

**Government of India
Ministry of Mines**

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Agenda notes for the 3rd Meeting of the Central Coordination-cum-Empowered Committee to monitor and minimize delays in grant of approvals for mineral concessions, to be held on Friday, the 18th June, 2010 at 11.00 AM in Aluminium Room, First Floor, D Wing, Shastri Bhawan, New Delhi.

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1. Review of the action taken on the minutes of the meeting of CEC held on 22/12/2009.

1.1 The 2nd Meeting of the Coordination-cum-Empowered Committee (CEC) was held under the chairmanship of Secretary (Mines) on the 22nd December, 2009. The minutes of the meeting were circulated to all State Secretaries, in-charge of Mining and Geology, Central Ministries/Departments concerned, Geological Survey of India (GSI) and Indian Bureau of Mines (IBM) on 31st December, 2009 with the request that a report on the action taken on the points discussed in the meeting may be furnished to the Ministry by 15th January, 2010.

1.2 Action taken has been reported by the States/Offices concerned on some of the action points. The position in this regard may be reviewed with reference to the enclosed action taken reports received from various State Governments/Offices.

2. Review of the position regarding constitution of State Level Empowered Committees.

2.1 One of the main decisions taken in the 1st and 2nd meetings of the Coordination-cum-Empowered Committee was that a Coordination-cum-Empowered Committee 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. In this regard Secretary (Mines) has also written to all State Secretaries vide her D.O. letter No.

7/35/2009-M.IV dated 3.11.2009. The State level Coordination Committee is expected to:

- Effect coordination with Revenue Department for managing the land for purposes of concession.
- Ensure that clearances/NOCs/approvals are given by Forest, Environment and other departments in a streamlined way.
- Monitor process of approval of concessions and compliance with concession conditions.
- Ensure building up of a computerized data base, effectively integrated with other State level databases.

2.2 As per the information received, the Governments of **Andhra Pradesh, Chhatisgarh, Gujarat, Goa, Haryana, Karnataka, Maharashtra, Orissa, Rajasthan and West Bengal have already constituted their State Level Committees.** The other State Governments are also reported to be in the process of constituting their Committees. Such State Governments should expedite the process and put the order/notification constituting the State level Committees on the State Government's website. The Committee should meet at regular intervals and its proceedings should also be put on the State Government's website.

3. Steps taken by the Ministry of Environment and Forests for expediting FCA clearances.

3.1 The need to have an efficient system to speed up the process of environment and forest clearances can hardly be over-emphasised. This has been one of the agenda items for the last two meetings of the CEC. The CEC has been unanimous in deciding that for this purpose, the MOEF should have a database that has connectivity with the State Forest Departments. Such connectivity is important to facilitate monitoring of a case right from the moment it is registered with the nodal officer. The various stages through which the FCA cases move from the nodal officer to field officers to the State Government and to Regional Chief Conservator of MOEF should also be part of the database. Besides, as

suggested in the 2nd meeting of the CEC, there needs to be a panel of consultants to help the mineral concession applicants.

3.2 The MOEF had informed in the 2nd meeting of the CEC held on 22.12.2009 that a mechanism would be in place by June, 2010. As informed by the MOEF vide their letter dated 18.1.2010, they have written to the Government of Madhya Pradesh in this regard suggesting that a draft design of the database should be prepared in the State of Madhya Pradesh first. The MOEF to report further progress in the matter.

