PRESS RELEASE

CSE criticises the United Progressive Alliance government's move to let the Mines and Minerals (Development and Regulation) Bill lapse

- **The Mines and Minerals (Development and Regulation) (MMDR) Bill 2011 was tabled in Parliament in December, 2011 – it will lapse if not passed**
- **Some of the biggest scams in the country have been unearthed in the mining sector – coal and iron ore – in the last five years**
- **MMDR Bill has provisions on auctioning, transparency and the progressive provision of profit sharing with affected communities which could have addressed the main concerns in the sector**
- **Failure to pass the Bill means non-transparency, non-accountability, corruption and environmental degradation would continue in the sector**
- **CSE appeals to the Parliament to pass the MMDR Bill in this session**

New Delhi, February 11, 2014: Centre for Science and Environment (CSE) strongly criticises the move of the UPA government to not table the Mines and Minerals (Development and Regulation) (MMMDR) Bill 2011 in the ongoing session of Parliament; this will be the last session of the 15th Lok Sabha. If not passed now, the Bill will lapse.

In the last five years, a number of mining scams have been unearthed in the country. Whether it was the Comptroller and Auditor General's estimate of a loss of Rs 1.86 lakh crore in 'coalgate' or the M B Shah Commission's estimate of Rs 60,000 crore loss in just Odisha in the iron ore sector, all these scams have dug into government revenues or extended windfalls to mining companies due to corruption, non-transparency and loopholes in the system.

The result of all this has been extensive environmental damage clubbed with opposition from communities who see no benefit coming from mining. Even though all these scams have come to fore, no institutional and legal reforms have been undertaken or proposed. The only chance that the UPA government had for addressing these concerns was passing the MMDR Bill which they have now decided to let go.

"This is a clear victory for the vested interests in the mining sector in the country that led to all the corruption in the first place," says Chandra Bhushan, deputy director general of CSE, reacting to the government's decision. “The MMDR Bill has important provisions which aim to address the various concerns brought out by these scams,” he adds.

The Bill, for instance, has a provision on competitive bidding and auction of mine leases. This will be able to overcome the concerns regarding corruption in granting mining licenses to companies and will also bring in much-needed transparency in the process. The Bill also has provisions to make a number of information and data available in the public domain, such as information related to grant and extension of permits, mining plans, etc. In addition, the Bill lays down the provision to form a National Mining Tribunal which may ease out hearing of and disposing off matters related to mining by a specialised court faster.

Profit sharing

The MMDR Bill put forth the progressive provision on profit sharing with communities. The Bill, as approved by the Group of Ministers in July 2011, stated that coal mining companies will have to share 26 per cent of their profits with the local communities, while non-coal mining companies will have to share 100 per cent of their royalty. The Bill lays down the composition of the District Mineral Foundation (DMF) which will receive the profit sharing fund and will put it to use. The Bill is supposed to replace the MMDR Act 1957.

The Bill was introduced in the Parliament in December 2011, following which it was sent to the Parliamentary Standing Committee (PSC) on coal and steel for review. In May 2013, PSC tabled the Bill in the Parliament along with its recommendations. In spite of stiff industry opposition, the Committee decided that the profit sharing provision of the Bill will remain.

The PSC, however, suggested moving to a model based on a certain percentage of royalty, rather than 26 per cent profit for coal mines. For major minerals like iron ore and limestone the provision remained as 100 per cent of royalty. For minor minerals PSC suggested a certain percentage of royalty to be decided by the states in consultation with the National Mineral Regulatory Authority, introduced in the Bill. The Bill has not been taken up for discussion by the Parliament since then.

The CSE report on profit sharing released in 2011 – Sharing the Wealth of Minerals – estimated if the MMDR provision would have been implemented in the year (2010-11), the affected population of these districts (2.5 million people) could have got more than Rs 9,000 crore as share of profits from mining companies. The per capita figure for these districts could have been Rs 38,000 as share of profit from mining companies.

The Bill has a provision on consultation with local communities for a number of decisions involved in the process. This, coupled with profit sharing, may help in bringing down the conflict with communities.

“For more than five years communities and civil society along with government and industry representatives have worked on this Bill to bring in much-needed reforms in the legal and institutional structure of the sector. But with the lapse of the Bill, it will be back to business as usual for the mining sector," says Bhushan.

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