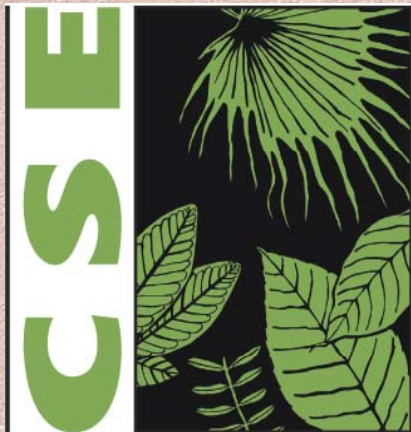


# Sharing the Wealth of Minerals

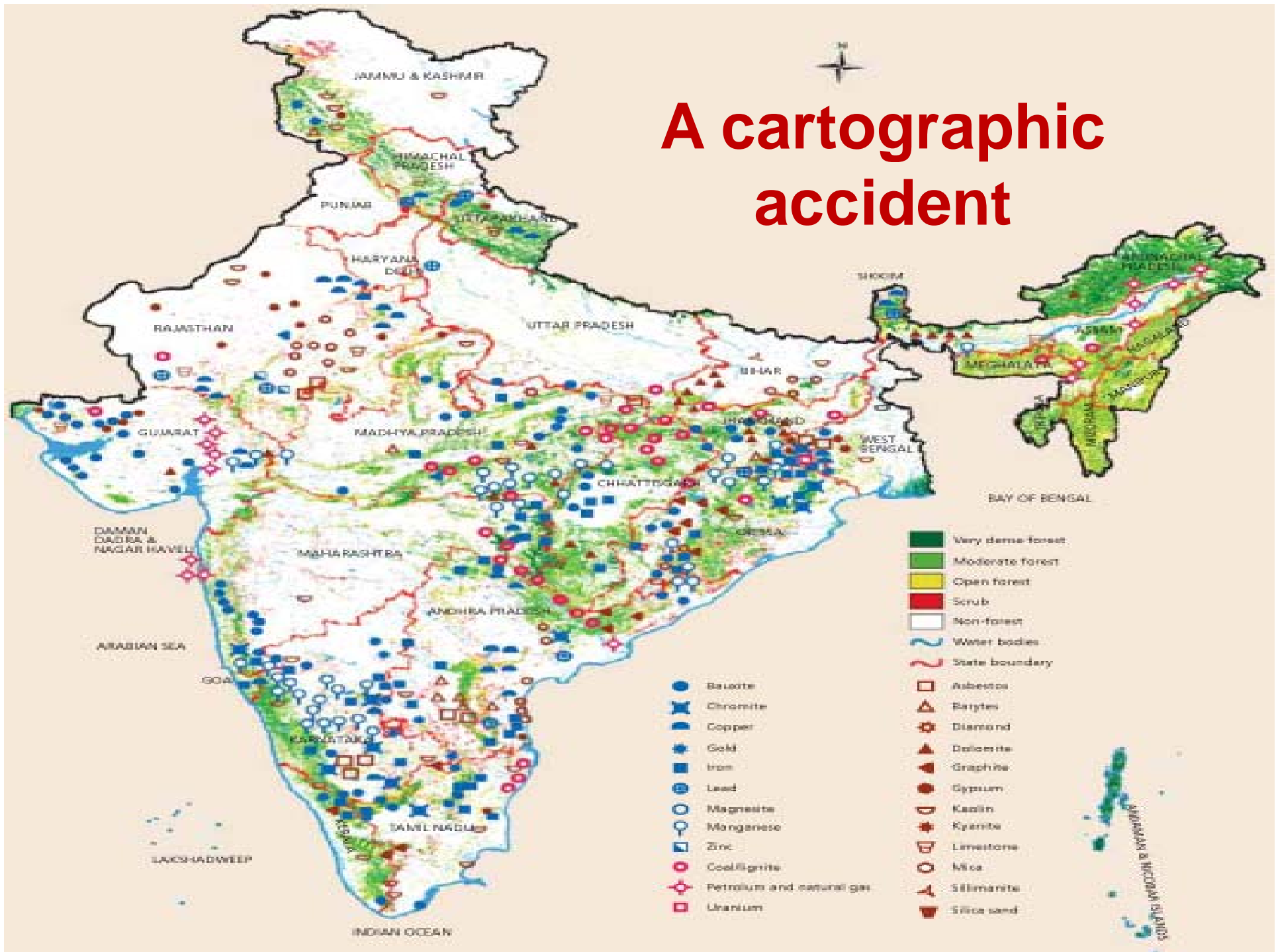
