Supplementary Note for the Cabinet


In the Note for Cabinet of even number dated 30th August 2011 on the above mentioned subject, the following two points were proposed for consideration and approval of the Cabinet

"9 (a) Approval of the Cabinet is solicited for repeal of the existing Mines and Minerals (Development and Regulation) Act, 1957, and to introduce the Mines and Minerals (Development and Regulation) Bill, 2011 in Parliament on the lines of the draft Bill placed at Appendix-III, subject to such changes of drafting or consequential nature, if any, in consultation with the Legislative Department;

(b) to exempt Indian Bureau of Mines from the provision of DoPT O.M. No 2/8/2001-PIC dated 16.5.2001 with respect to Science and Technology personnel and to approve in-principle the strengthening Indian Bureau of Mines as the primary technical regulator of the mining sector”.

2. It has since been decided that the point at para 9(b) will be brought separately to the Cabinet at the appropriate time along with a proposal to strengthen the Indian Bureau of Mines.

3. Accordingly, the point for consideration of the Cabinet with Note dated 30th August 2011 will be as follows:

“Point for consideration and Approval of the Cabinet

9. Approval of the Cabinet is solicited for repeal of the existing Mines and Minerals (Development and Regulation) Act, 1957, and to introduce the Mines and Minerals (Development and Regulation) Bill, 2011 in Parliament on the lines of the draft Bill placed at Appendix-III, subject to such changes of drafting or consequential nature, if any, in consultation with the Legislative Department;”

4. The proposal contained in the Supplementary Note for Cabinet has the approval of the Minister of State (Independent Charge) of Mines.

(G.Srinivas)
Joint Secretary to the Government of India
Tel: 23384886

To
The Cabinet Secretariat,
Rashtrapati Bhavan,
New Delhi
Note for the Cabinet

Subject: Mines and Minerals (Development and Regulation) Bill, 2011

Background

1.1 The Mines and Minerals (Development and Regulation) Act, 1957 (MMDR Act), regulates the development of the country’s mineral resources in terms of the powers vested in the Central Government as per Entry 54 of the Seventh Schedule of the Constitution. Prior to 1993, the mineral sector was also guided by the Industrial Policy Resolution of 1956 and the changes in sectoral policy were reflected in the MMDR Act through amendments made in 1972 and 1986. The first National Mineral Policy was enunciated by the Government in the year 1993, which ushered in liberalization in the mining sector. However, since then the need for optimal exploitation of natural resources, availability of raw materials and primary metals at market determined prices on a global scale and promotion of processing capacities based on comparative advantage have become the new paradigms which drive global policies in this sector.

1.2 The contribution of the mineral sector to the Gross Domestic Product of the country is today a mere 2.3% - 2.6%, as compared to 7.5% and 7.7% contribution of mining sector in the respective economies of Australia and South Africa. In this background, in the mid-term appraisal of the Tenth Five-Year Plan, it was observed that the main factors responsible for lack of adequate investments into the mineral sector were procedural delays in processing of applications for mineral concessions and absence of adequate infrastructure in the mining areas. As recommended in the mid-term appraisal, the Planning Commission constituted a High Level Committee (HLC) under the Chairmanship of Shri Anwarul Hoda, Member, Planning Commission.

1.3 The HLC submitted its report to the Government on the 20th July 2006 with recommendations on changes in the National Mineral Policy, 1993. The recommendations include suggestions for evolving a mining code adapted to the
best international practices, streamlining and simplifying procedures for grant of mineral concessions to reduce delays, strengthening the infrastructure for mining activities and recommendations on other issues for improving the environment for investment in the mining sector.


Approach to the New Mines and Minerals (Development and Regulation) Bill, 2011

2.1 The NMP, while ushering in greater liberalization and private sector involvement, has simultaneously sought to widen the scope of the regulatory framework of the Government in the mining sector by shifting the focus from conventional areas of managing the mineral concession systems to new areas of regulating the mineral sector holistically through addressing issues of simplification, transparency and sectoral best practices in order to attract capital and technology in the sector from new sources.

2.2 NMP has also deepened the scope of the developmental framework by mandating better management of resources and improving the Research and Development and Human Resources in the sector to ensure that the interests of host populations and other vulnerable sections are fully protected and stakeholder interests are developed, and the benefit of the economic activity in the mining sector flows equitably to the stakeholders.

2.3 A large proportion of the mineral wealth is situated in areas under forest cover, inhabited by tribal or under-privileged communities, and of late, socio-economic issues of tribal and remote communities which inter-alia include perceptions about displacement, control of area by outsiders, economic isolation, environmental degradation and loss of livelihood and habitat, have come into focus, articulated through various means as constituting alienation and loss of identity. There is a felt need to incorporate provisions in the mining legislation enabling creation, activation and empowerment of institutional mechanisms for involvement of the local people, especially the tribal and under privileged
2.4 Considering that the existing law had already been amended several times, and further amendments may not clearly reflect the objects and reasons emanating from the new mineral policy and that a new legislation would be preferable in order to clarify the legislative intent, the Ministry of Mines framed a new Mines and Minerals (Development and Regulation) Bill, 2011, to replace the Mines and Minerals (Development and Regulation) Act, 1957.

Consultations with the stakeholders
3. The new legislation has been extensively consulted with all the stakeholders. This included an intensive exercise of consultation with all the stakeholders including representatives of civil society concerned with environmental/societal impact. Detailed chronology of the meetings is at Annexure II. The minutes of the meeting of the consultation with various stakeholders are placed at Annexure III. Responses of the State Governments and the comments of the Ministry of Mines are placed at Annexure IV. The successive versions of the draft legislation was also circulated /uploaded on the website of the Ministry for obtaining the comments of the stakeholders on 5.8.2009, 17.9.2009, 17.11.2009, 8.1.2010, 31.3.2010 and 3.6.2010.

Views of other Ministries /Departments of the Central Government
4. After obtaining the views of the stakeholders, a draft Note for Cabinet on the new draft legislation was circulated to the Ministries of Commerce, Finance, Environment and Forests, Steel, Shipping and Surface Transport and Rural Development, the Departments of Industrial Policy and Promotion, Legal Affairs, Atomic Energy and Tribal Affairs and Planning Commission, etc. The comments received from the concerned Ministries/Departments and the response of the Ministry of Mines thereon is at Annexure V.

Deliberations of the Group of Ministers
5.1 The Government then set up a Group of Ministers (GoM) vide letter No 381/3/2/2010-Cab dated 14.6.2010 (copy of letter at Annexure VI) to look into
the proposed new draft Mines and Minerals (Development and Regulation) Bill, 2011.

5.2 Some of the specific concerns of the stakeholders which were not in consonance with the perspective of the Ministry of Mines were placed before the GoM, and considered in detailed discussions held on 22\textsuperscript{nd} July 2010, 30\textsuperscript{th} July 2010, 17\textsuperscript{th} September 2010, 3\textsuperscript{rd} December 2010 and 7\textsuperscript{th} July 2011 (copy of minutes of meetings are at Annexure VII A to E). The Chairman of GoM, as desired by the GoM, also held meetings with the Chief Ministers of the State Government of Chattisgarh and Orissa (record notes of meeting at Annexure VIII A & B). A list of issues /concerns and the manner of resolution is given in Annexure IX.

5.3 The Government also set up a Committee for allocation of Natural Resources vide Cabinet Secretariat's order No.483/1/1/2011-Cab dated 31st January 2011. The Committee submitted its Report on the 3\textsuperscript{rd} June 2011 and made ten recommendations in respect of the mineral sector. These were duly examined and placed before the GoM in its meeting on the 7\textsuperscript{th} July 2011, which approved changes in several provisions in the draft Act under consideration. The recommendations and the manner of their incorporation into the draft Act is given in Annexure X. The final version of draft MMDR Bill 2011, as recommended by GOM on 7\textsuperscript{th} July 2011 and vetted by Ministry of Law and Justice is at Appendix III.

\textbf{Framework of the Mines and Minerals (Development and Regulation) Bill, 2011}

6.1 The main provisions of the Mines and Minerals (Development and Regulation) Act, 1957 which have been retained alongwith incorporation of appropriate related provisions of the Mineral Concessions Rules, 1960 and Mineral Conservation and Development Rules, 1988 are,-

(i) undertaking of any reconnaissance, prospecting or mining operations in any area shall be done only in accordance with the terms of licence or lease issued by the concerned State Government;

(ii) eligibility for grant of concessions only to Indian citizens and to Companies registered under the Companies Act, 1956 (provision modified to include eligibility for firm and cooperatives);

(iii) fixation of minimum and maximum areas for grant of various concessions with increase in maximum area, and fixation of minimum area in the interest of
scientific mining (in case of minor minerals minimum area based on recommendations of the Report on Environment Aspects of quarrying of minor minerals submitted in March 2010 by a Committee constituted in Ministry of Environment and Forests under the chairmanship of Secretary, Ministry of Environment and Forests);

(iv) provisions for notifying areas of known mineralization for inviting applications for grant of prospecting and mining concessions based on quality and standard of data, with a transparent system that provides for adequate flexibility in determining techno-economic/financial parameters for purposes of inviting bids. In case of prospecting licence, State Government may call for competitive bids even in non-notified areas, for grant of prospecting licence within one month of an application, in order to get a better value;

(v) grant of concession for prior applicants in the case of non-notified areas, where there is no knowledge or inadequate data of mineralization;

(vi) right of concessionaire to next stage of concession, in order to protect investments already made;

(vii) reservation of areas in the interest of conservation of mineral resources;

(viii) strengthening provisions regarding Mining Plan and Mine Closure Plans, providing for public disclosure and for security deposits for proper implementation and penalties for default.

6.2 The main new provisions in the new Mines and Minerals (Development and Regulation) Bill, 2011 based on the HLC Report and the National Mineral Policy, 2008, are:

(i) inclusion of a new concession “High technology reconnaissance cum exploration Licence” to facilitate exploration of deep-seated and concealed mineral deposits (other than bulk minerals like iron ore, bauxite, limestone etc) using high technology and venture capital;

(ii) making reconnaissance non-exclusive;

(iii) “Extension” rather than “renewal” of concession to ensure complete exploitation of mineral deposit;

(iv) facilitating easy transfer of reconnaissance and prospecting licences;

(v) Mining leases are also transferable but subject to prior approval of State Government. Further the State Government may call for better financial bids in case of transfer of a lease for a declared consideration amount if it is of the
opinion that such an amount agreed between the transferor and transferee of a lease is inadequate;

(vi) provision for calling applications in notified areas of known mineralization for prospecting based on technical knowledge, value addition, end-use proposed ore-linkage etc. and to invite financial bid;

(vii) grant of direct mining concessions only through bidding based on a prospecting report and feasibility study to establish its likely value;

(viii) State Government may set a minimum floor price for competitive bidding based on the mineral data;

(ix) special provisions for allowing mining of small deposits in cluster, and making cooperatives eligible for the purpose;

(x) a National Mining Regulatory Authority set up for major minerals which would, inter-alia, advise on revision of Royalty rates etc, lay down standards for mining sector, suggest strategies for increasing investment in the sector and authorize investigation and launch prosecution in respect of cases of large scale illegal mining; State Governments also enabled to set up similar Authority at State level;

(xi) imposition of a Central cess and a State cess, and setting up of Mineral Funds at National and State level for capacity creation, funding of regulatory, development and Information Technology activities for the sector etc.;

(xii) For the purposes of sharing the benefits of mining with persons or families having occupation, usufruct or traditional rights in mining areas, and for local area infrastructure creation, all mining lease holders to pay to the District Mineral Foundation as follows:

(a) in respect of non-coal major minerals, an amount equal to royalty paid by lessees;

(b) for coal minerals, 26% profits to be called as profit sharing percentage (after deduction of tax paid) from mining operations of the immediately preceding year; in order to allow for any future changes in the pricing and royalty system for coal minerals the National Regulator to be empowered to recommend appropriate alternatives in respect of coal minerals from time to time;

(c) In case of minor minerals, where royalty is fixed by State Governments and a wide variety of systems are prevalent, the basis
for payment by lessees will be determined by each State Government with the concurrence of the National Regulator;

(xiii) dispensing with prior approval of Central Government except in case of Coal, Beach Sand (ilmenite and other titanium bearing minerals) and Atomic minerals;

(xiv) ensuring sustainable and scientific mining through provision for a Sustainable Development Framework within which Mining Plans and Mine Closure Plans will be prepared and implemented (both for minor and major minerals);

(xv) consultation with local community before notifying an area for grant of concession, and for approval of Mine Closure Plans;

(xvi) enhanced penalties for violation of provisions of the Act including illegal mining, empowering Central Government to issue directions in such cases, and setting up of Special Courts which can be funded out of the State cess;

(xvii) lapsing of all applications for grant of mineral concession pending on the date of commencement of the new MMDR Bill, excepting those that have been made for seamless transition to next stage of concession or those which have been given prior approval for grant of concession or issued letter of intent and are awaiting execution of lease or licence; and

(xviii) a moratorium period of two years for receiving prospecting applications after commencement of new Act (which can be further extended by one more year);

Financial implications

7.1 The new draft Mines and Minerals (Development and Regulation) Act, 2011, would have financial implications in the creation of an independent National Mining Tribunal and National Mining Regulatory Authority at the Central level, and the expenditure involved in the capacity building of the Indian Bureau of Mines. In respect of the National Mining Tribunal and National Mining Regulatory Authority, the expenditure is given at Annexure XI. The funding of the Mining Tribunal and the Regulatory Authority will be out of the proceeds of the Central Cess credited to the National Mineral Fund.

7.2 In order to ensure that the Indian Bureau of Mines is scientifically equipped to regulate the mining sector adequately in terms of Mining Plans, Mine Closure Plans and the Sustainable Development Framework, it will be necessary to
exempt Indian Bureau of Mines from the provision of DoPT O.M. No 2/8/2001-PIC dated 16.5.2001 with respect to S&T personnel and to strengthen the Indian Bureau of Mines (a total of about 150 new posts are estimated to be required for which a separate proposal would be submitted).

7.3 In order to ensure efficiency at the State level, the State Government Directorate of Mining and Geology will need to be strengthened by the State Governments, and the State cess proposed to be levied under the new Act would be available to the State Government for the purpose, and no financial implication is proposed on the Consolidated Fund of India.

8. Ministry of Law and Justice have seen and concurred in the proposal contained in the Note.

Points for consideration and Approval of the Cabinet

9.(a) Approval of the Cabinet is solicited for repeal of the existing Mines and Minerals (Development and Regulation) Act, 1957, and to introduce the Mines and Minerals (Development and Regulation) Bill, 2011 in Parliament on the lines of the draft Bill placed at appendix-III, subject to such changes of drafting or consequential nature, if any, in consultation with the Legislative Department;

(b) to exempt Indian Bureau of Mines from the provision of DoPT O.M. No 2/8/2001-PIC dated 16.5.2001 with respect to Science and Technology personnel and to approve in-principle the strengthening Indian Bureau of Mines as the primary technical regulator of the mining sector.

10. A proposed statement of Implementation Schedule is annexed as Appendix I to the Note.

11. A proposed statement of Equity, Public Accountability and Innovation is annexed as Appendix II to the Note.

12. The proposals contained in the Note for Cabinet have the approval of the Minister of State (Independent Charge) of Mines.

(G.Srinivas)
Joint Secretary to the Government of India
Tel: 23384886

To
The Cabinet Secretariat,
Rashtrapati Bhavan,
New Delhi

MINISTRY OF MINES No. 16/83/2009-MVI SECRET
APPENDIX I

PROPOSED STATEMENT OF IMPLEMENTATION SCHEDULE
Subject: Mines and Minerals (Development and Regulation) Bill, 2011

<table>
<thead>
<tr>
<th>GIST OF DECISION REQUIRED</th>
<th>PROJECTED BENEFITS/RESULTS</th>
<th>TIME SCHEDULE FOR MANNER OF IMPLEMENTATION /REPORTING TO CABINET SECRETARIAT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approval of the Cabinet is solicited to the proposal contained in paragraph 9 of the Note</td>
<td>Developing the country’s mining sector to its full potential so as to put the nation’s mineral resources to best use for national economic growth, and ensure raw materials security in the long term national interest.</td>
<td>As soon as the Cabinet approval is received, action will be taken to introduce the Mines and Minerals (Development and Regulation) Bill, 2011, in the Rajya Sabha in the Budget session, 2011.</td>
</tr>
</tbody>
</table>

(G.Srinivas)
JOINT SECRETARY
Tele: 23384886
## Appendix II

**PROPOSED STATEMENT ON EQUITY, PUBLIC ACCOUNTABILITY AND INNOVATION**

Subject: Mines and Minerals (Development and Regulation) Bill, 2011

<table>
<thead>
<tr>
<th>S.No</th>
<th>The required goal</th>
<th>How does the proposal advance this goal?</th>
</tr>
</thead>
</table>
| 1    | Equity or inclusiveness     | (i) The new Act intends to extend the benefits of mineral development to local stakeholders at all levels (community and provincial) through mandatory income sharing and a sustainable development framework.  
(ii) All mining lease holders would be required to pay prescribed amounts annually for benefit of persons affected by mining operations and local area infrastructure creation management and maintenance through a District Mineral Foundation.  
(iii) Panchayats will be consulted before Progressive Mining Closure plans are approved to ensure adequate addressing of Stakeholders needs.  
(iv) Mining companies will need to attach a Corporate Social Responsibility document to their Mining Plan.                                                                                     |
| 2    | Public accountability       | (i) The new Act proposes to introduce greater transparency in the system of allocation of mineral concessions and streamlining the process of grant of concessions, with an independent Tribunal for dispute resolution.  
(ii) A new Mineral Regulatory Authority to be set up at National and State level for recommending the rates of royalty, dead rent, profit sharing percentage, and quality standards, and direct intervention in case of large scale cases of illegal mining.  
(iii) The process of notifying availability of areas for grant of concessions shall be published in the official website.  
(iv) Details of grant of area, purpose, particulars of concessionaires, Mining Plans etc., will be available on official websites.  
(v) Progressive Mine Closure Plans shall be available for inspection by public.  
(vi) Whistle blowing on illegal mining encouraged through rewards.                                                                                                                                                                                                 |
| 3    | Innovation                  | (i) The new Act proposes to introduce mechanism for allocation of mineral concessions through competitive bidding by applicants based on scientific knowledge of mineralisation or valuation of the reserves.  
(ii) The Act provides for on-line management of the concessions system.  
(iii) The Act creates statutory data repositories in the form of National Geo-physical Data Repository and National Drill Core Repository.  
(iv) The Act enables the Geological Survey of India to obtain regional level geospatial data from concessionaires on statutory basis for integration with their spatial data bases.  
(v) The Act provides for a framework of disclosure of information, including the development of websites and portals for the purpose of scientific management and exploitation of mineral resources subject to provisions of Section 8 of the Right to Information Act, 2005. |

(G.Srinivas)
Joint Secretary to the Government of India  
Tele: 23384886
The Mines and Mineral (Development and Regulation) Bill, 2011

A BILL

to consolidate and amend the law relating to the scientific development and regulation of mines and minerals under the control of the Union.

Be it enacted by Parliament in the Sixty-second Year of the Republic of India as follows:—

CHAPTER-I
PRELIMINARY

1. (1) This Act may be called the Mines and Minerals (Development and Regulation) Act, 2011.
(2) It extends to the whole of India.
(3) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint:
Provided that different dates may be appointed for different provisions of this Act and any reference in any such provision to the commencement of this Act shall be construed as a reference to the coming into force of that provision.

2. It is hereby declared that it is expedient in the public interest that the Union should take under its control the regulation of mines and mineral development to the extent hereinafter provided.

Short title, extent and commencement.

Declaration as to the expediency of Union control.
3. In this Act, unless the context otherwise requires,-

(a) “atomic minerals” means the minerals specified in Part ‘B’ of the First Schedule;
(b) “Atomic Minerals Directorate” means the Atomic Minerals Directorate for Exploration and Research, Hyderabad, under the control of the Department of Atomic Energy, Central Government;
(c) ‘beach sand mineral’ includes ilmenite, rutile, leucoxene minerals, and any other titanium bearing mineral that can be extracted from placer sand as specified in Part ‘C’ of the First Schedule;
(d) “cess” means,-
   (i) a duty in the nature of duty of excise and customs levied and collected on major minerals by the Central Government; and
   (ii) a duty on royalty levied and collected on major and minor minerals by the State Government, for the purposes of this Act;
(e) “Coal Controller” means the person appointed as such by the Central Government under the Coal Controller Organisation (Group ‘A’ Posts) Recruitment Rules, 1986 for the time being in force;
(f) “coal minerals” means the minerals specified in Part ‘A’ of the First Schedule;
(g) “detailed exploration” means a detailed three-dimensional delineation of a known deposit achieved through close spaced sampling, pitting, trenching and drilling in a grid, and includes an analysis of outcrops, trenches, boreholes, shafts and tunnels, so that the size, shape, structure, grade of the deposit are established with high degree of accuracy, in order to conduct a feasibility study;
(h) “feasibility study” means the report prepared by duly accredited agencies after conducting a study of a mineral deposit in accordance with the United Nations Framework Classification System, assessing in detail the technical soundness and economic viability of a mining project, including an audit of all geological, engineering, environmental, legal and economic information accumulated on the project;
(i) “forest area” means any area to which the provisions of the Forest (Conservation) Act, 1980, is applicable;
(j) “general exploration” means the process of initial delineation of an identified deposit in an area using...
surface mapping, wide spaced sampling, trenching and drilling for preliminary evaluation of mineral quantity and quality, including mineralogical tests on laboratory scale, and any indirect method of mineral investigation, in order to conduct a pre-feasibility study and further detailed exploration;

(k) “high technology reconnaissance cum exploration licence” means a licence granted under this Act for reconnaissance and prospecting, including general and detailed exploration;

(l) “licence” means the licence granted for the purposes of reconnaissance or prospecting or high technology reconnaissance cum exploration;

(m) “major minerals” means the minerals specified in the First Schedule;

(n) “mineral concession” means a reconnaissance licence, a high technology reconnaissance cum exploration licence, a prospecting licence, or a mining lease in respect of major minerals and minor minerals and includes quarrying permits and any other mineral concessions permitting the mining of minor minerals in accordance with such rules as may be made by the State Government in this behalf;

(o) “mining lease” means a lease granted by the competent authority for the purpose of undertaking mining operations, in accordance with the provisions of this Act, and in respect of minor minerals, shall include quarrying permits and other mineral concessions permitting the mining of minor minerals, in accordance with such rules as may be made by the State Government;

(p) “minor minerals” means the minerals other than the major minerals specified in the First Schedule;

(q) “National Authority” means the National Mining Regulatory Authority established under section 58;

(r) “National Mining Tribunal” means the National Mining Tribunal established under section 75;

(s) “notification” means a notification published in the Official Gazette and the expression “notify” shall be construed accordingly;

(t) “non-exclusive reconnaissance licence” means a licence to conduct a systematic study for identifying areas of enhanced mineral potential through reconnaissance on regional scale;

(u) “prescribed” means prescribed by the rules made under this Act;
(v) “prospecting” means the systematic process of searching for a mineral deposit by narrowing down an area of promising enhanced mineral potential through outcrop identification, geological mapping, geophysical and geochemical studies, trenching, drilling, sampling etc., in order to facilitate general and detailed exploration;

(w) “prospecting licence” means a licence granted under the provisions of this Act to conduct prospecting, general exploration and detailed exploration operations;

(x) “prospecting report” means a report containing all relevant information on a mineral in an area on the basis of results of prospecting, general exploration and detailed exploration giving details of ore bodies in terms of size, shape, grade, quantity of mineralisation and geological assessment represented by codes in the United Nations Framework Classification System, including baseline and geo-environmental study data;

(y) “reconnaissance” means a systematic study to identify areas of enhanced mineral potential on a regional scale based primarily on the results of regional geological, geophysical and geochemical studies through remote sensing, aerial and ground sampling surveys including, preliminary field inspections, in order to facilitate further investigation for deposit identification;

(z) “reconnaissance report” means a report containing all relevant information on mineral occurrences in an area of enhanced mineral potential on regional scale obtained through reconnaissance;

(za) “Schedules” means the Schedules appended to this Act;

(zb) “Special Courts” means the Special Courts constituted under section 105 of this Act;

(zc) “State Directorate” means the Directorate of Mining and Geology (by whatever name called) of the State Government headed by a Director (or any other designation of this nature) responsible for regulation of mining activities within the State;

(zd) “State Authority” means the State Mining Regulatory Authority established under section 70;

(ze) “State Mining Tribunal” means the State Mining Tribunal established under section 89;
(zf) “sustainable development framework” means the National sustainable development framework or a State sustainable development framework prepared in accordance with the provisions of section 46;
(zg) “United Nations Framework Classification” refers to the classification of mineral reserves or resources made by United Nations Economic Commission for Europe and as may be adopted and notified by the Central Government for the purposes of this Act;
(zh) the expressions “agent”, “manager”, “mine” and “owner” shall have the meanings respectively assigned to them in the Mines Act, 1952.

CHAPTER II
GENERAL RESTRICTIONS ON MINERAL CONCESSIONS

4. (1) Save as otherwise provided in this Act, no person shall undertake any reconnaissance, prospecting, general exploration, detailed exploration or mining in respect of any major or minor minerals except under a non-exclusive reconnaissance licence, high-technology reconnaissance cum exploration licence, prospecting licence or mining lease in case of major minerals or any other mineral concession in case of minor minerals, as the case may be, granted in accordance with the provisions of this Act and the rules made thereunder:

Provided that nothing in this sub-section shall affect any reconnaissance, prospecting, general exploration, detailed exploration or mining operation undertaken in any area in accordance with the terms and conditions of a reconnaissance permit, prospecting licence or mining lease granted before the commencement of this Act.

(2) No licence shall be necessary in respect of reconnaissance or prospecting operations undertaken by the Geological Survey of India, the Atomic Minerals Directorate, the Mineral Exploration Corporation Limited, the Singareni Collieries Limited, the Neyveli Lignite Corporation Limited and the Central Mine Planning and Design Institute Limited being Government companies within the meaning of section 617 of the Companies Act, 1956 or the Directorate of Mining and Geology (by whatever name called) of any State Government and such other Government agencies as may be notified by the Central Government from time to time in respect of any land where rights on minerals vest in the State Government:

Provided that all such operations shall be notified

Reconnaissance, prospecting and mining operations to be under licence.

1 of 1956
by the State Government and may be undertaken for a period not exceeding three years in respect of reconnaissance and six years in respect of prospecting, as may be specified in such notification:

Provided further that no such reconnaissance or prospecting shall be undertaken in an area for which a licence or mining lease has been granted or for which application for a grant of licence or mining lease is pending.

Explanation.- For the purposes of this sub-section, in respect of the Mineral Exploration Corporation Limited, the Singareni Collieries Limited, the Neyveli Lignite Corporation Limited, the Central Mine Planning and Design Institute Limited and the other Government agencies as may be notified under this sub-section, the provisions of this sub-section shall apply with respect to promotional work undertaken on behalf of the Central Government or the State Government, as the case may be.

(3) No person shall be entitled to make any application for mineral concession in the area covered by the notification during the period specified in the notification issued under sub-section (2), and on expiry of the said period or such earlier period as may be notified by the State Government, the area shall be deemed to be available for grant of mineral concessions.

(4) In respect of land on which prospecting operations are conducted in accordance with the provisions of sub-section (2), before the expiry of the period specified in the notification issued by the State Government, the Central Government in case of coal minerals, and the State Government in case of all other minerals, may by notification, invite competitive offers for grant of concession under section 13 or may set aside the entire land or any portion of the land for a period not exceeding three years for grant of mineral concession under section 13 and no application for grant of any mineral concession shall lie during this period or on the expiry thereof, except in accordance with a notification issued under sub-section(1) or sub-section(4) of section 13 of this Act, as the case may be.

(5) Subject to the provisions of sub-section (6), no mineral concession shall be granted except on an application made to the State Government after the commencement of this Act and in accordance with the provisions thereof alongwith the application fee and earnest money, in such form and manner as may be
prescribed.  

Explanation.- For the removal of doubts, it is hereby clarified that applicants who made the applications before the commencement of this Act shall be required to make fresh applications under this Act, and no right [except as otherwise provided under sub-section (6)] shall accrue to such applicants under this Act by virtue of having made an application before such commencement.

(6) The provisions of sub-section (5) shall not be applicable in case of applications made in accordance with any law for the time being in force, before the commencement of this Act,-

(a) for grant of prospecting licence or a mining lease after completing exploration under a reconnaissance permit or a prospecting licence, as the case may be; or

(b) for which prior approval of the Central Government for grant of mineral concessions, has been given; or

(c) where a letter of intent (by whatever name called) has been issued by the State Government to grant reconnaissance permit or prospecting licence or mining lease, as the case may be, and was pending grant of the concession under this Act for fulfillment of the conditions of the letter of intent, and the application for grant of the mineral concessions is pending with the State Government at the time of commencement of this Act.

(7) In case a person submits his application for grant of mineral concession in respect of major as well as minor minerals in the same area, the application shall be considered for all the minerals applied for in accordance with the provisions of this Act applicable to major minerals.

(8) No person shall transport or store, or cause to be transported or stored, any minerals otherwise than in accordance with the provisions of this Act and the rules made thereunder.

(9) An application for grant of mining lease for atomic minerals may be considered and granted by the State Government after obtaining prior approval of the Department of Atomic Energy in such cases and in such manner as may be prescribed by the Central Government:

Provided that no lease shall be necessary in respect of mining of atomic minerals undertaken by the Atomic Minerals Directorate or such other Government agencies...
as may be notified by the Central Government from time to time.

(10) In any reconnaissance or prospecting operations undertaken by the Geological Survey of India, the Atomic Minerals Directorate, the Mineral Exploration Corporation Limited, the Singareni Collieries Limited, the Neyveli Lignite Corporation Limited, the Central Mine Planning and Design Institute Limited and such other Government agencies, in accordance with the provisions of sub-section (2), such agency conducting the reconnaissance or prospecting operations shall publish, in such manner as may be prescribed by the Central Government, a report of the reconnaissance or prospecting operations and intimate the publication to the State Government in such manner as may be prescribed by the Central Government to enable the State Government to set aside the area under sub-section (4) or notify the area under section 13 for prospecting or mining, as the case may be:

Provided that where the State Government fails to take a decision to set aside the area or notify the area under section 13, it shall publish such data in its official website, that would be available to the general public in such manner as may be prescribed by the State Government.

5. (1) No person shall be eligible for grant of a mineral concession unless such person is a citizen of India or a company as defined in sub-section (1) of section 3 of the Companies Act, 1956, or a firm registered under the Indian Partnership Act, 1932 and has registered himself with the Indian Bureau of Mines or the State Directorate or any other agency authorised by a notification issued by the Central Government, in such manner, as may be prescribed by the Central Government:

Provided that for the purposes of mineral concessions for small deposits in any area referred to in sub-section (6) of section 6, a co-operative society registered with the State Government under the law made by it and registered in accordance with the provisions of sub-section (2) shall be eligible for grant of such mineral concession:

Provided further that in respect of any concession or an application for grant or renewal of a mineral concession pending with the State Governments at the commencement of this Act in terms of sub-section (6) of section 4, the applicant of such application shall be given

Eligibility for grant of mineral concession.

1 of 1956
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a reasonable opportunity to register with the Indian Bureau of Mines or the State Directorate, as the case may be, within such time as may be notified and such application shall not be rejected solely on the ground of non registration with the Indian Bureau of Mines or the State Directorate, as the case may be.

Explanation.- For the purposes this sub-section, the firm or association or co-operative shall be eligible where all the members of such firm or association or co-operative are citizens of India.

(2) Subject to any notification issued under subsection(1), the registration process in respect of mineral concessions,-

(a) for major minerals shall be administered by the Indian Bureau of Mines;

(b) for minor minerals shall be administered by the State Directorate, and

(c) for coal minerals shall be administered by the Central Government.

(3) No person shall be entitled to operate a mineral concession if he contravenes any of the provisions of this Act or the rules made thereunder, which renders him ineligible for grant of a mineral concession:

Provided that a person who is holding a mineral concession prior to the commencement of this Act shall not be deemed to be contravening the provisions of this Act and the rules made thereunder merely on account of the fact that the area of such concession is less than the mining area specified under section 6.

6. (1) The maximum area which can be held under mineral concession at any time by a person in respect of any mineral or prescribed group of associated minerals in a State shall be,-

(a) ten thousand square kilometers in respect of non-exclusive reconnaissance licences;

(b) five thousand square kilometers in respect of high-technology reconnaissance cum exploration licences;

(c) five hundred square kilometers in respect of prospecting licences; and

(d) one hundred square kilometers in respect of mining leases:

Provided that a high-technology reconnaissance cum exploration licence shall be granted for such group of associated minerals (other than iron ore,
bauxite, limestone, coal minerals or other bulk minerals) as may be prescribed by the Central Government, and subject to such general conditions regarding use of advanced technologies and methodologies as may be notified from time to time by the Central Government:

Provided further that in case of coal minerals, if the Central Government is of the opinion that in the interest of development of coal minerals, it is necessary so to do, it may, for reasons to be recorded in writing, permit any person to acquire one or more prospecting licence or mining lease covering an area in excess of the maximum area specified in sub-section (1).

(2) In respect of major minerals, the minimum area for grant of,-

(a) a high-technology reconnaissance cum exploration licence shall be one hundred square kilometres;
(b) a prospecting licence shall be one square kilometer; and
(c) a mining lease shall be ten hectares.

(3) In respect of minor minerals the minimum area for grant of,-

(a) a non-exclusive reconnaissance or a prospecting licence shall be ten hectares; and
(b) a mining lease shall be five hectares:

Provided that the State Government in consultation with the Ministry of Environment and Forest in the Central Government for reasons to be recorded in writing may, in respect of any area and any minor mineral, notify a minimum area other than the area specified in this sub-section.

Explanation.- For the purposes of sub-sections (1), (2) and (3), the area held by a person as a member of a co-operative society, company or other corporation and a Hindu Undivided Family and a partner of a firm or as an individual shall be jointly computed.

(4) Notwithstanding anything contained in sub-sections (2) and (3), a person holding a high-technology reconnaissance cum exploration licence, or a prospecting licence or a mining lease shall be entitled to be considered and granted a high-technology reconnaissance cum exploration licence or a prospecting licence, as the case may be, for the same minerals for an area lower than the minimum area referred to in sub-section (2) or sub-section (3), as the case may be, in an
area contiguous to the area already held by him under the licence or lease, as the case may be.

(5) The holder of a non-exclusive reconnaissance licence, high-technology reconnaissance cum exploration licence, and prospecting licence shall surrender area out of such licence annually, as may be specified in the licence, in the manner prescribed by the Central Government so that at the end of the last year after the commencement of operations of the non-exclusive reconnaissance licence, the area held does not exceed the maximum eligibility of the licence holder for a prospecting licence and at the end of the last year of the high-technology reconnaissance cum exploration licence or prospecting licence, the area held does not exceed the maximum eligibility of the licence holder for a mining lease in accordance with the provisions of sub-section (1).

(6) No mining lease shall be granted in respect of any area which is not compact and contiguous or otherwise not suitable to scientific development:

Provided that in respect of small deposits not suitable to scientific mining in isolated patches, a mining lease may be granted for a cluster of such deposits within a defined area of not less than the area specified in sub-section (2) or sub-section (3), as the case may be, in accordance with such procedure and subject to such conditions as may be prescribed by the Central Government.

(7) In case of the Scheduled area specified in the Fifth Schedule of the Constitution and the tribal area specified in the Sixth Schedule of the Constitution, the State Government may, by notification, give preference as may be specified in the notification in grant of mineral concessions on an area referred to in sub-section (6) to a Co-operative of the Scheduled Tribes.

(8) Any rules made by the State Governments for minor minerals shall be in accordance with the provisions of sub-sections (1) to (7).

7. (1) A non-exclusive reconnaissance licence shall be granted for a period of not less than one year and not more than three years.

(2) A high technology reconnaissance cum exploration licence shall be granted for a period of not less than three years and not more than six years:

Provided that the period may be extended, on an application made by the licensee for a further period not
exceeding two years in respect of such part of the area as may be specified in the licence.

(3) A prospecting licence shall be granted for a period of not less than two years and not more than three years:
   Provided that the period may be extended on an application made by the licencee for a further period not exceeding two years in respect of such part of area as may be specified in the licence.

(4) A mining lease for a major mineral shall be granted for a period of not less than twenty years and not more than thirty years:
   Provided that in an area which is already held under a mining lease and a new mineral is found in such area, the period of mining lease granted for such new mineral shall be co-terminus with the period of the existing mining lease:
   Provided further that in the interest of mineral development, amalgamation of two or more adjoining leases held by a lessee may be approved by the authority competent to grant the lease and the period of the amalgamated leases shall be co-terminus with the period of lease which expires later.

(5) A mining lease for a minor mineral shall be granted for a period not less than five years and may be extended for such period as may be notified by the State Government:
   Provided that different periods may be specified for different minerals having regard to the nature and manner of occurrence of mineral deposits:
   Provided further that in respect of any minor mineral, where a minimum area is notified in accordance with the provisions of sub-section (3) or sub-section (6) of section 6, the State Government may notify a minimum period of less than five years in consultation with the Central Government.

(6) A mining lease for a major mineral may be extended, on an application made by the lessee, in respect of such part of the area as may be specified and for such period not exceeding twenty years at a time, as may be required to ensure full exploitation of the run-of-the-mine in a scientific manner:
   Provided that no such extension shall be granted, except after approval in the prescribed manner, of a fresh mining plan for the area for which the lease is sought to be extended.

(7) For the purposes of sub-section (6), all mining
leases granted before the commencement of this Act, and which has not contravened any of the terms and conditions of a reconnaissance permit, prospecting licence or a mining lease granted before the commencement of this Act, shall be considered for extension irrespective of the size of the area of such mining lease.

| 8. (1) | In respect of any land in which the minerals vest in the Government (other than in respect of lands reserved under the provisions of Chapter VII), the State Government shall grant non-exclusive reconnaissance licence, high technology reconnaissance cum exploration licence, prospecting licence and mining lease and extend the high technology reconnaissance exploration licence, prospecting licence and mining lease in accordance with the provisions of this Act and the rules made thereunder:

  Provided that in respect of minor minerals, the State Government may, by notification, restrict the grant of licence to such types of mineral concessions as are appropriate having regard to the nature of occurrence of the minor mineral:

  Provided further that a non-exclusive reconnaissance licence, high technology reconnaissance cum exploration licence, prospecting licence and mining lease in respect of coal minerals, atomic minerals and beach sand minerals shall be granted and extended by the State Government with the prior approval of the Central Government.

(2) Every person, granted a licence or lease, as the case may be, under sub-section (1), shall deposit such sum as security deposit as may be specified by the Central Government.

(3) A non-exclusive reconnaissance licence shall not be issued in respect of any area held under a high technology reconnaissance cum exploration licence or a prospecting licence or a mining lease.

(4) A prospecting licence shall not be issued in an area held under high technology reconnaissance cum exploration licence and vice-versa.

(5) A high technology reconnaissance cum exploration licence or a prospecting licence shall not be issued in respect of an area held under a mining lease.

(6) A non-exclusive reconnaissance licence, high technology reconnaissance cum exploration licence, prospecting licence or mining lease for coal minerals shall be granted by the State Government to a company

| Grant and extension of mineral concession. |
approved by the Central Government on such terms and
conditions as may be prescribed by it and such licence or
lease be granted through competitive bidding and auction
in such manner as may be prescribed by it:

Provided that the provisions of this sub-section shall
not be applicable for grant of mineral concession,-

(a) to a Government company or corporation for
mining or such other specified end use;
(b) to a company or corporation which has been
awarded a power project (including Ultra Mega
Power Project) on the basis of competitive bids
for tariff.

(7) The reconnaissance licence, prospecting licence and
mining lease (by whatever name called) in respect of any
mineral underlying the ocean within the territorial waters
or the continental shelf of India shall be granted by the
Central Government in accordance with the provisions of
any law for the time being in force.

(8) The State Government, and every holder of a mineral
concession, shall make available data relating to grant,
extension, relinquishment, termination and plan of
operations in the official website in such manner as may
be prescribed by the Central Government.

(9) For the purpose of this section, the onus of proving
that ownership of a mineral vests in a person other than
the State Government shall be on the person making the
claim.

9. (1) Notwithstanding that a non-exclusive
reconnaissance licencee is operating in such area, a high
technology reconnaissance cum exploration licence,
prospecting licence or a mining lease may be granted on
that area under the provisions of this Act.

(2) A non-exclusive reconnaissance licence holder
who applies for a prospecting licence under sub-section
(7) of section 22 shall, on grant of such licence, be
entitled to get such areas vacated as may have been
granted a prospecting licence to any person under sub-
section (1) subsequent to the grant of the reconnaissance
licence:

Provided that a person holding a high technology
reconnaissance cum exploration licence or a person
holding a prospecting licence granted under sub-section
(7) of section 22 or a person granted a mining lease shall
not be required to vacate the area.

| 10. (1) Notwithstanding anything contained in this Act, the holder of a high technology reconnaissance cum exploration licence or a prospecting licence or mining lease for a mineral other than a minor mineral may also undertake incidental prospecting or mining operations in respect of atomic minerals in the area held, subject to the fulfillment of the following conditions, namely:

(a) if in the course of prospecting or mining operations, he discovers any atomic mineral, he shall within a period of sixty days from the date of discovery of such mineral, report the fact of such discovery to the Atomic Minerals Directorate, the Geological Survey of India, the Indian Bureau of Mines and the State Directorate of the State in which the prospecting or mining operations are carried on or proposed to be carried on;

(b) the quantities of atomic minerals recovered incidental to such prospecting or mining operations shall be collected and stacked separately and a report to that effect sent to the Atomic Minerals Directorate every three months for such further action to be taken by the licencee or lessee, as the case may be, which may be directed by the Atomic Minerals Directorate.

(2) The licensee or lessee, as the case may be, referred to in sub-section (1) shall, within a period of sixty days from the date of discovery of atomic mineral, apply to the Secretary, Department of Atomic Energy, Mumbai, along with the recommendations of the State Government, for grant of a licence or lease to handle the said atomic minerals in accordance with the provisions of the Atomic Energy (Radiation Protection) Rules, 2004 made under the Atomic Energy Act, 1962, and on grant of such licence or grant of lease to handle, the licencee or lessee, as the case may be, may apply for inclusion of such atomic minerals in his licence or lease, as the case may be:

Provided that if in the opinion of the Department of Atomic Energy, the atomic mineral recovered incidental to such prospecting or mining operations is not of an
economically exploitable grade or the quantity found is insignificant, the licensee or lessee need not apply for inclusion of such atomic mineral in his licence or lease, as the case may be.

(3) In case of grant of a lease referred to in sub-section (2), the lessee shall remove and dispose off the atomic mineral on payment of royalty to the State Government.

(4) For obtaining a separate licence or lease for atomic minerals, the licensee or lessee, as the case may be, shall, within a period of sixty days from the date of discovery of atomic mineral, apply to the Secretary, Department of Atomic Energy, Mumbai, along with the recommendations of the State Government, for grant of licence to handle the said atomic mineral in terms of Atomic Energy (Radiation Protection) Rules, 2004 made under the Atomic Energy Act, 1962 and no licence or lease be granted except in accordance with the conditions of such licence granted under the provisions of the Atomic Energy (Radiation Protection) Rules, 2004.

11. (1) Any mineral concession granted, extended, held or acquired in contravention of the provisions of this Act or any rules or orders made thereunder, shall be void and of no effect, subject to the provisions of sub-section (2).

(2) Where a person has acquired more than one non-exclusive reconnaissance licence, high technology reconnaissance cum exploration licence, prospecting licence or mining lease, as the case may be, and the aggregate area covered by such licences or leases in respect of a mineral in a State, as the case may be, exceeds the maximum area permissible under section 6, only that non-exclusive reconnaissance licence, high technology reconnaissance cum exploration licence, prospecting licence or mining lease the acquisition of which has resulted in such maximum area being exceeded, shall be deemed to be void.

(3) In every case where a mineral concession is void under sub-section (1), the earnest money or security deposit as the case may be deposited in respect of that application shall stand forfeited, and the mineral concession shall be granted to the next eligible applicant.
or notified for grant of mineral concession, as the case may be, in accordance with the provisions of the Act.

<table>
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<tr>
<th>12. (1) In respect of any land in which minerals vest in the Government,-</th>
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<td>(a) where any person fails to conduct reconnaissance or high technology reconnaissance cum exploration or prospecting or mining operations in accordance with a reconnaissance, or exploration plan or a prospecting or mining plan, as the case may be, prepared in the manner provided in this section, the State Government may after issuing a notice to show cause and giving him an opportunity of being heard, by an order, forfeit all or any part of the security deposit and may suspend, curtail or revoke the licence or lease having regard to the circumstances of the case;</td>
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Examination.- For the purposes of this sub-section the framework of mining operations in respect of minor minerals not requiring a mining plan shall be deemed to be the mining plan:

(b) in every case where a part or all of the security deposit has been forfeited, the licencee or the lessee, as the case may be, shall furnish security to make up the deficiency before recommencing the operations under the licence or lease, as the case may be;

(c) without prejudice to the provisions contained in clauses (a) and (b), the State Government may also issue notice directing a person who fails to conduct reconnaissance or high technology reconnaissance cum exploration or prospecting or mining operations in accordance with the reconnaissance plan or an exploration plan or a prospecting or a mining plan, to show cause, and after giving him an opportunity of being heard, by an order, declare him to be ineligible for consideration for any mineral concession in accordance with the provisions of sub-section (3) of section 20 or sub-section (3) of section 22, as the case may be, for such period as it may specify, not exceeding five years, having regard to the circumstances;

(d) where at the expiry of a non-exclusive reconnaissance licence, high technology reconnaissance cum exploration licence or prospecting

Cancellation of a mineral concession or disqualification.
in the interest of mineral conservation and development, after giving such private person an opportunity of being heard, issue a direction to him to suspend, curtail or revoke the mineral concession and take any other action in accordance with the terms and conditions thereof as may be specified in such direction.

13. (1) In respect of any land where the minerals vest in the Government, the State Government shall, by notification, invite applications in the form of competitive offers for any mineral except coal minerals for grant of a licence.

(2) In respect of any mineral concession relating to a land where the minerals vest with a private person, and the operations are not conducted in accordance with the reconnaissance, prospecting or mining plan, as the case may be, the State Government may presume the concurrence of the Indian Bureau of Mines or the Central Government, as the case may be, does not express any opinion within a period of three months, the State Government may, on technical issues pertaining to such mining plan and mine closure plan, consult the Indian Bureau of Mines, in the case of coal minerals, atomic minerals and beach sand minerals, or the Central Government, as the case may be, and issue orders under this sub-section.

(3) In respect of any major mineral where the Indian Bureau of Mines has approved the mining plan and mine closure plan, the State Government may, in the interest of mineral conservation in accordance with the provisions of sub-section (3) of section 20 or sub-section (3) of section 22, as the case may be, for such period as it may specify, not exceeding five years, having regard to the circumstances, make any part of the security deposit and declare him to be ineligible for consideration for any mineral concession in accordance with the provisions of any sub-section (3) of section 20 or sub-sections (3) of section 22, as the case may be, for such period as it may specify, not exceeding five years.

(4) In respect of any land where the minerals vest with a private person, and the operations are not conducted in accordance with the reconnaissance, prospecting or mining plan, as the case may be, the State Government may, in the interest of mineral conservation and development, after giving such private person an opportunity of being heard, issue a direction to him to suspend, curtail or revoke the mineral concession and take any other action in accordance with the terms and conditions thereof as may be specified in such direction.

(5) In respect of any major mineral where the Indian Bureau of Mines has approved the mining plan and mine closure plan, the State Government may, in the interest of mineral conservation in accordance with the provisions of any sub-section (3) of section 20 or sub-sections (3) of section 22, as the case may be, for such period as it may specify, not exceeding five years, having regard to the circumstances, make any part of the security deposit and declare him to be ineligible for consideration for any mineral concession in accordance with the provisions of any sub-section (3) of section 20 or sub-sections (3) of section 22, as the case may be, for such period as it may specify, not exceeding five years.
prospecting licence over any area where reconnaissance has been conducted and sufficient evidence of enhanced mineralisation of the specified minerals has been established:

Provided that no application for a high technology reconnaissance cum exploration licence is pending relating to such area:

Provided further that no such notification shall be issued, in respect of an area in which reconnaissance or exploration or prospecting operations were completed under a licence, till the lapse of the period of six months from the date of the expiry of the licence, unless the area has been relinquished:

Provided also that in case where no application is received on an area notified under this sub-section, the State Government shall within a period of three months from the date of the said notification either re-notify the area or notify it as being available for grant of mineral concession under section 22.

(2) Where an application or applications for grant of prospecting licence has been filed on an area and the State Government has not issued any notification, the State Government may notify such area or areas within a period of one month from the date of receipt of the first application by amalgamating or expanding all or any of the applied areas, if required, in the interest of scientific mining, and the State Government may invite applications in the form of competitive offers for any mineral, except coal and atomic minerals for grant of a prospecting licence:

Provided that the area so notified shall not include any area for which there has been or is an application pending for more than one month prior on the date of the notification:

Provided further that where the State Government has notified an area, it shall provide an opportunity to an applicant who filed an application prior to such notification within a period of one month from the date of the provisional determination of the best offer for the purposes of sub-section (4) and to submit a competitive offer in terms of the said notification after being informed of the details of the best offer received by the State Government subsequent to the said notification of the area, and the State Government shall consider the applications in accordance with the provisions of sub-section (4) and grant the licence to the best overall offer:
Provided also that only those applicants who had applied suo-moto without any notification of such area by the State Government shall be afforded an opportunity to submit a competitive offer under the second proviso, and any such offer shall be limited in respect of only the area notified irrespective of the areas for which such applicant had applied earlier.

Provided also that where the State Government fails to notify the area within the specified period under this sub-section, the applications for grant of prospecting licence shall be considered in accordance with the provisions of section 22:

(3) A notification issued under sub-section (1) and (2) may specify that any application received shall be considered with reference to such criteria including all or any one of the following as per weightages assigned, as may be specified in the notification, namely:-

(a) specific knowledge and experience of prospecting possessed or accessed by the applicant;
(b) nature and quality of technical resources proposed to be employed;
(c) value addition such as mineral processing and beneficiation;
(d) end use including industries based on the mineral;
(e) provision of ore-linkage through long-term agreements with domestic industry;
(f) in the case of prospecting for iron ore, bauxite and limestone, having finished products production capacity at the time of commencement of this Act and captive ore resources which are likely to be exhausted in the near future; and
(g) a financial bid quoted either as a lump sum recoverable in instalments at the time of mining or a percentage of royalty or a profit sharing of mineral production.

Explanation.— For the purposes of this sub-section,—

(i) the financial bid shall offer the State Government to recover a value,—

(A) for its efforts in managing information relating to survey or regional exploration work including computer databases and samples for minerals; and

(B) for the mineral on the basis of market
consideration to be based on a floor price set by
the State Government on the available
reconnaissance data;
(ii) the weightage shall be numerical in character
and enable a composite ranking based on
numerical marks assigned for each of the criteria
listed in the notification in order to determine
the best offer.

(4) The applications received in accordance with the
conditions specified in the notification issued under sub-
sections (1), (2) and (3) shall, be considered in
accordance with such criteria and weightage as specified
in the notification, and the eligible applicant obtaining the
best marks as per weightages, be granted the prospecting
licence in accordance with the rules made under this Act:
Provided that the licence may include special conditions
under which a mining lease shall be granted on an
application made under sub-section (3) of section 25,
including restrictions arising from requirements of value-
addition or ore-linkage or restrictions on sale of ore in the
case of captive resources.

(5) In such areas where prospecting has been conducted
and sufficient evidence of enhanced mineralization has
been established through a prospecting report and
feasibility study, and where no application for a mining
lease is pending, the State Government shall by
notification invite applications in the form of competitive
bids for any minerals excepting coal minerals, for grant of
mining lease, to the bidder who in accordance with the
provisions of sub-section (6) quotes the best financial bid,
including the bid for the prospecting report and
feasibility study for the area so notified:
Provided that no such notification shall be issued,
in respect of an area in which prospecting
operations were completed under a licence, until
the lapse of the period of six months from the date
of expiry of the licence unless the area has been
relinquished:
Provided further that before issuing the notification
under this sub-section in respect of any forest or
wildlife area, the State Government shall obtain,-
(i) all forest clearances under the Forest
(Conservation) Act, 1980 and wildlife clearance
under the Wild Life (Protection) Act, 1972, or
any other law for the time being in force, so as
to enable the commencement of operations; and
(ii) all necessary permissions from the owners of the land and those having occupation rights.

Explanation.- For the purposes of this sub-section, -

(i) the financial bid shall offer the State Government either as a lump sum, recoverable in instalments or a percentage of royalty or a profit sharing, as may be specified in the notification, and the purpose of the financial bid for the prospecting report and feasibility study is to allow the State Governments to recover a value,-

(A) for its efforts in acquiring and managing information through detailed survey, exploration, feasibility studies, including computer databases, and cores and samples, computer databases and samples for minerals; and

(B) for the mineral on the basis of market consideration to be based on a floor price set by the State Government on the available prospecting data;

(ii) the expression, “forest clearance” shall comprise conditional clearance on the basis of the recommendations of the Committee constituted for the purpose.

(6) A notification issued under sub-section (5) may specify that bids received shall be considered with reference to such criteria including all or any one or more of the following, as per weightages assigned, as may be specified in such notification, namely:-

(a) special knowledge and appropriate experience in scientific mining and mineral beneficiation;

(b) bringing new and advanced technologies;

(c) investments in value addition such as mineral processing and beneficiation;

(d) having industrial capacity based on the mineral or having set up industry based on the mineral, and achieved financial closure for such project;

(e) providing ore-linkage through long-term agreements with domestic industry;

(f) constructing transportation networks (road and rail) and other infrastructure facilities in the mineral bearing area;

(g) in the case of iron ore, bauxite and limestone, having finished products production
capacity at the time of commencement of the Act and captive ore resources which are likely to be exhausted in the near future; and

(h) financial bid including the bid for the prospecting report and feasibility study for the area so notified

Explanation.- For the purpose of determination of best bid, the weightage shall be numerical in character and enable a composite ranking based on bid price and numerical marks assigned for each of criteria specified in the notification.

(7) The bids received under sub-section (5) shall be evaluated in the prescribed manner and the best eligible bid shall be issued the letter of intent for awarding the mining lease after obtaining all necessary statutory approvals and clearances, on such conditions as may be specified having regard to the criteria stated in the notification issued under sub-section (6) and the response thereto.

(8) In respect of atomic minerals and beach sand minerals, notification inviting applications and grant of the mineral concession shall be made with the prior approval of the Central Government.

(9) In respect of coal minerals, notification for inviting and grant of mineral concessions shall be made by the Central Government in such manner as may be prescribed by it.

(10) Notwithstanding anything contained in this section, notification of an area for inviting applications in respect of public lands in areas covered by Fifth Schedule or Sixth Schedule to the Constitution, shall be issued after consultation with the Gram Sabhas or District Councils, as the case may be, and in respect of non scheduled areas, after consultation with the District Panchayat.

(11) The State Government shall invite and entertain applications for grant of prospecting licence in an area relinquished by a holder of a high technology reconnaissance cum exploration licence or a prospecting licence only after such area is notified by the State Government for inviting applications for grant of prospecting licence under the provisions of sub-section (1) of section 13 or notified as being available for grant of concessions for the purpose of section 22:

Provided that if the State Government fails to notify such relinquished area within three months of such relinquishment, any person interested may apply to the
State Government and in case it fails to notify the area within a further period of three months, the applicant may apply to the National Mining Tribunal in case of major minerals and State Mining Tribunal in case of minor minerals for notification of that area and the concerned Tribunal may direct the State Government to notify the area within such period as it may specify.

(12) The procedure for notifying an area for inviting applications for major minerals and grant of mineral concessions shall be such as may be prescribed by the Central Government.

(13) In respect of minor minerals, notwithstanding anything in this section, the procedure for notification and grant of mineral concessions shall be such as may be prescribed by the State Government:

Provided that before granting mineral concession for minor minerals in an area covered by the Fifth Schedule or the Sixth Schedule to the Constitution, the Gram Sabha or the District Council, as the case may be, shall be consulted.

<table>
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<tr>
<th>14. (1)</th>
<th>In respect of any lands where the minerals vest in the Government, the State Government shall dispose off the applications for grant of non-exclusive reconnaissance licence, high technology reconnaissance cum exploration licence or prospecting licence within the following period reckoned from the date of receipt of applications, namely:-</th>
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<tbody>
<tr>
<td>(a)</td>
<td>within a period of three months in respect of non-exclusive reconnaissance licence;</td>
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<tr>
<td>(b)</td>
<td>within a period of four months in respect of high technology reconnaissance exploration licence and prospecting license.</td>
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Explanation.- For the purposes of this clause, where applications for prospecting licence are received in response to a notification under sub-section (1) or sub-section (2) or sub-section (4) of section 13, the time period for disposal shall be reckoned from the last date notified for receipt of applications.

(2) The State Government shall dispose off the applications for grant of mining lease in the following manner and within the time limit specified hereunder, namely:-

(a) a letter of intent or recommendation to the Central Government for giving prior approval if required, shall be issued within a period of
four months,-

(i) from the opening of bids in respect of applications received under section 13; or

(ii) from the date of application in respect of application received under section 25; and

(b) the mining lease shall be executed within three months of intimation by means of a written communication by the applicant holding the letter of intent of his having obtained all clearances and approvals specified in the letter of intent.

(3) In any matter requiring the prior approval of the Central Government, the matter shall be disposed off by the Central Government, within a period of three months from the date of receipt of proposal from the State Government, and the State Government shall issue a letter of intent within a period of one month from the date of such approval by the Central Government.

(4) Where any application or written communication is deficient in information or documentation, the State Government shall, by notice issued within sixty days of receipt thereof, require the applicant to supply the omission within such period as may be specified having regard to the nature of the document or information, but not being a period of less than fifteen days and not more than sixty days, and such period is excluded from the time limits specified in sub-sections (1) and (2).

(5) Where an applicant for mineral concession fails to furnish documents and information as required under sub-section (4) for processing the application or written communication, the State Government after issuing a notice to show cause and giving him an opportunity of being heard, may by order forfeit the earnest money and reject his application for grant of mineral concession.

(6) Where an application is not disposed off within the limit specified in sub-sections (1), (2) or (3) subject to the provisions of sub-section (4), the applicant may apply to the National Mining Tribunal in the case of major minerals and the State Mining Tribunal in case of minor minerals, for a direction to the Central Government or State Government, as the case may be, to dispose off the application within
such reasonable period as may be specified by the National Mining Tribunal or the State Mining Tribunal, as the case may be.

<table>
<thead>
<tr>
<th>15. On issue of a non-exclusive reconnaissance licence, high technology reconnaissance cum exploration licence, prospecting licence or mining lease under this Act, it shall be lawful for the holder of such licence or lease, his agents or his servants or workmen to enter the lands over which such licence or lease had been granted at all times during its currency and carry out all such reconnaissance, prospecting or mining operations as permitted:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provided that no person shall enter into any building or upon an enclosed court or garden attached to a dwelling-house (except with the consent of the occupier thereof) without previously giving such occupier at least seven days notice in writing of his intention to do so.</td>
</tr>
</tbody>
</table>

| 16. The provisions of this Act and the rules made thereunder shall apply in relation to the extension after the commencement of this Act of any prospecting licence or mining lease granted before such commencement as they apply in relation to the extension of a prospecting licence or mining lease granted after such commencement. |

<table>
<thead>
<tr>
<th>17. (1) A holder of a non-exclusive reconnaissance licence, high technology reconnaissance cum exploration licence or prospecting licence may, except in the case of coal minerals, atomic minerals and beach sand minerals, after the expiry of a notice of not less than ninety days to the State Government concerned, transfer his licence to any person eligible to hold such licence in accordance with the provisions of the Act and the rules made thereunder:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provided that the holder of a prospecting licence, granted prior to the commencement of this Act and valid under the provisions of this Act, may after giving a notice of not less than ninety days to the State Government concerned, transfer his prospecting licence only to a person holding a prospecting licence or mining lease in the adjoining area, and any transfer in contravention of this proviso shall be void:</td>
</tr>
<tr>
<td>Provided further that the original licencee shall intimate to the State Government the consideration</td>
</tr>
</tbody>
</table>
payable or paid by the successor-in-interest for the transfer, including the consideration in respect of the reconnaissance or prospecting operations already undertaken and the reports and data generated during the operations:

Provided also that no such transfer shall take place if the State Government, within the period specified in the notice for reasons to be communicated in writing, disapproves the transfer on the grounds that the transferee is not eligible as per the provisions of the Act.