4. Measures to tackle illegal mining.

4.1 The issue of illegal mining has been a major concern for the Government of India and the position in this regard is being reviewed periodically at various levels. The Ministry has on several occasions conveyed its concern to the States over the increasing incidents of illegal mining, and emphasized the need for setting up State level Coordination-cum-Empowered Committee and preparation of an action plan to tackle the problem. Hon'ble Minister of Mines has also, vide letter dated 1.12.2009, written to the Chief Ministers in this regard. In order to initiate holistic and concerted action for preventing repeated large-scale occurrence of illegal mining, the State Governments have been requested to prepare an Action Plan vide D.O. letter no 16/12/2009-MVI dated 8.12.2009 (**Annexure I**) from Secretary (Mines) to Chief Secretaries of all State Governments, identifying the Action points for modeling the State Government Action Plan for curbing illegal mining. Action Plans are awaited from the State Governments. Action points for action plan are:

- Use of Satellite Imagery sourced from State Remote Sensing Organisations to curb illegal mining.
- Developing reliable mechanism in the State Government for collecting and monitoring of data regarding prices of various minerals, wherein the price trend could indicate possible chances of illegal mining in certain minerals.

- Developing a mechanism for integrated monitoring of information on movement of trucks/ vehicles from mining areas to ports/ markets/ manufacturing units which use mineral ores, and correlating the same with the production data capture any spurt in mining activity.
- Maintaining and collecting information from ports, custom authorities, Ministry of Commerce on export of ores out of the country.
- Bar-coding. use of Holograms for transport permits, royalty paid permits etc ., as a means of tracing unauthorized transport or sale of ores.
- Compulsory registration of all the end-users and issue of directives to the end-user industries to mandatorily check payment of royalty before purchase of ores for various manufacturing processes, with penalties for violations.
- Development of reporting mechanism for the traders of mineral ores and end-use industries to report receipt of ore for which royalty payments have not been made.
- Constituting and empowering Joint teams or officials from various Departments of the State Government including, Police, Forest, Revenue department to conduct checks and file cases.
- Coordinating and concentrating efforts of both State Government and Indian Bureau of Mines through combined inspection in specific areas in which illegal mining is suspected and to ensure safety and effective cessation of illegal mining.
- Ensure non-pendency of applications for renewal of licences.
- Creation of a Special Cell in Police force to tackle illegal mining.

4.2 Follow-up meetings on the subject were held by the Ministry with the State Secretaries on 22.2.2010 and 16.4.2010. A proforma was circulated to all State Governments in the meeting on 16.4.2010 for reporting the action taken by them for curbing illegal mining So far, **only the States of Karnataka, Maharashtra, Punjab, Sikkim, Tamil Nadu and Tripura have furnished the action taken report in this regard.**

4.3 In this context, it has been decided that the Ministry of Railways, Ministry of Shipping and the Department of Revenue (Customs) will also be associated with the CEC to facilitate better inter-departmental coordination to curb illegal mining.

4.4 In the case of Orissa, a high-level meeting was held on 20th May, 2010 in which the issue of rail transportation was discussed in detail and the following decisions were taken:-

- (i) In order to check transportation of illegally mined minerals through railway rakes, it was agreed that the present interim arrangements in place will continue for next two months, say up to 31st July, 2010 under which Indents placed by consigners for loading of minerals are to be accepted by Railway, only if its forwarding notes have been duly validated by the Department of Mines of the State Government.
- (ii) Within two months, the State Government of Orissa will put in place a system under which only one Transit Permit/Pass would be issued per rake instead of the existing system of issuing one Transit Pass per truck so as to simplify the procedure. Two copies of Transit Pass will be handed over to the railways out of which the Railways will retain one copy and return the other copy to the railways out of which the Railways will retain one copy and return the other copy to the mining authorities for cross verification. Each pass will contain all relevant information which at present is being put in the summary sheet.
- (iii) M/o Railways will put in place an entry-exit system at the yards within two months to enable systematic loading of rakes at the railway sidings. A check post will also be set up as a part of the proposed system for regulating the entry of trucks. Arrangements of proper lighting and CCTV cameras will be made by M/o Railways for which necessary assistance of the State Government would be sought, if needed. Government of Orissa agreed to depute a person for checking entry of trucks at the check post.
- (iv) Railway authorities will submit monthly returns containing the details of the minerals transported from the railway sidings to the local mining officer of the State Government so as to facilitate detection of transportation of any illegally mined minerals.

