

# 2 Mineral Policy & Legislation

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## 1. POLICY

### 1.1 National Mineral Policy, 2008

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.

Other features of the Mineral Policy are:

- (a) NMP recognises 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) NMP also recognises 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 prioritised 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

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 liberalisation 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 Governments, 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.

## MINERAL POLICY AND LEGISLATION

(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.

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 were 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.

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 2010 and 3rd December 2010 on the draft Bill. The Cabinet has approved the Draft of Mines and Minerals (Development and Regulation) Bill, 2011 on 30th September, 2011. It is expected that the draft Bill will likely be introduced in the Parliament.

### **Internal Committee for drafting Sub-legislation**

An Internal Committee was constituted in the Ministry of Mines under the Chairmanship of Joint Secretary (M&R) for drafting Sub-legislation in terms of draft Mines and Mineral Development & Regulation Act, 2011. As decided in the first meeting of the committee, two sub-committees were constituted in IBM and their work is in progress.

### **Strengthening of Indian Bureau of Mines**

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. A stakeholders' meeting to discuss and finalise the report of the Committee for Review and Restructuring of the Functions and Role of the IBM was held on 20.12.2010 at Ministry of Mines, New Delhi. In pursuance of the decision taken in the said meeting Peer Committee and five Sub Groups were formed to examine and finalise the draft chapters of the report. Peer Committees have submitted their recommendations to the High Power Committee (HPC) in its meeting held on 11.5.2011 and the same are under consideration of HPC.

Government have approved the revival of 86 scientific and technical posts in IBM, which had been abolished earlier. Separately, filling up of posts in Mining & Mineral Statistics Division of IBM has also been continued.

### **Mining Tenement & Registry System**

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

## MINERAL POLICY AND LEGISLATION

Geological Survey of India, the Indian Bureau of Mines will maintain a database in digitised 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 greenfield, brownfield 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.

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 Governments. A pilot project for Durg and Bellary districts has been developed and successfully demonstrated.

In respect of 'Registry component' of the project, IBM and NIC have jointly finalised the 'Terms 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 the 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 digitisation of the cadastral maps under the National Land Records computerisation programme enabling Geo-referencing of the maps for tenement purpose.

### **Forest & Environment Issues**

The policy lays down creation of a framework for sustainable development which will be designed to take care of biodiversity 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.

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, 1986, have authorised the officers of IBM (CCOM, COM, RCOM, and DCOM) to collect samples, analyse the same and report to MoEF.

The Hoda Committee, set up to review the National Mineral Policy had 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 impacts. 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 had recommended development of a Sustainable Development Framework specially tailored to Indian context.

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 relating to Rehabilitation & Resettlement, environment, mine closure, etc. The Ministry has selected a Consultant M/s. ERM in this regard 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 public concerned. The draft Sustainable Development Document is likely to be finalised shortly.

#### **Group to Evolve Model Guidelines on Environmental Aspects of Quarrying of Minor Minerals**

Ministry of Environment & Forests had constituted a Group of State Secretaries of both the Environment and Mining Departments of major States under the chairmanship of Secretary (E&F), Government of India, to evolve model guidelines on environmental aspects of quarrying of minor minerals. IBM represented Ministry of Mines as a member of the Group. The Group submitted its report in March 2010. As a follow up of the recommendations of the Group, on the direction of Ministry of Mines, Controller General, IBM constituted a committee to draft the documents on (i) Mining framework for minor minerals, (ii) Framework for cluster of mines, and (iii) Guidelines for reclamation and rehabilitation. Report of the committee has been submitted to the Ministry and uploaded on the IBM's website for perusal of stakeholders and State Governments to seek their views /comments.

#### **Off-shore Exploration**

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 institutionalised so as to achieve this objective within a time bound framework.

The Ministry has set up a Committee headed by Controller General, 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.

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 has been appointed as the administering authority for the purpose of the Act.

The IBM has notified mineral bearing areas off the Eastern and Western coasts for grant of exploration licence on 29th March, 2010. It has received 377 applications and the IBM has recommended 62 blocks for grant of exploration licences in the offshore waters of Bay of Bengal and Arabian Sea.

#### **Enforcement of Data Filing by Concession Holders**

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.

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.

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 defaulters 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's 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.

GSI has been entrusted with the responsibility of maintaining database 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.

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.

#### **Mine Development and Mineral Conservation**

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 organisations 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's website. In this context, the IBM has constituted Working Groups:

- (a) to suggest incentives to be given to mine operators to promote adoption of mechanisation, computerisation 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

mechanisation 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 States and IBM.

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

#### **Coordination-cum-Empowered Committee**

As suggested by the High Level Committee (HLC), the Ministry of Mines has set up Coordination-cum-Empowered Committee in order to monitor and minimise the delays in grant of various approvals by the Ministries/Departments concerned in the Central Government for grant of mineral concessions. The Committee has so far held five rounds of meetings on 24.7.2009, 22.12.2009, 18.6.2010, 22.12.2010 and 3.5.2011, wherein important decisions aimed at minimising delays for processing of mineral concession applications at various levels and improving the overall mineral concession regime and controlling illegal mining were taken.

#### **Measures to Control Illegal Mining**

- All State Governments have been requested to computerise the system for collection of royalty and issue of transport permits on similar basis as the Online Royalty Pass System implemented by 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 POLICY AND LEGISLATION

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 engaged more actively 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 modernisation of checkgates;
- Registration of loading contractors and transporters;
- Better enforcement through intelligence sharing, enforcement squads, joint inspections, mining cell in police organisation, 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 camps at sites and deployment of Border Home Guards in the areas where there have been complaints about illegal mining.
- Rule 45 of Mineral Conservation and Development Rules has been amended on 9<sup>th</sup> 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**

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. 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 Government.

