



Interdiction Of Mining Activity Effects On Hunter Economy And Livelihood Of Bellary District

Dr.Basavaraj s. sajjan

Guest faculty

Department of economics

Akkamahadevi University

p.g.centre sindhnur.

Abstract

Historically, the extraction of mineral reserves has always resulted in varying degrees of environmental resource degradation and social impacts, including displacement, all across the globe, even though the mining activity plays very vital role as for as development of the country was concerned. Whilst acknowledging that no mining can be entirely free of all negative impacts, there is sufficient ground to suggest that all-round performance on this subject in the mining sector needs to be urgently and substantially improved in the country. So there is a need for sustainable development in mining. As the mining activity of the Bellary district was concerned, the Supreme Court gave a major judgment on illegal mining activities in the district on the basis of lokayukta report of the Karnataka state; this may impact on the district economy and lively hood.

Keywords: mining, economic development, impacts, livelihood

Introduction:

The Bellary district has a very rich in mineral resources. The district economy mainly dependent on the mining sector. But in the pre mining period the district economy was depended on the agriculture and allied activities. But when the mining boom took rush in to the Indian mining sector in 2005-06 because of china demand the district took a boost to its mining sector. And this leads to people got more opportunities in the mining sector, and slowly primary sector lose its importance some later days. The impact of the mining people of the area lead high standard of living because of the development and increasing in their income.

But some later days, economy took a reverse path because of the illegal mining in the district. And this leads to government and Supreme Court appointed the lokayukta for control the illegalities in the district mining sector and this leads to the district economy comes down, because of the controlling of the illegalities in the district mining sector. Most of the mines were shut down, and people lose their jobs, and income. This may impacted on the local livelihoods.

The government appointed the lokayukta for control the illegalities on the on the grounds of many commission's recommendations, and one of the commission, The Hoda Commission, [1] in their review the National Mineral Policy recommended that apart from introducing best practices in implementation of environment management, there was also a need to take into account the Global trends in sustainable developments. The High Level Committee specifically studied the impact of mineral development with the need to develop principles in mining, best practices, and reporting standards which may be measured objectively. In their assessment the High Level Committee relied quite extensively on the Sustainable Development Framework (SDF) modeled by International Council of Mining and Metals (ICMM) International Union for the Conservation of Nature and Natural Resources (IUCN). The committee accordingly recommended development of an SDF specially tailored to the Indian context taking into account the work done and being done in ICMM & IUCN. The SDF was to comprise principles, reporting initiatives and good practice guidelines.

Here is the paper discussing the issues regarding the mining sector in Bellary district, and after the ban of mining activity what are the issues arose in the mining oriented area

In the mining boom period there was a need to implement the sustainable policy measures in mining sector. But the government has banned the mining activity from some years. In this regards what are the issues were undertaken in the district and how the situation was differed as earlier, these points are focused here.

Sustainable development in mining:

A working definition for 'Sustainable Development' in the mining sector was outlined, based on consultation with sector experts, secondary sources on the subject and the Indian context. The definition provided the framework and boundaries for the ERM team to analyse and prioritise issues while developing the SDF.

"Mining that is financially viable; socially responsible; environmentally, technically and scientifically sound; with a long term view of development; uses mineral resources optimally; and, ensures sustainable post-closure land uses. Also one based on creating long-term, genuine, mutually beneficial partnerships between government, communities and miners, based on integrity, cooperation and transparency".

A further clarification of some terms is given below to more fully illustrate and define the task at hand.

- A) **Socially responsible:** mining operations that have a broad-based social license to operate-creating lasting social and economic wealth- which will outlast the life of the mine.
- B) **Environmentally, technically and scientifically sound:** implying proper management of natural resources
- C) **Long term view of development:** as opposed to a short operational point of view (ref- mine closure, rehabilitation, later development,) one that goes beyond the life of the mine
- D) **Uses mineral resources optimally:** with reference to the Mineral Conservation and Development Rules, 1988 (MCDR), for conservation and systematic development of minerals

Even as the concepts of Sustainable Development weave through the entire set of processes and functions in the mining sector, the provisions in this document alone cannot address all the issues afflicting the sector today. Overall progress of the sector based on Sustainable Development principles will essentially have to include reform in other areas of functioning that are not within the mandate of this exercise.