(2) A non-exclusive reconnaissance licence or high technology reconnaissance cum exploration licence or prospecting licence in respect of coal minerals, atomic minerals and beach sand minerals shall be transferred only with the prior approval of the Central Government.

(3) On transfer of the licence, all rights and liabilities of, and under, the licence shall be transferred to the successor-in-interest.

(4) Subject to the provisions of the sub-section (1), the holder of a licence may transfer his rights and liabilities within a period of six months after the expiry of the mineral concession period to a person eligible under the Act to hold a licence.

(5) On transfer of rights and liabilities, the successor–in-interest shall be entitled to consideration in terms of section 22 or section 25, as the case may be, as if he was the original holder of the mineral concession.

(6) The State Government may charge such fees for transfer of the mineral concession as may be prescribed by the Central Government.

(7) Nothing contained in this section shall be deemed to enable a holder of a non-exclusive reconnaissance licence, high technology reconnaissance cum exploration licence or a prospecting licence, in respect of land where the minerals vest in a private person, to transfer such licence other than in accordance with the terms and conditions of the mineral concession agreement.
18. (1) The holder of a mining lease shall not, without the previous approval in writing of the State Government, and in the case of coal minerals, atomic minerals and beach sand minerals, the previous approval in writing of the Central Government,-

(a) assign, sublet, mortgage, or in any other manner, transfer the mining lease, or any right, title or interest therein; or

(b) enter into or make any arrangement, contract, or understanding whereby the lessee may be directly or indirectly financed to a substantial extent by, or under which the lessee's operations or undertakings may be substantially controlled by any person or body of persons other than the lessee:

Provided that where the mortgagee is an institution or a bank or a corporation notified for the purpose by the Central Government under this Act, it shall not be necessary for the lessee to obtain any such approval of the State Government.

(2) Where a holder of a mining lease has filed an application to the State Government for approval of transfer of a mining lease and the State Government, having regard to the prospecting report if any, and approved Mining Plan and mining schemes and other related documents filed by the mining lease holder, is of the opinion that the amount of consideration between the transferor and the transferee is not adequate, it may issue a notification in such manner as may be prescribed by the State Government, inviting competitive financial bids, within one month of filing of the application for transfer, giving a last date, which shall not be more than thirty days from the date of notification, from the interested persons eligible under the Act, to submit their financial bids for the mining lease sought to be transferred.

(3) In all cases where the notification has been issued by the State Government under sub-section (2), it shall complete the evaluation of bids within a period of one month from the last date specified in the notification and,-
(a) permit the holder of mining lease to transfer the lease to the transferee at the amount of consideration stated in the application if the bid amount of the highest eligible bidder is not greater by twenty percent than the amount of such consideration stated in application; or

(b) direct the holder of mining lease to transfer the lease to the highest eligible bidder if the bid is higher than the consideration by more than twenty percent, and the highest eligible bidder shall pay to such holder of mining lease, a sum equal to the amount of consideration stated in the application for transfer along with an additional amount equal to twenty percent thereof, and the remaining amount of bid shall be paid to the State Government in such manner as may be prescribed by the Central Government:

Provided that in all cases of applications for transfer of a mining lease granted by the State Government prior to the commencement of this Act under the provisions of sub-section (5) of section 11 of the Mines and Minerals (Development and Regulation) Act, 1957, as it stood before its repeal, the State Government may collect an additional fee, as maybe prescribed by the Central Government, for such transfer:

Provided further that in case the State Government fails to complete the process of inviting competitive offers referred to in sub-section (2) within the period specified therein without any sufficient and adequate reasons for such failure, the holder of the mining lease may apply to the National Mining Tribunal for appropriate directions in this regard.

Explanation.- For the purposes of this sub-section, the highest eligible bidder shall be a person who gave the highest bid and is eligible to be granted the mining lease on the day of the determination of the bids.

(4) The State Government or the Central Government, as the case may be, shall not give its approval to transfer of a mining lease unless the transferee has accepted all the conditions and liabilities under any law for the time being in force to which the transferor was subject to in respect of such mining lease.
(5) No transfer of a mining lease shall be made to a person not eligible under this Act to hold the lease and no transfer be made by a person in contravention of the condition of, and subject to which the lease was granted.

(6) An application for transfer of mining lease shall,-

(a) state the reason for the transfer;
(b) state the consideration for the transfer;
(c) have attached to it, an agreement between the holder of mining lease who has applied for transfer of mining lease and the transferee setting out the terms and conditions of the offer and acceptance, with a validity period of at least a period of six months from the date of application;
(d) state whether the mining lease had been granted prior to the commencement of this Act under the provisions of sub-section (5) of section 11 of the Mines and Minerals (Development and Regulation) Act, 1957, as it stood before its repeal; and
(e) give such other particulars as may prescribed by the Central Government.

(5) No transfer of a mining lease shall be permitted, if,-

(a) it leads to fragmentation or unscientific mining;
(b) it is not in the interest of mineral development; and
(c) it is against the national interest.

(6) Where the mining lease is in respect of land where the minerals vest in a private person, no transfer shall be permitted except in accordance with the terms and conditions of the mineral concession agreement in regard to the consent of such person.

(7) The State Government may charge fees for the transfer of the mining lease in case of a major mineral as may be prescribed by the Central Government and in case of minor minerals, as may be prescribed by the State
Government.

(8) The Central Government and the State Government shall take into account the consideration payable by the transferee to the transferor while prescribing the fee under sub-section (7).

CHAPTER III

RECONNAISSANCE LICENCE

19. (1) In respect of every non-exclusive reconnaissance licence granted for major and minor minerals under this Act and the rules made thereunder, the licence holder shall-

(a) progressively relinquish the area granted under the licence as shall be specified in accordance with the provisions of the Act and the rules made thereunder;

(b) file a reconnaissance plan in case of major minerals other than coal minerals with the Geological Survey of India, the Indian Bureau of Mines, and the State Directorate, and in case of coal minerals with the Central Government, and in case of minor minerals with the State Directorate concerned in such manner as may be prescribed by the Central Government, which shall include,-

(i) the particulars of the area such as aerial extent, in terms of latitude and longitude;

(ii) the scale of the plan and the area of geological mapping;

(iii) the particulars of the machines and instruments to be used, and the nature of the data proposed to be collected;

(iv) a quarterly plan of operations; and

(v) the quarterly detailed projection of expenditure on the operations:

Provided that in respect of minerals other than coal minerals, atomic minerals and beach sand minerals, with the prior approval of the State
Directorate and in case of coal minerals, atomic minerals, beach sand minerals with the prior approval of Central Government, the licence holder may modify the plan of operations or the State Directorate or the Central Government, as the case may be, may direct the licencee to modify his plan of operations, if it appears that ground operations proposed may be in conflict with the ground operations of another licencee who has already filed his plan.

Explanation.- For the purposes of this clause, the quarterly plan of operations shall be prepared so as to exclude overlapping of ground operation of the non-exclusive reconnaissance licence holders who have already filed the plan of operations for the area;

(c) make available all data including all the aerial, photo-geological, geophysical, geochemical and such other data collected by him to the Geological Survey of India, the State Directorate and in case of coal minerals, atomic minerals, beach sand minerals to the Central Government, in such manner and within such intervals as may be prescribed by the Central Government;

(d) in case radiometric instruments are used, make available all radiometric data available to the Atomic Minerals Directorate;

(e) maintain detailed and accurate accounts of all the expenses incurred by him on the non-exclusive reconnaissance operations;

(f) submit reports to the Geological Survey of India, the Indian Bureau of Mines, the State Directorate and in case of coal minerals, atomic minerals, beach sand minerals to the Central Government, in such manner and within such intervals as may be prescribed by it and while submitting reports, the licence holder may specify that the whole or any part of the report or data submitted by him shall be kept confidential; and the Geological Survey of India, the Indian Bureau of Mines, the State Directorate, and in case of coal minerals, the Central Government, thereupon shall, keep the specified portions as confidential for a period.
of six months from the expiry of the licence, or abandonment of operations or termination of the licence, whichever is earlier;

(g) allow every officer authorised by the Central Government or the State Government as the case may be, in case of major minerals and the State Governments in case of minor minerals, to examine the accounts maintained;

(h) furnish to the Geological Survey of India, Indian Bureau of Mines, and the State Directorate in case of major minerals, in case of coal minerals, atomic minerals, beach sand minerals to the Central Government, and in case of minor minerals to the State Directorate concerned, such information and returns as may be required in relation to the reconnaissance operations;

(i) allow any officer authorised by the Geological Survey of India or the State Directorate in case of major minerals and the officers of State Directorate in the case of minor minerals to inspect any reconnaissance operations carried on by the licence holder;

(j) pay to the State Government in respect of land in which minerals vest in the Government, and to the person in whom the minerals vests in other cases, a licence fee as may be notified by the Central Government, being an amount of not less than fifty rupees per square kilometer per year and not more than five hundred rupees per square kilometer per year or part thereof:

Provided that the Central Government may, by a notification, specify different rates for each successive years;

(k) obtain clearance from the Ministry of Defence in the Central Government, in case any Defence establishments lies in the area proposed for exploration;

(l) comply with such other conditions as may be
prescribed by the Central Government.

(2) The non-exclusive reconnaissance licence may contain such other general conditions as may be prescribed in the interest of public safety or national security by the Central Government which, inter-alia, may include the condition that a representative of the Directorate General, the Civil Aviation or the Ministry of Defence shall be present during the aerial surveys.

(3) The Central Government, in case of coal minerals, and, the Indian Bureau of Mines in case of other major minerals may issue direction to a non-exclusive reconnaissance licence holder to ensure compliance with the conditions of the licence and the licence holder shall be bound to comply with such directions.

(4) The licence holder shall before starting operations, deposit as security an amount equal to the licence fee levied for the first year and in case of breach of any condition imposed on a holder of a non-exclusive reconnaissance licence by or under this Act, the State Government may by order in writing, suspend, curtail or revoke the licence, and may forfeit in whole or in part, the amount deposited by the licence holder as security:

Provided that no such order shall be made without issuing a notice to the licence holder to show cause and giving him a reasonable opportunity of being heard:

Provided also that in case of land in which the minerals vest in a person other than the Government, the State Government shall give such person an opportunity of being heard and may issue directions to him to suspend, curtail or revoke the mineral concession or forfeit the security in accordance with the terms and conditions of the mineral concession agreement.

(5) In every case where a part or all of the security deposit has been forfeited, the licencee, shall furnish security deposit to make up the deficiency before recommencing operations under the licence.

(6) Any amount deposited as security deposit in
accordance with the provisions of sub section (3) shall unless forfeited, be returned to the licencee at the end of the six month period following the expiry or termination of the licence:

Provided that in case the return of the security or such part thereof as may be payable takes place more than thirty days after the expiry of the six months period, a simple interest at the rate of six per cent. per annum shall be payable for the period beyond thirty days.

20. (1) An application for grant of a non-exclusive reconnaissance licence in respect of any land in which the minerals vest in the Government shall be made to the State Government concerned in such form and manner, along with such application fee and earnest money as may be prescribed by the Central Government.

(2) The State Government shall acknowledge the receipt of the applications and cause them to be registered in such manner as may be prescribed by the Central Government in a register that shall be open to inspection by the public.

(3) The State Government shall grant the non-exclusive reconnaissance licence to every applicant who is eligible in accordance with the provisions of this Act and the rules made thereunder.

(4) In all cases where the State Government refuses an application, it shall communicate the reasons therefor:

Provided that no application shall be refused,-

(a) without communicating the grounds and giving the applicant an opportunity to represent within a reasonable period of not less than thirty days; and

(b) on grounds of incompleteness of material particulars without requiring the applicant to supply the requisite documents or information.

(5) Grant of every non-exclusive reconnaissance licence shall be notified in the Official Gazette, and in the official website by the State Government.

CHAPTER IV

HIGH TECHNOLOGY RECONNAISSANCE CUM EXPLORATION LICENCE AND PROSPECTING LICENCE

21. (1) In respect of every high technology reconnaissance cum exploration licence granted for major minerals and prospecting licence granted for major...
minerals and minor minerals under this Act and the rules made thereunder, the licence holder shall,-

(a) progressively relinquish the area granted under the licence as shall be specified in accordance with the provisions of the Act and the rules made thereunder.

(b) prepare and file an exploration plan in respect of a high technology reconnaissance cum exploration licence or a prospecting plan in case of a prospecting licence with the Geological Survey of India, the Indian Bureau of Mines and the State Directorate in respect of major minerals (other than coal minerals) and in case of coal minerals with the Central Government, and the State Directorate in the case of minor minerals including such particulars and, in such manner as may be prescribed by the Central Government, which shall include,-

(i) the particulars of the area being prospected;

(ii) the scale of the plan and the area of geological mapping;

(iii) a six monthly plan of operations including-

   (a) the number of pits, trenches, and bore holes which he proposes to put in the area;

   (b) the number of samples proposed to be drawn and analysed;

   (c) the particulars of the machines to be used;

   (d) the details of exploratory mining if any, proposed to be undertaken;

   (e) the beneficiation studies proposed to be undertaken;
(iv) appropriate baseline information of prevailing environmental conditions before the beginning of reconnaissance or prospecting operations;

(v) steps proposed to be taken for protection of environment which shall include prevention and control of air and water pollution, progressive reclamation and rehabilitation of the land disturbed by the prospecting operations, a scheme for the plantation of trees, restoration of local flora and water regimes and such other measures, as may be directed from time to time by the Indian Bureau of Mines or the State Directorate as the case may be for minimizing the adverse effect of prospecting operations on the environment;

(vi) the details of the six monthly expenditure to be incurred on the operations;

(vii) any other matter relevant for scientific prospecting, as directed by the Indian Bureau of Mines or the State Directorate, as the case may be, from time to time by a general or specific order:

Provided that the exploration plan shall be filed with the Geological Survey of India in respect of high technology reconnaissance cum exploration licence, in such manner as may be notified by the Geological Survey of India from time to time;

(c) carry out the reconnaissance or prospecting operations in accordance with the exploration plan or prospecting plan submitted by him, with such modifications, if any, as directed by the Indian Bureau of Mines or the State Directorate and in case of coal minerals the Central Government, as the case may be:

Provided that where the licencee proposes to conduct reconnaissance or prospecting operations in a manner at variance with the plan already submitted, he shall prepare and file a revised or
supplementary exploration plan or prospecting plan
in such manner as may be prescribed by the Central
Government;

(d) make available all data collected by him during
prospecting operations to the Geological Survey of
India, Indian Bureau of Mines and the State
Directorate, in case of coal minerals to the Central
Government, and in case of atomic minerals, to the
Atomic Minerals Directorate in such manner as may
be prescribed by the Central Government:

Provided that such data shall be made available
to the Geological Survey of India in respect of high
technology reconnaissance cum exploration licence,
to such an extent as may be notified by the Geological
Survey of India from time to time;

(e) maintain complete and correct accounts of all the
expenses incurred by him during the
reconnaissance or prospecting operations;

(f) submit a report on progress of operations under the
exploration plan or prospecting Plan to the Indian
Bureau of Mines and the State Directorate and in
case of coal minerals to the Central Government, in
such manner and intervals as may be prescribed by
the Central Government;

(g) pay to the State Government in respect of any land
in which the minerals vest with it, and to the person
in whom the minerals vest in other case such licence
fee, as may be notified by the Central Government,
being an amount not exceeding rupees fifty per
hectare of land covered by the licence for each year
or part of a year of the period for which the licence
is granted or extended:

Provided that the notification of the Central
Government may specify a rate that may be different
for each of the successive years;

(h) within a period of three months after the
determination of the licence or the date of
abandonment of the prospecting operations,
whichever is earlier, securely plug all bores and fill
up or fence all excavations in the land covered by
the licence:

Provided that if in any part of the area the
licencsee receives a letter of intent for grant of
mining lease within this period he may carry out
such amount of work as may be consistent with the
mining operations under such lease;

(i) in case the minerals vest in the Government, report
to the State Directorate the discovery of any major
mineral not specified in the licence within a period
of sixty days from the date of such discovery and
consequent upon such reporting, such newly
discovered minerals (except coal minerals, atomic
minerals and beach sand minerals) are deemed to
have been included in the high technology
reconnaissance cum exploration licence or
prospecting licence, as the case may be:

Provided that in case of high technology
reconnaissance cum exploration licence, only major
minerals (other than iron ore, bauxite, limestone,
coal minerals or other bulk minerals) shall be
included in the licence;

(j) take immediate measures, in such manner as may be
prescribed by the Central Government, to restore, as
far as possible and at least to the extent given in the
exploration plan or prospecting Plan, the areas in
which prospecting operations have been conducted,
including replacement of soil cover, removal of
contaminants and pollutants introduced during
prospecting operations, restoration of local flora and
water regimes in such manner as may be prescribed
by the Central Government;

(k) pay to the person holding occupation rights of the
surface of the land such compensation as may be
notified;

(l) obtain clearance from the Central Government in the
Ministry of Defence, in case the Defence
establishments are situated in the area proposed for
exploration;
(m) comply with such other conditions as may be prescribed by the Central Government.

(2) A high technology reconnaissance cum exploration licence or a prospecting licence may contain such other general conditions which are as follows, namely:-

(a) compensation for damage to land in respect of which the licence has been granted;

(b) indemnity to Government against the claims of a third party for any damage, injury or disturbance caused to him by the licencee;

(c) restrictions regarding felling of trees on occupied and unreserved Government land;

(d) restrictions on reconnaissance or prospecting operations in any area prohibited by any competent authority;

(e) operations in a reserved or protected forest;

(f) entry on occupied land;

(g) facilities to be given by the licencee for working other minerals in the licenced area or adjacent areas; and

(h) filing of civil suits or petitions relating to disputes arising out of the area under the high technology reconnaissance cum exploration licence or a prospecting licence.

(3) The Central Government, in case of coal minerals, and, the Indian Bureau of Mines in case of other major minerals or the State Directorate may issue directions to a holder of a high technology reconnaissance cum exploration licence or a prospecting licence to ensure compliance with the conditions of the licence and the licence holder shall comply with such directions.

(4) Before grant of a high technology reconnaissance cum exploration licence or a prospecting licence, as the case may be, the applicant shall deposit a sum equal to
the licence fee for the first year as security and in case of breach of any condition imposed on any holder of a high technology reconnaissance cum exploration licence or a prospecting licence, as the case may be, by or under this Act, the State Government may, by order in writing, suspend, curtail or cancel the licence and may forfeit, in whole or part, the amount deposited by the licensee:

Provided that no such order shall be made without issuing a notice to the licencee to show cause and giving him a reasonable opportunity of being heard:

Provided further that in case of land in which the minerals vest in a private person, the State Government shall afford such person an opportunity of being heard and may issue directions to him to suspend, curtail or revoke the mineral concession or forfeit the security in accordance with the terms and conditions thereof.

(5) In every case where a part or all of the security deposit has been forfeited, the licencee shall furnish security to make up the deficiency before recommencing operations under the licence.

(6) Any amount deposited as security, in accordance with the provisions of sub-section (4), shall unless forfeited, be returned to the licencee at the end of six months after the expiry or termination of the licence, as the case may be:

Provided that in case the return of the security or such part thereof as may be payable takes place more than thirty days after the expiry of the said period of six months, a simple interest at the rate of six per cent. per annum shall be payable by the State Government for the period beyond thirty days.

<table>
<thead>
<tr>
<th>22. (1) Applications for grant of a high technology reconnaissance cum exploration licence or prospecting licence in respect of any land in which minerals vest in the Government shall be made to the State Government concerned in such form and manner, alongwith such application fee and earnest money as may be prescribed by the Central Government.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(2) The State Government shall acknowledge the receipt of the application and the same shall be recorded in a register in such manner, as may be prescribed by the Central Government, which shall be open to public for inspection in such manner as may be specified by it.</td>
</tr>
<tr>
<td>Procedure for grant of high-technology reconnaissance cum exploration licence and prospecting licence.</td>
</tr>
</tbody>
</table>
(3) The State Government shall consider only such applications as are eligible in accordance with the provisions this Act and the rules made thereunder and refuse all ineligible applications for reasons to be communicated to the applicants:

Provided that the applications received later to the first eligible application in respect of an area shall not be considered till disposal of all applications received earlier and communication to the applicants of the reasons for the disposal:

Provided further that in case of grant of prospecting licence, such applications shall also be subject to the provisions of sub-section (7).

(4) Except in the case of applications for prospecting licences received in response to a notification under sub-section (1)section 13 of this Act, the State Government shall grant the high technology reconnaissance cum exploration licence or prospecting licence in respect of the land to the first applicant eligible under this Act and the rules made thereunder and all other applicants be deemed to have been refused to the extent of the area granted to the first applicant:

Provided that in case of prospecting licence, such applications shall also be subject to the provisions of sub-section (7).

(5) In all cases where the State Government refuses an application and proceeds to consider a subsequent application, it shall communicate the reasons therefor:

Provided that no application shall be refused,-

(a) without communicating the grounds and giving the applicant an opportunity to represent within a reasonable period of not less than thirty days; and

(b) on grounds of incomplete material particulars in the application, without requiring the applicant to supply the requisite documents or information.

(6) In case of grant of prospecting licence, the application shall not be refused on the ground that other applications have been received for grant of non-exclusive reconnaissance licence or high technology reconnaissance cum exploration licence in the area applied.

(7) In case of grant of prospecting licence, the application of a person eligible under this Act, made within six months of completion of reconnaissance
operations under a non-exclusive reconnaissance licence held by him or held by his predecessor-in-interest has the first right to the exclusion of other applications notwithstanding anything in sub-sections (3) and (4) to the contrary and where there is more than one such application for the same land, the application received later shall not be considered till disposal of all applications received earlier and communication of reasons for the disposal, and the State Government shall grant the licence to the earliest applicant eligible for the licence.

Explanation.- For the purposes of this sub-section, the person who intends to invest in reconnaissance operations, directly or by acquiring the reconnaissance data shall have the legitimate expectation that his investment will enable him to acquire prospecting rights to the exclusion of a person who makes no such investment.

(8) Grant of every high technology reconnaissance cum exploration licence or a prospecting licence shall be notified in the Official Gazette and in the official website of the State Government.

| 23. (1) Where a reconnaissance or prospecting operation in respect of lands in which minerals vest in the Government is to be undertaken by the Geological Survey of India, the Atomic Minerals Directorate, the State Directorate, the Mineral Exploration Corporation Limited, the Singareni Collieries Limited or the Neyveli Lignite Corporation Limited, the Central Mine Planning and Design Institute Limited or such other agencies as may be notified in this behalf, under section 4, the State Government shall issue a notification giving details of the area, and the period for which the reconnaissance or the prospecting operations are to be undertaken:

Provided that such period shall not be for more than six years.

(2) The agency undertaking prospecting operation shall make a report for every six months of its progress of reconnaissance or prospecting in such manner as may be prescribed by the Central Government, and submit the reconnaissance or prospecting report and the geological study, pre-feasibility study or feasibility study, as the case may be, to the State Government at the end of the reconnaissance or prospecting operations in such manner |
and such terms and conditions as may be prescribed by the Central Government.

(3) The State Government may revoke a notification issued under sub-section (1), if the reconnaissance or prospecting operations have been completed before the expiry of the period stated in the notification.

(4) The State Government shall not entertain any application for grant of any non-exclusive reconnaissance licence or high technology reconnaissance cum exploration licence or prospecting licence or mining lease to any person for an area or part thereof in relation to which a notification has been issued under sub-section (1), for the period that the notification is in operation, and such application is deemed never to have been made.

### CHAPTER V

**MINING LEASE**

24. (1) Every mining lease for a major mineral or a minor mineral shall be subject to the fulfillment of the following conditions, namely:-

   (a) all mining operations shall be in accordance with a mining plan prepared in accordance with the provisions of this Act or the rules made thereunder;

   (b) the lessee shall report to the State Government, the discovery of any mineral in the leased area not specified in the lease for which rights vest in the Government, within a period of sixty days of such discovery;

   (c) if any mineral not specified in the lease is discovered in the leased area, the lessee shall not win and dispose of such mineral unless such mineral is included in the lease or a separate lease is obtained therefor ;

   (d) the lessee shall pay to the State Government in case of land in which minerals vest in the State Government and to the person in whom the minerals vest in other cases, for every year or part thereof, except the first year of the lease, yearly dead rent at the rate specified in the Third Schedule of the Act subject to the provisions of section 42 of the Act:

   Provided that if the lease relates to the working of
more than one mineral in the same area, the State Government or the person in whom the minerals vest in other cases, as the case may be, shall not charge separate dead rent in respect of each mineral:

Provided further that the lessee shall be liable to pay the dead rent or royalty in respect of each mineral whichever is higher in amount but not both;

(e) the lessee shall also pay, for the surface area used by him for the purposes of mining operations, surface rent and water rate at such rate, as may be prescribed by the State Government;

(f) the lessee shall furnish the following in such manner and in such period as may be prescribed by the Central Government, namely:-

(i) all geological, geochemical and geophysical and hydrological data relating to the leased area collected by him during the course of operations to the Indian Bureau of Mines and the State Directorate and in case of coal minerals to the Central Government;

(ii) all information pertaining to investigations of atomic minerals collected by him during the course of mining operations to the Atomic Minerals Directorate;

(g) the lessee shall commence mining operations within a period of two years from the date of execution of the lease deed and thereafter conduct such operations in a scientific, skillful and workman-like manner;

Explanation.- For the purpose of this clause, mining operations shall include the erection of machinery, laying of a tramway or construction of a road in connection with the working of the mine;

(h) the lessee shall, -

(i) at his own expense, erect and at all times maintain and repair boundary marks and pillars necessary to indicate the demarcation shown in the plan annexed to the lease;

(ii) not carry on, or allow to be carried
on, any mining operations at any point within a distance of fifty meters from any railway line, except under and in accordance with the written permission of the railway administration concerned or under or beneath any ropeway or ropeway trestle or station, except under and in accordance with the written permission of the authority owning the ropeway or from any reservoir, canal or other public works, or buildings, except under and in accordance with the previous permission of the State Government;

(iii) strengthen and support, to the satisfaction of the railway administration concerned or the State Government, as the case may be, any part of the mine which in its opinion requires such strengthening or support for the safety of any railway, reservoir, canal, roads or any other public works or buildings;

(i) the lessee shall keep accurate and correct accounts showing the quantity and other particulars of all minerals obtained and dispatched from the mine, the number and nationality of the persons employed therein, and complete plans of the mine, and allow any officer authorised by the Central Government or the State Government, as the case may be in this behalf, by general or special order, to examine at any time any accounts, plans and records maintained by him and furnish the Central or the State Government, as the case may be, with such information and returns as it or any officer authorised by it in this behalf may require;

(j) the lessee shall keep in such manner and in respect of such matters as may be prescribed by the Central Government, accurate records of all trenches, pits and drillings made by him in the course of mining operations carried on by him under the lease, and allow any officer authorised by the Central Government or the State Government, as the case may be, in this behalf by general or special order to inspect the same;

(k) the lessee shall allow any officer
| (l) | the lessee shall carry on his operations in accordance with the approved mining plan and take immediate measures in such manner as may be prescribed by the Central Government to restore, as far as possible and at least to the extent given in the mining plan, the areas in which mining operations have been conducted, including replacement of soil cover, removal of contaminants and pollutants introduced during mining operations, restoration of local flora, and water regimes in such manner as may be prescribed by the Central Government; |
| (m) | the lessee shall pay to the District Mineral Foundation such amount as specified in sub-section(2) of section 43; |
| (n) | the lessee shall deposit with the State Government in case of major minerals that vest in the Government, an amount calculated at the rate of rupees one lakh per hectare of the lease area payable in equal installments over the mining plan period as security for due observance of the terms and conditions of the lease: |

Provided that the Central Government may from time to time, by notification, vary the amount of the deposit in respect of leases granted or extended after such notification:

Provided further that in case the mineral vests in a person other than the Government, such person shall require to deposit such sum not less than the rate specified in the first proviso:

Provided also that in case of small deposits the lessee shall be required to pay security deposit for the broken up area, mineral storage and waste and over-burden area in the mining lease as per the rate prescribed by the Central Government in this sub-section:

Provided also that in the case of minor minerals the deposit shall be such as may be
notified by the State Government and the provisions of this section apply *mutatis-mutandis* to minor minerals;

(o) the lessee shall set up a grievance redressal mechanism in such manner as may be prescribed by the Central Government, to address concerns of persons affected by mining operations in accordance with the requirements of the Sustainable Development Framework in terms of section 46;

(p) the lessee shall comply with such other conditions as may be prescribed by the Central Government.

(2) The Central Government, in case of coal minerals, and, the Indian Bureau of Mines in case of other major minerals or the State Directorate may issue directions to a lessee to ensure compliance with the conditions of the lease and the lessee shall comply with such directions.

(3) If the lessee does not allow entry or inspection in respect of any matter covered under sub-section (1), or does not comply with directions issued under sub-section (2) where it relates to land in which minerals vest in the Government, the State Government shall give notice in writing to the lessee requiring him to show cause within such time as may be specified in the notice, which is not less than two days and not more than fifteen days, as to why the lease not be determined and his security deposit forfeited, and if the lessee fails to show cause within the aforesaid time to the satisfaction of the State Government, in respect of land in which mineral vest in the Government, the State Government may determine the lease and forfeit the whole or part of the security deposit:

Provided that in respect of any land in which the minerals vest in a person other than the Government, the Government may, after giving an opportunity of being heard to such person, direct him to determine the lease and forfeit the whole or part of the security deposit.

(4) If the lessee makes any default in the payment of royalty as required under section 41 or payment of dead rent as required under section 42 or payment of compensation to the District Mineral Foundation as required under section 43 or payment of cess as required
under section 45 or section 46 or commits a breach of any of the conditions specified in sub-section (1), the State Government shall give a show cause notice to the lessee requiring him to pay the royalty or dead rent or payment of compensation to District Mineral Foundation or cess, as the case may be, along with interest at the rate of fifteen per cent. per annum or remedy the breach, as the case may be, within a period of thirty days from the date of the receipt of the notice and if the royalty or dead rent or payment of compensation to District Mineral Foundation or cess is not duly paid along with the interest or the breach is not remedied within the said period, the State Government in case the minerals vest in it, may without prejudice to any other proceedings that may be taken against him, determine the lease and forfeit the whole or part of the security deposit:

Provided that in respect of land where the minerals vest in a person other than the Government, the Government may, after giving an opportunity of being heard to such person, direct him to determine the lease and forfeit the whole or part of the security deposit.

(5) In every case where part or all of the security has been forfeited the lessee shall furnish security to make up the deficiency before recommencing operations under the lease.

(6) Any amount deposited as security deposit in accordance with the provisions of sub-section (4) shall, unless forfeited, be returned to the lessee at the end of the six months period after the expiry or termination of the lease:

Provided that in case the return of the security deposit or such part thereof as may be payable takes place more than thirty days after the expiry of the six months period, simple interest at the rate of six per cent. per annum shall be payable for the period beyond thirty days.

25. (1) The mining lease in respect of land in which minerals vest in the Government shall, except in case where a mining lease is granted in accordance with the provisions of sub-section (5) of section 13, be granted only on application made by a person who has held a high technology reconnaissance cum exploration licence or a prospecting licence for the area and no other applications shall be entertained in this regard.

(2) The State Government shall acknowledge the
receipt of the application and the same shall be registered in a register in such manner, as may be prescribed by the Central Government, which shall be open to public for inspection in such manner as may be specified by it.

(3) The application of a person, eligible under this Act, made within six months of completion of operations under a high technology reconnaissance cum exploration licence or prospecting licence held by him or held by his predecessor-in-interest shall be approved for grant of mining lease subject to eligibility and the fulfillment of general conditions as may be prescribed by the Central Government, and such special conditions as specified under proviso to sub-section (4) of section 13:

Provided that in case such application for mining lease is rejected, no other application shall be considered and the area shall be notified for grant of mineral concession under sub-section (1) or sub-section (5) of section 13, as the case may be.

(4) In every case of an approval for grant of mining lease under sub-section (3), the State Government shall issue a letter of intent to the applicant enabling him to obtain the statutory approvals and clearances necessary for the execution of the lease deed.

(5) Grant of every letter of intent and lease shall be notified in the Official Gazette and in the official website of the State Government.

26. (1) Subject to the provisions of this Act and rules made thereunder, mining operations shall be undertaken in accordance with a mining plan, prepared for the entire leased area in such manner as may be prescribed by the Central Government, which may include scientific methods of mining within a Sustainable Development Framework, beneficiation and economic utilization and induction of technology to ensure extraction and best utilization of the run of the mine:

Provided that a mining Plan shall not be required in respect of such minor minerals as are notified for the purpose by the State Government in consultation with the Indian Bureau of Mines:

Provided further that in respect of any minor mineral for which a mining plan is not required, the State Government, in consultation with the Indian Bureau of Mines, shall prescribe a framework within which mining operations shall be carried out and the mining framework is deemed to be in the nature of a general mining operations to be in accordance with mining Plan.
direction issued under section 46 of this Act:

Provided also that for the purposes of section 12, and section 24, the framework is deemed to be the mining plan.

(2) On acceptance of an application for a mining lease, and before the execution of the lease deed, the applicant shall cause to be prepared and approved a mining Plan for the entire area proposed to be granted for lease in such manner as may be prescribed by the Central Government.

(3) Without prejudice to the generality of the provisions of the mining plan, there shall be attached to the mining plan in respect of all major minerals, a corporate social responsibility document, comprising of a scheme for annual expenditure by the lessee on socio-economic activities in and around the mine area for the benefit of the host population in the panchayats adjoining the lease area and for enabling and facilitating self employment opportunities, for such population, and the lease holder shall, at the end of each financial year, publish in his annual report and display on the website, the activities undertaken during the year and the expenditure incurred thereon.

(4) No mining plan shall be approved, unless it is prepared by a qualified person or firm or other association of persons accredited in this behalf in such manner as may be prescribed by the Central Government.

(5) No person shall be accredited for purposes of sub-section (4) unless he,-

(a) is qualified as a mining engineer or geologist;

(b) has fulfilled the requisite experience as may be prescribed by the Central Government; and

(c) meets such other requirements as may be prescribed by the Central Government in order to further the objective of scientific mining:

Provided that in respect of persons being firms or other association of persons or companies, the
eligibility and conditions of accreditation shall be such as may be prescribed by the Central Government:

Provided further that the Central Government may prescribe different eligibility and other conditions for different grades of accreditation.

(6) The mining plan for major minerals shall, except in case of coal minerals and atomic minerals, be approved by officers of the Indian Bureau of Mines, authorised by general orders in this behalf by the Controller General, and for minor minerals the plan shall be approved by officers of the State Directorate authorised in this behalf, by the general order of the State Government:

Provided that the Central Government may, on being satisfied that the State Directorate possesses the necessary technical and management capability as may be prescribed, empower the State Directorate to grant approvals for such major minerals and in such circumstances as may be specified in the notification:

Provided further that in case the Central Government, at any time, is of the opinion that the State Directorate does not possess the requisite technical and management capability, it may suspend or revoke the power granted and may direct it to be exercised by officers of the Indian Bureau of Mines in accordance with the provisions of this sub-section.

(7) Any person aggrieved by the approval or refusal under sub-section (6) in respect of a mining Plan for major minerals other than coal and atomic minerals, may apply to the Controller General, the Indian Bureau of Mines, for reversal or modification of such an order and the Controller General may confirm, modify or set aside the order or direction in respect of the mining plan.

(8) Any person aggrieved by the order or direction under sub-section (6) in respect of a mining plan or a framework for minor minerals may apply to the Director of the State Directorate for cancellation or modification of such an order and the Director may confirm, modify or set aside the order or direction in respect of the mining plan or framework, as the case may be.

(9) No person shall conduct mining operations in any area except in accordance with a mining plan as approved under this Act.
(10) The Controller General or authorised officer of the Indian Bureau of Mines or the officer authorised in this behalf by the State Directorate, as the case may be, may require the holder of a mining lease to make such modifications in the mining plan or impose such conditions as may be considered necessary by an order in writing if such modifications or imposition of conditions are considered necessary,-

(a) in the light of the experience of operation of mining plan; and

(b) in view of the change in the technological environment.

(11) In respect of coal minerals and atomic minerals, the provisions of this section shall be applied, mutatis mutandis, by the Central Government.

27. Subject to the provisions of this Act or any law for the time being in force, the lessee with respect to the land leased to him shall have the right for the purpose of mining operations on that land, to -

(a) work the mines;

(b) sink pits and shafts and construct buildings and roads;

(c) erect plant and machinery;

(d) quarry and obtain building material and road materials and make bricks;

(e) use water and take timber;

(f) use land for stacking purpose;

(g) install fuel pumps or stations for diesel or petrol for own use;

(h) construct magazine for explosives, and storage sheds for explosive related substances with permission from the licencing authority concerned;

(i) store overburden material in areas identified for the purpose;

(j) divert public roads, overhead electric lines
(k) do any other thing as specified in the lease.

28. (1) An application for the extension of a mining lease shall be made in such manner as may be prescribed to the State Government through such officer or authority as it may specify in this behalf, or the person in whom the minerals vest, as the case may be, at least twenty four months before the date on which the lease is due to expire.

(2) The extension of a lease which is required to be granted with the prior approval of the Central Government shall be extended with the prior approval of the Central Government.

(3) An application for extension made under sub-section (1) shall be disposed of by the authority competent to grant a lease for the mineral within twelve months from the date of receipt of the application and the provisions of sub-sections (4), (5) and (6) of section 14 shall, mutatis-mutandis, apply to applications for extension:

Provided that before granting approval for a second or subsequent extension of a mining lease, in respect of land in which minerals vest in the Government, the State Government shall seek a report from the Indian Bureau of Mines in respect of major minerals other than coal and atomic minerals and the State Directorate in the case of minor minerals, as to whether it is in the interest of mineral development to grant the extension of the mining lease:

Provided further that in case a report is not received from the Indian Bureau of Mines within a period of three months of receipt of the communication from the State Government, it would be deemed that the Indian Bureau of Mines has no objection to the grant of extension of the mining lease.

(4) If an application for the extension of a mining lease made within the time referred to in sub-section (1) is not disposed off by the State Government before the

| passing through the lease area, to facilitate scientific mining; and |

| Extension of mining lease. |
(5) The State Government may, by an order condone the delay in an application for extension of mining lease made after the time limit specified in sub-section (1) if the application has been made before the expiry of the lease and there are sufficient reasons, to be recorded in writing, to condone the delay, and the provisions of sub-section (4) shall be applicable in such case.

29. (1) Subject to the provisions of this section, in respect of land in which the minerals vest in the Government, where mining operations are not commenced within a period of two years from the date of execution of the lease, or discontinued for a continuous period of two years after the commencement of such operations, the State Government may after issuing a notice to the lease holder to show cause and giving him an opportunity of being heard, declare that the lease has lapsed and without prejudice to the foregoing, the State Government on being satisfied that the lessee did not show due diligence, may also declare him to be in breach of the conditions of such lease and, therefore, ineligible for consideration under sub-section (3) of section 20 or sub-section (3) of section 22 or sub-section (3) of section 25, as the case may be, for such period not exceeding five years as may be specified, having regard to the nature of the breach.

(2) A lessee who is unable to commence the mining operations within a period of two years from the date of execution of the mining lease, or discontinues mining operations for a period exceeding two years for reasons beyond his control, may, at least three months before the expiry of such period, seek extension of period for commencing or recommencing mining operations, as the case may be, and the State Government on being satisfied the adequacy and genuineness of the reasons for non commencement of mining operations or discontinuance thereof, pass an order condoning the period of delay in commencement or recommencement of the mining
operations, as the case may be:

Provided that such an order shall be passed by the State Government within a period of three months from the date of receipt of the application.

(3) A lessee who is unable to commence the mining operations within a period of two years from the date of execution of the mining lease, or discontinues mining operations for a period of exceeding two years for reasons beyond his control, may within a period of six months from the date of its lapse, seek revival of the lease and the State Government on being satisfied about the adequacy of the reasons for non commencement of mining operations or discontinuance, may pass an order reviving the lease:

Provided that such an order shall be passed within a period of six months from the date of making an application for revival:

Provided further that the lease has not been revived earlier under this sub-section for more than twice during the entire period of the lease:

Provided also that in respect of coal, atomic minerals and beach sand minerals, prior approval of the Central Government shall be obtained before orders are issued under this section.

(4) The manner, the procedures for condonation of delay and the reasons for commencement or recommencement in respect of matters specified in sub-sections (2) and (3) shall be such as may be prescribed by the Central Government.

(5) Any person aggrieved by an order, passed by the State Government under sub-sections (1), (2) or (3) or by failure of the State Government to pass an order within the period specified therein, may apply to the National Mining Tribunal or State Mining Tribunal, as the case may be, and the Tribunal concerned may issue appropriate direction.
notice in writing of not less than twelve calendar months to the State Government or to such officer, or the authority as the State Government may specify in this behalf in respect of land in which minerals vest with the Government and to the person in whom the minerals vest in other cases, in accordance with the terms and conditions of the mineral concession:

Provided that where a lessee, holding a mining lease for a mineral or for a group of minerals, applies for the surrender of the lease or part area thereof or any mineral from the lease on the ground that deposits of that mineral have since exhausted or depleted to such an extent that it is no longer economical to work the mineral, he shall give notice of not less than six months and the State Government or the person in whom the minerals vest, as the case may be, may permit the lessee to surrender that lease or part area thereof or minerals, as the case may be, subject to conditions as may be prescribed by the Central Government.

(2) In every case where a lease is determined or surrendered under sub-section (1) the lessee shall at his own cost prepare and implement a Final Mine Closure Plan in accordance with the provisions of section 32 and shall close the mine or part thereof in accordance with the provisions of the section 33,

(3) In respect of any land in which the minerals vest in the Government, in the event of breach of any of the conditions of the lease, the State Government may by an order, after giving an opportunity of being heard to the lessee, determine the lease or forfeit in whole or in part, the amount deposited as security by the lessee, and in case the lease is determined shall direct the lessee to prepare and implement a Final Mine Closure Plan in accordance with the provisions of the sections 32 and 33, and in the event of his failure to do so, may prepare and implement the Plan at the cost of the lessee.

(4) Where it appears to the Central Government, upon any investigation conducted by the Central Government agency under the National Investigation Agency Act, 2008 or any other law for the time being in force, that the mining activities in any area under lease is related to or aiding or abetting organized crime or anti-national
activities of outlawed or insurrectionist organisations or that such mining activities is prejudicial to the national security, it may, for reasons to be recorded in writing, direct the State Government to determine the mining lease and the State Government shall determine the lease forthwith in case the minerals vest with the State Government, and in case the minerals vest in a person other than the State Government, the State Government shall issue a direction to such person to determine the lease and such person shall forthwith comply with such direction.

(5) In respect of any land in which the minerals vests in a private person where the lease is determined due to breach of any of the conditions of the lease, such person shall prepare and implement the Final Mine Closure Plan at his cost.

(6) Any person aggrieved by an order, made under sub-section (3) or sub-section (4), may apply to the National Mining Tribunal in respect of an order issued by the Central Government or an order issued by the State Government, as the case may be, in respect of major mineral, and to the State Mining Tribunal in respect of minor mineral, and the National Mining Tribunal or the State Mining Tribunal, as the case may be, may after giving an opportunity of being heard to the party, confirm, modify or set aside the order.

31. (1) Where the State Government is of the opinion that it is in the public interest or in the interest of public safety to do so, it may for reasons to be recorded in writing make an order of premature termination of the mining lease in case the minerals vest in the Government, and issue a direction to this effect to the person in whom the minerals vest in other cases:

Provided that no premature termination of a mining lease shall be made without giving the lessee a reasonable opportunity of being heard.

(2) In every case of premature termination of a lease, made under sub-section (1), the State Government shall, having regard to the nature of the loss caused to the lessee, compensate the lessee in such manner as may be prescribed by the Central Government.

(3) A person aggrieved by an order under sub-section (1) or sub-section (2) may apply to the National Mining Tribunal in case of major minerals and the State Mining Tribunal.
Tribunal in case of minor minerals, for revision, modification or cancellation of such order, and the National Mining Tribunal or the State Mining Tribunal, as the case may be, may pass such order as may be appropriate.

32. (1) Every mining lease shall have a Mine Closure Plan prepared in terms of a Sustainable Development Framework, which shall consist of-
   (i) a progressive mine closure plan for each mine; and
   (ii) a final mine closure plan.

(2) Every Mine Closure Plan shall be available for inspection by the public in the office of the authority competent to approve such a Plan, and also in the office of the Panchayat having jurisdiction and such other places as may be notified.

(3) A Progressive Mine Closure Plan shall be prepared for each mine for a period of five years at a time commencing with the period of the lease, and for every period of five years thereafter, in such manner as may be prescribed by the Central Government:

Provided that the Progressive Mine Closure Plan shall include details of closure, rehabilitation and restoration activities proposed to be carried out in the five year period and the projected investments in this respect, and except in the case of the first progressive mine closure plan, the details of activities actually carried out and the expenditure incurred in each of the preceding progressive closure plans.

(4) The lessee shall submit the Progressive Mine Closure Plan to the Indian Bureau of Mines and the State Directorate in the case of major minerals other than coal and atomic minerals, to the Coal Controller in case of coal minerals, and to the Atomic Minerals Directorate in case of atomic minerals, and to the State Directorate in the case of minor minerals and a copy thereof shall be sent to the Panchayats of the area:

Provided that in respect of a mining lease for a minor mineral for which a mining plan has been dispensed with under sub-section (1) of section 26, the State Government in consultation with the Indian Bureau of Mines may, having regard to the nature of the mineral, exempt any such lease from preparing a Mine Closure Plan, subject to suitable provision in the mining Framework in respect of that mineral in such manner as
may be prescribed by the Central Government, and the mining framework shall be deemed to be the Progressive Mine Closure Plan and the Final Mine Closure Plan for the purposes of this Act.

(5) The Indian Bureau of Mines or the Coal Controller or the Atomic Mineral Directorate, or the State Directorate as the case may be shall, after consulting the concerned Panchayats convey its approval or disapproval to the Progressive Mine Closure Plan within a period of ninety days from its receipt:

Provided that in case the approval or disapproval is not communicated within the said period, the Progressive Mine Closure Plan shall be deemed to have been approved on a provisional basis till such approval or disapproval is conveyed.

(6) No mining operation shall be carried out in a mine in respect of which a Progressive Mine Closure Plan has not been approved, or in a manner contrary to the approved Progressive Mine Closure Plan:

Provided that the authority responsible for approving the Progressive Mine Closure Plan may at any time inspect the mining operations to satisfy itself in this regard, and may issue any direction necessary to ensure compliance to the provisions of the Plan.

(7) A Final Mine Closure Plan shall be prepared for lease area in such manner as may be prescribed by the Central Government, and approved by the authority competent to approve the Progressive Mine Closure Plan in respect of the mine.

(8) Without prejudice to the generality of this section, the Final Mine Closure Plan shall be based on the land use planned for the lease area after its closure, and shall include measures to reduce hazards, improve productivity and ensure that it supports the needs of the host population:

Provided that the land use planned for the mining lease area after the closure of mine shall be decided in consultation with the Panchayats having jurisdiction, in such manner as may be prescribed by the Central Government.

(9) The Final Mine Closure Plan shall be revised for every five years having regard to the progress of mining operations and be submitted alongwith every Progressive Mine Closure Plan.

(10) The Final Mine Closure Plan for the last five year period of the lease shall be approved with such
modification as may be specified by the authority approving the Progressive Mine Closure Plan after consultation with the Panchayat concerned, within a period of one year:

Provided that in the case where the lease is extended under the provisions of sub-section (1) of section 8 of the Act, the lessee shall submit a Progressive Mine Closure Plan for the next five years in accordance with the provisions of this Act along with a Final Mine Closure Plan in accordance with the provisions of this section and the last five years shall be reckoned with reference to the extended period.

(11) The manner of preparation and implementation of the mine closure plan for Coal minerals and atomic minerals shall be such as may be prescribed by the Central Government.

(12) Every progressive and final mine closure plan referred to in sub-section (1) shall be prepared by a qualified firm or other association of persons or company accredited in this behalf in accordance with the provisions of sub-section (5) of section 26 in terms of a Sustainable Development Framework as may be notified by the Central Government under sub-section (2) of section 46.

33. (1) The lessee shall not determine the lease or part thereof unless a final mine closure plan, approved by the Indian Bureau of Mines in respect of major minerals other than coal minerals and atomic minerals, or any authority as may be designated by the Central Government in respect of coal minerals or atomic minerals, or the State Directorate in respect of minor minerals, as the case may be is duly implemented by the lessee.

(2) For the purposes of sub-section (1), the lessee shall be required to obtain a certificate from the Indian Bureau of Mines, the Atomic Minerals Directorate or the authority as may be designated by the Central Government in respect of coal minerals or the State Directorate in respect of minor minerals, as the case may be, to the effect that protective, reclamation, restoration and rehabilitation work in accordance with the approved
mine closure plan or with such modifications as approved
by the competent authority have been carried out by the
lessee.

(3) In every case where a lessee has made default in
implementing a progressive Mine Closure Plan, the
State Government may by an order suspend the mining
operation till the default is remedied and may demand
additional security so as to ensure deposit of security to
the extent of the maximum specified under sub section (1)
of section 24 for the remaining period of the lease, and
for any or all other leases of the lessee for reasons to be
specified in a show cause notice, and in case the lessee
fails to show adequate cause, or fails to furnish the
additional security, as the case may be, within a
reasonable period not exceeding thirty days, the State
Government may determine the lease in respect of which
such security was not furnished.

(4) If the lessee makes default in implementing the
final Mine Closure Plan or abandons a mine, without
prejudice to any action under section 53, the State
Government may after serving a notice to the lessee,
cause the plan to be implemented by such other authority
as it may direct, at the cost of the lessee, that the lease
may be determined in such manner as may be prescribed
by the Central Government and the lessee shall be
declared to be ineligible for the purpose of any mineral
concessions under this Act.

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<th>CHAPTER VI</th>
<th>MINERAL CONCESSION IN CASES WHERE MINERALS DO NOT VEST EXCLUSIVELY WITH GOVERNMENT</th>
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34. Applications for mineral concessions in respect of any mineral which vest exclusively in a person other than the Government shall be made to such person and all mineral concessions be granted subject to the provisions of this Act and the rules made thereunder.

35. A mineral concessions granted in accordance with the provisions of section 34 shall be in the form of a registered deed executed by the parties on such terms and conditions as may be agreed, not inconsistent with the provisions of this Act or the rules made thereunder, and an authenticated copy of the deed shall be deposited by

Applications in case minerals vest with private persons.

Mineral concessions to be in the form of a Registered Deed.
the person granted the mineral concession with the State Government and the Indian Bureau of Mines before commencing operations:

Provided that notwithstanding anything contained in such deed to the contrary, it shall be lawful for the State Government to issue any direction to the leaseholder or to the person in whom the minerals vest, in accordance with the provisions of this Act.

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<th>Cases where minerals vest partly with Government.</th>
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| 36. In respect of lands where minerals vest partly in the Government and partly with a private person, the provisions of this Act shall apply in the same manner as they apply in respect of land where minerals vest exclusively with the Government:

Provided that the dead rent and royalty payable in respect of minerals which vest partly in Government and partly in private person shall be shared by the Government and by that person in proportion to the share they have in the minerals. |

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<th>Reservation of areas for conservation of mineral resources.</th>
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| 37. (1) The State Government with the prior approval of the Central Government, or the Central Government after consultation with the State Government, may reserve for purposes of mineral conservation any area not already held under a high technology reconnaissance cum exploration license, a prospecting licence or mining lease, and shall notify the reservation specifying the reasons and the period of reservation shall be for a period of not less than ten years:

Provided that the period may be extended from time to time in the public interest, for such period as may be notified in the same manner in which it was reserved.

(2) No application for mineral concession shall be entertained in respect of an area reserved under sub-section (1), and any such application is deemed to have never been made.

(3) An area reserved for purposes of mineral conservation shall not be used for such purposes during the period of the reservation that is contrary to the object of such reservation. |

<table>
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<tr>
<th>Saving of reserved areas.</th>
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<tr>
<td>38. Subject to the provisions of section 37, all areas reserved under the Mines and Minerals (Development and Regulation) Act, 1957, as it stood before its repeal, and the rules made thereunder, shall continue to be reserved.</td>
</tr>
</tbody>
</table>

67 of 1957
39. On the expiry of the period of reservation under section 37 or section 38, or such earlier date as may be notified by the Central Government or the State Government, as the case may be, an area reserved under section 37 or section 38, as the case may be, shall be deemed to be available for grant of the mineral concessions after a lapse of thirty days or from such earlier date as may be notified for the purpose.

40. (1) Where the Central Government is of the opinion that any mineral or a particular grade of mineral needs to be conserved in view of its strategic value, it may, by notification, ban the grant of mineral concession in respect of that mineral or a particular grade of mineral or impose such restrictions on grant of mineral concessions or operation of such concession as may be specified in the said notification:

Provided that such a ban or restriction shall not apply in respect of applications for grant of mining leases under sub-section (3) of section 25.

(2) The notification referred to in sub-section (1) shall be for a period of not less than ten years.

(3) The Central Government may renew the notification, as referred to in sub-section (1), for a further period not less than ten years.

CHAPTER VIII
ROYALTIES, COMPENSATION AND CESS

41. (1) The holder of a mining lease, whether granted before or after the commencement of this Act shall, notwithstanding anything in the instrument of lease or in any other law for the time being in force, pay royalty in respect of any mineral removed or consumed by him or by his agent, manager, employee or contractor from the leased area.

(2) The rate of royalty in respect of major minerals shall be such as specified in the Second Schedule to this Act:

Provided that concessional rates of royalty may be specified for such cases where the lessee beneficiates the mineral at the ore stage.

(3) The Central Government may, after taking into
consideration the report and recommendations of the National Mining Regulatory Authority, by notification, amend the Second Schedule to enhance or reduce the rate specified therein with effect from such date as may be specified in the notification:

Provided that the Central Government shall not enhance the rate of royalty in respect of any major mineral more than once during any period of three years.

(4) The State Government may, by notification from time to time, declare the rate at which royalty shall be payable in respect of minor minerals:

Provided that the State Government shall not enhance the rate of royalty in respect of a minor mineral more than once during any period of three years.

(5) Notwithstanding anything contained in this Act, the provisions of sub-section (1) shall not apply to or in relation to mining leases granted before the 25th day of October, 1949, in respect of coal, but the Central Government, if it is satisfied that it is expedient so to do, may, by notification, direct that all or any of the provisions of this Act or the rules made thereunder apply to or in relation to such leases subject to such exceptions and modifications, if any, as may be specified in that notification.

42. (1) The holder of a mining lease, whether granted before or after the commencement of the Act, shall, notwithstanding anything contained in the instrument of lease or in any other law for the time being in force, pay every year, dead rent at such rate as may be specified, for all the areas included in the instrument of lease.

(2) Where the holder of such mining lease becomes liable under section 41 to pay royalty for any mineral removed or consumed by him or by his agent, manager, employee or contractor from the leased area, he shall be liable to pay either such royalty, or the dead rent in respect of that area, whichever is higher.

(3) The dead rent in respect of mining leases for major minerals shall be as specified in the Third Schedule and the Central Government may, after taking into consideration the recommendations of the National
Mining Regulatory Authority, by notification, amend the Third Schedule so as to enhance or reduce the rate at which the dead rent shall be payable in respect of any area covered by a mining lease and such enhancement or reduction take effect from such date as may be specified in the notification:

Provided that the Central Government shall not enhance the rate of the dead rent in respect of any such area more than once during any period of three years.

(4) The State Government may by notification from time to time, declare the rate at which dead rent shall be payable in respect of minor minerals:

Provided that the State Government shall not enhance the rate of the dead rent in respect of any such area more than once during any period of three years:

Provided further that in respect of such portion of a lease as is for both major and minor minerals, dead rent if payable, shall be the higher of the two dead rents.

(5) In order to encourage mining of small deposits in cluster, dead rent for the area shall be determined having regard to the actual area required for mining operations.

43. (1) In respect of land in which minerals vest in the Government, the holder of a non-exclusive reconnaissance licence, high technology reconnaissance cum exploration licence or prospecting licence shall be liable to pay, to every person or family holding occupation or usufruct or traditional rights of the surface of the land over which the licence has been granted, such reasonable annual compensation as may be mutually agreed between the holder of such licence and such persons or in the absence of such agreement, which may be determined by an officer appointed, by notification, by the State Government in this behalf in such manner as may be prescribed by the State Government:

Provided that such amount shall be determined before commencement of operations and paid in advance each year, in such manner as may be prescribed by the State Government.

(2) The holder of a mining lease shall pay annually to
the District Mineral Foundation, as referred to in section 56,-

(a) in case of major minerals (except coal and lignite) an amount equivalent to the royalty paid during the financial year;

(b) in case of coal and lignite, an amount equal to twenty-six per cent. of the profit to be called as profit sharing percentage (after deduction of tax paid) of the immediately preceding financial year from mining related operations in respect of the lease; and

(c) in case of minor minerals, such amount as may be prescribed by the State Government with the concurrence of the National Mining Regulatory Authority referred to in section 58,

within such time and in such manner as may be prescribed by the State Government for the benefit of persons or families affected by mining related operations:

Provided that in respect of coal minerals the Central Government may, after taking into consideration the report and recommendations of the National Mining Regulatory Authority, by notification, revise the profit sharing percentage, or specify such other method as may be prescribed for calculation of amount to be paid to the District Mineral Foundation:

Provided further that in case where the holder of a mining lease for major minerals has commenced mining related operations but has not commenced production, the holder of a mining lease shall pay into the District Mineral Foundation, an amount equal to the royalty payable on the production estimated in the first twelve months of the year as per the approved mining plan:

Provided also that in case the holder of a mining lease for major minerals,-

(a) was not in production for a part of a particular year, he shall be liable to pay the amount in the
second proviso on pro-rata basis for the period during which he had not commenced any such operations;

(b) discontinues production for a part of a particular year, he shall be liable to pay the amount equal to the royalty on actual production of the corresponding period of the previous financial year.

(3) Notwithstanding anything in sub-section (2), and the Companies Act, 1956, or any other law for the time being in force, where the holder of mining lease is a company, it shall also allot at least one share at par for consideration other than cash to each person of the family affected by mining related operations of the company and such shares shall be non transferable.

(4) The articles of association of the company, referred to in, sub-section (3) shall contain provisions enabling the company to allot shares in accordance with the provisions of sub-section (3).

(5) Notwithstanding anything in sub-section (2) and sub-section (3), the holder of a mining lease shall, in respect of any person or family holding occupation or usufruct or traditional rights of the surface of the land over which the lease has been granted, be liable to provide employment or other assistance in accordance with the rehabilitation and resettlement policy of the State Government concerned.

(6) The amount payable under this section shall be in addition to any other amount or compensation payable to the person or family holding occupation or usufruct or traditional rights of the surface of the land under any other law for the time being in force.

(7) After the termination of a non-exclusive reconnaissance licence, high technology reconnaissance cum exploration licence, prospecting licence or a mining lease, the State Government shall after giving the person or family holding occupation or usufruct or traditional rights of the surface of the land an opportunity of being heard, assess the damage, if any, done to the land by the reconnaissance or prospecting or mining related operations and determine the amount of compensation payable by the licensee or the lessee, as the case may be, to the person or family holding occupation or usufruct or
traditional rights of the surface of the land in such manner as may be prescribed by the State Government:

Provided that in case the licensee or lessee and the person or family holding occupation or usufruct or traditional rights mutually agree on the compensation, and communicate the same to an officer appointed by the State Government in this behalf, the State Government may, accordingly, determine the compensation.

