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Mining Policy and Legislation

National Mineral Policy

4.1 The Government had approved the new National Mineral Policy, 2008 on 13th March 2008. The new Policy enunciates measures to streamline and simplify the procedures for grant of mineral concessions, develop a sustainable framework for optimum utilisation of the country's natural mineral resources for the industrial growth in the country and at the same time improving the life of people living in the mining areas which are generally located in the backward and tribal regions of the country.

4.2 Apart from these, the National Mineral Policy has enunciated several policy measures that seek to strengthen the framework/ institutions supporting the Indian Mining sector, which include the Indian Bureau of Mines, Geological Survey of India and State Directorates of Mining and Geology. The new Policy spelt out measures to optimise the scientific mining and exploration of the country's mineral resources. Some of the important measures are enumerated below:

4.3 An Act to replace the existing Mines and Minerals (Development and Regulation) Act, 1957 has been formulated and the draft Act has been posted on website of Ministry of Mines for comments.

4.4 In order to ensure implementation of the non-legislative policy initiatives given in the National Mineral Policy, 2008, the Ministry of Mines has constituted an Implementation Committee vide Ministry of Mines Order No.15(1)/2008-MV(Pt) dated 23.06.2009 to oversee the implementation of the action points arising out of the National Mineral Policy, under chairmanship of the then Additional Secretary (Mines).

National Mineral Policy (NMP), 1993

4.5 In pursuance of the reforms initiated by the Government of India in July, 1991 in fiscal, industrial and trade regimes, the National Mineral Policy was announced in March, 1993. The National Mineral Policy recognized the need for encouraging private investment including foreign direct investment, and for attracting state-of-art technology in the mineral sector. The policy stressed that the Central Government, in consultation with the State Governments, shall continue to formulate legal measures for the regulation of mines and the development of mineral resources to ensure basic uniformity in mineral administration so that the development of mineral resources keeps pace, and is in consonance with the national policy goals.

Legislative Changes consequent to National Mineral Policy, 1993

4.6 With a view to give effect to the National Mineral Policy, 1993, the Mines and Minerals (Development & Regulation) Act, 1957 (MMDR Act) was amended in January, 1994. The amendments, inter-alia, covered the following:-

- (i) Removal of restriction on foreign equity holding in the mining sector enabling any Company registered in India irrespective of foreign equity holding to apply for mining concessions (prospecting licence or mining lease)
- (ii) Amendment of First Schedule to the MMDR Act, 1957, whereby more powers were devolved on the State Governments by way of deleting 15 minerals. With this amendment, only 11 minerals comprised Part 'C' of the said First Schedule apart

from Coal and Lignite and 11 atomic minerals, which constitute Parts 'A', and 'B', respectively of the said Schedule.

- (iii) Providing greater stability in tenure of mineral concessions, for which the minimum period for mining lease was specified as 20 years, along with maximum period for grant of mining lease enhanced from 20 to 30 years. The maximum period for renewal was also increased from 10 to 20 years and provision made for subsequent renewals in the interest of mineral development provided for.
- (iv) The State Governments were empowered to terminate a lease for minor minerals without prior approval of the Central Government.

4.7 In order to boost exploration and detailed prospecting of high value and scarce minerals in the country, Government of India in October, 1996, issued guidelines for facilitating aerial prospecting over large areas by allowing grant of a single prospecting licence upto 5000 Sq.kms with the proviso that the aggregate area held under such prospecting licence by a single person or company may not exceed 10000 sq.kms. in the whole country.

4.8 In December, 1999, the following amendments were made in the MMDR Act, 1957 and the Rules framed there under based on the report of the Tandon Committee constituted by the Ministry of Mines:-

- (i) The concept of reconnaissance operations as a stage of operation distinct from and prior to actual prospecting operations was introduced and detailed provisions were made in the Rules laying down conditions, criteria, area limits, scope of operations, etc. in regard to reconnaissance operations/ permits.
- (ii) The mineral 'Limestone' was deleted from Part 'C' of First Schedule to the Act, thereby bestowing full powers of grant of mineral concessions to the State Governments in respect of this important

mineral, addressing the demand from a large number of State Governments and industry. The 10 minerals in Part 'C' of the First Schedule of the Act which now require prior approval of the Central Government for grant of mineral concession are Asbestos, Bauxite, Chrome ore, Copper, Gold, Iron ore, Lead, Manganese ore, Precious stones and Zinc.

