WHO BEARS THE LOSS? POVERTY AND INJUSTICE IN ILLEGAL COAL MINING IN JHARKHAND

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ABSTRACT

Illegal Coal Mining in Jharkhand is usually described as a law-and-order problem. This paper argues that it is better understood as a Justice problem because of a simple pattern that repeats throughout Jharkhand's coal belt: three parties are involved in illegal coal mining, and only one of them benefits.

The poor labourer who does the actual mining does not grow rich from it- he remains poor, takes on criminal risk, and is usually the one arrested. The state loses royalty, cess, and tax revenue it is legally owed, even then, it provides compensation and employment schemes for lawful mining activities. The organized illegal syndicate that controls the extraction, finances it, and sells the illegally mined coal is the only party that profits & it is the party least likely to get caught or punished.

This paper asks a simple justice question: if two of the three parties lose and only one gains, why does the law's response fall hardest on one of the losers rather than the winner?

I. Introduction

On an evening in July 2023, a coal chunk collapsed inside a closed mine in Dhanbad, killing one labourer and severely injuring another; the two men had entered the abandoned mine to extract coal illegally.[1] These kinds of incidents are common but rarely get reported beyond local papers, and almost none result in accountability for those who plan the operation and pocket the profits; accountability, when it comes at all, falls only on the men who did the digging.

Illegal coal mining, generally and very conveniently, gets labelled as a law-and-order problem. The underlying assumption is that illegal mining is a problem of enforcement, insufficient policing of an illicit activity which is to be solved with more raids, more FIRs, and stricter penalties.

This paper argues that this framing, while not wrong, is incomplete. Illegal coal mining in Jharkhand is better understood through the lens of a problem of distribution of who bears the loss and who reaps the gain and is, at its core, a justice problem rather than merely an order problem. Research on coal in eastern India has shown that this illegality isn't an exception to the rule but it is part of how the coal economy actually functions.[2]

The same pattern shows up across Jharkhand's coal belt: three parties are involved in illegal coal mining, and only one of them actually gains from it. The labourer who does the digging doesn't get rich off it; instead he stays poor, despite taking on all the life threatening risks , and is usually the one who gets arrested.[3]The state loses out on the royalty, cess, and tax it's legally entitled to, even though it's the one providing better labour standards, jobs & compensation in mines operating legally. Of the three, the syndicate (mafia), which controls where the illegally mined coal is sold and finances the excavation, is the only one profitable and it's the least likely of the three to ever get caught or punished.[4]

[1] *Man Dies During Illegal Mining in Jharkhand's Dhanbad*, DECCAN HERALD (2023), https://www.deccanherald.com/india/jharkhand/man-dies-during-illegal-mining-in-jharkhands-dhanbad-2874644.
[2] Kuntala Lahiri Dutt, Illegal Coal Miningin Eastern India:Rethinking Legitimacy and Limits of Justice, 42 Econ &Pol Wkly 57 (2007).
[3] Setu Pelz et al., The Spatial and Economic Footprint of the Coal Industry on Rural Livelihoods in Jharkhand, India, 186 Energgy Poly 113973(2024).
[4] Yugank Goyl, The Coal Mine Mafia of India: A Mirror of Corporate Power, 77 AM.J.Econ &Soc,541 (2018).

This paper therefore asks: who benefits and who bears the cost of illegal coal mining in Jharkhand, and to what extent does this distribution reflect distributive injustice for poor and tribal communities?

Part II sets out the factual and legal background of illegal coal mining in Jharkhand. Part III maps the losses and gains of each of the three parties in turn. Part IV examines why law's enforcement response falls disproportionately on the losing parties rather than the winning one. Part V situates this pattern within a distributive justice framework. Part VI concludes with recommendations.

II. Background: Illegal Coal Mining in Jharkhand

Illegal coal mining isn't a rare or occasional occurrence in Jharkhand, it's a routine part of life in the coal mining areas. In Dhanbad's Jharia coalfield alone, roughly 1,00,000 people make their living picking coal, many of them are second or third-generation coal-pickers who lost formal mining jobs when work started getting outsourced.[5] Government data from the 2020-21 financial year confirms that Coal India Limited, the world's largest coal-mining firm, recovered Rs 12.6[6] crore worth of stolen coal in raids, and more than 200 coal-theft cases were registered in that single financial year, figures that hint at how much larger the real problem is, since most theft never gets reported or recovered at all.[7]

The same story keeps repeating. In Hazaribagh, a worker was found dead in an illegal coal mine. Few days before this incident, four men died after being suffocated in an abandoned coal mine in Ramgarh because the oxygen ran out and toxic gases built up inside the pit; before that, three more died when water flooded an illegal mine in Hazaribagh's Bariatu-Khawa area.[8] These incidents recur in reports of illegal extraction and transport, with Hazaribagh emerging as one of the state's biggest hubs for the trade.[9] Dhanbad tells a similar story from the enforcement side: in one five-day crackdown alone, about three out of every four tonnes of coal seized across the wider region came from Bharat Coking Coal Limited's operations there

