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Mineral Concession System

5.1 In the federal structure of India, the State Governments are the owners of minerals located within their respective boundaries. The Central Government is the owner of the minerals underlying the ocean within the territorial waters or the Exclusive Economic Zone of India.

5.2 In this connection, the entry at serial No. 23 of List II (State list) to the Constitution of India states, '*Regulation of mines and mineral development subject to the provisions of List I with respect to regulation and development under the control of the Union.*'

5.3 The entry at serial No. 54 of List I (Central list) to the Constitution of India states, '*Regulation of mines and mineral development to the extent to which such regulation and development under the control of the Union is declared by Parliament by law to be expedient in the public interest.*'

5.4 In pursuance to the entry at serial No. 54 of List I, the Central Government have framed legislation titled Mines & Minerals (Development and Regulation) (MMDR) Act, 1957 as Central Act No. 67 of 1957.

5.5 The State Governments grant the mineral concessions for all the minerals located within the boundary of the State, under the provisions of the MMDR Act, 1957, and Mineral Concession Rules (MCR), 1960 framed thereunder. Under the provisions of the MMDR Act, 1957 and MCR, 1960, prior approval of the Central Government is required in the following cases:

- Granting mineral concessions in respect of minerals specified in the First Schedule to the Mines and Minerals (Development and Regulation) Act, 1957.
- Granting areas under prospecting licence and mining lease to a person in excess of limits prescribed under Section 6(1)(a) and Section 6(1)(b) of the Act.
- Imposing special condition(s) in mining lease under Rule 27(3), in prospecting licence under Rule 14(3) and in reconnaissance permit under Rule 7(3) of Mineral Concession Rules, 1960 over and above the conditions prescribed in MCR, 1960.
- Granting mineral concession in an area previously reserved by the Government, or previously held under a mineral concession, without first notifying the same by relaxing the provisions of Rule 59(1) of MCR, 1960 under Rule 59(2).
- Revision of any order made by State Government with respect to any mineral except a minor mineral.
- Relaxation of Rules in special cases under Section 31 of the Act, keeping in view the interest of mineral development.

Status of Mineral Concessions

5.6 There are three kinds of mineral concessions, viz Reconnaissance Permit(RP), Prospecting License(PL) and Mining Lease(ML).

5.7 RP is granted for preliminary prospecting of a mineral through regional, aerial, geophysical or geochemical surveys and geological mapping. The RP for any mineral or prescribed group of associated minerals is granted for 3 years and for a maximum area of 5,000 sq. kms, to be relinquished progressively. After 2 years, the area should be reduced to 1,000 sq. kms or 50% of the area granted, whichever is less. At

the end of 3 years, area held under an RP should be reduced to 25 sq kms. In a State, a person can be granted a maximum area of 10,000 sq. kms under RP subject to the condition that area in a single RP does not exceed 5000 sq. kms. A RP holder has preferential right to obtain PL(s) in the area concerned.

5.8 PL is granted for undertaking operations for the purpose of exploring, locating or proving mineral deposit. A PL for any mineral or prescribed group of associated minerals is granted for a maximum period of 3 years. A PL can be renewed in such a manner that the total period for which a PL is granted does not exceed 5 years. In a State, a person can be granted a maximum area of 25 sq. kms in one or more PLs, but if the Central Government is of the opinion that in the interest of development of any mineral it is necessary to do so, the maximum area limit can be relaxed. A PL holder has preferential right to obtain ML in the area concerned.

5.9 ML is granted for undertaking operations for winning any mineral. A ML for any mineral or prescribed group of associated minerals is granted for a minimum period of 20 years and a maximum period of 30 years. A ML can be renewed for periods not exceeding 20 years each. In a State, a person can be granted a maximum area of 10 sq. kms in one or more MLs, but if the Central Government is of the opinion that in the interest of development of any mineral it is necessary to do so, the maximum area limit can be relaxed.

5.10 The position regarding RP/PL/ML proposals disposed of by the Ministry of Mines during the year 2010-11 is given in **Annexures 5.1, 5.2 and 5.3.**

Major initiatives

5.11 The Ministry of Mines has constituted a Central Coordination-cum-Empowered Committee (CEC) under the chairpersonship of Secretary (Mines) to monitor and minimize delays at various levels in grant of approvals for mineral concession applications. Besides senior officers of the Ministry of Mines, the CEC comprises representatives of the Ministry of

Environment and Forests (separate representations), Ministry of Defence, Ministry of Home Affairs, Ministry of Steel and Directorate General of Civil Aviation, Geological Survey of India and Indian Bureau of Mines. Representatives of the State Government Departments dealing with Mining and Geology in mineral-rich States are also co-opted in the Committee. So far Four meetings of the Committee were held in the Ministry on 24.7.2009, 22.12.2009, 18.6.2010 and 22.12.2010, wherein important decisions aimed at minimizing delays in processing of mineral concession applications at various levels and improving the overall mineral concession regime were taken. These are regularly followed up by the Ministry with the State Governments and other offices / agencies concerned.