- (v) The system to be introduced by M/o Railways as indicated above will be equally applicable for public sidings as well as the private sidings. Once the system is stabilized and made permanent for the railway sidings in Orissa, it may be considered by M/o Railways to replicate the system all over the country.
- (vi) M/o Shipping will advise all the ports in the country to adopt measures similar to those introduced by Paradip Port Trust authorities to streamline the movements of consignment by road and rail up to their Port for export purpose. The measures may include providing list of mineral exporters to the State Government and M/o Railways, verifying receipt of minerals against valid permit/challan, not allowing unauthorized movement of minerals within the Port, etc.
- (vii) D/o Revenue may issue instructions to all their Customs offices for sharing the details of the minerals exported through the Ports with the concerned State Governments on a periodical basis as has been agreed for Goa. The details will include the name of the 'State of origin' of the minerals being exported so that the State Governments can identify leakage of revenue. The exact modalities of information/data exchange may be worked out by the custom authorities in consultation with the concerned State Governments.
- (viii) M/o Mines will also invite the M/o Railways and M/o Shipping for the Central Empowered Committee meetings to facilitate better inter-departmental coordination to curb illegal mining. M/o Mines will look into the matter relating to strengthening of inter-state cooperation to curb illegal mining in the next Central Empowered Committee meeting.
- (ix) State Governments should take steps to finalise pending renewal of mining lease cases and to give requisite statutory clearances in this regard on a fast track basis and in a time bound manner. It may take steps to digitize cadastral maps of the areas where mining is taking place, on priority so that the same, along with satellite imagery, may be used to monitor illegal mining.
- (x) Various short-term and long-term measures suggested by M/o Steel for curbing illegal mining of iron-ore will be examined in the meeting of Central Empowered Committee of M/o Mines to decide on further course of action.

Other States may examine with reference to their situation.

4.5 The matter relating to strengthening of inter-State cooperation to curb illegal mining also needs to be looked into by the CEC.

4.6 With regard to illegal mining of iron ore in the country, the Ministry of Steel has, in the 20th May, 2010 meeting, made the following suggestions:-

- (i) With regard to renewal of existing mining leases, including deemed extensions, the State Governments should constitute Special Task Force to dispose of all pending cases in a short period, say within one month.
- (ii) As regards closure of working mines due to violation, it should be ensured that technical violations by miners be differentiated from substantive violations. In case where there are only minor violations of technical nature, certain timeframe should be given for taking quick remedial action by the miners so that these mines could be reopened. Only in cases of violations of substantive nature, still action like closure of mines be taken.

4.7 In respect of Orissa, as was discussed in the meeting under the Chairmanship of Secretary (Mines) held on 6th May, 2010, the following steps were agreed:-

- a. The State Government would identify all the pending cases of fresh grant of mining leases or renewal of mining leases and send an action plan giving timelines for their disposal by 14th May, 2010.
- b. A mechanism, including Special Camps or Empowered Committees consisting of officers of concerned departments, would be put in place by 14th May, 2010 for fast tracking the decisions on Forest or any other clearances in all pending cases of fresh grant of mining leases or renewal of mining leases.
- c. Any outstanding issues that needed Central Government intervention could be referred to the Central Coordination-cum-Empowered Committee for early resolution.
- d. Coordination-cum-Empowered Committee would be set up at State level including officers from IBM, Railways and Port authorities as members.

The State Government may give an update.

4.8 With regard to deployment of adequate Central forces for safeguarding pipelines, it was pointed out in the last CEC meeting that it would be more desirable if all States enacted their respective State Industrial Security Acts, bring the mining activities within the definition of an industry and create their State Industrial Security Forces. The MHA on its part would give due consideration to amending the NIA Act. In respect of Jharkhand, in particular, it was mentioned that since the State Government had no industrial security force of its own, the situation was indeed grim. It was agreed that the law and order issues outside a mining area should be taken care of by the State Governments themselves, though within the mining area, the lessee had a certain responsibility to assist the Government.

