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Research Paper

Economic Outcomes of Mineral Royalty Policies on Chhattisgarh's Regional Development: A Policy Analysis

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Abstract: This study investigates how mineral royalty policies impact the economic development of Chhattisgarh, an Indian state abundant in minerals. The study seeks to evaluate the impact of mineral royalties on the region's development by examining the financial consequences of these policies, with a focus on fiscal revenue generation and socio-economic progress. The study combines qualitative and quantitative approaches, utilizing knowledge from past research and existing policy guidelines. The results show that even though mineral royalties have greatly increased state revenue, their effect on fair regional development is not consistent, mostly because of governance issues and lack of reinvestment in affected regions. The research recommends policy changes to improve the efficiency of royalty policies, promoting sustainable and inclusive growth in Chhattisgarh.

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1. Introduction

Chhattisgarh, situated in central India, is famous for its plentiful mineral reserves, especially coal, iron ore, and bauxite. India's top mining hub status is due to these resources. Nevertheless, even though mining operations have played a major role in generating revenue for the state through royalties, there is still an imbalance in how these profits are distributed throughout the area. The mineral royalty policies introduced in Chhattisgarh are designed to produce funds for local development, though their success is a matter of contention. The present study examines how these policies impact fiscal revenue, social infrastructure, and regional development in terms of economic outcomes. Royalty is an important revenue source for state governments, collected as a tax on mineral extraction. In Chhattisgarh, these payments are meant to back local developmental projects, such as building infrastructure and improving education, and healthcare. Nevertheless, even with significant income from mineral royalties, certain areas in Chhattisgarh still face socio-economic gaps, leading to doubts about the success of these policies in promoting fair development.

This research aims to examine how mineral royalty policies affect the development of regions in Chhattisgarh. The study examines how these policies have influenced the state's economic environment, focusing specifically on recognizing the obstacles and possibilities linked with them. This paper seeks to conduct a thorough analysis of the link between mineral royalties and regional development in Chhattisgarh by reviewing past research and examining policy frameworks.

2. Review of Previous Studies

Author(s) and Year	Focus of Study	Key Findings	Implications for Chhattisgarh
George (2020)	Mining, development, and armed conflicts.	Highlighted the need for better governance and conflict resolution in resource-rich regions.	Emphasizes the importance of governance reforms in ensuring positive outcomes from mining activities in Chhattisgarh.
Bharadwaj & Gangurde (2020)	Rights of indigenous people displaced by mining activities in Chhattisgarh.	Found that economic gains from mining often come at the expense of marginalized communities.	Suggests that mineral royalty policies should be more inclusive, ensuring that indigenous communities benefit.
Chakraborty (2024)	Industrial clustering and regional development in India, including Chhattisgarh.	Observed that benefits of investments in mineral-rich regions are often concentrated, leading to disparities.	Proposes the need for royalty policies that promote balanced development across different regions in Chhattisgarh.
Reddy & Mohapatra (2021)	Fiscal decentralization issues in Chhattisgarh, with a focus on mineral royalties.	Identified limitations in the fiscal decentralization process, affecting the utilization of royalty revenues.	Recommends reforms to enhance local governments' control over royalty revenues to drive development projects.
Dubey, Sharma & Jha (2022)	Class dynamics in mining regions of Eastern India, including Chhattisgarh.	Highlighted socio-economic inequalities exacerbated by mining, particularly the unequal distribution of benefits.	Calls for policies prioritizing social equity and ensuring marginalized groups benefit from mining revenues.

This table summarizes the key aspects of the previous studies, highlighting their relevance to the economic outcomes of mineral royalty policies and regional development in Chhattisgarh.

Numerous research studies have analyzed how mining and mineral royalties affect regional development, providing important perspectives on the wider consequences of these policies. In his research in 2020, George delved into the intricate connection between mining, development, and armed conflicts, emphasizing the difficulties experienced by areas abundant in resources such as Chhattisgarh. In his research, Bharadwaj and Gangurde (2020) highlighted the importance of improving governance and conflict resolution methods to ensure that mining positively impacts regional development. The study specifically examined the displacement of indigenous people due to mining activities in Chhattisgarh. They claimed that although mineral extraction has increased state profits, it has frequently harmed marginalized groups, especially indigenous communities. Their research suggests the need for a broader mineral royalty policy that guarantees mining-generated economic gains are shared with impacted communities. Chakraborty (2024) examined how industrial clustering affects regional development in India, focusing on Chhattisgarh as well. He discovered that despite attracting large investments, mineral-rich regions tend to only benefit specific areas, causing regional inequalities. This research proposes that mineral royalty policies should aim to create more equitable regional growth, dealing with the imbalances caused by concentrated investments. Reddy and Mohapatra (2021) analyzed problems in fiscal decentralization in Chhattisgarh, highlighting the significance of mineral royalties in the state's financial framework. They contended that although mineral royalties bring in a significant amount of income, the limited effectiveness of decentralization hinders their ability to promote regional development. Their research suggests changes to

improve the financial independence of municipalities, allowing them to more effectively use royalty income for projects aimed at development.