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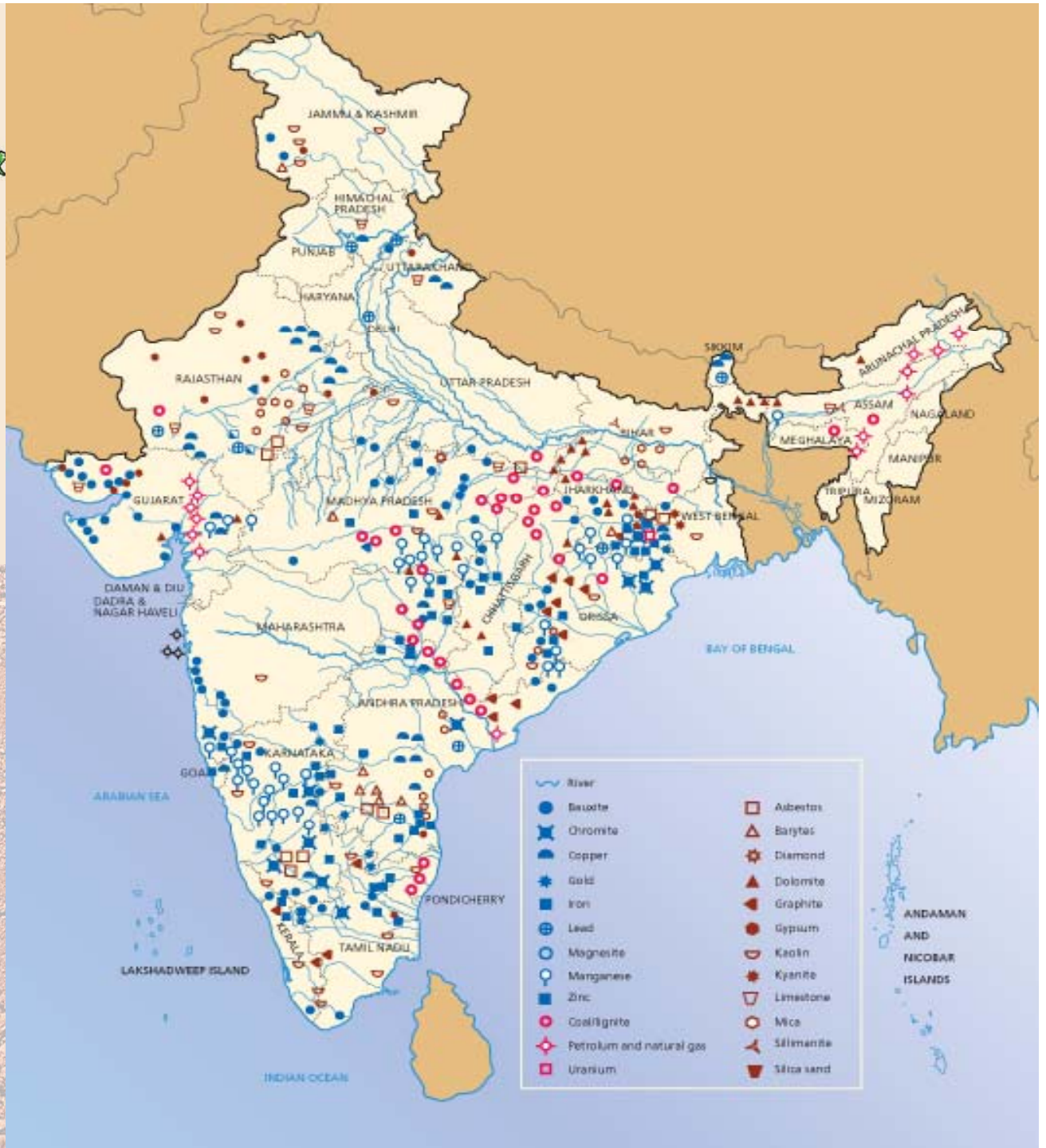
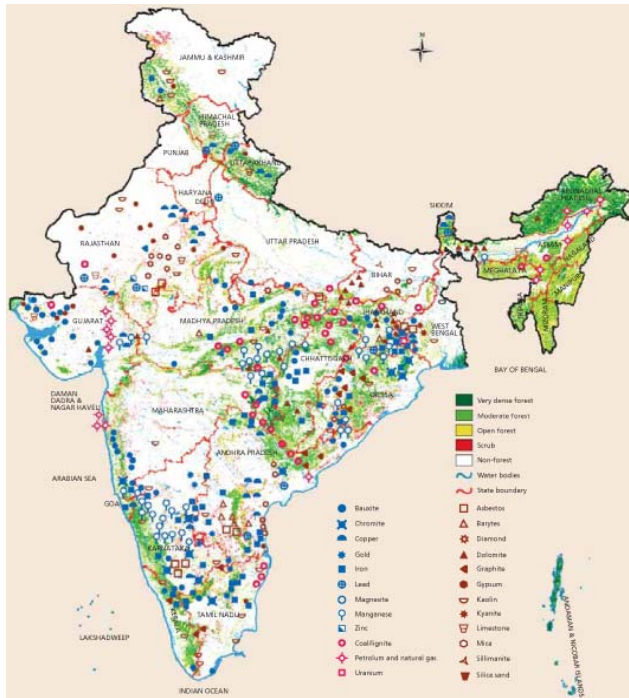