[5] Roli Srivastava & Anuradha Nagraj, They have nothing else here: The Poor Steal Coal in Jharkhand's Mining Hubs in Order to Survive, SCROLL. IN (Feb 10, 2023, 1;30PM), https://scroll.in/article/1043473/theyve-nothing-else-here-the-poor-steal-coal-in-jharkhands-mining-hubs-in-order-to-survive
[6] Id.
[7] Id.
[8] Jharkhand Illegal Coal Mining crisis: Burried Lives, Lost revenue and a Growing Shadow Economy, Republic World(June 30, 2026), https://www.republicworld.com/india/jharkhands-illegal-coal-mining-crisis-buried-lives-lost-revenue-and-a-growing-shadow-economy-2026-06-30-130617.
[9] Id.

is a sign of how deeply entrenched the trade is, not how well it's being contained.[10]

Jharkhand is a true paradox: it is one of India's poorest states while possessing the majority of the nation's coal and about 40% of its mineral reserves.[11] When Jharkhand was established, there were promises made to tribals of economic change. Being a mineral rich state and a key factor behind India's industrial growth, it had the ability to improve its own development but even after 25 years, it still facing issues like poverty, hunger and poor public services.

Nearly 30% of the population lives in severe poverty when the state's mines feed India's steel and power industries.[12] Tribal communities, who make up roughly 26% of the state's population, bear a disproportionate share of this cost: mining projects have displaced them from their land, often without adequate compensation or resettlement, pushing many into urban slums and cutting them off from the forests and land they once depended on. Jharia alone sits on nearly 38% of India's coal reserves and it's also one of the state's poorest regions.[13]

A recent field study comparing informal coal workers in Jharia to nearby non-mining households found that the coal workers scored significantly worse on livelihood vulnerability, driven mainly by financial insecurity and poor access to clean water and healthcare.[14] It's this gap that is pushing so many people in these districts toward illegal mining, as there is simply more coal nearby than there is legal work.

Legal framework for lawful mining

Coal mining in India is regulated through central legislation supplemented by State rules. The **Coal Mines (Special Provisions) Act, 2015** ("CMSP Act") governs the auction and allotment of coal mines, while the **Mines and Minerals (Development and Regulation) Act, 1957** ("MMDR Act") regulates mineral concessions and penalises mining without lawful authority.[15]

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[10] CISF Intensifies Illegal Coal Mining Crackdown in Jharkhand and West Bengal, DISCOVERY ALERT (July 11, 2026), https://discoveryalert.com.au/illegal-coal-mining-jharkhand-west-bengal-cisf-2026/.

[11] Mining, Growth and Inequality: After 25 years, Jharkhand's Development Story is still unfinished, DOWN TO EARTH (May 5, 2026), https://www.downtoearth.org.in/governance/mining-growth-and-inequality-after-25-years-jharkhands-development-story-is-still-unfinished.

[12] *Id.*

[13] Displacement and Socio-Economic Plight of Tribal Population in Jharkhand with Special Reference to Jharia CoalBelt,ACADEMIA.EDU(2018),https://www.academia.edu/37446453/Displacement_And_Socio_Economic_Plight_Of_Tribal_Population_In_Jharkhand_With_Special_Reference_To_Jharia_Coal_Belt.

[14] *Livelihood Vulnerability Index Assessment of the Informal Coal Mining Workers Using IPCC Frameworks*, SCIENCEDIRECT (Oct.2025), https://www.sciencedirect.com/science/article/pii/S2665972725004210.

[15] Coal Mines (Special Provisions) Act, No. 11 of 2015, §§ 4–5.; Mines and Minerals (Development and Regulation) Act, No. 67 of 1957, §§ 4, 21, 23-C.

In Jharkhand, these provisions are supplemented by the **Jharkhand Minerals (Prevention of Illegal Mining, Transportation and Storage) Rules, 2017**, framed under section 23-C of the MMDR Act.[16]

A. Lawful Access to Coal Mines

The CMSP Act establishes auction as the principal method for allocating Schedule I coal mines.[17]The Central Government may select eligible companies through competitive bidding, after which the State Government grants the relevant mining concession.[18]Section 5 also permits allotment to specified Government companies, corporations, joint ventures, and other eligible entities. Accordingly, lawful access to coal depends upon statutory auction or allotment rather than mere physical access to coal-bearing land.