- (iii) Incorporation of legal provisions regarding renewal (first or subsequent) of mining lease and prospecting license, and full delegation of these powers to the State Governments in respect of 10 mineral in Part 'C' of the First Schedule.
- (iv) Similarly, power for transfer of mining leases for 10 minerals in part 'C' of the First Schedule was delegated to State Government so that reference to the Central Government was not necessary.
- (v) State Governments were delegated powers to grant mineral concessions even for areas which are not compact or contiguous.
- (vi) State Governments were empowered to permit amalgamation of two or more adjoining mining leases.
- (vii) The area restrictions of mining lease/ prospecting license/ reconnaissance permits were substantially liberalised by making such restrictions applicable State-wise instead of the country as a whole.
- (viii) The legal provisions for curbing illegal mining were strengthened by delegation of powers for check, search entry, etc. to the State Governments. The provisions for confiscation, apart from existing powers of seizure in respect of tools, equipment, etc. used in illegal mining; introducing legal provision for transport and movement of minerals so as to curb movement of illegally mined minerals, were made.
- (ix) Powers for approving mining plan for 29 non-metallic / industrial minerals in case of open cast mines were delegated to the State Governments.

- (x) For large mining operations (proposed investment exceeding Rs. 2 billion) mining lease shall not lapse if mining development does not take place in two years.
- (xi) Level playing field between Government owned Companies and others were provided, e.g. prematurely terminated lease area is available for re-grant to both public and private sector, and Government owned Companies cannot charge premium in case of transfer of mining lease.

Need for Review of National Mineral Policy of 1993

4.9 Mining is a three-stage operation, involving regional exploration, detailed exploration, and actual mining. Regional exploration is mainly a survey activity to identify areas bearing deposits. Detailed exploration is a little more invasive and can involve close distance drilling (depending on the mineral) and substantial testing to establish commercially exploitable ore bodies. Mining projects, therefore, have a long gestation period requiring large investments in exploration and other development activities before commercial production can begin, and are thus considered as a high risk venture for the reason that a prospector's investment may or may not result in finds of commercially exploitable deposits. In India, investment has been lacking in such high-risk ventures and the work done by GSI continues to be the main basis for investment in mining.

4.10 Even though it is commonly agreed that India is endowed with large mineral resources, especially of iron ore, bauxite, lime stones, base metals, noble metals, and diamonds, due to inadequate survey and exploration activities, the full potential of these deposits are not known. Out of 2.05 million sq. km of hard rock area (excluding the Deccan Trap), geological mapping on a scale of 1:50,000 has been largely completed on an estimated 17.72 lakhs sq. km geophysical mapping of 1.46 lakhs sq. km band and geochemical survey of 1.90 lakhs sq. km has been completed. Assuming a general geological environment

of only scheduled minerals at about 571,040 sq. km, proper regional exploration for only 8-13 per cent has been done. There is a need felt to attract high risk investment in the interest of discovering commercially exploitable deposits.

4.11 The growing global demand for metals and minerals has been continuously pushing up both domestic and international prices of minerals. Moreover, the country's accelerated growth rate warranted a rapid development of the mining sector because most of the basic industries in the manufacturing sector are dependent on assured ore supply. Similarly, the world mineral scenario had changed significantly, and in today's globalised economy, it was noticeable that investments in mining and exploration flow into such countries where apart from existence of mineral potential the regulatory regime is also investor friendly. Realizing this fact, many developing countries had significantly reoriented their mining laws and policies to attract global investment.

4.12 The slow pace of Foreign Direct Investments (FDI) in the mining sector even five years after the liberalization of the investment regime, the lack of enthusiasm for investment in prospecting shown by the domestic private sector, and the lack of resources with public sector agencies such as GSI, MECL, and other state and central agencies for undertaking promotional exploration had meant that the sector was unable to contribute to growth of the Gross Domestic Product (GDP) of the country to an optimal extent.

4.13 During the Mid-term Appraisal of the 10th Plan in the Planning Commission, it was observed that the 1993 policy had not been able to achieve the aim of encouraging the flow of private investment and introduction of high end technology for exploration and mining because of procedural delays, etc. A High Level Committee under the chairmanship of Shri Anwarul Hoda was therefore constituted on 14th September, 2005 by the Planning Commission to review the existing policy and make recommendations for possible amendments to the Mines & Minerals

(Development & Regulation) Act, 1957 to give a fillip to private investment in the mining sector. Based on recommendation of Hoda Committee, the National Mineral Policy, 2008 was announced by the Government of India in March, 2008. The National Mineral Policy, 2008 (NMP) endeavors to attract technology and fresh investment through specific measures.