Chandra Bhushan  
Deputy Director General

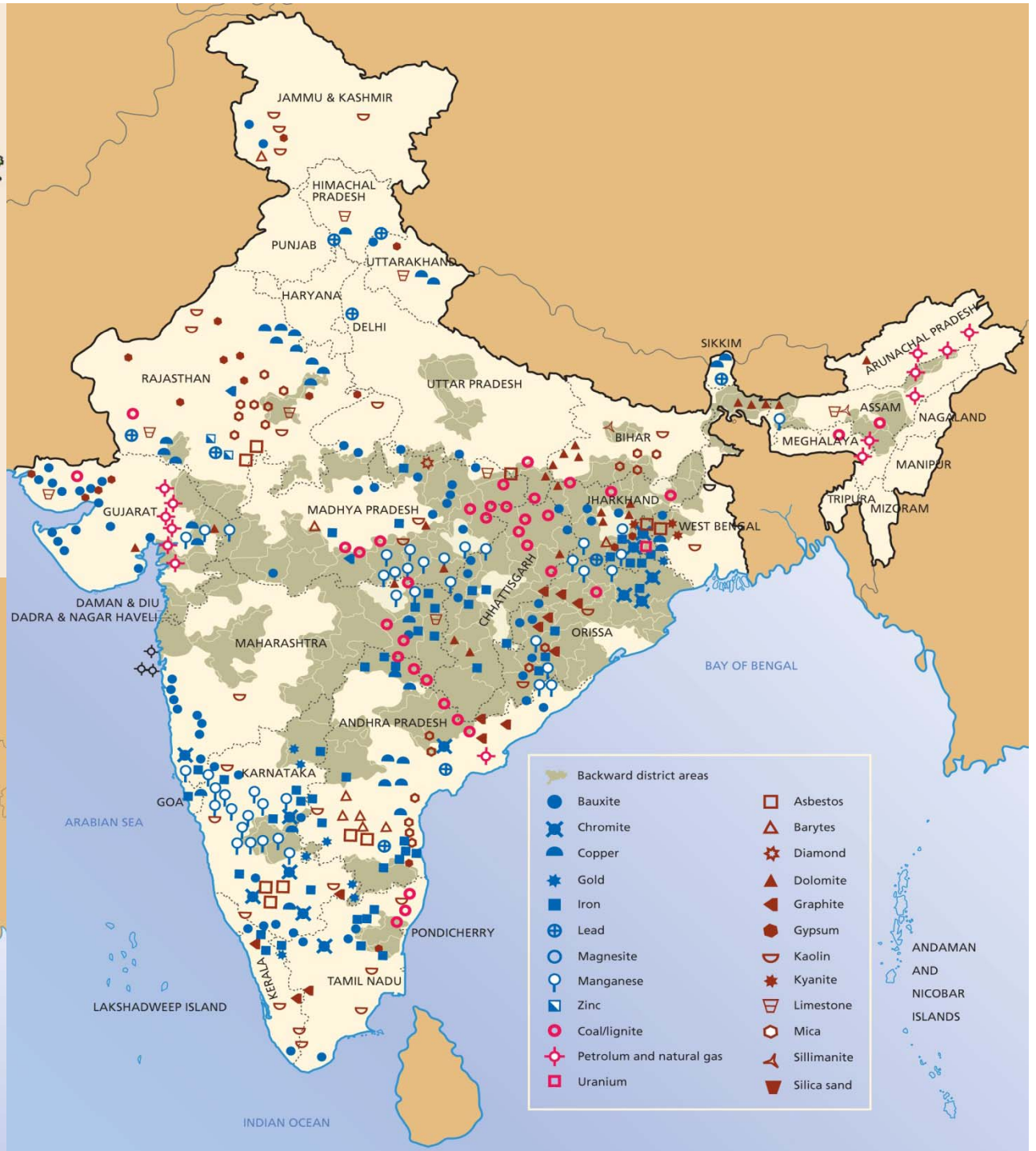