Dubey, Sharma, and Jha (2022) explored the class dynamics in mining regions of eastern India, including Chhattisgarh. They highlighted the socio-economic inequalities exacerbated by mining activities, particularly the unequal distribution of royalty benefits. Their research suggests that mineral royalty policies should prioritize social equity, ensuring that marginalized groups are not left behind in the development process.

3. Importance of Study

It is essential to comprehend the economic impact of mineral royalty policies for the regional development of Chhattisgarh. Chhattisgarh, being one of the top mineral-producing states in India, depends greatly on mineral royalties for income. Yet, the unequal allocation of these funds has sparked worries about the effectiveness of current measures in fostering equitable growth throughout the area. The study's significance is in its examination of how mineral resource management intersects with regional development. This research seeks to identify deficiencies in current mineral royalty policies and suggest improvements to make them more effective in terms of economic impact. The research highlights the importance of distributing royalty revenues more fairly, especially in areas heavily impacted by mining operations. Furthermore, this study is relevant due to the growing demand for governments to promote sustainable and inclusive economic development. The worldwide move towards SDGs highlights the importance of policies that drive economic growth while also supporting social equality and environmental sustainability. In this setting, examining mineral royalty policies in Chhattisgarh provides valuable perspectives on how regions abundant in resources can achieve a balance between economic development and social and environmental concerns. The results of this research have wider significance for policymakers, scholars, and professionals in regional development and resource management sectors. This study adds to the discussion on how to effectively use natural resources for sustainable development by examining the economic impacts of mineral royalty policies. It also lays the groundwork for future research on how resource extraction affects regional development, in both India and worldwide.

4. Mineral Royalty Policies on Regional Development

Mineral royalty policies in Chhattisgarh aim to generate income through the exploitation of natural resources. These policies establish the royalties collection rates and decide the allocation of revenues. Theoretically, these profits ought to be allocated to support the growth of local communities, especially those impacted by mining operations. Yet, the success of these strategies in reaching this objective has been inconsistent. Despite the significant royalty revenues that Chhattisgarh has received, there are worries that these funds are not being sufficiently reinvested back into the local communities. Often, the earnings are utilized for overall budget needs instead of specific improvement initiatives in regions impacted by mining activities. This has resulted in disparities in development, with certain areas seeing substantial economic advancement while others lag behind in underdevelopment. Policy reforms are necessary to guarantee a fairer sharing of royalty revenues and tackle these challenges. This might include increased transparency in fund distribution, along with more robust systems for monitoring and assessing the influence of royalty-supported initiatives on local development.

5. Results and Discussion

Examining Chhattisgarh's mineral royalty policies shows that there are both favorable and unfavorable results. Mineral royalties have been a major source of income for the state, allowing investments in infrastructure, education, and healthcare. However, the uneven allocation of these advantages has worsened regional disparities, especially in rural and tribal regions. The research concludes that governance is a crucial obstacle in implementing successful royalty policies. Limited regional development is a result of the lack of transparency and accountability in how royalty revenues are distributed. Furthermore, the lack of robust decentralization mechanisms results in local governments having restricted authority over the allocation of these funds. The study recommends various policy changes to enhance the economic effectiveness of mineral royalty policies. These consist of boosting fiscal decentralization, improving transparency in distributing royalty revenues, and giving priority to investments in less developed areas. By tackling these problems, Chhattisgarh can make sure that its mineral resources aid in sustainable and inclusive development.

6. Conclusion and Future Scope

To sum up, although Chhattisgarh has benefited financially from its mineral royalty policies, their effects on local development have been inconsistent. The research emphasizes the importance of policy changes that support a fairer sharing of royalty benefits, especially in regions impacted by mining. By tackling governance issues and enhancing decentralization, Chhattisgarh can make sure that its mineral riches support both sustainable and all-encompassing development. This study emphasizes the significance of matching mineral royalty policies with wider regional development objectives. While the state remains dependent on its natural resources for economic development, it must also focus on ensuring social equity and environmental

sustainability in its policy strategies. Future research should further investigate the lasting effects of these policies on local development, emphasizing the discovery of effective strategies that can be implemented in similar regions abundant in resources.

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