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.

### **Project Evaluation and Review Committee (PERC)**

A Project Evaluation and Review Committee (PERC) under Standing Scientific Advisory Group (SSAG) of the Ministry of Mines has been reconstituted vide Office Memorandum of Ministry of Mines dated 28.2.2011 under the Chairmanship of Joint Secretary (in charge of Metal IV), Ministry of Mines. Members of the PERC are Dr. Amalendu Sinha, Director, Central

## MINERAL POLICY AND LEGISLATION

Institute of Mining & Fuel Research Dhanbad, Jharkhand, Dr. Pradip, Group Head, Tata Research Development & Design Centre, Pune, Prof. D. Acharya, Director, IIT, Kharagpur, Dr. T. Kumar, Director, ISM, Dhanbad, Dr. K. Balasubrahmanian, Director, Non-ferrous Materials & Technology Development Centre, Hyderabad, Prof. B.K. Mishra, Director, Institute of Minerals and Materials Technology, Bhubaneswar, Director (Technical), Ministry of Mines, Director (Integrated Finance), Ministry of Mines. Director (In charge Met.-IV), Ministry of Mines is the Member Secretary.

Terms of reference of PERC will be as follows:

- i) To advise the Ministry of Mines on project proposals so as to advance the objectives of R & D recorded in the National Mineral Policy, 2008.
- ii) To evaluate/appraise S & T project proposals before consideration of SSAG.
- iii) To review and monitor progress of projects periodically.
- iv) To review nearing completion/recently completed projects as regards targeted deliverables before considering release of the last installment of the grant-in-aid.
- v) To identify potential area for applied R & D in furtherance of the National Mineral Policy.
- vi) To periodically review status of follow up on completed projects in terms of follow on projects or industry applications.

### **Standing Scientific Advisory Group (SSAG)**

The Standing Scientific Advisory Group of the Ministry of Mines has been re-constituted vide Office Memorandum of Ministry of Mines dated 28.2.1011 under the Chairmanship of Secretary, Ministry of Mines and drawing members from Ministry of Mines in different capacities. Other Members of the SSAG are Secretary, Department of Science & Technology CMD, NALCO, Director General, GSI and Controller General, IBM, Advisor, Planning Commission. The Advisory Group also constitute members from Research Organisation like Prof. D. Acharya, Director IIT, Kharagpur, Dr. T.Kumar, Director, ISM, Dhanbad, Defence Metallurgical Research Laboratory, Director, BARC, Director, NIRM,

Director, Regional Research Laboratory, Bhopal, Dr. Amalendu Sinha, Director, Central Institute of Mining & Fuel Research, Dhanbad, Tata Research Development & Design Centre, Dr. K. Balasubrahmanian, Director, Non-ferrous Materials & Technology and Prof. B.K. Mishra, Director, Institute of Minerals and Materials Technology, Bhubaneswar, Director, In charge (Met-IV), Ministry of Mines is the Member Secretary.

Terms of reference of SSAG will be as follows:

- (i) To finalise the project proposals recommended by Project Evaluation and Review Committee (PERC).
- (ii) To consider recommendations of PERC on promotion of R & D for the mineral sector.
- (iii) To consider R & D issues relating to acquisition of technology assets in relation to mineral and mining sector.
- (iv) To consider strategies for coordination and strengthening of Research Organizations in the sector and for their better coordination.
- (v) To consider HR development strategies for the sector to promote R & D.

### **Mineral Advisory Council Gazette Notification**

As per Gazette of India, Ministry of Mines, Resolution No.12(1)/2007-M-VI dated 1.7.2010.- In suppression of the Ministry's Resolution No.12/(1)2003-M-VI dated 29th July, 2003 state that the Government of India have decided to reconstitute the Mineral Advisory Council with immediate effect. The composition and function of the Mineral Advisory Council as reconstituted will be as follows:

### **Composition of Mineral Advisory Council**

#### **Chairman**

1. Ministry of Mines.

#### **Members**

2. Shri Mahesh Joshi, Member of Parliament (Lok Sabha)
3. Shri Motilal Vora, Member of Parliament (Rajya Sabha)
4. Secretary, Mines
5. Director General, Geological Survey of India
6. Director General, Mines Safety
7. Controller General, Indian Bureau of Mines