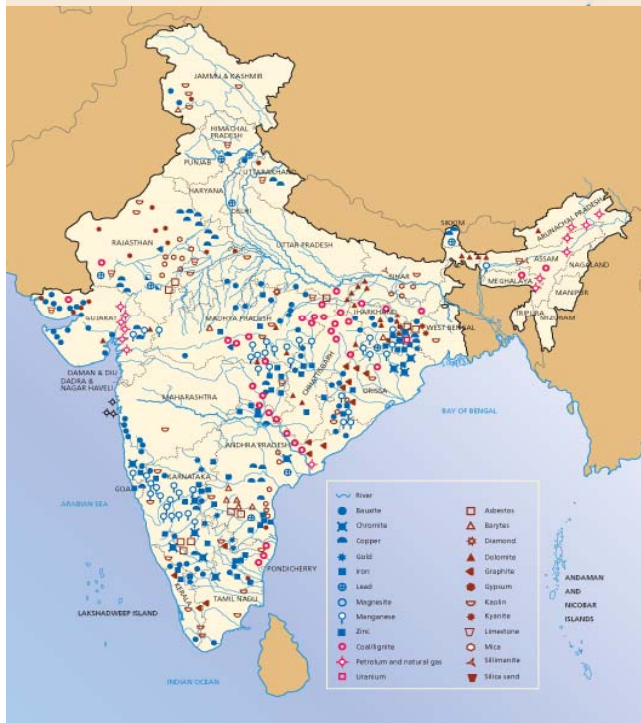
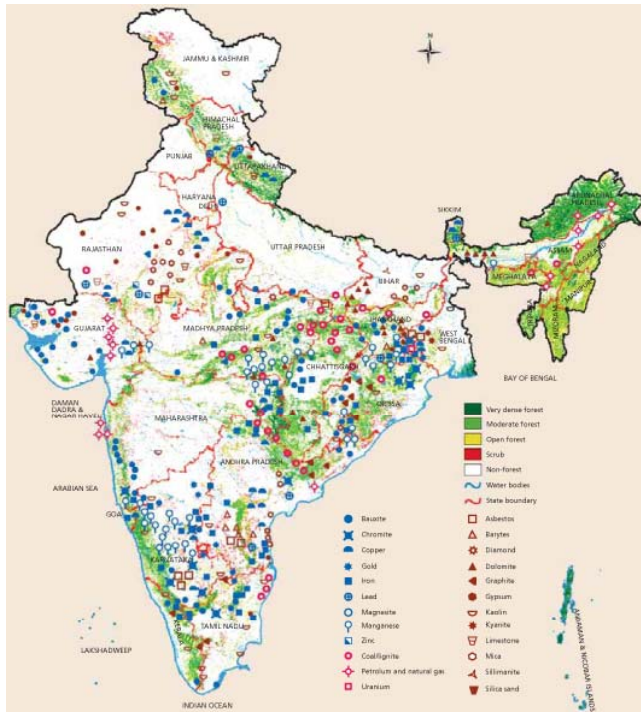