Allocation alone, however, does not complete the legal requirements for mining. Section 4(1) of the MMDR Act prohibits mining without the requisite statutory authority and compliance with applicable rules.[19] Section 4(1A) similarly regulates the transportation and storage of minerals. Lawfulness therefore extends from allocation and extraction to transportation, possession, and storage.

B. Penalties Under Section 21 of the MMDR Act

Section 21 provides the principal penalties for illegal mining. A contravention of section 4(1) or section 4(1A) may result in imprisonment of up to five years and a fine of up to five lakh[20] rupees per hectare. The State may also recover unlawfully extracted minerals or their value, together with applicable rent, royalty, or tax. Minerals, vehicles, tools, equipment, and other articles used in the offence may be seized and confiscated. Section 21(2) specifies the penalties and fines for violating rules made under the Act regarding illegal mining or unauthorized operations.[21]

[16] Jharkhand Minerals (Prevention of Illegal Mining, Transportation and Storage) Rules, 2017, Notification No. Kha. Ni.-2/Vidih-41/2006-245/M (Jan. 27, 2018).
[17] Coal Mines (Special Provisions) Act, No. 11 of 2015, § 4(1).
[18] Id. § 4(2).
[19] Mines and Minerals (Development and Regulation) Act No. 67 of 1957, § 4(1).
[20] Id. § 21(2).
[21] Id.

C. Section 23-C and State Regulation

Section 23-C empowers State Governments to make rules to prevent the illegal mining, transport, and storage of minerals.[22] It provides for the establishment of check-posts, weigh-bridges, inspection and search, regulation of transport, and the maintenance of registers and prescribed forms. Thus, Section 23-C is an enabling provision and not a standalone penal offense. It provides the legal basis for State-level enforcement mechanisms, and Section 21 provides the main statutory penalties.

D. Jharkhand's Regulatory Framework

This power is exercised by Jharkhand through Jharkhand Minerals (Prevention of Illegal Mining, Transportation and Storage) Rules, 2017[23] (amended in 2026), which apply to mineral dealers, transportation, storage, inspection, seizure, and enforcement. The Rules require registration of dealers and prohibit the commercial purchase, sale, storage, processing, and transportation of minerals except to registered dealers and mining lease holders.

Transportation generally requires a transport challan generated through the Jharkhand Integrated Mines and Mineral Management System ("JIMMS"). This requirement establishes a documentary chain from the mineral's legal source to its movement. The Rules also permit officials to stop, inspect, search, and seize the minerals, vehicles, tools, and equipment involved in violations. They also require dealers and lessees to allow inspections and to create related records.

These provisions create a chain of legality, requiring lawful allocation to be followed by authorised extraction, documented transportation, and regulated storage or dealing. Harsh penalties and broad enforcement authority do not always result in equitable enforcement. The question is whether enforcement is disproportionately punitive toward the economically disadvantaged or uniformly applied to all participants in the illicit coal trade.

How Illegal Mining Operates

Illegal coal mining in Jharkhand is not a single activity but many overlapping ones, each with

[22] Id. § 23-C.
[23] Jharkhand Minerals (Prevention of illegal mining, and Storage) Rules, 2017

its own entry point into the coal economy. It occurs in three basic ways:

The most visible is getting access to the mines that have already been closed. When a company finishes mining, it's supposed to fill in the pit, but that is rarely done in practice. Villagers dig back into these closed mines soon after, which is locally called as "rat holes", to pull out whatever coal is left. These reopened mines have no supports and no ventilation, which is why most of the deaths from collapses, floods, and gas that were mentioned earlier in part II occur there.[24]

The second, distinct method is theft from mines that are still operating. Theft of coal is occurring directly from unguarded loading points or from trucks parked at active mines, sometimes by people sneaking past security, sometimes with help from guards or staff who are paid to look the other way.[25] Unlike rat-hole mining, this doesn't require any extraction labor of its own; it just diverts coal that's already been legally mined before it gets weighed and recorded. It can also happen on a much bigger scale, as shown by recent Enforcement Directorate raids into coal pilferage from Eastern Coalfields Limited's mining areas.[26]

The third part is moving the coal once it's out of the ground. A lot of it travels short distances by bicycle: so-called "coal cycle wallahs" load 200–300 kilograms onto sturdy bikes and push them for hours along roads to nearby towns, paying small bribes to police on the way.[27] Studies estimate this cycle network alone moves millions of tonnes of coal every year across the Jharia–Raniganj coalfields. Beyond this small-scale carrying, larger consignments move by truck along routes that dodge checkposts, run by organised operators capable of moving dozens of truckloads a day, paying off people at every level from local police to district officials. It's the coal smugglers, and not the people who mine or carry the coal , who buy in bulk from workers and sell it on to brick kilns and factories for a much bigger profit. This transport chain is what connects the labourer's daily haul to the financing and selling operation examined in Part III below.