## MINERAL POLICY AND LEGISLATION

8. Joint Secretary, Environment, Ministry of Environment and Forests
  9. Inspector General, Forests, Ministry of Environment and Forests
  10. Ministry of Steel  
(not below rank of Joint Secretary)
  11. Ministry of Coal  
(not below rank of Joint Secretary)
  12. Ministry of Earth Sciences  
(not below rank of Joint Secretary)
  13. Department of Atomic Energy  
(not below rank of Joint Secretary)
  14. Department of Commerce  
(not below rank of Joint Secretary)
  15. Department of Industrial Policy & Promotion  
(not below rank of Joint Secretary)
  16. Ministry of Railways  
(not below rank of Joint Secretary)
  17. Ministry of Shipping  
(not below rank of Joint Secretary)
  18. Ministry of Road Transport and Highways  
(not below rank of Joint Secretary)
  19. Department of Economic Affairs  
(not below rank of Joint Secretary)
  20. Central Board of Excise and Customs  
(not below rank of Joint Secretary)
  21. Planning Commission  
(not below rank of Joint Secretary)
  22. Secretary General, Federation of Indian Mineral Industries
  23. Confederation of Indian Industry
  24. ASSOCHAM
  25. FICCI
  26. President, All India Granite and Stone Association
  27. Secretary, Mines, State Government of Andhra Pradesh
  28. Secretary, Mines, State Government of Chhattisgarh
  29. Secretary, Mines, State Government of Goa
  30. Secretary, Mines, State Government of Gujarat
  31. Secretary, Mines, State Government of Jharkhand
  32. Secretary, Mines, State Government of Karnataka
  33. Secretary, Mines, State Government of Maharashtra
  34. Secretary, Mines, State Government of Madhya Pradesh
  35. Secretary, Mines, State Government of Odisha
  36. Secretary, Mines, State Government of Rajasthan
  37. Secretary, Mines, State Government of West Bengal
- .Members by Rotation in Alternative Years**
38. Secretary, Mines, State Government of Assam or Secretary, Mines, State Government of Meghalaya
  39. Secretary, Mines, State Government of Himachal Pradesh or Secretary, Mines, State Government of Uttarakhand
  40. Secretary, Mines, State Government of Bihar or Secretary, Mines, State Government of Uttar Pradesh
  41. Secretary, Mines, State Government of Haryana or Secretary, Mines, State Government of Punjab
  42. Secretary, Mines, State Government of Kerala or Secretary, Mines State Government of Tamil Nadu
  43. President, Indian Ferro-Alloys Producers' Association, Mumbai or President Mining Engineers' Association of India, Hyderabad
  44. President, Federation of Mining Association of Rajasthan or President, Gujarat Mineral Industry Association.
  45. President, Goa Mineral Ore Exporters' Association or President, Organisation of Mine Owners, Bellary Hospet Sector
  46. President, Eastern Zone Mining Association or President, Goa Mining Association.
- Member Secretary**
47. Joint Secretary, Mineral Regulation, Ministry of Mines.
- Terms of Reference**
- (a) To advise on mineral policy and legislation in land and in offshore areas.
  - (b) To advise on policies of sustainable mining and maintenance of ecological balance.
  - (c) To advise on issues of community and local area development in mining areas and inclusiveness of host population in mining activities.

## MINERAL POLICY AND LEGISLATION

- (d) To advise on infrastructure support, including transportation for the mineral sector and policies for financing the projects through PPP models and viability gap funding.
- (e) To advise on financial support for mining activities including institutional finance, and risk funds for exploration.
- (f) To advise on policies for domestic and foreign trade and investments in mineral sector keeping in view techno-economic and strategic considerations.
- (g) To advise on issues relating to human resource development.
- (h) To advise on research and development in the mineral sector including exploration, mining methods, beneficiation, mining equipment and development of new materials, energy saving and waste reduction.
- (i) To advise on taxation measures and incentives to promote value addition and setting up of downstream industries as forward linkage of mining.
- (j) To advise on policies on import of technology and equipment for mining and exploration.

### **Tenure**

The tenure of the Council shall be four years from the date of notification.

### **1.2 Foreign Trade Policy, 2009-2014**

The Government announced the New Foreign Trade Policy 2009-2014 on 27.8.2009. The Policy came into force with effect from 27th August, 2009. The FTP 2009-2014 incorporating the Annual supplement updated on 23rd August, 2010 shall come into force with effect from 23.8.2010 unless otherwise specified. The highlights of the Policy are given below.

### **Procedural Simplification**

Adhoc norms ratified under Advance Authorisation scheme shall henceforth apply to all cases for the same export product up to one year not only prospective but also retrospectively.

### **Market Diversification:**

- (a) In place of 26 new countries, one more country has been included within the ambit of Focus Market Scheme.
- (b) There has been a significant increase in the outlay under 'Market Linked Focus Product Scheme' by inclusion of more markets and

products. This ensures support for exports to all countries in Africa and Latin America and major Asian markets like China and Japan have been added.

### **Marine Sectors**

Marine sector included for benefits under zero duty EPCG Scheme.

### **Engineering and Electronics**

Additional items of engineering, namely cast articles of iron & steel, ferro manganese and ferro-silicon among others with, now be entitled for benefit @ 2% under Focus Products Scheme.

### **Export Policy**

The export of Sand and Soil (ITC (HS) Code 25051011, 25051012, 25051019, 25051020, 25059000, 25309099) is restricted. However, export to Maldives is permitted as per ceiling mentioned below subject to issue of NOC within the annual ceiling by CAPEXIL who shall monitor the ceiling and send a quarterly report to Export Cell in DGFT.

For the financial year 2010-11 (on annual basis) ceiling on export of Stone Aggregate is 1,026,550 tonnes. For export of above quantity of Stone Aggregate, CAPEXIL shall ensure that the suppliers/extractors have obtained appropriate clearances, vide MC & I (D.C.) Notification No.45/2009-14 dated 21.5.2010.

### **Import Policy**

Import Policy of ITC (HS) Code 73269099 others articles of iron and steel has been declared free vide MC & I (DC) Notification No.52/2009-14 dated 8.7.2010.

### **Customs Duty**

1. Basic customs duty is being reduced from 7.5 to 5% for specified gems and jewellery machinery.
2. Full exemption from basic customs duty is being extended to stainless steel scrap.
3. Basic customs duty on ferro-nickel is being reduced from 5% to 2.5%.
4. Statutory rate of export duty on iron ores is being increased from 20% to 30% while unifying the effective rate of export duty on iron ore fines and lumps at 20%.