National Mineral Policy 2008

4.14 The new NMP enunciates measures like assured right to next stage mineral concession, transferability of mineral concessions and transparency in allotment of concessions, in order to reduce delays which are seen as impediments to investment and technology flows in the mining sector in India. The Mining Policy also seeks to develop a sustainable framework for optimum utilisation of the country's natural mineral resources for the industrial growth in the country and at the same time improving the life of people living in the mining areas, which are generally located in the backward and tribal regions of the country.

4.15 Other features of the Mineral Policy are:-

- (a) NMP recognizes that minerals are valuable natural resources being the vital raw material for infrastructure, capital goods and basic industries and development of the extraction and management of minerals has to be integrated into the overall strategy of the country's economic development.
- (b) The exploitation of minerals has to be guided by long-term national goals and perspectives which are dynamic and responsive to the changing global economic scenario.
- (c) The NMP also recognizes that the country is blessed with ample resources of a number of minerals and has the geological environment for many others being a part of the ancient Gondwanaland, which includes parts of Australia, South Africa, and Latin America.

(d) NMP lays out that the guiding strategy for development of any mineral should naturally keep in view its ultimate end uses in terms of demand and supply in the short, medium and long terms and this would be market oriented. However, a disaggregated approach in respect of each mineral will be adopted and a mineral specific strategy will be developed to maximise gains from the comparative advantage which the country enjoys and mineral development will be prioritized in terms of import substitution, value addition and export, in that order.

- (e) Conservation of minerals shall be construed not in the restrictive sense of abstinence from consumption or preservation for use in the distant future but as a positive concept leading to augmentation of reserve base through improvement in mining methods, beneficiation and utilisation of low grade ore and rejects and recovery of associated minerals.

IMPLEMENTATION OF THE NATIONAL MINERAL POLICY- INITIATIVES TAKEN SO FAR

Amendment to Act and Rules

4.16 The new Policy states that the Central Government in consultation with State Governments shall formulate legal measures necessary for giving effect to new National Mineral Policy, 2008, to ensure basic uniformity in mineral administration across the country, to ensure that the development of mineral resources keeps pace, and is in consonance with the national goals. Some of the important areas of focus in the new National Mineral Policy, inter-alia, are:

- (i) Ushering in greater liberalization and private sector involvement, and 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.

- (ii) Developing partnerships with stakeholders including State Government, Mineral and mineral based industries and various Ministries / Departments of the Central Government concerned, for development and conservation of mineral resources and formulation of strategy to ensure raw materials security. The policy also seeks to deepen the scope of the developmental framework by mandating better management of resources and enhancing the Research and Development impetus as also develop the Human Resources in the sector.
- (iii) 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. Since 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 need felt to incorporate provisions in the mining legislation enabling institutional mechanisms for involvement of the local people, especially the tribal and under privileged communities, in the development of mineral resources through creation of stakeholder rights.

4.17 The Ministry of Mines has prepared a new draft Mines and Minerals (Development & Regulation) Act in line with the Mineral Policy, in consultation with all the stakeholders including State Governments, industries and concerned Ministries /Departments of Central Government, and representatives of civil

society concerned with environmental/societal impact. The draft Mines and Minerals (Development and Regulation) Act, was circulated to all the stakeholders in July, 2009 for comments. Subsequently follow up meetings and workshops were held with the various stakeholders on 11th August 2009, 17th August 2009, 20th August 2009, 3rd September 2009, 9th October 2009 (workshop), 10th October 2009 (workshop), 14th October 2009, 20th January 2010 and 20th April 2010. The successive versions of the draft Act was also circulated /uploaded on the website of the Ministry for obtaining the comments of the stakeholders on 5th August 2009, 17th September 2009, 17th November 2009, 8th January 2010, 31st March 2010 and 3rd June 2010.

4.18 After obtaining the views of all the stakeholders, the draft Mines and Minerals (Development and Regulation) Bill, duly vetted by the Ministry of Law and Justice has been referred to a Group of Ministers headed by Shri Pranab Mukherjee, Hon'ble Finance Minister. The Group of Ministers has held four rounds of discussions on 22nd July 2010, 30th July 2010, 17th September and 3rd December 2010 on the draft Bill. It is expected that the draft Bill will be introduced in the Parliament in the Budget session of 2011.