(8) In case, -
(a) the licensee fails to make payment to the persons holding occupation or usufruct or traditional rights in terms of sub-section (1), the State Government may forfeit the security deposit and make payment therefrom, and may recover any balance amount as provided in section 118 of this Act, and may also declare the licensee or lessee ineligible for the purposes of any mineral concessions under this Act;
(b) the lessee fails to make payment to the District Mineral Foundation in terms of sub-section (2), the State Government may initiate necessary proceedings to recover the arrears and may also take action against the lessee for non compliance of conditions of the lease in accordance with the provisions of sub-section (4) of section 24;
(c) the lessee or the licensee, as the case may be, fails to pay the compensation within three months of its determination under section 30, the State Government may on an application made to it by the aggrieved person, either forfeit the security deposit and make payment therefrom, or may recover the amount as provided in section 118 of this Act, and may also declare the licensee or lessee ineligible for the purposes of any mineral concessions under this Act.

(9) Where there is a dispute as to whether a person or family holds occupation or usufruct or traditional rights, the Collector of the District may after consulting the Gram Sabha, or the Gram Panchayat or District Council, as the case may be, make a determination which shall be binding for the purposes of this Act.

(10) (a) The State Government shall cause identification of the person or families affected by mining related operations in such manner as may be prescribed by the
State Government;

(b) The amount of monetary benefit may be determined by the State Government for each district where mining operations are being undertaken, having regard to the nature and extent to which such person or family is affected by mining related operations and for improving the quality of life of the affected person or family, and such amount of monetary benefit shall not be less than the amount a family may be entitled under the provisions of the Mahatma Gandhi National Rural Employment Guarantee Act, 2005:

Provided that till the amount of monetary benefit is determined by the State Government, the amount of monetary benefit shall be equal to an amount that such as a family may be entitled under the provisions of the Mahatma Gandhi National Rural Employment Guarantee Act, 2005.

(c) The State Government shall ensure that monetary benefits under this Act are distributed to the persons or families in areas affected by mining related operations through a mechanism prescribed by the State Government:

Provided that in case of a family not headed by a woman, the State Government shall ensure that half the amount of monetary benefits distributed to families in areas affected by mining operations shall accrue to the eldest women member of the family.

(11) For the purposes of this section, in case of a mining lease already granted on or before the date of commencement of this Act, the date for identification of person or families affected by mining related operations shall be reckoned as first January Nineteen Hundred and Ninety Seven;

Explanation.— For the purposes of this section,—

(a) a “family” shall comprise of mother, father and their children or any person wholly dependent on the head of the family, including any lineal ascendant or descendant of the head of the family or his spouse; and
(b) a “family” may also be single member family.

44. (1) The Central Government may, by notification, specify, that there shall be levied and collected a cess on major minerals for the purposes of this Act,—

(a) as a duty of customs, where the ore is exported;

(b) as a duty of excise, where the ore is sold or otherwise disposed to an end-user or to any other person who in turn sells it to an end-user, or is used by the owner of the mine in any end-use by himself, at such rate not exceeding two and one half percent. of the duty as may be specified in the notification by the Central Government:

Provided that the rate shall not be increased more than once during any period of five years.

(2) Every cess leviable under sub-section (1) on major minerals shall be payable by the person by whom such major minerals are produced, and in the case of export, the cess shall be payable by the exporter.

(3) The cess leviable under sub-section (1) on the major mineral shall be in addition to any cess or duty leviable on those items under any other law for the time being in force.

(4) The provisions of the Central Excise Act, 1944 and the rules made thereunder and the provisions of the Customs Act, 1962 and the rules made thereunder, as the case may be, including those relating to refunds and exemptions from duties shall, as far as may be, apply in relation to the levy and collection of cess leviable under this section and for this purpose, the provisions of the Central Excise Act, 1944 and of the Customs Act, 1962, as the case may be, shall have effect as if the aforesaid Acts provided for the levy of cess on major minerals.

(5) Every person or company or firm or association of persons using or trading in or exporting or stocking major minerals shall register himself or itself with the Indian Bureau of Mines in such manner as may be prescribed by the Central Government:

Provided that in case of coal minerals, the administration of registration shall be done by the Central Government.

45. (1) The State Government may, by notification levy and collection of cess by Central Government.
specify, that there shall be levied and collected a cess on major minerals and minor minerals extracted at a rate not exceeding ten per cent. of the royalty in such manner as may be prescribed by the State Government:

Provided that the rate shall not be increased more than once during any period of five years:

(2) The cess shall be paid by the person holding the mining lease for major minerals or minor minerals, as the case may be:

Provided that where the minerals vest in a person other than the Government, and the holder of the mining lease fails to pay the cess, the person in whom the minerals vest shall, on demand, pay the amount of the cess.

CHAPTER IX
POWER TO ISSUE DIRECTIONS

46. (1) The Central Government shall take all such steps as may be necessary for the conservation of strategic mineral resources in the national interest and for the scientific development and exploitation of all mineral resources.

(2) The Central Government in order to facilitate the scientific development and exploration of mineral resources and to ensure the protection of the environment and prevention and control of pollution from prospecting and mining related operations, shall cause to be developed a National Sustainable Development Framework in consultation with the State Governments.

(3) The State Government may with the previous approval of the Central Government frame a State Sustainable Development Framework not inconsistent with the National Sustainable Development Framework.

(4) The National Sustainable Development Framework shall contain guidelines enabling formulation of project-level practices for sustainable mining, and include the following, namely:-

(i) specification of factors and parameters influencing sustainable and scientific mining;
(ii) broad criteria beyond which mining may not be deemed sufficiently sustainable or scientifically manageable;
(iii) systemic measures needed to be taken or built-in to increase sustainability of mining operations considering its entire life cycle, inter-alia.-

(a) ensuring minimal adverse impact on quality of life of the local communities;
(b) protecting interests of affected persons including host population;
(c) creating new opportunities for socio-economic development including for sustainable livelihood;
(d) mineral conservation both in terms of mining technologies or practices and mineral beneficiation;
(e) reduction in waste generation and related waste management practices and promotion of recycling of materials;
(f) minimizing and mitigating adverse environmental impacts particularly in respect of ground water, air, ambient noise and land;
(g) ensuing minimal ecological disturbance, in terms of bio-diversity, flora, fauna and habitat;
(h) promoting restoration and reclamation activities so as to make optimal use of mined out land for the benefit of the local communities;
(i) measurable indicators of sustainable development;
(j) consultative mechanisms with stakeholder groups right from pre-mining stages through the life cycle and up to post-closure stages to ensure stakeholder groups involvement and participation in identifying and addressing the sustainability issues; and
(k) system of public disclosure of mining related activities and environmental parameters including indicators and mechanisms to facilitate formal and informal sustainability audits.

(5) The Central Government may, from time to time specify the guidelines for scientific mining and mineral conservation within a Sustainable Development Framework and the State Directorate shall be responsible for implementation of the Sustainable Development Framework in the State:

Provided that the State Government may, with the previous approval of the Central Government, confer all or any of the functions of the State Directorate on any other specialised agency for the purpose of better implementing the Sustainable Development Framework.

(6) The Central Government may issue general directions as may be required, consistent with the provisions of the Act to the State Governments or the
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<th>National Authority referred to in section 58 or any authority under the Central Government or the State Government, as the case may be, for the conservation of strategic mineral resources or any policy matter in the national interest and for the scientific and sustainable development and exploration of mineral resources and recycling of such resources to the extent practicable, and detection, prevention and prosecution of cases of illegal mining, and to frame rules for the purpose and all such directions shall be complied with to the extent possible.</th>
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<td>(7) Without prejudice to the provisions of this section, the Central Government for the purpose of scientific management and exploration of mineral resources, may prescribe a framework for disclosure of information related to mineral resources and their exploration and exploitation, and recycling including the development of websites and Portals and databases; and such framework shall specify the nature and extent of the information required to be disclosed and the person or authority responsible for such disclosure and any such person or authority shall comply except where the information is of a nature that is exempted under section 8 of the Right to Information Act, 2005 in relation to a public authority.</td>
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47. (1) The State Government may, in the interest of systematic development of mineral deposits, conservation of minerals, scientific mining, sustainable development and protection of the environment, issue directions to the owner, agent, mining engineer, geologist or manager of a mine.

(2) Every direction issued under sub-section (1) shall be complied within such period as may be specified, not being a period of less than one week:

Provided that where there is difficulty in giving effect to any direction, the owner, agent, mining engineer, geologist or manager of the mine, as the case may be, may apply for modification or rescinding of such direction and the State Government, may either modify or rescind the direction or confirm it:

Provided further that in case the State Government does not pass any order modifying or rescinding such direction within a period of thirty days from the date of application, the direction shall be deemed to have been confirmed.

(3) Any direction issued under sub-sections (1) and (2) shall be issued in consultation with the Indian Bureau of Mines in such classes of cases as may be prescribed by
the Central Government.

(4) Any person aggrieved by a direction or order under this section may apply to the National Mining Tribunal in case of major minerals under section 85 or the State Mining Tribunal in case of minor minerals under section 99, as the case may be.

48. (1) Where the Central Government is of the opinion that for the purpose of conservation of strategic mineral resources or for the scientific management, exploration and exploitation of mineral resources it is expedient to conduct a technical or scientific investigation with regard to any mineral or any land including lands in relation to which mineral concessions may have been granted, the Central Government may authorize the Geological Survey of India or the Indian Bureau of Mines or the Atomic Minerals Directorate or such other authority as it may specify in this behalf, to carry out such technical or scientific investigation as may be necessary, and to submit a report within such period as may be specified:

Provided that no such authorisation shall be made in the case of any land in which mineral concession has been granted, except after consultation with the State Government where minerals vest in the State Government and with the person in whom the mineral vests in other cases.

(2) On issue of an authorisation under sub-section (1), it shall be lawful for the Geological Survey of India, the Indian Bureau of Mines, the Atomic Minerals Directorate or the specified authority or agency, and its employees,-

(a) to enter upon such land;
(b) to dig or bore into the sub-soil, conduct studies and take samples;
(c) to do all other acts necessary to determine the nature and extent of any mineral available in or under such land;
(d) to set out boundaries of the land in which any mineral is expected to be found, and to mark such boundaries and line by placing marks; and
(e) where otherwise the survey cannot be completed on the boundaries and line marked, to cut down and clear away any part to any standing crop, fence or jungle with the approval of the authority.
concerned:

Provided that no such authority or agency, as the case may be, shall enter into any building or upon any enclosed court or garden attached to a dwelling-house without previously giving such occupier at least seven days’ notice in writing of its intention to do so.

(3) Whenever any action of the nature specified in sub-section (2) is to be taken, the Central Government shall, before or at the time when such action is taken, pay or tender payment for the damage which is likely to be caused, and in case of dispute as to the sufficiency of the amount so paid or tendered or as to the person to whom it shall be paid or tendered, the Central Government shall refer the dispute to the Collector of the District in which the land is situated for determination.

(4) The fact that there exists any such dispute, as is referred to in sub-section (3), shall not be a bar to the taking of any action under sub-section (2).

(5) After the completion of the investigation, the Geological Survey of India, the Indian Bureau of Mines, the Atomic Minerals Directorate or the specified authority or agency by which the investigation was made shall submit a report to the Central Government indicating therein the nature and extent of any mineral which lies deposited in or under the land and such other information as may be necessary.

(6) The costs of the investigation made under this section shall be borne by the Central Government:

Provided that any portion of the cost may be paid out of the National Mineral Fund in accordance with the provisions of section 50.

(7) The Central Government may, having regard to the utility of the report submitted under sub-section (5), and the public interest, make available the report to such persons and at such cost and in such manner as may be prescribed by the Central Government.

49. (1) The Indian Bureau of Mines, the Coal Controller, the Atomic Minerals Directorate or the State Directorates or any officer authorised by the Central Government or the State Government, as the case may be, may enter and inspect a mine, and examine or direct the examination of any mineral deposit in any area under prospecting licence or mining lease and take samples therefrom at any time for the purposes of this Act.
(2) If any mine or part thereof, which in the opinion of the Indian Bureau of Mines, the Coal Controller, the Atomic Minerals Directorate or the State Directorate, poses a grave and immediate threat to the conservation of mineral resources or to the environment, it may, by an order in writing to the owner, agent, mining engineer or manager, require him to take such measures as may be specified in the order and may prohibit, until the requirements as specified in the order are complied with to its satisfaction, the deployment of any person other than those required for compliance with the requirement of the order.

(3) The Indian Bureau of Mines, the Coal Controller, the Atomic Minerals Directorate or the State Directorate, as the case may be, may by a general or specific order require the cores or specimens of rocks and minerals obtained from specified boreholes or shafts during prospecting or mining operation conducted under this Act, to be preserved for any specific period.

(4) Every holder of a prospecting licence or a mining lease shall provide all reasonable facilities to persons authorized by the Indian Bureau of Mines, the Coal Controller, the Atomic Minerals Directorate and the State Directorate for the purpose of undertaking research or training in matters relating to mining or geology.

(5) The holder of a non-exclusive reconnaissance licence, high technology exclusive cum reconnaissance exploration licence, prospecting license or mining lease, or his agent shall furnish such information regarding his reconnaissance or exploration or prospecting or mining operations or regarding the mine or any matter connected therewith as the Indian Bureau of Mines, the Coal Controller, the Atomic Minerals Directorate or the authorized officer of the Central Government or the State Government, as the case may be, may require by an order in writing and the information shall be furnished within such time and such period as may be specified in the aforesaid order.
CHAPTER X
NATIONAL, STATE MINERAL FUND AND
DISTRICT MINERAL FOUNDATION

50. (1) The Central Government shall, by notification, establish a fund to be called the National Mineral Fund for the purposes of this Act.

(2) The proceeds of the cess levied under sub-section (1) of section 44 shall first be credited to the Consolidated Fund of India, and the Central Government may, after due appropriation made by Parliament by law in this behalf, credit by way of grants or loans such sums of money as the Central Government may consider necessary to the National Mineral Fund from time to time, after deducting the expenses of collection, for being utilised exclusively for the purposes of sub-section (3).

(3) The amount standing to the credit of the National Mineral Fund shall be utilised for –

(a) making grants to the National Mining Regulatory Authority and the National Mining Tribunal of such sums of money as are required to pay salaries and allowances payable to the Chairperson and the members and the administrative expenses including the salaries, allowances and pension payable to or in respect of officers and other employees of the Authority and the Tribunal;

(b) promoting scientific management of mining activities and mine closures, including research and development and training;

(c) research and development in sustainable mining and recycling of resources;

(d) developing capacity of the Indian Bureau of Mines or office of the coal controller, and any other agency as may be determined by the Central Government to enforce the provisions of the Act;

(e) detecting and preventing illegal mining including commissioning of surveys and studies, and developing awareness amongst local communities and the mining sector;

(f) investigations for the conservation and scientific management of mineral resources in accordance with the provisions of section 48 of the Act;
(g) promotion of information technology applications in support of the mining and minerals sector;
(h) providing grants-in-aid for promoting techno-economic studies for the mineral sector; and
(i) providing grants-in-aid for holding of and participation in National or International minerals and mining workshops, conferences and promotional events.

51. (1) The National Mineral Fund shall be under the control of the Central Government, and the balance to the credit of the National Mineral Fund not lapse at the end of the Financial Year.
(2) The Central Government shall be responsible for the administration and management of the National Mineral Fund.
(3) The Central Government for the purpose of this Act may,-
(a) formulate criteria for allocation of funds for such projects which are required to be implemented;
(b) approve schemes and sanction grants and loans from the National Mineral Fund to institutions and authorities as may be decided and monitor their utilisation; and
(c) implement directly or through the Geological Survey of India or the Indian Bureau of Mines or coal controller or any other agency as may be determined by the Central Government, projects for the purposes of sub-section (3) of section 50 and for this purpose it may authorize the Director General, Geological Survey of India and the Controller General, Indian Bureau of Mines to incur such expenditure from the National Mineral Fund as may be necessary in this regard.

52. (1) The Central Government shall maintain proper accounts and other relevant records and prepare an annual statement of accounts, including the profit and loss account and the balance-sheet in respect of the National Mineral Fund in such form, as may be prescribed in consultation with the Comptroller and Auditor-General of India.
(2) The accounts of the National Mineral Fund shall be audited by the Comptroller and Auditor-General of India at such intervals as may be specified by him.

53. (1) The State Government may, by notification, establish a fund to be called the State Mineral Fund for
the purposes of this Act.

(2) The proceeds of the cess levied under sub-section (1) of section 45 shall first be credited to the Consolidated Fund of the State and the State Government may, if the Legislature of the State by appropriation made by law in this behalf so provides, credit by way of grants or loans such sums of money as the State Government may consider necessary to the State Mineral Fund from time to time, after deducting the expenses of collection, for being utilised exclusively for the purposes of sub-section (4).

(3) The State Mineral Fund shall be held and administered on behalf of the State Government in such manner and by such authority as may be prescribed by the State Government.

(4) The amount standing to the credit of the State Mineral Fund shall be utilised for:-
   (a) developing capacity of the State Directorate to achieve the objects of this Act;
   (b) promotion of information technology applications in support of the mining and mineral sector;
   (c) setting up and operation of Special Courts under section 105 of the this Act;
   (d) setting up and operation of the State Mining Regulatory Authority and the State Mining Tribunal under section 70 and section 89 respectively;
   (e) financial assistance to the District Mineral Foundations by way of loan, capital grants or other payment;
   (f) compensating lessees whose leases are prematurely terminated under section 31 of this Act;
   (g) prevention and detection of illegal mining, including expenditures incidental to enforcement of the provisions of section 114 of this Act and to reward whistle-blowers on illegal mining;

Explanation.- For the purposes of this section a whistle blower is a person who provides credible information of illegal mining;

   (h) such other public purposes in relation to the objects of the Act, as may be deemed expedient by the State Government from time to time.

(5) Without prejudice to the generality of the foregoing provisions, the State Government may sanction grants out of the State Mineral Fund to an authority for
implementation of a mine closure plan under sub-section (4) of section 33 and cause the recovery of the cost thereof from the lessee in accordance with the provisions of section 118 and deposit the same into the State Mineral Fund.

54. (1) The State Mineral Fund shall be under the control of the State Government, and the balance to the credit of the State Mineral Fund shall not lapse at the end of the Financial Year.

(2) The State Government shall be responsible for the administration and management of the State Mineral Fund.

(3) The State Government for the purposes of this Act may,-

(a) formulate criteria for allocation of funds for such projects which are required to be implemented;

(b) implement directly or through the State Directorate by way of grant-in-aid, projects for the purposes of sub-section (4) of section 53 and for this purpose, may authorise the Director of the State Directorate to incur such expenditure from the State Mineral Fund as may be necessary in this regard.

55. (1) The State Government shall maintain proper accounts and other relevant records and prepare an annual statement of accounts, including the profit and loss account and the balance-sheet in respect of the State Mineral Fund in such manner, as may be prescribed by the State Government in consultation with the Comptroller and Auditor-General of India.

(2) The accounts of the State Mineral Fund shall be audited by the Comptroller and Auditor-General of India at such intervals as may be specified by him.

56. (1) The State Government shall, by notification, establish a trust to be called the District Mineral Foundation, a non-profit body, in each district in the State where a mining lease has been granted or is in operation, in the manner as may be prescribed by the State Government.

(2) The object of the District Mineral Foundation shall be to work for the interest and benefit of persons or families affected by mining related operations in the district.

(3) The Governing Council of the District Mineral Foundation shall be responsible for,-
(a) distribution of monetary benefit to persons or families affected by mining related operations in the district; and
(b) undertaking such other activities as are in furtherance of the object of the Foundation, including creation, management and maintenance of such local infrastructure for socio-economic purposes in areas affected by mining related operations and facilitating the implementation of the Sustainable Development Framework.

(4) The State Government may give financial assistance to any District Mineral Foundation by way of loan, capital grants or other payments.

(5) The State Government shall maintain a register, which shall be open to the members of the public for inspection at any reasonable time, containing the following in relation to each District Mineral Foundation, -

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<tr>
<td>(a)</td>
<td>a copy of the current constitution;</td>
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<tr>
<td>(b)</td>
<td>a copy of the latest annual accounts and of any report of the auditor of the accounts of the District Mineral Foundation; and</td>
</tr>
<tr>
<td>(c)</td>
<td>a copy of the latest annual report of the District Mineral Foundation.</td>
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</table>

(6) The amount standing to the credit of the District Mineral Foundation shall be utilized, in the following order of priority, namely:

- (i) payment of monetary benefits payable monthly or quarterly to members of the family of the person holding occupation or usufruct or traditional rights in areas affected by mining related operations:
  
  Provided that the State Government may make a scheme to systematically regulate the amount of payment of monetary benefits to different categories based on the nature and extent to which they are affected by the mining related operation;

- (ii) such other expenditure as may be prescribed by the Central Government subservient to the objects of the Foundation;

- (iii) payment of administrative expenses necessary for working of the District Mineral Foundation, not exceeding five percent of the total annual payment received by it in a financial year.

57. (1) The District Mineral Foundation shall be managed by a Governing Council which consists of,-

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<td>(a)</td>
<td>District Magistrate - Chairperson;</td>
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<td>(b)</td>
<td>Chairperson of the District Panchayat or District Council, as the case may be – Member;</td>
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<tr>
<td>(c)</td>
<td>all holders of mining lease in the district –</td>
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Governing Council.
Members;
(d) head of local offices of Departments concerned of
the State Government – Members;
(e) at least three representatives nominated by the
District Magistrate in consultation with the
Chairperson of the District Panchayat or District
Council, as the case may be, from amongst the
affected persons or families in the areas affected
by mining operations, in the manner as may be
prescribed by the State Government – Members;
(f) representative of the Indian Bureau of Mines-
Member;
(g) District Mining Officer- Secretary:

Provided that in the areas specified in the Fifth
Schedule of the Constitution, where there is no District
Panchayat, the Chairperson of each of the Panchayats at
intermediate level, and where there is no Panchayat at
intermediate level, the Chairperson of the Village
Panchayats within whose jurisdiction the mining
operations are undertaken shall be included as a member.

(2) The Governing Council for the District Mineral
Foundation shall be responsible for,-
(a) drawing up the annual budget for utilisation of the
fund available with the Foundation;
(b) approving the disbursal of the amounts to the entitled
persons or families affected by mining related operations;
and
(c) approving such other expenditure, in furtherance of
the objects of the Foundation, from the Fund available
with the District Mineral Foundation in such manner as
may be prescribed by the Central Government.
(3) The District Mineral Foundation shall, at the end of
each year, prepare an Annual Report in respect of the
activities undertaken under the fund available with the
District Mineral Foundation, and shall forward it to the
State Government, which shall forthwith cause the Report
to be published on the Government website.

(4) The District Mineral Foundation shall maintain a
register giving details of,-

(a) the list of lease holders in the district and the annual
payments made by them to the District Mineral
Foundation; and

(b) the disbursal of benefits to the affected persons;

(c) annual audited accounts of the District Mineral Foundation,

and the same shall be available on the website of the Foundation and for inspection by members of the public.

(5) For the purposes of the Right to Information Act, 2005, the District Mineral Foundation is deemed to be a public authority.

(6) The District Mineral Foundation shall maintain proper accounts and other relevant records and prepare an annual statement of accounts, including the profit and loss account and the balance-sheet in respect of the fund available with the District Mineral Foundation in such manner, as may be prescribed by the State Government in consultation with the Comptroller and Auditor-General of India.

(7) The accounts of the District Mineral Foundation shall be audited at such intervals and in such manner as may be prescribed by the State Government in consultation with the Comptroller and Auditor-General of India.

(8) The accounts of the District Mineral Foundation, as certified by the District Magistrate, together with the audit report thereon shall be forwarded annually to the State Government by the District Mineral Foundation and the State Government shall cause the audit report to be laid, as soon as may be after it is received, before each House of the State Legislature where there are two Houses, and where there is one House of the State Legislature, before that House.

CHAPTER XI

NATIONAL MINING REGULATORY AUTHORITY AND STATE MINING REGULATORY AUTHORITY

58. (1) The Central Government shall, by notification, establish a National Authority to be known as the National Mining Regulatory Authority, to exercise the powers conferred on, and to perform the functions assigned to it under this Act in relation to major minerals.
(other than coal minerals).

(2) The National Authority shall be a body corporate, by the name aforesaid, having perpetual succession and a common seal with power to acquire, hold and dispose of properties, both movable and immovable, and to contract, and shall, by the said name, sue or be sued.

(3) The head office of the National Authority shall be at New Delhi.

(4) The National Authority may, with the prior approval of the Central Government, establish its offices at any other place in India.

59. (1) The National Authority shall consist of a Chairperson and not more than nine whole time Members to be appointed by the Central Government.

(2) The Chairperson of the National Authority may, if considered necessary, invite any one or more persons having specialised knowledge and experience in a particular case to assist the National Authority.

60. (1) A person shall not be qualified for appointment as the Chairperson of the National Authority, unless he,—

(a) is of not less than fifty-eight years of age;

(b) (i) has a post-graduate degree in mining, engineering, technology, science, commerce, humanities or law from a university recognised by the University Grants Commission or a university or institute established by law for the time being in force and special knowledge and experience of not less than three years in matters relating to policy, regulation and operations in extractive industry; or

(ii) has held the post of Secretary or Additional Secretary to the Government of India or any equivalent post in the Central Government or the State Government, as the case may be, having experience of not less than three years in policy or law relating to mines and mineral concessions.

(2) A person shall not be qualified for appointment as a Member, unless he,—

(a) is of not less than fifty-eight years of age;
(b) (i) has a post-graduate degree in mining, engineering, technology, science, commerce, humanities or law from a university recognised by the University Grants Commission or a university or institute established by law for the time being in force and special knowledge and experience of not less than three years in matters relating to policy, regulation and operations in extractive industry or has experience of not less than three years in the field of mining sector at the national level; or
(ii) has held the post of Joint Secretary to the Government of India or any equivalent post in the Central Government or the State Government, as the case may be, having experience of not less than one year in policy or law relating to mines and mineral concessions.

(3) The Chairperson and the Members of the National Authority shall be appointed on the recommendations of the Selection Committee constituted under sub-section (1) of section 61.

(4) The Chairperson or the Members of the National Authority shall not hold any other office during the period of holding his office as such.

(5) The Central Government shall, within a period of one month from the date of occurrence of any vacancy in the office of the Chairperson or Member, by reason of death, resignation or removal of the Chairperson or a Member and six months before the superannuation or completion of the term of office of the Chairperson or any Member, make a reference to the Selection Committee constituted under section 61 for filling up of such vacancy.

61. (1) The Central Government shall, for the purpose of selection of the Chairperson and Members of the National Authority constitute a Selection Committee, consisting of the following, namely:

   (a) Cabinet Secretary – Chairperson;

   (b) Secretary in the Ministry of Mines – Member;

   (c) Secretary in the Ministry of Law and Justice – Member.

(2) The Secretary in the Ministry of Mines, Government of India, shall be the Convenor of the meeting of the
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<th>Selection Committee.</th>
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<td>(3) The Selection Committee shall finalise the selection of the Chairperson and Members of the National Authority within one month from the date on which the reference is made to it under sub-section (5) of section 60.</td>
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<td>(4) The Selection Committee shall recommend a panel of two names in order of preference for every vacancy referred to it and the Central Government shall make appointment from such panel.</td>
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<td>(5) Before recommending any person for appointment as a Chairperson or a Member of the National Authority, the Selection Committee shall satisfy itself that such person does not have any financial or other interest, which is likely to affect prejudicially his functions as Chairperson or Member, as the case may be.</td>
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<tr>
<td>(6) No appointment of the Chairperson or a Member of the National Authority shall be invalid merely by reason of any vacancy in the Selection Committee.</td>
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<td>(7) Subject to the provisions of sub-sections (1) to (6), the Selection Committee may regulate its own procedure.</td>
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| 62. (1) The Chairperson and Member of the National Authority shall hold office for a term of five years from the date on which they enter upon their office or up to the age of sixty-five years, whichever is earlier. |
| 63. The Chairperson or a Member of the National Authority may, by notice in writing under his hand addressed to the Central Government, resign his office: |
| Term of office, salary and allowances of Chairperson and Member of National. |
| Provided that the salary and other allowances or other terms and conditions of service of the Chairperson and other members of the National Authority shall not be varied to their disadvantage after appointment. |
| Resignation. |

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Provided that a Chairperson or a Member of the National Authority shall, unless he is permitted by the Central Government to relinquish his office sooner, continue to hold office until the expiry of three months from the date of receipt of such notice or until a person duly appointed as his successor enters upon his office or until the expiry of his term of office, whichever is the earliest.

64. (1) The Central Government may, by order, remove from office, the Chairperson or any Member of the National Authority, if the Chairperson or such other Member, as the case may be,—

   (a) has been adjudged an insolvent; or
   (b) has been convicted of an offence which, in the opinion of the Central Government, involves moral turpitude; or
   (c) has become physically or mentally incapable of acting as a Member; or
   (d) has acquired such financial or other interest as is likely to affect prejudicially his functions as a Member; or
   (e) has so abused his position as to render his continuance in office prejudicial to the public interest.

(2) No Chairperson or any other Member of the National Authority shall be removed from office except by an order of the Central Government on the ground of his proved misbehaviour or incapacity after the Central Government, has, on an inquiry, held in accordance with the procedure prescribed in this behalf by the Central Government, come to the conclusion that the Chairperson or Member, as the case may be, ought on any such ground to be removed.

(3) The Central Government may suspend the Chairperson or a Member of the National Authority, as the case may be, in respect of whom an inquiry under sub-section (2) is being initiated or pending until the Central Government has passed an order on receipt of the report of the inquiry.

65. (1) In the event of the occurrence of any vacancy in the office of the Chairperson of the National Authority by reason of his death or resignation, the senior-most Member of the National Authority shall act as the Chairperson in certain cases.
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<td>Chairperson until the date on which a new Chairperson, appointed in accordance with the provisions of this Act, to fill such vacancy, enters upon his office.</td>
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<td>(2) When the Chairperson of the National Authority is unable to discharge his functions owing to absence, illness or any other cause, the senior-most Member, shall discharge the functions of the Chairperson until the date on which the Chairperson resumes his duties.</td>
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<td>66. No act or proceeding of the National Authority shall be invalid merely by reason of— (a) any vacancy in, or any defect in the constitution of, the National Authority; or (b) any defect in the appointment of a person as the Chairperson or a Member of the National Authority; or (c) any irregularity in the procedure of the National Authority not affecting the merits of the case.</td>
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<td>67. (1) The National Authority shall have under it such numbers and categories of officers and other employees, as the Central Government may determine in consultation with the Chairperson of the National Authority from time to time, to assist the National Authority in the discharge of its functions. (2) The National Authority may appoint its officers and other employees in such manner as may be prescribed by the Central Government. (3) The officers and other employees of the National Authority appointed under sub-section (2) shall discharge their functions under the general superintendence of the Chairperson. (4) The salaries and allowances payable to, and the other terms and conditions of service of, the officers and other employees of the National Authority shall be such as may be prescribed by the Central Government.</td>
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<td>68. (1) Subject to the provisions of this Act, the National Authority shall discharge and exercise the following functions and powers in respect of major minerals, namely:— (a) lay down the standards of quality of technical regulation to be followed by the State Governments and the Indian Bureau of Mines; (b) lay down the standards of quality of reports and information provided in the public</td>
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domain by the State Governments, Indian Bureau of Mines and Geological Survey of India to the investors in the mining sector;

(c) mediate on the issue of jurisdiction in matters of inspection of mining areas amongst the State Governments and the Indian Bureau of Mines;

(d) advise on mineral-wise conservation strategies keeping in view of the national interest;

(e) advise on matters relating to the framework for sustainable development of the mining sector, including implementation and monitoring thereof:

Provided that notwithstanding anything contained in this Act, the National Authority may, on the request of the Central Government or any State Government, render advice on sustainable development framework for minor minerals;

(f) advise the Central Government and any State Government, on a reference from them, on issues pertaining to measures to increase transparency in the grant of mineral concessions and efficiency in models for competitive bidding of minerals;

(g) review of the existing rates of royalty on minerals (other than coal, lignite and sand for stowing) specified in the Second Schedule for major minerals in terms of sub-section (2) of section 41 and the profit sharing percentage payable under sub-section (2) of section 43 and recommend revision of rates of royalty and profit sharing percentage to be paid by the mining lease holder from time to time;

(h) review of the existing rates of dead rent on minerals (other than coal, lignite and sand for stowing) specified in the Third Schedule for major minerals in terms of sub-section (3) of section 42 and recommend revision of rates of royalty from time to time;

(i) recommend suitable mechanisms to moderate royalty and profit sharing percentage to support investment in remote areas or for induction of special technology or for promoting
mineral beneficiation or to produce downstream products of strategic value or to create infrastructure:

Provided that the recommendations of the National Authority under this sub-section shall be made in consultation with the State Governments and the mining industry and shall be in the form of a report submitted to the Central Government:

Provided further that the National Authority shall not recommend increase in royalty rates or profit sharing percentage for any mineral or fees or other charges more than once in three years.

(j) recommend strategies and institutional mechanisms to the Central Government for attracting long-term investments in the mining sector;

(k) recommend mechanisms to protect the interests of the end-use industries in the country for assured long-term supply of minerals.

(2) The National Authority shall have the power to regulate its own procedure thereof in all matters arising out of the exercise of its powers or of the discharge of its functions.

(3) The National Authority shall ensure transparency in exercising its powers and discharging its functions.

(4) The National Authority or any of its officers authorized by it may call for records, material evidence, or persons accused of contravening any of the provisions or committing any of the offences under this Act.

(5) All proceedings before the National Authority in discharge of its functions shall be deemed to be judicial proceedings within the meaning of sections 193, 219 and 228 for the purposes of section 196 of the Indian Penal Code and the National Authority shall be deemed to be a civil court for the purposes of section 195 and chapter XXVI of the Code of Criminal Procedure, 1973.

(6) Notwithstanding anything contained in section 75, the order of the National Authority shall not be subject to revision by the National Mining Tribunal.

(7) The recommendation or advice of the National Authority under this section shall be in the form of a report to the Central Government and the Central Government shall take a decision thereon within a period of three months:
Provided that where the Government takes a decision at variance with the recommendation or advice of the National Authority, it shall record the reasons therefor and intimate the same to the National Authority.

(8) The National Authority shall include in its annual report all the cases where its recommendation or advice has not been accepted by the Central Government along with reasons therefor.

69. (1) Without prejudice to any other law for the time being in force, the National Authority may, on the basis of written complaint alleging contravention of the provisions of the Act or alleging commission of any offence punishable under this Act or the rules made thereunder in respect of major minerals where such contraventions or commission of offences have been committed on large scale or on organized basis or takes place inter-state, investigate or cause to be investigated any such complaint or institute prosecution against any person.

(2) Without prejudice to the generality of the provisions of sub-section (1), the National Authority may investigate or cause to be investigated or institute prosecution against any person where contraventions or commission of offences have been committed on large scale or on organized basis or have taken place inter-state, in respect of major minerals in the following cases, namely: —

(i) exploration and mining for any mineral without licence or lease;

(ii) undertaking of mining or exploration activity outside the area granted under licence or lease;

(iii) transactions relating to or possession of mineral stock of unknown origin, or such mineral which cannot be satisfactorily accounted for;

(iv) transportation, storage, trade or export of illegally raised mineral without lawful authority:

(3) The National Authority may, if it finds that the contravention of any of the provisions of this Act or commission of any offence thereunder in respect of major minerals is of a small scale or isolated nature, refer any complaint referred to in sub-section (1) or sub-section (2) to the State Government concerned for such action as it deems fit.
(4) The Central Government or the State Government or the National Authority may, by notification in the Official Gazette, appoint such persons as it thinks fit, possessing such qualifications as may be prescribed, or such authority fulfilling such criteria or appoint an Investigation officer or Investigating Authority or appoint legal practitioner for initiating prosecution or defending its case before any Court or Tribunal for such area as may be specified in the notification, to investigate or initiate prosecution into contravention of any of the provisions of this Act or commission of any offence thereunder in respect of major minerals [including cases falling under clauses (i) to (iv) of sub-section (2)].

Explanation.- For the purposes of this sub-section, “legal practitioner” means an advocate, vakil or an attorney of any High Court, and includes a pleader in practice.

(5) The Investigation Officer or the Investigating Authority referred to in sub-section (4), if so authorised by the Central Government, shall have the power—

(a) to enter and search, at all reasonable times and with such assistance, if any, as he considers necessary, any premises in which he has reason to believe an offence under this Act or the rules made thereunder has been or is being committed;

(b) to require the production of, and to inspect, examine and make copies of, or take extracts from registers, records or any other documents kept by a holder of a mining lease or licence, as the case may be, in pursuance of the provisions of this Act or the rules made thereunder and seize the same, if he has reason to believe that all or any of them, may furnish evidence of the commission of an offence punishable under this Act or the rules made thereunder;

(c) to make such examination and inquiry as he thinks fit in order to ascertain whether the provisions of this Act or the rules made thereunder are being complied with;

(d) to exercise such other powers as may be necessary for
carrying out the purposes of this Act or the rules made thereunder.

(6) The provisions of the Code of Criminal Procedure, 1973, shall, so far as may be, apply to any search or seizure under this Act as they apply to any search or seizure made under the authority of a warrant issued under section 94 of the said Code.

(7) Save as otherwise provided in this Act, the provisions of the Code of Criminal Procedure, 1973, shall, so far as may be, apply to the process of investigation and initiation of prosecution of the offences in respect of major minerals under the provisions of this Act, as they apply to the investigation or initiation of prosecution made under the provisions of the said Code.

(8) The Investigating Officer or Investigating Authority, as the case may be, shall complete the process of investigation within a period of three months from the date of authorisation for conducting such investigation and submit the report of such investigation to the National Authority.

(9) The Investigation Officer or the Investigating Authority may take the assistance of police if it so becomes necessary for discharge of its functions under this Act.

(10) The National Authority either on its own motion (on the basis of material in its possession) or on the basis of report referred to in sub-section (8) or an Investigation Officer or Investigating Authority or any of its officer, if so authorised by the National Authority may file a complaint before a competent court in respect of contravention of the provisions of this Act or commission of any offence thereunder in respect of major minerals.

70. (1) The State Government may, by notification, establish with effect from such date as may be specified therein, a State Authority to be known as the State Mining Regulatory Authority, to exercise the powers and functions, mutatis-mutandis, in respect of minor minerals, as is exercisable under sections 68 and 69 by the National Authority.

(2) Without prejudice to the provisions of sub-section (1), the State Government may confer on the State Authority the functions relating to monitoring and regulating the operation of the Sustainable Development Framework in
respect of minor minerals and for major minerals after approval of the Central Government.

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<th>71. The composition and procedure of the State Authority referred to in section 70 shall be such as may be prescribed by the State Government: Provided that in respect of functions relating to the Sustainable Development Framework the procedure shall be in accordance with the provisions of section 46.</th>
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<tr>
<td>Composition and procedures of State Authority.</td>
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<tr>
<th>72. (1) Subject to the provisions of this Act, the State Authority shall have the powers to authorize investigation and institute prosecution against any person for offences under this Act in respect of minor minerals or major minerals in the following cases, namely:--</th>
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<td>Powers and functions of the State Authority.</td>
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| (a) exploration and mining operations for any mineral without licence or lease; |
| (b) undertaking of any mining or exploration activity outside the area granted under licence or lease; |
| (c) transactions relating to possession of mineral stock of unknown origin, or such mineral which cannot be satisfactorily be accounted for; |
| (d) transportation, storage, trade or export, of illegally raised mineral without lawful authority; |
| (e) any other matter pertaining to illegal mining referred to the State Authority by the State Government: Provided that in any case where the matter is under investigation or prosecution by the National Authority, the State Authority shall not carry out any further investigation or prosecution except with the approval of the National Authority. |

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<th>(2) Notwithstanding anything contained in section 75, the order of the State Authority shall not be subject to revision by the National Mining Tribunal.</th>
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73. (1) If, at any time, the Central Government is of the opinion,—

(a) that, on account of circumstances beyond the control of the National Authority, it is unable to discharge the functions or perform the duties imposed on it by or under the provisions of this Act; or

(b) that the National Authority has persistently defaulted in complying with any direction given by the Central Government under this Act or in the discharge of the functions or performance of the duties imposed on it by or under the provisions of this Act and as a result of such default the financial position of the National Authority or the administration of the National Authority has suffered; or

(c) that circumstances exist which render it necessary in the public interest so to do, the Central Government may for reasons to be recorded, by notification, supersede the National Authority for such period, not exceeding one year, as may be specified in the notification and appoint a person or persons as the President may direct to exercise powers and discharge functions under this Act:

Provided that before issuing any such notification, the Central Government shall give a reasonable opportunity to the National Authority to make representations against the proposed supersession and shall consider the representations, if any, of the National Authority.

(2) Upon the publication of a notification under sub-section (1) superseding the National Authority,—

(a) the Chairperson and other members shall, as from the date of supersession, vacate their offices as such;

(b) all the powers, functions and duties which may, by or under the provisions of this Act, be exercised or discharged by or on behalf of the National Authority shall, until the National Authority is reconstituted under sub-section (3), be exercised and discharged by the person or
persons referred to in sub-section (1); and

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<td>(c) all properties owned or controlled by the National Authority shall, until the National Authority is reconstituted under sub-section (3), vest in the Central Government.</td>
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(3) On or before the expiration of the period of supersession specified in the notification issued under sub-section (1), the Central Government shall reconstitute the National Authority by a fresh appointment of its Chairperson and other members and in such case any person who had vacated his office under clause (a) of sub-section (2) shall not be deemed to be disqualified for re-appointment.

(4) The Central Government shall cause a copy of the notification issued under sub-section (1) and a full report of any action taken under this section and the circumstances leading to such action to be laid before each House of Parliament at the earliest.

74. (1) If, at any time, the State Government is of the opinion,—

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<td>(a) that, on account of circumstances beyond the control of the State Authority, it is unable to discharge the functions or perform the duties imposed on it by or under the provisions of this Act; or</td>
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<tr>
<td>(b) that the State Authority has persistently defaulted in complying with any direction given by the State Government under this Act or in the discharge of the functions or performance of the duties imposed on it by or under the provisions of this Act and as a result of such default the financial position of the State Authority or the administration of the State Authority has suffered; or</td>
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(c) that circumstances exist which render it necessary in the public interest so to do, the State Government may for reasons to be recorded, by notification, supersede the State Authority for such period, not exceeding one year, as may be specified in the notification and appoint a person or persons as the Governor may direct to exercise powers and discharge functions under this Act:

Provided that before issuing any such notification, the State Government shall give a reasonable opportunity to the State Authority to make representations against the proposed supersession and shall consider the representations, if any, of the State Authority.

(2) Upon the publication of a notification under sub-section (1) superseding the State Authority,—

(a) the Chairperson and other members shall, as from the date of supersession, vacate their offices as such;

(b) all the powers, functions and duties which may, by or under the provisions of this Act, be exercised or discharged by or on behalf of the State Authority shall, until the State Authority is reconstituted under sub-section (3), be exercised and discharged by the person or persons referred to in sub-section (1); and

(c) all properties owned or controlled by the State Authority shall, until the State Authority is reconstituted under sub-section (3), vest in the State Government.

(3) On or before the expiration of the period of supersession specified in the notification issued under sub-section (1), the State Government shall reconstitute the State Authority by a fresh appointment of its Chairperson and other members and in such case any person who had vacated his office under clause (a) of sub-section (2) shall not be deemed to be disqualified for re-appointment.
(4) The State Government shall cause a copy of the notification issued under sub-section (1) and a full report of any action taken under this section and the circumstances leading to such action to be laid before each House of the State Legislature where it consists of two Houses, or where such Legislature consists of one House, before that House.

## CHAPTER XII
**NATIONAL MINING TRIBUNAL AND STATE MINING TRIBUNAL**

75. The Central Government shall by notification establish with effect from such date as may be specified therein, a Tribunal to be known as the National Mining Tribunal, to exercise jurisdiction, powers and authority conferred on such Tribunal by or under this Act.

76. (1) The National Mining Tribunal shall consist of a full time Chairperson and not more than seven judicial Members and seven expert Members to be appointed, by notification, by the Central Government.

(2) The Chairperson of the National Mining Tribunal may, if considered necessary, invite any one or more persons having specialized knowledge and experience in a particular case before the Tribunal to assist the Tribunal in that case.

(3) Subject to the other provisions of this Act, the jurisdiction, powers and authority of the National Mining Tribunal may be exercised by Benches thereof as may be notified by the Central Government.

(4) Subject to the other provisions of this Act, a Bench shall consist of three Members with Chairperson or an Expert Member and one Judicial Member and third Member who may be either Expert Member or Judicial Member.

(5) Notwithstanding anything contained in sub-section (1), the Chairperson may transfer a Member from one Bench to another Bench.

(6) Subject to the other provisions of this Act, the Benches of the National Mining Tribunal shall ordinarily sit at Delhi (which shall be known as the Principal Bench) and at such other places as the Central Government may, by notification, specify.

77. (1) A person shall not be qualified for appointment as Chairperson of the National Mining Tribunal, unless he,-
(a) is of not less than fifty-five years of age;

(b) has special knowledge and experience of not less than four years in law relating to mines and exploration; and

(c) has experience of quasi-judicial functions:

Provided that a person who is, or has been in the service of Government shall not be appointed as a Chairperson unless such person has held the post of Secretary or Additional Secretary to the Government of India or any equivalent post in the Central Government or the State Government, as the case may be, for a period of not less than three years.

(2) A person shall not be qualified for appointment as Judicial Member unless he,-

(a) is of not less than fifty-five years of age;

(b) has held a judicial office in the territory of India for at least ten years; or has been a member of the Indian Legal Service and has held a post in Grade I of that service or any equivalent post for at least three years; or has been an advocate for at least ten years with experience in dealing with mining related matters.

(3) A person shall not be qualified for appointment as an Expert Members, unless he,-

(a) is of not less than fifty-five years of age;

(b) has experience in the field of mining sector at the national level, and has held the post of Joint Secretary to the Government of India or any equivalent post in the Central Government or the State Government, as the case may be, for at least five years.

(4) The Central Government shall within one month from the date of occurrence of any vacancy by reason of death, resignation or removal of the Chairperson or a Member and six months before the superannuation or end of tenure of the Chairperson or any Member, make a reference to the Selection Committee for filling up of the vacancy.

78. (1) The Central Government shall, for the purpose of selection of the Chairperson and Members of the National Mining Tribunal constitute a Selection Committee, consisting of the following, namely:—

(a) Cabinet Secretary – Chairperson;

(b) Secretary in the Ministry of Mines – Member;

(c) Secretary in the Ministry of Law and Justice–
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<td>(d) one expert to be nominated by the Ministry of Mines—Member.</td>
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<tr>
<td>(2) The Secretary in the Ministry of Mines Government of India shall be the Convenor of the meeting of the Selection Committee.</td>
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<td>(3) The Selection Committee shall finalise the selection of the Chairperson and Members within one month from the date on which the reference is made to it.</td>
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<td>(4) The Selection Committee shall recommend a panel of two names in order of preference for every vacancy referred to it and the Government shall make appointment from such panel.</td>
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<tr>
<td>(5) Before recommending any person for appointment as a Chairperson or a Member of the National Tribunal, the Selection Committee shall satisfy itself that such person shall not have any financial or other interest, which is likely to affect prejudicially his functions as Chairperson or Member.</td>
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<tr>
<td>(6) No appointment of the Chairperson or a Member of the National Mining Tribunal shall be invalid merely by reason of any vacancy in the Selection Committee.</td>
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<tr>
<td>(7) Subject to the provisions of sub-sections (1) to (6), the Selection Committee may regulate its own procedure.</td>
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<tr>
<td>79. (1) The Chairperson of the National Mining Tribunal shall hold office for a term of five years from the date on which he enters upon his office or upto the age of sixty-seven years, whichever is earlier.</td>
<td>Terms of office, salaries and allowances of Chairperson and Members of National Mining Tribunal.</td>
</tr>
<tr>
<td>(2) A Member of the National Mining Tribunal shall hold office for a term of five years from the date on which he enters upon his office or upto the age of sixty-five years, whichever is earlier.</td>
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</tr>
<tr>
<td>(3) The salary or honorarium and other allowances payable to, and other terms and conditions of service of, the chairperson and other members of the National Mining Tribunal shall be such as may be prescribed by the Central Government: Provided that neither the salary or honorarium and other allowances nor the other terms and conditions of service of the Chairperson and other members of the National Mining Tribunal shall be varied to their disadvantage.</td>
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80. A Chairperson and a Member of the National Mining Tribunal may, by notice in writing under his hand addressed to the Central Government, resign his office:

| Provided that a Chairperson and a Member of the National Mining Tribunal shall, unless he is permitted by the Central Government to relinquish his office sooner, continue to hold office until the expiry of three months from the date of receipt of such notice or until a person duly appointed as his successor enters upon his office or until the expiry of his term of office, whichever is the earliest. |

81. (1) The Central Government may, by order, remove from office, the Chairperson or any Member of the National Mining Tribunal, if the Chairperson or such other Member, as the case may be, in its opinion —

(a) has been adjudged as insolvent; or

(b) has been convicted of an offence which, in the opinion of the Central Government, involves moral turpitude; or

(c) has become physically or mentally incapable of acting as a member; or

(d) has acquired such financial or other interest as is likely to affect prejudicially his functions as a member; or

(e) has so abused his position as to render his continuance in office prejudicial to the public interest; or

(f) has engaged at any time during his term of office in any other employment.

(2) No Chairperson or any other Member of the National Mining Tribunal shall be removed from office except by an order of the Central Government on the ground of his proved misbehaviour or incapacity after the Central Government, has, on an inquiry, held in accordance with the procedure prescribed in his behalf by the Central Government, come to the conclusion that the Chairperson or Member, as the case may be, ought on any such ground to be removed.

(3) The Central Government may suspend the Chairperson or a Member of the National Mining Tribunal, as the case may be, in respect of whom an inquiry under sub-section (2) is being initiated or pending until the Central Government has passed an order on receipt of the report of the inquiry.
82. (1) In the event of the occurrence of any vacancy in the office of the Chairperson of the National Mining Tribunal by reason of his death or resignation, the senior-most expert Member of the National Mining Tribunal shall act as the Chairperson of the Tribunal until the date on which a new Chairperson, appointed in accordance with the provisions of this Act to fill such vacancy, enters upon his office.

(2) When the Chairperson of the National Mining Tribunal is unable to discharge his functions owing to absence, illness or any other cause, the senior-most expert Member of the National Mining Tribunal, shall discharge the functions of the Chairperson until date on which the Chairperson resumes his duties.

83. No act or proceeding of the National Mining Tribunal shall be invalid merely by reason of –

(a) any vacancy in, or any defect in the constitution of, the National Mining Tribunal; or

(b) any defect in the appointment of a person as the Chairperson or a Member; or

(c) any irregularity in the procedure of the National Mining Tribunal not affecting the merits of the case.

84. (1) The Central Government shall determine the nature and categories of the officers and other employees required to assist the National Mining Tribunal in the discharge of its functions.

(2) The recruitment of the officers and other employees of the National Mining Tribunal shall be made by the Chairperson in such manner as may be prescribed by the Central Government;

(3) The officers and other employees of the National Mining Tribunal shall discharge their functions under the general superintendence of the Chairperson; and

(4) The salaries and allowances and conditions of service of the officers and other employees of the National Mining Tribunal shall be such as may be prescribed by the Central Government.

85. (1) Subject to the provisions of this Act, the National Mining Tribunal shall have the powers with respect to major minerals—

(a) to adjudicate on applications seeking directions to the Central Government or the State Governments or
an Authority of the State Government to dispose off an application made to it, including an application for grant or transfer of mineral concession under this Act, with respect to any major mineral within such time as the National Mining Tribunal may stipulate, in cases where the Central Government or the State Government or an Authority of the State Government, as the case may be, has failed to dispose off the application within the time specified under this Act.

(b) to hear applications from any affected person in relation to orders and directions issued under this Act relating to preparation, approval and implementation of Mining Plans, Mine Closure Plans and Sustainable Development Framework;

(c) to hear applications made to it in the nature of revisions from the affected persons and confirm or set aside any order passed by the Central Government or the State Government or an Authority of the State Government, as the case may be, under this Act or the rules made thereunder as it may deem just and proper.

(2) Subject to the provisions of this Act and the rules made thereunder, the National Mining Tribunal shall have the power to regulate its own procedure and the procedure of Benches thereof in all matters arising out of the exercise of its powers or of the discharge of its functions.

(3) Subject to other provisions of this Act, the National Mining Tribunal may call for the records of the case and pass such order or direction in respect of the matter specified in sub-section (1), as it may deem fit:

Provided that the National Mining Tribunal shall, before passing any order or direction, under this sub-section issue notice to the Central Government or the State Government or an Authority of the State Government, as the case may be, and give a reasonable opportunity to the affected parties and if necessary any other authority, as the case may be, of being heard:

Provided further that the National Mining Tribunal shall dispose of the case within a period of six months from the date of filing of the application unless for reasons to be recorded, the National Mining Tribunal extends the time period for such disposal.

(4) The National Mining Tribunal shall have, for the purposes of discharging its functions under this Act, the same powers as are vested in a civil court under the Code of Civil Procedure, 1908, while trying a suit, in respect of the following matters, namely:-
(a) summoning and enforcing the attendance of any person and examining him an oath;

(b) requiring the discovery and production of documents;

(c) receiving evidence on affidavits;

(d) subject to the provisions of sections 123 and 124 of the Indian Evidence Act, 1872, requisition any public record or document or copy of such record or document from any other.

(e) issuing commissions for the examination of witness or documents;

(f) reviewing its decision;

(g) dismissing an application for default or deciding it ex parte;

(h) setting aside any order of dismissal of any application for default or any order passed by it ex parte;

(i) pass an interim order (including granting an injunction or stay) after providing the parties concerned an opportunity to be heard, on any applications made or appeal filed under this Act.

(j) any other matter which may be prescribed by the Central Government.

(5) All proceedings before the National Mining Tribunal shall be deemed to be judicial proceedings within the meaning of sections 193, 219 and 228 for the purposes of section 196 of the Indian Penal code and the Tribunal shall be deemed to be a civil court for the purposes of section 195 and chapter XXVI of the code of Criminal Procedure, 1973.

(6) on the conclusion of proceedings, the National Mining Tribunal, shall pass such orders as it deems fit and provide such relief as may be desirable, including the award of such punitive damages, as it deems fit, to the affected party at issue.

(7) Every order made by the National Mining Tribunal, under sub-section (6) shall be signed by the Chairperson or Member or Members who heard the case and passed the order.

86. (1) Any person aggrieved by an order of the Central Government or the State Government or an Authority of the State Government, as the case may be, may make an application to the National Mining Tribunal, in such form and accompanied by such fee as may be prescribed by the Central Government, within a period of ninety days from
the date on which a copy of such order is received by such aggrieved person:

Provided that the National Mining Tribunal may entertain an application after the expiry of the said period of ninety days if it is satisfied, for reasons to be recorded that there was sufficient cause for not filing it within that period:

(2) Where an application before the National Mining Tribunal is found to be frivolous or vexatious, it shall, for reasons to be recorded in writing, dismiss the application and make an order that the applicant shall pay to the respondent such costs as may be specified in the order.

87. All revision cases pending under section 30 of the Mines and Minerals (Development and Regulation) Act, 1957, as it stood before its repeal, before the Central Government shall, on commencement of this Act, stand transferred to the National Mining Tribunal on its establishment and to be disposed off as an application under section 85 of this Act.

88. (1) Notwithstanding anything contained in the Code of Civil Procedure, 1908 or in any other law for the time being in force, an appeal shall lie against any order, not being an interlocutory order, of the National Mining Tribunal to the High Court on one or more grounds specified in section 100 of that Code.

(2) No appeal shall lie against any decision or order made by the National Mining Tribunal with the consent of the parties.

89. The State Government may, by notification, establish with effect from such date as may be specified therein, a Tribunal to be known as the State Mining Tribunal, to exercise jurisdiction, powers and authority conferred on such Tribunal by or under this Act.

90. The State Mining Tribunal shall consist of a full time Chairperson and two other Members of which one shall be a judicial Member and other shall be an Expert Member, to be appointed by the State Government.

91. (1) A person shall not be qualified for appointment as Chairperson of the State Mining Tribunal, unless he,
(a) is of not less than fifty-five years of age;
(b) has special knowledge and experience of not less than four years in law relating to mines and exploration; and
(c) has experience of quasi-judicial functions:

Provided that a person who is, or has been in the service of Government shall not be appointed as a Chairperson unless such person has held the post of Principal Secretary to the State Government or any equivalent post, as the case may be, for a period of not less than three years.

(2) A person shall not be qualified for appointment as Judicial Member unless he,-

(a) is of not less than fifty-five years of age;
(b) has held a judicial office in the territory of India for at least seven years or has been a member of the Indian Legal Service and has held a post in Grade II of that service or any equivalent post for at least three years, or has been an advocate for at least ten years with experience in dealing with mining related matters.

(3) A person shall not be qualified for appointment as Expert Members, unless he,-

(a) is of not less than fifty-five years of age;
(b) has experience in the field of mining sector at the State level, and has held the post of Secretary to the State Government or any equivalent post for at least five years.

(4) The State Government shall within one month from the date of occurrence of any vacancy by reason of death, resignation or removal of the chairperson or a Member and six months before the superannuation or end of tenure of the Chairperson or any Member, make a reference to the Selection Committee for filling up of the vacancy.

92. (1) The State Government shall, for the purpose of selection of the Chairperson and Members of the State Mining Tribunal constitute a Selection Committee, consisting of the following, namely:—

(a) Chief Secretary – Chairperson;
(b) Principal Secretary in the Department of Mines in the State Government– Member;
(c) Secretary, Department of Legal Affairs in the State Government– Member;
(d) One expert to be nominated by the Chief Secretary.
Secretary– Member.

(2) The Principal Secretary to the State Government dealing with mines shall be the Convenor of the meetings of the Selection Committee.

(3) The Selection Committee shall finalise the selection of the Chairperson and Members within one month from the date on which the reference is made to it.

(4) The Selection Committee shall recommend a panel of two names in order of preference for every vacancy referred to it and the State Government shall make appointment from such panel.

(5) Before recommending any person for appointment as a Chairperson or a Member of the State Mining Tribunal, the Selection Committee shall satisfy itself that such person does not have any financial or other interest, which is likely to affect prejudicially his functions as Chairperson or Member.

(6) No appointment of the Chairperson or a Member of the State Mining Tribunal shall be invalid merely by reason of any vacancy in the Selection Committee.

(7) Subject to the provisions of sub-sections (1) to (6), the Selection Committee shall regulate its own procedure.

93. (1) The Chairperson of the State Mining Tribunal shall hold office for a term of five years from the date on which he enters upon his office or upto the age of sixty-seven years, whichever is earlier.

(2) A Member of the State Mining Tribunal shall hold office for a term of five years from the date on which he enters upon his office or upto the age of sixty-five years, whichever is earlier.

(3) The salary or honorarium and other allowances payable to and other terms and conditions of service of the chairperson and other members of the State Mining Tribunal shall be such as may be prescribed by the State Government:

Provided that neither the salary or honorarium and other allowances nor the other terms and conditions of service of the chairperson and other members of the State Mining Tribunal shall be varied to their disadvantage after appointment.

94. A Chairperson and a Member of the State Mining Tribunal may, by notice in writing under his hand...
addressed to the State Government, resign his office:

Provided that a Chairperson and a Member of the State Mining Tribunal shall, unless he is permitted by the State Government to relinquish his office sooner, continue to hold office until the expiry of three months from the date of receipt of such notice or until a person duly appointed as his successor enters upon his office or until the expiry of his term of office, whichever is the earliest.

95. (1) The State Government may, by order, remove from office, the Chairperson or any Member, if the Chairperson or such other Member of the State Mining Tribunal, as the case may be, in its opinion,—

(a) has been adjudged as insolvent ; or

(b) has been convicted of an offence which, in the opinion of the State Government, involves moral turpitude ; or

(c) has become physically or mentally incapable of acting as a member; or

(d) has acquired such financial or other interest as is likely to affect prejudicially his functions as a member; or

(e) has so abused his position as to render his continuance in office prejudicial to the public interest; or

(f) has engaged at any time during his term of office in any other employment.