MINERAL POLICY AND LEGISLATION

5. Iron ore pellets ore being fully exempted from the export duty.

6. Copper dross, copper residues, copper oxide, mill scale, brass dross and zinc ash are being exempted from levy of SAD.

7. Basic customs duty on vanadium pentoxide and vanadium sludge is being reduced from 7.5% to 2.5%.

8. Exemption from basic customs duty is being provided on the value of gold and silver contained in the copper concentrate.

9. An import duty of Nil basic duty, CVD of Rs.140/- per 10 gram and Nil SAD is being prescribed for gold bars of up to 80% gold purity imported for refining and manufacturing serially numbered gold bars in India.

10. Basic customs duty is being reduced from 5% to 2.5% on mineral gypsum.

11. Customs duty on serially numbered gold bars (other than tola bars) and gold coins is increased from Rs.200 per 10 gram to Rs.300 per 10 gram.

12. Customs duty on other forms of gold is increased from Rs.500 per 10 gram to Rs.750 per 10 gram.

13. Customs duty on silver is increased from Rs.1000 per kg to Rs.1500 per kg.

14. Customs duty on platinum is increased from Rs.200 per 10 gram to Rs.300 per 10 gram.

The above change in rates would also be applicable when gold, silver and platinum (including ornaments) are imported as personal baggage.

15. Basic customs duty on rhodium is reduced from 10% to 2%.

16. Gold ore and concentrate are fully exempted from basic customs duty and special additional duty of customs. They will, however, be chargeable to CVD @ Rs.140 per 10 gram of gold content. This duty structure is subject to actual user condition.

**Central Excise Duty**

1. The rates of duty on cement and cement clinker are being revised as follows:

**Mini Cement Plant**

**Cement**

	<u>Rate</u>
1. Cleared in packed form	
(i) of retail sale price not exceeding Rs.190 per 50 kg bag or of per tonne equivalent retail sale price not exceeding Rs.3800	10% ad valorem
(ii) of retail sale price exceeding Rs.190 per 50 kg bag or of per tonne equivalent retail sale price exceeding Rs.3800	10% ad valorem + Rs.30 per tonne
2. Cleared other than in packed form	10% ad valorem

**Other than mini cement plant**

1. Cleared in packed form	
(i) of retail sale price not exceeding Rs.190 per 50 kg bag or of per tonne equivalent retail/sale price not exceeding Rs.3800/-	10% ad valorem + Rs.80 per tonne
(ii) of retail/sale price exceeding Rs.190 per 50 kg bag or of per tonne equivalent retail/sale price exceeding Rs.3800/-	10% ad valorem + Rs.160 per tonne
2. Cleared other than in packed form	
Cement clinker	10% ad valorem 10% ad valorem + Rs.200/ per tonne

3. Excise duty is being reduced on serially numbered gold bars other tola bars, made starting from the ore/concentrate stage in the same factory from Rs.280 per 10 grams to Rs.200 per 10 grams.

4. Concessional excise duty rate of Rs.200 per 10 grams is being extended to serially numbered gold bars manufactured by refining of gold dore bar too.

5. Excise duty of Rs.300 per 10 grams is being imposed on serially numbered gold bars, other than tola bars, manufactured during the process of copper smelting.

6. Excise duty of Rs.1500 per kg is being imposed on silver manufactured during gold refining starting from ore/concentrate stage or from gold dore bar or during the process of copper smelting.
7. A chapter note in Chapter 71 i.e. Precious metal, etc has been inserted stating that the process of "refining of gold dore bar into standard gold bar" amounts to manufacture.
8. Excise duty of 1% is being imposed on branded jewellery and branded articles of precious metals.
9. Tariff rate of excise duty is being increased from Nil to 10% on silver powder, silver unwrought and semi manufactured silver in specified form.
10. In relation to products of Chapter 26 i.e. Ores, slag or ash, the process of converting ores to concentrates shall amount to manufacture.
11. Current exemption on fly ash is withdrawn. It will now attract 1% duty without CENVAT credit facility.
12. A tariff rate of 5% has been prescribed for all tariff items falling under heading 2701, 2702, 2703, 2704 and 2706 (Coal, Lignite, Peat, Coke, Tar, etc.). However, these items would attract the concessional rate of 1% without CENVAT credit facility.

### 1.3 International Co-operation

To enhance bilateral cooperation in the field of Geology and Mineral Resources, following Memoranda of Understanding have been signed during 2010-11.

1. With a view to enhance the cooperation programme between India and Canada, a Memorandum of Understanding (MoU) was signed between India and Canada on 27th June, 2010, for cooperation in the field of Geology and Mineral Resources.
2. Ministry of Mines has signed a Memorandum of Understanding (MoU) with the Ministry of Northern Development, Mines and Forestry, Province of Ontario, Canada, for cooperation in the field of Geology and Mineral Resources on 8th July, 2010.
3. Ministry of Mines entered into a Memorandum of Understanding (MoU) on 30th September, 2010, with the Ministry of Natural Resources and Energy of the Republic of Mozambique for cooperation in the field of Mineral Resources.

4. Ministry of Mines and Ministry of Natural Resources, Energy and Environment of the Republic of Malawi signed a Memorandum of Understanding with Ministry of Mines, India for cooperation in the field of Geology and Mineral Resources on 3<sup>rd</sup> November, 2010.