Strengthening Geological Survey of India

4.19 The Mineral Policy states that in order to effectively regulate the mineral sector through enforcement of mining plans for adoption of proper mining methods and optimum utilization of minerals, the Geological Survey of India (GSI), the India Bureau of Mines (IBM) and the State Directorates of Mining & Geology will be strengthened with manpower, equipment and skill sets upgraded to the level of state of the art. The Policy further states that these Government agencies will expend public funds primarily in areas where private sector investments are not forthcoming despite the desirability of programs due to reasons such as high uncertainties.

4.20 The Ministry had constituted a High Powered

Committee (HPC) to suggest measures to strengthen the GSI. The HPC had submitted its report 31.3.2009 with a number of recommendations including on issues of training and capacity building. The recommendations are being implemented in a phased manner. Since the HPC was headed by the Additional Secretary (Mines), implementation of some of the recommendations particularly those emanating from the National Mineral Policy 2008 and relating to the Human Resources aspects were commenced on the basis of conclusions of the HPC even before the report was formally submitted on 31.3.2009. HPC has envisioned to make GSI a world class Survey Organization. To achieve these, HPC has proposed rightsizing of the GSI apart from providing technological inputs. An Implementation Committee has been set up to go into the details for implementation and for further follow up of its recommendations. Most of the 74 major recommendations made by the Committee, have been implemented of which the following are notable:

- a) In principle approval of then Hon'ble Minister of Mines for implementation of the recommendations of HPC obtained on 1.5.2009.
- b) Vision & Charter - Gazette notification issued on 25.5.2009 and put up on website of Ministry of Mines & Portal of GSI. Wide publicity has been given within and outside GSI.
- c) GSI has switched over to the Mission- Region mode and the Field Season 2009-10 starting from 1.10.2009 is being conducted in Mission-Region Mode.
- d) 'Mission Offices' have started functioning, and 3 Support Systems has been created.
 - Orders for Mission-I, II, III, IV, V and PSS circulated.
 - Orders for restructuring of Coal Wing issued on 05.04.2010.
 - Orders for restructuring of Marine Wing issued on 13.04.2010.
- Orders for restructuring of Air borne Survey Wing issued on 13.04.2010.
- Order on Placement Collegiums was issued on 06.04.2010.
- Thirty officials of various levels undergone training in finance by ISTM and posted in the regions.
- Framing of transfer policy as per guidelines given by HPC has been done and being implemented.
- Fund allotment on Mission Mode implemented from 01.04.2010
- e) GSI has been declared as an 'Attached Office' on 7.7.2009 in the Ministry of Mines upgrading it from 'Subordinate Office'.
- f) For implementation of Enterprise Portal Project in GSI, a Monitoring Committee under the Chairmanship of Additional Secretary (Mines) was constituted on 2nd April, 2009 and progress of the Portal Project work is being closely monitored. Phase I and Phase II have been completed. GSI is planning for Phase III and project document under preparation. National Institute of Smart Government (NISG) Hyderabad has been engaged to act as a consultant for such purposes.
- g) Central Geological Programming Board (CGPB) has been revamped and 12 Committees constituted on 12.3.2009.
- h) Order for establishing Science Policy Coordination, CGPB Secretariat, Commercial Operation (all new) and additional office of DDG(P) at Delhi has been issued by GSI on 29.6.2009.
- i) Quality Management cell has been notified to be located at Delhi. First meeting of the Committee constituted has been held on 30.03.2010.
- j) Order issued on 5.6.2009 for dissemination of Geoscientific information gathered by GSI for use

by public at large for free of cost and related matters. GSI has drawn an action plan for digitizing and uploading the information.

- k) Geology stream was reaffirmed as an Organized Service and draft Recruitment Rules (RRs) in Organized Service format of other 3 S&T streams i.e. Chemistry, Geophysics and Engineering are under consultation with DOPT.
- l) Training Policy Coordination Committee (TPCC) has been set up on 17th July, 2009. One Pre-TPCC meeting was held on 6th September 2010 and One TPCC meeting was held on 16th November, 2010
- m) Training System in GSI has been revamped. Special Mission for training has been constituted. Partnership with other training institutes in geoscience sector is envisaged. GSI has started imparting training to the officials of the State Govts. in GSI's Training Institute free of charge.

