

**GOA MINING:**  
**Sustainable Legal Operations – Not Suspension – the Solution**

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**Introduction**

Over the past six decades, mining has metamorphosed into the backbone of Goa's economy. Apart from directly or indirectly employing a large section of Goa's population, the iron ore industry has benefitted the State (Rs1,250 crores in 2011-12) and the Centre (Rs6,500 crores) immensely through annual royalties and revenues. Due to allegations of improper and illegal mining operations, presently still being probed by the Justice Shah Commission, the State Government suspended all mining operations on 10 September 2012. Reacting to this, on 12 September 2012 the Ministry of Environment and Forests suspended the Environment Clearances of iron ore mines. On 5 October 2012, the Supreme Court reaffirmed the suspension and also banned the transport of all Goan ores as indicted in the preliminary report.

As myths and misconceptions perhaps cloud the actual issues, the Industry felt the need to place the true facts before all stakeholders. This is critical because the lives and livelihoods of one-fourth of Goa's population lies at stake – and if the suspension continues for long, the iron ore industry risks permanently losing its overseas markets, assiduously built up over 60-plus years, apart from the steep loss of revenues for Goa and India.

This document does not wish to condone any indubitable illegality committed by any company in the iron ore sector but simply seeks to place the mining issue in proper perspective so that companies undertaking activities legally are not tainted with the black brush of illegality. It also wishes to place on record the enormous socio-economic impact and the undue hardships and loss the common people are suffering since suspension of mining operations has suddenly snatched their sole means of livelihood. This paper therefore highlights why suspension of mining operations appears to be misplaced and unfair, particularly since the Shah Commission probe is still underway.

Finally, this White Paper presents a sanguine solution to safeguard concerns about the planet as well as the people in order that mining activities could soon resume and continue via legal, sustainable, environmentally-safer operations. This is imperative for the welfare and development of Goa as well as India – because iron ore is a crucial ingredient in the production of steel, without which much of modern-day progress and development would come to an eventual standstill.

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## Overview

As the single-largest employer in the State, mining has transformed the lives of many Goan families by providing steady jobs and a regular source of income, without people having to move out of the State in search of livelihoods. Iron ore also earns the Goan economy enormous foreign exchange because all the ore is exported. Exports are essential because the iron ore mined in Goa is of low grade, containing between 45% and 60% FE (iron), which is rejected by Indian steel producers. Since China, Japan, Korea and some European nations use low-grade ore by amalgamating it with higher grades, almost all iron ore from Goa is exported.

The abrupt suspension of mining activities was unfortunately ordered completely overlooking the key role iron ore mining plays in Goa and its development. Regrettably, action has been taken on allegations and misconceptions that may not necessarily be true. While it cannot be denied that some fly-by-night operators could have indulged in illegal practices, it is unfair to tar the entire industry with the same brush even before a probe has been completed and charges substantiated. From the charges of a Rs35,000 cr loss to the variance in the ore extracted versus ore exported, few allegations would stand the test of scrutiny.

Since the intention is to stop illegal mining, this goal could very well have been achieved by waiting for the final report of the Shah Commission and initiating action against only those found guilty. Naturally, suspension on the basis of unproven charges and allegations, before the final report is tabled, would seem very unjust, disturbing all norms of justice and fair play, besides disrupting the livelihoods of lakhs and jeopardising the economic well-being of the State and the nation.

Mining and its allied activities have brought a high tide of prosperity to the entire State. But all this has been jeopardised because of the ill-thought suspension of mining activities. Unlike Karnataka and Odisha, Goa is unique (no forest encroachments, almost the entire production exported) and the State's problem, at the most, actually has to do with 'irregularities' and not 'illegalities'.

Permitting legal, sustainable mining practices could ensure Goa's path to progress and development is not forsaken, while simultaneously safeguarding the interests of the environment, the public and the companies providing livelihoods to one-third of the population through mining and ancillary activities.