Underlying assumptions, implicit in adopting a sustainable development approach, include ethical functioning in all aspects of business and governance. This in turn, assumes not only material compliance to applicable law and regulations, but also respect for the regulatory and governance related processes, in their spirit. Whilst harder to implement and monitor, this is in effect the internal guiding factor for a fuller integration of sustainable development in practice.

Requirement of mining for the country's economy:

Minerals are the main consequences of the any developing economy. Mineral exploitation (mining) is second only to agriculture as the world's oldest and most important industry. Mineral and mineral-based products are an integral part of the economic and social fabric of modern society. Minerals are the basic inputs for the production of metals, ceramics, fertilizers, pharmaceuticals, chemicals, electronic items and a wide variety of other vital industries and products. Minerals also constitute fuel for us. Some such minerals are coal, lignite, oil and natural gas. They are equally essential for the sustenance of life.

Mining being a basic industry, its progress is very important for an overall industrial growth of the nation. The booming population stretches the natural resources beyond the capability. The resultant deterioration of the environment and fast depletion of the natural resources threatens the sustainability of economic development. One of the most complex challenges facing our generation is to search and evolve a workable synthesis between economic and environmental realities [2]

As for as India was concerned, mining plays very vital role as for as development of the economy was concerned. Here is the India having a second highest producer of the iron ore in the whole world. In this contribution the Bellary district of Karnataka state contributes the 75% of the iron ore production. Here is the production of iron ore from Bellary take a boom in the period of china Olympics. In this time china demand more iron ore from India. As this was cause for the rush took place in the economy of the Bellary district as well as Karnataka. And most of the opportunities were created because of the rush in the iron ore production. This may cause for changes took place in the standard of living of the people of the area. In this time the whole Bellary district take a sudden rush in production of iron ore was concerned. During the period of boom period of mining 2001-2008 the people of the area got more opportunities as their earning was concerned. And this was also cause for the more demand for the workers for production process and as well as it was good opportunity to migrant workers from the other states, like, Andhra Pradesh, Tamilnadu, Orissa, Gujarat, Maharashtra, etc.they got employment opportunities in many sectors and allied mining activities.

In the same time they were paid salary in terms of rupees in many ways like wage, salary, travelling allowance, dearness allowance and in many ways. And that quantity should have handsome manner. So the people got almost double, sometimes terrible because of their demand in production process of the hunter economy of the Bellary.

Mining is one of the major components of development of any country. According to the proponents, mining leads to economic expansion and decreasing poverty [3].

They especially regard the following aspects as economic advantages:

1. Higher tax incomes for states, thanks to mining activity.
2. Improving services and increasing employment in local communities.
3. The raised demand for goods and services makes the economy of local communities thrive.

More critical accounts, however, doubt that mining is prosperous to local communities state that:

1. The costs and profits of mining are not fairly distributed and in many cases the profits even don't live up to the costs, as a result of the enormous passive social and ecological costs.
2. Private enterprises make profits, but the agricultural communities have to bear the (passive) costs.
3. The local economies are seriously disturbed, by e.g. the dutch disease effect, a macro-economic phenomenon which occurs when foreign currencies gain by the extraction of natural resources. In many cases the contribution of mining to a micro-economic situation, then, in a global perspective, is rather negative than positive.
4. Pollution of the environment means a serious threat to the ecosystem and the health of the local communities, with grave consequences for the farmers, who depend on agriculture.
5. On a global level, it is in just that natural resources which actually belong to the South, produce enormous profits for western enterprises and shareholders in the North and merely a very small percentage remains as 'royalties' for the local communities. The well-known story about the colonization of the South just goes on, but on a much larger scale today than centuries ago.