### 1.4 Allocation of Coal and Lignite Blocks

The allocation of coal blocks to private parties is done through the mechanism of an Inter-Ministerial and Inter-Governmental body called the Screening Committee. The Screening Committee is chaired by the Secretary (Coal) and representatives from Ministry of Steel, Ministry of Power, Ministry of Industry and Commerce, Ministry of Environment and Forest, Ministry of Railways, Coal India Limited, CMPDIL and the State Governments concerned are members.

There are 229 (148 existing and 81 newly identified) coal blocks for allocation to specified end-users and Government companies on display on the website of Ministry of Coal. A total of 208 coal blocks have been allocated to various private sectors/public sectors companies including Ultra Mega Power Projects of 4,000 MW each being set up in Madhya Pradesh, Odisha and Jharkhand. During the year 2009-10 (Upto 31st December, 2009), 13 coal blocks with total geological reserves of about 3591.32 million tonnes were allocated to eligible public and private sector companies. Out of these, 6 coal blocks with geological reserves of about 1674.60 million tonnes of coal were allocated for generation of power.

### 1.5 New Exploration Licensing Policy (NELP) - IX for Oil and Gas Exploration

Under the New Exploration Licensing Policy (NELP) for exploration of oil and natural gas, the Government of India announced Ninth offer of exploration blocks on 15th October, 2010. Companies are invited to bid for 34 exploration blocks on offer. A total of 19 Onland blocks of which 8 are Type S blocks, 7 Shallow water blocks and 8 Deep water blocks (beyond 400 metre bathymetry) are on offer. Companies may bid for one or more blocks, singly or in association with other companies, through an unincorporated or incorporated venture. For onland small size blocks with area of less than 200 sq km categorised as

Type S blocks, technical capability will neither be a pre-qualification criterion nor a bid evaluation criterion. For onland and shallow water blocks, technical capability will be a prequalification criterion. For deep water blocks, technical capability will be a bid evaluation criterion.

The successful bidder would be required to enter into a Production Sharing Contract (PSC), which will be based on the Model Production Sharing Contract (MPSC). Some of the attractive features of the terms offered, inter alia, by the Government are:

- There will be only one Exploration phase of 7 years for onland and shallow water blocks and 8 years for deepwater blocks and Frontier Area blocks. There will be no compulsory relinquishment after Initial Exploration Period (when mandatory and committed programmes are to be completed) and operators will have option to relinquish entire area after completion of Minimum Work Programme or retain the Block by committing to carry out drilling of one well per year in case of onland and shallow water blocks or one well in 3 years in case of deepwater blocks. In any case, the entire area (leaving aside the Discovery Area and Development Area) would require to be relinquished at the end of 7 or 8 years of exploration, as the case may be.
- Up to 100% participation by foreign companies.
- No signature, discovery or production bonus.
- No mandatory State participation.
- Income Tax Holiday for seven years from start of commercial production of "Mineral Oil".
- Option to amortise exploration and drilling expenditures over a period of 10 years from first commercial production.
- Royalty for onland areas is payable at the rate of 12.5% for crude oil and 10% for natural gas. For shallow water offshore areas, royalty is payable at the rate of 10% for both crude oil and natural gas whereas for deepwater offshore areas (beyond 400 m iso-bath) royalty is payable for both crude oil & natural gas at the rate of 5% for the first seven years of commercial production and thereafter at the rate of 10%.
- Arbitration and Conciliation Act, 1996, based on United Nations Commission on International Trade Law (UNCITRAL) model, applicable.

## 2. LEGISLATION

### 2.1 The Offshore Areas Mineral (Development & Regulation) Act, 2002.

#### Gazette Notification

As per the Gazette of India, Ministry of Mines, S.O.1341(E) dated 9.6.2010. - In exercise of powers, under the sub-section (1) of Section 10 of the Offshore Areas Mineral (Development and Regulation) Act, 2002, the Controller General of the Indian Bureau of Mines, declared as administering authority, vide S.O.339(E), dated the 11th February, 2010, for the purpose of the said Act, hereby notifies that the mineral bearing Offshore blocks, as contained in the Schedule, shall be available for the grant of Exploration Licence.

Persons eligible as per Section 6 of the Offshore Areas Mineral (Development and Regulation) Act, 2002 and desirous of obtaining Exploration Licence may apply for the grant of Exploration Licence on or from 15th June, 2010 till 14th September, 2010.

The applications for Exploration Licence for the specified blocks in Schedule to this Notification shall be submitted in Form 'G' (available in Offshore Areas Mineral Concession Rules, 2006) to the Controller General, Indian Bureau of Mines, Indira Bhawan, Nagpur, within the period specified herein above, and only such applications received for grant of Exploration Licence shall be accepted by the administering authority in terms of rule 14 of the Offshore Areas Mineral Concession Rules, 2006.

Where only one application is received in respect of a block, the administering authority may grant the exploration licence to the said applicant.

Where two or more applications are received in respect of the same block or substantially the same block, all such applications shall be considered to have been received on the same day and preference would be given to the applications in grant of Exploration Licence after consideration of the applications based on the following parameters in accordance with sub-section (3) of Section 12 of the Offshore Areas Mineral (Development and Regulation) Act, 2002:

## MINERAL POLICY AND LEGISLATION

- (a) first preference shall be given to an applicant who requires the mineral for use in an industry either already owned by the applicant or who has taken sufficient steps to set-up such industry. In case, there are more than one applications of such category, the administering authority may grant licence based on a comparative evaluation of the -
- (i) nature, quality and experience of the technical personnel employed by the applicant;
  - (ii) financial resources of the applicant;
  - (iii) nature and quantum of the exploration work proposed by the applicant;
  - (iv) nature, quality and quantum of data submitted along with the programme of exploration;
- (b) in case of applicants not covered under clause (a) above, the administering authority may grant licence based on a comparative evaluation of matters stated in items (i) to (iv) in clause (a).