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## Present Scenario

Since the suspension, nearly 18,000 trucks and 360 barges have been gathering dust due to lack of business.<sup>1</sup> With thousands of families hard-pressed to manage even basic amenities such as food and clothing, Diwali and Christmas 2012 – two major festivals in Goa – were devoid of any joy or festive spirit for those dependent on this industry. Skilled workers and labourers are struggling to find new occupations, while some have been forced to leave the State in search of work. The State Government has also been hard hit due to loss of revenues through the suspension. While Goa has lost Rs1,250 cr in royalties and revenues (representing around 25% of the State's GDP), the Centre has lost Rs6,500 cr in 2011-12. During this period, the Customs and Central Excise Department is also expected to lose Rs2,500 cr.

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<sup>1</sup> **Goa mining ban leaves truck drivers at a loss**, Snehal Rebello; *Hindustan Times*, 08 February 2013

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Iron ore exporters are also suffering colossal losses, some of them irreparable, due to lost trade opportunities. As companies in Australia, Brazil and South Africa and perhaps even other nations, rush to fill in the supply void with India's export partners such as China, Japan, Korea and certain European nations, the likelihood of regaining these markets recedes with every day that mining remains suspended in Goa.

Apart from loss of livelihoods and revenues, the country will also have to bear many hidden costs, such as having to spend thousands of crores in precious foreign exchange in order to import iron ore at higher rates. Any rise in iron ore rates ultimately stokes higher steel prices. Steel being a core ingredient in many industries, it can have a cascading effect on the prices of many commodities, ultimately leading to higher headline inflation.

Consequently, Goa's speedy development of the past decade will slow to a crawl, particularly in the mining belt. Without the sustained revenues from iron ore mining, Goa's non-coastal, former comparatively impoverished areas will slide backwards or remain stagnant for years, which would hardly augur well for the prosperity and development of Goa as a state.

Due to the activities of some probable black sheep, incredibly high costs are already being paid by the people, the State and companies that have operated legally all through. Only the timely resumption of legal, sustainable mining operations would ensure these negative outcomes do not come to pass.

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### **Issues and Misconceptions**

Compounding matters that were already complex, the Shah Commission's interim report contains more than a few errors and misconceptions. Some of these include:

- **Alleged Loss of Rs35,000/- Crores**

The Shah Commission report states that illegal mining has caused the State a loss of Rs35,000/- cr. It needs to be clarified, however, that this amount is a notional, fictitious figure because both the method of data collection as well as the calculations undertaken to determine the loss of Rs35,000/- cr are incorrect, as some of the points below elaborate. In many cases during data collection, neighbouring work leases, mineral stacks and jetties outside the mining leases have been attributed to the nearest working mine and shown as encroachments.

- **Illegal Mining**

The Mineral Concession Rules, 1960 define 'illegal mining' as mining undertaken without a mining lease or extraction of ore from outside the area held under a mining lease. This is simply not true in the case of Goa, where mineral developers have adhered to all norms prescribed by law. The misconception could have partly arisen because mining companies sometimes tend to stack mud outside their lease area, since the maximum size of a lease in Goa is only 100 hectares, unlike other states where these are much higher. But at most, such activities could be classified as 'irregularities'.

- **Encroachments**

There are allegations of mining/excavations outside lease areas. Again, this is not the case. With the area of concessions limited to a maximum of 100 hectares mainly contiguous to each other, the small size and contiguous nature of leases makes it necessary for mine operators to depend on non-

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mineralised land outside the lease areas for activities such as stacking of ore or dumping waste. In other mining states, leases have been typically granted for mining of ore (excavation) as well as other related activities such as stacking of ore, dumping waste, etc.