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[24] *See supra* note 7 (collapses, floods, and gas asphyxiations in Barkagaon, Ramgarh, and Hazaribagh).

[25] Patrik Oskarsson et al., *The Micropolitics of Coal in India: Understanding Resource Politics from the Ground Up Through a Materiality Lens*, 29 LOCAL ENV'T 524, 524 (2024).

[26] *ED Raids in Jharkhand, West Bengal Against Coal Mafia*, DECCAN HERALD (Nov. 21, 2025), https://www.deccanherald.com/india/ed-raids-in-jharkhand-west-bengal-against-coal-mafia-3805438#google_vignette

[27] Kuntala Lahiri-Dutt & David J. Williams, *The Coal Cycle: Small-Scale Illegal Coal Supply in Eastern India*, 2 RES. ENERGY & DEV. 93, 93 (2005).

Together, these three channels: re-entered abandoned mines, coal stolen from working mines, and the networks that carry it away make up the everyday reality behind the numbers and laws described above. But knowing how illegal mining works doesn't tell us who benefits and who loses from it. The same system spreads risk, loss, and profit very unevenly among the people involved. Part III looks at this directly, by mapping what each of the three parties - the labourer, the state, and the syndicate, actually gains and loses from an activity that is, on paper, illegal for all three alike.

III. The Three Parties: Mapping Losses and Gains

A. The Labourer: Risk Without Reward

"Illegal mining is not a choice made out of greed, but a desperate search for survival where poverty forces hands into the earth to extract tomorrow's bread at the risk of today's life."

The labourer comes at the bottom of this hierarchy. He takes on the physical risk involved by going into the rat-hole tunnels, which have no supports and no ventilation, so a bad day underground can mean a collapse, a flood, or slow suffocation, the same kind of death described in Part II.[28] The livelihood index supports what the deaths already suggest. There was a field comparison of informal coal workers in Jharia with non-mining households, which found that the coal workers scored significantly worse on livelihood vulnerability, particularly in financial insecurity and poor access to clean water and healthcare.[29] These are not people cushioned by the income mining brings in; mining itself is a symptom of how little cushion they have.

Not only the life-threatening risks but the labourer also carries the legal risk. Section 21 of the MMDR Act makes *anyone caught mining, transporting, or storing coal without lawful authority liable to arrest, imprisonment, and seizure of tools or vehicles.*[30] Law enforcement inevitably hits the bottom of the ladder first. The physical labourers risking their lives, i.e. the rat-hole digger, the coal cycle wallah pushing a loaded bicycle past a checkpost are easily caught, while the off-site financiers orchestrating the operation operate with near impunity, hidden behind layers of anonymity.

And after all that risk, the labourer doesn't get rich, they are not even able to get their basic

[28] *See supra* notes 7, 22 (rat-hole mining and resulting collapses, floods, and gas asphyxiations).
[29] Anshumali et al., *supra* note 14.
[30] Mines and Minerals (Development and Regulation) Act, No. 67 of 1957, § 21.

needs met. Coal-picking and rat-hole mining exist because there is no better-paid, safer alternative nearby, not because the work pays well.[31] A coal cycle wallah's profit on a two- or three-day round trip amounts to barely enough to feed his family; a rat-hole digger's daily haul rarely lifts a household out of poverty, it only keeps it from falling further.[32] The labourer bears nearly all of the operation's physical and legal risk and captures almost none of its financial upside-the definition of risk without reward.

B. The State: Lost Revenue Despite Legal Entitlement

The state's stake in this system is written directly into statute. Regardless of whether the removal was legal or not, Section 21 of the MMDR Act gives it the right to collect royalty, rent, and tax on each ton of mineral taken.[33] On paper, the state is also entitled to a portion of coal that was mined unlawfully. In reality, it seldom ever gathers it. Coal that exits through a bribed checkpoint or a rat-hole tunnel is coal that has never been weighed, recorded in the Jharkhand Integrated Mines and Minerals Management System, and therefore has never been subject to taxation.

An audit by the Comptroller and Auditor General puts a number on exactly how much of this the state simply writes off. Out of ₹1,519.32 crore in mining-receipt irregularities the audit uncovered, ₹832.37 crore, well over half was penalty for illegal mining that had never even been levied, in cases still pending before the courts.[34]

(₹ in crore)

Sl. No.	Categories	No. of cases	Amount
1	Non-levy of penalty for illegal mining (cases pending in court)	9	832.37
2	Short levy of royalty	9	64.11
3	Non-realisation of dead rent and interest	14	13.68
4	Non-levy of penalty for illegal operation of brick kilns	9	10.50
5	Non-levy of penalty for non-submission of monthly returns	9	0.62
6	Non-realisation of outstanding demand	2	0.11
7	Other cases	108	597.93
Total		**160**	**1,519.32**