Strengthening of Indian Bureau of Mines

4.21 A committee has been constituted in the Ministry of Mines for revising and restructuring of functions and role of IBM in terms of the Policy directions given in the National Mineral Policy, 2008. The Committee has prepared a draft report which has been put up on the website of the Ministry for inviting comments of the stakeholders.

4.22 Government have approved the revival of 86 scientific and technical posts in IBM, which had been abolished earlier. Separately, filling up of posts in Statistical Division of IBM has also been completed.

Strengthening of State Directorate of Mining and Geology

4.23 Keeping in view the increase in royalty revenues to the State Governments due to revision of royalty rates in August 2009, the State Governments have been requested to prepare Action Plan for strengthening of the State Directorate of Mining and

Geology in line with the recommendation of the National Mineral Policy.

Mining Tenement & Registry System

4.24 The Policy lays down that a national inventory of mineral resources will be based on a comprehensive and up to date review of exploration data, and in coordination with Geological Survey of India, the Indian Bureau of Mines will maintain a database in digitized form comprising both a Resource Inventory and a Tenement Registry in accordance with the latest version of the UNFC system. The Tenement Registry will also 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 reconnaissance permit /prospecting licence holders. It is envisaged in the Policy that the data would be maintained online giving instant information to prospective investors on what is available for reconnaissance, prospecting and mining. 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.

4.25 In order to introduce such a system, the Ministry of Mines has started work on a Mining Tenement System, in consultation with the concerned Ministries/ Departments of the Central Government and State Government. A pilot project for Durg and Bellary District has been developed and successfully demonstrated.

4.26 In respect of 'Registry component' of the project, IBM and NIC have jointly finalised the 'Term of Reference' (TOR) for preparation of 'Detail Project Report' (DPR). A pre-bid meeting was held at NIC, New Delhi for selection of consultant for preparation of DPR. Once the DPR is prepared and accepted, it will pave way for next step for calling the bid for selection of consultant for development of application software for the project. In respect of the tenement part of the system, the matter is being followed up with the State

Governments to complete digitization of the cadastral maps under the National Land Records computerization programme enabling Geo-referencing of the maps for tenement purpose.

Forest & Environment Issues

4.27 The policy lays down creation of a framework for sustainable development which will be designed to take care of bio diversity issues and to ensure that mining activity takes place along with suitable measures for restoration of the ecological balance. Special care will be taken to protect the interest of host and indigenous (tribal) populations through developing models of stakeholder interest based on international best practice. Project affected persons will be protected through comprehensive relief and rehabilitation packages in line with the National Rehabilitation and Resettlement Policy.

4.28 The matter has been raised with the Ministry of Environment and Forests in the light of the new Mineral Policy, expressing the readiness of the Ministry to strengthen the IBM in order to ensure that the provisions of the Policy and statutory requirements in Forests and Environment Acts are fulfilled in letter and spirit. At present, the Ministry of Environment and Forests (MoEF), under section 10 of Environment Protection Act have authorized the officers of IBM (CCOM, COM, RCOM, and DCOM) to collect samples, analyse the same and report to MoEF.

4.29 The Hoda Committee, set up to review the National Mineral Policy, held that some of the challenges facing the Indian Mining sector to develop in a sustainable manner would be to identify the appropriate use of land within a Land Planning framework through a democratic decision making process on the basis of integrated assessment of ecological environmental economical and social impact. The Committee also held that mining should contribute to economic, social and cultural well-being of indigenous host populations and local communities by creating stakeholder interest in mining operations for

the Project affected Persons (PAP). The Committee recommended development of a Sustainable Development Framework specially tailored to Indian context.

4.30 In this context, the Ministry of Mines has initiated action to prepare a Sustainable Development Framework for the Indian Mining sector. The Sustainable Development Framework would address important issues pertaining to Rehabilitation & Resettlement, environment mine closure etc. The Ministry has selected a Consultant M/s. ERM to prepare the draft Sustainable Development Framework through a bidding process. The Consultant has prepared and submitted a draft Sustainable Development Document, consisting of principles, reporting initiatives and good practice guidelines for the Indian Mining sector. The draft document has been hosted on the website of the Ministry for obtaining the comments of the concerned public. The draft Sustainable Development Document is likely to be finalized shortly.