5.12 One of the main decisions taken in the 1st meeting of the CEC, that has been reiterated in the subsequent meetings, has been that a State level Coordination-cum-Empowered Committee (SLCC) would be constituted in each State under the chairmanship of Chief Secretary or Additional Chief Secretary/Principal Secretary of the Mining/Industries Department with representation from all concerned Departments/institutions. All Mineral rich States have constituted their State Level Empowered Committees. The other major decisions/ steps taken by the CEC relating to mineral concessions were: setting-up of a working group for expediting forest clearances; and calling up the State Governments to ensure timely submission of quarterly reports on mineral concessions, prompt issuance of letters of intent (LOI), and expeditious disposal of long-standing concession cases.

5.13 The Ministry has, vide letter dated 17th May, 2010 requested all State Governments to put up all mineral concession cases pending with them before their Coordination-cum-Empowered Committee to facilitate their review and expeditious disposal.

5.14 The Ministry of Mines has, in consultation with the State Governments, issued detailed guidelines on 24th June, 2009, to bring more clarity in processing the mineral concession proposals under the Mines and Minerals (Development & Regulation) Act, 1957 and Mineral Concession Rules, 1960. The guidelines also

seek to ensure application of uniform criteria by the State Governments while examining and recommending proposals to the Central Government.

5.15 Based on an analysis of the cases falling under section 11 (5) of the Act, as well as the consultations with the State Governments in the meeting of the CEC held on 22nd December, 2009, the Ministry of Mines has framed a Policy on 'special reasons' to be adopted and applied by all State Governments while recommending a mineral concession proposal in favour of a later applicant under Section 11(5) of the Act. Guidelines in this regard have been issued to the State Governments on 9th February, 2010.

5.16 In the context of its responsibility to dispose of the mineral concession proposals within a reasonable time, the Ministry of Mines has issued guidelines on 29th July, 2010 regarding return of cases to the State Governments wherein there has been no response to the Ministry's queries for over six months. Besides, in order to ensure that the areas recommended by the State Governments for mineral concessions are clearly demarcated, the Ministry has issued comprehensive guidelines on 13th October, 2010 regarding submission of maps by the State Governments along with the proposals. These guidelines are available on the Ministry's website (<http://mines.gov.in>).

5.17 As part of the Ministry's efforts to monitor and expedite processing of mineral concession proposals, quarterly reports have been prescribed on status of (i) disposal of concession applications; (ii) execution of lease/licence; and (iii) grant of renewals. All State Governments have been requested vide letter dated 15th December, 2009 to furnish quarterly reports on these aspects to the Ministry by 15th day of the month

following the quarters ending March, June, September and December. The matter is regularly followed up with the State Governments in order to monitor and minimize the pendency at the State Government level.

5.18 The Ministry has taken an initiative to process all mineral concession proposals immediately on receipt in the Ministry by way of their preliminary scrutiny, in order to ensure that the documents/information submitted along with the proposals are as per the requirements under the provisions of the MMDR Act, 1957 and Rules and guidelines framed thereunder. As part of this initiative, the Ministry undertook a special drive and wrote to the State Governments in 73 cases during the month of October, 2010, pointing out the shortcomings/inadequacies in the proposals. This step, which will be a regular feature in future, to help acceleration for disposal of concession proposals.

5.19 The Ministry is holding regular meetings with the mineral-rich States to review the pendency of mineral concession proposals as well as to consider other important aspects of the concession system. The Ministry held meetings on 10th November, 2010, 1st December, 2010 and 15th December, 2010 with the States of Andhra Pradesh, Madhya Pradesh, Chhattisgarh, Karnataka and Maharashtra.

5.20 The Ministry of Mines is using internet services to bring about more accessibility and transparency in processing the mineral concession applications recommended by the State Governments. The website of the Ministry provides all information on the current status of the mineral concession applications. This is being further enhanced to track the process from approval for grant to execution of concession agreement.