# A cartographic accident

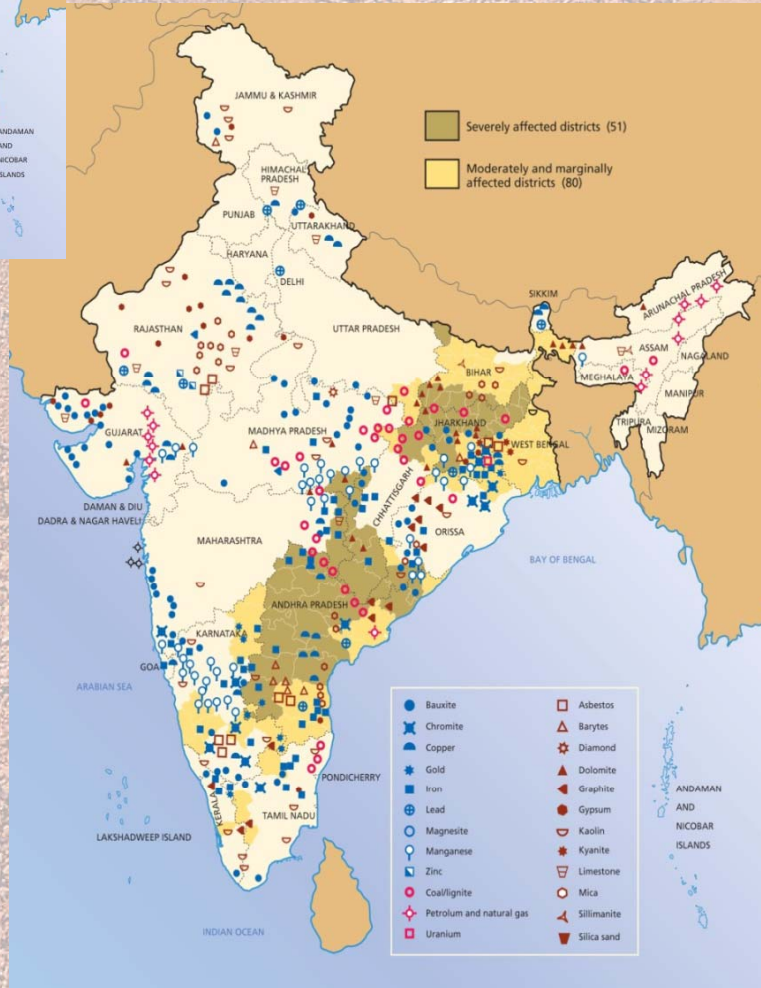
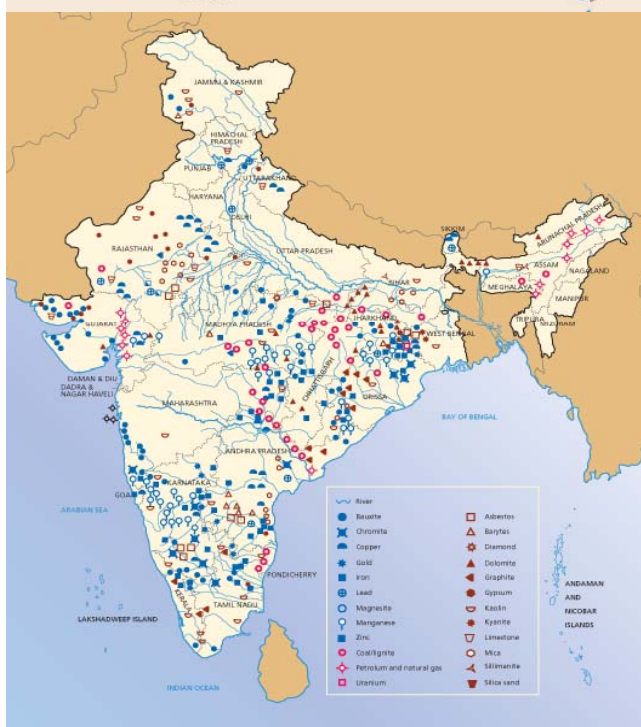
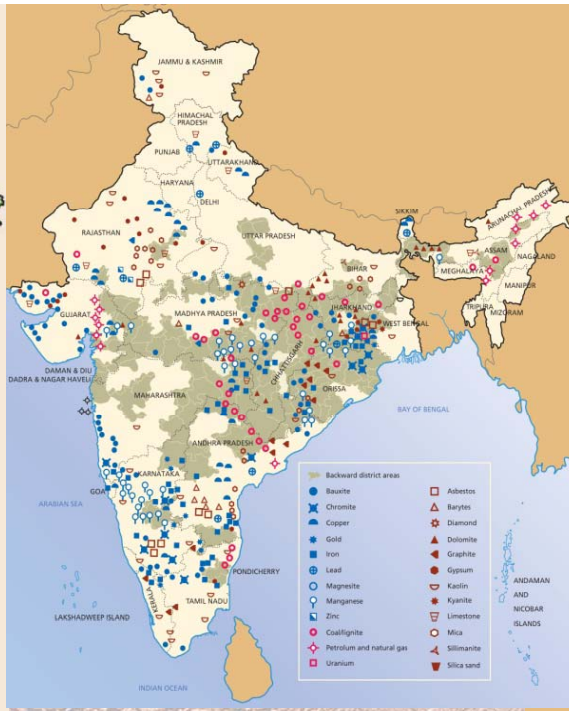
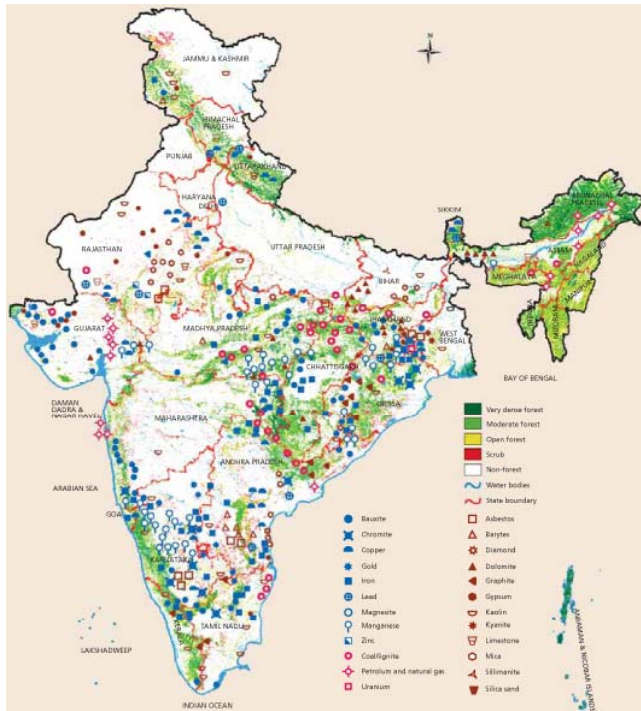