Off-shore Exploration

4.31 To ensure that India's exclusive economic zone is explored and exploited to the maximum possible extent, the Ministry of Earth Sciences (MoES) and its agencies are entrusted with the task of sea-bed exploration and mining. Cooperation between MoES and GSI will be institutionalized so as to achieve this objective within a time bound framework.

4.32 The Ministry has set up a Committee headed by Controller General of IBM and including officers from National Institute of Oceanography, MoES and GSI Marine Wing to coordinate and evolve an exploration plan to identify new areas of mineral deposits in the offshore areas of the country.

4.33 An Act to provide for development and regulation of mineral resources in the territorial waters, continental shelf, exclusive economic zone and other maritime zones of India and to provide for matters connected therewith or incidental thereto was notified on 31st January, 2003. The Act titled Offshore Minerals

(Development and Regulation Act) has come into force w.e.f. 15.01.2010. Controller General, Indian Bureau of Mines (IBM) has been appointed as the administering authority for the purpose of the Act.

4.34 The IBM has notified mineral bearing areas off the Eastern and Western coast for grant of exploration license on 29th March, 2010. It has received 377 applications and the IBM is likely to complete the exercise shortly.

Geological Programming Board

4.35 Coordination of the regional exploration work by government agencies is at present being done by the Central Geological Programming Board of the GSI. The disaggregated projects are generally discussed in the State Level Committees and other technical forums before being incorporated into the annual programme. The existing arrangement shall be revamped to ensure that projects and programmes are prioritized in line with the national policy goals and are chalked out after taking into account the exploration work undertaken by the private sector.

4.36 The Central Geological Programming Board has been revamped and the Board will meet at least twice a year as part of the process to strengthen the linkage between the Central Geological Programming Board and the State Geological Programming Boards. With this, it is expected that the Central Board will effectively articulate the policy and programmatic requirements in a technically feasible and scientifically desirable manner, so that projects and programmes are prioritized in line with national policy goals and take into account and facilitate the exploration work of the private sector.

Enforcement of Data Filing by Concession Holders

4.37 As per the National Mineral Policy 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.

4.38 GSI and IBM have been instructed to closely monitor data filing requirements particularly among Reconnaissance Permit (RP) holders. The matter is a regular item of review in the Central and State Geological Programming Boards.

4.39 Administration of RP is covered under Rule 3A to 3E of Mineral Conservation and Development Rules (MCDR) 1988. In accordance with these rules IBM has issued 95 violation letters to RP defaulter during January, 2010. This has largely helped to regulate and streamline reports/returns/data submission from these concession holders. Subsequently, violation letters have been issued to 72 RP holders who largely remained defaulters in the past. A list of defaulting active RPs has already been uploaded on IBM website. The defaulting RP holders have been intimated to submit all geophysical and other exploratory data, plans and sections to GSI also as per requirement of Rule 66 of Mineral Concession Rules (MCR), 1960 and conditions prescribed for RP agreement. As a result of this monitoring, 12 RP defaulters have replied and complied with rules.

4.40 GSI has been entrusted with the responsibility of maintaining data base of all the RP reports by RP holders as per Rule 7 of MCR, 1960. The RP reports are being sent to GSI by RP holders from the year 2005 onwards. To streamline the data filing system and for authentication of reports, the work of preparation of database of the submitted final RP reports has been initiated.

4.41 Similarly, the IBM has been directed to review the data filing by prospecting licence holders, and prepare a list of prospecting reports which could be put in the public domain after the mandatory lock in period is over.

Re-assessment of Threshold Values of Important Minerals

4.42 As per the National Mineral Policy, Minerals being a valuable resource the extraction of mineral resources located through exploration and prospecting has to be maximised through scientific methods of mining, beneficiation and economic utilisation. Zero waste mining will be the national goal and mining technology will be upgraded to ensure extraction and utilisation of the entire run-of-mines.

4.43 In this context, a Study Group in IBM carried out a study in consultation with the stakeholders in the Industry for reassessing the threshold values of 23 minerals including iron ore. The Study Group in its report dated 27th November, 2008 recommended revision of threshold values for 16 minerals. After consultations with the State Governments, IBM published the revised threshold values for 16 minerals, including iron ore, chromite and manganese, on the 16th October 2009.

4.44 IBM has issued directions vide CCOM circular no. 5/2009 dated 23.10.2009 and circular no. 3/2010 dated 14.7.2010 to all its Regional Offices to ensure that the exploration is carried out as per the revised threshold values.