The administering authority reserves the right to consider only such applications for grant of exploration licence made for an entire block as notified and reject other applications which seek exploration licence over part areas of a block.

The administering authority may after giving an opportunity of being heard and for reasons to be recorded in writing and communicated to the applicant refuse to grant Exploration Licence over the whole or part of the offshore area applied for.

All such applications that are not received during the period specified in the notification shall not be entertained and may be considered as deemed rejected by the administering authority.

The application for the grant of Exploration Licence must be accompanied by the following documents or information:

- (a) a valid clearance certificate in Form 'Y' (as given in Offshore Areas Mineral Concession Rules, 2006) for payment of mining dues, such as royalty or fixed rent and other dues payable under the Offshore Areas Mineral (Development and Regulation) Act, 2002 or rules made thereunder.
- (b) an affidavit stating that the applicant has-
  - (i) filed up-to-date income-tax return (PAN number to be stated);
  - (ii) paid the income-tax assessed on him;
  - (iii) paid the income-tax on the basis of self-assessment as provided in the Income Tax Act, 1961;

(c) an affidavit stating the particulars of offshore areas mineral-wise which the applicant or any person jointly with him-

- (i) already holds under an exploration licence;
- (ii) has applied for but not granted; or
- (iii) being applied for simultaneously under this notification;

(d) complete details of the industry either owned by the applicant or steps taken to set-up such industry (including details on the financial closure of the project);

(e) complete details on the nature, quality and experience of the technical personnel employed by the applicant; financial resources of the applicant;

(f) complete details of the nature and quantum of the year-wise exploration work proposed by the applicant, including details on the work programme for the area applied for. Such statement would give details on activities proposed to be carried out during the period of exploration licence, intended exploration schedule, methods to be used, estimated schedule of expenditure, measures to prevent pollution and protect the environment;

(g) an affidavit stating that the applicant shall not deviate from the work programme for Exploration Licence, as and when approved by the administering authority.

The grant of Exploration Licence in the offshore blocks as contained in the Schedule (26 blocks in Bay of Bengal and 36 blocks in Arabian sea) to any selected applicant shall be subject to following conditions;

(i) prior clearance from the Ministry of Environment and Forests under Environment Impact Assessment, 2006, and Coastal Zone Regulations notified under the Environment (Protection) Act, 1986, if applicable shall be obtained by the selected applicant;

(ii) the areas already granted under Petroleum Exploration Licence for oil or gas shall not be available for grant of Exploration Licence under this Notification (applicants are advised to obtain details of the area already under Petroleum Exploration Licence from Directorate General of Hydrocarbons);

## MINERAL POLICY AND LEGISLATION

(iii) prior approval of the Ministry of Home Affairs shall be obtained before the employment of foreigners by a selected applicant;

(iv) prior approval of the Ministry of Defence and Ministries of Agriculture, Dairying and Fisheries, and Ministry of Shipping, Road Transport and Highways shall be obtained by the selected applicant;

(v) applications shall be made for a minimum standard block of five minutes longitude by five minutes latitude or multiples thereof, which shall be contiguous.

### **2.2 MMDR Act, 2010 Gazette Notification**

As per Gazette of India, Ministry of Law and Justice Notification No.43 dated 8.9.2010, an Act further to amend the Mines and Minerals (Development and Regulation) Act, 1957.

This Act may be called the Mines and Minerals (Development and Regulation) Amendment Act, 2010.

In the Mines and Minerals (Development and Regulation) Act, 1957 (hereinafter referred to as the principal Act), after Section 11, the following section shall be inserted, namely:

11A. The Central Government may, for the purpose of granting reconnaissance permit, prospecting licence or mining lease in respect of an area containing coal or lignite, select, through auction by competitive bidding on such terms and conditions as may be prescribed, a company engaged in -

- (i) production of iron and steel;
- (ii) generation of power;
- (iii) washing of coal obtained from a mine; or
- (iv) such other end-use as the Central Government may, by notification in the Official Gazette, specify, and the State Government shall grant such reconnaissance permit, prospecting licence or mining lease in respect of coal or lignite to such company as selected through auction by competitive bidding under this section:

Provided that the auction by competitive bidding shall not be applicable to an area containing coal or lignite -

(a) where such area is considered for allocation to a Government company or corporation for mining or such other specified end-use;

(b) where such area is considered for allocation to a company or corporation that has been awarded a power project on the basis of competitive bids for tariff (including Ultra Mega Power Projects).

Explanation.- For the purposes of this section, "company" means a company as defined in Section 3 of the Companies Act, 1956 and includes a foreign company within the meaning of Section 591 of that Act.

