Italian mafia operates much like the Indian mafia—always working in legal and illegal businesses, and changing black money into white money. Two of the biggest industries the mafia operates in are freight and construction (Orissa is a good case study).
- ◆ Activists who try to expose the mafia are often brutally attacked-- Sister Valsa assassinated by Tata Mafia in Jharkhand, Ramesh Agarwal—attacked with intention to kill by Jindal.
- ◆ Vedanta and London stock exchange—when Vedanta registered in London, a huge number of hedge funds invested in it (Kavrajit Singh has studied this extensively)—Hedge funds & private equity funds are registered in the tax havens--very murky, role of NRIs is big in this.
- ◆ Arun Kumar wrote first the book on India's black money—starts on property speculation.
- ◆ POSCO—Bill Gates' hedge fund (something Hathaway) has a 5% stake in POSCO. Over 100 British counsils were investing in it. This is not a charitable investment, but a highly profit making venture.
- ◆ Cost of production is kept artificially low with massive subsidies on electricity, water and low prices of land. China is a part of price setting, one aspect of why prices are being kept low is through stock piling.
- ◆ Externalities: The waste in Bauxite is extremely high, the Orissa bauxite has lesser Silica content and therefore is more in demand
- ◆ The waste minerals when disposed into water make it radioactive and toxic because of the destabilisation of the minerals
- ◆ Workers issues are not even addressed or spoken of and the health hazards they face even less
- ◆ Introduction to Orissa as the melting pot of mining.
- ◆ The movement against BALCO, bauxite mines was the most successful mining movement in the state in the Gandhamardhan hills
- ◆ The Niyamgiri struggle against Vedanta in recent times has emerged as an important development challenging the mining complex (provided a detailed account of the movements and its issues)
- ◆ What are the links between mining and arms industry? Aluminium in particular has significance in war—aerospace industry depends most on Aluminium and Lithium—which are some of the most polluting mining industries. The GHGs of the arms industry need to be studied. War is hardly ever brought into environmental movement's dialogue.
- ◆ A quote from a politician promoting Afghanistan war: "No war can be won ,without consuming and destroying vast quantities of Aluminium"
- ◆ This is the so-called resource curse, which can lead up to a full blown resource



war (ie Chhattisgarh).

- ◆ A few months ago a few Italian tourists were kidnapped in Orissa—Maoist leader that was responsible for this demanded that Orissa govt immediately stop the tribal tours, where tourists were coming and photographing people “like monkeys”. The government immediately banned foreigners from Maoist affected areas of Orissa. By bringing about this ban ,they also were cutting down the kind of witnessing what was going on in these areas.
- ◆ There is also a reflection of Maoism in the mainstream (pro-industrialism) ideology—Mao was very in favour of mines. Felix feels that Maoists are not in favour of trying to shut down operations. At the same time the polarization of society is working in favour of the corporations.



### **Balkrishna—Him Parivesh:**

- ◆ In 1980 the first crusher was established in Nalagarh. 1990 we saw that there were 50 stone crushers, In 2008 we filed a writ petition against JP cement. They were selling for 10 rupees per metric tonne.
- ◆ 3,000 tractors are working in one lease area, guidelines not implemented,
- ◆ Two major rivers are affected Sarsa & Chikini Rivers. Another evergreen river. 4 lift irrigation schemes on Sarsa river.
- ◆ 1,400 crushers were shut down due to Him Parivesh court case. 100 crore settlement.
- ◆ In Himachal there are 600 + crushers, many illegal (if you look at central

pollution control boards guidelines, they are all illegal).