4.45 GSI has taken note of the minerals for which the threshold value has been lowered by IBM and is taking steps to implement the same wherever exploration programme are being taken up by GSI for assessment of that mineral as per the lowered threshold value.

4.46 Accordingly, GSI has identified 3000 deposits of iron ore where reassessment is required. GSI has also completed the reassessment of 61 reports on iron ore exploration as per the revised threshold values. Total resources potentiality of hematite - magnetite iron ore is yet to be known in the country. Previously the resource and reserves were calculated based on arbitrary 55% Fe as cut off to produce mineable ore. In the leasehold area, the job of reassessment must rest with the lessee. The areas where exploration was

carried out earlier and the deposits are kept for stand alone or captive mining, exploration data have to be examined by the State Government.

4.47 After lowering of threshold value of iron ore by IBM, in lease free, non forest areas assessment of low grade iron ore (+45% Fe) is being undertaken by GSI to augment the iron ore resources. Evaluation of future exploration programmes on low grade iron ore in free hold areas for both fresh as well as reassessment has been initiated after assessing the data from the available mineral investigation reports and other relevant documents. GSI will initiate exploration programmes, as per the availability of manpower, in the areas from the list of deposits made available to GSI by IBM which were relinquished by lessee. In the current Field Season (FS) (2010-12) GSI is undertaking five iron ore exploration programmes and the assessment will be done as per the lowered threshold values.

4.48 In respect of lease areas the Ministry of Mines on 23.12.2010 has issued a direction to all the State Governments to impose a special condition under Rule 27(3) of Mineral Concession Rules, 1960, in the mining leases making it mandatory for all the mining lease holders to ensure prospecting of the mining lease area in accordance with the UNFC standards, with latest threshold values.

4.49 To oversee the implementation of non-legislative action points arising out of the National Mineral Policy, 2008, a Committee has been constituted under the Chairmanship of Additional Secretary (Mines), Joint Secretary (Minerals & Regulation) in the Ministry of Mines, and comprising members from IBM and GSI in the Ministry. Four meetings of the Implementation Committee have been held on 15th July 2009, 1st September 2009, 11th November 2009 and the 11th August 2010.

GSI Data

4.50 One of the directions of the National Mineral Policy is that in order to exploit the country's geological potential it is important that scientific and

detailed prospecting is carried out in search of its mineral resources. It will be ensured that regional and detailed exploration is carried out systematically in the entire geologically conducive mineral bearing area of the country using state-of-the-art techniques in a time bound manner. The GSI was accordingly directed to make all its reports, maps, etc. (non-restricted, non-sponsored) available free of cost and upload the same on the GSI portal. However, at the same time the sale of printed copies will continue and the pricing of these publications will be done as per the guidelines issued from time to time. The GSI would be hosting the following free of cost on its portal to enable potential prospectors to make application:-

- (a) All published maps of 1:1million and smaller scales.
- (b) Published reports and journals, and in particular the Economic Geology services (Bulletin Series A)
- (c) All unpublished maps of 1:50000 and smaller scale.
- (d) All limited circulation and open file reports.
- (e) Detailed information Dossiers on important minerals (DID)

Mine Development and Mineral Conservation

4.51 The National Mineral Policy lays down that the Mine development and mineral conservation as governed by the rules and regulations will be on sound scientific basis, 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. Conditions of mining leases regarding size, shape, disposition with reference to geological boundaries and other mining conditions shall be such as to favourably predispose the leased areas to systematic and complete extraction of minerals. The regulatory agencies, namely the Indian Bureau of Mines and the State Directorates will be suitably strengthened through capacity building

measures. The Implementation Committee has directed the IBM to prepare detailed guidelines for mine closure, best practices, and the actual process of obtaining approval from the IBM for the Mine closure plan, detailing the socio-economic aspect of mine closure, long-term impact, costs involved, etc. The same has been incorporated in the IBM Restructuring Report which is available on IBM website.

4.52 In this context, the IBM has constituted Working Groups:

- (a) to suggest incentives to be given to mine operators to promote adoption of mechanization, computerization and automation,
- (b) to develop a Plan for Private sector networking of institutions and jobs in the field of mineral beneficiation,
- (c) to develop legal and institutional framework for zero waste mining and strengthening of mechanization of mining
- (d) to evolve guidelines for operating small deposits in scientific and efficient manner safeguarding vital environmental and ecological aspects,
- (e) to examine improved coordination between the State and IBM.