(2) No Chairperson or any other Member of the State Mining Tribunal shall be removed from office except by an order of the State Government on the ground of his proved misbehaviour or incapacity after the State Government, has, on an inquiry, held in with the procedure prescribed in his behalf by the State Government, come to the conclusion that the Chairperson or Member, as the case may be, ought on any such ground to be removed.

(3) The State Government may suspend the Chairperson or any Member of the State Mining Tribunal in respect of whom an inquiry under sub-section (2) is being initiated or pending until the State Government has passed an order on receipt of the report of the inquiry.

96. (1) In the event of the occurrence of any vacancy in the office of the Chairperson of the State Mining Tribunal by reason of his death or resignation, the senior-most expert Member of the State Mining Tribunal shall act as the Chairperson of the Tribunal until the date on which a
new Chairperson, appointed in accordance with the provisions of this Act to fill such vacancy, enters upon his office.

(2) When the Chairperson of the State Mining Tribunal is unable to discharge his functions owing to absence, illness or any other cause, the senior-most expert Member of the State Mining Tribunal, shall discharge the functions of the Chairperson until date on which the Chairperson resumes his duties.

97. No act or proceeding of the State Mining Tribunal shall be invalid merely by reason of —

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<tr>
<th>Vacancies etc. not to invalidate proceedings of State Mining Tribunal.</th>
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<td>(a) any vacancy in, or any defect in the constitution of, the State Mining Tribunal; or</td>
</tr>
<tr>
<td>(b) any defect in the appointment of a person as the Chairperson or a Member; or</td>
</tr>
<tr>
<td>(c) any irregularity in the procedure of the State Mining Tribunal not affecting the merits of the case.</td>
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98. (1) The State Government shall determine the nature and categories of the officers and other employees required to assist the State Mining Tribunal in the discharge of its functions.

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<tr>
<th>Staff of State Mining Tribunal.</th>
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<tr>
<td>(2) The recruitment of the officers and other employees of the State Mining Tribunal shall be made by the Chairperson in such manner as may be prescribed by the State Government;</td>
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<tr>
<td>(3) The officers and other employees of the State Mining Tribunal shall discharge their functions under the general superintendence of the Chairperson; and</td>
</tr>
<tr>
<td>(4) The salaries and allowances and conditions of service of the officers and other employees of the State Mining Tribunal shall be such as may be prescribed by the State Government.</td>
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99. (1) Subject to the provisions of this Act, the State Mining Tribunal shall have the powers with respect to minor minerals—

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<th>Powers and procedures of the State Mining Tribunal.</th>
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<td>(a) to adjudicate on applications seeking directions to the State Government or an authority of the State Government, as the case may be, to dispose off an application made to it, including an application for grant of mineral concession under this Act, with respect to any minor mineral within such time as the</td>
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(d) subject to the provisions of sections 123 and 124 of the Indian Evidence Act, 1872 requisitioning any public record or document or copy of such record or document from any other.

(e) issuing commissions for the examination of witness or documents;

(f) reviewing its decision;

(g) dismissing an application for default or deciding it ex parte;

(h) setting aside any order of dismissal of any application for default or any order passed by it ex parte;

(i) pass an interim order (including granting an injunction or stay) after providing the parties concerned an opportunity to be heard, on any applications made or appeal filed under this Act;

(j) any other matter which may be prescribed by the State Government.

(5) All proceedings before the State Mining Tribunal shall be deemed to be judicial proceedings within the meaning of sections 193, 219 and 228 for the purposes of section 196 of the Indian Penal code and the Tribunal shall be deemed to be a civil court for the purposes of section 195 and chapter XXVI of the code of Criminal Procedure, 1973.

(6) on the conclusion of proceedings, the State Mining Tribunal, shall pass such orders as it deems fit and provide such relief as may be desirable, including the award of such punitive damages, as it deems fit, to the affected party at issue.

(7) Every order made by the State Mining Tribunal, under sub-section (6) shall be signed by the Chairperson or Member or Members who heard the case and passed the order.

100. (1) Every application to the State Mining Tribunal against an order of the State Government or an Authority of the State Government, shall be filed within a period of ninety days from the date on which a copy of the order made by the State Government, is received by the aggrieved party, and it shall be in such form and be accompanied by such fee as may be prescribed by the State Government:

Provided that the State Mining Tribunal may entertain an application after the expiry of the said period of ninety days if it is satisfied, for reasons to be recorded that there was sufficient cause for not filing it within that period.

Application to State Mining Tribunal.
(2) Where an application before the State Mining Tribunal is found to be frivolous or vexatious, it shall, for reasons to be recorded in writing, dismiss the application and make an order that the applicant has to pay to the respondent such costs as may be specified in the order.

101. (1) Notwithstanding anything contained in the Code of Civil Procedure, 1908 or in any other law for the time being in force, an appeal shall lie against any order, not being an interlocutory order, of the State Mining Tribunal to the High Court on one or more grounds specified in section 100 of that Code.

(2) No appeal shall lie against any decision or order made by the State Mining Tribunal with the consent of the parties.

CHAPTER XIII
CO-ORDINATION COMMITTEES AND NATIONAL REPOSITORIES

102. (1) The Central Government shall, by notification, constitute a Central Coordination-cum-Empowered Committee consisting of representatives of the Central Government and the State Governments to achieve the objects of the Act.

(2) The functions of the Central Coordination-cum-Empowered Committee shall be such as may be notified.

(3) Without prejudice to the provisions of the foregoing, the Central Coordination-cum-Empowered Committee may consider and make recommendations regarding any of the following, namely:-

(a) improvement in procedure for grant of mineral concessions;
(b) coordination among agencies entrusted with according statutory clearances;
(c) maintenance of internet-based databases including a mining tenement registry;
(d) development, implementation and evaluation of sustainable development frameworks; and
(e) prevention and detection of illegal mining.

(4) The Central Coordination-cum-Empowered Committee shall meet at least once in three months.

103. (1) The State Government shall by notification constitute a State Coordination-cum-Empowered Committee.
Committee with representatives of the concerned Departments of State Government and local representative of Central organisations such as Railways, Highways, Ports and Customs, headed by Chief Secretary or Additional Chief Secretary of the State Government;

(2) The function of the State Coordination-cum-Empowered Committee shall be,-

(i) to oversee clearance by various Departments of the State Government necessary to ensure timely grant of mineral concessions;

(ii) review of activities in and around leased areas pursuant to the Corporate Social Responsibility document;

(iii) to monitor implementation of Sustainable Development Framework and Final Mine Closure Plans;

(iv) coordination of operations for prevention, detection and prosecution of cases of illegal mining; and

(v) any other functions as may be prescribed by the State Government.

(3) The State Coordination-cum-Empowered Committee shall meet at least once in two months.

104.(1) The Central Government may, by notification, establish a National Drill Core Repository for preservation and archiving of drill cores generated during mineral exploration and a National Geophysical Data Repository for holding, authenticating and disseminating geophysical data for the purposes of this Act.

(2) The Repositories shall be managed and maintained in such manner as may be prescribed by the Central Government.

(3) The holder of any mineral concession shall, at his own expense, cause to be deposited,-

(a) a representative portion of cores selected with the National Drill Core Repository; and

(b) all geophysical data collected by him during or part of his reconnaissance, exploration and prospecting operation,

with the National Drill Core Repository and National Geophysical Data Repository respectively, in such manner as may be prescribed by the Central Government.

(4) The Central Government shall prescribe the procedure for making available data from the Repositories to interested persons on such charges as may be prescribed by it:

Provided that the Repositories, referred to in subsection (3) shall not disclose information with respect to
any drill core or any geophysical data received by it under this section till after lapse of six months from the date of termination of the mineral concession, or relinquishment of the area from which the drill core has been drawn or geophysical data has been generated.

CHAPTER XIV
SPECIAL COURTS

105.(1) The State Government may, for the purposes of providing speedy trial of offences referred to in sections 110, 111, 112 and 113 by notification, constitute as many Special Courts as may be necessary for such area or areas, as may be specified in the notification.

(2) A Special Court shall consist of a single Judge who shall be appointed by the State Government with the concurrence of the High Court.

(3) A person shall not be qualified for appointment as a Judge of a Special Court unless he was, immediately before such appointment, of the rank of at least an Additional District and Sessions Judge.

(4) Where the office of the Judge of a Special Court is vacant, or such Judge is absent from the ordinary place of sitting of such Special Court, or he is incapacitated by illness or otherwise in the performance of his duties, any urgent business of the Special Court shall be disposed off in accordance with the direction of the District and Sessions Judge having jurisdiction over the ordinary place of sitting of the Special Court, as notified under sub-section (1):

Provided that the High Court of the State may, in case it is necessary or expedient to do so, direct that any business of the Special Court as may be specified shall be disposed off by any other Special Court or person qualified to be a Judge of a Special Court.

106.(1) Notwithstanding anything contained in the Code of Criminal Procedure, 1973, every offence punishable under sections 110, 111, 112 and 113 of this Act shall be triable only by the Special Court within whose jurisdiction such offence has been committed.
(2) Where it appears to any court in the course of any inquiry or trial that an offence is punishable under sections 110, 111, 112 and 113 of this Act it shall transfer such case to such Special Court having jurisdiction, and thereupon the case shall be tried and disposed of by such Special Court in accordance with the provisions of this Act:

Provided that it shall be lawful for such Special Court to act on the evidence, if any, recorded by any court in the case of presence of the accused before the transfer of the case to such Special Court:

Provided further that if such Special Court is of opinion that further examination, cross-examination and re-examination of any of the witnesses whose evidence has already been recorded, is required in the interest of justice, it may re-summon any such witness and after such further examination, cross-examination or re-examination, if any, as it may permit, the witness shall be discharged.

(3) The Special Court may, notwithstanding anything contained in sub-section (1) of section 260 or section 262 of the Code of Criminal Procedure, 1973, try the offence referred to in sections 110, 111, 112, and 113 of this Act in a summary way in accordance with the procedure prescribed in the said Code and the provisions of sections 263 to 265 of the said Code shall, so far as may be, apply to such trial:

Provided that where in the course of a summary trial under this sub-section, it appears to the Special Court that the nature of the case is such that it is undesirable to try such case in a summary manner, the Special Court shall recall any witness who may have been examined and proceed to re-hear the case in the manner provided by the provisions of the said Code for the trial of such offence:

Provided further that in case of any conviction in a summary trial under this section, it shall be lawful for a Special Court to pass a sentence of imprisonment for a term not exceeding five years.

(4) A Special Court may, with a view to obtaining the
evidence of any person supposed to have been directly or indirectly concerned in or privy to, any offence tender pardon to such person on condition of his making a full and true disclosure of the circumstances within his knowledge relating to the offence and to every other person concerned whether as principal or abettor in the commission thereof, and any pardon so tendered shall, for the purposes of section 308 of the Code of Criminal Procedure, 1973, be deemed to have been tendered under section 307 thereof.

(5) The Special Court may determine the civil liability against a person in terms of money for raising, transporting or causing to be raised or transported without any lawful authority any mineral from any land, which shall not be less than an amount equivalent to two times of the value of mineral and the amount of liability so determined shall be recovered as if it were a decree of civil court.

(6) The civil liability so determined finally by the Special Court shall be payable to the State Government or to the person in whom the mineral vests, as the case may be.

Explanation.- For the purposes of this section, civil liability means loss or damage incurred by the State Government or concerned authorities, as the case may be, due to the commission of an offence, under sections 110, 111, 112 and 113.

107. Save as otherwise provided in this Act, the Code of Criminal Procedure, 1973, in so far as they are not inconsistent with the provisions of this Act, shall apply to the proceedings before the Special Court, and the Special Court shall be deemed to be a Court of Session and shall have all powers of a Court of Session and the person conducting a prosecution before the Special Court is deemed to be a Public Prosecutor.

108. The High Court may exercise, so far as may be applicable, all the powers conferred by Chapters XXIX and XXX of the Code of Criminal Procedure, 1973, as if the Special Court within the local limits of the jurisdiction of the High Court is a District Court, or as the case may be, the Court of Session, trying cases within the local
109. The Special Court may, on a petition or otherwise and in order to prevent miscarriage of justice, review its judgment or order passed under this section, but no such review petition shall be entertained except on the ground that it was such order passed under a mistake of fact, ignorance of any material fact or any error apparent on the face of the record:

Provided that the Special Court shall not allow any review petition and modify or set aside its previous order or judgment without hearing the parties affected.

### CHAPTER XV
OFFENCES AND PENALTIES

110. (1) Whoever contravenes any of the provisions of section 4, shall be punished with imprisonment for a term which may extend to,-

(i) in cases of exploration without licence, two years, or with fine which may extend to twenty-five thousand rupees per hectare or part thereof, subject to a maximum of fifteen lakh rupees in the case of prospecting or with both;

(ii) in cases of mining without a lease, three years, or with fine which may extend to ten times the value of the mineral mined, or with both.

111. A lessee, who fails to implement a Final Mine Closure Plan in accordance with the provisions of this Act, or, abandons the mine or any portion of the mining lease area, which is likely to be a danger to the health and safety of the inhabitants of the area, shall be liable to a penalty which may extend to one thousand rupees per day for the period of such default.

112. (1) Whoever disobeys any direction given by the State Government or the Indian Bureau of Mines or any other authority empowered in this behalf under this Act or any other law for the time being in force shall be liable to a penalty which may extend to ten thousand rupees per day for the period of such disobedience.

(2) Any person who fails to comply with the directions of the State Government under sub-section (4) of section 30, etc.
shall be liable to be punished with imprisonment for a term not less than three years.

| 113. Whoever contravenes any provision of this Act or the rules made thereunder shall, if no penalty is provided elsewhere be punishable with imprisonment for a term which may extend to one year or with fine which may extend to five thousand rupees, or with both, and in the case of continuing contravention, with an additional fine which may extend to one thousand rupees for every day during which such contravention continues after conviction for the first such contravention. |

**Penalty.**

| 114. (1) Whenever any person raises, without any lawful authority, any mineral from any land, without prejudice to any other action under the law for the time being in force, the State Government may recover from such person, or from such other person to whom the mineral may have been transferred, the mineral so raised, and the cost of its disposal or, where such mineral has already been disposed off, the price of the mineral so disposed off, and may also recover from such person, rent, royalty, tax or cess, as the case may be, for the period during which the land was occupied by such person without such lawful authority. |

**Recovery, seizure, etc., of minerals raised by any person without lawful authority.**

| (2) Whenever any person raises, transports or causes to be raised or transported, without any lawful authority, any mineral from any land, and, for that purpose, uses any tool, equipment, vehicle or any other thing, any officer empowered by the Central Government or the State Government, as the case may be, by general or special order in this behalf may seize such mineral, tool, equipment, vehicle or any other thing, and the court having jurisdiction may order the confiscation and disposal of any such mineral, tool, equipment, vehicle or any other thing so seized. |

| 115. (1) If the person committing an offence under this Act or any rules made thereunder is a company, every person who at the time the offence was committed was directly in charge of, and was responsible to the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of offence and be liable to be proceeded against and punished accordingly: |

**Offences by companies.**

Provided that nothing contained in this sub-section shall render any such person liable to any punishment, if he
proves that the offence was committed without his knowledge and that he exercised all due diligence to prevent the commission of such offence.

(2) Notwithstanding anything contained in sub-section (1), where an offence under this Act has been committed by the company and it is proved that the offence has been committed with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of that offence and be liable to be proceeded against and punished accordingly.

Explanation.— For the purposes of this section,-

(a) “company” means any body corporate and includes a firm or cooperative or other association of individuals; and

(b) “director” in relation to a firm means a partner in the firm.

116. No court shall take cognizance of any offence punishable under this Act or any rules made thereunder except upon a complaint in writing made by a person authorised in this behalf by general or special order of the Central Government or the State Government, as the case may be.

Cognizance of offences by courts.

117. (1) Any offence punishable under this Act or any rule made thereunder which provides for imprisonment may, either before or after the institution of prosecution, be compounded by the person authorised under section 116 to make a complaint to the court with respect to that offence, on payment to that person, for credit to the Government, of such sum as the compounding fee at such rate as may be prescribed which shall not exceed five times the maximum rate of the fine for the offence.

Compounding of offences.

(2) Where an offence is compounded under sub-section (1), no proceeding or further proceeding, as the case may be, shall be taken against the offender in respect of the offence so compounded, and the offender, if in custody, shall be released forthwith.

Recovery of certain sums as arrears of land revenue.

118. (1) Any rent, royalty, tax, cess, fee or other sum due to the Government either under this Act or any rule made thereunder or under the terms and conditions of recovery of certain sums as arrears of land revenue.
any non-exclusive reconnaissance licence, high technology reconnaissance cum exploration licence, prospecting licence or mining lease may, on a certificate of such officer as may be specified by the State Government in this behalf by general or special order, be recovered in the same manner as if it were an arrear of land revenue and every such sum which becomes due to the Government on or after the commencement of this Act, together with the interest due thereon shall be a first charge on the assets of the holder of the non-exclusive reconnaissance licence, high technology reconnaissance cum exploration licence, prospecting licence or mining lease, as the case may be:

Provided that in respect of a mineral concession relating to a land in which the mineral vests in a private person, such sum may also be recovered in the same manner from such person.

119. (1) Any director, manager, secretary or other officer of the company, or any other person convicted of an offence punishable under this Act, or a company or its director, manager, secretary or any other person punishable with fine under this Act, such company or its director, manager, secretary or other officer or any other such person shall be ineligible for the purpose of grant of any mineral concession under this Act for a period of five years from the date of conviction, or imposition of fine, as the case may be.

(2) If any person convicted of an offence under sections 110, 111, 112 and 113 of this Act holds a mineral concession under this Act at the time of such conviction, the State Government, having regard to the nature and gravity of the offence, may cancel or determine any or all such mineral concessions:

Provided that in respect of a mineral concession relating to land the minerals of which vest in a private person, the Government may direct such person to determine the lease:

Provided further that no such order shall be made without giving an opportunity of being heard to the person holding the mineral concession and recording reasons:
Provided also that provisions of sub-section (3) of section 30 shall, *mutatis-mutandis*, apply to every such case under this section.

120. Whoever files any written complaint, referred to in of sub-section (1) of section 69, to the National Authority which is found to be frivolous or vexatious, shall be punishable with fine which may extend to fifty thousand rupees.

Punishment for vexatious complaints.

121. Whoever violates the directions of the National Authority issued under sub-section (4) of section 68, shall be punishable with a fine which may extend to five thousand rupees and in case of second or subsequent offence with a fine which may extend to ten thousand rupees and in the case of continuing contravention with an additional fine which may extend to ten thousand rupees for every day during which the default continues.

Punishment for violation of directions of National Authority

122. Whoever, obstructs an Investigation Officer or the Investigating Authority exercising the power of the Investigation Officer, in the exercise of his power or discharge of his duties under this Act or the rules made thereunder, shall be punishable with imprisonment for a term which may extend to two years or with fine or with both.

Punishment for obstructing Investigation officer or Investigating Authority.

### CHAPTER XVI
MISCELLANEOUS

123.(1) For the purpose of ascertaining the position of the working, actual or prospective, of any mine or abandoned mine or for any other purpose connected with this Act or the rules made thereunder, any person authorised by the Indian Bureau of Mines or the State Directorate and in case of coal minerals by the Central Government in this behalf by general order, may,-

| (a) enter and inspect any mine; |
| (b) survey and take measurements in any such mine; |
| (c) weigh, measure or take measurements of the stocks of minerals lying at any mine; |
| (d) examine any document, book, register, or record in the possession or power of any person having the control of, or connected with, any mine and place marks of identification thereon, and take extracts from or make copies of such document, book, register or record; |

Power of entry and inspections.
(e) order the production of any such document, book, register, record, referred to in clause (d); and
(f) examine any person having the control of, or connected with, any mine.

Explanation.- For the purposes of this sub-section, the expression “record” includes any electronic record as referred to in clause (t) of section 2 of the Information Technology Act, 2000.

(2) Every person authorised by the Indian Bureau of Mines or the State Directorate and in the case of coal minerals by the Central Government under sub-section (1) shall be deemed to be a public servant within the meaning of section 21 of the Indian Penal Code, 1860 and every person to whom an order or summons is issued by virtue of the power conferred by clause (c) or clause (f) of sub-section (1) shall comply with such order or summons, as the case may be.

124. (1) If any officer of the Central Government or a State Government authorised by the Central Government or a State Government, as the case may be, in this behalf by general or special order has reason to believe that any mineral has been raised in contravention of the provisions of this Act or the rules made thereunder or any document or thing in relation to such mineral is secreted in any place or vehicle, he may search for such mineral, document or thing and the provisions of section 100 of the Code of Criminal Procedure, 1973 shall apply to every such search.

(2) For the purpose of ascertaining the position of the working, actual or prospective, of any mine or abandoned mine or for any other purpose connected with this Act or the rules made thereunder, any person authorised by the Central Government or a State Government, as the case may be, in this behalf by general or special order, may,-

(a) enter and inspect any mine or mining operations or mineral bearing area;
(b) survey and take measurements in any such mine or area;
(c) weigh, measure or take measurements of the stocks of minerals lying at any mine;
(d) examine any document, book, register, or record in the possession or power of any person having the control of, or connected with, any
mine or mining operations and place marks of identification thereon, and take extracts from or make copies of such document, book, register or record;

(e) order the production of any such document, book, register, record, as is referred to in clause (d); and

(f) examine any person having the control of, or connected with, any mine or mining operations.

Explanation.- For the purposes of this section, the expression ‘Record’ includes electronic record as referred to in clause (t) of section 2 of the Information Technology Act, 2000.

(3) Every person authorised by the Central Government or a State Government, as the case may be, under sub-section (1) shall be deemed to be a public servant within the meaning of section 21 of the Indian Penal Code, 1860 and every person to whom an order or summons is issued by virtue of the power conferred by clause (c) or clause (f) of that sub-section shall comply with such order or summons, as the case may be.

Explanation.- For the purposes of this section, the expression “Mining operations” includes any activity relating to the raising of any mineral, whether licenced or not.

125. The Central Government may, by notification, declare any mineral, or any grade thereof as a major mineral for all or any specified purpose or omit any mineral from the list of major minerals, and upon doing so, the First Schedule to the Act shall be deemed to have been amended.

126. The Central Government may prescribe the qualifications and conditions of accreditation of agencies authorized to prepare feasibility studies in accordance with the provisions of the United Nations Framework Classification adopted and notified by the Central Government for the purposes of this Act or any other notified code of practice including preparation of mining plans, mine closure plans and plans under Sustainable Development Framework, and the Indian Bureau of Mines shall function as the accreditation grant agency for the purpose.

127. (1) It shall be the duty of the Indian Bureau of Mines or any authority of the Central Government as may be...
designated in respect of coal and atomic minerals, to render such assistances as may be required by the State Government to ensure that mining activities are regulated in accordance with the provisions of this Act.

(2) Where the Indian Bureau of Mines or authority designated under sub-section (1), on the basis of information available to it is of the opinion that the provisions of this Act and the rules made thereunder are not being complied with and that illegal or unscientific mining is going on in any State, the Indian Bureau of Mines or such authority shall make a report to this effect to the Central Government, and the Central Government may issue such direction as it may consider necessary to the State Government, relating to all or any of the following matters, namely:-

(a) investigation and prosecution of offences;
(b) seeking revocation of mineral concessions; and
(c) any measures to strengthen the administrative machinery for better regulation of mining in accordance with the provisions of Act.

(3) Where it appears to the Central Government that the directions referred to in sub-section (2) have not been complied with or where it appears that despite the purported compliance of the directions further steps are necessary, the Central Government may direct the authority referred to in sub-section (2), for-

(a) making written complaints under section 69 for the investigation and prosecution of offences;
(b) revocation of mineral concessions in accordance with the provisions of the Act; and
(c) any other measures as may be deemed fit in the circumstances.

128. Where in any case previous approval of the Central Government is required under this Act or the rules made thereunder, the request for such approval shall be made to the Central Government by the State Government along with the recommendations of the State Government on the matters for which the prior approval of the Central Government is sought, and all facts relevant to the matter on which such approval is sought.

certain contingencies.
129. No civil court shall have jurisdiction to entertain any suit or proceedings in respect of any matter which the Special Court or the National Mining Tribunal and the State Mining Tribunal is empowered by or under this Act to determine, and no injunction shall be granted by any court or other authority in respect of any action taken or to be taken in pursuance of any power conferred by or under this Act.

130. (1) The Central Government may, by notification, direct that any power exercisable by it under this Act may, in relation to such matters and subject to such conditions, if any, as may be specified in the notification, be also exercisable by,—

(a) such officer or authority subordinate to the Central Government; or
(b) such State Government or such officer or authority subordinate to a State Government, as may be specified in the notification.

(2) The State Government may, by notification, may, direct that any power exercisable by it under this Act may, in relation to such matters and subject to such conditions, if any, as may be specified in the notification, be exercisable also by such officer or authority subordinate to the State Government as may be specified in the notification.

(3) Any rule made by the Central Government under this Act may confer powers and impose duties or authorise the conferring of powers and imposition of duties upon any State Government or any officer or authority subordinate thereto.

131. (1) The Central Government may, by notification, make rules for carrying out the provisions of this Act.

(2) Without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

(a) the form and manner of application to be made to the State Governments alongwith application fee and earnest money under sub-section (5) of section 4;
(b) the manner of grant of mining lease for atomic minerals by the State Government under sub-section
(9) of section 4;
(c) the manner of publication of the report of the reconnaissance or prospecting operations and the manner of intimation of the same to the State Government under sub-section (10) of section 4;
(d) the manner in which a person is to be registered with Indian Bureau of Mines or the State Directorate or any other agency authorised by the Central Government under sub-section (1) of section 5;
(e) identification of mineral or group of associated minerals for the purpose of granting of high-technology reconnaissance cum exploration licences under sub-section (1) of section 6;
(f) the manner in which a person is to be registered with Indian Bureau of Mines or the State Directorate or any other agency authorised by the Central Government under sub-section (1) of section 5;
(g) the manner in which a person is to be registered with Indian Bureau of Mines or the State Directorate or any other agency authorised by the Central Government under sub-section (1) of section 5;
(h) the manner of surrender of area out of licence by the holder of a non-exclusive reconnaissance licence, high-technology reconnaissance cum exploration licence and prospecting licence under sub-section (5) of section 6;
(i) procedure and condition for grant of mining lease for small deposits under sub-section (6) of section 6;
(j) the manner of approval of mining plan for extension of mining lease under sub-section (6) of section 7;
(k) the manner, terms and conditions in which competitive bidding and auction for coal minerals to take place under sub-section (6) of section 8;
(l) the manner of making available the data relating to the grant, extension, termination and plan of operations in the official website under sub-section (8) of section 8;
(m) the manner of evaluation of bids under sub-section (6) of section 13;
(n) the manner of inviting applications in grant of mineral concessions for coal minerals under sub-section (8) of section 13;
(o) the procedure for notifying an area for inviting applications for major minerals and grant of mineral concessions under sub-section (12) of section 13;
(p) the amount of fee to be charged by the State Governments for transfer of the mineral concession under sub-section (6) of section 17;
(q) the amount of fee to be charged by the State Governments for transfer of the mineral concession under sub-section (6) of section 17;
(r) the manner of payment of remaining amount of bid to the State Government under clause (b) of sub-section (3) of section 18;
(s) the additional fee to be fixed by the Central Government under the proviso to clause (b) of sub-section (3) of section 18;
(q) the other particulars for transfer of mining lease in clause (c) of sub-section (4) of section 18;
(r) the fee to be charged for transfer of mining lease in case of a major mineral under sub-section (7) of section 18;
(s) the manner of submission of reconnaissance plan under clause (b) of sub-section (1) of section 19;
(t) the manner of providing data by the licence holder within such intervals under clause (c) of sub-section (1) of section 19;
(u) the manner of submitting reports by the licence holder within such intervals under clause (f) of sub-section (1) of section 19;
(v) the other conditions for grant of non-exclusive reconnaissance licence under clause (l) of sub-section (1) of section 19;
(w) the general conditions relating to the non-exclusive licence under sub-section (2) of section 19;
(x) the form and manner of application to be made to the State Governments alongwith application fee and earnest money under sub-section (1) of section 20;
(y) the manner of acknowledging and registering of applications under sub-section (2) of section 20;
(z) conditions for high-technology reconnaissance cum exploration licence and prospecting licence to be fulfilled by the licence holder under sub-section (1) of section 21;
(aa) the form and manner of application to be made to the State Governments for grant of high-technology reconnaissance cum exploration licence and prospecting licence alongwith application fee and earnest money under sub-section (1) of section 22;
(bb) the manner of acknowledging and registering of applications under sub-section (2) of section 22;
(cc) the manner of submission of report relating to the prospecting operations by the holder of high technology reconnaissance and exploration licence and a prospecting licence to the State Government under sub-section (2) of section 23;
(dd) the particulars to be furnished by the lessee relating to mining lease under clause (f) of sub-section (1) of section 24;
(za) the manner and period of submission of report relating to the data relating to mining lease under
- sub-section(1) of section 24;
- (zb) the manner of restoration of a mining area under clause (l) of sub-section (1) of section 24;
- (zc) the amount of security deposits to be paid by the lessee under clause (n) of sub-section (1) of section 24;
- (zd) the manner of setting up of a grievance redressal mechanism by the lessee under clause (o) of sub-section (1) of section 24;
- (ze) conditions for mining to be fulfill by the lessee under clause (q) of sub-section (p) of section 24;
- (zf) the manner of acknowledging and registering of applications under sub-section (2) of section 25;
- (zg) general conditions to be fulfilled for grant of mining lease under sub-section (3) of section 25;
- (zh) the manner of preparation of a mining plan under section 26;
- (zi) empanelment and accreditation of qualified persons for preparation of mining plan under sub-section (4) and (5) of section 26;
- (zj) technical and management capability of the State Directorate for grant of approval for major minerals under sub-section (7) of section 26;
- (zk) the manner of extension of mining lease under sub-section (1) of section 28;
- (zl) the procedure for condoning delay and revival or commencement or re-commencement of mining operations under sub-section (4) of section 29;
- (zm) procedure of determination of mining lease under section 30;
- (zn) the manner of providing compensation to the lessee under sub-section (2) of section 31;
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<tr>
<th>(zo)</th>
<th>manner of preparation of progressive mine closure plan and final mine closure plan under section 32;</th>
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<td>(zp)</td>
<td>the manner of determination of costs of mine closure under sub-section (4) of section 33;</td>
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<td>(zq)</td>
<td>the payment to be made by the lessee who has not commenced production under the proviso to sub-section (2) of section 43;</td>
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<td>(zr)</td>
<td>the manner of registration of person or company or firm or association using or trading in or exporting or stocking mineral with the Indian Bureau of Mines under sub-section (5) of section 44;</td>
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<td>(zs)</td>
<td>sustainable development framework under sub-section (6) of section 46;</td>
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<td>matters in which State Government may issue directions under section 47;</td>
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<td>(zu)</td>
<td>the manner and availability of reports to such persons and at such costs under sub-section (7) of section 48;</td>
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<tr>
<td>(zv)</td>
<td>maintenance of accounts in respect of National Mineral Fund under sub-section (1) of section 52;</td>
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<td>(zw)</td>
<td>the other expenditure utilised for the District Mineral Foundation under sub-section (6) of section 56</td>
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<td>the manner of approving such other expenditure available with the District Mineral foundation;</td>
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<td>(zy)</td>
<td>the salary and allowances payable to and other terms and conditions of service of the Chairperson and Members of the National Authority under sub-section (3) of section 62;</td>
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<td>(zz)</td>
<td>the procedure for conducting any inquiry under sub-section (2) of section 64;</td>
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<tr>
<td>(zza)</td>
<td>the manner of appointment of the officers and other employees of the National Authority under sub-</td>
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section (2) of section 67;

(zzb) the salary and other allowances payable to, and the other terms and conditions of service of, the officers and other employees of the National Authority under sub-section (4) of section 67;

(zzc) qualifications for appointment of Investigation Officer under sub-section (4) of section 69;

(zzd) the salary and other allowances payable to and other terms and conditions of service of the Chairperson and other members of the National Mining Regulatory Authority and the National Mining Tribunal under sub-section (3) of section 70;

(zze) the manner of removal of Chairperson or any Member of the National Mining Regulatory Authority and the National Mining Tribunal under sub-section (2) of section 81;

(zzf) the manner of recruitment, salaries, allowances and conditions of service of officers and other employees of National Mining Tribunal under section 84;

(zzg) the other powers of National Mining Tribunal under section 85;

(zzh) the form and manner of application to National Mining Tribunal alongwith application fee under section 66;

(zzi) the manner of managing the National Repositories and the data under section 104;

(zzj) the rate of compounding fee for credit to the Government under sub-section (1) of section 117; and

(zzk) any other matter which is to be, or may be prescribed under this Act

132. (1) The State Government may, by notification, make rules for carrying out the provisions of this Act

(2) In particular and without prejudice to the generality of the foregoing power, such rules may provide...
for all or any of the following matters, namely:-

(a) the manner of publication of data that would be available to the general public under the proviso to sub-section(10) of section 4;

(b) the manner of making available the data on mineral concessions to the public under sub-section (8) of section 8;

(c) the procedure for notification for grant of mineral concession of minor mineral under sub-section (11) of section 13;

(d) the manner in which a notification may be issued for inviting competitive financial bids under sub-section (2) of section 18;

(e) the fee to be charged for the transfer of the mining lease in case of a minor mineral under sub-section (7) of section 18;

(f) the rate and in the manner of levy of surface rent and water rate under clause (e) of sub-section (1) of section 24;

(g) the manner of payment of compensation to the owner of surface, usufruct and traditional rights under section 43;

(h) **the amount to be paid by the holder of mining lease to the District Mineral Foundation in case of minor mineral under sub-section (2) of section 43**;

(i) the manner of identification of the persons or families affected by mining related operations, determination of monetary benefit to each person or family, and monitoring mechanism under sub section (10) of section 43;

(j) the manner of administration of State Mineral Fund under sub-section (3) of section 53;
(k) the manner of audit of State Mineral Fund under section 55;

(l) the manner of constitution of District Mineral foundation under sub-section (1) of section 56;

(m) the manner of consultation with affected persons or families under sub-section (1) of section 57;

(n) the manner of preparation of annual statement of accounts by District Mineral foundation and audit under sub-section (6) of section 57;

(o) the manner of composition and procedures of State Authority under section 71;

(p) the terms of office, salaries and allowances of the Chairperson and members of State Mining Tribunal under sub-section (3) of section 93;

(q) the manner of removal of Chairperson or any Member of the State Mining Tribunal under sub-section (2) of section 95;

(r) the manner of recruitment, salaries, allowances and conditions of service of officers and other employees of National Mining Tribunal under section 98;

(s) the other powers of the State Mining Tribunal under section 99;

(t) the form and manner of application to State Mining Tribunal along with application fee under section 100;

(u) the other functions of State Coordination-cum-Empowered committee under section 103; and

(v) any other matter which is to be, or may be prescribed under this Act.

133. (1) Every rule made under this Act, or notification issued under section 121 of this Act, shall be laid, as soon
as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both the Houses agree in making any modification in the rule or notification or both Houses agree that the rule or notification should not be made or issued, the rule or notification shall thereafter have effect only in such modified form or be of no effect, as the case may be, so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under the rule or notification.

(2) Every rule made by the State Government under this Act shall be laid as soon as may be, after it is made, before the State Legislature, where it consists of two Houses, or where such legislature consists of one House, before that House.

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<tr>
<th>134.</th>
<th>The Chairperson and other Members and the officers and other employees of the National Mining Regulatory Authority, National Mining Tribunal, State Mining Regulatory Authority and State Mining Tribunal are deemed to be the public servants within the meaning of section 21 of the Indian Penal Code.</th>
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<tr>
<td>135.</td>
<td>The provisions of this Act shall be in addition to, and not in derogation of, the provisions of any other laws for the time being in force.</td>
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<td>136.</td>
<td>No suit, prosecution or other legal proceedings shall lie against any person for anything which is in good faith done or intended to be done under this Act.</td>
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<tr>
<td>137.(1)</td>
<td>All applications received under the Mines and Minerals (Development and Regulation) Act, 1957, as it stood before its repeal, - (i) for grant of prospecting licence or a mining lease after completing exploration under a reconnaissance permit or a prospecting licence, as the case may be; or (ii) for which prior approval of the Central Government for grant of mineral concessions, has been given; or</td>
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</table>

Members and staff of Tribunals to be public servants.

Application of other law not barred.

Protection of action taken in good faith.

Transitory provisions.
(iii) where a letter of intent (by whatever name it is called) has been issued by the State Government to grant reconnaissance permit or prospecting licence or mining lease, as the case may be, and was pending grant of the concession under this Act for fulfillment of the conditions of the letter of intent, and the application for grant of the mineral concessions is pending with the State Government at the time of commencement of this Act shall be processed in accordance with the provisions of this Act for grant of concession:
Provided that the State Government may impose special conditions relating to payment of application fee, licence fee, security, at the time of grant of mineral concession to the holder of application considered under this sub-section to comply with the provisions of this Act.
Explanation.- For the purposes of this sub-section, it is hereby clarified that in case of an application for reconnaissance permit considered under this Act, in terms of this sub-section, the State Government shall grant a non-exclusive reconnaissance licence:

(2) In case of such area, where applications for grant of prospecting licence or mining lease received before the commencement of this Act have become ineligible in terms of the provisions of the Act, the area applied for under such applications shall be notified by the State Government for inviting applications in accordance with the provisions of section 13 for prospecting or for mining, as may be appropriate, having regard to the available evidence of mineralisation:
Provided that notwithstanding anything contained in section 13, the State Government may amalgamate areas or expand areas covered by such applications in the interest of scientific mining and may invite applications within a period of twelve months from the date of the commencement of this Act:
Provided further that in case no notification is issued within the period specified in the first proviso, the area
shall be made available, subject to the provisions of sub-
section (5), for grant of prospecting licence under the
provisions of section 22.

(3) Applications for renewal of mineral concessions
made under the Mines and Minerals (Development and
Regulation) Act, 1957, as it stood before its repeal, and
pending on the date of commencement of this Act shall
be disposed off as applications for extension in
accordance with the provisions of this Act.

(4) A person who holds a reconnaissance permit prior
to the commencement of this Act shall be entitled to
continue to hold the permit to the exclusion of all others
for a period of two years or till the validity of the permit
whichever is earlier, and during such period no other
reconnaissance or high-technology reconnaissance cum
exploration licence applications shall be entertained for
the area covered by the reconnaissance permit, and the
permit holder shall be deemed to be the holder of a non-
exclusive reconnaissance licence for the purpose of sub-
section (6) of section 22.

(5) No application for prospecting licence shall be
entertained by the State Government for a period of two
years from the date of the commencement of this Act in
respect of major minerals (except coal minerals and
atomic minerals), other than such applications made in
accordance with the provisions of sub-section (7) of
section 22, unless the State Government, by notification,
invites applications for grant of prospecting licences:
Provided that the State Government may invite
applications in different Districts of the State on different
dates:
Provided further that the Central Government may extend
the period specified in this sub-section for a period not
exceeding one year by notification for reasons of
scientific mining or proper regulation of mineral
development on a request from the State Government.

67 of 1957

138. (1) The Mines and Minerals (Development and
Regulation) Act, 1957, is hereby repealed.

(2) All rules made under the Mines and Mineral
(Development and Regulation) Act, 1957, as it stood
before its repeal, not inconsistent with the provisions of
this Act, are deemed to have been made under this Act
where such rules were made and shall continue in force
unlesse and until they are superseded or amended by any
rules made under this Act.

(3) All acts done, proceedings taken or notifications

Repeal and
saving.
or orders issued and sentences passed under the Mines and Minerals (Development and Regulation) Act, 1957, as it stood before its repeal, shall be valid and operative as if they had been done, taken, passed or issued in accordance with the provisions of this Act, and no suit or other legal proceeding shall be maintained or continued against any person whatsoever, on the ground that any such acts, proceedings or sentences were not done, taken or passed in accordance with the provisions of this Act.

(4) Notwithstanding such repeal, any act done or order passed under that Act are deemed to have been done or passed under this Act except to the extent that such act or order is inconsistent with the provisions of this Act.

(5) The mention of particular matters in sub-section (4) shall not be held to prejudice or affect the general application of section 6 of the General Clauses Act, 1897, with regard to the effect of repeal.

139. If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order published make such provisions not inconsistent with the provisions of this Act, as may appear to be necessary for the purpose of removing the difficulty:

Provided that no such order shall be made under this section after the expiry of a period of two years from the date of the commencement of this Act.

THE FIRST SCHEDULE
(See section 3 and section 125)

MAJOR MINERALS
PART A. Coal minerals
1. Coal and Lignite.

PART B. Atomic Minerals
1. Beryl and other beryllium-bearing minerals.
2. Lithium-bearing minerals.
3. Monazite and other thorium ore minerals, including thorium (monazite) bearing tailings left over from ores or beach sand mineral deposits after extraction of ilmenite or other heavy minerals.
4. Niobium-bearing minerals  
5. Phosphorites and other phosphatic ores containing Uranium.  
6. Rare earth minerals.  
7. Tantalum-bearing minerals.  
8. Uranium, pitchblende and other uranium ore minerals, including uranium bearing tailings left over from ores after extraction of copper and gold.  
9. Zirconium bearing minerals and ores including zircon.

Part C. Beach sand minerals  
1. Titanium ore and concentrates (Ilmenite, Rutile and Leucoxene)

PART D. Other Major Minerals  
1. Asbestos  
2. Andalusite  
3. Antimony  
4. Agate  
5. Alexandrite  
6. Apatite  
7. Ball Clay  
8. Bauxite  
9. Barytes  
10. Calcite  
11. Cadmium  
12. Chalk  
13. China clay or kaolin  
14. Clay (Others including white shale and white clay)  
15. Chromite  
16. Cobalt ore  
17. Copper ore  
18. Corundum  
19. Diamond  
20. Diaspore  
21. Dolomite  
22. Dunite  
23. Emerald  
24. Felspar  
25. Felsite  
26. Fireclay (including plastic, pipe, lithomargic and natural pozzolanic clay)
27. Fluorite (fluorspar)  
28. Garnet (abrasive and Gem)  
29. Gold ore  
30. Graphite  
31. Gypsum  
32. Iron ore (including Banded Iron Formations)  
33. Jasper  
34. Kyanite  
35. Laterite  
36. Lead ore  
37. Limekankar (but other than notified as minor minerals)  
38. Limeshell (but other than notified as minor minerals)  
39. Limestone (but other than notified as minor minerals)  
40. Magnesite  
41. Manganese ore  
42. Marl  
43. Mica  
44. Molybdenum ore  
45. Nickel Ore  
46. Ochre  
47. Opal  
48. Perlite  
49. Phosphorite or rock phosphate  
50. Potash  
51. Pyrites  
52. Pyrophyllite  
53. Pyroxenite  
54. Quartz  
55. Quartzite (including fulschite but other than notified as minor minerals)  
56. Rock Salt  
57. Ruby  
58. Sapphire  
59. Silica Sand moulding sand (but other than notified as minor minerals)  
60. Selenite  
61. Shale (but other than notified as minor minerals)  
62. Sillimanite  
63. Silver ore  
64. Slate (but other than notified as minor minerals)  
65. Steatite or Talc or Soapstone  
66. Sulphur (Native)  
67. Tin ore
68. Tungsten ore
69. Vanadium ore
70. Vermiculite
71. Wollastonite
72. Zinc ore
73. Any other mineral with industrial use not listed above (but other than notified minor minerals).

THE SECOND SCHEDULE
(See section 41)

RATES OF ROYALTY

1. Apatite and Rock Phosphate
   (i) Apatite (all grades): Five per cent. of sale price on ad valorem basis.
   (ii) Rock Phosphate:
       (a) Above 25 per cent. P2O5: Eleven per cent. of sale price on ad valorem basis.
       (b) Up to 25 per cent P2O5: Six per cent. of sale price on ad valorem basis.

2. Asbestos:
   (a) Chrysotile: Eight hundred eighty rupees per tonne.
   (b) Amphibole: Fifteen per cent. of sale price on ad valorem basis.

3. Barytes: Five and half per cent. of sale price on ad valorem basis.

4. Bauxite and Laterite:
   (a) Zero point five zero per cent. of London Metal Exchange Aluminium metal price chargeable on the contained aluminium metal in ore produced for
those despatched for use in alumina and aluminium metal extraction.

(b) Twenty five percent of sale price on ad valorem basis for those despatched for use other than alumina and aluminium metal extraction and export.

5. Brown Ilmenite (Leucoxene), Ilmenite, Rutile and Zircon

| 5. Brown Ilmenite (Leucoxene), Ilmenite, Rutile and Zircon | Two per cent. of sale price on ad valorem basis. |

| 6. Cadmium | Fifteen per cent. of sale price on ad valorem basis. |

| 7. Calcite | Fifteen per cent. of sale price on ad valorem basis. |

| 8. China clay/Kaolin (including ball clay, white shale and white clay) (a) Crude | Eight per cent. of sale price on ad valorem basis. |

(b) Processed (including washed) | Ten per cent. of sale price on ad valorem basis. |

| 9. Chromite | Ten per cent. of sale price on ad valorem basis. |

| 10. COAL AND LIGNITE | |

A. Coal produced in all States and Union territories except the State of West Bengal.

(1) Royalty on Coal:
The rates of royalty, which shall be a combination of specific and ad valorem rates of royalty which shall be as follows:

\[ R \text{ (Royalty Rupees tonnes)} = a + bP \]

Where ‘P’ (price) shall mean basic pithead price of ROM (run-of-mine) coal and lignite as reflected in the invoice, excluding taxes, levies and other charges and the values of ‘a’ (fixed component) and ‘b’ (variable or ad-valorem component) would be as follows:

<table>
<thead>
<tr>
<th>Group</th>
<th>Grade of Coal</th>
<th>Royalty on coal in Rupees per tonne</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group-I Steel Gr.I</td>
<td>a = Rs.180.00</td>
<td></td>
</tr>
<tr>
<td>Steel Gr.II</td>
<td>b = 5 per cent.</td>
<td></td>
</tr>
<tr>
<td>Washery -I Direct Feed</td>
<td>i.e. Rs.180 + 5 per cent. where ‘P’ (price) shall mean basic pithead price of ROM (run-of-mine) coal and lignite as reflected in the invoice, excluding taxes, levies and other charges.</td>
<td></td>
</tr>
<tr>
<td>Group-II Washery -II</td>
<td>a=Rs.130.00</td>
<td></td>
</tr>
<tr>
<td>Washery -III</td>
<td>b = 5 per cent.</td>
<td></td>
</tr>
<tr>
<td>Semi Coking</td>
<td>i.e. Rs.130 + 5 per cent. where ‘P’ (price) shall mean basic pithead price of ROM (run-of-mine) coal and lignite as reflected in the invoice, excluding taxes, levies and other charges.</td>
<td></td>
</tr>
<tr>
<td>Group</td>
<td>Washery</td>
<td>Grade</td>
</tr>
<tr>
<td>-------</td>
<td>---------</td>
<td>-------</td>
</tr>
<tr>
<td>Gr.I</td>
<td>Semi Coking</td>
<td>A</td>
</tr>
<tr>
<td>Gr.II</td>
<td>Grade A</td>
<td>B</td>
</tr>
<tr>
<td>Group-IV Grade D</td>
<td>Grade C</td>
<td>C</td>
</tr>
<tr>
<td></td>
<td>Grade E</td>
<td>D</td>
</tr>
<tr>
<td>Group-V Grade F</td>
<td>Grade G</td>
<td>E</td>
</tr>
<tr>
<td></td>
<td>Grade H</td>
<td>F</td>
</tr>
</tbody>
</table>

i.e. Rs.90 + 5 per cent. where ‘P’ (price) shall mean basic pithead price of ROM (run-of-mine) coal and lignite as reflected in the invoice, excluding taxes, levies and other charges.
‘P’ (price) shall mean basic pithead price of ROM (run-of-mine) coal and lignite as reflected in the invoice, excluding taxes, levies and other charges.

(2) Royalty on Lignite:

\[
a = \text{Rs.45.00} \\
b = 2 \text{ per cent.}
\]

\[i.e. \, \text{Rs.45 + 2 per cent. of basic pithead price of ROM (run-of-mine) coal lignite as reflected in the invoice excluding taxes, levies and other charges.}\]

(3) Royalty on middlings:

(i) Useful Heat Value > 1300 rate applicable to corresponding grade of coal (based on Useful Heat Value);

(ii) Useful Heat Value \leq 1300 \ a = \text{Rs.45} \ b = 5 \text{ per cent. of price}

\[i.e. \, \text{Rs.45 + 5 per cent. of existing actual involve price (excluding taxes and other levies).}\]

The royalty shall not be charged on such middlings or rejects wherein royalty has been charged on raw coal price to its washing in order to avoid double charging of royalty.

(4) Adjustment of royalty against levying of cess:

For States other than West Bengal that levy cess or other taxes specific to coal bearing lands, the royalty allowed shall be adjusted for the local cesses or such taxes so as to limit the overall revenue to the formula based yield.

B. Coal produced in the State of West Bengal:

(i) Group of Coals:
<table>
<thead>
<tr>
<th>Group of Coals</th>
<th>Sample Grades</th>
<th>Rate in Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Coking coal only per tonne.</td>
<td>Steel Grade-I</td>
<td>Seven rupees</td>
</tr>
<tr>
<td></td>
<td>Steel Grade-II</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Washery Grade-I</td>
<td></td>
</tr>
<tr>
<td>(ii) Group II of Coals:</td>
<td>(a) Coking Coal Washery Grade-II</td>
<td>Six rupees</td>
</tr>
<tr>
<td></td>
<td>and fifty paisa only per tonne</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Coking Coal Washery Grade-III</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(b) Semi-Coking Coal Grade-I</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Semi-Coking Coal Grade-II</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(c) Non-Coking Coal Grade-A</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Non-Coking Coal Grade-B</td>
<td></td>
</tr>
<tr>
<td>(iii) Group III of Coals:</td>
<td>(a) Coking Coal Washery Grade-IV</td>
<td>Five rupees</td>
</tr>
<tr>
<td></td>
<td>and fifty paisa only per tonne</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(b) Non-Coking Coal Grade-C</td>
<td></td>
</tr>
<tr>
<td>(iv) Group IV of Coals:</td>
<td>(a) Non-Coking Coal Grade-D</td>
<td>Four rupees</td>
</tr>
<tr>
<td></td>
<td>and thirty paisa only per tonne</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(b) Non-Coking Coal Grade-E</td>
<td></td>
</tr>
<tr>
<td>(v) Group V of Coals:</td>
<td>(a) Non-Coking Coal Grade-F</td>
<td>Two rupees</td>
</tr>
<tr>
<td></td>
<td>and fifty paisa only per tonne</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(b) Non-Coking Coal Grade-G</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
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<tr>
<td>---</td>
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<td>---</td>
</tr>
<tr>
<td>11.</td>
<td>Columbite-tantalite</td>
<td>Ten per cent. of sale price on ad valorem basis</td>
</tr>
<tr>
<td>12.</td>
<td>Copper</td>
<td>Four point two per cent. of London Metal Exchange copper metal price chargeable on the contained copper metal in ore produced.</td>
</tr>
<tr>
<td>13.</td>
<td>Diamond</td>
<td>Eleven point five per cent. of sale price on ad valorem basis.</td>
</tr>
<tr>
<td>15.</td>
<td>Felspar</td>
<td>Twelve per cent. of sale price on ad valorem basis</td>
</tr>
<tr>
<td>16.</td>
<td>Fireclay (including plastic, pipe, lithomargic and natural pozzolanic clay)</td>
<td>Twelve per cent. of sale price on ad valorem basis.</td>
</tr>
<tr>
<td>17.</td>
<td>Fluorspar (also called fluorite)</td>
<td>Six point five per cent. of sale price on ad valorem basis</td>
</tr>
<tr>
<td>18.</td>
<td>Garnet: (a) Abrasive  (b) Gem</td>
<td>Three per cent. of sale price on ad valorem basis. Ten per cent. of sale price on ad valorem basis</td>
</tr>
</tbody>
</table>
| 19. | Gold: (a) Primary  (b) By-product gold | Two per cent. of London Bullion Market Association price (commonly referred to as “London Price”) chargeable on the contained gold metal in ore produced. Three point three per cent. of London Bullion Market Association price (commonly
<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>20. Graphite:</strong> (a) with 40 per cent. or more fixed carbon (c) with less than 40 per cent. fixed carbon</td>
<td>referred to as “London Price”) chargeable on by-product gold metal actually produced. Two per cent. of sale price on ad valorem basis. Twelve per cent. of sale price on ad valorem basis</td>
</tr>
<tr>
<td><strong>21. Gypsum</strong></td>
<td>Twenty per cent. of sale price on ad valorem basis.</td>
</tr>
<tr>
<td><strong>22. Iron Ore</strong> (lumps, fines and concentrates all grades):</td>
<td>Ten per cent. of sale price on ad valorem basis.</td>
</tr>
<tr>
<td><strong>23. Lead</strong></td>
<td>Seven per cent. of London Metal Exchange lead metal price chargeable on the contained lead metal in ore produced. Twelve point seven per cent. of London Metal Exchange lead metal price chargeable on the contained lead metal in the concentrate produced.</td>
</tr>
<tr>
<td><strong>24. Limestone:</strong> (a)L.D. grade(less than one and half per cent. silica content) (b)Others</td>
<td>Seventy two rupees per tonne. Sixty three rupees per tonne</td>
</tr>
<tr>
<td><strong>25. Lime kankar</strong></td>
<td>Sixty three rupees per tone</td>
</tr>
<tr>
<td><strong>26. Limeshell</strong></td>
<td>Sixty three rupees per tonne</td>
</tr>
<tr>
<td><strong>27. Magnesite</strong></td>
<td>Three per cent. of sale price on ad valorem basis.</td>
</tr>
<tr>
<td></td>
<td>Mineral/Commodity</td>
</tr>
<tr>
<td>---</td>
<td>-------------------------------------------</td>
</tr>
<tr>
<td>28.</td>
<td>Manganese:</td>
</tr>
<tr>
<td></td>
<td>(a) Ore of all grades</td>
</tr>
<tr>
<td></td>
<td>(b) Concentrates</td>
</tr>
<tr>
<td>29.</td>
<td>Crude Mica, Waste Mica, and Scrap Mica</td>
</tr>
<tr>
<td>30.</td>
<td>Monazite</td>
</tr>
<tr>
<td>31.</td>
<td>Nickel</td>
</tr>
<tr>
<td>32.</td>
<td>Ochre</td>
</tr>
<tr>
<td>33.</td>
<td>Pyrites</td>
</tr>
<tr>
<td>34.</td>
<td>Pyrophyllite</td>
</tr>
<tr>
<td>35.</td>
<td>Quartz</td>
</tr>
<tr>
<td>36.</td>
<td>Ruby</td>
</tr>
<tr>
<td>37.</td>
<td>Silica sand, Moulding sand, and Quartzite</td>
</tr>
<tr>
<td>38.</td>
<td>Sand for Stowing</td>
</tr>
<tr>
<td>39.</td>
<td>Selenite</td>
</tr>
<tr>
<td>40.</td>
<td>Sillimanite</td>
</tr>
<tr>
<td>41.</td>
<td>Silver (a) By-product</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>(b) Primary silver</td>
<td>Five per cent. of London Metal Exchange silver metal price chargeable on the contained silver metal in ore produced.</td>
</tr>
<tr>
<td>42. Slate</td>
<td>Forty five rupees per tonne</td>
</tr>
<tr>
<td>43. Talc, Steatite and Soapstone</td>
<td>Eighteen per cent. of sale price on ad valorem basis.</td>
</tr>
<tr>
<td>44. Tin</td>
<td>Seven point five per cent. of London Metal Exchange tin metal price chargeable on the contained tin metal in ore produced</td>
</tr>
<tr>
<td>45. Tungsten</td>
<td>Twenty rupees per unit per cent. of contained WO3 per tonne of ore and on pro rata basis.</td>
</tr>
<tr>
<td>46. Uranium</td>
<td>Royalty on mineral uranium at the rate of two per cent. of the compensation amount received by M/s. Uranium Corporation of India Limited (UCIL), for the mineral uranium and the total amount of royalty will be apportioned among the different states on the basis of data provided by Deptment of Atomic Energy.</td>
</tr>
<tr>
<td>47. Vanadium</td>
<td>Twenty per cent. of sale price on ad valorem basis.</td>
</tr>
<tr>
<td>48. Vermiculite</td>
<td>Three per cent. of sale price on ad valorem basis.</td>
</tr>
<tr>
<td>49. Wollastonite</td>
<td>Twelve per cent. of sale price on ad valorem basis.</td>
</tr>
<tr>
<td>50. Zinc</td>
<td>Eight per cent. of London Metal Exchange zinc metal price on ad valorem basis chargeable on contained zinc metal in ore produced.</td>
</tr>
<tr>
<td></td>
<td>Eight point four per cent. of London Metal Exchange zinc</td>
</tr>
</tbody>
</table>
metal price on ad valorem basis chargeable on contained zinc metal in concentrate produced.

51. All other minerals not here-in-before specified [Agate, Chalk, Clay(Others), Corundum, Diaspore, Dunite, Felsite, Fuschite, Kyanite, Quartzite, Jasper, Perlite, Rock Salt, Shale, Pyroxenite, etc.] Ten per cent. of sale price on ad valorem basis.

Explanation:
1. For the purpose of grading of coal the specification of each grade of the coal shall be as prescribed under rule 3 of the Colliery Control Rules, 2004.

THE THIRD SCHEDULE
(See sections 42)

RATES OF DEAD RENT

1. Rate of dead rent applicable to the leases granted for low value minerals are as under:

<table>
<thead>
<tr>
<th>Rates of dead rent in rupees per hectare per annum</th>
<th>From second years of lease</th>
<th>Third year and fourth year</th>
<th>Fifth year onward</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>200</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>500</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1000</td>
</tr>
</tbody>
</table>
2. Two times the rate specified under (1) above in case of lease granted for medium value mineral(s).

3. Three times the rates specified under (1) above in case of lease granted for high value mineral(s).

4. Four times the rates specified under (1) above in case of lease granted for precious metals and stones.

Note: 1. For the purpose of this notification –

(a) “precious metals and stones” means gold, silver, diamond, ruby, sapphire and emerald, alexandrite and opal;

(b) “high value minerals” means semi-precious stones (agate, gem garnet), corundum, copper, lead, zinc, asbestos (chrysotile variety), platinum group of elements and mica;

(c) “medium value minerals” means chromite, manganese ore, kyanite, sillimanite, vermiculite, magnesite, wollastonite, perlite, diaspore, apatite, rock phosphate, fluorite (fluorspar) and barytes;

(d) “low value minerals” means minerals other than precious metals and stones, high value minerals and medium value minerals.
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<table>
<thead>
<tr>
<th>Sl No</th>
<th>Item</th>
<th>Page From</th>
<th>Page To</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>Note for Cabinet</td>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td>2</td>
<td>Appendix I- Statement of Implementation schedule</td>
<td>9</td>
<td>-</td>
</tr>
<tr>
<td>3</td>
<td>Appendix II- Statement of Equity, Public Accountability and Innovation</td>
<td>10</td>
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ANNEXURE I (para 1.4)

BASIC FEATURES OF NATIONAL MINERAL POLICY, 2008, IN THE CONTEXT OF REGULATORY FRAMEWORK

Strengthening Geological Survey of India

1. In order to exploit the country’s geological potential the new Policy recognizes that it is important that scientific prospecting is carried out in search of its rich mineral wealth, and it needs to be ensured that Regional and Detailed Explorations are carried out systematically in the entire geologically conducive mineral bearing area of the country using state-of-the-art techniques and in a time bound manner. To this effect the new Policy propounds that the Geological Survey of India (GSI) will be strengthened to the maximum extent possible. However, since the task of Regional Exploration is mammoth, the new Policy recognizes that along with GSI, private sector investment in the risk bearing areas of survey, exploration and prospecting needs to be encouraged to enable exploration of country’s mineral resources.