Furthermore, Shah Commission members/surveyors appear to have used GPS handsets and Google Earth to pinpoint encroachments. The GPS survey itself is not accurate enough to precisely identify mining areas or an area under encroachment and contains inbuilt errors that could show variance of up to 120 metres. Google Maps also has errors with respect to altitude correction, due to which Google puts a disclaimer regarding the accuracy of its product. Surveys based upon flawed tools and techniques are inevitably bound to contain errors.

### **▪ Mining in Eco-Sensitive Zone/Buffer Zone**

Mines are allegedly operating in Eco-Sensitive Zones (ESZs) or Buffer Zones. In fact, only 2.5% of Goa's total land area is used for mining. The earlier suggestion in 2002 of the National Board of Wildlife to have a buffer of 10 km was modified in 2005, suggesting a site specific buffer, which appears more logical. Goa thereafter did put its case for a suitable buffer, which till date is not notified and, in fact, these matters itself are pending in the Hon'ble Supreme Court, along with other states possibly.

It should be borne in mind that Goa is a small state in terms of geographic area and imposing buffer zones of 10 km around sanctuaries would be extremely impractical. All governments in Goa have struggled to reach a decision on the creation of ESZs because more than two-thirds of the State (including two Ports, Legislative Assembly, Secretariat and innumerable industries in Goa) would fall within the buffer zone, if this were notified, thereby spelling economic disaster for the State.

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## **Proposed Solutions**

It is imperative to rescind the suspension and resume full mining operations in Goa so that the livelihoods of deprived families is restored, lost markets of miners are regained, the progress and development of Goa continues unhindered and revenues of the State and Centre return to robust pre-suspension levels. Simultaneously, the probe against illegal mining could continue and once the final report is released, action could be taken against miners wilfully violating the law – unlike the present situation where even companies following all legal norms have been prohibited.

For an enduring solution, however, it is critical to clear ambiguities that exist in certain regulatory processes in mining – such as renewal of leases, environmental clearances, dump handling, rules for stacking of rejects and overburdens, sharing of leases, mining outside lease areas or conducting operations on land leased to another entity, and suchlike.

The regulatory authorities and mining companies need to work in tandem to create policies that ensure sustainable development of minerals resources. It is also necessary to establish systems and processes – automated wherever possible – to monitor production, distribution and sale of ore.

Measures such as RFID (radio frequency identification) technology, 3D laser scanning systems, onsite inspections and periodic audits could ensure malpractices end or culminate in strict punitive action. Sustainable practices to minimize the environmental impact that are already being used by some big companies could be made mandatory for the industry so that all operators, big or small, follow standard sustainable-practice norms. Some of these include the use of sprinklers to minimise aerial

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spread of red dust, reclamation and rehabilitation of dormant mines via afforestation and other techniques, recycling of water and other sustainable mining practices.

Alongside these steps, Reclamation & Rehabilitation measures should be mandatory. Areas where mineral resources have been extracted extensively and are no longer active should then be rehabilitated and reclaimed for agricultural purposes or any other use, as the topography of the place permits.

With a framework for sustainable extraction of Goa's mineral resources in place, these could be developed in a scientific, responsible manner. Such streamlined operations will ensure regular and transparent reporting of all figures pertaining to production, sale and export of ore extracted in Goa.

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### **The Outcome**

Unlike Karnataka, where mining only accounts for 1.5% of GDP, mining in Goa contributes 25% of the State's GDP. Resumption of legal, environmentally stable mining operations and allied activities will ensure Goa gets back on track towards progress and development. The high tide of prosperity that mining and numerous ancillary activities ensure for the people of Goa will once more resume its rise. As a coastal state, activities such as agriculture, fishing and tourism support the coastal areas in Goa. But once-poor non-coastal talukas such as Sattari, Sanquem, Bicholim and Quepem have benefited immensely from the mining of red earth rich in iron ore. The suspended benefits will recommence when mining does and help people from backward talukas resume the march towards progress and prosperity, alongside the prosperous coastal areas. The threat of Goa's industrial and infrastructure development being pushed back by decades due to lack of funds will then evaporate.

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