Source: Comptroller & Auditor General of India, Report of the Comptroller and Auditor

[31] *See* Roli Srivastava & Anuradha Nagaraj, *supra* note 5.
[32] *See* Eric Randolph, *supra* note 23.
[33] Mines and Minerals (Development and Regulation) Act, No. 67 of 1957, § 21.
[34] COMPTROLLER & AUDITOR GENERAL OF INDIA, REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA ON GENERAL, SOCIAL, ECONOMIC AND REVENUE SECTORS INCLUDING SPSES FOR THE YEAR ENDED 31 MARCH 2020, GOVERNMENT OF JHARKHAND, REPORT NO. 1 OF 2022, tbl.2.6, at 56.

General of India on General, Social, Economic and Revenue Sectors Including SPSEs for the Year Ended 31 March 2020, Government of Jharkhand, Report No. 1 of 2022, tbl.2.6, at 56.

This isn't lost revenue from some obscure technical lapse; it is the single largest line item in the audit, larger than every other category of irregularity combined. And this pattern is not new: as far back as 2007, the Ministry of Coal told Parliament that it was "not possible to quantify the exact amount of coal... extracted illegally," even as it reported thousands of tonnes of coal seized from Jharkhand's own coalfields - Eastern Coalfields, Bharat Coking Coal, and Central Coalfields, year after year.[35] Two decades on, the state still cannot say how much it has lost; all it can point to is what little gets seized.

The scale of what's at stake is enormous. Mining revenue alone made up nearly 85% of Jharkhand's own non-tax revenue in 2024-25[36]meaning the state's ability to fund roads, healthcare, and welfare programmes rests overwhelmingly on getting this one revenue stream right.

The irony is that the state pays into this system, even when it is mostly losing from it. It funds the compensation schemes, employment programs, and District Mineral Foundation projects meant to benefit mining-affected communities, the same communities that then turn to illegal mining because those programs rarely reach them in practice. Of the three parties in this system, the state is the only one that is owed something by law. This gap between what the state is legally owed and what it actually recovers is not merely an administrative failure; on a Rawlsian reading, it is a distributive problem.

C. The Syndicate: Profit With Minimal Exposure

The syndicate is the only one of the three parties that was built for this system rather than trapped inside it. It provides the working capital needed to turn a rat-hole digger's daily haul into something that can be sold, including financing tools, arranging transportation, and fronting cash to labourers without any other source of earning. In exchange, it keeps almost all of the difference between what a labourer is paid per sack and what a brick kiln or industrial

[35] PRESS INFO. BUREAU, GOVT OF INDIA, MINISTRY OF COAL, *Illegal Mining in Various States* (Rajya Sabha reply) (Mar. 8, 2007) (Release ID No. 25649), https://pib.gov.in/newsite/PrintRelease.aspx?relid=25649.
[36] *CM Hemant Soren Sounds War Cry Over Mineral Rights, Says Jharkhand Will Lose ₹8,000-10,000 Crore Annually*, INDIANPSU(Aug.2026),https://indianpsu.com/hemant-soren-jharkhand-mineral-revenue-loss-mmdr-amendment-2026/.

buyer ultimately pays per tonne.[37]Yugank Goyal, in what remains the most sustained legal-economic study of this network, terms it India's "coal mafia": not a single gang but a loose, semi-institutionalised structure of financiers, transporters, and local power-brokers who behave less like criminals hiding from the state and more like an unofficial extension of it.[38]

How rarely this structure actually gets punished is evident. One study of Jharkhand's coal economy observed plainly that "punishment through the legal system is rare," pointing out that financial and political opposition to the mafia has instead been met with transfers, threats, and even murder.[39] When the system does produce results, they tend to be the exception that proves the rule: a recent large-scale enforcement action -an Enforcement Directorate raid across more than 40 premises in Jharkhand and West Bengal targeting money laundering tied to coal theft, illustrates the same asymmetry. Raids of that scale, involving nearly 100 officials and resulting in the seizure of over ₹10 crore in cash and gold along with 120 land deeds, are necessary precisely because ordinary local policing does not reach the financing layer at all.[40]

Part of why the syndicate stays so immune is that the labourers who could implicate it have every reason not to. Because the mining itself is illegal, families of workers killed in collapses have been known to carry the bodies away before police arrive, rather than risk any contact with the authorities.[41] A labourer who depends on the same syndicate for advances, tools, and the next day's work has little incentive and considerable reason to fear naming the person who financed the operation that just killed his colleague. This is precisely what keeps the principal-agent relationship from ever surfacing in an FIR: the person with the most knowledge of who the "principal" is has the strongest incentive to stay silent about it.