Timeline as concerned to Bellary mining:

The Bellary has a richest mineral resource in the state of Karnataka. The district economy mainly dependent on the mining industry in that particular area. But in the pre mining period the district economy mainly dependent on the agriculture and allied activities, when mining boom was started the district economy sudden rush in to mining activities, most of the people of the area getting more opportunities in the mining sector. And even though the formers of the area also sold their fields because of the high value for their lands. The land values almost double in that period. So this is cause to production of agriculture of the area was decreased. As the data given below shows the how the mining activities of the Bellary district moved on.

2003: china boom begins

2003: Karnataka de-reserves 1,162,000 hectares for private mining

2004: report of the national environmental engineering research institute on planning and management of scientific mining in Karnataka .report gathers dust

2005-10: demand peaks. Reckless mining and export begins. Loss to state -Rs.16, 085 crore (160.85 billion)

2006: state government appointed justice U.L.Bhatt commission to probe illegal mining. No significant result.

2007: investigation goes to the Lokayukta

2008: lokayukta justice Santosh hedge submits first report on mining irregularities. Indicts B.S.Yadyurappa and many senior officials and companies. Government ignores the report.

2009 Non-profit Samaj Parivartana Samudaya files petition in Supreme Court

2010 Supreme Court asks CEC to investigate. Karnataka bans export of iron ore

2011 CEC submits interim report. Lokayukta submits its second report. Then chief minister yadurappa quits. Supreme court imposes ban on mining, first in bellary,then extended it to chitradurga and tumkur. NMDC exempted. CBI arrests gali janardhan reddy for illegal mining.

2012: Supreme Court allows 18 mines to resume operation

April 18, 2013: allows 90 mines to operate. Cancels 51 leases. Suspends 7. Capacity production t 30 million tonnes per annum

Economy of mining in Karnataka:

Karnataka is the one of the major state in contribution of the national income of the country. As this was concerned the mining sector gives the major portion to in the total contribution. Most the mines of Karnataka were existed in the Bellary district only. So the economy of the district called as mining economy. [4]

And as this was taken in to account on the basis of below points, the Bellary mining gives a major contribution to the countries national income.

- Net Present Value Rs 800,000-100, 00, 00/ha of forest land diverted for non-forest purpose. This is a one-time payment
- Afforestation cost: Rs 125,000 /ha. For this mine owner identifies revenue land equal to lease area. The forest department does afforestation
- Safety zone: Rs 125,000 lakh/ha. Miners have to develop a 7.5-metre green belt along the boundary of the lease inside the lease area
- Royalty: 10 per cent of the net sales value. This was abysmally small till 2008 at Rs 19 per tonne of fines and Rs 27 per tonne of lumps
- Forest Development Tax: 12 per cent of net sales value. The tax was introduced in 2008. Mining companies moved the high court, which ordered to pay 6 per cent tax till the case is finalised. Case pending.
- Value added tax: 2 per cent of net sales value
- Production cost/tonne: Rs 300
- Average price of iron ore/tonne: Rs 2,500
- Profit calculated:500-600%
- After starting e-auction in 2011, royalty, FDT and VAT have been transferred to buyers

A Bellary without mining:

as per the many reports Bellary globally known for the mineral deposits as well as mineral extraction and transport even though may officials says the ban did not affect the district's economy much. Bellary has been an agrarian economy. At the time of the ban, some 10,300 people were employed in 70 active mines in the district. After companies retrenched workers, local residents who had joined the mining force returned to their traditional livelihoods. The state also did not incur any

revenue loss during the ban. "Instead, revenue increased even when production came down," says, director of the states mines department in Bengaluru. Before the ban, IBM decided the price of iron ore and it used be around Rs 1,300 a tonne, he says. Since the ban, sale is done through e-auction by the monitoring committee and the rate was fixed by NMDC.

"Average price rose to Rs 2,500 a tonne," explains Srinivasa, who is also the convener of the committee.