- ◆ Feels that all river bed mining should be stopped. Punjab government has put an end to river bed mining.
- ◆ Relevant rules/law: CRZ—Coastal Regulatory Zone act. Mines and Minerals Development Regulation Act says that you can't mine in nalas. In Himachals law allows one to mine 5 meters from each banks of the nalas.
- ◆ If MMDR says that mining isn't allowed in nalas, and streams, how can so much river mining be happening with government permission in Himachal?
- ◆ Question: does MMDR cover minor minerals? Pranav says there are different provisions within the act.
- ◆

### **SR Hiremath—Samaj Parivarthan Samudaya**

- ◆ Claude began by asking the question, how did the activists in the Bellary Mines case go away unscathed?
- ◆ SR—some of the activists involved didn't understand the strength and viciousness of these mining agents. I.e. on the issue of child labour—instead of addressing the issue when it was raised, they propagated it. When SPS went in, they started with social development (taking inspiration from Ambedkars speech in constituent assembly) and working with harijan colonies, etc. It was a type of “low key organizing”. Beneath surface, great discontent was festering. Before long 350 ppl could stand in front of tehsil office and talk about loot of natural resources.
- ◆ Then they went to the high commissioners of AP, Rajasthan, etc. Only time a confrontation happened with Reddy brothers, was when they were busy celebrating the 100th anniversary of Vijaynagar Empire-Jan 25th. The youth associated with SPS decided to do a cycle yatra on the same day—many of them were stopped on bicycles. Since they were trained in non-violent direct action, they told the police either you allow us to go, or you arrest us. We aren't going back. The administration finally allowed us to go. After that incident they didn't have courage to harass us. Except once when Yeddyrupas told a couple friends to threaten us.
- ◆ SPS not only tries to cultivate good relations with administration, but also because of the high profile nature of the Lok Ayukta and the Supreme Court case, the Reddy brothers must have been conscious of fact that if they attacked, it would have gotten a lot of media attention, etc.
- ◆ If SPS hadn't gone to Lok Ayuka, how successful could the ppl's movement go on its own? SR—I don't think it would go very far, ever since beginning when we started movement against the illegal mines, we had struggled. So SPS always complements peoples struggle w/scientific studies and a well-planned media campaign, and ally themselves w/ppl who have elements of “our alternate world view”. They have also organized large jan jathas in association w/students at Bangalore University, etc.
- ◆ Prashant—Groups in Chhattisgarh in Orissa are relying on local mobilization. They have not used courts at all, but they have been able to stop operation of

mines, etc by virtue of the local peoples' movements. It has led to a great deal of state repression /violence. Many hurt, jailed, etc. Very risky kind of route. Those people have taken that kind of route because they don't have as good of access to the courts, government officials, as others do.

- ◆ SR—The court decision was the most decisive action to taming the monster. Ours was a political victory leading to judiciary action.
- ◆ What was the most decisive element of case? Was it the fact that it was so many blatantly illegal mines? SR—the Lokayukt report was immensely helpful in Supreme Court. Initially, instead of hampering the efforts of Reddy brothers they used Lokayukta report to find 250 MT of iron ore in Ramgarh (near a water source). But “we were ready to lay down our lives to make sure what happened to Ananthpur temple (Sugalamadevi temple) didn't happen here”. Prashant encouraged SR to argue in front of CEC. They proved Reddys had gone beyond their lease area & blasted and they had clandestinely acquired one mine. CEC was very instrumental in that particular area.
- ◆ Oglapura mining company (Reddy brothers) Associated Mining Company (AMC) case in Karnataka side—both were being investigate in Lok Ayukta.
- ◆ SPS had 5 day workshops on satyagraha , that's how they began the Tungabadra River struggle.

### **Claude Alvares, Goa Foundation, on Goa mining issues:**

From 1990 onwards, mining lessees had put most High Court lawyers on retainership, so they were difficult to approach for filings. The High Court really remained apathetic to mining issues. We filed some 15 writ petitions on various problems associated with mining. These were filed against specific mining leases. However, except for some marginal reliefs, we found even very good judges reluctant to close mines for violations. Petitions were admitted but mining was allowed. We got some reliefs, like removal of rejectsor dumps on river banks, etc., which High Courts were willing to give. But nothing really substantial.

In 20 years, the Goa Foundation was able to build up expertise on mining, on all aspects. Few lawyers know the MMDR Act/the MCR Rules, so GF learned them.