4.53 The Working Groups have submitted Reports on 25th August 2010 to the Ministry.

Coordination-cum-Empowered Committee

4.54 As suggested by the High Level Committee (HLC), the Ministry of Mines has set up an Coordination-cum-Empowered Committee in order to monitor and minimize the delays in grant of various approvals by the concerned Ministries/Departments in the Central Government for grant of mineral concession. The Committee so far has held four rounds of meetings on 24.7.2009, 22.12.2009, 18.6.2010 and 22.12.2010, wherein important decisions aimed at minimizing delays for processing of mineral concession applications at various levels and improving the overall

mineral concession regime and controlling illegal mining were taken.

Measure to Control Illegal Mining

- All State Governments have been requested to computerize the system for collection of royalty and issue of transport permits on similar basis as the Online Royalty Pass System implemented by (n)Code Solutions, a Division of Gujarat Narmada Valley Fertilizers Company (GNFC) Ltd.
- All State Governments have been requested to include representatives of Railways, Customs, Ports and in case of iron ore producing States, representative of Ministry of Steel in the State Coordination-cum-Empowered Committees set up in the State, for better monitoring of the transportation and export of ore.
- All State Governments have been asked to send list of mineral concession cases pending with Ministry of Environment and Forests for clearances to reduce delays.
- All State Governments have been asked to impose the special condition under Rule 27(3) of Mineral Concession rules, 1960 for ensuring that all the mining lease holders assess the resources in their leases as per the UNFC.
- The State Governments have been requested to be more actively engaged in improving the quality of mineral administration, by taking the following steps:-
 - Increasing personnel at railway sidings;
 - Removal of restrictions on loading of ores in sidings not used optimally;
 - Improving security features of the transit passes (for this purpose, the system of a single permit per rake would need to be implemented);
 - Take action against overloading of trucks

which is a substantial factor in royalty evasion besides being responsible for deteriorating road quality in mining areas and increasing transport inefficiency;

- Putting in place in-motion weigh-bridges and modernization of checkgates;
- Registration of loading contractors and transporters;
- Better enforcement through intelligence sharing, enforcement squads, joint inspection, mining cell in police organization etc.
- Ministry of Mines has directed all the State Governments to start the process of registration of end users, constitution of Special Cell in State Police, use of satellite imagery to track down illegal mining. hologram-marking / bar-coding of transport permit, etc.
- The State Governments are also planning to set up special camp at sites and deployment of Boarder Home Guards in the areas where there have been complaints about illegal mining.

4.55 Rule 45 of Mineral Conservation and Development Rules has been amended on 9th February, 2011 to bring traders, stockists, exporters and end-users dealing with minerals under the purview of regulation. This will ensure end-to-end accounting of minerals, thus obviating scope for illegal mining.

Justice M.B. Shah Commission of Inquiry set up by Ministry of Mines

4.56 Central Government has appointed a Commission of Inquiry consisting of Shri Justice M.B. Shah, Retd. Judge of the Supreme Court of India, vide Notification S.O. 2817 dated. 22 November, 2010 to enquire into the large scale mining of iron ore and manganese ore

without lawful authority in several states. The terms of reference of the Commission are as follows:

- (i) to inquire into and determine the nature and extent of mining and trade and transportation, done illegally or without lawful authority, of iron ore and manganese ore, and the losses therefrom; and to identify, as far as possible, the persons, firms, companies and others that are engaged in such mining, trade and transportation of iron ore and manganese ore, done illegally or without lawful authority;
- (ii) to inquire into and determine the extent to which the management, regulatory and monitoring systems have failed to deter, prevent, detect and punish offences relating to mining, storage, transportation, trade and export of such ore, done illegally or without lawful authority, and the persons responsible for the same;
- (iii) to inquire into the tampering of official records, including records relating to land and boundaries, to facilitate illegal mining and identify, as far as possible, the persons responsible for such tampering; and
- (iv) to inquire into the overall impact of such mining, trade, transportation and export, done illegally or without lawful authority, in terms of destruction of forest wealth, damage to the environment, prejudice to the livelihood and other rights of tribal people, forest dwellers and other persons in the mined areas, and the financial losses caused to the Central and State Governments.

4.57 The Commission is to submit its report to the Central Government as soon as possible but not later than 18 months from the date of its first sitting.



Backfilling of mined out pit in iron ore mine