All State Governments to intimate the action taken or proposed to be taken in this direction.

5. Adoption of Model State Mineral Policy

5.1 All State Governments were requested vide letters No. 10(69)/2009- M.V dated 12th October, 2009 (**Annexure II**) to consider revising their respective Mineral policies keeping in view the National Mineral Policy, 2008. A draft Model State Mineral Policy was also circulated to them to facilitate the process. Secretary (Mines) has also written to all Chief Secretaries vide her D.O. letter of even number dated 11th November, 2009 (**Annexure III**) requesting them to expedite the matter for revising or formulating the State Mineral Policy (as the case may be) with such State specific additions or modifications as may be appropriate, keeping in view the National Mineral Policy, 2008.

5.2 The State Governments may intimate the action taken/being taken in this regard.

6. Issues relating to Royalty

6.1 The Ministry notified the new rates of royalty and dead rent with effect from 13.8.2009. Information on the increase in the royalty collections by the State Governments, and any problems faced by them in this context to be intimated by the State Governments.

6.2 The Ministry has notified a streamlined mechanism by amending Rule 64D of the Mineral Concession Rules, 1960 for calculation of average sale price of minerals by the IBM for such minerals for which royalty is computed on ad valorem basis. Feedback on the average sale price of minerals at pit mouth value published by the IBM is sought from the State Governments.

6.3 The then Chief Minister of Jharkhand in a letter dated 27.1.2010 had raised a concern over IBM publishing low average prices for iron ore produced in Jharkhand as compared to other iron ore producing States like Chattisgarh and Orissa. The Ministry has clarified to the Chief Minister, Jharkhand that average prices are published by IBM on the basis of prices reported by the mines, and adequate systemic changes have been introduced in the Rules and procedures since 10.12.2009 in IBM to ensure that sale prices are properly reflected excluding, in particular, cases of transfer pricing inherent in integrated operations of steel plants.

6.4 In this connection a Monitoring Committee has been constituted in the IBM for checking the pit mouth prices reported by the miners with actual invoices/bills on random basis. The Monitoring Committee has held two meetings so far. IBM has further requested all State Governments to furnish information on the actual invoice prices of the minerals on 19.1.2010 in order to cross-check the data furnished by the miners. A separate meeting of the Monitoring Committee was held with the Government of Jharkhand on 26.2.2010, wherein the State Government agreed to furnish information on invoice price to IBM.

7. Timely decisions in accordance with the MMDR Act and MCR, and submission of quarterly reports.

7.1 The MCR lays down time schedules for (a) disposal of concession applications: and (b) grant of renewals. For various reasons (including slow processing of forest clearances), applications remain pending and in case of renewals, operates under deemed extensions. These circumstances provide perverse incentives for illegal mining of various kinds. It has, therefore, been decided to provide for quarterly reports on status of mineral concession cases, to be submitted by all State Governments. In this regard, a letter has been issued by the Ministry on 15.12.2009 (**Annexure IV**), with which three proformae have been circulated to the State Governments seeking information on (i) pending mineral concession applications (ii) lease execution and (iii) renewal applications. This letter along with the said proformae is also available on the website of the Ministry (www.mines.nic.in).

7.2 Barring the States of Karnataka, Haryana and Himachal Pradesh, which have furnished report for the quarter ended December, 2009, no reports from any other State Government for the quarters ended December, 2009 and March, 2010 have been received.

7.3 All State Governments should ensure that quarter reports in the prescribed proformae are furnished to the Ministry regularly. Further, as requested by the Ministry vide letter No. 7/111/2009-M.IV dated 17th May, 2010 (**Annexure V**). All State Governments may put up all mineral concession cases pending with them before their Coordination-cum-Empowered Committee to facilitate their review and expeditious disposal.