Transport was the sector severely hit by the ban. Many had bought tipper trucks on credit during the boom to transport ore to ports in other states. "Every tipper truck employed at least three people," says president of Hospet Truckers Association.

With the ban about 3,000 tipper trucks are now lying idle. Repaying has become difficult the owners and banks have started loan recovery procedures. In the last 20 months, in the absence of reckless mining, forests and streams have started showing healthy signs. "We have spotted a few sloth bears and a rare species of snake that was seen in India only once before," says, deputy conservator of forests. Despite the court's approval, it will not be easy for many companies to resume mining since they are fighting criminal cases in lower courts among themselves. The CBI is also investigating a few case related to illegal mining.

The court has clearly said its judgment will not affect the ongoing investigations. The petitioners also plan to approach the court again to review the judgment. They had asked for legal actions against all those involved in illegal mining, including those named in Lokayukta's reports, and had prayed for two independent committees, one with powers to prosecute and the other with expertise to monitor R&R plan and SPV.

How the Bellary mining ban will impact thousands of families

As discussing above the situation was change suddenly when the Supreme Court banned the mining activities in the district in 2008. As suggestion of lokayukta report 2008 the santosh hedge submitted the report on the mining of Bellary district in June 2008. The report said that the mining activity of the Bellary district have a many illegalities in the mining production in the particular area. And mining activity also main cause for the environmental loss, reducing in government revenue, forest loss, and many things in the particular area, so the mining activity of the Bellary district should be ban for certain years. And after that mining licenses should be give for legally mined owners. As these suggestions the Supreme Court banned the mining activity in the Bellary district and appoints the many officials for enquiring the mining situations in the study area. So this may big break up for

the hunter economy of the Bellary district. Along with banned the mining activities the district lose the revenue as well as employment opportunities and many more. This was cause for the many problems and issues arose in the Bellary district. Those were discussing in below.

1] Farmers sold fields, invested in mines:

The district economy mainly dependent on the agriculture and allied activities in the pre mining period. Most of the people dependent on the agriculture as for as their employment opportunities were concerned. Around 65% of the people dependent on the agriculture sector even though mining sector also co- existing. But the when mining boom was started the agriculture lose its importance in the district economy. Most of the people got opportunities in mining sector for its high financial benefits. Most of the people drained agriculture sector to mining sector. Even though the agriculture having its limited importance in that particular period. But when mining boom period was started more demand for iron ore from china, most of the agriculturists also turned as mining owners. Most of the farmers sold their lands for the mining activity because of its high value for agriculture land. The mining owners and business tycoon's fixed handsome almost high rates for agricultural lands compare to as earlier value. And this was the main reason for the agriculture loses its importance in the district. When the land value was hike most of the farmers and agriculturists sold their lands for mining activity. It was cause for the agriculture land turned as barren land in the district. After the mining activity the agriculture land was turned as barren land. There was no chance to do agriculture after the mining activity. And seriously it was affected on the production of the agriculture of the district economy. Now a day the most of the land was turned as barren land because of the mining activity. After the ban of the mining activity in the district the farmers of the area thinking of the agriculture. Because mining sector also thrown out them outside. So the farmers situations also very critical in the district.

2] Companies affected:

The district has a many companies most of the companies were industrial sector based companies. The industrial sector of the district was mainly dependent on the mining sector. Because most of the industries of the district were dependent on the district mining production for their raw materials. One of the major industry Jindal Steel (steel factory) has permission to produce 10 million metric tonnes in a year. There are ancillary units too, attached to the work of Jindal's steel factory, Thousands would be thrown out of work if Jindal shuts production. This was because of the lack of

raw material. When the mining was banned in the district it affects on the production of Jindal Steel Works too. Because the Jindal was mainly dependent on the district iron ore production for its raw materials. In the period of mining ban period the Jindal was have a sufficient stock yard for the raw material for its production. And it stocked raw iron ore for four years production. But after this stock it was go ahead to stop its production and shut down. And it will affect the hunter economy of the Bellary district.