The result is a party that bears almost none of the operation's physical risk, very little of its legal risk, and captures nearly all of its financial reward -the exact inverse of the labourer's

[37] *See supra* note 27 (Lahiri-Dutt & Williams on the coal cycle's financing structure).
[38] Yugank Goyal, *supra* note 4.
[39] Nigel Singh & Barbara Harriss-White, *The Criminal Economics and Politics of Black Coal in Jharkhand, 2014*, *in* THE WILD EAST: CRIMINAL POLITICAL ECONOMIES IN SOUTH ASIA 35 (Lucia Michelutti & Barbara Harriss-White eds., 2019).
[40] *ED Raids Coal Mafia in Jharkhand, West Bengal; Seizes Over Rs 10 Crore in Cash, Gold*, THE TRIBUNE (Nov. 21, 2025), https://www.tribuneindia.com/news/india/enforcement-directorate-raids-in-jharkhand-west-bengal-against-coal-mafia/
[41] Sukanya Shantha, *In Jharkhand, Death of 5 Labourers Is Testament to Coal Mafia's Chokehold on Poor*, THE WIRE (Feb. 5, 2022), https://thewire.in/energy/in-jharkhand-death-of-5-labourers-is-testament-to-coal-mafias-chokehold-on-poor

position, and a sharp contrast to the state's as well.

Rawls's difference principle asks whether inequalities in a system work to the benefit of its least advantaged members;[42] Here, inequality runs the other way entirely the risk carried by the least advantaged party finances the gains of the most powerful one.

D. Summing Up the Distribution

Laid side by side, the three positions in this system do not appear to be equally exposed to the same illegal activity. They resemble a pyramid. At the base is the labourer, who carries almost the entire physical and legal risk of the operation and captures almost none of its financial return. In the middle sits the state, entitled by its own statute to a share of every tonne of coal removed, legally or not, yet structurally unable to collect on that entitlement and left, in the meantime, to fund the compensation and welfare schemes that are supposed to keep people out of illegal mining in the first place. At the top of this hierarchy is the syndicate; the only party whose profit exceeds its risk, and whose exposure to the law is lowest precisely because the other two parties' silence and precarity protect it.

It is a system with a designed division of risk and reward, in which the party doing the least dangerous and least visible work is getting the largest share of the gain. Two parties bearing the costs; one captures nearly all the benefits. That asymmetry is the paper's central finding, and it is also where the analysis must now turn from description to evaluation. Part IV asks why the law's actual enforcement response, who gets raided, arrested, and prosecuted, mirrors this same asymmetrical structure instead of trying to correct it.

IV. Law's Selective Response

A. Who Actually Gets Caught

It is described in Part III as to how enforcement pattern is carried out. "When the Central Industrial Security Force intensified its crackdown on illegal coal mining across Jharkhand and West Bengal, the results were revealing: four FIRs were registered over the operational period, with the people actually apprehended being the "offenders" physically present at pits and transport points and not the financiers behind them".[43] This is consistent with the provision of

[42] John Rawls, A Theory of Justice (Belknap Press, rev. ed. 1999)
[43] *CISF Intensifies Illegal Coal Mining Crackdown in Jharkhand and West Bengal*, supra note 9.

Section 21 of the MMDR Act itself, which criminalises the act of mining, transporting, or storing coal without authority[44]; an offence that, can only be pinned on whoever is holding the coal, driving the truck,when the raid is done.

B. Why Enforcement Stops at the Visible Layer

This is not simply a matter of police preference; it follows from how the underlying enforcement machinery is built. Section 23-C's rulemaking power, and the Jharkhand Rules made under it, are designed around checkposts, weighbridges, and transport-document verification[45]; tools that are, by construction, aimed at intercepting coal while it is moving through visible chokepoints. They are not designed to trace money backward from a sale to its original financier. A checkpost can stop a bicycle or a truck; it cannot, on its own, identify who advanced the labourer his tools or who will buy the coal once it reaches a brick kiln. Due to the nature of the supply chain outlined in Part II, the financiers behind the business are several steps away from any one location where an inspector could physically stand.

