

Small-scale Mining and Rural Employment Generation: Some New Perspectives

Ancient Practice of Diamond Exploration

Given the increasing and renewed interest in diamond exploration, the very significant role formerly played by India as the sole producer of diamonds for over 2000 years, and the extent of employment it generated in the past indicates the potential of the diamond mining industry.

Mining of diamonds being mostly confined to surface and the process involved in turning over the alluvium accumulated in the deltaic regions of rivers flowing through the diamond-bearing country, it seems worthwhile to adopt a simple procedure of recovery of alluvial diamonds employing a large number of currently jobless rural youth – both men and women.

Panchayats to be Empowered with Leasing and Collection of Revenue

Such ventures will no doubt need new skills and workers have to undergo a preliminary course of training imparted by experts invited from abroad (from countries like South Africa) with suitable practical experience. Such short-term training course would impart training in modern techniques in alluvial diamond prospecting and exploitation. The trained persons could later form into groups of smaller companies and take over the exploration and exploitation. By so doing a considerable employment potential can be generated and a resource presently lying idle, utilized. The existing mining laws will have to be amended so that the land-owners receive a fair share of the value of the mineral produced. Such empowerment of rural labour would probably greatly assist in reducing the labour and tribal unrest and the naxalite menace which are raising their ugly head in many rural parts.

The initiation of small-scale projects under the control of local *panchayats* is an experiment worth trying in the alluvial tracts of rivers Krishna, Godavari, Mahanadi and Pennar. In the case of mineral resources other than diamond like industrial and construction materials, land owners should have the right not only over the surface, but a claim on the resource lying below the ground. Where large extents of land are acquired for mining purposes, it is not fair to pay only a nominal amount for surface rights and denying to the land-owner a share in the wealth below ground being exploited. In all such cases, companies acquiring the land should pay the land owners compensation commensurate with the value of the mineral exploited. The land owner should also receive an annual return, a percentage of the sale value of the mineral or metal produced and utilized.

South Africa, in recent years, has taken a step in the right direction by forming a Small Business Bureau for providing its countrymen with mining and small business opportunities.

One of the recent projects is the investigation of alluvial diamond occurrences in the North West Province of that country (*see Geological Society of South Africa Quarterly News Bulletin*, v.48, 4 Dec.2005, p.4).

Under the scheme posters of general information are presented and lectures given on the different categories of industrial and construction commodities in the Taluk or District. The rural folks are thus made aware of the potential of the resource(s) existing in their land and are encouraged to come forward in their exploitation in the small-scale mining sector. Maps showing the extent of land covered by mineral deposits of the taluk are compiled by the Geological Survey Department are distributed. Illustrative photographs and drawings are exhibited by a projector and a general account of the opportunities and challenges facing the small-scale ventures explained to the farmers. The teaching staff of universities and voluntary agencies are involved in this rural educative effort.

Recollection of a Similar Working Scheme Initiated in Karnataka

Nearly forty years ago, an experiment was initiated by the Department of Mines and Geology in Karnataka. A new section of the Department was created solely for the development of Minor Minerals in all the districts of the State with specific instructions to prepare cadastral maps, identifying the occurrence of minor minerals like stone quarries, brick kilns and sand used in construction industry in individual land holdings. Permits were given for short periods of one to two years subject to renewal for a further period on satisfactory performance. There was no bureaucratic interference and delay in the grant of permits. As a result, numerous operations being conducted illegally for quarrying building stones especially granites, sandstones, marbles, brick clay, sand, soapstone and other such construction materials were regularized and new concessions were granted on the basis of resources identified. The venture, which started in a small way, developed within a period of two to three years far beyond expectations and scaled newer heights where even multi-national companies with huge resource of capital and latest machinery came forward to organize the stone industry on a larger scale. An export demand was created and the income earned by way of royalty alone ran to several hundred crores, far in excess of the revenue earned on major minerals.

Mineral Industry and Rural Development

In recent years, the Government of India is enthusiastically pushing through schemes of rural development and employment generation. The minor minerals rules could be extended and grant of short term licence permitted with the additional provision that the land owner becomes a partner in the scheme to the extent of land owned by him. The land will be valued in proportion to the mineral wealth below the ground. Being the land-owner, the farmer becomes a part of the venture also and will get annual return out of the profits earned by the company. The State government on its part will transfer the royalty received to the

Village *Panchayat* for taking up development works of the village. Modifications in existing laws if carried out as suggested will give a big boost to this industry and will enable benefits to be shared by all the villagers instead of just a few private individuals, living in mansions in cities.