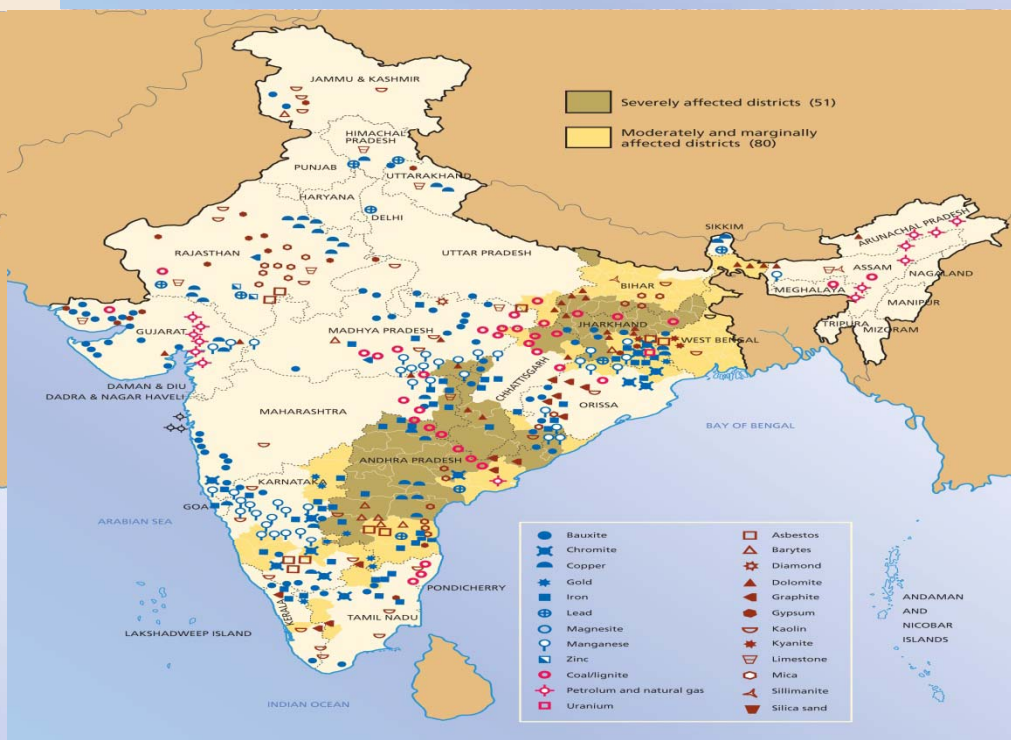
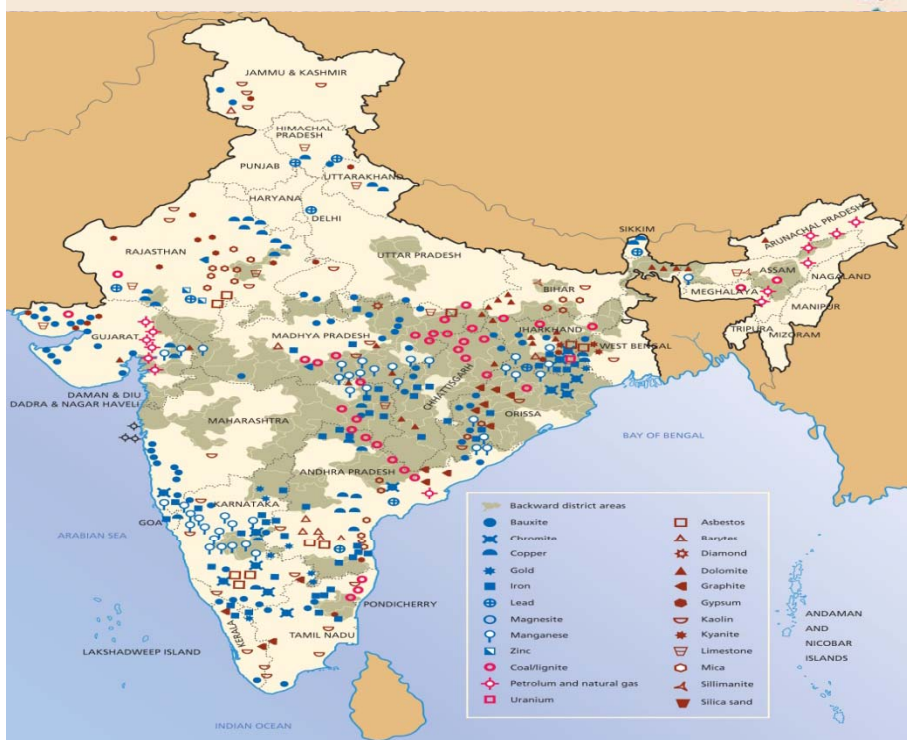
