

5 | Mineral Concession System

5.1 In the federal structure of India, the State Governments are the owner of minerals located within the boundaries of the State concerned. In accordance with article 297 of the Constitution, the Central Government is the owner of the minerals underlying the ocean within the territorial waters or the Exclusive Economic Zone of India. In this connection, entry at serial No. 23 of List II (State list) to the Constitution provides that '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', are within the purview of States while entry at serial No. 54 of List I states that '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' shall be within the purview of the Central Government. In pursuance to entry at serial No. 54 of List I, Parliament has passed legislation titled 'The Mines & Minerals (Development and Regulation) Act, 1957' as Central Act (No. 67 of 1957).

5.2 The State Governments grant the mineral concessions for all the minerals located within the boundary of the State, under the provisions of the Mines and Minerals (Development and Regulation) Act, 1957 (MMDR) and Mineral Concession Rules, 1960 (MCR) 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) under Rule 59(2) of MCR, 1960.
- Revision of any order made by State Government with respect to any mineral except a minor mineral. (Section 30 of MMDR Act.)
- Relaxation of Rules in special cases under Section 31 of the Act, keeping in view the interest of mineral development.

Status of Mineral Concessions

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

5.4 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.

5.5 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.

5.6 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.

5.7 The position regarding RP/PL/ML proposals received and disposed of by Ministry of Mines is given in **Annexures 5.1, 5.2 and 5.3.**

Major initiatives

5.8 The Ministry of Mines has, in consultation with the State Governments, issued detailed guidelines on 24th June, 2009 and 9th February, 2010, in order to bring more clarity in processing of 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.

5.9 The Ministry of Mines has constituted a Central Coordination-cum-Empowered Committee (CEC) on 4th March, 2009, 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, Directorate General of Civil Aviation, Geological Survey of India and Indian Bureau of Mines. Representatives of Departments of the State Government dealing with Mining and



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