And another one BMM Ispat (steel factory) also situated in Mariyammanahalli near Hospet, it is the second-largest steel plant in the district, after Jindal. Over 1,000 people are employed here. This was also facing the problem as for as production process was concerned after the banned the mining activity in the district.

And another one MSPL also a large firm that has acquired 1,000 acres of land in Koppal district recently. Workers here fear retrenchment. Kalyani Steels, situated in Koppal this firm is dependent on iron ore from Bellary, and could shut. There are more than 250 sponge iron-ore factories in Bellary which already face shortage of ore. And they were moving towards the shutting down there shutters in come forth days.

3] Migrants support families elsewhere:

The ban of the mining activity has affected the many migrant people throughout the country. When the boom period most of the people got their jobs in the production process of the mining industry. But after the banned mining activity in the district most of the people have thrown out from their jobs and now they were unemployed and they do not know other employment in any sector. Bellary district CPI (M) secretary U Basavaraju, said, "The Supreme Court order is welcome. We need to conserve our resources for generations still to come. Mining is an activity that the government should undertake of its own."

4] Firms in trouble:

Mining ban also affect on the local mining firms. The local mining firm owners have took the lands for their mining activity in the boom mining period Nearly 20,898 hectares of land have been taken over by iron ore mines in Bellary. While mining leases have been granted to nearly 200 firms, there are about 150 active mining companies. Now they are thinking about their production and how to make profit from the land those which was took by them in the mining boom period. Because the

production of the firms have been stopped by the Supreme Court decision. The investments of the firms have been totally turned as dead investment.

5] The question of “What next?”

After banned mining activity in the particular area what next? The question that those engaged in mining activities or related businesses are asking. Most of the business men were dependent on the mining workers for their business, but after the banned the mining most of the workers were moved their home cities and most of were displaced; now the area’s business men asking question what next?

6] There was a question of what the Future Holds for Indian Iron Ore Mining

The iron ore mining was losing its importance as future hold was concerned. As this the Metal Miner welcomes guest contributor Rahul Jalan, a Chennai-based senior research analyst in metals for Beroe, Inc. who tracks the global steel and rare earths supply chain and analyzes global procurement developments to help develop procurement solutions for the company. Beroe specializes in providing procurement intelligence for a broad swath of industries, enabling buyers’ decision-making. To overcome the current situation, steel plants depending on Bellary ore mines are now considering getting ores from other states such as Orissa. However, the landing prices in Orissa are more than INR 9,000 per ton, two times more than that in Karnataka. This will in turn lead to production cost increases of more than 25 percent, roughly INR 2,000 per ton.

So, the Bellary mines ban will either force steel plants to temporarily shut down or run at reduced utilization rates, as they can’t use the low-grade ore from Goa. Bringing in the required quantities from Jharkhand and Chhattisgarh will lead to increases in cost structures, as the high transport costs make that commercially unfeasible in the current climate of weak steel demand.

If the ban continues longer, mining activities may come to halt for the moment. This may force miners to form alliances with steel mills for setting up processing plants for converting low-grade iron ore into lumps.

The mining giants Rio Tinto, BHP Billiton and Vale are looking to utilize this opportunity to strengthen the iron ore export industry, which is expected to boom for the next five to ten years. The steelmaking cost for Karnataka’s steel mills such as JSW Steel, on the other hand, has increased by

more than US \$30 per ton during the last quarter (July-September 2011) and the cost is expected to rise in the coming months if the ban continues.

The Indian government has to establish a technically competent and independent regulator for drawing up the necessary regulations and enforcing them strictly, which will de-politicize the sector and minimize violations of environment laws and rights of the tribal people. The government also has to ensure that its policy framework attracts large, organized, technologically well-equipped and socially and environmentally conscious mining companies. If the government fails in bringing up a new, attractive and viable policy immediately, the country may lose its position as the world's No. 3 iron ore exporter [5]

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