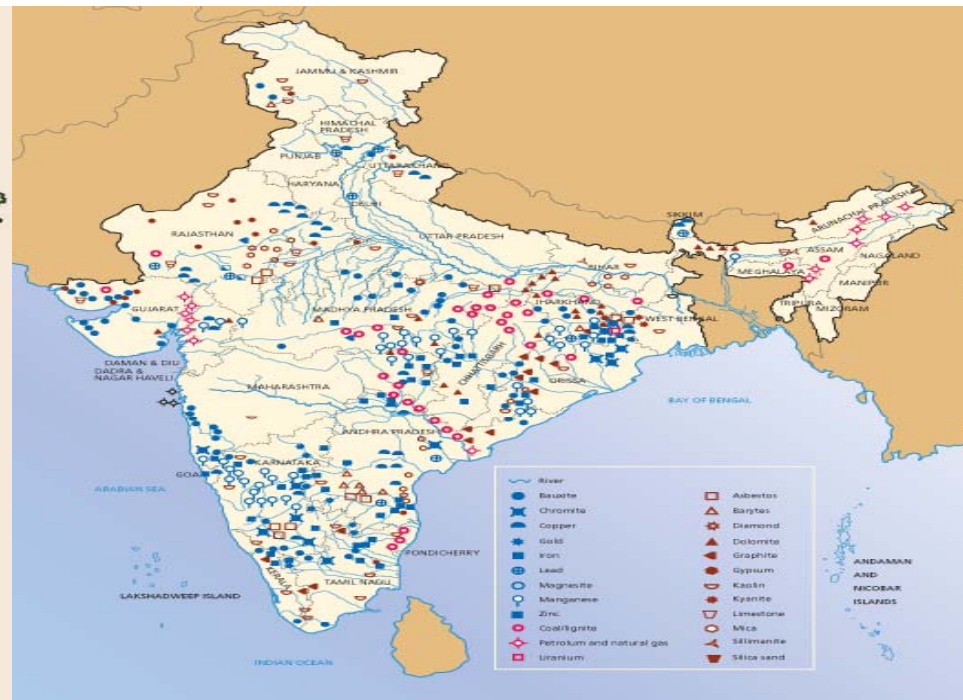
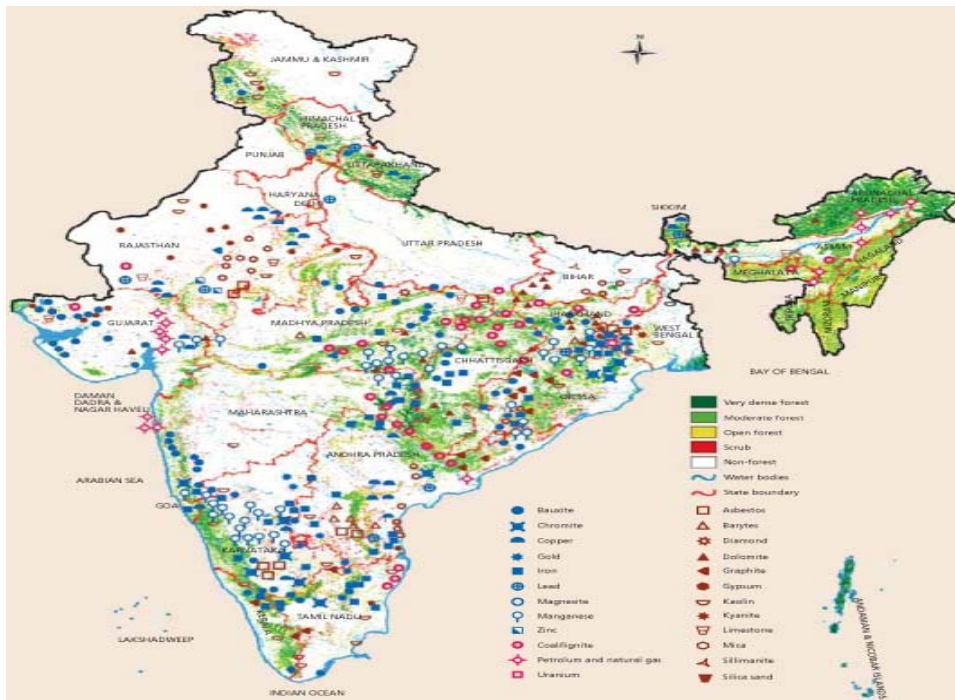