State governments were not renewing leases in the time stipulated. The law originally said that if the lease is not renewed within one year of the application being made, the application was deemed rejected. Now the law has been changed: if a company just sends an application for renewal of the lease, under section 24 (A) of the MCR Rules, they can continue mining. Majority of the mining leases in Goa are operating for more than 20 years on the basis of such applications. Till today there has been no case where government has terminated a lease because of overmining or illegal mining.

The CEC demanded data on mining to be submitted to the Supreme Court, but the Executive Directors of mining corporations were sitting with the Director of



Department of Mines to fabricate this data.

- ◆ In fact, 3 volumes of Goa mine department evidence were rejected by CEC. CEC relied largely on data supplied by the Goa Foundation. GF prepared a table with every mine, original lease owner, name of mine, amount of ore excavated every year, etc. The data was all obtained via RTI applications.
- ◆ Section 37 of the MCR Rules prevents a lease from being subcontracted. This was being violated in most Goa cases.
- ◆ The Shah commission was appointed by the Ministry of Mines for 7 states (including Goa, Orissa, Chhattisgarh, Jharkhand, Karnataka, AP) Prashant: Surprising that government appointed someone like Shah to investigate. Was it Jairam Ramesh? Claude said person earlier selected for the Commission was Justice Variava. He said no.
- ◆ When Writ Petition No.435/2012 came before the apex court for interim relief, Swatanter Kumar attempted to distinguish mining from transportation so that while extraction would be banned, transportation could continue. However, the other two judges on the bench had already decided to ban transportation as well.

### **Strategy discussions:**

In discussions about the possible policy shifts that are required in the mining policy in the country, the following ideas and concepts were put forward by **Prashant Bhushan**:

#### **Ownership of mineral resources**

- ◆ The ownership of the major minerals would be with the nation as a whole. But whether a mineral can be extracted from a particular area and on what terms, would be decided only with the consent of the local community (i.e. gram sabha), thus giving the right to the local community to veto a policy unfavourable to it. Land acquisition can only be with the consent of the local community.
- ◆ As far as minor minerals like sand, stone etc are concerned the local community would have full ownership.
- ◆ Only public sector corporations would be allowed to mine major minerals. No private sector mining would be allowed. However, if private sector were allowed to do any mining, then the allocation of the lease would only be by way of a transparent public auction.
- ◆ The amount of mineral that can be mined would be subject to a limit. There has to be both economic, socio-environmental, and intergenerational assessment of costs. For instance, a very large amount of iron and steel is recycled and 15% of India's iron ore comes from this – this should be calculated when looking at economics. Claude felt that the policy of deciding 'how much' should be based on the premise of recycling rather than extraction

- ◆ The concept of intergenerational equity was also discussed. It is very difficult to place any fixed limit on extraction based on inter-generational equity (i.e. how much one generation can be allowed to consume), as the same is likely to be arbitrary. One possible criterion could be that only that much virgin mineral can be allowed to be mined which can be recompensed through natural processes, the rest must be recycled and limits be placed on consumption.
- ◆ In this context the issue of trading of minerals was discussed and it was felt that exporting of ores was a problem. Much of the metal generated today is not for domestic consumption. An example was given of sponge iron and mildsteel instruments and parts which are being exported. The external costs of these remain uncalculated.
- ◆ Environmental sustainability was another concept that was discussed i.e. Restoration of the environment to its original state must be achieved within 50 years – this must be a pre-requisite to this and then can adopt the principle of sustainable mining. Also, the full cost of mining including costs of land acquisition, displacement, air & water pollution, impact on agriculture, livelihoods, destruction of forests and environment, etc. must be estimated and factored in the decision to allow mining.