C. The Asymmetry in Case Outcomes

The asymmetry does not end at the point of arrest, it persists through to whether anything happens afterward. The CAG audit discussed in Part III found that the penalty for illegal mining had not even been levied in the great majority of cases it examined, ₹832.37 crore left uncollected across pending matters.[46]In other words, even the labourers and cycle wallahs who are caught frequently do not see their cases result in a levied penalty, let alone a financier's prosecution. Meanwhile, financiers rarely appear as named parties at all of the enforcement actions this paper has traced, prosecutions naming the syndicate's controlling figures are the exception rather than the norm, and even the recent money-laundering probe into Sahibganj's Meanwhile, financiers are rarely named as parties in all of the enforcement actions tracked by this paper, and prosecutions naming the syndicate's controlling figures are the exception rather than the norm. Even the recent money-laundering probe into Sahibganj's illegal mining network took years of investigation, forty-plus premises searched, and multiple escalations before it reached a political aide widely identified as controlling the operation.[47]

[44] Mines and Minerals (Development and Regulation) Act, No. 67 of 1957, § 21.
[45] *See supra* note 16 (Jharkhand Minerals (Prevention of Illegal Mining, Transportation and Storage) Rules).
[46] COMPTROLLER & AUDITOR GENERAL OF INDIA, *supra* note 35, tbl.2.6, at 56.
[47] *ED Summons Jharkhand CM's Media Adviser, Sahibganj Deputy Commissioner in Illegal Mining Case*, THE

D. The Exception That Proves the Rule

The instances where enforcement did reach up the chain illustrate the point rather than undermine it. Meghalaya's High Court had to specifically direct police and magistrates to identify and arrest financiers and backers of illegal coal networks, not merely those physically extracting or moving coal, precisely because ordinary enforcement practice was not already doing so.[48] The 2017 conviction of former Jharkhand chief minister Madhu Koda remains, years later, one of the few instances anyone points to when arguing the system can reach the top of a coal network. Each of these cases is treated as significant, sometimes as historic, precisely because prosecutions of this kind are rare enough to be newsworthy, which is itself evidence of how routinely enforcement stops well short of them.

E. Structure, Not Accident

This is not a pattern of occasional under-enforcement. It is what the enforcement architecture was built to do, which is intercepting coal in motion at checkposts and loading points, using tools that are structurally built to catch the person moving the coal but structurally unsuited to catching the person who profits from its sale. The law does not merely fail to reach the syndicate; its central enforcement mechanisms were never designed to reach that far up the chain in the first place.

Part V explains why this pattern amounts to a problem of justice rather than simply one of administrative capacity.

V. Distributive Injustice Framework

A. Rawls's Difference Principle as the Baseline

John Rawls's theory of justice offers a natural lens for evaluating the distribution mapped in Part III. Rawls argues that social and economic inequalities are just only if they satisfy the difference principle: they must work to the greatest benefit of the least advantaged members of

TRIBUNE, https://www.tribuneindia.com/news/india/illegal-mining-case-ed-summons-jharkhand-cms-media-adviser-sahibganj-deputy-commissioner-578857.

[48] *Meghalaya Police Ordered to Hunt Down Financiers Behind Illegal Coal Trade*, OUTLOOK (Feb 8,2026, 4:36 PM), https://www.outlookindia.com/national/meghalaya-police-ordered-to-hunt-down-financiers-behind-illegal-coal-trade

society.[49] Inequality, in this view, is not inherently unjust; a system can permit unequal outcomes so long as the inequality improves the position of those at the bottom compared to a more equal arrangement.

The test this paper has been building toward, gestured at already in Parts III and IV, can now be stated directly: *Does the coal economy's huge risk-reward disparity help its most disadvantaged players, or does it just take advantage of them?*

B. Testing the Coal Economy Against the Difference Principle

The coal economy fails this test cleanly.

The labourer is the least advantaged of the three parties who bear the physical danger, the legal exposure, and receive the smallest share of the proceeds.

The syndicate's disproportionate profit does not filter back to him in the form of higher wages, safer conditions, or reduced risk; if anything, the syndicate's position depends on keeping the labourer's wage low and his alternatives scarce, since a labourer with a genuine alternative would have less reason to accept rat-hole work at all. Nor does the state, structurally speaking, capture enough of the syndicate's profit through taxation or penalty to redirect it toward the labourer's welfare : the CAG's own figures show the state failing even to levy the penalties it is owed.[50]

Under a Rawlsian test, an arrangement in which the party at the bottom absorbs the risk while the party at the top absorbs the reward is not a permissible inequality; it is close to the arrangement Rawls's principle exists to rule out.

C. A Second Lens: Capability and Real Freedom

Amartya Sen's capability approach sharpens this further by asking not simply what the labourer receives, but what he is actually free to do with his life ; what real opportunities are open to him, not merely what income he nominally earns.[51]On this view, the injustice of the coal economy lies not only in unequal outcomes but in the absence of a genuine alternative. The

[49] JOHN RAWLS, A THEORY OF JUSTICE 65-70 (Belknap Press, rev. ed. 1999) (1971).
[50] COMPTROLLER & AUDITOR GENERAL OF INDIA, *supra* note 35, tbl.2.6, at 56.
[51] AMARTYA SEN, DEVELOPMENT AS FREEDOM 74-76 (Anchor Books 2000) (1999).

livelihood vulnerability data already discussed in Part II reveals that informal coal workers in Jharia scoring significantly worse than non-mining households on measures of financial security, water access, and healthcare, describes precisely this kind of capability deprivation: rat-hole mining persists not because labourers freely choose it among a range of options, but because so few other options exist. A system that offers a person a dangerous, low-paying path and calls that "choice" has not given him freedom in any real sense; it has simply narrowed his world until illegal mining is the only door left open.