In Section 13 of the principal Act, in sub-section (2), after clause (c), the following clause shall be inserted, namely:

"(d) the terms and conditions of auction by competitive bidding for selection of the company under Section 11A;"

### **MCR, 1960**

In exercise of the powers conferred under Rule 27(3) of the Mineral Concession Rules, 1960 Central Governments has directed all the State Governments to impose a special condition in all the existing and future leases in the country for major minerals (excluding coal minerals) covering reserved areas also where mining leases would be granted in future requiring the owner of a mining lease to:

(a) ensure that prospecting work is carried out in his lease area at his own cost in such mining lease where:

(i) prospecting has not been done and a Prospecting Report has not been filed with the Indian Bureau of Mines;

(ii) the Prospecting Report for the mining lease has been prepared in terms of standards that are materially different or incompatible with UNFC standards;

(iii) Fresh prospecting work has become necessary for such minerals for which the threshold values have been revised by the Indian Bureau of Mines; and

(iv) Fresh prospecting is required to prove the depth persistency of the ore or mineral deposit;

MINERAL POLICY AND LEGISLATION

(b) ensure that prospecting work, if required under clause (a) above, shall be completed as per the time-schedule given below:

Sl. No.	Item	Time limit
1.	All mining leases with an area of less than 10 hectares	Within one year of the imposition of the condition in the mining lease.
2.	All mining leases with an area more than 10 hectares and less than 50 hectares	One half of the area within one year of the imposition of the condition in the mining lease and the remaining half of the mining lease area within three years of imposition of condition in the mining lease.
3.	All mining leases with an area of more than 50 hectares	The mining lease area to be equally demarcated for prospecting work such that all the prospecting work is completed in a period of five years from the date of imposition of the condition in the mining lease.

(c) Submit :

(i) yearly report on the progress in the prospecting work along with the expenditure details and a copy of the interim Prospecting Report, where the Prospecting Report is for a part area (as at serial numbers (2) and (3) of the sub-clause (b) above; and

(ii) complete Prospecting Report with a feasibility report at the end of the Prospecting Report, the Chief Controller of Mines, Indian Bureau of Mines, and concerned State Government".

All the State Governments are requested to insert the above mentioned condition under Rule 27(3) of the Mineral Concession Rules, 1960, and send a copy of the modified lease agreement to the Chief Controller of Mines, Indian Bureau of Mines, and report action taken on six-monthly basis to the Ministry for review in the Central Coordination-cum-Empowered Committee meetings.

**MCDR, 1988**

Vide Gazette of India, Ministry of Mines G.S.R:75(E), dated 9.2.2011 - In exercise of the powers conferred by Section 18 of the Mines and

Minerals (Development and Regulation) Act, 1957 (67 of 1957), the Central Government hereby makes the following rules further to amend the Mineral Conservation and Development Rules, 1988, namely:

1. (1) These rules may be called the Mineral Conservation and Development (Amendment) Rules, 2011.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. In the Mineral Conservation and Development Rules, 1988 (hereinafter referred to as the principal rules), for rule 45, the following rule shall be substituted, namely:

"45. Monthly and annual returns-(1) The owner, agent, mining engineer or manager of every mine, or any person or company engaged in trading or storage or end-use or export of minerals mined in the country, shall cause himself to be registered with the Indian Bureau of Mines as per application specified in Form M and the registration number so allotted by the Indian Bureau of Mines shall be used for all purposes of reporting and correspondence connected therewith.

(2) For the purpose of registration under sub-rule (1), the owner, agent, mining engineer or manager of every mine, or any person or company engaged in trading or storage or end-use or export of minerals, shall apply for registration within one month from the date of commencement of these rules.

(3) The Indian Bureau of Mines shall allot and record the registration number in a register containing the details on a consecutive identity number (in numeric form), followed by letters 'M' and 'T', for a mine or a person or company engaged in trading or storage or end-use or export of minerals, as the case may be, the year of registration and the name of State.

(4) The Indian Bureau of Mines shall maintain a register giving details of the owner, agent, mining engineer or manager of every mine, or any person or company engaged in trading or storage or end-use or export of minerals, as the case may be, as registered under the provisions of these rules, which shall be made available to the general public for inspection on demand, and also posted on the website of the Indian Bureau of Mines.

## MINERAL POLICY AND LEGISLATION

(5) The owner, agent, mining engineer or manager of every mine, shall submit to the Regional Controller of Mines, Indian Bureau of Mines or any other authorised official of the Indian Bureau of Mines, returns in respect of each mine, in the following manner, namely:

(a) a monthly return which shall be submitted before the 10th of every month in respect of preceding month in the Form as indicated below:

- (i) for iron ore in Form F-1;
- (ii) for manganese ore in Form F-2;
- (iii) for bauxite and laterite in Form F-3;
- (iv) for chromite in Form F-4;
- (v) for copper, lead, zinc, pyrites, gold, tin and tungsten in Form F-5;
- (vi) for mica in Form F-6
- (vii) for precious and semi-precious stones in Form F-7;
- (viii) for all other minerals in Form F-8;

(b) an annual return which shall be submitted before the 1st July each year for the preceding financial year in the Form as indicated below:

- (i) for iron ore in Form H-1;
- (ii) for manganese ore in Form H-2;
- (iii) for bauxite and laterite in Form H-3;
- (iv) for chromite in Form H-4;
- (v) for copper, lead, zinc, pyrite, gold, tin and tungsten in Form H-5;
- (vi) for mica in Form H-6;
- (vii) for precious and semi-precious stones in Form H-7;
- (viii) for all other minerals in Form H-8:

Provided that in the case of abandonment of a mine, the annual return shall be submitted within one hundred and five days from the date of abandonment.

(6) Any person or company engaged in trading or storage or end-use or export of minerals, shall submit to the Indian Bureau of Mines and concerned State Government, where the said person or company is sourcing the minerals, the returns in the following manner, namely:

(i) a monthly return which shall be submitted before the 10th of every month in respect of preceding month in Form - N;

(ii) an annual return which shall be submitted before the 1st July each year for the preceding financial year in the Form - O.