Improving regulatory environment to attract risk capital

2. The new NMP recognizes the fact that the country needs to focus on large scale prospecting and optimal mining, for which large investments are necessary along with latest technologies. Prospecting being a high risk venture, access to “risk funds” from capital markets and venture funds would need to be facilitated. The NMP enunciates that early stage Exploration and Mining companies will be encouraged and differential listing requirements through segmented exchanges will be explored. NMP also lays down that induction of foreign technology and foreign participation in exploration and mining for high value and scarce minerals would need to be pursued. Accordingly the NMP propounds that the regulatory environment will be improved to make it more conducive to investment and technology flows into prospecting and mining. To this effect it enunciates that there is a need to develop Capital market structures to attract risk investment into survey and prospecting.
Streamlining the Concessions regime

3. The NMP enunciates that in order to make the regulatory environment conducive to private investment, the procedures for grant of mineral concessions, i.e. Reconnaissance Permits, Prospecting Licenses and Mining Leases, shall be transparent. Further the NMP enunciates that the mineral concession system would be streamlined so as to minimize delays. The NMP lays down that in grant of mineral concessions, eligibility conditions will be clearly defined and strictly enforced to ensure that the right person is selected. The first-in-time principle in the case of sole applicants and the selection criteria in the case of multiple applicants will be appropriately elaborated in the mining legislation. The NMP lays down that the concession system would ensure automatic transition from one stage concession to another stage seamlessly. Every concession holder shall be assured security of tenure, whereby he can develop the resources optimally. The NMP also lays down that a new concession will be introduced for induction of high technology for exploration to locate deep-seated mineralisation and terms and conditions of existing concessions will be liberalised where needed. This would include the area limits and duration of the concessions. The NMP recognizes that Prospecting and mining are independent activities, for which the mining legislation shall provide for transferability of concessions in order to facilitate mineral sector development.

Management of resources of the country

4. The NMP lays down that in order to manage the resources of the country, a Tenement Registry will be created. This registry shall give information of both Leasehold Areas as well as Freehold Areas in terms of green field, brown field and relinquished areas including areas given up by the GSI and other concession holders as not pursued. The data would be maintained online giving instant information to prospective investors on what is available for reconnaissance, prospecting and mining. The NMP lays down that summaries of work done by public agencies will be kept in the form of meta data in the public domain and detailed reports will be made available to interested investors on cost recovery basis. Similarly, the NMP lays down that data filing requirements will be
rigorously applied and all concession holders will be subjected to detailed monitoring in this regard. The lock-in arrangements will be assured and released data will be integrated with the data generated by the state agencies and made available to other prospectors. To this extent the NMP lays down that that the regulatory environment will be tightened to ensure adherence to commitments in respect of expenditure, data filing and so on by the concessionaires.

*Basic uniformity in the mineral administration*

5. The NMP lays down that the Central Government shall formulate the legal measures necessary for giving effect to the National Mineral Policy, 2008 to ensure basic uniformity in mineral administration across the country and to ensure that the development of mineral resources keeps pace, and is in consonance with the national policy goals.

*Scientific methods of mining*

6. The NMP focuses on scientific mine development and mineral conservation with the regulatory agencies, viz. IBM and the State Directorates closely interacting with R&D organisation, and scientific and professional bodies to ensure optimal Mining Plans. NMP seeks to ensure that the conditions of mining leases regarding size, shape, disposition with reference to geological boundaries and other mining conditions shall be such as to favorably predispose the leased areas to systematic and complete extraction of minerals. In this context, it propounds small scale mining of small deposits in a scientific and efficient manner while safeguarding vital environmental and ecological imperatives. For this purpose, the NMP identifies the India Bureau of Mines and the State Directorates as the regulatory agencies, and which would be suitably strengthened through capacity building measures.

*Revenues*

7. The new Policy is based on the factum that India is a federal structure with a single economic space. However, the new Policy also recognizes that the legitimate fiscal
interests of mineral rich States need to be protected. In this direction, the new Policy States that the revenues from minerals will be rationalised to ensure that the mineral bearing States get a fair share of the value of the minerals extracted from their grounds. New sources of revenue will be developed for the States and state agencies involved in mineral sector development and regulation will be encouraged to modernise in the areas of prospecting as well as regulation. The States will be assisted to overcome the problem of illegal mining through operational and financial linkages with the Indian Bureau of Mines.

R&D, scientific exploration and mining
8. The Policy also lays stress on the need to promote the use of state of the art exploration techniques, scientific mining and optimal use of minerals through ore dressing and beneficiation technologies a special impetus will be given to research and development and to the establishment of appropriate educational and training facilities for human resource development to meet the manpower requirements of the mineral industry. The new Policy enunciates that a comprehensive institutional framework for Research & Development and training will be developed.

Sustainable Mining
9. The NMP recognizes that extraction of minerals closely impacts other natural resources like land, water, air and forest. Further the areas in which minerals occur often have other resources presenting a choice of utilisation of the resources. Some such areas are ecologically fragile and some are biologically rich. However, keeping in view the fact that mining is also necessary for the growth of the country, the NMP lays down that a comprehensive view would be taken to facilitate the choice or order of land use keeping in view the needs of development as well as needs of protecting the forests, environment and ecology. The NMP lays down that both aspects have to be properly coordinated to facilitate and ensure a sustainable development of mineral resources in harmony with environment. To this end, NMP lays down that no mining lease would be granted to any party, private or public, without a proper mining plan including the environmental management plan approved and enforced by statutory
authorities. The NMP further lays down that as far as possible, reclamation and afforestation will proceed concurrently with mineral extraction. Further the NMP lays down that all mining shall be undertaken within the parameters of a comprehensive Sustainable Development Framework which will be so devised as to take all these aspects into consideration. The guiding principle shall be that a miner shall leave the mining area in better ecological shape than he found it.

Mine closure
10. The NMP recognizes that once the process of economical extraction of a mine is complete there is need for scientific mine closure which will not only restore ecology and regenerate bio mass but also take into account the socio-economic aspects of such closure. This would address the needs of the mining communities which are likely to get impacted by not only loss of jobs but also disruption of community life. Accordingly the NMP enunciates that whenever a mine closure becomes necessary, it should be orderly and systematic and so planned as to help the workers and the dependent community rehabilitate themselves without undue hardship.
### Chronology of the meetings held with the various stakeholders

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ANNEXURE III (para 3)

Minutes of the meeting held with the representatives of the State Governments on the 11th August 2009 on the new draft MMSDR Act

A list of participants is given at Annexure. The Chairman welcomed all the participants and introduced the discussion on the draft Mines and Minerals (Scientific Development and Regulation) Act. He further stated that the MMDR ACT of 1957 had been extensively amended several times, in 1958, 1960, 1972, 1978, 1986, 1994 and 1999. As a result the various provisions of the Act did not always sit well together. Further amendments to accommodate the National Mineral Policy, 2008, had proved so difficult that it had been decided to draft an Act afresh.

1.1 The Chairman explained that the new Act was intended to ensure:

(i) Decentralization of powers to the States
(ii) Increase the revenues by bringing in concepts of price discovery and true value.
(iii) Ensure equity, fair play, transparency and simple procedures.
(iv) Scientific mining and sustainable development.

1.2 The Chairman further stated that the Central Government wanted to finalise the Draft in a way that met the expectations of State Governments, Industry, Entrepreneurs, and other stakeholders to the extent possible and accordingly he informed that inputs of the State Governments were being sought for refining the proposed Draft Act. While it is expected that formal comments would be sent by the State Governments, in the present meeting comments on the principles involved in the framing of the draft Act are being elicited, which would be fine-tuned in subsequent consultations.
1.3 During the discussions, the State Governments gave their comments on the new draft MMSDR Act, which are given below state-wise (in an alphabetic order).

2. **ANDHRA PRADESH**

2.1 The State Government representative circulated written comments to all the participants in the meeting. Broadly, the comments focused on giving State Governments powers on Regulation on minor minerals, restricting surface investigation in RP, Government Boards to be exempted from obtaining lease or licence before commencing mining operation under Section 4 of the new Act, having exclusive RPs in the cases where LAPLs were not to be permitted (or only aerial RP if it is not exclusive) limiting the size of LAPL where permitted to avoid monopoly, reviewing the minimum area for grant of mining lease for major minerals, restricting exploration period under RP and PL to 5 years instead of 8 years, removing the need to obtain forest clearance before notifying an area, factoring in the delay occurring due to failure of applicants to clearly demarcate their area while disposing applications, restricting grant of concessions in scheduled areas in terms of Samta Judgement, continuing powers to reserve area in favour of PSUs, allowing value addition as a criteria in bidding process, continuing powers to the State Governments to allow approval of mining plan for 29 minerals, deemed automatic increase in royalty rates by 20% in case review not undertaken by the Central Government in 3 years, funding of National Mineral Fund through excise collections, sharing of powers of IBM with State DGMs, setting up of Tribunal at State level only, and grant of confiscation powers to the State Governments in cases of illegal mining.

2.2 The Chairman clarified that the issue of forest clearance under the FC Act, particularly for mining was something State Governments needed to address. In respect of prospecting, in view of guideline 1.3 (v) of Handbook to the FC Act, the draft provision would be considered for deletion from the draft Act. As regards
reservation for PSUs, in the context of full transferability of concession and auction of ore bodies prospected at public expense, reservation for PSUs did not fit in with this system. On the issue of automatic enhancement of royalty, Chairman clarified that the royalty regime would now be largely ad-valorem for most of the minerals, which has inbuilt mechanism to capture the price buoyancy, and thus there may not even be a need to change the royalty rates every three years due to this. As regards confiscation process etc, the Chairman clarified that the matter was under examination and legal opinion was being taken on certain issues related to illegal mining. However, he pointed out that in the proposed new Act, a person found violating provisions of this Act would be ineligible for future concessions, and this may be strengthened to provide for cancellation of existing concessions.

3. **ASSAM**

3.1 The representative from State Government of Assam informed that the new Draft Act is welcomed, except for some concerns as given below:

   i) The size of the maximum area proposed for mining lease under the new Act should be reduced to 50 sq kms since in the State of Assam the terrain was difficult and large areas were not available in the State. Similarly area should be reduced for PL.

   ii) The maximum area for small deposits under cluster mining should be 0.05 Sq. Kms.

   iii) The necessity to consult IBM before giving extension of concession is not required. Instead the State Government should be empowered to certify.

   iv) Specific guidelines are required for modification of mining plan by IBM, in which the State Government should also be consulted.

   iii) Regulation of minor mineral with State Government exclusively.

   iv) Forest Clearance before Notification should be consulted with Ministry of Environment and Forests.
v) Need to obtain consent of land owners before grant of lease to be reviewed.

vi) No necessity for mining plan for small deposits.

vii) The cess collected should not be adjusted in the royalty amount payable to the State.

viii) Powers of IBM to be shared with State Governments.

3.2 The Chairman pointed out that mining is a project which involves diversion of land use and this warrants that the State Government take a decision for this diversion. Therefore, the first stage clearance, if obtained by the State Government would help the investor. In respect of obtaining of consent of land owners, the Chairman informed that a number of Court Cases had been filed by land owners challenging the grant of area for mining to another person. If the consent is available then such situation would not arise. The role of IBM was to be seen in the National perspective and moreover, the Centre was considering a scheme for strengthening the State DGMs through a Centrally Sponsored Scheme, and in case State Government are adequately strengthened and equipped, there would be no need for IBM to perform a regulatory role to the extent it was presently performing.

4. BIHAR

4.1 The representative of State Government of Bihar stated that even though Bihar was not a mineral rich State, there was certain concerns which needed to be addressed as follows:-

i) Regulation of minor minerals should be left with the State Governments.

ii) The first in time principle would not go with the auction mechanism and the State Government should be allowed to notify an area even when an application is filed.

iii) In case of determination of mining lease, provision should be provided at a single place itself in the Act.
iv) In cases of delay in grant of concessions, the extraneous factors also play an important role and these need to be addressed.

v) There is no need for setting up a State Mining Administrative Tribunal since there is hardly any significant mining activity. Further, the National Mining Administrative Tribunal should not take over the redressal mechanism available in the State Government since an appeal can always lie with High Court.

5. CHHATISGARH

5.1 While supporting the new draft Act the State Government representative pointed out that:

i) The area for LAPL should be reduced to avoid monopolization,

ii) There was no need for Tribunals at National and State level, instead there could be one Tribunal with benches in all the States.

iii) There was no need for National Mineral Fund and the powers for collection of cess vests with the State Governments.

iv) The criteria for the State Government to obtain forest clearance before Notification would not be administratively convenient in case of PL since the user may adopt various methods for prospecting.

v) There was a need to address the issues of environment clearance since this process also took lot of time.

vi) The Regulation of minor minerals should be with the State Governments.

5.2 The Chairman stated that as per latest guidelines under FC Act, i.e, 1.3(v) of Handbook of FC Act, the relevant draft provisions would be considered for deletion from the Draft Act.

5.3 As regards imposition of cess, Chairman clarified that it all depended on the nature of the cess and its purpose. In this case, the cess was on the mineral,
and was being imposed through a legislation which occupied the legislative space provided in the Constitution. However, the matter would be examined.

6. **GOA**

6.1 The representative from State Government of Goa informed that the comments of the State have already been sent to the Ministry. While agreeing with the draft Act, it was requested that size of mining lease might be reduced, regulation of minor mineral to be left with the State Governments, cess to be levied only by the State Governments and prospecting licences not to be given by auction mechanism.

7. **GUJARAT**

7.1 The State Government representative stated that:

   i) Minor minerals should be in the exclusive domain of State Governments and there should no requirement for mining plan for quarries. The size of the area and the period of concession should be left to the State Governments to prescribe.

   ii) In case of delays in grant of mineral concessions, instead of empowering the National Mining Administrative Tribunal to issue directives, the aggrieved persons should approach higher authorities in the State Government.

   iii) In Section 40 (4), a separate provision should be added for minor minerals also. Further, the procedure for payment of royalty, including collection of advance royalty, should be provided in the Act. The Act should also provide for collection of interest on delayed royalty payments.

   iv) All the funds collected by National Mineral Fund from a particular State should accrue to that particular State only.
v) All pending revision applications pertaining to a State should be handled by State Mining Administrative Tribunal.

7.2 The Chairman clarified that the procedures for collection of royalty lie in the domain of Rules which will be suitably prescribed.

8. HIMACHAL PRADESH
8.1 The State representative pointed out that the restrictions of minimum area for grant of concession would not be possible in Hilly Areas and especially if they are forested. Around 40 mining leases for minor minerals and small leases given for sand stone mining in the State would get impacted in terms of provisions of the proposed Act. It was also pointed out that the State had deposits of lime stone and most of the area was in hilly terrain which made it impossible to adhere to the area limits prescribed in the proposed act. Moreover, several areas in the State were held under private ownership which made it difficult to grant large blocks.

8.2 The Chairperson pointed that there was a need to differentiate between area of ownership and area of mining. The optimum area of mining was being suggested in order to make mining Scientific and to enable mitigation of environmental impact of mining.

9. JHARKHAND
9.1 The representative of Jharkhand Government informed that they fully agree with the new draft Act.

9.2 The Chairman sought to know the status of Sustainable Projects Fund proposed to be created in the State of Jharkhand, as decided in the Cabinet Secretary visit to the State in July, 2009. In case inputs are required on this issue, the same may be obtained from State Governments of Orissa and Chhatisgarh.
10. KARNATAKA

10.1 State Government representative observed that by and large the new draft Act was acceptable. However, the following need to be considered.

i) The limitations on the size of area under a mineral concession and the period of mineral concession, like in the existing Act, should not be applicable for minor minerals since there are several small quarry operators in the State.

ii) There was a need to clearly demarcate the procedures for grant of concessions for held areas and fresh areas. This was so because there are number of applications pending on mineralized areas and the State would prefer grant such areas for development of industry. In the proposed Act, the State Government are not given sufficient powers to restrict the first applicant in favour of any other value adder.

iii) While agreeing that IBM had an important role to play, the State Government should be empowered to take action against the lessees in consultation with the IBM.

iv) In terms of the Lokayukta Report, it should be clearly given in the new Act that raising contract should be classified as sub-lease against which penal action is possible in case of deviation.

v) Similar to the Forest Act and the Excise Act, in case of illegal mining, confiscation of vehicles involved in illegal mining should be allowed. The powers for compounding of offenses provided in the existing Act allows the illegal miner to get away with light penalties, and thus, should be removed.

11. MADHYA PRADESH

11.1 The State Government representative stated that the State Government of Madhya Pradesh generally accepts the new Act and comments have been sent
to the Ministry. However, certain issues need to be resolved/further discussed as follows:-

(i) Since GSI and Directorate of Mining & Geology have sufficient expertise IBM powers need to be restricted in the new Act in respect of regulation of Mining.

(ii) Instead of LAPL over an area of 5000 Sq Kms., the scope of RP should be enlarged to allow some basic prospecting since the availability of land is limited and grant of large area would impact SME Sector in Mining.

(iii) The size of area permitted under Mineral concessions needs to be reduced. Regulation and control of minor minerals should be totally with the State Governments implying that the State should be allowed to make rules for regulating minor minerals.

(iv) Proposed State Tribunals should be empowered to hear cases of major minerals, if required in consultation with the Central Government.

11.2 The Chairman pointed out that instead of viewing the issue as a Centre and State matter there was a need to view the entire role as that of National and State matters. The National Mineral Policy provided for development of State capacities in regulation, however, till that happened IBM has a role to play. GSI is seen as a National agency which will act as a pivotal agency for Geo-Science in the country. Similar was the role of IBM in regulation of mineral sector, and in fact GSI was being reoriented to provide services to State Governments free of cost where possible, and both GSI and IBM were now starting to help State DGMs build up their capacity. The Ministry also was considering formulation of a Centrally Sponsored Scheme to build up DGM capacity.

11.3 The Joint Secretary (Mineral Policy) informed that the IBM had been collaborating with the State Governments on ensuring adherence to mining plan. Moreover, a Committee had been constituted for review and restructuring of the
functions of IBM in terms of the policy directions given in the National Mineral Policy. In this context, the State Governments might offer their suggestions on the role envisaged for the IBM in the mineral sector.

12. **MAHARASHTRA**

12.1 The State representative pointed out that:

i) The minimum area for grant of mineral concessions for minor minerals should not be prescribed.

ix) Approval of mining plan by the State Government, allowed for 29 minerals in the present MCR should be continued.

x) In case of forest notification of the area should be allowed without insisting that the State Government obtain forest clearance. This was more relevant because certain deposits lie partly in forest areas and partly in non forest areas which makes it administratively difficult to grant concession.

xi) Existing Section 9 of the MMDR Act and the proposed Section 41 of the proposed Act do not provide specifically that royalty should be paid to the State Government.

12.2 The Chairman clarified that obtaining forest clearance is a major issue for mining activities in forest areas. In the case of prospecting, the issue was relatively simple as it was a case of access, but in the case of mining, it was a case of transfer involving change in land use. The Chairman pointed out that unless forest clearance issues were owned up by State Governments, getting Investment into the State would always be a slow and time consuming process. He pointed out that:-

(a) Since it was a legislated procedure, Government had a duty to assist concession holders.

(b) Since the processing of clearance was done by State Government (in Forest Department), State Government (in Mines Department) could not disclaim responsibility for availability of the area.
(c) In case State Government was the agency obtaining first stage clearance, it was possible to hold a dialogue with Ministry of Environment and Forests to streamline and simplify procedures and to track progress.

(d) As a result, it will enable Government to create lists of ‘go’ and ‘no go’ areas based on forest clearance.

12.3 The Chairman also pointed out that obtaining first stage clearance before bidding process would give greater clarity to the process since bidders would be able to factor in NPV and CA costs while bidding. It would also shorten the time period for start of mining operations which was crucial given that there was a financial cost attached to the delay. All this would have significant impact on quantum and rate of revenue flows to the States.

13. **ORISSA**

13.1 The representative of the State Government, welcoming the new draft Act, stated that while the official comments would be sent separately, the following comments are being given in his personal capacity:

i) While accepting the advantages of setting up of National Mineral Fund, it is suggested that a percentage of the Fund should be shared with the State where the cess is collected.

ii) All pending applications awaiting disposal in the State Government at the time of enactment of the new Act should be allowed to lapse except for such applications which are under litigation in the Courts.

iii) There is no need to transfer of RPs and PLs since they are given for limited period and allowing transfer would encourage speculation.

iv) In case of mining lease, transfer should be restricted since the minerals are State property and the premium should accrue to the State Government rather than the concession holder. It was apprehended that such transfers would increase illegal activities in mining. It was also suggested that transfer should be allowed on
grounds of necessity rather than for premium and that too in specific instances only.

v) It was suggested to increase powers of the State Governments to curb illegal mining by allowing confiscation powers similar to Essential Commodities Act, since the Courts normally allowed operators to be let off easily. It was also suggested that State Mining Administrative Tribunal could be empowered to take up the cases of illegal mining and impose penalty/fines.

vi) It was pointed that obtaining forest clearance, even for first stage clearance, was very difficult for the State Governments, and unless the FC Act gives special dispensation to the State Governments in grant of clearances, the user should obtain this clearance.

vii) There is a need to define the word “Operations” in the context of mining. Similarly, the definition of ‘prospecting’ in Section 3 (t) should be amplified.

viii) It was suggested that the State should have powers to decide when a particular resource can be exploited, and when put to use should be done through Notification only. In case of RP and PL such Notification need not be insisted upon.

ix) In respect of the time limit specified for disposal of applications for mineral concessions, it was suggested that the computation of the time should start only after the applications are found complete in all respects.

x) It was suggested that the National Mining Administrative Tribunal intervention in case of delay by the State Government should be in the form of Directions to the State Government to dispose of the pending applications.

xi) The powers to reserve areas for PSUs should continue since PSUs have an important role in maintaining price stability in the market. Moreover, PSUs can not compete on level playing field since they have their social commitments to the State.
xii) In case of grant of mining lease by auction/bid process, royalty should not be impacted. Moreover, it should be made compulsory that rates of royalty should be reviewed in every 3 years.

xiii) The powers to issue directions under Section 45 needs to be specific.

xiv) Regarding the area allowed for grant of mining lease, there was a need to have mineral specific area limits to avoid monopoly.

13.2 The Chairman clarified that while lapsing of all pending applications at the time of enactment of the new Act is an option, it was necessary to obtain legal opinion on this aspect. A possible solution could be that if the earlier pending applications are considered, then the area permitted under mining lease could be restricted to the existing levels in the MMDR Act, 1957. In case of transfer, the basic principle which was being espoused was that a prospector should be allowed to recover his investment in the risk/uncertainties in basic exploration activities. This would be possible only if premium is allowed to be collected on transfer. However, in cases of transfer the conditions applicable on the original holder would automatically get transferred to the transferee. The Chairman also clarified that the definition of prospecting was given in terms of UNFC.

13.3 The Chairman pointed out that it was necessary to have a level playing bids between PSUs and private players, otherwise it would lead to distortion of the market if PSUs get mining lease of captive mines without paying an auction price. The Chairman also pointed out that since there would be full transferability of concessions, and the distinction between captive and non-captive mining would diminish as a result of auctioning of ore bodies, in the new regime, assured supply of ore rather than captive mining was likely to be the crucial issue, and in the long run this would bring in greater efficiency in the sector.
14. **PUNJAB**

14.1 The representative from State Government of Punjab sought that the control of minor minerals should stay with the State Governments, the minimum area and the time period for leases for minor mineral should be decided by the State Government, no requirement for mining plan for minor minerals and since the revenue from mining was insignificant in the State of Punjab, the cost of setting up of a State Tribunal would be prohibitive.

15. **RAJASTHAN**

15.1 It was informed that the comments of the State Government have been sent to the Ministry. Basically the State Government has sought:

   i) The State should be allowed to regulate minor minerals including the size and the period of mining lease of minor minerals because most of the mines were being operated by poor families who would be impacted, if the size of leases enhanced.

   ii) There was a need to review the mineral classification as major and minor minerals.

   iii) The period of concession for minor minerals should be between 20 to 30 years and the extension allowed should be for 20 years. This would facilitate administrative convenience.

   iv) LAPL should be restricted and not allowed for all minerals since it might lead to monopoly. The State Governments cited the bad experience in the case of Potash minerals which have been monopolized by a few companies in Rajasthan.

   v) Mining plans need not be insisted for quarry minerals.

   vi) It was suggested that in cases where the minerals vests partly with the Government, it might not be necessary to share royalty/dead rent with owner of land.

   vii) There was no requirement to set up a National Mineral Fund since IBM is already functioning for conservation and development of
minerals. Instead all the funds should accrue to the State since it is required for development activities.

15.2 The Chairman clarified that the case of minor minerals would be reviewed. However, in case of sharing of royalty and dead rent with the owner of land where the ownership of mineral vests partly with the Government, this might be applicable in a few States of North-East only.

16. TAMIL NADU

16.1 It was requested that Section 21 should be applicable on Prospecting Licence granted for mineral granite also. Further, in case of minor minerals, the efficacy of cluster mining approach needed to be reconsidered. It was also pointed out that since the State Government had two levels of appeal in case of delay in grant of mineral concessions, there was no need to set up a separate Tribunal for this purpose.

16.2 The Chairperson requested that details on the system of appeal existing in the State might be intimated to the Central Government along with the written comments.

17. The Chairman assured everyone that there comments would be taken into consideration. However, the effort was to streamline and simplify the Legislation governing the mining sector in India. In this context, it was clarified that the objective of Central Government was not to involve itself in day to day management of the concession system, but to put in place a simple, transparent and fair system that would be operated by the State Governments. In this scheme, the State Governments had a definitely a larger role of play and with the strengthening of State DGMs, several powers vested in IBM would be transferred to the State DGMs. Another important focus in the draft Act was the introduction of the concept of Sustainable Development Framework for mining activities, whereby the focus will not only remain on mining plan, but also on sustainable development issues associated with mining. The Centre is promoting a greater
say for the State Government on areas where mineralization is known. However, in areas where mineralization is yet to be known, the first in time and seamless transition is needed to be ensured to encourage investment by prospectors in a high-risk high-reward activity. It was noted that none of the State Governments have objected in-principle to the introduction of the auction mechanism and the issue was the framing of rules and guidelines that enabled it to operate in a transparent and systematic manner. On the issues on reservation for PSUs, National and State Tribunals and role of State Government in regulating minor minerals and the Mineral Fund, the Chairman informed that the opinion of the State Governments on these issues have been taken on record, and would be suitably addressed.

18. Joint Secretary (Mineral Policy) requested State Governments to suggest measures to be taken for strengthening the role of State Governments and the Central Government in curbing the menace of illegal mining. It was requested that the State Governments may send a report on the various initiatives and strategies adopted by them, including use of technology and IEC, to tackle illegal mining. Similarly, as the Central Government is planning a scheme on abandoned mines, the States may give their inputs on the strategies that could be adopted for alternative use of such mines.

19. State Governments were requested to give their views on the Ministry’s circular of 25th June, 2009 clarifying certain issues relating to the procedure for grant of concessions and the methodology of operating the MMDR Act in the light of the new Mineral Policy. All State Governments stated that the guidelines were adequately clear and they required no further clarification at present. A paper on pending cases in respect of mineral concession proposals pending with the Ministry and referred back to State Governments was circulated to all the participants with the a request to submit responses at the earliest.

20. The meeting ended with a vote of thanks.
LIST OF PARTICIPANTS IN THE MEETING HELD WITH THE REPRESENTATIVES OF THE STATE GOVERNMENTS ON 11th AUGUST, 2009 ON THE NEW MINES AND MINERALS (SCIENTIFIC DEVELOPMENT & REGULATION) ACT.

1. Shri S. Vijay Kumar, Additional Secretary, Ministry of Mines - Chairman
2. Smt. Ajita Bajpai Pande, Joint Secretary, Ministry of Mines.
3. Shri Suresh Kishnani, Director, Ministry of Mines.
4. Dr. K. Ayyasami, Director, Ministry of Mines.
5. Shri Gaurav Kumar, Deputy Secretary, Ministry of Mines.
7. Shri V.S. Sawakhande, Director, DGM, Govt. of Maharashtra, Nagpur.
8. Shri Lohit Ch. Bezbarua, Director of Geology & Mining, Govt. of Assam, Guwahati.
10. Shri P.J. Bhavsar, Geologist, CGM, Govt. of Gujarat, Gandhinagar.
11. Shri B.B. Singh, Director (Mines), Govt. of Jharkhand, Ranchi.
12. Shri V.D. Rajagopal, Director, Mines & Geology, Govt. of A.P, Hyderabad.
13. MS. Mythili K. Rajendran, Deputy Secretary, Industry Deptt. Govt. of Tamilnadu.
14. Shri Ashok Dalwai, Secretary, Steel & Mines, Govt. of Orissa, Bhubaneswar.
15. Shri B.R. Ramprasad, Secretary Commerce & Mines, Govt. of Karnataka, Bangalore.
17. Shri M.S. Jairam, Director, G.S.I, Kolkata.
18. Shri Govind Sharma, Principal Secretary, Mines & Petroleum, Govt. of Rajasthan.
19. Shri R.S. Vishwakarma, Secretary, Mining, Chattisgarh.
20. Shri S.K. Trivedi, Director, Geology & Mining, Chattisgarh.
21. Shri S.K. Mishra, Secretary, MRD, Govt. of Madhya Pradesh.
23. Shri V.K. Janjua, Director-cum-Secretary, Industry, Bihar.
25. Shri Anil Subramaniam, Under Secretary, Ministry of Mines.
26. Shri R.N. Parasher, Section Officer, Ministry of Mines.
Minutes of the meeting held with the representatives of the concerned Ministries /Departments on the 17th August 2009 on the new draft MMSDR Act

A list of participants is given at Annexure.

2. The Chairman welcomed all the participants and introduced the discussion on the draft Mines and Minerals (Scientific Development and Regulation) Act. He stated that even though amendments to the MMDR Act had been circulated and comments obtained from most of the concerned Ministries and Departments, due to the fact that the MMDR Act of 1957 had been extensively amended several times, notably in 1972, 1978, 1986, 1994 and 1999 and 2003, and the fact that the legislation needed to be in line with the National Mineral Policy, 2008, it had been decided to draft an Act afresh. The Chairman stated that while comments would be desired early, the meeting was a preliminary meeting to clarify the principles behind the legislative changes proposed in the new Draft Act. The representatives from the Ministries /Departments gave their comments as below.

3. Ministry of Coal

3.1 It was stated that the Ministry of Coal would like the present amendments proposed in the MMDR Act regarding introduction of auction/bidding process in allocation of coal blocks to be carried forward in the Parliament, without awaiting the new draft Act. However, parallelly, the Coal Ministry would like to ensure that the provision for auction/bidding process in allocation of coal blocks is also structured into the new draft Act. The Coal Ministry also sought that the CMPDIL should also be included in the list of agencies that do not require to obtain a mineral concession in order to do exploration.

3.2 The Chairman clarified that that the process of amendment of MMDR Act in respect of introduction of auction/bidding for Coal minerals, initiated by the
Ministry of Mines in the Parliament, would carry on, and separately the new draft Act, which has already structured in provisions for coal minerals would be taken to the Parliament to eventually replace the earlier Act. He desired inputs on whether the new draft Act suitably took into account the concerns of the Coal Ministry. On the issue of including CMPDIL, the Chairman informed that so far as the CMPDIL was involved in promotional exploration activities, then in principle it had a case for inclusion in the list of agencies that did not require to obtain mineral concession. This should be considered by the Coal Ministry.

4. **Department of Atomic Energy**

4.1 The Department representative informed that while they agree in principle to the new draft Act, their comments could not be firmed up due to non-availability of the Schedule I to the new draft Act which lists out the major minerals. It was also desired that a comparison of the existing Act and the new Act may be provided for easy comparison, and an inter-ministerial committee may be constituted to discuss the various provisions. However, some of the important concerns pertained to:

   (i) Retention of control of Central Government over the atomic minerals.
   (ii) Mineral concession for atomic minerals to be not given through auction
   (iii) Sufficient measures to be put in place to address concerns on reporting, safe handling and storage of minerals with radiological impact, discovered in exploration or mining process for other minerals.

4.2 The Chairman clarified that a comparison of the existing Act and the new draft Act as was suggested cannot be possible clause by clause, since the construction of both the Acts are different. The focus instead should be on the principles involved. He further clarified that after the comments of the concerned stakeholders are received, the new draft Act would be revised, and this would be
again taken up in another round of meeting before being placed before a compact inter-ministerial group for final examination. It was pointed out that the new draft Act retains the Central Government control over coal and atomic minerals as existing. However, it was open for the concerned Ministries to suggest whether powers could be delegated to the State Governments. In respect of the role of AMD in regulation of the atomic minerals, the Chairman pointed out that the new draft Act provided similar provisions as existing, and if any further provisions need to be added, the same could be done. The Chairman desired that comments may be sent early.

5. **Ministry of Labour and Employment**

5.1 While agreeing with the new draft Act, the Ministry representative sought that sufficient provision needs to be provided in the Act to cover the ‘Raising contractors’ as sub-lessees, in order to fix responsibilities. This would be in consonance with the provisions of Mines Act, 1952. The representative from Directorate General of Mines Safety sought that in order to promote scientific mining the area limits for minor minerals should also be similar to those for major minerals.

5.2 The Chairman sought that this comment may be sent and would be considered. In case of minor minerals, Chairman sought the expert comments of DGMS on the size of the area that could be granted under mining lease, and the applicability of cluster mining approach for minerals located as small deposits.

6 **Planning Commission**

6.1 It was informed that comments would be sent at the earliest. However, a concern was raised on increasing the time limit for disposal of application for mineral concession as recommended by the Hoda committee.
6.2 The Chairman clarified that the time limits for disposal of applications for mineral concession had been reduced keeping in view the fact that, excepting the coal and atomic minerals, the State Government had been empowered to dispose the applications at their level, without seeking prior approval of the Central Government. Moreover, the selection procedure had been proposed to be simplified by introducing the First-in-time principle for non-notified areas and evaluation/auction for notified areas. Therefore there were not sufficient grounds for increasing the time limits. However, the Chairman pointed out that if the Planning Commission had work flow data that justified more time, the same would be considered.

7. Ministry of Corporate Affairs

7.1 The Ministry representative submitted the Ministry’s written comments and stated that the new draft Act was agreed to in principle. The Ministry was in the process of seeking Parliamentary approval to a new Companies Act and at the appropriate stage, this issue may be factored in.

8. Ministry of Steel

8.1 The Ministry representative handed over a preliminary comments of the Ministry, which primarily focused on the need to continue with Central Government control in the grant of mineral concession for steel input minerals like iron ore, chromite, manganese etc., continuance of reservation for PSUs, restricting the monopolies in auction, and suitable provisions to give priority to domestic end-use industries over first applicants.

8.2 The Chairman stated that a separate preliminary meeting would be held with the Ministry of Steel since several policy issues that need wider discussion are involved. The Chairman clarified that the new draft Act proposes to define the role of Central Government, especially for non coal and non atomic minerals, as
a regulator and not as a participant. This is in terms of the principle of arm’s length enunciated in the National Mineral Policy. In respect of iron ore, the Chairman clarified that:

(i) The country has sufficient resources which allows adequate space for end-users and stand alone miners,

(ii) The steel pricing is largely determined by international prices and other inputs in steel making, and iron ore as a factor contributes to less than 4.5% to the cost of steel (integrated steel plant with iron ore) and thus introduction of auction might not impact the steel prices substantially,

(iii) First-in-time principle for areas where mineralization not known and evaluation for PL in suspected areas and auction for ML in proved mineralization areas, seek to simplify the procedure for grant of concessions, and remove discretionary practices in allotment of mineral concessions. This would benefit the serious investors in the long run.

(iv) Reservations for PSUs are not the most optimum method of affording protection and level playing field to the PSUs. In the effort to remove reservation for PSUs, it is hoped that distortions in pricing and backdoor entry of non-eligible players through JVs with the PSU is also addressed. However, provisions could be made for ensuring preference in the bidding process to PSUs who are value adders or end users.

9. **Ministry of Defence**

9.1 The Ministry representative stated that certain defence agencies/organisations should be excluded from obtaining mineral concession before exploration and mining. It was also requested that suitable provisions may be incorporated to ensure that prospectors obtain defence clearance for certain specified activities.

9.2 The Chairman stated that the names of the organisations and justification for exemption may be provided and the same would be considered. In respect of
defence clearances, the Chairman pointed out that all clearances under the law of the land are essential, and the same would be required under the provisions of the various Acts and Rules in the country. However, if the Defence Ministry seeks to impose some special conditions, the same might be indicated in the comments, which would be considered.

10. The meeting ended with a vote of thanks.

LIST OF PARTICIPANTS IN THE MEETING ON THE NEW MINES AND MINERALS (SCIENTIFIC DEVELOPMENT AND REGULATION) ACT HELD ON 17TH AUGUST, 2009 UNDER THE CHAIRMANSHIP OF ADDITIONAL SECRETARY, MINISTRY OF MINES IN SHASTRI BHAWAN, NEW DELHI.

1. Shri S. Vijaykumar, Additional Secretary, Ministry of Mines – Chairperson
2. Ms. Ajita Bajpai Pande, Joint Secretary, Ministry of Mines
3. Shri Anil Subramaniam, Under Secretary, Ministry of Mines
4. Shri A. B. Chowdhury, Director, M/o Earth Sciences
6. Shri P. K. Sarkar, DDG (WR), DGMS
7. Shri A. B. Awati, Scientific Officer-H, D/o Atomic Energy
8. Shri M. Pandey, Director, M/o Defence
9. Shri Sharad Gokhale, Director, M/o Coal
10. Shri Sanjay Mangal, Director, M/o Steel
11. Shri P. K. Malhotra, Dy. Dir., M/o Corporate Affairs
12. Shri R. B. Tyagi, Dy. Adviser (Minerals), Planning Commission
Minutes of the meeting held with the Industry Associations on the 20th August 2009 on the new draft MMSDR Act

A list of participants is given at Annexure. Members from CII participated in the meeting. Members from FIMI did not participate even though the meeting had been rescheduled at their request. Similarly no member from ASSOCHAM could attend the meeting.

2. The Chairman welcomed all the participants and introduced the discussion on the draft Mines and Minerals (Scientific Development and Regulation) Act. He stated that the MMDR Act of 1957 had been extensively amended several times, notably in 1972, 1978, 1986, 1994, 1999 and 2003 and it had become necessary to replace it with a new enactment. The legislative changes were thus a dynamic process. In this process, frequent dialogue and discussion is necessary with the stakeholders. The present meeting also seeks to allow understanding of the Ministry’s perspectives in drafting the Act. A short presentation on the proposed legislative changes was given.

3. While CII delegation stated that they agreed in-principle to the new Draft Act, and would be sending their comments shortly, some of the important observations made in the meeting are given below:-

   i) The role of Central Government should not be drastically reduced in the control of mineral sector since the Central Government agencies like GSI, IBM etc. have tremendous knowledge which might not be there at the State Government level. Some level of control by the Central Government in the concession system for non-coal, non-atomic minerals could be considered.

   ii) The first in time principle for grant of concession in non-notified areas might impact the interest of end use industries especially in case of bulk minerals like iron ore, bauxite and lime stone.
iii) Sufficient provisions need to be built in the legislation to ensure that a person selected through auction process is able to do scientific mining.

iv) Suitable protection for pending proposals for mineral concession that have obtained all clearances but have not yet executed their lease/licence needs to be provided in the new Act.

v) Detailed prospecting should be insisted for all the mineral existing in the area, so that information on important minerals that might not be economically feasible to mine in the present context and technology is recorded. A suggestion was made to utilize the proposed Mineral Funds for this purpose.

4. The Chairman took up each of the issues individually and clarified that:

i) The new draft Act proposes to define the role of Central Government, especially for non coal and non atomic minerals, as a regulator and not as a participant. This is in terms of the principle of arm’s length enunciated in the National Mineral Policy. The Central Government would continue to be a regulator and its agencies like GSI and IBM would continue their functions and evolve from ‘Central’ into ‘National” agencies. In this vein, GSI and IBM would undertake initiatives to strengthen State DGMs, for which a separate scheme is also being envisaged in the Ministry. Thus there will be no dilution in the regulating powers of the Central Government.

ii) The State Government can give preference to end user industry by restricting the bidders in the auction. Thus there should be no problem for end user industries in obtaining concessions through auction process. The provision allowing transfer of concession encourages participation of specialists and consolidation of holdings under an interested end user, who can acquire prospected deposits through outright purchase.
iii) The auction process would be a two stage process - technical and financial. The draft Act provide that the State Government may invite bids from only such applicants who possess special knowledge and appropriate experience in scientific mining and mineral beneficiation and will bring in new and advanced technologies. This pre-qualification for bidding would keep out the non serious players. Moreover, any deposit which taken on auction, the lessee will seek to maximise his gain by optimum utilization of the entire resources available in the deposits.

iv) Suitable saving clauses have been provided in the draft Act to protect ‘first-in-time’ in non-notified areas, and applications in whose favour Central Government prior approval has been accorded.

v) In the long run development of ore beneficiation technologies will make exploitation of rare minerals more accessible and cheaper, encouraging the investor to get into this activity. Moreover in case of surface deposits high end technology is not necessary. For other minerals, the investment in technology is driven by demand in the market and the prices of the mineral. It was also pointed out that the threshold values of some important minerals have been re-assessed and this would address some of the major concerns on zero waste mining and optimum utilisation of resources.

5. The Chairman desired that comments on the new draft Act may be sent at the earliest, so that they can be factored in the new Act.

6. The meeting ended with a vote of thanks.
LIST OF PARTICIPANTS IN THE MEETING ON THE NEW MINES AND MINERALS (SCIENTIFIC DEVELOPMENT AND REGULATION) ACT HELD ON 20TH AUGUST, 2009 UNDER THE CHAIRMANSHIP OF ADDITIONAL SECRETARY, MINISTRY OF MINES IN SHASTRI BHAWAN, NEW DELHI.

1. Shri S. Vijaykumar, Additional Secretary, Ministry of Mines — Chairperson
2. Ms. Ajita Bajpai Pande, Joint Secretary, Ministry of Mines
3. Shri Anil Subramaniam, Under Secretary, Ministry of Mines
4. Shri R. N. Parasher, Section Officer, Ministry of Mines
5. Shri M. Ravi Shankar, DSM, Aditya Birla Group
6. Shri P. R. S. Mani, GM, Hindalco
7. Shri V. K. Tyagi, Chief Engineer, M. N. Dastur & Co.
8. Shri Dr. T. C. Rao, Advisor, CII
9. Shri S. G. Roy, Director, CII
10. Shri K. V. Sunil, D.M., Essel Mining
Minutes of the meeting held with FIMI on the 3rd September 2009 on the new draft MMSDR Act

A list of participants is given at Annexure. The Chairman welcomed all the participants and stated that the present discussions are part of the preliminary interactions with the stakeholders and the purpose of the discussions is to evolve commonly accepted principles for legislative changes with the stakeholders. Based on these discussions the draft Mines and Minerals (Scientific Development and Regulation) Act would be harmonised keeping in view the various feedbacks given by the stakeholders. The harmonised draft Act would then be circulated to all the stakeholders again for comments. The Chairman acknowledged the written comments submitted by the FIMI (copy enclosed), and started discussions on that basis.

Section 1: Title

2. The FIMI suggested that addition of the word “Scientific” before “development” denotes as if development of mineral resources so far has not been scientific, and that the adjective “scientific” before “development” may therefore not be required. The Chairperson agreed to reconsider the nomenclature of the draft Act.

Section 3: Definitions

3. FIMI pointed out that some of the definitions used in the Act need to be reviewed and redefined in view of the current usage in the industry. The Chairman clarified that definitions of the terms used in the draft Act are based on the meaning given in the UNFC and the existing MMDR Act and Rules framed thereunder. However, as requested by the FIMI, the Chairman agreed that the FIMI, in consultation with the IBM and GSI may suggest a draft definitions of the important words used in the draft Act which is user-friendly and commonly accepted in the industry.
Section 4: Reconnaissance, prospecting and mining operations to be licensed except as provided

4.1 While agreeing to the role played by the GSI, Atomic Minerals Directorate and State Directorate in undertaking reconnaissance or prospecting operations, the FIMI suggested that the other government agencies alluded to in the draft Act should be clearly specified. It was also requested that only the Central Government should have the powers to notify such agencies since there was a concern that the State Government may use these powers excessively to block out areas for exploration and mining.

4.2 In this aspect, the Chairman clarified that the role of Central Government in notifying the Government agencies would be considered. However, in respect of blocking of area, the Chairman pointed out that the intention of this provision read along with the provision for sequestering was to allow the State Government to do promotional exploration and after identifying the deposits, throw open the area for mining through auction/bidding. This was considered as a transparent process. Secondly, it was pointed out that the principle of sequestering an area was being introduced as a replacement to the existing powers for reservation. The Chairman pointed out that the powers of reservation was not as transparent as the sequestering process, and some of the recent trends showed that quite often the areas were being reserved to obtain mining lease in favour of the State PSUs which then used to get into joint ventures with private companies for exploitation of the resources on profit sharing basis. The Central Government felt that such practices lead to a non-qualified body (PSU) getting the lease in a non-transparent manner and actual responsibilities for scientific and systematic mining gets diffused in the joint venture between the partners. This was not a healthy trend and thus the process of sequestering would clearly define the role of the blocking an area specifically for only one purpose, i.e. exploration. After this exploration is over, the area has to be thrown open for mining through general notification.
4.3 FIMI pointed out that the State Governments are already levying various forms of cess and taxes on the mining activities and, separately, the Central Government was also getting a sizeable share of the revenue from the railway charges and port charges apart from Income tax. It was requested that these cess and taxes need to be removed/ rationalised in order to allow the mining industry to develop. Even so, the FIMI held that the State Government role in the mining industry should be that of a regulator, rather than as an exploration agency. The FIMI also stated that the role of State Government, if allowed, should be limited to regional exploration. This approach should be applicable for all minerals and not just surface deposit minerals.

4.4 Continuing the discussion, the Chairman pointed out that with the global increase in the prices of the minerals and metals, the State Governments also sought a fair share of the revenue from mining as compensation. Moreover, in order to allow the State to get the compensation in a transparent manner, rather through their PSUs, or by giving preference to a later applicant on various grounds, the new draft Act attempted to break away from the legacy of the reservation.

Section 5: Eligibility for grant of concessions

5. The FIMI pointed out that the eligibility criteria need to be clearly defined for grant of mineral concessions in respect of foreign nationals/companies, since the Government of India has already taken a decision to allow 100% FDI in mineral sector. The Chairman clarified that the definitions are in terms of the existing MMDR Act, and moreover, these definitions would be harmonised with the provisions of the new Companies Act, separately under consideration of the Government.
Section 6: Maximum and Minimum area of concessions

6.1 The FIMI requested that area restriction for mining leases for mineral iron ore should not be limited to 25 sq.kms. The Chairman desired that in order to review this limit, the FIMI may suggest certain acceptable limits.

6.2 The FIMI pointed out that it would be difficult for the Government to identify new technologies, in order to grant LAPL. Moreover, the criteria for identifying such technologies and norms need to be in place. The Chairman clarified that the criteria and the norms would be specified in the Rules, and these conditions were the ‘floor’ rather than the ‘ceiling’ and would not restrict the bringing in of newer technologies.

6.3 In respect of the provision of minimum area for grant of a prospecting licence to be 10 sq. kms, the FIMI held that mining of small and isolated mineral deposits, would get restricted and hence there should be no limits or the limit should be at 25 hectares. The FIMI also pointed out that there are some exceptional areas, like those lying between two leases, which could be mineralized and require further prospecting. Opportunity to mine in these areas would get lost. The Chairman pointed out that the current trend in dispensation of mineral concession has been to divide the area between several applicants into small areas measuring upto 4 hectares. This was not in the interest of scientific mining and thus a limit for PL is being introduced. In respect of unique cases, the FIMI may like to send a list of such areas and the same would be considered.

Section 8: Grant and Extension of Concessions

7.1 The FIMI pointed out to the bitter experience of the Industry after power to grant renewal was delegated by the Central Government to the State Governments, stating that in a large number of cases, renewal application were not getting decided and leases were continuing on deemed extension. FIMI feared a similar situation if prior approval powers were dispensed with. The FIMI requested that Central Government should continue to exercise its power to grant concessions for part ‘C’ minerals in the First schedule as well as include
the powers for renewal, which is presently delegated to the States. This was necessary since these minerals are very important and require huge investments in exploration and development. Moreover, the State Governments are not equipped, and this often leads to delays, and the States will not be under any pressure to take decisions on the proposals within the prescribed time-frame. The result would be that almost all proposals will land at National Mining Administrative Tribunal (NMAT) or State Mining Administrative Tribunal (SMAT) and virtually no concessions would be granted.

7.2 The Chairman stated that unlike in other major mining countries like Canada and Australia, where the federal Government regulates the grant directly, and collects the revenues accruing out of mining operations, in India, as per the constitutional provisions, the powers have been divided between the Centre and the State Governments in such a manner that unless the Central Government legislates the powers lie with the State Governments. Since the Central government continues to legislate in the matter, the States were not realizing there role in the mineral development. Thus a paradigm shift was necessary in order to allow the State Governments to develop their capacities as a regulator. The intervention allowed for independent Mining Administrative Tribunal was seen as a solution. The Chairman further clarified that the new draft Act proposes to define the role of Central Government, especially for non coal and non atomic minerals, as a regulator and not as a participant. This is in terms of the principle of arm’s length enunciated in the National Mineral Policy. The Central Government would continue to be a regulator and its agencies like GSI and IBM would continue their functions and evolve from ‘Central’ into ‘National” agencies. In this vein, GSI and IBM would undertake initiatives to strengthen State DGMs, for which a separate scheme is also being envisaged in the Ministry. Thus there will be no dilution in the regulating powers of the Central Government.
Section 9: Prospecting Licence and Mining Lease of other Minerals

8. The FIMI stated that since at the reconnaissance stage, no specific minerals can be firmly indicated, as the same is possible only after the reconnaissance operations, the provision of grant of prospecting licence for other minerals in the same area where reconnaissance permit has been granted may create problems. The FIMI requested that prospecting licence should allowed only for surrendered areas. The Chairman agreed to review the provisions in respect of associated minerals.

Section 12: Cancellation of a concession or disqualification

9. The FIMI pointed out that forfeiture of security deposits, suspension and revocation of licence etc. is a severe step for non-commencement. The Chairman assured that the provision would be rationalized.

Section 13: Notification of certain areas for grant of concessions

10. The FIMI pointed out that while obtaining forest clearance by the State Government is welcome before notification of an area, however, this might lead to blocking up of large mineral-bearing areas for a long time, since the State might not be able to obtain forest clearance early. The FIMI further pointed out that there was a need to clearly define the areas which would be covered by the definition of “sufficient evidence of enhanced mineralization”. The FIMI was also opposed to introduction of auction or competitive bidding for the following reasons:

(i) Prospecting evidence in the country is not sufficient, and to invite bids on the basis of such a meager information is to encourage speculative venture.
(ii) An entrepreneur would like to recover his (auction) cost at the cost of scientific mining which directly affects conservation of resources.

(iii) Auctioning would drive up the cost of minerals whereas prices are determined in a competitive market on the basis of supply and demand.

(iv) The spending on CSR activities to benefit the local populace would reduce since the bidder would try to recover his costs.

(v) Auctioning could lead to monopolistic practices as well as cartelization by financially strong players.

(vi) Auction of mineral resources is not the popular practice anywhere in the world except in Russia, Kirgizstan and Kazakhistan.

(vii) Without a proper bankable prospecting report, the bidder might have to take a big risk in the deposits, like that in the coal blocks.

(viii) Applications at various stages of processing might be affected due to this system.

10.1 The Chairman clarified that State intervention in obtaining forest clearance would be limited to only the first stage clearance and only for mining. As to the definition of “sufficient evidence of enhanced mineralization”, it was pointed out that the definition was in terms of the UNFC, and if required, the FIMI might like to suggest further definition in consultation with the IBM and GSI. In respect of introduction of auction procedures, the Chairman clarified that auction would not be the only modus of grant of concessions, as the State might open up its deposits for further exploration, after assessing its true value in the market, which will be known by the success of the auction itself. It was also explained that initially the State Governments might have problems in estimating the deposits value, but over a period of time this capacity would need to be developed so that it is able to realize the true value of the deposit. It was expected that this provision will be used primarily in respect of iron ore, where feasibility etc, was not such a technically difficult process. As to the applications that are already under process, the Chairman clarified that after the State Government has decided to grant a concession, the law would protect all the rights and interests.
accruing to the applicant. Similarly, all the rights accruing to an applicant under the existing Section 11(1) of the MMDR Act, shall be retained. The Chairman assured that the experiences in the Coal allocation would be studied and adequate rules would be framed for addressing the concerns of the FIMI.

**Section 14(5): Time limit for disposal of applications**

11. The FIMI pointed out that certain clarity is needed in defining the status of the cases where an application is not disposed of within the time limit specified and such application is pending the decision of MAT. The Chairman clarified that in such a situation the status of the application would be held as alive till its final disposal by the State Government.

**Section 19 – Condition of Reconnaissance Licence and prospecting licence**

12. The FIMI requested that the licence fee to be paid for reconnaissance licence and prospecting licence should be reviewed as it was very steep. The Chairman stated that the objective was to keep out the frivolous applications. However, he agreed to review the fee structure proposed in the draft Act.

**Section 23: Procedure for grant of Prospecting Licence:**

13. The FIMI requested that in order to create a secure environment for investors in high risk activity of exploration, the word “Preference” should be reworded to give absolute weightage to the RL/PL holder as “first right”. This was agreed to by the Chairman.

**Section 24 (1) Issue of notification where prospecting operations are to be undertaken by the GSI etc.**

14. The FIMI felt that the provision does not protect the rights of a RP/RL holder or holder of a LAPL to reach the next stage of prospecting and mining. The Chairman clarified that the Government agencies would be involved in...
promotional activities and would not impact the rights of the prospectors in the field. The provision was not an enabling provision but a procedural one, clarifying Section 4(2) of the draft Act.

Section 25: Conditions of mining lease
15. The FIMI pointed out that though mineral beneficiation is a necessary objective, it should not be made for mining. The Chairman clarified that mineral beneficiation, if planned, should be also an aspect of the mining plan and clearly indicated. However, the feasibility aspect would be duly included in the text.

Section 26: Procedure for grant of mining lease
16.1 It was stated by the FIMI that the need for obtaining written consent of the land owner and any person having occupation rights over the land needs to be revisited, as obtaining such consent is difficult and in such a situation no application of a mining lease would be complete. A case was made out for retaining the existing provisions in the MCR, which stipulates that the “consent of the landowner shall be taken before the entry into the area should be retained. It was pointed out that in the proposed sub-Section 26 (5) the word “No” as inadvertently left out and the same must be incorporated as “refusal may NOT be made.”

16.2 The Chairman clarified that in order for the mining to be sustainable and integrative of the aspirations of the local people, there was a need for the mining industry to convince the land owners to allow the mining activity. The State Governments role in acquisition of the area would then be clearly defined, and there would be less chance for litigation. However, the Chairman assured that the provisions would be reviewed, particularly where large numbers were involved. There was a possibility of a few people holding out for extraneous reasons.
Section 28: Right of a Lessee
17. FIMI sought that some more additional facilities pertaining to functioning of the mining lease may be also provided. The Chairman agreed to include the same.

Section 31: Determination of lease
18. The FIMI requested that no order of determination of a mining lease should be made without giving reasonable opportunity to the lessee of being heard. This was agreed to by the Chairman.

Section 32: Premature termination of lease
19.1 The FIMI has sought review of the provisions which gives sweeping power to State Governments to terminate mining leases which are not in public interest. It was requested that suitable compensation should be allowed to lessees in case such premature terminations is resorted to, since there is likely to be a loss of investment and opportunity to the lessee.

19.2 The Chairman clarified that the powers are being devolved to the State Government is larger interest as the regulators on field level. However, he agreed to consider if any compensation provisions could be structured in the draft Act.

Section 33 & 34: Mine Closure Plan
20. The FIMI held that the opinion of panchyat before approval is unnecessary procedure which will involve more hurdles and delay. Further the cost of closure is required to be borne by the lessee, but it was not clear as to who will fix the cost. The Chairman clarified that the proposed provisions do not warrant any prior approval but only a a process of consultation. Moreover it was pointed out that it would be in the interest of the mining industry to have an integrative approach rather than an isolationist approach. Regarding the fixing of the cost of closure of a mine, the IBM would be empowered to determine the cost of closure
in consultation with the State Governments concerned. The Chairman assured that suitable Rules would be provided to this purpose.

Section 38: Reservation of areas for conservation of mineral areas
21. The FIMI suggested that the details of such reserved areas should be displayed on the website, and such areas should not be diverted for other land use like residential or industrial purposes. It was also requested that the powers to reserve an area should be retained with the Central Government. The Chairman stated that the procedure for reservation would be enumerated in the Rules, and it was agreed to consider the request of FIMI for non-diversion of mineral bearing areas for other land uses.

Section 45: Power of the Central Government to issue direction
22. The FIMI requested that the general enabling provision to the Central Government to issue directions to the State Government should be case specific and invoked “as may be required”. The Chairman agreed to incorporate the same in the draft Act.

Section 51: Offences and Penalties
23. The FIMI was of the opinion that the penalties sought to be imposed were very severe and a review was necessary. FIMI stated that these level of penalties will create terror in the minds of genuine mine owners/prospective entrepreneurs and drive them away from mining. The Chairman informed the FIMI that the focus was not on severity of the punishment but on the certainty of the punishment. For this reason, in view of the rising trend of illegal and irregular mining, the Government felt there is a need to make the penalties stringent. The Hoda Committee also had recommended stringent action against illegal mining.

Section 58, 59 & 60: Power and procedures of the tribunals
24. The FIMI requested that the proposed Tribunals should also include a technical person who has field experience in mining. The Chairman agreed to consider the request, but stated that it was necessary to ensure that the
Tribunals discharge the basic functions of adjudication effectively, without getting too deeply involved in technicalities.

Section 63: National Core Repository

25. The FIMI members sought that apart from the creation of a National Core Repository, private initiatives may also be permitted for developing such core libraries. The Chairman agreed to incorporate suitable provisions in the draft Act, on the condition that such repository would be also accessible by the public.

Section : 65 Validation of certain Acts and indemnity

26. The FIMI sought those mineral concession applications where prior approval of the Government has been obtained, or grant order issued, but not yet executed, or incases where the RP has been recently granted, the saving clause should protect the rights of the applicants. The Chairman clarified that in cases where the Central Government has given prior approval or where grant orders have been issued, the applications right to obtain the concession would stand protected. In respect of the RP, the Chairman suggested that if the area is less than 5000 sq kms and pertains to non-bulk mineral then such concessions could be converted into LAPLs. In respect of all pending applications for RP, the Chairman requested the FIMI to furnish a pendency list to the Ministry so that the same could be followed with the State Governments for early disposal.

27. The Chairman requested the participants to freely convey their comments, if any remained, to the Ministry, and assured that the same would be considered positively.

28. The meeting ended with a vote of thanks.
LIST OF PARTICIPANTS IN THE MEETING ON THE NEW MINES AND MINERALS (SCIENTIFIC DEVELOPMENT AND REGULATION) ACT HELD ON 3rd SEPTEMBER, 2009 UNDER THE CHAIRMANSHIP OF ADDITIONAL SECRETARY, MINISTRY OF MINES IN SHASTRI BHAWAN, NEW DELHI.

1. Shri S. Vijaykumar, Additional Secretary, Ministry of Mines – Chairperson
2. Ms. Ajita Bajpai Pande, Joint Secretary, Ministry of Mines
3. Shri Anil Subramaniam, Under Secretary, Ministry of Mines
4. Shri R. N. Parasher, Section Officer, Ministry of Mines
5. Shri R. Rungta, President, FIMI
6. Dr. S. Asokan, Vice President, FIMI
7. Shri R. K. Sharma, Secretary General, FIMI
8. Shri S.B.S. Chauhan, Adviser, FIMI
10. Shri Charles Devenish, Chairman, Geomysore Services Pvt Ltd
11. Dr. V. N. Vasudev, Exploration Director, Geomysore Services Pvt Ltd
12. Shri A. K. Rai, Director, SESA Goa Ltd
13. Shri Glenn Kalavanpara, Secretary, Goa Mining Association
15. Shri S. Krishnan, Director, RIO TINTO
16. Shri P. Sengupta, Rungta Mines Ltd.
17. Er. Shiv Kumar, Satna (M.P.)
18. Shri S. C. Parik
19. Shri Reddy G.V.S.B., Vice President, MSPL Ltd.
(Annexure III continued)

Minutes of the workshop with the stakeholders on the 9th October 2009 on the new draft MMDR Act under the Chairmanship of Hon'ble Minister of Mines & DoNER

A list of participants is given at Annexure.

