



Scheme for Compensation for Minor Minerals as R&R Measure

1. Introduction and Background:

For construction of various HEPs, large tracts of land are required, which are under both, private and government ownership. The government ownership lands include river beds and other similar areas also from where people and/or panchayats have been extracting minor minerals (rota evaM^ bajarI - sand and aggregate) for personal use as well as for earning incomes. When such lands are acquired or diverted for the purpose of the project, benefit and income therefrom ceases to accrue. If the land happens to be government land, all payments are received by the concerned department and no compensation is paid to people or Panchayat in lieu of impact on their customary rights. There are generally three scenarios in such cases as listed below.

- (i) The minor mineral is auctioned by the Gram Panchayat (GP) and it receives payment in one go or in installments, which after paying royalty etc it shares with people of the GP.
- (ii) A body authorized by GP auctions the site and receives payment, which after settling government dues is shared amongst people.
- (iii) Tract concerned is in private ownership and the owner receives payment.

Payment is made either in auction in one-go or in installments or it is by per truck unit extracted.

Compensation for such curtailment of rights is demanded by the people from time to time and in some cases it has been made part of their demand for issuance of NOC by the Panchayat concerned.

For the scenario at No. (iii), the loss is assessed by LAO under land acquisition and suitable

compensation approved and paid. For the rest of the two above mentioned scenarios, the tract is

generally owned either by the government or by community/communities as a whole. Whereas some royalty goes to the government and some payment is received by the Mining Department, the rest of the income is retained by the GP, which then is shared with and amongst local people. It is for these two types of cases that some sort of compensation mechanism is required. To address this issue comprehensively, following scheme is formulated.

2. Objective:

This scheme aims to compensate the affected people and/or Panchayat on account of loss of benefit or income from extraction of minor minerals (rota evaM^ bajarI - sand and aggregate) due to land acquisition or diversion for HPPCL projects.

3. Procedure:

The following procedure shall be adopted for determination of amount of compensation and the Method of payment.

i. The area from where such minor minerals (rota evaM^ bajarI - sand and aggregate) are extracted shall be clearly identified and it would be made sure that its requirement for the project is inevitable.

ii. Annual benefit or income from such minor minerals shall be determined by taking average of the actual income derived in past three years, immediately preceding the year of acquisition.

Assessment of income shall be made either by the concerned Deputy Commissioner or Divisional Magistrate or by Mining Department. In case the above are unable to provide assessment, the same shall be determined by HPPCL.

iii. Since the demand for such minor minerals keeps fluctuating so does its market rate, hence, the income derived therefrom may decline or increase in future. As such, no depreciation or appreciation is to be applied on the amount of compensation to be offered for minor minerals.

iv. Once the annual income is assessed, it will be assumed as annual interest and the Principal amount to generate such annual interest shall be calculated by using formula $X = (Y \times 100)/r$, where $\text{₹}Y$ is the annual income, $\text{₹}r$ is the rate of interest (interest rate offered by banks on term deposit; it is taken as 8 % for the present) and $\text{₹}X$ is the Principal amount required to earn annual income Y in perpetuity.

v. Once the Principal amount (that will earn annual interest equal to the annual income from minor minerals) has been calculated, following two payment options will be given to the Panchayat.

a. Option-I: Release of Principal amount calculated as per above as final settlement.

b. Option-II: Principal amount retained by HPPCL and interest amount (equal to determined annual income) released annually.

vi. Once an option has been exercised, the same shall normally not be changed.

4. Rights afterwards:

On exercise of above option or on release of first payment or signing of any instrument in this behalf, whichever is earlier, the rights to extract minerals shall stand transferred and vested in HPPCL. After transfer of rights for extraction of minerals, the rights shall be enjoyed in perpetuity by HPPCL or its agencies or contractors unhindered and without any additional payment or compensation to the GP or to local people or any other agency or body of such people. If the concerned tract gets submerged fully, such rights may automatically get extinguished. In case of partial submergence or resurfacing of the concerned tract due to fluctuation in water level, the right to extract minerals will remain with HPPCL, who may allow extraction of minor minerals to the local people for their own needs, if it is safe for them but this will not confer any rights to them.

5. Binding conditions and bar on entitlement:

All people and GPs deriving benefit under this scheme shall be bound to extend full cooperation in the construction and early commissioning of the project and they by themselves or their family members shall not cause hindrance in or obstruction to or stoppage of work of the HPPCL project.

Beneficiary shall give an undertaking to this effect along with his application for release of benefit. If any beneficiary is found violating this condition, the benefit to him/her/them shall be stopped forthwith and proceeding to recover those released till that date may be started.

6. Review and appeal:

Any decision under this scheme may, on receipt of an application, be reviewed by a committee to be constituted by the HPPCL Corporate Management. All appeals against decision of the review committee shall lie with the Chairperson of HPPCL.