(7) If it is found that the owner, agent, mining engineer or manager of mine or the person or company engaged in trading or storage or end-use or export of minerals, as the case may be, has submitted incomplete or wrong or false information in monthly or special or annual returns or fails to submit a return within the date specified -

(i) in the case of mining of minerals by the owner, agent, mining engineer or manager of mine, then the Regional Controller of Mines may -

(a) order suspension of all mining operations in the mine and may revoke the order of suspension only after ensuring proper compliance;

(b) take action to initiate prosecution under these rules;

(c) recommend termination of the mining lease, in case such suppression or misrepresentation of information indicates abetment or connivance of illegal mining;

(ii) in the case of trading or storage or end-use or export of minerals, the State Government, where the person or company engaged in trading or storage or end-use or export of minerals is sourcing the minerals, shall order suspension of,

(a) trading licence (by whatever name it is called);

(b) all transportation permits issued to such person or company for mineral transportation (by whatever name it is called);

(c) storage licence for stocking minerals (by whatever name it is called);

(d) permits for end-use industry or carrying out export of minerals (by whatever name it is called);

as the case may be, of such person or company engaged in trading or storage or end-use or export of minerals, and may revoke the order of suspension only after ensuring proper compliance.

(7) In case of mining of minerals by the owner, agent, mining engineer or manager of mine, the ex-Mine price of mineral shall be,

## MINERAL POLICY AND LEGISLATION

(a) where export has occurred, Free-on-Board (F.O.B) price of the mineral, less deductions specified below:

- (i) loading charges by the miner;
- (ii) transportation charges from the mine site to the rail head or port, including railway freight;
- (iii) unloading and loading charges at the rail-head or domestic end-use capacity or port;
- (iv) charges for sampling and analysis of ore grade;
- (v) rent for the plot at the stocking yard in railway siding or port;
- (vi) handling charges in port;
- (vii) charges for stevedoring and trimming;
- (viii) any other incidental charges levied outside the mine-site as notified by the Indian Bureau of Mines from time-to-time.

(b) where domestic sale of mineral has occurred, sale price of mineral recorded in the invoice less the actual expenditure incurred towards loading, unloading, transportation and other charges beyond mine site:

Provided that in case a sale has occurred-

- (i) between any persons or associations of persons or companies and where the seller has a substantial interest in the association of persons or company buying the mineral or where the buyer has a substantial interest in the association of persons or company selling the mineral;
- (ii) for the purposes of use of mineral in a end-use industry for which the mine is a captive supplier, then such sale shall not be recognised as a sale for the purpose of this rule and in such case, clause (c) of this sub-rule shall be applicable.

Explanation- For the purpose of this sub-rule, the expression "substantial interest in the association of persons or company buying or selling the mineral, as the case may be", shall mean,-

- (i) a person who is member of the management board of the association or company or is entitled or eligible to a share in the profits of the association or company buying or selling

the minerals, as the case may be, to an extent exceeding ten percent of the distributed profit;

(ii) an association of persons or company, when such association of persons or company is entitled or eligible to a share in the profits of the association or company buying or selling the minerals, as the case may be, to an extent exceeding ten percent of the distributed profits.

(c) where the sale has not occurred, the average sale price published monthly by the Indian Bureau of Mines for a particular mineral for a particular State shall be taken as the ex-mine price of the mineral for the purposes of reporting:

Provided that if for a particular mineral, the information for a State for a particular month is not published by the Indian Bureau of Mines, the last available information published for that mineral for that particular State by the Indian Bureau of Mines previous to the reporting month shall be referred, failing which the latest information for All India for the mineral shall be referred.

(8) In case of trading or storage or end-use or export of minerals, for purpose of filing of returns, the sale price per unit of the mineral shall be -

(a) where sale of mineral has occurred, sale price of mineral recorded in the invoice in case of domestic sale, or the Free-on-Board (F.O.B) or Cost Insurance and Freight (C.I.F) price of minerals,

(b) where sale has not occurred, the average sale price published monthly by the Indian Bureau of Mines for a particular mineral for a particular State shall be taken as the sale price of the mineral for the purpose of reporting:

Provided that if for a particular mineral, the information for a State for a particular month is not published by the Indian Bureau of Mines, the last available information published for that mineral for that particular State by the Indian Bureau of Mines previous to the reporting month shall be referred, failing which the latest information for All India for the mineral shall be referred.

## MINERAL POLICY AND LEGISLATION

(9) If more than one mineral is produced from the same mine, return shall be submitted in specified forms for each mineral separately.

(10) In case of temporary discontinuance of mining or suspension of mining, or temporary discontinuance or suspension of trading or storage or end-use or export of minerals, the owner, agent, mining engineer or manager of mine, or the person or company engaged in trading or storage or end-use or export of minerals, as the case may be, shall submit return in the specified form for the mineral for which return had been submitted earlier, furnishing relevant particulars, inclusive of "Nil" information.

(11) In case ownership of the mine or the trading or storage or end-use or export company changes during the reference period, separate returns have

to be filled by each owner for the respective periods of ownership.

(12) For the purpose of regulation of transportation of minerals, all persons and companies owning trucks or any other motorised vehicle used for transportation of mineral by road or through water way shall be required to be registered with the Directorate of Mining and Geology or the Department handling mining matters in the State Government and the lessee shall maintain trip-sheets (either in the form of written record or on computers) of the vehicles, the nature and weight of mineral and the approximate time of the trip and its destination".

3. In the principal rules, in the Schedule, for Form F-1 to Form F-8 and Form H-1 to H-8, the following Forms shall be substituted, namely Form F-1 to Form F-8 and Form H-1 to H-8, Form - N and Form - O.