2. Secretary, Ministry of Mines, welcomed all the participants and stated that the New Draft MMDR Act had been circulated to all the Stakeholders and after one round of consultation, had been modified further to incorporate the various view points of the Stakeholders in a balanced manner. While recognizing the fact that the New Draft Act would not be able to entirely satisfy all the concerns of various Stakeholders, an effort has been made to incorporate all such suggestions which work in the larger interest of mineral development. She stated that the objective of the workshop was not to set up a forum for disagreement but rather a platform for the stakeholders to able to appreciate each others concerns.

3. The Chairman, while inaugurating the workshop, in his keynote address stated that in order to increase the contribution of the mineral sector from the present 2.3% - 2.5% of GDP to 5% of the GDP, the new draft Act has attempted to ensure an investor friendly regime, which balances the aspirations of the majority of the stakeholders. He also stated that there was an attempt to redefine the role of Central Government for non-atomic, non coal minerals from ‘control’ to ‘regulation’ of the sector. The Chairman informed the Stakeholders that in order to exploit the potential of the mineral sector in view of the reviving global economic scenario, there was need to quickly finalise the draft Act so that the same could be introduced in the Winter Session of the Parliament.

4. The discussion on draft Act was taken up Chapter wise as follows:-

Chapter-I - PRELIMINARY
4.1 **Response of the State Governments** – It was requested that the State Governments should be allowed to notify the availability of an area for grant of mineral concession in its official website and in the Newspapers also. It was also pointed out that in finalizing the definitions for the terms for exploration and mining operations, the State Governments should also be involved. There was a request to define the term royalty in the Act. There was a request to include “Short Term Permit” granted for quarrying of minor minerals for construction purpose in the definitions. It was pointed out that the definition of major minerals needs to be reviewed since there was possibility that some minerals not-known to exist at present might get left out from the First Schedule to the Act. In this context, it was requested that minor mineral should continued to be notified by the Central Government in order to maintain uniformity between all the States.

4.2 It was clarified by the Ministry that suitable provisions would be incorporated in the Act for Notification in official website also. It was pointed out that purpose of Notification was to create a permanent record which could be accessed in the future also. In respect of notification in Newspapers, nothing in the law stopped the State Governments from publishing the Notification as brought out in Official Gazette in the Newspapers for wider publicity. While it was pointed out that the definitions for terms defining mining operations were based on UNFC system which was appended to the Draft Act, it was agreed that while finalizing the definitions pertaining to terms defining the various mining operations, a separate meeting would be conducted by the Indian Bureau of Mines (IBM) with all the important Stakeholders including the State Governments. In respect of giving a definition for the term royalty, it was clarified that definition was widely available in dictionaries and thus separate definition was not necessary. With regard to definition of various concessions for conducting mining granted by the State Governments, it was agreed to broaden the scope of definition of mining lease in order to cover such permits. In respect of definition of major minerals, it was pointed out that while the effort was to make the list as exhaustive as possible, any new discoveries of mineral not in the
list can be further included for specific reference in the Schedule-I on case to case basis. On the issue of Notification of minor mineral, it was held that the State Governments in their administrative capacities should conduct a due diligence exercise before notifying a mineral as a minor mineral without conflicting with the First Schedule.

4.3 **Response of the Industry** – It was requested that the definition of major mineral should mean to include all such minerals that are not specifically defined as minor minerals through Notification. The definition for Prospecting Licence and LAPL needed to be reviewed. It was requested that prospecting should also include feasibility studies.

4.4 It was clarified by the Ministry that suitable provisions have been given in the Draft Act for amending the First Schedule through Notification which would allow for quick action. As had been pointed out earlier, the IBM would be conducting separate meeting with the Stakeholders for definitions of terms defining mining operations.

4.5 **Response of Central Ministries/ Departments** – There was a request to define Geological Survey of India (GSI) in the Act. Further it was sought that along with the definition of mine and owner, definition for agent and contractor should also be given.

4.6 It was clarified by the Ministry that there was no separate need to define GSI since the same was given in the Constitution of India. In respect of definitions occurring in the Mines Act, 1952, it was agreed to suitably incorporate a provision in the Draft Act for using such definitions in the Mines Act accordingly.

Chapter-II - CONCESSIONS GENERALLY

5.1 **Response of the State Governments** – The following issues were raised:

(i) Areas over which applications for grant of concessions are pending should also be open for exploration by Government Agencies under Section 4(2) of the
Draft Act. Draft Act to allow for levy of application fees. In order to facilitate the State Governments to develop ore body, the Exploration Reports generated by a concession holder or a promotional prospector, to be deposited to the State Government.

(ii) Increase the scope of definition of Government agencies to include State PSUs and State Governments bodies, and PSUs to be exempted from the maximum area limits for grant of concessions.

(iii) The area proposed for grant of Large Area Prospecting Licence (LAPL) was considered as too large, and held as not necessary since large area could be granted for regional exploration under Reconnaissance Licence (RL). Moreover, there was a need to clarify the minimum area that could be held under LAPL. Rationalise the minimum area for Prospecting Licence (PL) so that it is equal to the area allowed for mining lease. Minimum area for minor minerals to be reduced since in some States, a large number of quarries are granted over an area of 1 acre / 50 Cents due to restrictions of patta land size.

(iv) An objective procedure is needed for short-listing and selecting an applicant in grant of PL using the parameters given in the draft Act. It was also desired that mechanism for auction/bidding process to be detailed so that the process is transparent and does not otherwise impact mineral development initiatives. It was pointed out that for greater objectivity, adequate provision might be included in the draft Act for ensuring compliance of conditions pertaining to setting up of industry or utilisation of ore, committed by a PL holder at the mining stage. Grant of preference to end use industry, especially for bulk minerals, in grant of concession and the geographical location of such end use industry were also discussed. It broadly emerged that giving preference to end-use industries might not be always in the interest of scientific mining.

(v) Powers for regulation for minor minerals to remain with the State Governments concerned.

(vi) Extension of tenure for RL was not necessary.

(vii) Time limit for disposal of ML applications should take into considerations the delays involved in obtaining other statutory clearances. The matter of delay in
grant of concessions might be dealt by a higher authority in the State Governments itself, rather than being referred to an independent Tribunal. In case of minor minerals framework could be given for Scientific and Sustainable mining which might be used for resolving grievances, instead of being referred to State Mining Tribunal (SMT).

(viii) Consultation with IBM is not necessary while cancelling concessions.

(ix) Powers to fix the fees for transfer of concessions for minor minerals should be with the State Governments, and it should made mandatory under the Act for the lessee to inform the State Government about the total premium earned by the lessee in case of each transfer. The time period available to the State Government for disposal of transfer applications should be 90 days.

(x) In respect of 29 minerals, where the State Governments are presently empowered to approve the mining plan, the powers should continue with the State Government.

(xi) Review the necessity to obtain consent from owners of land before a lease is executed.

(xii) Exempt pocket deposits of coal from obtaining prior approval of the Central Government.

(xiii) Suitable saving clause for mining leases in Goa, Daman and Diu, and coal mines granted prior to enactment of MMDR Act, 1957.

(xiv) If any amount of security deposit of the concessionaire is forfeited, then that portion of security deposit would have to be suitably furnished by the lessee before commencing further operations.

5.2 It was clarified by Ministry of Mines that:

(i) There was a need to maintain an arms length and encourage investment by private sector in exploration in terms of the policy guidelines of National Mineral Policy, 2008. Therefore, all such areas where applications are pending were proposed to be excluded. It was agreed to provide suitable provision in the
draft Act for levy of application fees and enforcing the condition for every prospector to compulsorily furnish prospecting report to the State Government.

(ii) The draft Act allowed the Central Government to notify specific Government agencies, which included State Government agencies also, from time to time. Thus the definition was comprehensive. However, in order to maintain level playing field, PSUs could not be given any exemptions in the size of area which could hold under concessions.

(iii) While RP is proposed to be granted for regional exploration, LAPL is proposed to be granted for regional as well as detailed exploration of non bulk-minerals, and therefore in order to attract state-of-art-technology and high risk investment, the maximum area was proposed to be 5000 square kms with progressive relinquishment. In respect of the minimum size of PL to be equivalent to a minimum size of ML area, it was pointed out that in the interest of scientific development and exploration of a resource, the PL area cannot be equal to the minimum mining lease area.

(iv) The Ministry agreed to suitably elaborate the procedure for short-listing and selection of an applicant for PL, and also detailing the mechanism for competitive bidding process for grant of concessions.

(v) The Ministry agreed to the proposal to allow the State Governments to regulate minor minerals, subject to certain minimum requirements on scientific and systematic mining.

(vi) The Ministry agreed to delete provision for extension of RL.

(vii) It was agreed to review the time limits for disposal of concessions. However, it was pointed out that, for objectivity in the system, an independent body is needed to resolve disputes on delays in disposal of applications.

(viii) It was pointed out that consultation with IBM prior to cancellation of lease would be on technical terms which would support any action of the State Government in case of judicial review. However, it was agreed to define the time period for the IBM to tender its advice, failing which it would be assumed as deemed approval.
(ix) It was agreed by the Ministry to provide for enabling provision in the draft Act to allow the State Government to fix fees for transfer of concessions for minor minerals, and also that the lessee would inform on the premium from such transfer. The proposed time limit of 90 days for disposal of transfer lease application was also agreed.

(x) The Ministry pointed out that the present system of State Government approving mining plan for 29 minerals would be considered.

(xi) It was pointed out that in larger interest of mining and in order to reduce litigation, it was essential that all the occupiers of the land should agree to the mining activity. Accordingly, the Ministry had revised the provision to make it necessary to obtain consent before executing a lease and not while making application.

(xii) In respect of the request of State Government to exempt pocket coal deposits from prior approval, it was pointed out that the draft Act was prepared in consultation with the Ministry of Coal, which is the administrative Ministry for coal bearing areas.

(xiii) It was agreed to provide suitable saving clauses.

(xiv) It was agreed to provide suitable provision to make it mandatory for the concession holder to deposit such portion of the security deposit that has been forfeited before commencing mining operations.

5.3 **Response of the Industry** - While agreeing with the proposal, the Industry representatives submitted the following:

(i) Since exploration was a high-risk activity, it was not necessary to divert tax-payers money into exploration so far as the industry was willing to do so. Therefore, exploration of Government agencies under Section 4(2) of the draft Act should be limited to promotional prospecting.

(ii) While an area is under promotional prospecting, the State Governments should not accept applications for grant of concessions, since it leads to unnecessary litigation.
(iii) The auction of ML would not be effective without a proper Prospecting Report and Feasibility Study Report. An objective system is required for short-listing of applicants in grant of concessions. There has to be a rational policy for allocation of mines for captive purposes, based on the capacity of the unit.

(iv) PL should be allowed for contiguous areas to an existing lease holder, even though it is less than the area allowed under PL.

(v) The lessee should be allowed co-terminus ML for other minerals found in his lease area, and amalgamation of leases should be provided in the draft Act.

(vi) In held areas, security of tenure should be assured to the lessee.

(vii) Details of the grant of concessions, relinquishment and termination of concessions and details of plan of operations should be made available on website of the State Government for transparency.

(viii) Before declaring a person as ineligible for grant of concessions, since he did not conduct operations in accordance with the plan, the State Government should give him an opportunity. Further the maximum period for which a person can be held as ineligible for applying for concession would need to be defined.

5.4 The Ministry of Mines agreed to the requests of the Industry.

5.5 Response of Central Ministries/ Departments- It was desired that the law should allow for identification of habitual offenders and restricting him from applying for any concessions in future. It was held that mining lease area should not be less than 10 hectares in order to allow scientific mining. It was submitted that reservation provisions should continue for the PSUs since they act as balance to the private sector. In respect of Atomic minerals, it was desired that separate discussions were requested.

5.6 The Ministry of Mines clarified that illegal mining was a bane to the mining industry and the law had been made very strict for this purpose. Accordingly, habitual offenders would not be allowed to apply for concessions. In respect of minimum size of the ML area, it was pointed out that the minimum area over which environmental clearance required was 5 hectares, so the limit was justified.
at 5 hectares. As to the reservation provisions, the crux of the issue was ore linkage, for which the Ministry agreed to provide suitable provisions in the criteria for selection. The Ministry agreed to separate discussion with DAE for Atomic Minerals.

20. The meeting ended with a vote of thanks.

Annexure

LIST OF PARTICIPANTS

1. Shri B.K. Handique – Chairman
2. Smt Santha Sheel Nair, Secretary (Mines)
3. Shri S. Vijay Kumar, Addl Secretary (Mines)
4. Smt Ajita Bajpayi Pande, JS (Mines)
5. Shri VK Thakral, JS (Mines)
6. Shri Sanjay Mittal, JS& FA
7. Shri U.P. Singh, JS (Steel)
8. Shri Sanjay Mangal, Director (Steel)
9. Shri K. Srinidhi, Director (Commerce)
10. Shri LP Sonkar, Planning Commission
11. Shri Rana Som, NMDC
12. Representatives from DAE
13. Representative of DGMS
14. Representative of IREL
15. Representative of SAIL
16. Representative of MOIL
17. Representative of State Government of Kerala
18. Representative of State Government of Maharashtra
19. Representative of State Government of Tamil Nadu
20. Representative of State Government of Jharkhand
21. Representative of State Government of Orissa
22. Representative of State Government of Rajasthan
23. Representative of State Government of Madhya Pradesh
24. Representative of State Government of Chattisgarh
25. Representative of State Government of Karnataka
26. Representative of State Government of Andhra Pradesh
27. Representative of State Government of Punjab
28. Representative of State Government of Haryana
29. Representative of State Government of Assam
30. Representative of State Government of Himachal Pradesh
31. Representative of State Government of Goa
32. Representative of State Government of Gujarat
33. Industry representatives from FIMI
34. Industry representatives from CII
35. Industry representatives from FICCI
36. Industry representatives from ASSOCHAM
Record notes of the workshop with the stakeholders on the 10th October 2009 on the new draft MMDR Act under the Chairpersonship of Secretary (Mines)

1. List of participants is at Annexure.

2. The Chairperson, Secretary, Ministry of Mines, while welcoming all the participants stated that in continuation to the discussions on the new Draft MMDR Act, there was a necessity to evolve the institutional mechanisms for enabling the supporting environment development of the mineral sector in terms of the objectives proposed in the new Draft Act. She stated that the there was a need to strengthen the Geological Survey of India (GSI), Indian Bureau of Mines (IBM) and streamline the administration of the mineral concessions system. She further stated that while the issues on GSI, IBM and Mineral concession systems which aim to address the issues of growth in mining sector, at the same time, there was also a growing concern on the resulting environmental disturbance and loss of ecological balance. To this purpose it has necessitated fresh thinking on policy approaches and systems that ensure that Mining is done in a way that causes least damage to the natural resources such as air, water, soil, biomass, and also to human communities and life forms. The Chairperson stated that since Sustainable Mining with an integrative approach is critical for the growth of mining sector, she invited the participants to share their views on the issues of approaching Sustainable Development Framework for the Indian Mining Sector.

3. In the issues pertaining to the GSI, the participants discussed and shared their opinions on the issues of training schedules by GSI for State Governments, Collaboration/Partnership programme envisaged with the State Governments, the need for ensuring that reconnaissance data is given by States to GSI, and facilitating notification of areas for exploration by GSI as per the CGPB decisions. The State Governments were generally of the opinion that the GSI’s expertise in the sector should be accessible to the State Governments through the training programmes, and joint exploration studies. The Industry representatives, while lauding the efforts of the GSI to share all the exploration data through their portal free of charge, requested that while planning for exploration, the GSI activities could leave out areas on which the Industry themselves has applied for exploration in order to avoid conflict of interest.

4. In respect of IBM, the discussions were focused on the issue of revision of the threshold value of 12 minerals and implementation of UNFC system in the mining sector which was seen as a move towards zero waste mining and complete utilisation of the run-of-ore as enshrined in the National Mineral Policy, 2008. It was generally accepted that Mining Plan and Mine Closure Plan should be monitored closely by both the IBM and the State Government in order to
ensure that systematic and scientific mining is undertaken. On the issue of Royalty, it was apprised that with the revision of rates of royalty, the IBM is undertaking a review of the mechanism of calculating the Sale Price of the minerals for which royalty is computed on ad valorem basis and the average sale prices are published by the IBM. The State Government representatives desired that average sale prices published by the IBM should be much more realistic, and the system of data collection also needed a review. The Industry representatives pointed out that the system of sale price calculation needed to be more systematic and transparent, and welcomed the review of the system by the IBM.

5. The Additional Secretary (Mines) informed the participants that subsequent to the circulation of the Guidelines for processing the cases of mineral concessions dated 24.06.2009, the Ministry had circulated a Model State Mineral Policy to the State Governments. It was stated that processing mineral concession cases as per the guideline and policy would streamline the mineral concession system and bring in greater transparency in the system at the State Government level. The advantage of such a system would be a reduction in avoidable litigations in the Courts and in the Revision Applications to the Central Government. A list of cases in which clarification was sought from the State Governments in the mineral concession proposals for which State Governments had sought prior approval was also circulated to the State Governments with a request for early response, failing which the Central Government would return back the cases. The status on the proposal for strengthening of State DGMs as per the letter of Secretary (Mines) to Chief Secretaries was also discussed. While several State Government representatives had already initiated action to process mineral concessions as per the Guidelines, other State Government representatives agreed to take immediate action as per the Guidelines and also take suitable steps to frame their State Mineral Policy as per the Model Mineral Policy circulated. The Industry representatives wholeheartedly supported the initiative on the new Guidelines and the State Mineral Policy.

6. M/s Environment Resources Management Ltd, the Consultant shortlisted by the Ministry of Mines for preparing the draft Sustainable Development Framework for the Indian mining sector, gave a presentation on the issues facing the mining sector and their likely methodology for preparation of the draft Framework. Representatives of civil society concerned with environmental/societal impact, while welcoming the initiative sought that attention also needs to be given to evolve mechanism to involve the local and marginalized people of the mining areas in evolving the Framework. It was also requested that attention needed to be given to water shed areas and impact of mining on water table. The State Governments were supportive to the concept of preparing a Framework for Sustainable Development and showed willingness to support the effort. The Industry representatives pointed out that they had already started a Sustainable
Mining Initiative, and were supportive of the need to prepare a Sustainable Development Framework for the Indian Mining Sector.

7. Shri Ravi Rebbapragada and Shri R. Sreedhar of Samata were invited by the Secretary (Mines) to give their views on the issues for discussion. The Samata representatives while accepting that mining is necessary stated that it was necessary to develop a Sustainable Development Framework which addresses issues of R&R in tribal areas, pollution control, mechanisms for consultation with Panchayats/Gram Sabhas, and other tribal institutions. It was also stated that there was a need to develop formal mechanisms to ensure royalty benefits flows to the local people. Shri Chander Bhushan of CSE stated that the Sustainable Development Framework should address the issues of impact of mining on water resources, efficacy of mine closure and post closure land use patterns which needed to be evolved through consultations process with the local people and the need to bring in greater transparency in the entire mineral sector.

8. Summing up the discussions, the Chairperson stated that in the overall scheme of the National Mineral Policy, 2008, and the initiative taken to prepare suitable laws for the mining sector in the form of new draft MMDR Act, there was a paradigm shift in the role of the Central Government from “controlling” to “regulating” the mining sector in the interest of mineral development. She added that the new Act took into consideration major emergent concerns, and provided directly for Sustainable Development Framework, consultations with Panchayat/Gram Sabhas (in Tribal areas), mine closure management, cess for local area developments and in addition, in many respects provided for mechanism which would enable the addressing of these issues through Sustainable Development Framework document implemented through legislation, independent Tribunals, process of public consultation and public disclosure through website. She expected that many of the concerns would be more fully met when the Rules were actually framed and she stated that there would be another round of full discussions at that time.

9. The meeting ended with a vote of thanks.

LIST OF PARTICIPANTS

1. Smt Santha Sheel Nair, Secretary (Mines)- Chairman
2. Shri S. Vijay Kumar, Addl Secretary (Mines)
3. Smt Ajita Bajpai Pande, JS (Mines)
4. Shri VK Thakral, JS (Mines)
5. Shri Sanjay Mittal, JS& FA
6. Shri Sanjay Mangal, Director (Steel)
7. Shri RB Tyagi, Planning Commission
8. Representatives from DAE

Annexure
9. Representative of DGMS
10. Representative of IREL
11. Representative of State Government of Kerala
12. Representative of State Government of Maharashtra
13. Representative of State Government of Tamil Nadu
14. Representative of State Government of Jharkhand
15. Representative of State Government of Orissa
16. Representative of State Government of Rajasthan
17. Representative of State Government of Madhya Pradesh
18. Representative of State Government of Chattisgarh
19. Representative of State Government of Karnataka
20. Representative of State Government of Andhra Pradesh
21. Representative of State Government of Punjab
22. Representative of State Government of Haryana
23. Representative of State Government of Assam
24. Representative of State Government of Himachal Pradesh
25. Representative of State Government of Goa
26. Representative of State Government of Gujarat
27. Industry representatives from FIMI
28. Industry representatives from CII
29. Industry representatives from FICCI
30. Industry representatives from ASSOCHAM
31. Shri Ravi Rebbapragada, Samata
32. Shri R. Sreedhar, Samata
33. Shri Nishant Alag, Samata
34. Shri Chandra Bhushan, CSE
35. Representatives from M/s Environment Resources Management Ltd
Minutes of the meeting held on 14th October 2009 with the Ministry of Steel and Ministry of Commerce on the new draft MMDR Act

A list of participants is given at Annexure.

2. At the outset, Secretary (Steel) informed that most of the issues raised by Ministry of Steel had been addressed by Secretary (Mines) vide D.O. letter No. 16/57/2005-MVI (Vol VI) Part I dated 30.9.2009 and thanked her for this. However, it was pointed out that some issues still need to be resolved, as highlighted by Ministry of Steel vide letter dated 8.10.2009, Secretary (Steel) sought discussion in the meeting on the following major items as given below:

(i) **Treating country as a single economic space:** Secretary (Steel) mentioned about the increasing trend of the State Governments to give preference for setting up of a value addition industry within a state as a precondition for grant of mineral concessions. He pointed out that the minerals are national assets and therefore, it is essential that the country should be treated as a single economic space for allocating and utilizing the mineral resources for overall growth of the country. It was further pointed out that if the States insist on value addition within their State only, it might result in the cluster of industries in some mineral rich states/areas only, which might not be in overall economic interest of the country. Secretary (Steel) cited the example of RINL, Vizag, which has been based in a coastal region in Andhra Pradesh on other social/economic criteria like development of certain backward areas, availability of some other raw material, port or other transport facilities, nearness to market, etc. He stated that such industries may not get any captive mines, which may affect the economic viability of these industries. Secretary (Steel) suggested that this objective of treatment of country as a single economic space could be achieved by following measures:
a. Continuing with the present procedure of prior approval of Central Government for grant and extension of mineral concessions in the interest of better regulation for strategic minerals like iron ore and other steel input materials.

b. Through specific provision in the Act/ Rules giving preference to value addition in the allocation/ auction mechanism irrespective of geographical boundary/ location of end-use industry and ensuring that steel capacities located in states other than mineral rich states are not denied mineral concessions, if they fulfill other qualifying criteria.

c. Intervention and monitoring of Central Government through Coordination-cum-Empowered Committee

(ii) **Restriction on sale of iron ore by the captive mining lease holders:** Secretary (Steel) highlighted that as it is proposed to allocate captive mines on preferential basis, there is a need to include a provision imposing restriction on sale of iron ore by the captive mining lease holders to ensure that the mineral produced by the captive miner is used in the specified end use industry only.

(iii) **Grant of concessions to foreign companies:** Secretary (Steel) felt that a few large foreign companies are controlling about 80% of the total sea borne trade of iron ore of the world. The liberalized procedure of transferability and auction of mineral concessions in the proposed MMDR Act may lead to monopolization of assets of strategic minerals like iron ore, manganese ore, chrome ore by these foreign companies in India. Sufficient experience for prospecting and mining in these minerals is available in the country and there is no dearth of investors willing to make
investments for scientific mining and beneficiation of these minerals. Therefore, there is a need to monitor and regulate the process of mineral concessions through auctions/ transfers to ensure that liberalized provisions of modified MMDR Act are not misused to the detriment to the interest of the country.

3. Secretary (Mines) clarified that the role of the Central Government was now largely aimed at ‘regulating’ the sector rather than ‘controlling’ the mineral concessions regime, and that the provisions in the draft Act had been elaborated to define the roles of stakeholders in the dispensation of the concessions. She further highlighted that the provision of an independent Mining Tribunal would ensure that the regulatory functions were carried out effectively.

4. Accepting the need for treating India as a single economic space, Secretary (Mines) was of the view that there was a need to balance the policy of the States to leverage the ore for attracting industries with the need to ensure that the industry takes investment decisions on sound financial principles, and the same had been structured in the draft Act suitably to allow preference to value adders without regard to geographical location. Secretary (Steel) suggested for suitably framing the provisions of the Act to allow preference to the value adders irrespective of the geographical location of the end use industry.

5. On the issue of mineral concessions to foreign companies, Secretary (Mines) clarified that since the draft Act restricted the grant of concessions to foreign companies but allowed grant to Indian arms of such companies as defined under the provisions of Section 3(1) of the Companies Act, 1952, there was adequate protection. It was also pointed out that while full transferability has been permitted in the draft Act, the ground reality was that it would operate efficiently primarily in prospecting stage.
6. On the issue of ban of sale of ore by captive miners, Secretary (Mines) was of the view that the captive consumption does not always promote efficient utilization of the entire run-of-mines like stand-alone miners and therefore, any step that helped in better utilization of the run-of-mine should be encouraged. Also, there is a need to ensure that a captive miner puts in place systems for value addition such as pelletisation, sintering, etc to enable it to use the run-of-mine more efficiently. She also suggested that while allocating mineral concessions, prioritization should be done in favour of such end-users whose captive capacities was likely to be exhausted soon.

7. On the issue of captive mining, Additional Secretary (Commerce) emphasized the importance of stand-alone mining, as against captive mining, specifically for availability of ore for exports. He also suggested that instead of providing captive mines to end use industry, there is a need to develop bigger mining companies like NMDC, which could undertake scientific mining and provide long-term linkages to end use industry. Additional Secretary (Commerce) suggested that the preference to value adders in allocation of mineral concessions should not be extended for indefinite period, and there should be a cap on the date till which the preferential allocation of captive mines could be made. It was pointed out by Secretary (Mines) that captive mining for steel industry was a legacy of the past, which is required to be recognized in the present and regulated, as has also been recommended by the Hoda Committee. It was accordingly decided that while the draft Act may allow the State Governments may give preference to value addition and end-use industries, it might be considered to fix the date of enactment of the new draft Act as cut-off date for giving additional weightage in preferential allocation of captive mines to existing steel plants (who are either exhausting their captive mines or do not have sufficient captive mines).
8. Secretary (Mines) also stated that captive mining could be allowed through both competitive bidding process or through a prospecting route, where the State Governments would be required to allocate the concessions through priorities laid out in the State Mineral Policy in a transparent manner by giving appropriate weightage to various criteria including the need for captive requirements as well as for ore linkage for domestic consumption based on long term agreements. Details would be adequately spelt out in the Rules. Secretary (Steel) was of the opinion that the Act/ Rules should be quite comprehensive so as to avoid subjective interpretation by the States as per their discretion and therefore, the Act/ Rules should provide for weightage to be assigned to different criteria in the bidding process for mining lease and for notification/ bidding process for prospecting lease.

9. After detailed discussions, the following additional modifications in the Act were broadly agreed:

(i) The Act/Rules may provide for preference to value addition without reference to geographical location when a notification is issued calling for applications/bids in a transparent manner.

(ii) In the selection criteria to be listed out for the State Governments in the draft Act, it would be provided that weightage to be assigned by the State Governments to various criteria in the bidding process for mining lease and notification process for prospecting would be suitably prescribed, with detailed procedure being given in Rules.

(iii) Preference may be given to captive mines whose captive capacity was likely to run out sooner than others.

(iv) All the existing steel units as on the date of commencement of Act would be eligible for additional weightage in the process of selection in the bidding process based on existing captive
resources (including lack of thereof) in relation to need over a reasonable period.

(v) Ore linkage for domestic industry on long term agreement basis would be suitably incentivised; and

(vi) When a miner has been allocated a mine as a captive miner, he should be permitted to sell only that part of the ore that he cannot beneficiate and use in his captive capacity. To regulate and enforce this, the Act would provide that this aspect should be adequately addressed through the mechanism of the Mining Plan/Scheme, and IBM’s approval would constitute the enforcement mechanism.

4. The meeting ended with a vote of thanks.

Annexure

LIST OF PARTICIPANTS

1. Smt Santha Sheela Nair, Secretary, Ministry of Mines
2. Shri P.K. Rastogi, Secretary, Ministry of Steel
3. Shri S. Vijaykumar, Additional Secretary, Ministry of Mines
4. Shri R. Gopalan, Additional Secretary, Department of Commerce
5. Shri U.P. Singh, Joint Secretary, Ministry of Steel
6. Shri Sanjay Mangal, Director, Ministry of Steel
7. Anil Subramaniam, Under Secretary, Ministry of Mines
MINUTES OF MEETING HELD WITH STATE GOVERNMENT OF CHHATISHGARH ON 20.01.2010 UNDER THE CHARIPERSONSHIP OF SECRETARY (MINES), ON DRAFT MMDR ACT

1. List of Participants is given at Annexure.

2. While appreciating the provisions of the proposed New Draft MMDR Act relating to introduction of new instrument of LAPL, objective criteria for selecting the best applicant through competitive bidding, punitive actions against law breakers and dispensing with the prior approval by the Central Government, representatives of State Government of Chhattisgarh expressed concern on a few issues. The issues raised by representatives of State Government of Chhattisgarh and the final position with the Ministry of Mines are given below:-

i) State Government: Minor Minerals to be excluded from the purview of Reconnaissance Licence (RL) and Large Area Prospecting Licence (LAPL).

Final position: It was agreed to modify the Draft Act suitably.

ii) State Government: In forest areas, in case direct PL application is kept pending for a particular mineral for want of forest clearance, applications for PL based on RL should not be entertained in preference to the direct PL if application (instead of grant) for direct PL was given earlier.

Final position: It was agreed to modify the Draft Act suitably.

iii) State Government: There may be well defined areas within the area applied for RL, in which existence of specific major mineral(s) has already been established. Such mineralised areas for the purposes of already
established mineral(s) should be excluded from the purview of RL at the
time of grant of RL itself.

**Final position:** The State Government can notify such areas for PL and on
so notifying those areas can be excluded.

iv) State Government: *State representative stated that the state government
would like to utilise the expertise and experience of state DGM in
speeding up the pace of the exploration in the state. In its present form,
section 4(2) will have no application and would virtually be redundant
infructuous therefore. It was desired that in first proviso to section 4(2) of
the draft Act, for the words "or for which application for a licence or
mining lease is pending" the words "or for which application of a
previous licence holder for a licence or mining lease is pending" should
be substituted.*

**Final position:** Since State Directorate of Mining and Geology is not
expected to compete when private entrepreneur is keen on investing funds,
the State Government suggestion was not agreed.

v) State Government: *In Forest Areas while notifying for Mining Lease (ML),
the State should not be required to obtain forest clearance.*

**Final position:** It was clarified that where the State Government, as the
owner of the mineral, seeks to invite applications, and for that purpose it is
intended to divert a forest area for non-forest use, it would be the user
agency which would be required to at-least obtain first stage clearance.
This would be in the nature of a determination for “go” or “no-go” areas
and wherein the cost of NPV and Compensatory Afforestation may also get determined before the area is put out for bid. Moreover, bidding may be imperfect if NPV and Compensatory Afforestation costs are unknown. Where the individual directly applies there is no such onus on the State.

vi) State Government: The State Government representative empathetically expressed that the words "no application for a large area prospecting or prospecting licence is pending" appearing in Sub-Section (1) of Section 13 of proposed draft Act, virtually make the provisions of sub-sections (1) & (2) of Section 13 redundant / infructuous. Section 13(1) in their present form, the said provision virtually mean that State Government shall have the power to meet its demand in respect of value addition and revenue generation only from such mineralised area in which no body has shown interest to obtain the licence even only "royalty payment basis" therefore it was desired that it is utmost necessary to substitute the above quoted words by the words "no application for a large area prospecting or prospecting licence of a previous licence holder is pending".

Final position: Notifying an area after applications have been made will totally destroy investor confidence. The interest of the State Government is to maximise its revenues. This has already been factored into the Act. The Central Government is of the view that Royalty is the principal revenue sharing mechanism, and the issue can be addressed within the paradigm of Royalties itself, and provision are being made in this regard.

vii) State Government: In clause (g) of sub-section (2) of Section 13 revenue sharing criteria has been made applicable only in the case of iron ore,
bauxite and limestone, whereas this clause should have application in with respect of all minerals therefore this clause should be amended and made applicable to all minerals.

**Final position:** It was decided that this could be considered in respect of all minerals only for mining.

viii) State Government: *In cases where several applicants show interest in any area, the first applicant need not be the best applicant from the end objective of success of prospecting / exploration. Therefore, as in the case of coal and petroleum exploration, to enable the state government to select the best from amongst the interested ones in terms of technical / financial capability and revenue sharing offer, the provisions of section 13(1) & 13(2) should be made applicable for both PL and LAPL and in respect of all such areas for which any application of a previous licence holder is not pending. This consider necessary also for the reason that powers of the state comments to earn revenues by reserving area for state PSUs and the existing powers available under section 11(5) are proposed to be withdrawn. State Government proposed that Section 13(1), 22(4) and 23(6) should be modified suitably.*

**Final position:** It was agreed that a mechanism for maximizing the revenue to the State Government in grant of mineral concessions without impacting the principles of fair play, equity, and seamless transition shall be considered. Modification may be considered in the draft Act to allow the State Governments to notify areas for grant of LAPL without actual
evidence of mineralization, based on conducive geological potential and call for best offers on revenue sharing at the time of final production in mining stage. However, such LAPL may be allowed for identified minerals (based on the geological pattern) and associated minerals (non-bulk) and on the criteria that the applicant proposes to bring in high technology and sizeable financial investment. This issue could be also flagged as a point for deliberation by the Cabinet since in the view of the Central Government, royalty is itself the mechanism for revenue sharing.

There is a general acknowledgement globally that the royalty tax system can be classified as one of the three types - tonnage basis, ad valorem basis and profit sharing basis. Though the unit based and ad valorem systems of royalty are more prevalent, the profit based systems are increasingly being applied in the developed countries (where accounting system are better and more transparent). The unit based method or royalty on tonnage basis is mostly applied to high volume, low value homogenous minerals. The simple type of ad valorem calculations use a measure of “realized value” based on customer invoices while the more complex methods may involve imputing a mineral value applied in a reported international reference price to some measure of mineral content, using imputed value deducting defined costs such as transportation, insurance and freight etc. The profit based royalty assessment methods tend to be detailed, reflecting all revenues and costs, including capital and recurring operating costs, and arriving at the resulting profits to the miners, after
which the royalty is based on the profit of the miner. India, at present has
transited from tonnage based to ad-valorem royalty rates for most minerals
which seek to compensate the States for allowing mining of their mineral
wealth. However, as the regulatory systems develop, the profit-based
royalty system allowing the States a portion of the profits, which is
essentially the demand of the State Government of Chattisgarh, may be
feasible. The draft Act now facilitates such transition, and the States may
like to consider it in the appropriate platform (proposed National Royalty
Commission).

ix) State Government: Consultation with IBM is not necessary while
considering cancellation of mining lease.

Final position: After discussion, it was agreed that the provision would be
suitably modified to allow for technical consultation with IBM on
technical issues such as mining plan and mine closure, where the IBM had
a statutory function.

x) State Government: Instead of royalty as the basis for determining the best
offer for revenue sharing, ‘gross profit’ or ‘average sale price’ of the
mineral should be used.

Final position: It was agreed that since royalty for most of the mineral are
on ad-valorem basis, in case of minerals for which royalty is on tonnage
basis ‘average sale price’ could be used as a methodology.

xi) State Government: Registration of an applicant cannot be criteria for
selection of applicant.
Final position: It was explained that Registration process is actually intended to be a formality to be completed before of execution of concession, as it was a precursor to computerization of the concession system.

xii) State Government: *The National Mining Tribunal should not be given powers to grant mineral concessions.*

Final position: It was clarified that such powers are not envisioned for Tribunal. The powers to modify were with reference to specific issues in the revision as raised by the revisionist against the State or the concessionaire, rather than choice of concessionaire. Since Rule 54 of MCR did not contemplate calling all parties, even at present, modification was being interpreted in this light. It was stated that the draft version of 8.1.2010 clarifies this position.

xiii) State Government: *Area ceilings for deep-seated minerals, bulk (bedded) minerals and minor minerals need to be different.* Present area ceilings for minor minerals and bulk minerals are high and would result into monopolies and, therefore, they need to be reduced. In the case of minor minerals, the proposed minimum area limits (floors) would create difficulties for the unemployed youths and traditional artisans like Kumhars earning their livelihood from quarrying of minor minerals.

Final position: It was pointed out that it has been accepted to exclude minor minerals from purview of RL and LAPL, which addresses the concerns of creation of monopolies. It was also pointed out that in the
interest of scientific mining, and keeping mining activities for minor minerals within the purview of EIA regime, the minimum area limits cannot be modified below a limit. In case of bulk minerals it is already provided that LAPL cannot be granted.

xiv) State Government: State government representatives expressed that the time limits proposed to be provided in the draft Act are not practicable / implementable. It was desires that the time limits earlier agreed to at the level of former Secretary Mines may be adopted.

**Final position:** It was pointed out that since both First-in-time and evaluation of bids are well structured decision making procedures, the period appear to be reasonable, particularly as for the First-in-time, time period for ML recognizes the need to exclude such time periods where onus is on the applicant to complete the due formalities.

3. Secretary (Mines) directed that suitable modifications should be carried out in the draft Act and in respect of issue at point (viii) above an additional note to be added in the Note for Cabinet for placing it before the consideration of Cabinet.

4. Meeting ended with a vote of thanks.
**LIST OF PARTICIPANTS**

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<tr>
<th>Sl. No.</th>
<th>Name</th>
<th>Designation</th>
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<tr>
<td>1.</td>
<td>Ms Santha Sheela Nair</td>
<td>Secretary (Mines) - Chairman</td>
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<td>2.</td>
<td>Sh. S. Vijay Kumar</td>
<td>Special Secretary (Mines)</td>
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<td>3.</td>
<td>Sh. Shivraj Singh</td>
<td>Former Chief Secretary, Chhatisgarh Special invitee</td>
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<td>4.</td>
<td>Ms. Ajita Bajpai Pande</td>
<td>Joint Secretary(Mines)</td>
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<td>5.</td>
<td>Sh. R.S. Vishwakarma</td>
<td>Secretary, Mineral Resources, Chhatisgarh</td>
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<td>6.</td>
<td>Sh. S.K. Trivedi</td>
<td>Director, Geology &amp; Mining, Chhatisgarh</td>
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<td>7.</td>
<td>Sh. Bhupal Nanda</td>
<td>Director (Mines)</td>
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<td>8.</td>
<td>Shri Anurag Diwan,</td>
<td>Joint Director (Mining), DGM, Raipur</td>
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<td>9.</td>
<td>Sh. Anil Subramaniam</td>
<td>Under Secretary (Mines)</td>
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Minutes of the meeting held with FIMI on 20th April 2010 under the chairmanship of Special Secretary (Mines) on the draft Mines and Minerals (Development and Regulation) Act, 2010

1. A list of participants is given below.

2. Special Secretary (Mines) welcomed the participants and stated that the Central Government, with a view to simplify and streamline the systems for management of the mineral concession regime for facilitating the growth of Industry, apart from taking steps to introduce appropriate Mining laws for sustainable development of the mining sector, has also issued guidelines to the State Governments from time to time on aspects relating to disposal of concession applications, and revision applications. It was also pointed out that the mining laws sought to address the concerns of multi-stakeholders who held widely differing positions, and for this very reason the differences could be minimized and not entirely removed.

3. FIMI stated that:
   a. It is desired by the Industry that the existing MMDR Act of 1957 should be allowed to continue with the following amendments:
      i. Maximum area permissible for prospecting licence and mining lease to be increased,
      ii. Provision for seamless transition to be added,
      iii. Provision for transfer of concessions on premium basis to be added,
      iv. Provisions for enforcing the timelines in grant of concessions.
   b. The proposed draft Act was too stringent on the enforcement of sustainable mining conditions, which the small mines, accounting for 90% of the industry, could not bear.
   c. The taxation regime in the draft Act was very steep for the Industry.
   d. Several discretionary powers like registration process, notification of standards of technology for eligibility for obtaining a large area
prospecting licence, role of gram Sabhas and Panchayats in grant process and approval of mining plan and mine closure plan, and incorporating the provisions of Fifth and Sixth Schedule in the draft Act, still needed to be redressed.

e. The CSR is a voluntary initiative which would be taken up by the Industry as it develops, and that specification of annuity and R&R measures in the draft Act is not practically feasible. Further compensation during exploration would prove to be a major disincentive for investment.

f. The provisions of cancellation of concession, and the stringent penalties prescribed are too draconian, and may be utilized for political reasons rather than in the interest of scientific mining.

g. Similarly, the provision for premature termination of concessions is fraught with the danger of discretionary exercise of this power by the State Government.

h. The provisions of whistle blowing would increase incidences of vexatious complaints with a view to harass the mining companies, and was not required since regulatory bodies are available.

i. Time limit for transfer of concessions is also needed.

j. National Mineral Royalty Commission is not required as the existing mechanism of Study Group is sufficient. Further the Industry should be also involved in the discussions on Royalty. It was also requested that in case of levy of royalty, there is no need to levy any further taxes.

k. A maximum amount of dead rent that can be levied by the State Government for minor minerals needs to be provided since the State Governments are charging exorbitant rates.

l. Suitable analysis to be done to re-classify several major minerals, such as chalk, as minor minerals on the basis of occurrence and nature of use.

m. Provision for grant of small deposits to the Cooperatives may be misused in the State Government to allocate such deposits to select few.

n. There is no requirement for setting up of Special courts, and the relief of High Courts is sufficient.
4. Special Secretary (Mines) clarified that:
   a. The current mining sector scenario has greatly changed and the important challenge was to maintain a balance between sustainable mining and socio-economic concerns of the people, and yet maintain the attractiveness of the sector for investments. Therefore in the changed context, it would not be in the best interest to continue with specific and partial amendments in the existing MMDR Act;
   b. The intention of introducing enabling provisions in the new draft Act for sustainable mining was to ensure that mining operations confirm to certain minimum standards. These standards would be prescribed in the rules in consultation with the stakeholders, which would take into account the concerns of the industry, including small miners.
   c. In respect of the taxes, the new draft Act sought to limit the liability of the miner to broadly three taxes under the MMDR Act, i.e. royalty/dead rent, one national and one state cess, and direct 26% profit sharing with the host population. Moreover, the new draft Act proposed to set up a National Mineral Royalty Commission, consisting of stakeholders, to continuously review the rates of royalty, dead rent, cess, and percentage of profit sharing.
   d. The registration for all persons desirous of obtaining concessions is a one time process for generation of unique ID which can be then cited in all the applications for mineral concessions. This was necessary to properly operate the Mining Tenement System, which could show the existing concessions of a concessionaire. The prescription of technology for obtaining LAPL will be indicative and not definitive. Similarly, consultation with Gram Sabhas/Panchayats has become essential to ensure sustainable mining.
   e. The compensation component was essential to increase the acceptability of the mining operations in the local host populations. This would further increase the inclusiveness of the host population in ensuring the success of
the mining project. The new Act did not in any way compel CSR activities. It only provided for disclosure.

f. Cancellation of concessions was already provided in the present legislation, and it is not new.

g. The provision of premature termination is already provided for in the existing Act.

h. It is expected that whistle-blowing would increase the accountability of the sector, especially in respect of illegal mining.

i. It was agreed to provide a provision in the Act or rules to fix time limit for grant of permission to transfer of leases.

j. The mechanism of National Mineral Royalty Commission is to create a mechanism at arm’s length, which could analysis the factors that determine the rates of royalty, dead rent, cess or compensation independently. In the long run, institutionalizing such a mechanism would work in the interest of the sector.

k. Levy of the dead rent on minor minerals has been delegated to the State Government in the existing Act, and capping of dead rent needs to be taken up by the State Governments.

l. The draft Act provides enabling provisions for reclassification of minerals as major or minor minerals, and the same can be taken on merits.

m. The concept of enabling cooperatives to obtain concessions on small deposits in clusters is terms of National Mineral Policy, 2008.

n. Special Courts would allow fast-tracking of the cases on illegal mining.

5. Special Secretary (Mines) further pointed out that some of the concerns of the industry have arisen out of unstructured media reports which tend to distort the intentions of the Government. However, considering the fact that the Indian mining Industry is agreeable to develop the mining sector in a sustainable manner, the implementation of the new draft Act would be suitably detailed in the sub-legislations.

6. The meeting ended with a vote of thanks to the chair.

ANNEXURE

List of participants in the meeting held on 20.4.2010

MINISTRY OF MINES No. 16/83/2009-MVI SECRET
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<tr>
<th>Sl no</th>
<th>Name &amp; Designation</th>
<th>Organisation</th>
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<tr>
<td>1</td>
<td>Shri S. Vijay Kumar, Special Secretary (Mines)</td>
<td>Ministry of Mines</td>
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<td>2</td>
<td>Ms. Ajita bajpai Pandey, Jt. Secretary (MR)</td>
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<td>3</td>
<td>Shri Gaurav Kumar, Deputy Secretary (Mines)</td>
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<td>4</td>
<td>Shri S. Rungta, President</td>
<td>FIMI</td>
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<td>Shri RK Sharma, Secretary General</td>
<td>FIMI</td>
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<td>Shri SBS Chauhan, Adviser</td>
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<td>Shri DV Pichamuthu, Past President</td>
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<td>8</td>
<td>Shri Arvind Singhal, MD</td>
<td>WOLKIEM India Ltd</td>
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<td>Shri Vikram Golcha</td>
<td>Golcha Gardens, Jaipur</td>
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<td>Shri CK Joshi,</td>
<td>GMIA, Ahmedabad</td>
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<td>Shri Suresh Raithatha, President</td>
<td>Chalk Association, Porbander</td>
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<td>Dr. S. Asokan, Sr. V.P. Tata</td>
<td>FIMI</td>
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<td>Shri Prabhas chandra</td>
<td>Non-metallic Minerals</td>
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<td>Shri Nagesh Shenoy</td>
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<td>Shri Sanjay Baid</td>
<td>Essel Mining &amp; Industries Ltd</td>
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<td>Shri SC Singh</td>
<td>Sesa Goa Ltd</td>
</tr>
<tr>
<td>17</td>
<td>Shri KV Sunil Kumar</td>
<td>Aditya Birla</td>
</tr>
</tbody>
</table>
## ANNEXURE IV (para 3)

### Final position on the comments of State Governments on draft MMDR Act

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Comments</th>
<th>Final position on the issue</th>
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<tbody>
<tr>
<td><strong>Assam vide D.O. No. PEM 38/2004/Pt. I/104 dated 7.8.2009</strong></td>
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</tr>
<tr>
<td>(i)</td>
<td>Maximum area of ML to be 50 sq km</td>
<td>Not agreed, since the maximum relates to the sum total of all lease areas in a State, and not a single lease.</td>
</tr>
<tr>
<td>(ii)</td>
<td>Minimum area of PL to be 5 sq km, and minimum area for small deposit cluster to be 5 hectares.</td>
<td>Minimum area for PL is 1 sq km and minimum area for ML for minor minerals is 5 hectares.</td>
</tr>
<tr>
<td>(iii)</td>
<td>Consultations with IBM not to be mandatory in case of extensions</td>
<td>State Government to seek a report from IBM before extension. Time limit of three months specified for IBM to furnish its report, after which it would be deemed that IBM has no objection.</td>
</tr>
<tr>
<td>(iv)</td>
<td>Small isolated deposit of coal to be allotted by State Government without prior approval of Central Government.</td>
<td>M/o Coal is considering a separate policy.</td>
</tr>
<tr>
<td>(v)</td>
<td>Onus of Forest clearance to be on miner and not on State Government</td>
<td>Not feasible for notified areas since the State Government will be able to proceed for bidding only after expenditure on NPV and Compensatory Afforestation is known.</td>
</tr>
<tr>
<td>(vi)</td>
<td>Written consent of land owner to be obtained after finalization of ML application</td>
<td>Agreed</td>
</tr>
<tr>
<td>(vii)</td>
<td>State Government to get full mineral fund collected by Central Government</td>
<td>It is proposed that the State Government may collect cess from both major and minor minerals on the basis of royalty, and the Central Government would collect cess on the basis of customs and excise paid.</td>
</tr>
<tr>
<td>(viii)</td>
<td>State Government to be given power to issue direction in respect of major minerals also.</td>
<td>Agreed.</td>
</tr>
</tbody>
</table>

**Chattisgarh-vide D.O. No.7-8/2005/12-Shram-II dated 5.1.2010**

<table>
<thead>
<tr>
<th>Sl. No.</th>
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<tbody>
<tr>
<td>(i)</td>
<td>In Section 4(2), provision to be modified to allow notification of such areas for prospecting by GSI or other Government</td>
<td>The State Governments have been given powers to call for competitive offers on such areas</td>
</tr>
<tr>
<td>Sl. No.</td>
<td>Comments</td>
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<td>agencies even where applications are pending, and on notification all pending applications for grant of mineral concessions shall stand rejected.</td>
<td>which have been applied for grant of prospecting licence within a time frame. All pending applications at the commencement of the new Act, excepting such applications where lease or licence has not been executed after Central Government prior approval or where clearances are pending, would stand abated. This would allow the State Governments to notify all or any specific area of its choice afresh. In case of High Technology Reconnaissance cum Exploration licence (HTREL) application in areas where mineralization is not known since there is no data, consideration of applications will be based on chronology.</td>
</tr>
<tr>
<td>(ii)</td>
<td>Registration process for major minerals with IBM to be deleted.</td>
<td>Such a process would be a simple process, in the interest of maintaining a record of the mining entrepreneurs/companies. However, non-registration would not be a ground for rejection of applications. Grant would issue after registration.</td>
</tr>
<tr>
<td>(iii)</td>
<td>Consultation with IBM in Section 12(1)(e) for cancellation of concessions or disqualification for major minerals, not necessary and to be deleted.</td>
<td>The process of consultation with IBM would add technical quality to the decision of the State Governments and remove the element of bias, if any in such decisions. A time limit of three months is specified for IBM to furnish its comments, after which it would be deemed as IBM concurrence.</td>
</tr>
<tr>
<td>(iv)</td>
<td>In section 13(1), mineral owning States to continue to have powers to notify such areas where applications are pending for LAPL or PL, and once such notification is issued all pending applications would</td>
<td>Agreed. In areas of known mineral deposits, direct mining lease can be granted only after calling for competitive offers, including financial bidding.</td>
</tr>
<tr>
<td>Sl. No.</td>
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<td>lapse.</td>
<td>Similarly the State Governments may grant prospecting licence through competitive bids. Further with the introduction of provision to lapse all pending applications for grant of mineral concessions at the commencement of the new MMDR Bill, excepting such applications where lease or licence has not been executed after Central Government prior approval or where clearances are pending, the State Governments shall have opportunity to identify and notify all its mineralized areas for grant of mining lease or prospecting licences on competitive offers. In case of High Technology Reconnaissance cum Exploration licence (HTREL) application in areas where mineralization is not known since there is no data, consideration of applications will be based on chronology.</td>
</tr>
<tr>
<td>(v)</td>
<td>Setting up of industry based on minerals and revenue sharing offer expressed as a multiple of royalty payable on mineral to be added as a parameter for giving weightages at the time of grant of concession in notified areas.</td>
<td>Agreed.</td>
</tr>
<tr>
<td>(vi)</td>
<td>Provision on State Government obtaining first-stage Forest clearance to be deleted.</td>
<td>Not feasible for notified areas since the State Government will be able to proceed for bidding only after expenditure on NPV and Compensatory Afforestation is known.</td>
</tr>
<tr>
<td>(vii)</td>
<td>Letter of intent for grant of mining lease to be issued in 12 months for non-notified areas.</td>
<td>In case of ML, a two-stage time limit has been provided whereby a State Government shall issue a letter of intent within four months of competitive bidding, and after an allottee obtains all approvals/clearances, the State Government</td>
</tr>
<tr>
<td>Sl. No.</td>
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</tr>
<tr>
<td>(viii)</td>
<td>Entry of licence holder or a lease holder in the licence or lease area to be allowed only after payment of compensation to the occupier of the land</td>
<td>Agreed.</td>
</tr>
<tr>
<td>(ix)</td>
<td>No Reconnaissance licence (RL) or Large Area prospecting Licence (LAPL) to be granted for minor minerals, bulk minerals, and minerals whose existence has been established in an area.</td>
<td>HTREL is restricted to non-bulk major minerals.</td>
</tr>
<tr>
<td>(x)</td>
<td>In Section 21(1)(i) newly discovered minerals, excepting atomic minerals, coal minerals, and bulk minerals excluded for grant of LAPL, to be allowed for deemed inclusion.</td>
<td>Agreed.</td>
</tr>
<tr>
<td>(xi)</td>
<td>In Section 32 value of mineral that could have been extracted had the lease not been terminated, should be the criteria for determining compensation to the lessee in case of pre-mature termination.</td>
<td>Matter of sub-legislation. However, as already provided, nature of loss is the determining factor in all cases.</td>
</tr>
<tr>
<td>(xii)</td>
<td>Royalty rates on tonnage basis to be revised in three years.</td>
<td>Agreed.</td>
</tr>
<tr>
<td>(xiii)</td>
<td>National Mining Tribunal not to be given powers to grant mineral concessions.</td>
<td>Agreed.</td>
</tr>
<tr>
<td>(xiv)</td>
<td>National Mining Tribunal not to be given powers to adjudicate on matters relating to mining plan or mine closure plans</td>
<td>Mining Plan and Mine Closure Plan provisions are being made stringent and enforcement is likely to be very strict. To ensure fairness and credibility, a redressal mechanism is desirable.</td>
</tr>
<tr>
<td>(xv)</td>
<td>Allocation of exploration licence to First-in-time eligible applicant is the opposite of revenue sharing model based on competitive bidding followed by Government of India for oil &amp; Gas and Coal. State Government should be allowed to give preference to a later applicant who has technical competence and/or has better revenue sharing proposition than the first applicant.</td>
<td>In areas of known mineral deposits, direct mining lease can be granted only after calling for competitive offers, including financial bidding. Similarly the State Governments may grant prospecting licence through competitive bids. Further with the introduction of provision to lapse all pending applications for grant of mineral concessions at the commencement of the new mining season.</td>
</tr>
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<td>MMDR Bill, excepting such applications where lease or licence has not been executed after Central Government prior approval or where clearances are pending, the State Governments shall have opportunity to identify and notify all its mineralized areas for grant of mining lease or prospecting licences on competitive offers. Further, the State Governments have been given powers to call for competitive offers on such areas which have been applied for grant of prospecting licence within a time frame. In case of Reconnaissance licence, the licence would be non-exclusive. In case of High Technology Reconnaissance cum Exploration licence (HTREL) application in areas where mineralization is not known since there is no data, consideration of applications will be based on chronology.</td>
<td></td>
</tr>
</tbody>
</table>
| (xvi)  | Reservation of area (where minerals have been discovered by the Government agencies) for prospecting and mining by State mining corporations, which would in turn support local small and medium mineral based industries, and generate revenues for State Government. | Proposed Section 13 of the draft Act allows for giving adequate weightage by the State Government to long term ore linkages, or for PSUs as a class, in the technical bid stage. Moreover, it is felt that the State Government would get sufficient revenues through:  
(a) Competitive financial bids for ML  
(b) Competitive financial bids in grant of PL/ LAPL.  
(c) Royalty from minerals  
(d) Cess on minerals-both major and minor  
Separately a profit sharing |
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<td>mechanism has been specified in the District Mineral Foundation to be set up at District level to allow the mining benefits to be shared with the local community.</td>
</tr>
<tr>
<td>(xvii)</td>
<td>Law to provide for special provisions for exploitation of minerals in Scheduled areas</td>
<td>Agreed. The draft MMDR Bill is in conformity with the provisions of PESA.</td>
</tr>
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<td><strong>Goa- vide D.O. No 01/214/09-Mines/1885 dated 7.8.2009</strong></td>
</tr>
<tr>
<td>(i)</td>
<td>Mining concessions given under Portuguese regime to be protected.</td>
<td>Protection provided under MMDR Act 1957 will be continued.</td>
</tr>
<tr>
<td>(ii)</td>
<td>Minimum area for PL to be equivalent to minimum area for ML, i.e 10 hectares</td>
<td>Not agreed in the interest of mineral conservation and scientific mining.</td>
</tr>
<tr>
<td>(iii)</td>
<td>Manner of computation of total area to be specified clearly.</td>
<td>Would be done in sub-legislation.</td>
</tr>
<tr>
<td>(iv)</td>
<td>Mining plan not to be insisted for minor minerals.</td>
<td>Agreed, instead State Governments to allow mining as per a framework.</td>
</tr>
<tr>
<td>(v)</td>
<td>Minimum area of ML for minor minerals to be at 4 hectares.</td>
<td>Minimum area kept as 5 hectares to ensure application of Environment (Protection) Act. However, cluster mining is possible.</td>
</tr>
<tr>
<td>(vi)</td>
<td>Mineral cess collected from major minerals to be given to the State Governments</td>
<td>Agreed.</td>
</tr>
<tr>
<td>(vii)</td>
<td>In case an area is prospected by a PL holder, then it should be automatically converted to ML.</td>
<td>Agreed, subject to area considerations.</td>
</tr>
<tr>
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<tr>
<td>(i)</td>
<td>Chalk, all clays and dolomite to be made as minor minerals, and Marl to be classified as limestone.</td>
<td>Since classification of minor minerals is through a process of notification, the matter to be taken up separately in consultation with the IBM and other stakeholders.</td>
</tr>
<tr>
<td>(ii)</td>
<td>Minor mineral need not be separately notified by State Government.</td>
<td>Notification would avoid overlaps and litigations.</td>
</tr>
<tr>
<td>(iii)</td>
<td>Lessee to be defined</td>
<td>Agreed.</td>
</tr>
<tr>
<td>(iv)</td>
<td>Central and State Government agencies need not require licence.</td>
<td>State Government does not need licence if it gets its exploration done through its agencies.</td>
</tr>
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</tr>
<tr>
<td>(v)</td>
<td>Minimum area for grant of PL to be equal to ML</td>
<td>Not agreed, in the interest of scientific and systematic exploration and mining.</td>
</tr>
<tr>
<td>(vi)</td>
<td>Minimum area for grant of ML for minor minerals to be regulated by State Government</td>
<td>The minimum area for ML for minor minerals has been specified at 5 hectares.</td>
</tr>
<tr>
<td>(vii)</td>
<td>Minimum area for minor mineral concessions to be regulated by State Government</td>
<td>Same as above.</td>
</tr>
<tr>
<td>(viii)</td>
<td>Area pending under applications may also be notified.</td>
<td>The State Governments have been given powers to call for competitive offers on such areas which have been applied for grant of prospecting licence within a time frame.</td>
</tr>
<tr>
<td>(ix)</td>
<td>Forest clearance by State Government to be deleted.</td>
<td>Not feasible for notified areas since the State Government will be able to proceed for bidding only after expenditure on NPV and Compensatory Afforestation is known.</td>
</tr>
<tr>
<td>(x)</td>
<td>Time limits for disposal of applications for mineral concessions to be reviewed</td>
<td>Agreed.</td>
</tr>
<tr>
<td>(xi)</td>
<td>In case of delay provision for appeal with higher authorities in State, rather than with Tribunal.</td>
<td>Independent authority would be more transparent mechanism. However, State Government may devise their own mechanisms for monitoring delays.</td>
</tr>
<tr>
<td>(xii)</td>
<td>Transfer fee for mineral concessions to be prescribed by State Government.</td>
<td>Not agreed, since uniformity in regime to be maintained.</td>
</tr>
<tr>
<td>(xiii)</td>
<td>CSR to be made mandatory with mining plan only for captive mines of major minerals</td>
<td>CSR is voluntary, however the same would be disclosed by the lessee in their Mining Plan document.</td>
</tr>
<tr>
<td>(xiv)</td>
<td>State Government to be authorized to fix royalty rates for major minerals</td>
<td>Proposed to set up a National Mining Regulatory Authority for reviewing the rates of royalty and dead rent, which would have representatives from State Governments also.</td>
</tr>
<tr>
<td>(xv)</td>
<td>Entire mineral Fund collected by Centre to be credited to State.</td>
<td>It is proposed that the State Government may collect cess.</td>
</tr>
<tr>
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<td>from both major and minor minerals on the basis of royalty, and the Central Government would collect cess on the basis of customs and excise paid.</td>
</tr>
<tr>
<td>(xvi)</td>
<td>Review and revision of royalty rates should be done in a timely manner in order to avoid loss to the State Government</td>
<td>Agreed. Royalty rates would be reviewed by National Mining Regulatory Authority regularly.</td>
</tr>
<tr>
<td>(xvii)</td>
<td>IBM to evolve a transparent mechanism to arrive at real market sale price of the minerals whose royalty are to be calculated on ad valorem basis. Average price for bauxite for export should be published separately</td>
<td>Agreed. Suitable amendments carried out in Rules.</td>
</tr>
<tr>
<td>(xviii)</td>
<td>Minerals Perlite and Chalk need to be categorized separately and the royalty rates to be fixed higher than the present rate of 10% of the sale price on ad valorem basis.</td>
<td>Royalty rates revised on 13.8.2009. To be referred to the National Mining Regulatory Authority (Study Group on Royalty, if National Mining Regulatory Authority does not come up) for review.</td>
</tr>
<tr>
<td>(xix)</td>
<td>Issue of classification of mineral marl as a limestone mineral.</td>
<td>To be referred to the National Mining Regulatory Authority (Study Group on Royalty, if National Authority does not come up) for review.</td>
</tr>
<tr>
<td>(xx)</td>
<td>Regulation of minor minerals shall be at the discretion of the State Government.</td>
<td>Agreed.</td>
</tr>
<tr>
<td>(xxi)</td>
<td>Instead of two mineral Funds, at State level and National level, the draft MMDR Act should provide for Mineral Fund at State level only.</td>
<td>Agreed. Cess on minerals (major and minor) based on royalty to accrue to State government. Central Government to separately levy a cess based on customs and excise.</td>
</tr>
<tr>
<td>(xxii)</td>
<td>Minimum area of PL should be kept at par with the minimum area of ML to cover small deposits.</td>
<td>Separate provision given for cluster mining of small deposits.</td>
</tr>
<tr>
<td>(xxiii)</td>
<td>Exploration data by Central agencies like GSI, MECL etc should be made available to State Governments free of cost.</td>
<td>Agreed.</td>
</tr>
<tr>
<td>(xxv)</td>
<td>Provision for notification of area and allocation through process of public auction to interested parties</td>
<td>The State Government may notify an area for grant of ML or PL through competitive bid.</td>
</tr>
<tr>
<td>Sl. No.</td>
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<tr>
<td>(xxvi)</td>
<td>Time limit for disposal of Mining lease application to be reduced from 12 months to 9 months.</td>
<td>The time limits have been suggested in consultation with two important stakeholders, i.e. State Governments and the Industry. In case of mining lease, since the process would initially involve completion of a process of evaluation of bids, the time period has been fixed at 4 months. The time period involved after the applicant has been shortlisted and asked to obtain the clearance is not counted, and the next time limit of 3 months for final execution of mining lease starts only after the selected applicant informs the State Government that he has obtained all the clearances. Thus the time limit prescribed is not a single period of 7 months, and is thus more realistic and enforceable. In case of extension of mining lease, the State Government is required to actually assess the viability of extension of lease on the deposit in a holistic manner, after evaluating the available mineral resources, impact of mining, and in case of captive mines the needs of the end-use industry. For this purpose, a feasible time period of 12 months is advisable.</td>
</tr>
<tr>
<td>(xxvii)</td>
<td>Sound legal deterrent for defaulters instead of provision of compounding of offence.</td>
<td>Stringent punishments, and setting up of Special Courts provided for in the proposed Act, alongwith compounding powers.</td>
</tr>
<tr>
<td>(xxviii)</td>
<td>If lessee has applied for renewal, then he may be allowed deemed renewal for a maximum period of two years only</td>
<td>Not agreed, since renewal cases are often held up for reasons beyond the control of lessee.</td>
</tr>
</tbody>
</table>