State of India's **6**  
ENVIRONMENT  
A CITIZENS' REPORT

# RICH LANDS POOR PEOPLE

IS 'SUSTAINABLE' MINING POSSIBLE?

The  
resource  
curse



# Rich Land, Poor People

- India's mineral rich states and districts are the poorest.
- Nearly 40% of people are BPL in the major mining states of Jharkhand, Chhattisgarh and Odisha; much higher than the national average 21.92%.
- The erstwhile Planning Commission has identified 15 districts in Chhattisgarh as backward, while for Jharkhand it is 19 and Odisha it is 27.
- Despite being the most mineral rich state in the country, except Dhanbad and Ranchi, almost all mineral rich districts of Jharkhand have been identified as backward.



# Rich Land, Poor People

- Keonjhar (Odisha) producing more than 20% of India's iron ore- has about 60% of its population below poverty line, only 39 % of the population has access to safe drinking water (state average about 63%).
- Koraput (Odisha) producing about 40% of India's bauxite, has more than 75% of its population living below poverty line.
- Dantewada (Chhattisgarh): The major iron ore mining district in the state, having deposits of 3,000 lakh tonnes, has only 53% of households with access to safe drinking water (state average: 71 per cent). Stands seventh among the 150 most backward districts in the country.



# Tribals the worst affected

- Nearly 90% of India's 104.3 million tribal population live in rural areas, often covered by forestlands and with rich mineral reserves.
- About 90% of India's coal and nearly 80% of its other major minerals are found in tribal areas.
- However,
  - In Odisha, more than 75% of the rural tribal people are below the poverty line.
  - In Jharkhand, Chhattisgarh and Madhya Pradesh it is typically about 55%



# Dispossessed and Displaced

- Between 1950 and 1991, mining is estimated to have displaced close to two million people in the country.
- The trend continues till date. An analysis done by CSE based on environmental clearances given to various mining projects over the past eight years, shows that such projects can potentially displace more than eight lakh people (still a gross underestimation).



# Sharing the wealth of minerals

- People in the mining areas cannot be left only to bear the costs; must be made partners in sharing the benefits of mining activities.
- A fair and substantial share must go to the local communities, not just for their present benefit, but also for future security.
- Benefit sharing should be an inclusive process- people affected must have a say about how and where they need to be benefitted.



# Global practices on profit sharing with communities

- **Papua New Guinea's Mining Act 1992**-- provision for establishing a Development Forum to consult affected people and decide on a profit sharing mechanism.
- Community negotiates and therefore, profit sharing provisions varies from mine to mine.
- The Act also makes provision for the mining companies to share at least 20 per cent of royalty payments with the landowners of the affected area



# Global practices on profit sharing with communities

- **Canada** makes special provisions for aboriginals and land owned by them (similar to schedule V and VI areas in India).
- Land Claim Agreements (LCAs) grant special mining rights to aboriginals and define the area for them and mineral rights.
- There is a royalty sharing provision in the LCA where the government is to pay them 5% of the royalties.
- Impact Benefit Agreements with companies – negotiated on case by case basis.



# Global practices on profit sharing with communities

- **Australia** is another country that recognises the special rights of aboriginals.
- Under the Land Rights Act, an Aboriginal Benefit Reserve (ABR) is established by the state government which receives and disburses the mining royalties.
- Under the Native Title Act, people are given the right to enter into negotiations with the mining companies. Indigenous Land Use Agreements are signed, which are legally binding for the parties, and include provisions for benefit sharing.



# Global practices on profit sharing with communities

- **South Africa's** Mineral and Petroleum Resources Development Act, 2002 grants communities the 'preferential right' to prospect/mine on land owned by them. They use this 'preferential right' to negotiate benefit sharing with companies.
- **Alaska** give US\$ 1000/ annum to every person as part of profit sharing from petroleum exploitation



# Profit Sharing

## How it evolved in India

- The Mines and Minerals (Development and Regulation) Act (MMDR), 1957- the central mining legislation did not have any provision of benefit sharing.
- Discussion for mining sector regulatory reform in such aspects started with the *Report of the High Level Committee on National Mineral Policy* (Hoda Committee) in 2006. The report asked for improving the **social and economic status of mining affected communities**.
- In 2008, CSE published *Rich Land Poor People: Is Sustainable Mining Possible?*. It brought out the ironic dichotomy in mining wherein the poorest people live on the richest land and **recommended profit-sharing**.



# Profit Sharing

## How it evolved in India

- 2008-2011: Stakeholder consultation across the country to replace MMDR Act, 1957
- The MMDR Bill, 2011 drafted to replace the MMDR Act 1957; Introduced District Mineral Foundation to share profits from mining (*bill lapsed in February 2014*)
- The Mines and Minerals (Development and Regulation) Amendment Act, 2015 (enacted in March); retained the provision of District Mineral Foundation for sharing the mineral wealth with communities in the mining areas.





# The opening of a new frontier

***A window of opportunity  
yet a new challenge***