D. Procedural Injustice: When Law Reinforces the Pattern

The distributive inequity concerns who gets what. However, the results of Part IV reveal a second type of procedural injustice: this distribution is reinforced rather than corrected by the law's own enforcement architecture. A legal mechanism that is structurally capable of reaching the person who is on the ground level handling the coal but structurally incapable of reaching the person who is financing its sale does not merely fail to fix an existing inequality; it actively directs its coercive nature at the party least responsible for the harm and least able to bear its consequences.

This is an argument about whose conduct the state is choosing to punish and whose it does not.

E. Naming the Injustice

The situation in Jharkhand's coal region cannot be explained as a failure of law and order, a weakness in the ability to implement the law, or an accidental aspect of poverty. This is the argument this paper opened with in Part I: illegal coal mining in Jharkhand is, at its core, a justice problem. Part VI now turns from diagnosis to response, asking what a justice-oriented approach to this problem would actually require.

VI. Conclusion and Recommendations

This paper set out to test a simple claim: that illegal coal mining in Jharkhand is conventionally treated as a law-and-order problem when it is, at its core, a justice problem.

The evidence supports that claim on both fronts that theories of justice care about. Distributively, the pattern mapped in Part III fails Rawls's difference principle outright: the labourer, clearly the least advantaged of the three parties, bears the greatest risk and receives

the smallest reward, and the syndicate's disproportionate gain does nothing to improve his position; the inequality runs the wrong way entirely. [52]

Under Sen's capability approach, the injustice runs deeper still: the labourer's participation is not a free choice among genuine alternatives but the product of a capability space narrowed until illegal mining is the only door left open.[53]

Redirect Enforcement Upward

If procedural injustice is part of what is wrong here, then the first and most direct remedy is procedural. The prosecution of subsistence-level extraction, transportation, and possession by individual labourers would be legally deprioritized under a justice-oriented enforcement policy. Instead, the same institutional effort would be directed toward the financiers and syndicate operators who are truly set up for profit. This is not a call for leniency as charity; it is a claim about who the law's coercive power should be aimed at, given that Rawls's own account ties the legitimacy of an unequal arrangement to whether the burden falls on those best placed to bear it and the labourer, on any account, is not that party. Meghalaya's High Court has already modelled this shift by directing police and magistrates to pursue financiers and backers as a matter of course.[54] Jharkhand's enforcement agencies possess the same statutory authority under the MMDR Act; what has been missing is the institutional will to point it upward rather than downward.

Follow the Money, Not Just the Coal

Part IV showed that checkpost-based enforcement is structurally incapable of reaching the syndicate because it is built to intercept coal in motion, not trace capital to its source. Correcting a distributive injustice requires tools capable of actually reaching the party capturing the disproportionate gain.

Money-laundering powers under the Prevention of Money Laundering Act were used, belatedly, to trace the Sahibganj network back to a single politically connected financier; they are the closest existing instrument to this kind of tracing, and should become the default tool against syndicate operations rather than an exceptional one reserved for cases that attract

[52] JOHN RAWLS, A THEORY OF JUSTICE 65-70 (Belknap Press, rev. ed. 1999) (1971).
[53] AMARTYA SEN, DEVELOPMENT AS FREEDOM 74-76 (Anchor Books 2000) (1999).
[54] *Meghalaya Police Ordered to Hunt Down Financiers Behind Illegal Coal Trade*, supra note 49.

national attention.

Closing Reflection

This paper opened with a simple question: *if two of three parties are losing and only one is gaining, why does the law's response fall hardest on one of the losers rather than on the winner?* The Rawlsian and capability lenses developed across Part V make clear that this is not a rhetorical question but a testable one, and the coal economy of Jharkhand fails that test in a structural, patterned, entirely predictable way. This is not the result of the state's limited capacity; rather, it is the outcome of a revenue and compensation system that is insufficient to turn legal entitlement into practical redistribution, as well as an enforcement architecture designed to capture visibility rather than blame.

Reframing illegal coal mining as a justice problem does not make the law-and-order lens irrelevant; raids, seizures, and prosecutions remain necessary tools. But used alone, and used as they currently are, they punish the party least responsible for the harm and least able to absorb its cost, while leaving the party most responsible almost entirely untouched. Who bears the loss, in Jharkhand's illegal coal mining, has so far been determined by structure, not choice. Treating it as a matter of justice, rather than merely of order, is the precondition for changing that.

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