**Karnataka- vide letter no CI MMM/2009 dated 7.10.2009**

(i) State Governments to be allowed to regulate minor minerals  
Agreed. The State Governments to allow mining activities for minor
<table>
<thead>
<tr>
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<td>minerals in accordance within a general framework for mining, including the manner of mining operations, mine closure operations and SDF.</td>
<td></td>
</tr>
<tr>
<td>(ii)</td>
<td>The requirement for giving priority to first in time applicant should be dropped and necessary provisions for notifying the area should be included in the new Act.</td>
<td>In areas of known mineral deposits, direct mining lease can be granted only after calling for competitive offers, including financial bidding. Similarly the State Governments may grant prospecting licence through competitive bids. Further with the introduction of provision to lapse all pending applications for grant of mineral concessions at the commencement of the new MMDR Bill, excepting such applications where lease or licence has not been executed after Central Government prior approval or where clearances are pending, the State Governments shall have opportunity to identify and notify all its mineralized areas for grant of mining lease or prospecting licences on competitive offers. Further, the State Governments have been given powers to call for competitive offers on such areas which have been applied for grant of prospecting licence within a time frame. In case of Reconnaissance, the licence is non-exclusive. In case of High Technology Reconnaissance cum Exploration licence (HTREL) application in areas where mineralization is not known since there is no data, consideration of applications will be based on chronology.</td>
</tr>
<tr>
<td>(iii)</td>
<td>In respect of large areas with vast mineral</td>
<td>State Government would call for</td>
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<tr>
<td></td>
<td>resources, State Government to offer ML through tender auction keeping in view the need for value addition in the State.</td>
<td>financial bids for grant of ML on notified areas and may define the criteria for short listing of applicants.</td>
</tr>
<tr>
<td>(iv)</td>
<td>Smaller deposits /cluster mining areas to be notified for smaller companies/entrepreneurs for grant of lease hold rights.</td>
<td>Agreed.</td>
</tr>
<tr>
<td>(v)</td>
<td>Transitory provision for pending applications by giving first-in-time priority would lead to selection of applicants who are in-eligible, non-serious, ill-equipped technically and financially.</td>
<td>In areas of known mineral deposits, direct mining lease can be granted only after calling for competitive offers, including financial bidding. Similarly the State Governments may grant prospecting licence through competitive bids. Further with the introduction of provision to lapse all pending applications for grant of mineral concessions at the commencement of the new MMDR Bill, excepting such applications where lease or licence has not been executed after Central Government prior approval or where clearances are pending, the State Governments shall have opportunity to identify and notify all its mineralized areas for grant of mining lease or prospecting licences on competitive offers. Further, the State Governments have been given powers to call for competitive offers on such areas which have been applied for grant of prospecting licence within a time frame. In case of reconnaissance, the licence is non-exclusive. In case of High Technology Reconnaissance cum Exploration licence (HTREL) application in areas where mineralization is not known since there is no data,</td>
</tr>
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<tr>
<td>(vi)</td>
<td>Formal approval of the IBM need not be necessary at the time of extension of ML, and a time limit to be specified.</td>
<td>State Government to seek a report from IBM before extension. Time limit of three months specified for IBM to furnish its report, after which it would be deemed that IBM has no objection.</td>
</tr>
<tr>
<td>(vii)</td>
<td>The proposal to allow Reconnaissance Licence holder to ask the ML/PL holder to vacate would lead to litigation</td>
<td>The draft Act provides that a Reconnaissance licence holder cannot ask a ML holder or a holder of a prospecting licence granted after reconnaissance operations under section 23(6) to vacate.</td>
</tr>
<tr>
<td>(viii)</td>
<td>Pre-consultation with IBM before cancellation of ML is not necessary.</td>
<td>The process of consultation with IBM would add technical quality to the decision of the State Governments and remove the element of bias, if any in such decisions. A time limit of three months is specified for IBM to furnish its comments, after which it would be deemed as IBM concurrence.</td>
</tr>
<tr>
<td>(ix)</td>
<td>State Government need not obtain permission for forest clearance.</td>
<td>Not feasible for notified areas since the State Government will be able to proceed for bidding only after expenditure on NPV and Compensatory Afforestation is known.</td>
</tr>
<tr>
<td>(x)</td>
<td>Deemed approval of prospecting plan may be introduced.</td>
<td>Prospecting plans is mineral and deposit specific, and for approval of the same it is difficult to define standard criteria.</td>
</tr>
<tr>
<td>(xi)</td>
<td>Need for notification for prospecting by GSI or Government agencies is not required.</td>
<td>Notification is necessary in order to avoid overlap of areas and litigations. It will create meta data for Mineral Investigation Reports for use by subsequent prospectors.</td>
</tr>
<tr>
<td>(xii)</td>
<td>Lessee to submit mine closure plan to State Government also</td>
<td>Agreed. Mine closure plan to be submitted to State Directorate also.</td>
</tr>
<tr>
<td>Sl. No.</td>
<td>Comments</td>
<td>Final position on the issue</td>
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</tr>
<tr>
<td>(xiii)</td>
<td>Departmental officers to be empowered to confiscate illegal mining minerals, equipments etc. as under Karnataka Forest Act and Excise Act.</td>
<td>State Government may authorize departmental officers to inspect and seize, but confiscation powers to remain with Courts/ Special Courts. Powers under any other Act of State may continue.</td>
</tr>
<tr>
<td>(xiv)</td>
<td>Welcoming the creation of mineral Fund, State Government to get 50% of the Fund collected at Centre.</td>
<td>Agreed. State Governments would be able to charge cess on major minerals too.</td>
</tr>
<tr>
<td>(xv)</td>
<td>Compounding of offence for illegal mining to be dropped.</td>
<td>Stringent penalties and provision for setting up of Special Court made in the draft Act. Compounding necessary to ensure Special Courts not clogged by cases of minor infringement.</td>
</tr>
</tbody>
</table>

**Madhya Pradesh vide letter no 140/DGM/Mining/F.No./2009 dated 7.8.2009**

<table>
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<tr>
<th>Sl. No.</th>
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<tbody>
<tr>
<td>(i)</td>
<td>Definitions to be reviewed</td>
<td>Agreed.</td>
</tr>
<tr>
<td>(ii)</td>
<td>Area reserved for prospecting by State Government to be limited to 3 years instead of 5 years</td>
<td>Five years allows for complete prospecting of the deposit.</td>
</tr>
<tr>
<td>(iii)</td>
<td>LAPL to be deleted</td>
<td>High Technology Reconnaissance cum Exploration licence introduced instead.</td>
</tr>
<tr>
<td>(iv)</td>
<td>PL to be limited to 50 sq km</td>
<td>Not agreed, since exploration would progress from a Reconnaissance area of 10000 sq km, larger areas maybe identified for detailed mineral exploration, and therefore the limit of 500 sq kms is proposed.</td>
</tr>
<tr>
<td>(v)</td>
<td>State Government to regulate minor mineral</td>
<td>Agreed.</td>
</tr>
<tr>
<td>(vi)</td>
<td>Consultation with IBM need not be compulsory during extensions</td>
<td>State Government to seek a report from IBM before extension. Time limit of three months specified for IBM to furnish its report, after which it would be deemed that IBM has no objection.</td>
</tr>
<tr>
<td>(vii)</td>
<td>Forest clearance by State Government not to be made mandatory</td>
<td>Not feasible for notified areas since the State Government will be able to proceed for bidding only after expenditure on NPV or Compensatory Afforestation is</td>
</tr>
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<tr>
<td>(viii)</td>
<td>Time limit for disposal to be reviewed</td>
<td>Agreed, new time lines proposed in consultation with all the stakeholders.</td>
</tr>
<tr>
<td>(ix)</td>
<td>State Tribunal to hear cases of both minor and major minerals and its orders can be heard by National Tribunal</td>
<td>Not agreed, since major mineral regulation needs uniform application of standards best done through a central regulator.</td>
</tr>
<tr>
<td>(x)</td>
<td>Written consent of land owner not to be made mandatory before grant of lease</td>
<td>Agreed. To be made mandatory only after letter of intent is issued.</td>
</tr>
<tr>
<td>(xi)</td>
<td>Instead of 10%, cess to be collected at rate of 20% of royalty for mineral fund</td>
<td>Not agreed</td>
</tr>
<tr>
<td>(xii)</td>
<td>Confiscation powers to be with authority authorized by State Government</td>
<td>Not agreed, States allowed to set up special courts</td>
</tr>
<tr>
<td>(xiii)</td>
<td>Cognizance to be taken on complaints by any authorized person by State Government</td>
<td>Agreed. Cognizance by court on complaint on illegal mining by any person.</td>
</tr>
</tbody>
</table>

**Nagaland-vide letter no GM-5/M(C&M)/24/2004-(PT) dated 8.10.2009**

(i) No objection to the Draft Act subject to protection of Rights and Safeguards under Article 371(A) of the Constitution of India | Agreed |


1. Though the principle of abatement of all applications is a welcome facilitative step, if this principle is not followed for any reason, then amendments suggested in the draft Bill in the Joint Memorandum dated 12th October 2010, regarding empowering the State Governments to notify an area for calling for competitive bids even when applications for grant of PL are pending, may be considered. | It is clarified that the GoM had unanimously decided on the principle of abatement of pending applications at the commencement of new Act. This decision had been taken after taking into consideration all the aspects of practical applicability and the concerns of the State Governments. |

2. In respect of areas where the State Government does not issue notification for inviting competitive offers, where there are multiple applications, LAPL/PL should be granted to an applicant who is judged the best in terms of well laid down objective and transparent criteria like value addition. | It is clarified that in respect of PL (eligible for all minerals), where the State Government has regional exploration data to categorically identify the minerals which it could put out for competitive bidding, the draft Act clearly provides for notification of areas for inviting applications on competitive bidding. |
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<tr>
<td>3</td>
<td>The obligations of the mining lease holders in the Scheduled Areas for the benefit of tribals must be clearly provided for in the law itself. The amount set aside should be terms of royalty (not less than twice the amount of royalty or equal to 26% profits) and not in terms of profits as profit is difficult to assess.</td>
<td>Agreed to the extent that in case of non-coal minerals sharing of mining benefits is on the basis of royalty. The Ministry of Mines is of the opinion that the provision for every mining lease holder to share their mining benefits with the District Mineral Foundation, should adequately address the concerns on development of people affected by mining operations, including those in tribal areas. The actual incidence on the mining lease holder would effectively increase, since the mining lease holder would be required to pay not only royalty to the State Government, but also...</td>
</tr>
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</table>

However, in case of LAPL (renamed as High Technology Reconnaissance cum Exploration licence eligible only for non-bulk deep-seated minerals), since the basic data is the geological survey (and possibly of earlier surveys), it will not be possible to narrow down the list of minerals for inclusion in the concession. In such a situation it is clearly impossible for a competitive bid to be made. Further, considering the fact that the draft Act provides that in addition to the royalty, separately mining benefits are to be shared with the local communities, there is also no substantial reason to seek to increase possible revenues by bidding at a stage when neither the specific area nor the specific minerals nor their likely quantities on the economic feasibility of their extraction is known.
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<tr>
<td>4</td>
<td>The amount collected for the benefit of tribals should be parked with a Foundation to be created at the District level with the Collector as its head.</td>
<td>This proposal has already been agreed by the GoM.</td>
</tr>
<tr>
<td>5</td>
<td>While the Act should set aside substantial amounts for providing the displaced and affected persons generous benefits over and above the standard rehabilitation packages it should also provide for local community development of the tribals/ inhabitants who are affected by the projects.</td>
<td>This proposal has already been agreed by the GoM.</td>
</tr>
<tr>
<td>6</td>
<td>It is not clear what would be the role of Regulatory Authority where no consumer services are being provided nor there is any natural monopoly which needs to be regulated. It has to be ensured that all the proposed institutions in the draft Act have clear and distinct functions and there are no over lapping areas of jurisdiction.</td>
<td>Powers of each of the institutions proposed in the draft Act are clearly defined with no over laps. The concern on regulatory authorities encroaching upon the inherent powers of the State Government to grant concessions is not correct.</td>
</tr>
<tr>
<td>7</td>
<td>The rate of royalty in respect of any mineral should be revised every three years instead of five years. this exercise should be best left to be determined by the Royalty Commission or the National Regulatory Authority being set up, with its decision being binding and not recommendatory.</td>
<td>Agreed. This proposal has already been placed before the GoM.</td>
</tr>
<tr>
<td>8</td>
<td>The rate of cess to be levied by the Central and State Governments should be decided by the proposed National Regulatory Authority and should be binding on the Government.</td>
<td>The draft Act proposes an upper limit of rate of cess that can be levied at a rate upto 10% for State Government and at a rate of 2.5% for Central Government. This adequately allows the State Government to impose cess at a</td>
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pay an amount to the District Mineral Foundation for the local people affected by mining. This concern for Scheduled Areas has been adequately addressed by the GoM through the provision for sharing of benefits of mining through a formal mechanism of District Mineral Foundation in which the stakeholders would have direct participation.
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<td>rate which dynamically takes into account the requirement of the objective of such levy, and the cyclical nature of demand and supply in the mining sector.</td>
</tr>
<tr>
<td>9</td>
<td>For supporting mineral based small and medium industry, provisions for reservation of mineral bearing areas for exploitation by the State PSUs should be continued in the new law.</td>
<td>The Ministry of Mines is of the opinion that reservation powers do not translate into automatic grant of mineral concessions, and while leading to blocking of areas, also encourage back-door entry for ineligible applicants through nebulous Joint-ventures with the PSUs. Reservation is also not comparable with bidding for deposits. Under the proposed draft Act, the State Governments may define the criteria for allocation of deposits to such applicants who have ore supply agreements, which could include PSUs. This should sufficiently address the concerns of providing for demands for small and medium industries.</td>
</tr>
<tr>
<td>10</td>
<td>There should be an empowered Group of Ministers of Mines from the mineral bearing States to give final shape to the draft Bill as in case of GST or VAT.</td>
<td>The draft Act has been prepared on the basis of National Mineral Policy, 2008, and the recommendations of Hoda Committee, and adequate consultations with the various stakeholders, and primarily the State Governments.</td>
</tr>
</tbody>
</table>


(i) Minimum area of ML for minor mineral to be 4 hectares | The new Act prescribes 5 hectares as the minimum area on the grounds that such area should be covered by EIA notification, essential for scientific and sustainable mining. In case of small deposits, cluster mining |
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<td>approach is separately provided in the draft Act.</td>
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<tr>
<td>(ii)</td>
<td>Minimum tenure of ML for minor minerals to be 3 years and maximum 10 years</td>
<td>The State Governments are empowered to prescribe tenure of MLs for minor minerals.</td>
</tr>
<tr>
<td>(iii)</td>
<td>Mining plan not to be mandatory for minor minerals</td>
<td>Agreed; instead the State Governments to allow mining activities for minor minerals in accordance within a general framework for mining, including the manner of mining operations, mine closure operations and SDF.</td>
</tr>
<tr>
<td>(iv)</td>
<td>Court should not be allowed to take cognizance of complaints by any person on illegal mining, since it could be exploited.</td>
<td>In view of the increasing incidents of illegal mining, and the need for greater involvement of concerned public, the proposed provision seeks to empower the mechanism to curb illegal mining. However, vexatious complaints will be discouraged through provisions in the Act.</td>
</tr>
<tr>
<td>(v)</td>
<td>Matters pertaining to minor minerals to be with State Government.</td>
<td>Agreed. Regulation of minor minerals to be with the State Governments, and States to allow mining activities for minor minerals in accordance within a general framework for mining, including the manner of mining operations, mine closure operations and SDF.</td>
</tr>
</tbody>
</table>


<p>| (i)    | Minimum size of ML and tenure of ML for minor minerals to be regulated by State Governments. | The minimum area needs to be in terms of the provisions of Section 6 of the draft MMDR Act in interest of scientific and systematic mining. The tenure of concessions for minor minerals may be regulated by the State Government. |
| (ii)   | Tenure of LAPL to be reviewed since total period of 8 years might lead to blocking of area | The tenure has been proposed at 8 years keeping in view the fact that it would involve both regional as |</p>
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<tr>
<td>(iii)</td>
<td>The State Government should be allowed to levy a premium on the transfer of concessions.</td>
<td>The State Government may call for better bids and select such bids that are 20% more than the consideration amount offered by the transferor to the transferee.</td>
</tr>
<tr>
<td>(iv)</td>
<td>Mining Plan for minor minerals should not be compulsory</td>
<td>Agreed. The State Government may allow mining as per a mining framework prescribing mineral specific criteria for scientific and systematic mining.</td>
</tr>
<tr>
<td>(v)</td>
<td>Revenue collected from National Mineral Fund should accrue to the State</td>
<td>It is proposed that the State Government may collect cess from both major and minor minerals on the basis of royalty, and the Central Government would collect cess on the basis of customs and excise paid.</td>
</tr>
</tbody>
</table>

**Tamilnadu vide letter no 12857/MMA-1/2009-3 dated 16.11.2009**

| (i)    | Terms “Royalty” and “Compensation” to be defined in the Act. | Agreed. (to be considered alongwith definition of the term “sale price”)
<p>| (ii)   | Existing powers vested with the State Governments to frame Rules for minor minerals to be retained. | Agreed. |
| (iii)  | Minimum area for minor minerals and special category of mineral deposits as prescribed in Section 22D of the present MCR, 1960 to be retained. | Agreed. In respect of small deposits, the new draft Act provides for scientific management through cluster mining. |
| (iv)   | Minimum period of tenure of the concession for minor minerals to be regulated by the State Governments | Agreed. |
| (v)    | Provision to be given in the draft Act that the entire amount realized out of competitive bidding to be transferred to State Government. | The powers to notify and grant an area under competitive bidding lies solely with the State Government and thus the revenues would accrue only to the State Government. |
| (vi)   | Time limits to be fixed for IBM to furnish its comments during consultation process for extension of MLs | State Government to seek a report from IBM before extension. Time limit of three months specified for |</p>
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<tr>
<td>(vii)</td>
<td>Time limit for disposal to be applicable only on complete applications</td>
<td>IBM to furnish its report, after which it would be deemed that IBM has no objection.</td>
</tr>
<tr>
<td>(viii)</td>
<td>Restriction on grant of concessions near heritage sites.</td>
<td>Agreed.</td>
</tr>
<tr>
<td>(ix)</td>
<td>Existing powers to State Governments for approval of mining plan for 29 non-metallic minerals in the MCR, 1960 to continue.</td>
<td>Draft Act enables the delegation of such powers to State Government subject to compliance of basic framework approved by the Central Government.</td>
</tr>
<tr>
<td>(x)</td>
<td>An application for extension of mining lease shall become invalid if requisite clearances under other Acts are not available.</td>
<td>Not agreed. The State Government may always retain the right to reject such applicants but it cannot be an instance of deemed invalidation.</td>
</tr>
<tr>
<td>(xi)</td>
<td>The word “occupier” of land to be replaced by the word “owner” of land in order to avoid ambiguity in payment of compensation.</td>
<td>The intention is to provide compensation to the occupier of the land who is getting displaced, and it may not be necessary that the occupier has the right of ownership of the land, while the owner always has the right for occupancy of the land.</td>
</tr>
<tr>
<td>(xii)</td>
<td>Penal amount for contravention of Act to be reviewed and made more stringent.</td>
<td>Agreed.</td>
</tr>
<tr>
<td>(xiii)</td>
<td>Minimum fine of Rs25000 per motor vehicle and Rs5000 per bullock cart involved in illegal transportation to be provided in case of compounding of offence.</td>
<td>The State Government may specify these fines in the Rules framed by them for this purpose.</td>
</tr>
<tr>
<td>(xiv)</td>
<td>No need for constituting a separate State Mining Tribunal since the TN Minor Mineral Concession Rules already allows for appeal against orders of State Government with higher authorities in State Government.</td>
<td>The intention is to set up independent dispute redressal mechanism.</td>
</tr>
<tr>
<td>(xv)</td>
<td>State Government to be allowed to set up State level Core Repositories</td>
<td>Such an exercise may only lead to duplication of the efforts and agencies. The National Core Repository would be always</td>
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<tr>
<td>(xvi)</td>
<td>Classification of mineral as major or minor mineral only in consultation with the State Government.</td>
<td>Agreed.</td>
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</table>

**Uttrakhand- vide letter no 1285/VII-I/105-Kha/2009 dated 7.10.2009**

(i) Minimum area for grant of ML to be 2 hectares in hilly areas

The new Act prescribes 5 hectares for minor minerals as the minimum area on the grounds that such area should be covered by EIA notification. However, in case of small deposits, cluster mining approach is advisable, for which separate provision is made.

**Uttar Pradesh- vide D.O. 140/86/10,IDC dated 14.1.2010**

(i) The minimum area limits prescribed for major and minor minerals needs to be revised in terms of the provisions of the existing MMDR Act.

In respect of small deposits, the new draft Act provides for scientific management through cluster mining. The minimum area has been prescribed in view of the need for scientific and systematic mining operations.

(ii) Mining Plan should not be mandatory in respect of minor minerals

Agreed. The State Governments may allow mining of minor minerals in terms of a framework laying down minimum criteria for scientific mining.


(i) Definition of ‘mining’ to be given- as an act of winning minerals

May be agreed, and “mining operations” defined as in draft MMDR Act, 1957

(ii) Minimum area for prospecting to be 1 square km instead of 10 sq km for major minerals and 0.1 sq km instead of 1 sq km for minor minerals.

Agreed, provisions in section 6 suitably modified.

(iii) Minimum area for mining lease for minor minerals to be 0.01 sq km

The new Act prescribes 5 hectares as the minimum area on the grounds that such area should be covered by EIA notification, essential for scientific and sustainable mining. In case of small deposits, cluster mining approach is separately provided in
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<tr>
<td>(iv)</td>
<td>In section 9, a Reconnaissance licence holder should not be allowed to get a ML holder to vacate a prospect area in which he is interested.</td>
<td>Agreed, suitable changes made in the draft Act.</td>
</tr>
<tr>
<td>(v)</td>
<td>Notification should be allowed within six months of completion of prospecting in areas that have been prospected under Section 13.</td>
<td>Such a clause would directly impact the seamless transition and act as a disincentive to the serious investor. Not feasible.</td>
</tr>
<tr>
<td>(vi)</td>
<td>In section 24, CMPDIL to be added, and exploration agencies to keep the State informed.</td>
<td>Agreed.</td>
</tr>
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<td>(vii)</td>
<td>In section 25, a clause to be added in general condition that a lessee shall pay royalty in respect of any mineral removed by him or his agent, manager, employee, contractor or sub-lessee.</td>
<td>Section 41 on royalty in the draft Act already provides for this.</td>
</tr>
<tr>
<td>(viii)</td>
<td>Section on royalty to be applicable to leases granted earlier also.</td>
<td>The provisions of the section are applicable to leases granted earlier also.</td>
</tr>
<tr>
<td>(ix)</td>
<td>Compensation to be determined by an authority appointed by the State Government in manner prescribed by the State Government.</td>
<td>Agreed. However, provision for mutual settlement between concerned stakeholders also provided.</td>
</tr>
<tr>
<td>(x)</td>
<td>50% of the cess collected by the Center to be transferred to State Mineral Fund.</td>
<td>All cess based on royalty to be credited to the State Mineral Fund.</td>
</tr>
<tr>
<td>(xi)</td>
<td>Any mineral, tool, equipment, vehicle or any other thing seized in illegal mining to be tried by special court.</td>
<td>Agreed, State Governments empowered to set up Special Courts.</td>
</tr>
<tr>
<td>(xii)</td>
<td>Court take cognizance of complaints by an authorized person of the State Government also for major mineral, and State to be given power to search mineral consumed by an end-user also.</td>
<td>Agreed. Courts may take cognizance on complaints from anyone.</td>
</tr>
<tr>
<td>(xiii)</td>
<td>The State Governments should be allowed to notify the coal bearing areas for competitive bidding.</td>
<td>In the opinion of the Ministry of Coal, notification of areas for grant of concessions for coal minerals by competitive bidding should be done by Central Government only, since the working of coal mines are also guided by the Coal Mines (Nationalisation) Act.</td>
</tr>
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</table>
### Annexure V (para 4)

**FINAL POSITION ON THE COMMENTS RECEIVED FROM THE MINISTRIES AND OTHER DEPARTMENTS IN THE MATTER OF THE NEW DRAFT MINES & MINERALS (DEVELOPMENT & REGULATION) BILL, 2011.**

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<tr>
<td>(i)</td>
<td>In Section 7, a proviso to be added specifying that mining lease for minor minerals to be granted for a minimum of five years to ensure effective implementation of mine closure plan and for rehabilitation of mined out areas with compulsory submission of progressive mine closure plan along with the mine plan under Section 27, and yearly monitoring and review under Section 33.</td>
<td>Agreed. Draft Act suitably modified.</td>
</tr>
<tr>
<td>(ii)</td>
<td>In third proviso to Section 13(5), the word ‘forest area’ may be replaced by the word ‘forest / wildlife areas’ and the sub para (i) may be modified to read as “(i) all forest clearances under the Forest (conservation) Act and wildlife clearances under Wildlife (Protection) Act necessary to reasonably enable the commencement of operations and”.</td>
<td>Agreed.</td>
</tr>
<tr>
<td>(iii)</td>
<td>In Section 14, instead of generally providing 3 months time limit for prior approval of the Central Government, it may be specified that the matter requiring prior approval of the Central Government shall be disposed as provided under relevant Acts and Rules such as EIA Notification, 2006 and FC Act.</td>
<td>The 3 month time limit specified is in respect of prior approval required under the MMDR Act and not other Central Government Acts. The time limits, if any, specified in other Acts would continue to be governed by provisions of those Acts.</td>
</tr>
<tr>
<td>(iv)</td>
<td>In Section 25, as one of the conditions of mining lease, it may specifically be prescribed that the mine lease is subject to obtaining prior environmental clearance under the provisions of the EIA Notification, 2006 as may be applicable to such projects.</td>
<td>EIA notification is under a different enactment, and the MMDR Act is in addition to and not in derogation to any other Act.</td>
</tr>
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</table>
(v) In Section 46, it may be clarified that development of a National Sustainable Development Framework, would not substitute the requirement of environment clearance under the EIA Notification, 2006, as applicable. Also it may be specified that the status of implementation of various conditions and environmental safeguards subject to which the environment clearance has been granted shall be put in the public domain on the website of the company.

Ministry of Corporate Affairs

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<td>No comments to offer from the Company</td>
<td>No comments</td>
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Department of Expenditure

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<tr>
<td>(i)</td>
<td>D/o Expenditure has no objection to draft Act so long as the proposed National Mineral Fund is free from budgetary support</td>
<td>The National Mineral Fund would be funded by cess collected from miners as a percentage of customs or excise paid on the minerals, and thus it would not be a burden on the Central exchequer.</td>
</tr>
<tr>
<td>(ii)</td>
<td>The proceeds of the cess levied shall be credited to the National Mineral Fund for being utilized exclusively for this purpose</td>
<td>Agreed, Section 44(5) of the draft Act provides for the same.</td>
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Department of Economic Affairs

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<td>(i)</td>
<td>In respect of mine closure plan, refilling on scientific lines is a major requirement in the context of reclamation of the land whose land use pattern alters significantly during the mining process, and Act to stipulate penalties for not adhering to the closure plan, including the refilling of Mines on scientific lines.</td>
<td>Agreed.</td>
</tr>
<tr>
<td>(ii)</td>
<td>On the issue of levy of cess on major minerals extracted, it may be noted that Iron Ore, Manganese Ore and Chrome Ore already attract cess under the Iron Ore Mines, Manganese Ore Mines and Chrome Ore Mines Labour Welfare Cess Act, 1976 (55 of 1976). Besides leading to a</td>
<td>Cess on minerals is specific cess for development of mineral bearing areas. The purpose is to sequester a revenue stream for local area development. The purpose would be lost if it is merged with GST.</td>
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multiplicity of cesses, it would also have cascading effect of increasing prices, and impacting investment. It may also be kept in mind that Government has already announced its intent of GST implementation w.e.f. 1\textsuperscript{st} April, 2010. Transition to GST may entail subsuming cesses in the GST. The Ministry may, therefore, like to review this proposal in the light of the above position.

(iii) On the issue of establishing a non-lapsable fund, Ministry of Finance has issued general policy instructions discouraging creation of funds either out of revenue schemes or out of Government borrowing vide OM No.F.1 (30)-B (AC)/2004 dated 1\textsuperscript{st} January, 2005. The Fund would be created out of special cess collected for the purpose, so would not attract the said O.M.

### Department of Atomic Energy

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<tr>
<td>(i)</td>
<td>In Section 10, the discovery and report on stacking of atomic minerals should be reported to DAE and not AMD.</td>
<td>Agreed.</td>
</tr>
<tr>
<td>(ii)</td>
<td>All mineral concessions shall be applied and obtained from Secretary, Department of Atomic Energy, Mumbai, through the State Government. Licence under the Atomic Energy (Radiation Protection) Rules 2004 to be applied through the State Government which shall forward the application to the Chairman, Atomic Energy Regulatory Board, Mumbai.</td>
<td>Agreed.</td>
</tr>
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### Ministry of Steel

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<tbody>
<tr>
<td>(i)</td>
<td>It is necessary that prior approval of the Central Government for grant of mineral concessions in respect of major minerals like iron ore, manganese ore and chrome ore should continue.</td>
<td>The role of Central Government is in regulation of the mineral sector and not controlling the mineral concessions regime, on a case-by-case basis. Allocations of mineral concessions are being done by</td>
</tr>
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</table>
State Governments. Central Government only accords prior approvals to proposals sent by the State Government. If the State Government does not send a proposal, the Central Government, whether it is Ministry of Mines or Ministry of Steel, on its own cannot allocate a concession to an applicant of its choice. The present system of prior approval has not been effective as it cannot be applied if State Government holds back proposals. The creation of an independent Tribunal will fill these gaps because the Tribunal can be approached in case of delay in decision taking. Intervention of Central Government, especially user Ministry like Ministry of Steel, in the allocation process would hit at the arm’s-length principle. Moreover, with the introduction of the process of competitive bidding, the issue of prior approval becomes irrelevant.

(ii) Prior approval of Central Government is necessary before premature termination of lease and cancellation of a concession or disqualification from grant of concessions. The provisions in the Act (and Rules when formulated) would clearly provide the procedures for termination, cancellation or disqualification and thus reduce discretionary powers of the State. Moreover all orders of the State Governments would be subject to appeal in Tribunal. Central Government role is not required any further.

(iii) In respect of auction/Tender mechanism for grant of PL/ML in notified area, notifications for competitive bidding for ML should be issued by Central Government only and for areas fully prospected by public agencies, as per recommendations of Hoda Committee, and PLs not to be granted through mechanism of competitive bidding. PLs would be granted through “best offer” mechanism rather than “best bid” mechanism. It is not feasible for Central Government to issue notification since minerals are the property of the State Government, and data regarding land etc is also with the State Governments.
(iv) Reservation for Government Companies in grant of mineral concessions to be provided through government dispensation route on the pattern of coal blocks, without following the procedure of bidding/auction, in the larger public interest.

Adequate provision has been provided in the mechanism for giving techno-economic weightage to the PSUs in the selection process. The Hoda Committee has also disfavored reservation. Reservation and government dispensation are not compatible with trading process.

(v) Central Level Coordination-cum-Empowered Committee (CCEC) to be empowered to accord approval on behalf of the Central Government once the necessary departmental and ministerial clearances, including statutory clearances, have been received on the same lines as is prevalent in Ministry of Coal for allocation of coal blocks in form of Screening Committee. Besides, IBM should act as Secretariat to the CCEC in order to assist CCEC in discharge of its functions.

The new draft Act gives a clear role to Central Government in regulating the sector. Coal mines are nationalized and are governed by a different set of criteria unlike other minerals. Besides, the Government is already considering introduction of auction for coal, replacing the existing mechanism of screening committee. Once all approvals are accorded by the Departments concerned, there may be no real role for CCEC.

(vi) For eligibility for grant of concessions instead of the wording “an Indian National or a Company as defined in sub-Section (I) of Section 3 of the Companies Act, 1956”, it is proposed that it may be replaced by “a Juridical Person” on the lines of World Trade Organization Text.

The proposed eligibility condition in draft Act is in accordance with the Companies Act, 1956. “Juridical person” means a legal entity like a Company or a Firm, and the same meaning is assigned in Companies Act, 1956 in the Indian context.

(vii) Restriction on Sale of ore by Captive Mining Lease holders ore produced by the captive miners is used in the specified end use industry only and no sale of ore is allowed.

Agreed. The draft Act provides that in the case of captive resources, restrictions on sale of ore may be imposed. However, the restrictions will be imposed keeping in view best use of ROM.

(viii) Strict time-limits must be fixed for IBM to give its decision and mutilates-mutandis changes in the Draft Act be made by Ministry of Mines to enforce the mechanism of time limits on IBM.

The time limits for IBM would be specified in the sub-legislation.
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<tr>
<td>(i)</td>
<td>In Section 3 definitions for mine and owner, the word “Agent and Manager” may be inserted and provision may be read as “Mine, Owner, Agent and Manager”</td>
<td>The draft Act provides that all such definitions that have not been given in the Act shall have the meaning assigned to them as in the Mines Act, 1962.</td>
</tr>
<tr>
<td>(ii)</td>
<td>In Section 5 it may be provided that a habitual offender of the provisions of the Mines Act, Rules and Regulations or orders made thereunder should also be ineligible for obtaining mineral concessions under the MMDR Act, and in case of a lease holder the lease shall be liable to be cancelled. (changes in Section 5 and 12)</td>
<td>Agreed. However, the lease once cancelled cannot be revoked.</td>
</tr>
<tr>
<td>(iii)</td>
<td>Minimum of area a Mining Lease shall be 0.1 square Kilometers (10 hectares).</td>
<td>Agreed. However, in case of a minor mineral the minimum area may be 0.05 sq km (5 hectares) keeping in view the fact that deposits of minor mineral are small in size.</td>
</tr>
<tr>
<td>(iv)</td>
<td>A new provision may be added that in case of mining on hillock or hill slopes, it shall be ensured that no mining lease is granted one above the other so as to prevent dangers getting transferred from one lease to another jeopardizing not only the mining operations but also the life and safety of the persons employed therein or living in the vicinity thereof.</td>
<td>The basic intention is accepted. This provision would be suitably detailed in the sub-legislation on mining plan.</td>
</tr>
<tr>
<td>(v)</td>
<td>A mining lease for minor mineral shall be granted for a period not less than 10 years and not more than 20 years.</td>
<td>Due to the nature of deposit of minor minerals, the State Governments have been delegated the powers to prescribe the period of mining lease in their Rules.</td>
</tr>
<tr>
<td>(vi)</td>
<td>A condition to be added in the Section 25 for mining lease that high standard of safety in Mines in accordance with the provisions of the Mines Act, 1952, Rules, Regulations and byelaws framed thereunder, would be maintained.</td>
<td>The provision of Mines Act will need to be directly invoked. The draft Act is compatible with this proposal.</td>
</tr>
<tr>
<td>(vii)</td>
<td>A condition to be added in the Section 25 for mining lease that the lesee shall not carry on, or allow to be carried on, any mining operations at a point beneath or</td>
<td>The draft Act provides for a safety distance of 50 meters. The other provision for obtaining permission of the DGMS is agreed.</td>
</tr>
<tr>
<td>(viii)</td>
<td>A condition to be added in the Section 25 for mining lease that the lessee shall before commencing mining operations, give notice in writing as required by Section 16 of the Mines Act, 1952 to the Chief Inspector and Regional Inspector along with copy of Lease document/Lease deed”</td>
<td>Agreed</td>
</tr>
<tr>
<td>(ix)</td>
<td>A provision to be added in the Section 27 that before granting approval of the mining plan for underground mine and mines of major minerals, it shall be required that the mining plan is examined by the Directorate General of Mines Safety (DGMS) on Occupational Safety, Health and Welfare issues and a clearance in writing is obtained.</td>
<td>In case Mines Act already provides for it, the same would be invoked at the implementation stage.</td>
</tr>
<tr>
<td>(x)</td>
<td>In Section 27(10), the Director General of Mines Safety or authorized officer of the Directorate General of Mines Safety may also be empowered to require the holder of a mining lease to make such modification in the mining plan or impose such conditions as he may consider necessary by an order in writing.</td>
<td>It cannot be part of this Act, since DGMS is a statutory authority under the Mines Act. However, suitable provisions can be made in the Rules to the extent this is in consonance with this Act.</td>
</tr>
<tr>
<td>(xi)</td>
<td>State Government to consult DGMS also before grant of extension for a mining lease.</td>
<td>Agreed. It shall be detailed in the sub-legislation.</td>
</tr>
<tr>
<td>(xii)</td>
<td>To be added in the Section 32 that when the premature termination of lease is solely in the interest of public safety, the State Government shall cause the case to be examined by the DGMS and its consent taken in writing before issuing any order or direction thereon the matter.</td>
<td>-do-</td>
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### Department of Industrial Policy and Planning

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<tr>
<th>Sl no</th>
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<tbody>
<tr>
<td>(i)</td>
<td>Pocket mining to be allowed wherever the deposit vein suits industrial requirement by following safety and environment rules.</td>
<td>The proposed Act suitably provides for grant of concessions for such deposits.</td>
</tr>
<tr>
<td>(ii)</td>
<td>Mineral beneficiation for run of mines for mineral magnesite need not be insisted since recovery is poor and waste generated might not be environmentally favorable.</td>
<td>Mineral beneficiation would be mineral specific</td>
</tr>
<tr>
<td>(iii)</td>
<td>Security Deposit of Rs 10000 per hectare to be charged only for the working area of lease instead of entire lease area, especially for low value mineral like magnesite.</td>
<td>This matter would be suitably addressed in the Rules.</td>
</tr>
<tr>
<td>(iv)</td>
<td>Instead of 3% of net profit to be spent on CSR, only 1% to be prescribed.</td>
<td>The concept of CSR is voluntary, and the Act does not prescribe any percentage. Draft Act only provides for its public disclosure to enable build up of social pressure for its implementation.</td>
</tr>
<tr>
<td>(v)</td>
<td>Diploma Mining Engineers with 1st class Manager Certificates to be also allowed to become Registered Qualified Persons for preparing Mining Plan/Scheme or Mine Closure Plans</td>
<td>Would be specified after consideration in the Rules.</td>
</tr>
<tr>
<td>(vi)</td>
<td>Royalty rate of Magnesite to be moderates as per the MgO content.</td>
<td>Royalty rates for all minerals have been revised on 13.8.2009, on the basis of Study Group Report which included Industry Association. Present recommendation would be separately examined.</td>
</tr>
<tr>
<td>(vii)</td>
<td>Sub legislation, i.e. MCR, 1960 and MCDR, 1980 to be suitably modified.</td>
<td>Agreed.</td>
</tr>
<tr>
<td>(viii)</td>
<td>Ambiguity on whether applications pending with State Government for renewal of mining lease would be required to applied afresh as application for extension of mining lease.</td>
<td>Suitable provision has been added in the Draft Act.</td>
</tr>
</tbody>
</table>
| (ix)  | Levy of cess of 10% of royalty should be collected from the royalty paid amount to save additional paper work. | Cess is being levied separately and cannot be a part of the Royalty.
### Ministry of Civil Aviation

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<th>Sl no</th>
<th>Comments</th>
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<tbody>
<tr>
<td>(i)</td>
<td>The Ministry has no comments to offer.</td>
<td>No comments</td>
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### Department of Science and Technology

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<th>Sl no</th>
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<tbody>
<tr>
<td>(i)</td>
<td>The Department supports the proposal</td>
<td>No comments</td>
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### Ministry of Earth Sciences

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<tr>
<td>(i)</td>
<td>The Ministry agrees to the proposal</td>
<td>No comments</td>
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### Planning Commission

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<tr>
<td>(i)</td>
<td>Time limits for disposal of application for grant of mining lease should be 12 months instead of 6 months, and for extension of mining lease it should be 6 months instead of 12 months.</td>
<td>The time limits have been suggested in consultation with two important stakeholders, i.e. State Governments and the Industry. In case of mining lease, since the process would initially involve completion of a process of evaluation of bids, the time period has been fixed at 4 months. The time period involved after the applicant has been shortlisted and asked to obtain the clearance is not counted, and the next time limit of 3 months for final execution of mining lease starts only after the selected applicant informs the State Government that he has obtained all the clearances. Thus the time limit prescribed is not a single period of 7 months, and is thus realistic and enforceable. In case of extension of mining lease, the State Government is required to actually assess the viability of extension of lease on the deposit in a holistic manner, after evaluating the available mineral resources, impact of...</td>
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mining, and in case of captive mines the needs of the end-use industry. For this purpose, a feasible time period of 12 months is advisable. In the case of extension, since the process is completed with the ongoing lease period, the time period is not so crucial in any case.

(ii) While doing away with the provision of obtaining prior approval of Central Government is acceptable, Central Government to formulate a framework on Regulations that allows State governments right to compete amongst themselves, and within which the State Governments may be free to take decisions. Section 13 of the proposed Act provides the broad framework, which can be detailed in sub-legislations.

(iii) Levy of cess for National Mineral Fund is an encouraging step, however, the rate of levy should be fixed judiciously so as to not impact investment in the sector. Agreed. The ceiling has been prescribed in the Act.

**Ministry of Development of North Eastern Region**

(i) The Ministry of Development of North Eastern Region does not have any objection to the proposal. No comments

**Ministry of Tribal Affairs**

(i) Displacement of tribals to be avoided, and if required to be initiated only after full and free consultation with the Gram Sabhas. Agreed. Sustainable Development Framework mandated under the new draft Act enables such process, which is primarily governed by R&R policy.

(ii) Rehabilitation of Tribals should precede displacement, with the tribals having a say in value of rehabilitation package through the Gram Sabhas, with the package going to the lady of the house. -do-

(iii) Compensation to be paid in a gradual manner through transparent mechanism through the involvement of Gram Sabhas -do-

(iv) Displaced tribals to be given stakeholder rights in the mining companies. -do-

(v) Mandatory employment to a member of the displaced family, preferably woman member. -do-

(vi) Compensation mechanism to provide for monetizing the social, cultural, religious -do-
and sentimental loss due to displacement and adequate compensation as per the National Rehabilitation Policy, 2007

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<tr>
<th>Ministry of Coal</th>
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<tbody>
<tr>
<td>(i) In section 3- Need to define term “company” including “government company” in terms of the Companies Act, 1956</td>
</tr>
<tr>
<td>(ii) Section 4- MECL and CMPDIL to be exempted to obtain licence when they carry out exploration for coal for PSEs like Coal India Ltd etc</td>
</tr>
<tr>
<td>(iii) Section 4- Provision for sequestering an area should not apply for coal minerals since notification for bidding would be taken by Central Government and not the state Government</td>
</tr>
<tr>
<td>(iv) Section 5(1)- In respect of Coal minerals a separate registration is not required to be done with the IBM</td>
</tr>
<tr>
<td>(v) Section 6(1)- Government should be allowed to grant concessions beyond the area limits as per existing provisions in MMDR Act in interest of mineral development and reasons to be recorded, especially for coal, since coal mines are in nationalized sector.</td>
</tr>
<tr>
<td>(vi) Section 12- For cancellation of coal MLs, Central Government to be consulted and not IBM</td>
</tr>
<tr>
<td>(vii) Section 13- Notification of certain areas for grant of concessions for coal minerals by competitive bidding to be done by Central Government</td>
</tr>
<tr>
<td>(viii) Section 19 and 21-Reports on exploration to be filed with Central Government in case of coal minerals</td>
</tr>
<tr>
<td>(ix) Section 25- Mineral Data collected for coal while mining to be given to Central</td>
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<tr>
<td>Ministry of Mines</td>
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<th>Ministry of Rural Development- D/o Drinking Water Supply</th>
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<tbody>
<tr>
<td>(i) Census of habitations and water resources to be also taken up as part of exploration/survey work, and it should be made the responsibility of the lessee to ensure water supply pre-mining levels</td>
</tr>
<tr>
<td>(ii) Mining areas to be notified as ‘go’ and no-go’ areas depending on the extent of damage to environment, including water resources</td>
</tr>
<tr>
<td>(iii) Funds for mine closure to be collected on ‘sinking fund’ basis, and in case of failure of the lessee, closure may be done through other organisations.</td>
</tr>
<tr>
<td>(iv) Proper plan of protection of drinking water sources to be an integral part of the Environmental Management Plan in Mining Plan document, and operating consents to be given by State Pollution Control Board after monitoring the impact of mining within 10 Km buffer zone or area of influence which ever is greater.</td>
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<tr>
<td>(v) CSR to include schemes for annual expenditure by the lessee.</td>
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<tr>
<th>Department of Land Resources, Ministry of Rural Development</th>
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<tbody>
<tr>
<td>(i) The Department does not have any specific comments</td>
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</table>
### Department of Commerce

| (i) | No comments to offer. | No comments |

### Ministry of Defence

| (i) | Exploration activities around defence establishments would need specific clearance from Ministry of Defence. | Agreed, incorporated as a part of the conditions of the exploration licences. |
| (ii) | All geological data before dissemination in public domain shall require security vetting of the Ministry of Defence. | The sub-legislation on data filing and data dissemination would provide for this, in line with overall policy in this regard. |
| (iii) | No quarries should be allowed within 500 meters of roads maintained by Border Roads Organisation | Agreed. Incorporated as a part of the conditions of the mining lease. |

### Ministry of Home Affairs

| (i) | Minerals critical to Defence, Atomic Energy, Energy (Petroleum & Gas) and other minerals critical to the economic security should remain under the control of Government and the Indian controlled firms. Petroleum & Gas are governed by separate Act. In case of Atomic minerals and Coal minerals, prior approval of the Central Government has been retained. |
| (ii) | In respect of radio active minerals extra precaution is advised against proliferation or diversion by unscrupulous private firms. Atomic minerals are also regulated by the Atomic Energy Act, which requires handling licence for atomic minerals. |
| (iii) | Any mining activity in Protected and Restricted Areas and sensitive defence areas by foreign firms, JVs with foreign partner and Indian firms employing foreigners should be security cleared. As per the MMDR Act, only Indian nationals and companies registered under Companies Act are permitted to mine. |

### Ministry of Panchayati Raj

| (i) | Draft Act to specify that the Rules framed by the State Government for minor minerals should comply with the provisions of PESA Act, 1996. The draft Act is in consonance with PESA, and as such Rules framed by State Government will need to meet the test of being in conformity with Central legislation. |
| (ii) | Mining plan, Mining lease extension and Mine Closure Plan to be approved by Gram Sabha/ Panchayat. Mining leases may not be co-terminus with Panchayat boundaries. Also Mining Plan and Mine Closure Plan are technical documents. The Act provides for disclosure and consultation and the technical agency responsible for approval will ensure that full and informed consultation takes place. |
| (iii) | The process of consultation with Gram Sabhas or the Panchayats should be defined to clearly mean Free, Prior and Informed Consent of these bodies | Extension is techno-administrative decision based on reserves remaining at the end of an existing lease period. However, Mining Plans and Mine Closure Plans in extended lease periods will be subject to full consultation with local communities. This would be provided suitably in the sub-legislation. | Agreed, the same would be done in SDF. |
ANNEXURE VI (para 5.1)

New Delhi, the 14th June, 2010

Subject: Constitution of a Group of Ministers (GoM) to consider draft ‘Mines and Minerals (Development and Regulation) Bill, 2010’.

It has been decided, with the approval of the Prime Minister, to constitute a Group of Ministers (GoM) to consider the draft ‘Mines and Minerals (Development and Regulation) Bill, 2010’.

2. The composition of the Group of Ministers, will be as under:
   Shri Pranab Mukherjee,
   Minister of Finance;
   Shri P. Chidambaram,
   Minister of Home Affairs;
   Shri Virbhadra Singh,
   Minister of Steel;
   Shri M. Veerappa Moily,
   Minister of Law and Justice;
   Shri B.K. Handique,
   Minister of Mines and Minister of Development of North Eastern Region;
   Shri Anand Sharma,
   Minister of Commerce and Industry;
   Shri Kantilal Bhuria,
   Minister of Tribal Affairs;
   Shri Montek Singh Ahluwalia,
   Deputy Chairman, Planning Commission;
   Shri Shripaksh Jaiswal,
   Minister of State (Independent Charge) of the Ministry of Coal and
   Minister of State (Independent Charge) of the Ministry of Statistics
   and Programme Implementation; and
   Shri Jairam Ramesh,
   Minister of State (Independent Charge) of the Ministry of Environment & Forests

3. The Group of Ministers will consider the draft ‘Mines and Minerals (Development and Regulation) Bill, 2010’ and give its recommendations in the matter.

4. The Group of Ministers will be serviced by the Ministry of Mines.

5. Ministry of Mines will ensure that agenda papers/minutes of the meeting etc. are expeditiously forwarded to the Prime Minister’s Office and the Cabinet Secretariat.

(S.D. Sharma)
(Secretary)
for Cabinet Secretariat
Tele: 2379 2204

[Handwritten notes]

MINISTRY OF MINES No. 16/83/2009-MVI SECRET

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To

Shri Pranab Mukherjee, Minister of Finance.
Shri P. Chidambaram, Minister of Home Affairs.
Shri Virbhadra Singh, Minister of Steel.
Shri M. Veerappa Moily, Minister of Law and Justice.
Shri B.K. Handique, Minister of Mines and Minister of Development of North Eastern Region.
Shri Anand Sharma, Minister of Commerce and Industry.
Shri Kanti Lal Bhuria, Minister of Tribal Affairs.
Shri Montek Singh Ahluwalia, Deputy Chairman, Planning Commission.
Shri Shripriyash Trivedi, Minister of State (Independent Charge) of the Ministry of Coal and Minister of State (Independent Charge) of the Ministry of Statistics and Programme Implementation.
Shri Jairam Ramesh, Minister of State (Independent Charge) of the Ministry of Environment & Forests.

Copy forwarded for information to:-

Secretary to the President.
Secretary to the Vice-President.
Principal Secretary to the Prime Minister.

(S.D. Sharma)
Deputy Secretary (Cabinet)

Copy forwarded for information to:-

Secretary, Ministry of Mines.
Secretary, Ministry of Home Affairs.
Secretary, Ministry of Coal.
Secretary, Ministry of Steel.
Secretary, Department of Legal Affairs.
Secretary, Legislative Department.
Secretary, Department of Industrial Policy and Promotion.
Secretary, Ministry of Tribal Affairs.
Secretary, Ministry of Development of North Eastern Region.
Secretary, Ministry of Earth Sciences.
Secretary, Ministry of Environment and Forests.
Secretary, Department of Revenue.
Secretary, Ministry of Labour and Employment.
Secretary, Ministry of Panchayati Raj.
Chairman, Railway Board.
Secretary, Department of Rural Development.

(S.D. Sharma)
Deputy Secretary (Cabinet)

KC

Copies.

40
Minutes of the meeting of Group of Minister held on 22\textsuperscript{nd} July 2010 under the Chairmanship of Hon’ble Finance Minister on draft Mines and Minerals (Development and Regulation) Bill 2010

1. List of participants in the Group of Ministers (GoM) meeting is given at Annexure.

2. Minister of Mines gave a backgrounder on the Mines and Minerals (Development and Regulation) Bill, 2010 (MMDR Bill) and the principles which it seeks to introduce: transparency in grant of concessions, inviting bids for prospecting and mining where there was adequate evidence of mineralization, grant to an applicant on first-in-time basis only in case of areas where mineralization is not known, seamless transition by concessionaire from reconnaissance to prospecting to mining, full transferability of concessions and related rights including value added data to encourage investment and technology infusion, strong regulatory framework, with Indian Bureau of Mines as technical regulator and a separate administrative regulator, and royalty and compensation system to equitably address issues of local area development and inclusiveness.

3. Secretary, Ministry of Mines then gave a presentation detailing the response of Ministry of Mines on various areas of concerns highlighted by Home Minister, Minister of State for Environment and Forests, Ministry of Steel, Ministry of Law and Justice and State Governments pertaining to issue of illegal mining, priority to value addition, powers of prior approval of Central Government, methodology of grant of 26\% equity to local stakeholder population, application of first-in-time principles in certain situations and grant of concessions over small mining areas. In this context, she sought consideration of the GoM on three draft sections circulated to the GoM, addressing the concerns on conservation of minerals (section 39A), sharing of profits with local stakeholder populations (Section 42) and illegal mining (Section 99A) in the proposed MMDR Act, 2010.
4. Minister of Steel acknowledging the comprehensiveness of the new draft Act, expressed reservation on the proposal to devolve powers of prior approval to the State Governments. He opined that in terms of the Constitution of India, regulation of mineral sector is a joint function of Centre and States and in order to exercise its powers of regulation the system of “prior approval” was necessary for the Central Government. He pointed out that the State Governments policies to restrict grant of concessions for value addition within the State was hurting equitable growth, and prior approval could be used to ensure that the State Governments remained within the basic framework of the Act. Expressing concern on the need to ensure raw material security for steel input minerals, he recommended provisions for preferential allocation to end-use industries. Lastly, he stated that Central Government should be consulted before notification of areas for grant of concessions.

5. Minister of Law & Justice stated that there was a need to continue with reservations since the PSUs were finding it difficult to compete with private sector in obtaining new mineral concessions. He emphasized the need to conserve minerals of the country by ensuring Central Government powers to prohibit exports. Co-relating the advice of Attorney-General of India in a matter of reference on powers of Central Government to intervene in cases of illegal mining, he stated that the Constitution gave clear powers to the Central Government to regulate the mineral sector in a manner that can be ‘partial’ or ‘complete’. He also stated that Court of Law have held that so far as the Central regulation occupied the legislative space, the State Government is denuded of the powers to regulate. He cited the Reliance judgement of Supreme Court where the Apex Court had held that the Government holds the natural resource as a trust for the people of the country. The Law Minister apprehended dilution of Central Government powers by introduction of provisions for ‘extension of concessions’, instead of the existing provisions for ‘renewal of concessions’. He felt that powers of cancellation of concessions need to be vested in the Central Government. On competitive bidding he sought that auction as a procedure be specifically mentioned apart
from specifying a minimum eligibility for obtaining concessions. He suggested that both Central and State Governments need to be represented in the Coordination-cum-Empowered Committee and that the proposed 26% equity allocation to the local stakeholder population needs to be adequately moderated.

6. Commerce Minister endorsed the general concern on illegal mining, and sought strict provisions in the draft Act to take action against persons who have gained from illegal mining. In respect of restrictions on export of minerals, the Commerce Minister opined that imposing restrictions on items that are available in exportable surplus would not be prudent, and there was a need for identifying strategic minerals through a realistic assessment of resources in the country and globally before taking any decision to impose any restrictions on export. On iron ore, Commerce Minister was of the opinion that until value addition facilities come up for utilisation of Fines, export would need to continue. Administrative mechanisms could be considered for export regulation separately. He sought adequate clarity on the provision on 26% equity allocation, since, he felt that otherwise it would be difficult to administer. He suggested that before any competitive bidding, the quality and quantity of the mineral deposits should be assessed by an expert body. Finally he stated that the mining sector needed a national watchdog to evaluate the technology and methods of mining.

7. Home Minister stated that while the provisions of the draft Act circulated to the GoM would be discussed, specific provisions to curb illegal mining had to be taken on an immediate basis since it had implications on naxalism, social problems in mining areas and rise of mining mafias. Recognising the fact that at present only Indian Bureau of Mines was available as a technical body to regulate the mining sector through mining plans, he proposed that in order to curb illegal mining, there was an immediate need for a separate National Regulatory Authority with investigative powers similar to SEBI, TRAI, IRDA etc, and with power to launch prosecutions. He stated that the draft section 99A formulated by the Ministry of Mines needed to be further detailed
accordingly, which he proposed could be taken up along with other sections in
the next meeting for discussion.