The Aravalli Judgement was referred to here:

- ◆ Should mineral resources be given to the private companies at all was discussed. Prashant felt that mineral resources should not be handed over to the private sector for commercial exploitation. While private contractors may be given jobs like extracting, this does and should not make them the defacto owner of the resource. Public Sector Units need to be strengthened. The efficiency that is seen in the private sector is beneficial only to the key shareholders rather than the government or the public. Prashant gave an example of the electricity production and privatisation that he has studied in detail.
- ◆ There was also a discussion on the mechanisation of mining and how that has reduced the workforce employed in the industry but at the same time many felt that this may have reduced not just drudgery but also health hazards especially for workers.
- ◆ There was again a discussion on the issues of 'external costs' and how these can be factored in. Many felt that this was a vexed and complex issue and needs to be examined more closely when considering pricing of minerals, etc.

## **Mining in the BBN Area: Challenges and Response by Himparivesh**

Mining of the river bed for construction materials is one of the two main problems, besides environmental pollution, in the Baddi-Barotiwal-Nalagarh (BBN) area of the Solan District in Himachal Pradesh. Five main streams flowing through the area are Chikni, Sirsa, Lohund, Kalakund and Mahadev. The rapid pace of construction due to urbanisation and industrial development in the area has led to making mining for construction material a very lucrative activity. The scale of the problem has reached scary proportions and has resulted in the collapse of at least two road bridges in the area wherein the foundations of the bridges were exposed due to lowering of the river bed. The lowering of the river bed has also resulted in almost all of the gravity irrigation channels going dry as well as about 3000 Ha. of land which had been irrigated through such irrigation channels being rendered unirrigated. Now the affected farmers have to either get bore wells dug at a heavy cost or if they are not in a condition to do so, they have to purchase water from other people who have got bore wells dug for the purpose.

The river bed levels have gone down between 10 feet and 30 feet which is clearly demonstrated in one case where about 12 feet of the sidewalls of an old well have been exposed above ground. Information accessed by Himparivesh Environment Protection Organisation in 2008 revealed that the difference in level of river bed upstream (where there is a ban on mining) and downstream (where mining continues) of the bridge over Mahadev river was 8.3 m. It is estimated that this level would have at least doubled in the ensuing years. The bridge over Mahadev stream was built in the year 1990 at a cost of Rs. 38 lacs. In the year 2012, the same bridge had to be fortified with retaining walls at a cost of Rs. 88 lacs, all thanks to the unregulated mining around it. Almost all bridges in the area have had to be protected thus using retaining walls.

Despite its unsustainability, the farmers and the local institutions of self governance do not raise a voice against unregulated mining as they find becoming a part of the activity lucrative. Local people are involved in not only mining of materials but they also give up their farmlands for mining leases since it brings in immediate money in handsome amounts. This is also the primary reason why there is no public outcry against the rampant mining in the area. The situation has been made worse with the ban on mining and crushers in Punjab – all the finished material to the nearby areas of Punjab is now being sourced from the BBN area, doubling the pressure on the natural resources. A new practice that has taken off as a result is that of washeries which collect huge amounts of earth, wash it and segregate it in the form of gravel, sand and stones for sale. These washeries use large volume of ground water without any department regulating their activity.

There have been sustained attempts by the Himparivesh Environment Protection Society to pressurise the government agencies to act against the blatant disregard for rules and court orders by the mining mafia and put an end to the unsustainable practices. Litigation by the organisation resulted in the state High Court ruling in 2004 to authorise officials from multiple departments to regulate the mining activities. The organisation has been highlighting the issue through the print media at regular intervals, especially after the episodes of serious nature like damage/washing away of bridges.

Due to the constant pressure exerted by the organisation, the local SDM, in 2011 made provision of a monthly meeting on mining related issues which is held on every 2<sup>nd</sup> Thursday of the month in which representatives of all concerned departments viz. Mining, PWD, IPH, Forest etc. participate along with the SDM and representatives of Himparivesh. SDM also seeks the status of progress made during the past month by all these departments. However, not much results have been achieved out of this process and other efforts to rein in mining in the area, primarily due to lack of

deterrent legal action and public support. Despite this status, Himparivesh intends to continuously work towards a solution to the problem, the gravity of which would dawn upon the public and government in due course of time.