In the above scheme every *panchayat*, being a group of land owners of the village, will function as a self-governing industrial unit and will not depend on doles from government. The *panchayat* will work out an annual budget of receipts and expenditure to be approved at the annual general meeting and start operating within its framework. A Mining and Small Industries Bureau can be constituted which will act as a facilitator in establishing contacts, in securing environmental clearances and permits from government agencies, and in promoting the development of the rural mining industry. Collection of float iron ore, alluvial gold, alluvial diamond, stone quarrying, brick and pottery making, supplying broken aggregate for road making and railway ballast, sand collection and many other similar small-scale operations can come into existence in most parts of rural India, creating fresh avenues of employment and assuring a fair amount of return on the land as well as labour.

In the present setup in the country, every organization (government or private) is concerned with grabbing the land and its resources and throwing the land owner out to fend for himself denying him any share in the profits in the enterprise.

Cement Industry and its Effect on the Rural Poor

As an example of the exploitation of the rural poor, the cement industry can be cited. In Andhra Pradesh and Karnataka a large number of cement factories have come into existence in recent years, producing millions of tonnes of cement. Raw materials required are mostly limestone, little amounts of clay, sand etc. Large companies employ heavy machinery for mining, material handling eliminating the labour component. The industry wants land for mining limestone, land for constructing its factories, and for mining millions and millions of tonnes of limestone. Large quantities of water badly needed by the community is diverted to the use of the industry. The welfare of the human resources living on the land is, however, none of their concern. Industry makes huge profits from the enterprise and invests money in putting up magnificent mansions in cities while the poor farmer, once owner of the land which provided the limestone does not get anything. According to existing laws the land-owner has no right over the mineral that lies below surface. Water required by him for his daily needs is also drawn by the industry and in its place, dirty and highly polluted water is discharged, ruining the only source of fresh water available to him. Hardly any amount is spent in improving the living conditions of the poor living on the land which is providing all the wealth and are reduced to a pitiable condition living on doles from government. There is something seriously wrong with existing laws which deny the land-owner a share of the runaway profit the industry is making, with all the money being diverted to the growth of cities. Deprived of his land and water, denied employment in the industry, the villager is

forced to migrate to the cities and slave under deplorable conditions. To him, the mineral industry has not brought any benefit.

It stands to reason that a good part of the money earned by the mining industry should be reinvested in the region which provided the resource. If the present law does not permit it, the law should be rewritten to make it mandatory for the industry should pay an annual return to the *panchayat* and provide for the improvement of the land and its people in its neighbourhood.

Ministerial Pronouncements to be Followed by Positive Executive Action

The rhetorical pronouncements of government spokesmen about rural development and employment guarantees should not end up in the same way as the new map policy, which assured release of maps without imposing restrictions. The new mineral policy likewise extended a red carpet and welcomed outsiders to bring new capital and technology but when they came, delayed granting mining leases to them without which no significant advance in mineral development could be effected. Many investors have got disillusioned and backed out. The insensitivity of our administrative machinery is proverbial, How to make the administrative machinery move is the biggest task facing the Statesmen.

The mineral industry cannot make much headway unless the policies of granting mineral concessions are quickened. The current enormous and heart-breaking delays will eventually spell disaster and ruin the industry which should have brought prosperity to the entire neighbourhood. The mineral wealth in the country has brought great prosperity not here at the local level but elsewhere as it has denied benefits to the local people. It is most unfortunate that our leaders, occupying high positions have given least thought to mineral development, their vision apparently does not extend to what lies below ground.

"Both nationally and internationally, participation, equity and community-based natural resource management systems alone will lead the nations of the world towards a durable peace and development" – (Anil Agarwal). It is high time the country and those responsible for its governance take note of this basic fact.

All talk and promises of release of large sums of money without any step being taken for executive action will be of no avail. The rich will continue to get richer and the poor, poorer, creating a lot of unrest in every part of the country. In the euphoria of economic boom and galloping trade indices, the steep economic gradients being generated between the urban-rich and rural poor is glossed over. Mineral industry has a good potential for rationally distributing wealth if proper policies are followed. Great statesmanship on the part of government and intelligent leadership at the local level is called for to see that mineral development benefits the largest number of people.

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