8. The Chairman agreed to carry forward the discussion in the next meeting. It
was also decided that the draft provisions for a National Regulatory authority
may be discussed in the next meeting of GoM.

9. The meeting ended with a vote of thanks.

List of participants in the meeting of the Group of Ministers held on 22 July 2010
under the Chairmanship of Hon’ble Finance Minister on draft Mines and Minerals
(Development and Regulation) Bill 2010

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| 9.  | Shri Jairam Ramesh, Minister of State of Ministry of
    Environment and Forests |
| 10. | Smt Sudha Pillai, Member Secretary, Planning Commission |
| 11. | Secretary, Ministry of Mines |
| 12. | Secretary, Ministry of Steel |
| 13. | Secretary, Planning Commission |
| 14. | Special Secretary, Ministry of Mines |
| 15. | Additional Secretary, Ministry of Coal |
ANNEXURE VII (B) (para 5.2)

Minutes of the meeting of Group of Minister held on 30th July 2010 under the Chairmanship of Hon’ble Finance Minister on draft Mines and Minerals (Development and Regulation) Bill 2010

1. List of participants in the Group of Ministers (GoM) meeting is given at Annexure.

2. Minister of Law and Justice stated that the functions of a Tribunal and a Regulatory Authority were different and therefore the proposal of the Ministry of Mines to convert the National Mining Tribunal into a National Mining Regulatory Authority, as per supplementary note circulated on section 55-68C, would need reconsideration. He stated that legally a separate Tribunal and a separate Regulatory Authority could co-exist since the Tribunal had a quasi-judicial authority.

3. Home Minister stated that the powers of the proposed Regulatory Authority need to be enhanced to include the mandate to intervene in such cases of illegal mining where mining is taking place outside lease area, and other serious irregularities in mining areas. He recommended that the State Tribunals or any other authority in the State should have similar powers to launch investigation and prosecution in cases of illegal mining for minor minerals. Specific powers of the Authority to launch prosecution would need to be defined. He stated that the eligibility of the officers for the posts of Chairman and Members of the Mining Authority or the Mining Tribunal should allow greater flexibility to attract other suitable persons also.

4. Minister of Tribal Affairs appreciated the draft MMDR Bill, 2010, and stated that most of the concerns of the Ministry of Tribal Affairs had been incorporated in the draft Bill. However, he suggested that specific provisions in the mechanism to be provided for monetary compensation to be channelized to affected persons through Banks, especially to women of such households. He also suggested that compensation should include a separate component for “cultural loss” to the displaced persons. He stated that consultation with Gram Sabha should be essential for all mining projects.
Secretary (M) clarified that the provisions of draft Act are in consonance with provisions of Schedule V and Schedule VI of the Constitution of India.

5. Minister of State for Coal and Programme Implementation, stated that the MMDR Bill 2010 was a comprehensive legislation which covered all aspects of mining industry. He stated that the concerns of the coal mining sector have been duly accommodated in the draft Bill. He raised concerns on the issue of illegal mining and stated that a separate Central Regulatory body with extensive powers to intervene in case of illegal mining is essential. In this context, he suggested that sufficient powers be vested in the Central Government to intervene in cases of illegal mining, especially where the State have failed. Lastly, the Minister of State also suggested that competitive bids should be called for identified blocks.

6. Minister of State for Environment and Forests stated that while the Ministry of Mines had accepted 7 out of the 9 suggestions he had given, his concern in keeping with the ‘polluter pays’ principle was that, environment levy is essential and it has to be explicitly stated, rather being implicit. He further suggested that minor minerals are also a cause for concern since many instances of illegal sand mining have been brought to the knowledge of the Central Government. He supported the suggestion to set up a Regulatory Authority at the State level for the purpose, since it would not be administratively feasible for Centre to intervene in matters of minor mineral. He also sought that a regular annual revenue stream to affected persons is also essential and the merits of equity route model would need to be considered in this light. He however, endorsed the proposal that affected persons should be given a stake in the mining company, for them to have a feeling of being a shareholder and being able to influence management. He pointed out that with redefinition of the mandate of the regulatory role of the Centre, the role for Indian Bureau of Mines assumes greater importance and there is a need for immediately strengthening the organisation.
7. Commerce Minister was of the view that the issue of stakeholder rights needed to be considered and on this aspect the Commerce Ministry, he stated, would be sending a note.

8. Member Secretary, Planning Commission, suggested that Statement of Objects and Reasons needs to be prepared simultaneously.

9. Finance Minister stated that after these productive discussions, the Ministry of Mines should revise the draft Bill to include provisions for a National Mining Regulatory Authority separate from the National Mining Tribunal, and for enabling provisions in the draft Bill for setting up a State level Regulatory Authority for minor minerals. He further stated that the revised draft Bill would be taken up for discussion in the next meeting and on the basis of the recommendations of the GoM, the Law Ministry would finalise the draft Bill to be placed before the Cabinet.

10. The Finance Minister and other members of the GoM recognized the valuable contribution of Smt Santha Sheela Nair, Secretary (Mines), who was superannuating at the end of July 2010, and desired that her contribution in taking forward the reform process of the mineral sector be placed on record.

11. The meeting ended with a vote of thanks.

List of participants in the meeting of the Group of Ministers held on 30 July 2010 under the Chairmanship of Hon’ble Finance Minister on draft Mines and Minerals (Development and Regulation) Bill 2010

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<td>9. Smt Sudha Pillai, Member Secretary, Planning Commission</td>
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ANNEXURE VII (C) (para 5.2)

Minutes of the meeting of Group of Ministers held on 17th September 2010 under the Chairmanship of Hon’ble Finance Minister on draft Mines and Minerals (Development and Regulation) Bill 2010

1. List of participants in the Group of Ministers (GoM) meeting is given at Annexure.

2. The GoM discussed the draft provisions circulated by the Ministry of Mines vide Supplementary Note dated 9th August 2010 on modification of the provisions of section 42 and section 52 proposed in the Supplementary Note of 28th July 2010 and addition of new sections 54A & 54B to provide for an institutional mechanism in the form of Trust to be called the District Mineral Foundation to channelize the benefits to the persons affected by mining operations, and modification of chapter XI of the draft Bill to include provisions for setting up a separate National Mining Regulatory Authority and a separate National Mining Tribunal, and similar mechanism in the State Government, and unanimously approved the draft provisions contained in the Supplementary Note of 9th August 2010. In this context, the GoM desired the following to be suitably provided in the sub-legislation:
   a. Law Minister’s suggestion that specific mechanisms to ensure adequate compensation to the land losers in the mining areas, especially private land, vis-à-vis the other affected persons.
   b. Home Minister’s suggestion that calculation of mine level profits to be in terms of an accounting standard, preferably evolved by Institute of Chartered Accountants.

3. The GoM then considered the consequential and additional modifications in the draft MMDR Bill circulated vide Supplementary Note dated 16th September 2010. While agreeing to all the modifications proposed, the GoM directed that:
   a. Names of the major beach sand minerals should be specified in the definition proposed to be added in section 3,
b. There is no need to save all the pending applications for grant of mineral concessions under the existing MMDR Act 1957, which should stand abated with the introduction of new MMDR Act, excepting such applications for grant of mineral concessions pending with the Government filed subsequent to completion of exploration under a reconnaissance permit or a prospecting licence. To this extent the provisions of the draft MMDR Bill should be modified by the Ministry.

c. Consequently there should be no period of moratorium for filing of fresh applications for grant of mineral concessions and instead there should be a provision for notifying a date from when applications can be made under the provisions of the Act.

d. The compounding amount should be higher than the maximum fine in cases where imprisonment is a possible penalty instead of or in addition to a fine and compounding is desirable. The provisions to be suitably modified in consultation with the Ministry of Law and Justice.

4. Minister of State for Environment and Forests raised the need to immediately bring in an ordinance for setting up a National Mining Regulatory Authority. The GoM agreed to this proposal and recommended that the Ministry may suitably draft an Ordinance amending the existing MMDR Act 1957 to this effect on the lines of the corresponding provisions for the proposed National Mining Regulatory Authority in the draft MMDR Bill, and place the same before the Cabinet for approval.

5. The GoM desired that after incorporating all the changes and modifications approved by the GoM, the final version of the draft Bill may be got vetted from Law Ministry within the next 10 days and brought before the GoM for final approval before taking it for Cabinet approval.

6. The GoM further desired that the substance of the change may also be shared with Chief Ministers of mineral rich States so that they are adequately informed that their concerns have been addressed.

7. The meeting ended with a vote of thanks.
List of participants in the meeting of the Group of Ministers held on 17th September 2010 under the Chairmanship of Hon’ble Finance Minister on draft Mines and Minerals (Development and Regulation) Bill 2010

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ANNEXURE VII (D) (para 5.2)

Minutes of the meeting of Group of Ministers (GoM) held on 3rd December, 2010 under the Chairmanship of Shri Pranab Mukherjee, the Hon’ble Finance Minister

1. List of participants in the Group of Ministers (GoM) meeting is given at Annexure.

2. The GoM was held on 3.12.2010 under the Chairmanship of the Hon’ble Finance Minister. The Finance Minister made initial remarks stating that the primary purpose of this GoM meeting was to consider and approve the draft Mines and Minerals (Development and Regulation) Bill, 2010 (MMDR Bill) as finalized on the basis of discussions of the GOM on 17.9.2010 and vetted by Law Ministry. The Chairman of GoM stated that as discussed in the previous GOM meeting, a meeting was convened on 24th November, 2010 with Chief Ministers of Orissa and Chhattisgarh (Chief Minister Orissa was unable to attend) and the issues raised by the Chief Ministers in the Joint Memorandum dated 12.10.2010 were discussed in detail. He asked Secretary (Mines) to make a presentation on the main issues raised in the Joint Memorandum of the Chief Ministers, the response and the extent to which the present draft Act addresses the concerns.

3. On the basis of the subsequent discussions of GoM, it was agreed that since Joint Memorandum of 12.10.2010 appeared to be based largely on the last public version of the draft Act (dated 3.6.2010) and following the GoM meeting on 17.9.2010, the latest draft as vetted by Law Ministry, incorporated a provision for abatement of all pending concession applications (except those made under Section 11(1) of the existing MMDR Act, 1957 or where prior approval of Central Government has been obtained or letter of intent has been issued and is pending execution of concession), most of the major concerns stood addressed. The major remaining issues were identified and the GoM’s conclusions thereon are as follows:

(i) Large area prospecting licence: The State Governments requested for the scope of Section 13(1) to be enlarged so that the existence of mineralisation by local knowledge or geological setting should be a criteria for a notification. The GoM has observed that in case of the LAPL there will not be any local knowledge considering that the LAPL which starts with reconnaissance, deals with the deep
seated minerals and covers a large area of upto 5000 sq.kms. which may consist of a range of many possible minerals. The GoM also observed that LAPLs involved high expenditure with sophisticated technology, and such high risk projects required venture capital and as such the system had to be one facilitating the access to Venture Capital from the few Stock Exchanges providing such high risk finance options.

(ii) Competitive bidding: It was explained that already competitive bidding is the norm as per Section 13, and only where there was no evidence of mineralization was the area being left free for applications. Even here, in view of the decision of GoM on 17.9.2010, all areas applied for under the existing Act where applications stand abated would be deemed to be areas of known mineralization and shall be required to be notified by the State Government for bidding for PL or ML as appropriate, based on the available data. During discussion, it was further clarified that while notifying such cases, States will be empowered to do suitable amalgamation/expansion of area to be notified, to promote scientific mining and ensure that minimum area conditions are fulfilled. It was also agreed that the State Governments would be empowered to notify the area for PL or for ML purely on the basis of the quality of the data, and not on the nature of the abated application. In order to allow State Governments to be able to identify suitable areas for grant of PL through competitive bidding, the draft Act may provide for a one year moratorium on filing of applications for PL. Apprehensions were raised that there may be some areas where public agencies may have worked on promotional basis, as provided in the existing Section 4(1) of MMDR Act, 1957 and there may be concealment of data to give unfair advantage to favoured parties. Accordingly, GoM directed that in all cases where notification was issued under Section 4(1) of MMDR Act for promotional exploration by any State/Public Agency, such exploration agency should make available the data to general public and the State Governments should notify such promotional prospected areas for competitive bidding for PL/ML as the case may be, on the basis of the exploration report, where ever possible. Where the area is not notified, and a PL application is filed, then the State Government may notify the area (including an amalgamated or
expanded area if the available data supported it) for eliciting a better offer within a specified period from the date the PL application is received and it was felt that such notification will bring better response, and increase transparency. The GoM desired that the draft Act should also provide for detailed sub-legislations on the procedure for notification of area and grant of mineral concessions.

(iii) Royalty revision period: Though ad valorem rates provided for inbuilt buoyancy of revenue, in order to allay the apprehension of the States of possible revenue loss, it was agreed to reduce the period of revision of royalty rates to three years.

4. The Law Minister pointed out that in case of strategic minerals, provisions should be there for placing restrictions on the existing leases. It was the consensus that firstly with regard to atomic minerals and rare earth minerals the provision requiring approval of Department of Atomic Energy was adequate. As regards the general case, it was the consensus that the issue was one of allowing use within the country and not allowing it to be exported, which could be adequately met through fiscal and export regulatory measures. It was underlined that exploration to locate strategic minerals should not get disincentivised.

5. Regarding the request of Law Ministry for provision of one share for the displaced persons in the mining companies, it was clarified that it was in the nature of giving representation to the displaced persons and is not restricted to one share only, and one share was only the minimum.

6. In respect of the observation of Law Ministry to make provisions for direct intervention by the Central Government, the GoM decided that in order to maintain arms length, direct intervention by the Central Government is not advisable and autonomy of the Regulator needs to be maintained. The GoM noted that already, on the advice of the Law Ministry, a provision has been made for supersession of the Authority in specified circumstances, with the Central Government directly exercising the powers of the Authority.

7. The Coal Minister pointed out that Singareni Collieries Ltd. and Neyveli Lignite Corporation Ltd. should be allowed to conduct promotional exploration activities under Section 4 of the draft Act, similar to GSI and State DGMs. This was agreed. Further,
since the Coal Ministry is setting up a Coal Regulatory Authority and a Coal Appellate Tribunal, it was decided that coal minerals may be exempted from the purview of the National Mining Regulatory Authority and National Mining Tribunal in the draft MMDR Bill, 2010.

8. Minister for Tribal Affairs expressed his opinion that the provision for 26% profit sharing may be inadequate and the percentage rate of profit sharing may be reconsidered. He further stated that the draft Act should provide for adequate consultations with the Gram Sabhas in grant of mineral concessions and sharing of profit in the District Mineral Foundation. The GoM held that in principle the profit sharing mechanism through District Mineral Foundation was reasonably addressing the concerns of socio-economic development of local persons affected by mining. The GoM further held that the draft Act suitably provides for consultation with the Gram Sabhas.

9. Deputy Chairman, Planning Commission pointed out that the draft Act should provide for suitable mechanism for ensuring that the profit sharing percentage for the mining lease holders specified under the draft Act takes into account the cost-economics of various different minerals in order to keep the domestic mining sector competitive. The GoM considered this and it has concluded that an enabling provision may be included in section 43 of the draft Act to provide for the National Mining Regulatory Authority to review and recommend the profit sharing percentage mineral-wise, similar to royalty, to the Central Government for notification. Considering the uncertainties in revenue accrual to the District Mineral Foundation and identification of beneficiaries, it was also decided that ‘family’ shall be the basic unit, similar to the scheme under Mahatma Gandhi NREGA, for grant of minimum and default entitlement, and entitlement would be based on a reasonable cut-off date.

10. The GoM approved the draft Act with the amendments as stated and it was decided that the final version may be placed before the Chairman, GoM.

11. The meeting ended with the vote of thanks.
List of participants in the meeting of the Group of Ministers held on 3rd December 2010 under the Chairmanship of Hon'ble Finance Minister on draft Mines and Minerals (Development and Regulation) Bill 2010

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Minutes of the meeting of Group of Ministers (GoM) held on 7th July 2011 under the Chairmanship of Shri Pranab Mukherjee, Hon’ble Finance Minister.

1. List of participants in the Group of Ministers (GoM) meeting is given at Annexure.

2. Welcoming all the members, the Chairman of GoM initiated the discussion stating that since the setting up of GoM in June 2010, the GoM had met four times and he had also held discussions subsequently with the Chief Ministers of Chattisgarh and Orissa on their concerns regarding the provisions of the draft Mines and Minerals (Development and Regulation) Bill, 2011 (MMDR Bill). He further stated that while there was convergence of the members of the GoM on the draft MMDR Bill in the meeting on 3rd December 2010, on the basis of which the draft Bill had been vetted by the Ministry of Law and Justice, a few issues needed to be discussed further so as to finalise the GoM recommendations, especially in view of the recent recommendations of the Ashok Chawla Committee submitted to the Government.

3. Hon’ble Minister of State (Independent Charge) of Mines stated that the draft MMDR Bill was important for development of mineral sector. He referred to the address of Hon’ble President of India to Members of both Houses of Parliament assembled together at the start of the first session of Parliament in 2011, where the commitment of her Government to introduce the Bill in Parliament was underlined. He stated that after he had taken charge in the Ministry he had occasion to hear views of various stakeholders, and had accordingly brought these issues to the attention of the Chairman GoM, and had also discussed the issues with him on 6.7.2011, after which clear conclusions had been arrived at.

4. Secretary, Ministry of Mines gave a brief presentation on the important developments in the draft Bill since the last meeting of the GoM and informed that the draft MMDR Bill has also been suitably modified to address the recommendations of the Ashok Chawla Committee.

5. The remaining issues discussed and the final recommendations of the GoM are given below:
   (i) On the concerns of the State Government of Chattisgarh and Orissa, the GoM agreed to the introduction of suitable provisions on allowing the State Governments:
• to call for competitive bids on areas where direct prospecting licences are filed, to get better value for the deposit,

• to set a minimum floor price for competitive bidding,

• to call for better financial bids in case of transfer of mining lease, where it is felt that the consideration for transfer is inadequate.

• Increase time limit for disposal of applications for prospecting licences, and Mining Lease (grant of Letter of Intent) to four months.

• In order to deal with the legacy issues pertaining to pending applications, it was decided that all applications pending on the date of commencement of new Act would be deemed to be lapsed (excepting those that had been made for seamless transition to next stage of concession or those which have been given prior approval for grant of concession or issued letter of intent and awaiting execution of licence or lease), and that the State Government would be given a moratorium period for receiving fresh applications for prospecting licence.

(ii) On the role of National Mining Regulatory Authority, it was agreed that it would be a body to review sectoral issues and advise the Government on policy and strategy, including royalty rates, and would have the power to investigate and launch prosecution against cases of large scale illegal mining. A similar Authority could also be set up by the State Governments at the State level. It was agreed that in the larger interest of the country, the Government should have the final say on important policy matters and also should be able to issue directions to the independent Regulator, where issues of overriding national interest are concerned.

(iii) In order to incentivise state-of-art technology and high investments, the new concession instrument of High Technology Reconnaissance Licence (earlier named Large Area Prospecting Licences) would be encouraged for non-bulk minerals.

(v) On the issue of sharing of mining benefits with the local population, the GoM heard various concerns of the members, including those on the need to ensure that the minimum amount accruing to the District Mineral Foundation in case of coal minerals should be equal to the royalty accrual and felt that, unlike other major minerals, since the prices of coal minerals
were administered it would be appropriate to link the profit sharing at 26% of profit after tax till the administered pricing system is changed. The GoM, keeping in view the possibilities of changes in the pricing and royalty system for coal, agreed to the following in clause 43(2) of draft Bill:

- Since royalty based systems are simple, transparent and easy to administer, in respect of non-coal major minerals, an amount equal to royalty may be paid by lessees into the District Mineral Foundation instead of the earlier proposed 26% of Profit after Tax. This will address the concerns of industry with regard to calculation and accounting procedures.

- For coal minerals, keeping in view the administered price system and complex royalty formula, the proposed formulation of 26% of Profit after Tax in the proviso to clause 43(2) of draft MMDR Bill will be retained and in order to allow for any future changes in the pricing and royalty system for coal minerals the National Regulator may be empowered to recommend appropriate alternatives in respect of coal minerals from time to time.

- In case of minor minerals, where royalty is fixed by State Governments and a wide variety of system are prevalent, the basis for payment by lessees will be determined by State Government with the concurrence of the National Regulator, who shall take cognizance of matters relating to the economy of mining of the mineral in the State and inter-state comparisons.

(vi) In the matter of suitable role of the Central Government in respect of ensuring good governance by the State Governments in working the concession allocation system, it was held that the independent National Mining Tribunal would adequately ensure that the State Governments follow the procedures and timelines given in the draft Bill, and suitable powers will be given to this independent Tribunal to ensure compliance of its directions. The GoM held that this should adequately take care of the concerns on exercise of discretions by the State Governments in grant of concessions, and would provide a better mechanism than the present system of “prior approval” for selected minerals, which had proved unsatisfactory and ineffective.
(vii) It was agreed, considering the recommendations of the Ashok Chawla Committee that the State Governments need to develop their capacities to be able to identify suitable deposits and realize better value through transparent competitive bidding, State Governments may be allowed to collect cess upto 10% of the royalty as already proposed. However, in case of Central cess, it was decided that the cess rate could be limited to 2.5%, considering the overall tax burden on the industry.

(viii) The need to protect the interest of PSUs and end-use industries with captive resources was also discussed. While recognizing the need to encourage value addition in the country, it was held that the provisions in the draft MMDR Bill for giving weightage to value addition, existing industries, end-use industries with diminishing captive resources and mining projects promoting ore linkages would functionally leverage advantage to the PSUs and end-use industries during the grant of concessions, thereby requiring no further special dispensations.

(ix) In order to address the concerns on continuance of existing small sized mining leases after the expiry of their lease tenure under the new Act, it was agreed that a suitable explanation could be provided in the clause on extension of leases as a matter of abundant caution to allow extension of such leases subject to adherence to sustainable development framework prescribed in the draft MMDR Bill, which would suitably address the concerns of the Environment & Forest Ministry at the same time.

(x) The penalty provisions were discussed and it was generally agreed that the Bill adequately provided for creation of mechanisms for investigation, prosecution and trial of offences. It was also agreed that while most of the provisions were necessary, the penalty of imprisonment of three years for exploration without licence may now be reduced to two years and the fine for exploration without licence shall be upto Rs.25,000 per hectare subject to a maximum in case of PL of Rs.15 lakhs. For non-implementation of final mine closure plan the penalty will be Rs.1000/- per day per hectare.

6. The Chairman thanked all the members for their contribution, and directed that based on the minutes of the meeting, the administrative Ministry (Ministry of Mines) should appropriately effect the changes in the draft MMDR Bill, 2011, and place it before the Cabinet for approval at the earliest, so that the Bill can be introduced in the Monsoon session of Parliament.

7. The meeting ended with a vote of thanks to the Chair.
**ANNEXURE**

List of participants in the meeting of the Group of Ministers held on 7\(^{th}\) July 2011 under the Chairmanship of Hon’ble Finance Minister on draft Mines and Minerals (Development and Regulation) Bill 2011

<table>
<thead>
<tr>
<th>No.</th>
<th>Name and Designation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Shri Pranab Mukherjee, Minister of Finance Chairman</td>
</tr>
<tr>
<td>2.</td>
<td>Shri Veerappa Moily, Minister of Law and Justice</td>
</tr>
<tr>
<td>3.</td>
<td>Shri Anand Sharma, Minister of Commerce and Industry</td>
</tr>
<tr>
<td>4.</td>
<td>Shri Kanti Lal Bhuria, Minister of Tribal Affairs</td>
</tr>
<tr>
<td>5.</td>
<td>Shri Shriprakash Jaiswal, Minister of Coal</td>
</tr>
<tr>
<td>6.</td>
<td>Shri Montek Singh Ahluwalia, Dy Chairman, Plg Commission</td>
</tr>
<tr>
<td>7.</td>
<td>Shri Dinsha Patel, Minister of State (IC) of Mines</td>
</tr>
<tr>
<td>8.</td>
<td>Shri Jairam Ramesh, Minister of State of Ministry of Environment and Forests</td>
</tr>
<tr>
<td>9.</td>
<td>Shri Beni Prasad Verma, Minister of State (IC) of Steel</td>
</tr>
<tr>
<td>10.</td>
<td>Secretary, Ministry of Coal</td>
</tr>
<tr>
<td>11.</td>
<td>Secretary, Ministry of Mines</td>
</tr>
<tr>
<td>12.</td>
<td>Secretary, Ministry of Steel</td>
</tr>
</tbody>
</table>
NOTE FOR RECORD

Meeting of Hon’ble Finance Minister (Chairman, GoM on MMDR Act, 2010) and Hon’ble Minister of Mines & DoNER with Hon’ble Chief Minister, Chattisgarh on 24.11.2010 at 12.30 p.m. in the Chamber of Hon’ble Finance Minister.

1. As a sequel to the joint memorandum dated 12.10.2010 raising some issues on the draft MMDR Act, Hon’ble Chief Minister of Chattisgarh was invited to a meeting with Hon’ble Finance Minister (Chairman, GOM on MMDR Act, 2010) and requested to state the views of the State Government.

2. The Hon’ble Chief Minister (and the Advisor who was in attendance) made the following main points:-

   (i) Financial bids should not be restricted to the cost of survey and exploration of the deposit.

   (ii) Transferability of concessions will lead to trading.

   (iii) Formal reconnaissance should not be needed for notifying an area for competitive offers. Local knowledge should be sufficient.

   (iv) In Coal and Petroleum, large blocks are auctioned. This system should be followed for metallic mines as well.

   (v) If all old applications abate on coming into force of new Act, there will be a rush of applications and it may not be possible for the State to handle that many applications within the time-limits provided.

   (vi) First-in-time should be the exception rather than the norm, to be used only where bidding is not possible. Even here, there should be provision for selection amongst multiple applicants who may all be first-in-time in the terms of applying on the same day.

   (vii) Preference should be given to value adders. In particular, preference should be given to value adders in Scheduled areas. Also instead of 26% or amount
equal to royalty’, an amount of 26% or amount twice the royalty should be
required in scheduled areas.

(viii) Reservation for State PSUs should be continued, to enable raw material
requirements of mineral based SMEs to be met.

(ix) Tribunals and Authorities under the Act should not be given powers to grant
the concessions, which should remain with the State Government.

3. Hon’ble Minister of Mines and Secretary, Mines (who was in attendance) were
requested to briefly respond and the following points were made:-

(i) Coal and Petroleum are single minerals which by their nature occur in specific
regions, in large compact areas of known geology. The case of metallic
minerals, which occur as narrow veins and nodes, is quite different.

(ii) In the case of metallic major minerals, 56% of leases are below 10 ha, 66% of
leases are below 20 ha and 80% leases are below 50 hectares. Mineral
deposits are sporadic occurrences, whose volume (and value) could only be
ascertained by actual ground-level scientific prospecting and close spaced
drilling.

(iii) The scheme of the Act provides that where mineral occurrences are known,
the State can notify the area and invite bids for prospecting or mining,
depending on the nature and detail and level of confidence in the data. First-
in-time was only an exceptional case, where there is no data, and the
entrepreneur takes all the risk.

(iv) The Hoda Committee had recommended, and the National Mineral Policy had
mandated, that the need of the hour is to incentivise venture capital and high
technology to locate deeper deposits, particularly of base, noble and strategic
metals and a new concession instrument LAPL was accordingly required. This
instrument is specifically designed for use of aerial geophysics and other
sophisticated high investment prospecting methods, and has to function in
accordance with internationally accepted systems as venture capital for such
purposes could initially only be raised abroad.
(v) In bidding, bids were to recover cost incurred by State in exploration in general, not merely for a particular deposit.

(vi) Trading at the level of LAPL and PL is likely to be limited as they have short shelf life and unknown value. Transfer of mining lease requires prior approval of State Government, and as such trading cannot take place.

(vii) Value addition and ore linkage for SMEs is already provided in Section 13 of the Act in terms of allocation of weightages.

(viii) Tribunals and Authorities have not been given powers to grant concessions.

4. Hon’ble Finance Minister thanked Hon’ble Chief Minister, Chattisgarh for the views communicated by the State Government and summed up the discussion stating the GOM will finalise the draft Act with due regard to all points of view.
NOTE FOR RECORD

Meeting of Hon’ble Finance Minister (Chairman, GoM on MMDR Act, 2010) and Hon’ble Minister of Mines & DoNER with Hon’ble Chief Minister, Orissa on 24.12.2010 at 12.45 p.m. in the Chamber of Hon’ble Finance Minister.

1. Hon’ble Finance Minister (Chairman of GoM on MMDR Act 2010) convened a meeting on 24th December 2010 at the request of the Chief Minister of Orissa for discussion on the few remaining concerns on the draft MMDR Act, 2010. Hon’ble Finance Minister requested the Hon’ble Chief Minister to state the views of the State Government.

2. The Hon’ble Chief Minister (and Secretary, Steel and Mines of the State Government who accompanied the Chief Minister) stated that:-

(x) Value addition should be a parameter for grant of mineral concessions in case of direct applications under section 13 of draft Act.

(xi) Competitive bidding should be the general methodology for grant of direct concessions for PL and ML.

(xii) Financial bidding in section 13 of draft Act should allow for the State Government, not only to recover a minimum floor price for its effort in identifying the deposit, but also allow the State Government to call for bids on the percentage of royalty or profit sharing that an applicant is willing to share with the Government.

(xiii) State Government should also be allowed to identify minerals which need to be conserved in the national interest.

(xiv) The State Government, keeping in view the need to address the cause of development in Scheduled Areas, should be allowed to levy an additional amount from mines in Scheduled areas as a percentage of royalty.

(xv) Reservation of mineral bearing areas for State PSUs should be allowed to address the raw material needs for small and medium mineral based industries.
(xvi) State Governments may need some additional moratorium period for receiving applications for PL in some instances.

(xvii) In cases, where the State Government has called applications for competitive bids under section 13 of the Act, the time limit for allowed to the State Government should be four months instead of three months.

3. After the Hon’ble Minister of Mines and Secretary, Mines (who was in attendance) clarified the position on the concerns raised by the Chief Minister of Orissa, the following emerged:-

(ix) The provisions of section 13 of draft MMDR Act, clearly allowed the State Governments to give sufficient weightage to value addition in grant of mineral concessions when bids are called.

(x) It was agreed that the draft Act adequately allowed the State Governments to grant prospecting licence and mining lease through competitive bidding under section 13 of the draft Act based on a choice of parameters relevant to the State.

(xi) Section 13 of the draft Act would be suitably modified to allow the State Government to set a floor price/value for bidding based on reconnaissance or prospecting data as the case may be, while seeking bid on the percentage of royalty or profit that could be shared by the applicant with the State Government in grant of PL and ML. These changes will adequately address the concerns of the State Government to better realize the potential of minerals.

(xii) It was agreed that the section 37 of the draft Act already provides such powers to the State Government to conserve resource with the prior approval of Central Government and the provisions are adequate.

(xiii) States having Schedule V areas may make use of the provisions of the Schedule for the benefit of the local population.

(xiv) In order to ensure raw material security to small and medium mineral based industries, the State Government could give additional weightage in the grant of mineral concessions for the purpose, and the same could be specified in the
notification under section 13. It was agreed that the principle of competitive bidding and reservation of areas cannot be reconciled as there needs to be a level playing field.

(xv) It was agreed that in order to allow the State Government to identify mineralized areas in a scientific manner, the Act may provide that the State Government may be given an additional one year moratorium period for PLs on basis of a request to the Central Government.

(xvi) Suitable modifications would be made in the draft Act to increase the period for disposing the applications received through notification for competitive bidding from three months to four months.

4. Hon’ble Finance Minister thanked Hon’ble Chief Minister, Orissa for making it convenient to share his concerns in the discussion. He stated that on the basis of this discussion, the GoM would suitably modify the draft MMDR Act.
### ANNEXURE IX (para 5.2)

**Main concerns of stakeholders and decision of the Group of Ministers**

<table>
<thead>
<tr>
<th>Sl no</th>
<th>Concern</th>
<th>Decision of the Group of Ministers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>State Governments to grant prospecting licence and mining lease only through competitive bidding</td>
<td>Agreed. In areas of known mineral deposits, direct mining lease can be granted only after calling for competitive offers, including financial bidding. Similarly the State Governments may grant prospecting licence through competitive bids. Further with the introduction of provision to lapse all pending applications for grant of mineral concessions at the commencement of the new MMDR Bill, excepting such applications where lease or licence has not been executed after Central Government prior approval or where clearances are pending, the State Governments shall have opportunity to identify and notify all its mineralized areas for grant of mining lease or prospecting licences on competitive offers. In case of High Technology Reconnaissance cum Exploration licence (HTREL) application in areas where mineralization is not known since there is no data, consideration of applications will be based on chronology.</td>
</tr>
<tr>
<td>2</td>
<td>Powers to notify an area for grant of prospecting licence even when an application for same was pending.</td>
<td>Agreed. The State Governments have been given powers to call for competitive offers on such areas which have been applied for grant of prospecting licence within a time frame.</td>
</tr>
<tr>
<td>3</td>
<td>Empowering State Governments to give preference to value adders.</td>
<td>Agreed. The draft MMDR Bill provides that the State Governments may grant mining lease and prospecting licence on the basis of the value-addition of the minerals, end-use of minerals, and ore-linkage proposed with the end-use industries.</td>
</tr>
<tr>
<td>4</td>
<td>Setting up feasible administrative process for sharing of profit with local population instead of allocation of equity.</td>
<td>(xiii) Agreed. It has been proposed that all mining lease holders to pay to the District Mineral Foundation as follows: (a) in respect of non-coal major minerals, an amount equal to royalty paid by lessees, (b) for coal minerals, 26% profits to be called as profit sharing percentage</td>
</tr>
<tr>
<td>5</td>
<td>Parity with the Central Government in matters of levy of cess.</td>
<td>In case of Central Government cess, the maximum rate of levy has been defined at 2.5%, while State Governments are allowed to levy cess up to a rate of 10%.</td>
</tr>
<tr>
<td>6</td>
<td>Special provisions for Scheduled Areas.</td>
<td>Agreed. The draft MMDR Bill does not restrict the State Governments to exercise their powers through Governor in the Scheduled Areas.</td>
</tr>
<tr>
<td>7</td>
<td>Reservation of mineral bearing areas for PSUs.</td>
<td>The GoM held that the draft MMDR Bill gave sufficient provisions for giving preference in grant of mining lease and prospecting licence to a PSU, and that reservation is not compatible with competitive bidding.</td>
</tr>
<tr>
<td>8</td>
<td>State Governments sought to retain the periodicity of revision of royalty rates at three years</td>
<td>Agreed. The periodicity of revision of royalty rates has been retained at three years.</td>
</tr>
<tr>
<td>9</td>
<td>Continuation of the system requiring the State Governments to seek prior approval from the Ministry of Mines for ten important minerals in First Schedule to the MMDR Act, 1957 before grant of concession</td>
<td>The GoM has agreed to make it necessary for State Governments to obtain the prior approval of the Central Government before grant of mineral concessions in case of coal, beach sand and atomic minerals only</td>
</tr>
<tr>
<td>10</td>
<td>Increased obligations for involving host population through mandatory profit sharing and consultations during the various stages of mining.</td>
<td>Profit sharing mechanism has been specified in the District Mineral Foundation.</td>
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</table>
**Annexure X (para 5.3)**

Comments of the Ministry of Mines on the recommendations of the Committee on Allocation of Natural Resources

<table>
<thead>
<tr>
<th>Recommendations of the Committee on Allocation of Natural Resources</th>
<th>Comments of Ministry of Mines</th>
</tr>
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</table>
| 58. The Committee recommends that a scheme be evolved for reform linked capacity building of State mining departments with a view to improving their capability and resources for prospecting, public accessibility of information on fields based on information prior reconnaissance and prospecting, improving the monitoring and regulation of mines and production and reducing the time taken for approvals. Based on data from RL and LAPL, State governments should immediately develop the capability for analysing the generated data and offering suitable prospects for competitive award. Since the State mining departments will be primarily responsible for implementing reform in the proposed MMDR Act, this is an essential component for success. | Agreed. The draft Bill provides in clause 13(1) that “In respect of any land where the minerals vest in the Government, the State Government shall, by notification, invite applications in the form of competitive offers for any mineral except coal minerals for grant of a prospecting licence over any area where reconnaissance has been conducted and sufficient evidence of enhanced mineralisation of the specified minerals has been established:” Further clause 13(11) of draft Bill provides that “The State Government shall invite and entertain applications for grant of prospecting licence in an area relinquished by a holder of a high technology reconnaissance cum exploration licence or a prospecting licence only after such area is notified by the State Government for inviting applications for grant of concessions for the purpose of section 22: Provided that if the State Government does not notify such relinquished area within three months of relinquishment, any person interested may apply to the State Government and in case it fails to notify the area within a further period of three months, the applicant may apply to the National Mining Tribunal in case of major minerals and State Mining Tribunal in case of minor minerals for notification of that area and the concerned Tribunal may direct the State Government to notify the area within such period as it may specify.” The Ministry through the Indian Bureau of Mines has commenced an exercise to develop a Mining Tenement System for the country, which would be a component of the sub-legislation under the draft MMDR Bill, 2011. While the spatial component of the project is
dependent on the completion of digitization of the land records, in respect of the registry component the Indian Bureau of Mines is preparing the DPR for the project in association with the NIC. In respect of spatial component, the Ministry of Mines has requested the Department of Land Records, which has a separate scheme for this project, to prioritise the digitisation of land records in mineral bearing districts. The Mining Tenement System should definitely improve the capability of the State Governments to notify areas, and simultaneously the System would increase the public accessibility of information on availability of areas for reconnaissance and prospecting, and monitoring the disposal of applications for mineral concessions.

59. The Committee advises that GSI complete its geophysical and geochemical mapping expeditiously, with the assistance of outsourcing and service contracts if necessary, so as to develop potential areas for prospecting, so that such prospects can then be competitively awarded, as provided in the legislation.

Agreed. The GSI would be mandated to outsource geophysical and geochemical mapping. However, such mapping would remain at pre-competitive levels, being in the nature of regional surveys (on 1:50,000 scale).

60. The Committee recognizes that the proposed MMDR Act is a significant step towards modernizing and reforming India’s mining industry. It is therefore all the more important that the proposed Act impose only such restrictions as necessary and accommodate a variety of allocation mechanisms, provided they are open, transparent and competitive. Accordingly, the Committee recommends that sections on bidding in the proposed new MMDR Act should be capable of accommodating a variety of policies and processes within the overarching National Framework and allow States to move towards clear and appropriate bidding processes. In particular, the Act should not preclude any form of open, transparent and competitive bidding. Such guidelines, as felt necessary, can be issued as part of the Mineral Concession and Development Rules to allow the bidding mechanisms to reflect different levels of maturity in institutional evolution. This will enable incorporation of improvements from

Agreed. The relevant section in draft Bill, i.e. clause 13(5) can be modified (indicated as underlined portions) to the purpose as follows:

13(5): “In such areas where prospecting has been conducted and sufficient evidence of enhanced mineralization has been established through a prospecting report and feasibility study, and where no application for a mining lease is pending, the State Government shall by notification invite applications in the form of competitive bids for any minerals excepting coal minerals, for grant of mining lease, to the bidder who in accordance with the provisions of sub-section (6) quotes the best financial bid, including the bid for the prospecting report and feasibility study for the area so notified:”

Clause 13(6) which already provides for a very flexible bidding process, may be slightly modified in item (f) as follows:-
“A notification issued under sub-section (5) may specify that bids received shall be considered with reference to such criteria
actual implementation experience. including all or any one or more any of the following, as per weightages assigned, as may be specified in such notification, namely:-
(a) special knowledge and appropriate experience in scientific mining and mineral beneficiation;
(b) bringing new and advanced technologies;
(c) investments in value addition such as mineral processing and beneficiation;
(d) having industrial capacity based on the mineral or having set up industry based on the mineral, and achieved financial closure for such project;
(e) providing ore-linkage through long-term agreements with domestic industry;
(f) constructing transportation networks (road and rail) and other infrastructure facilities in the mineral bearing area;
(g) in the case of iron ore, bauxite and limestone, having finished products production capacity at the time of commencement of the Act and captive ore resources which are likely to be exhausted in the near future; and
(h) financial bid, including the bid for the prospecting report and feasibility study for the area so notified.”

Since the State Governments can at the time of notification for the deposit, prescribe weightages for the various criteria (including those specified), it gives them flexibility along with transparency to promote a competitive environment. As also provided, the detailed procedure will be prescribed in the sub-legislation.

61. The Committee recommends that for minerals likely to be found as surfacial deposits and where prospecting does not require high technology, State governments should be incentivised and enabled to take up prospecting and exploration so that adequately prospected ore bodies can be

Agreed. Clause 4 of the draft Act already provides as follows:
(2) No licence shall be necessary in respect of reconnaissance or prospecting operations undertaken by the Geological Survey of India, the Atomic Minerals Directorate, the Mineral Exploration Corporation Limited, the
put to bid, as also advised by the Hoda Committee.

<table>
<thead>
<tr>
<th>Clause 8(1)(a) of draft Bill already provides for grant of non-exclusive reconnaissance permit in line with the Hoda Committee recommendations.</th>
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<tr>
<td>Clause 8(1)(a) of draft Bill also provides for grant of LAPL (now called High Technology Reconnaissance cum Exploration licence to emphasise the requirement of High Technology and the fact that starts as a reconnaissance licence) to be restricted to non-bulk minerals as recommended by the Hoda Committee (proviso to clause 6(1) of draft Bill).</td>
</tr>
<tr>
<td>Clause 58 of the draft Bill provides for a National Mining Regulatory Authority. As to the recommendation to task the Independent regulator with reviewing licensing systems, clause 68(1) (f) in the draft Act clearly provides for such powers as follows: (National Mining Regulatory Authority may) “advise the Central Government and any State Government, on a reference from them, on issues pertaining to measures to increase transparency in the grant of mineral concessions and efficiency in models for</td>
</tr>
<tr>
<td>63.</td>
</tr>
<tr>
<td>---</td>
</tr>
<tr>
<td><strong>Agreed.</strong></td>
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<table>
<thead>
<tr>
<th>64.</th>
<th>The Committee recognizes that royalty in some form, whether ad-valorem or specific or profit related, is the primary continuing source of revenue from mining. This needs to be levied on scientific lines to realise better and more sustainable revenues on a transparent basis. However, currently the development of mineral bearing areas, which generate the revenue, leaves much to be desired. The Committee recommends that the incidence and structure of royalty be reviewed at preset intervals through a transparent process so as to represent a fair value for the mineral. It also recommends that a significant portion of the revenue be used to ensure all round development of the mineral bearing areas, for example, through a non-lapsable fund in the mining districts and transparent and flexible district level mechanisms including Zilla Panchayats and District Planning Committees.</th>
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<tbody>
<tr>
<td><strong>Agreed.</strong></td>
<td>The draft Bill provides for a District Mineral Fund to ensure that funds are available for local area development. As regards review of royalty systems, the draft Bill provides for the National Mining Regulatory Authority to make recommendations. Since the next revision is due in 2012, and the legislation may not be enacted by then, the Ministry will separately constitute a non-statutory Regulatory Authority for the purpose to implement the recommendation of the Committee.</td>
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</table>

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<tr>
<th>65.</th>
<th>The Committee recommends that regulations related to mine closure should be periodically revisited to ensure that the provisions therein, including the financial surety are adequate to pay attention to the rehabilitation of the environment to the maximum feasible level and support for competitive bidding of minerals;”</th>
</tr>
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<tr>
<td><strong>Agreed.</strong></td>
<td>The draft Bill has raised the financial assurance for the present guarantee of Rs25,000 per hectare to an annual cash contribution totalling to Rs1 lakh per hectare over the mine life. Mine closure provisions have been made specific and stringent, with full consultation with local community. The</td>
</tr>
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</table>
workers and communities who were dependent on the mining activity for sustenance.

relevant provisions are:
- Clause 32(5) of the draft Bill provides that the “Indian Bureau of Mines or the Coal Controller or the Atomic Mineral Directorate, or the State Directorate as the case may be shall, after consulting the concerned Panchayats convey its approval or disapproval to the Progressive Mine Closure Plan within a period of ninety days from its receipt:”.
- Clause 24(1)(n) of the draft Bill provides that “the lessee shall deposit with the State Government in case of major minerals that vest in the Government, an amount calculated at the rate of rupees one lakh per hectare of the lease area payable in equal installments over the mining plan period as security for due observance of the terms and conditions of the lease:”

66. The Committee recommends that for large mining leases, an SPV, as in the case of the UMPPs, could be established in which all preliminary clearances can be embedded. This would enable the clearance process to be completed under the aegis of public ownership and therefore, presumably more immune to issues of impropriety.

Agreed. To the extent that the draft Bill provides in the second proviso to clause 13(5) that where the State Government seeks to notify an area for grant of mining lease, it shall obtain all forest clearances and necessary permissions from the owners of the land and those having occupation rights, before such notification.

A meeting was held with Ministry of Steel on iron ore, and it was broadly agreed that it is necessary to develop ultra mega mining projects in the country, similar to NMDC mines, which would ensure zero-waste mining and complete utilisation of ore produced. Through such mega mining projects, ore linkage should be the paradigm for ensuring raw material security. Steel Ministry is considering integrating this concept with their draft Ultra Mega Steel Projects Policy.

67. The Committee recommends that immediate steps be initiated in association with the states to record the number of small mines and people engaged therein through extensive surveys.

Agreed. IBM has been asked to coordinate the process.
### ESTIMATED EXPENDITURE ON NEW BODIES

**Annexure XI (para 7.1)**

#### Staffing Pattern and Estimated Expenditure on National Mining Tribunal

<table>
<thead>
<tr>
<th>1. Members</th>
<th>Pay Scale (in Rs.)</th>
<th>Monthly Avg. Estimated emoluments</th>
<th>No. of posts</th>
<th>Annual Emoluments</th>
<th>Deployment of Staff</th>
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<td>Chairperson</td>
<td>90,000/- Fixed</td>
<td>145340</td>
<td>1</td>
<td>1744080</td>
<td>PPS-1, PS-1, LDC-1, Peon-2</td>
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<td>Members</td>
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<td>130140</td>
<td>14</td>
<td>21863520</td>
<td>PS-14, Steno-14, Peon-14</td>
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<td><strong>Total (1)</strong></td>
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<td><strong>23607600</strong></td>
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#### 2. Officers and Staff

<table>
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<tr>
<th>Post</th>
<th>Pay Scale (in Rs.)</th>
<th>Monthly Avg. Estimated emoluments</th>
<th>No. of posts</th>
<th>Annual Emoluments</th>
<th>Deployment of Staff</th>
</tr>
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<tr>
<td>Registrar</td>
<td>PB-4-Gr. Pay-8700</td>
<td>101108</td>
<td>1</td>
<td>1213296</td>
<td>PS-1, Peon-1</td>
</tr>
<tr>
<td>Deputy Registrar/ Court Master</td>
<td>PB-4-Gr. Pay-7600</td>
<td>57028</td>
<td>1</td>
<td>684336</td>
<td>Steno Gr. ‘C’-1, Peon-1</td>
</tr>
<tr>
<td>Under Secretary</td>
<td>PB-4-Gr. Pay-6000</td>
<td>55508</td>
<td>1</td>
<td>666096</td>
<td>Steno ‘D’-1, Peon-1</td>
</tr>
<tr>
<td>Systems Analyst</td>
<td>PB-4-Gr. Pay-6000</td>
<td>55508</td>
<td>1</td>
<td>666096</td>
<td></td>
</tr>
<tr>
<td>Accounts Officer</td>
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<td>Section Officer</td>
<td>PB-4-Gr. Pay-4800</td>
<td>42460</td>
<td>2</td>
<td>1019044</td>
<td>Assistant-4, UDC-4, LDC-2, Peon-2</td>
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<tr>
<td>Assistants</td>
<td>PB-4-Gr. Pay-4200</td>
<td>41548</td>
<td>4</td>
<td>1994304</td>
<td></td>
</tr>
<tr>
<td>UDC</td>
<td>PB-4-Gr. Pay-2400</td>
<td>24904</td>
<td>4</td>
<td>1195392</td>
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<tr>
<td>LDC</td>
<td>PB-4-Gr. Pay-1900</td>
<td>22924</td>
<td>4</td>
<td>1100352</td>
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</tr>
<tr>
<td>PPS</td>
<td>PB-4-Gr. Pay-6000</td>
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<td>PS</td>
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<tr>
<td>Steno Gr. ‘C’</td>
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<td>15</td>
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<tr>
<td>Steno Gr. ‘D’</td>
<td>PB-4-Gr. Pay-2400</td>
<td>24904</td>
<td>1</td>
<td>298848</td>
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<tr>
<td>Hindi Officer</td>
<td>PB-4-Gr. Pay-5400</td>
<td>43372</td>
<td>1</td>
<td>520464</td>
<td>Peon-1, LDC-1.</td>
</tr>
<tr>
<td>Hindi Translator</td>
<td>PB-4-Gr. Pay-4200</td>
<td>41548</td>
<td>4</td>
<td><strong>1994304</strong></td>
<td></td>
</tr>
<tr>
<td>Record Sorter/ Daftry/ Photocopier</td>
<td>Rs.6,000/person</td>
<td>6000</td>
<td>2</td>
<td>144000</td>
<td>To be outsourced</td>
</tr>
<tr>
<td>Peon (22)/ Watchman (2)/ Safaiwala (2)</td>
<td>Rs.4,000/person</td>
<td>4000</td>
<td>26</td>
<td>1248000</td>
<td>To be outsourced</td>
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<tr>
<td><strong>Total (2)</strong></td>
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<td><strong>29551108</strong></td>
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<td><strong>Total A (1+2)</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>53158708</strong></td>
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</tr>
<tr>
<td><em><em>Other expenses</em> like Medical Bills/LTC</em>*</td>
<td></td>
<td></td>
<td></td>
<td><strong>10631741</strong></td>
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</tr>
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</table>
**Grand Total**

Total A + other expenses | 6,37,90,449

*Including DA/HRA/TA etc. where admissible*

### B. Other Recurring Expenditure

<table>
<thead>
<tr>
<th>Item</th>
<th>Monthly Estimated Expenditure</th>
<th>Annual Estimated Expenditure</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building Rent</td>
<td>12,00,000</td>
<td>1,44,00,000</td>
<td></td>
</tr>
<tr>
<td>Transport (18 Cars) with 18 Drivers</td>
<td>3,60,000</td>
<td>43,20,000</td>
<td>To be outsourced.</td>
</tr>
<tr>
<td>Telephone (20 Lines)</td>
<td>40,000 @2000/- per telephone</td>
<td>4,80,000</td>
<td></td>
</tr>
<tr>
<td>Electricity Bill</td>
<td>30,000</td>
<td>3,60,000</td>
<td></td>
</tr>
<tr>
<td>Travel</td>
<td>100,000</td>
<td>12,00,000</td>
<td></td>
</tr>
<tr>
<td>Postal Charges</td>
<td>10,000</td>
<td>1,20,000</td>
<td></td>
</tr>
<tr>
<td>Misc. Expenditure</td>
<td>150,000</td>
<td>18,00,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total (B)</strong></td>
<td>2,14,80,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>+ 10% for unforeseen expenses</td>
<td></td>
<td>21,48,000</td>
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</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,36,28,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total Recurring Expenditure (A+B) = 6,37,90,449 + 2,36,28,000 = 8,74,18,449

### II NON-RECURRING (initial) EXPENDITURE

<table>
<thead>
<tr>
<th>Item</th>
<th>No.</th>
<th>Estimated Exp.</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>PC with printer</td>
<td>38@50000</td>
<td>1900000</td>
<td>Ch-3, M-14, RG-2, DR-2, US-2, HO-2, HTR-1, SO-2, Asst-4, UDC-4, LDC-2</td>
</tr>
<tr>
<td>Telephone/intercom</td>
<td>20@4000</td>
<td>80000</td>
<td></td>
</tr>
<tr>
<td>Photocopier</td>
<td>16@30000</td>
<td>480000</td>
<td></td>
</tr>
<tr>
<td>AC</td>
<td>30@30000</td>
<td>900000</td>
<td>Ch-2, M-14, R.G-2, DR-2, US-1, HO-1, Sections(2)=4, Court-4</td>
</tr>
<tr>
<td>Furniture &amp; Fittings</td>
<td></td>
<td>3000000</td>
<td></td>
</tr>
<tr>
<td>Misc.</td>
<td></td>
<td>500000</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>68,60,000</td>
<td></td>
</tr>
<tr>
<td>10% (unforeseen)</td>
<td></td>
<td>6,86,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>75,46,000</td>
<td></td>
</tr>
<tr>
<td>Total expenditure on National Mining Tribunal</td>
<td></td>
<td>8,74,18,449</td>
<td>75,46,000 = 9,49,64,449</td>
</tr>
</tbody>
</table>
## Staffing Pattern and Estimated Expenditure on National Mining Regulatory Authority

### A. Recurring Expenditure on Salary and Allowances

<table>
<thead>
<tr>
<th>1.</th>
<th>Pay Scale (in Rs.)</th>
<th>Monthly Avg. Estimated emoluments</th>
<th>No. of posts</th>
<th>Annual Emoluments</th>
<th>Deployment of Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairperson</td>
<td>90,000/- Fixed</td>
<td>145340</td>
<td>1</td>
<td>1744080</td>
<td>PPS-1, PS-1, LDC-1, Peon-2</td>
</tr>
<tr>
<td>Members</td>
<td>80,000/- Fixed</td>
<td>130140</td>
<td>9</td>
<td>14055120</td>
<td>PS-14, Steno-14, Peon-9</td>
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</table>

**Total (1)**

<table>
<thead>
<tr>
<th>2. Officers and Staff</th>
<th>Pay Scale (in Rs.)</th>
<th>Monthly Avg. Estimated emoluments</th>
<th>No. of posts</th>
<th>Annual Emoluments</th>
<th>Deployment of Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Addl. Secretary</td>
<td>HAG 76000-79000</td>
<td>127190</td>
<td>1</td>
<td>1526280</td>
<td>PPS-1, PS-1, Peon-1</td>
</tr>
<tr>
<td>Joint Secretary</td>
<td>PB-4-Gr. Pay-8700</td>
<td>101108</td>
<td>3</td>
<td>3639888</td>
<td>PS-3, Peon-3</td>
</tr>
<tr>
<td>Deputy Secretary</td>
<td>PB-4-Gr. Pay-7600</td>
<td>57028</td>
<td>3</td>
<td>2053008</td>
<td>Steno Gr. ‘C’-3, Peon-1</td>
</tr>
<tr>
<td>Under Secretary</td>
<td>PB-4-Gr. Pay-6000</td>
<td>55508</td>
<td>1</td>
<td>666096</td>
<td>Steno ‘D’-1, Peon-1</td>
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<tr>
<td>Systems Analyst</td>
<td>PB-4-Gr. Pay-6000</td>
<td>55508</td>
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<td>1332192</td>
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<td>Accounts Officer</td>
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<td>1019040</td>
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<tr>
<td>Desk Officer</td>
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<td>2547600</td>
<td>Assistant-4, UDC-4, LDC-2, Peon-2</td>
</tr>
<tr>
<td>Assistants</td>
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<td>4</td>
<td>1994304</td>
<td></td>
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<tr>
<td>UDC</td>
<td>PB-4-Gr. Pay-2400</td>
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<td>4</td>
<td>1195392</td>
<td></td>
</tr>
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<td>LDC</td>
<td>PB-4-Gr. Pay-1900</td>
<td>22924</td>
<td>4</td>
<td>1100352</td>
<td></td>
</tr>
<tr>
<td>PPS</td>
<td>PB-4-Gr. Pay-6000</td>
<td>55508</td>
<td>1</td>
<td>666096</td>
<td></td>
</tr>
<tr>
<td>PS</td>
<td>PB-4-Gr. Pay-4800</td>
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<td>8152320</td>
<td></td>
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<td>7478640</td>
<td></td>
</tr>
<tr>
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<td>1</td>
<td>298848</td>
<td></td>
</tr>
<tr>
<td>Hindi Officer</td>
<td>PB-4-Gr. Pay-5400</td>
<td>43372</td>
<td>1</td>
<td>520464</td>
<td>Peon-1, LDC-1.</td>
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<tr>
<td>Hindi Translator</td>
<td>PB-4-Gr. Pay-4200</td>
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<td>498576</td>
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<tr>
<td>Record Sorter/ Daftry/ Photocopier</td>
<td>Rs.6,000/ person</td>
<td>6000</td>
<td>2</td>
<td>144000</td>
<td>To be outsourced</td>
</tr>
<tr>
<td>Peon (22)/ Watchman (2)/ Safaiwala (2)</td>
<td>Rs.4,000/person</td>
<td>4000</td>
<td>26</td>
<td>1248000</td>
<td>To be outsourced</td>
</tr>
</tbody>
</table>

**Total (2)**

| Total A (1+2) | 52720872 |

### Other expenses like Medical Bills/LTC etc. (+20%) | 10544174 |
<table>
<thead>
<tr>
<th>Grand Total</th>
<th>Total A + other expenses</th>
<th>6,32,65,046</th>
</tr>
</thead>
<tbody>
<tr>
<td>* Including DA/HRA/TA etc. where admissible</td>
<td></td>
<td></td>
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</tbody>
</table>

**B. Other Recurring Expenditure**

<table>
<thead>
<tr>
<th>Item</th>
<th>Monthly Estimated Expenditure</th>
<th>Annual Estimated Expenditure</th>
</tr>
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<tbody>
<tr>
<td>Building Rent</td>
<td>12,00,000</td>
<td>1,44,00,000</td>
</tr>
<tr>
<td>Transport (18 Cars) with 18 Drivers</td>
<td>3,60,000 @20,000/- car** to be outsourced</td>
<td>43,20,000</td>
</tr>
<tr>
<td>Telephone (20 Lines)</td>
<td>40,000 @2000/- per telephone</td>
<td>4,80,000</td>
</tr>
<tr>
<td>Electricity Bill</td>
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<td>3,60,000</td>
</tr>
<tr>
<td>Travel</td>
<td>100,000</td>
<td>12,00,000</td>
</tr>
<tr>
<td>Postal Charges</td>
<td>10,000</td>
<td>1,20,000</td>
</tr>
<tr>
<td>Misc. Expenditure</td>
<td>150,000</td>
<td>18,00,000</td>
</tr>
<tr>
<td><strong>Total (B)</strong></td>
<td><strong>2,14,80,000</strong></td>
<td></td>
</tr>
<tr>
<td>+ 10% for unforeseen expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,36,28,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

Total Recurring Expenditure (A+B)= 6,32,65,046+2,36,28,000=8,68,93,046

**II NON-RECURRING (initial) EXPENDITURE**

<table>
<thead>
<tr>
<th>Item</th>
<th>No.</th>
<th>Estimated Exp.</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>PC with printer</td>
<td>38@50000</td>
<td>1900000</td>
<td>Ch-3, M-9, JS-2, DR-2, US-2, HO-2, HTR-1, SO-2, Asst-4, UDC-4, LDC-2</td>
</tr>
<tr>
<td>Telephone/intercom</td>
<td>20@4000</td>
<td>80000</td>
<td></td>
</tr>
<tr>
<td>Photocopier</td>
<td>16@30000</td>
<td>480000</td>
<td></td>
</tr>
<tr>
<td>AC</td>
<td>30@30000</td>
<td>900000</td>
<td>Ch-2, M-9, R.G-2, DR-2, US-1, HO-1, Sections(2)=4, Conf. Rooms-4</td>
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<tr>
<td>Furniture &amp; Fittings</td>
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<td>3000000</td>
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</tr>
<tr>
<td>Misc.</td>
<td></td>
<td>500000</td>
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</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>68,60,000</strong></td>
<td></td>
</tr>
<tr>
<td>10% for other unforeseen</td>
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<td><strong>6,86,000</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>75,46,000</strong></td>
<td></td>
</tr>
<tr>
<td>Total expenditure on National Mining Regulatory Authority</td>
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<td></td>
<td>75,46,000</td>
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<tr>
<td></td>
<td></td>
<td>=9,44,39,046 (Recurring + Non Recurring)</td>
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