8. Disposal of Reconnaissance Permit (RP) cases pending with the State Governments.

8.1 It has been brought to the notice of the Ministry that a large number of applications for Reconnaissance Permit (RP) are pending at

various levels in the States. A list giving details of the pending RP cases in various States was sent to the State Governments concerned vide the Ministry's letter No. 7/87/2009-M.IV dated 23rd October, 2009 **(Annexure VI)**. It was pointed out to the State Governments that the Ministry was in the process of drafting of new Act under which RP is proposed to be made non-exclusive. Once the new Act comes into forces, the RP applicants will have to apply for LAPL afresh which will mean loss of time and infructuous effort. The State Governments were, therefore, requested to process and dispose of all RP applications pending with them at the earliest.

8.2 As per the information received by the Ministry, the number of RP applications pending with the State Governments is as under:

Name of the State	No. of RP applications pending
Andhra Pradesh	46
Bihar	03
Chhatisgarh	19
Gujarat	06
Haryana	02
Jharkhand	36
Karnataka	73
Kerala	02
Madhya Pradesh	06
Maharashtra	16
Orissa	26
Rajasthan	33
Tamil Nadu	14
Uttar Pradesh	03
Uttarakhand	05
West Bengal	01
Total	291

The State Governments may prepare a time-bound action plan for disposal of these applications.

8.3 In this context, all States may also consider reviewing procedures and

- (a) arrange to receive RP applications centrally with DGM given the size of the area: and
- (b) not insist on khasra-level details or other information not directly relevant at RP stage and not actually required under the MCR.

9. Status of Letter of Intent (LOI) for purposes of reconciliation.

9.1 While reviewing the status of mineral concession proposals, the Ministry of Mines has noticed that in a large number of cases where the prior approval of the Ministry has been conveyed to the State Governments, no intimation has been received regarding issuance or LOI by the State Governments. A list of such cases was circulated in the 2nd meeting of the CEC. The position regarding pendency of LOI in respect of the cases where prior approvals have been conveyed to the State Governments, up to 31st March, 2010, has again been brought to the notice of the State Governments vide letter No. 7/43/2006-M.IV dated 9.6.2010.

9.2 It needs to be ensured by the State Governments that there is no inordinate delay in issuance of LOI. A numerical summary of such cases should be incorporated in the quarterly reports to be submitted by the State Governments.

10. Difficulties faced by Reconnaissance Permit (RP), Prospecting Licence (PL), Mining Lease (ML) holders in Bastar region of Chhattisgarh due to law and order problems.

10.1 It has been brought to the notice of the Ministry by the federation of Indian Mineral Industries (FIMI) that RP, PL and ML granted by the Government of Chhattisgarh have not been operationalised, mainly because of the law and order problems in the Bastar region. The State Government has a policy in place for promoting mineral based industries

in that area to generate employment opportunities and other basic amenities for tribal people. However, the efforts have not been fruitful so far and the mineral development activity has been virtually at a standstill for the last 3 years. FIMI has suggested (i) a regional mineral development authority may be set up out the existing DGM staff in the Bastar region, which could be entrusted with some powers to facilitate mineral development activities and solve the problems by better coordination with law and order enforcing agencies; and (ii) the industries associated with mineral development in the region may be used as a catalyst for infrastructure development by the authority

10.2 The State Government may respond to the above observations/suggestions.

11. Return of long pending cases.

The Ministry and State Governments have been jointly engaging in efforts to clear concession proposals pending for long in the Ministry. In a large number of proposals, comments/clarifications are sought from the State Government on various important aspects of the proposals. It is noticed that the State Governments do not respond to the Ministry's letters with due diligence and promptness with the result that the proposals remain pending for a long time. The Ministry wrote to the State Governments last on 4th and 5th May, 2010 (**Annexure VII-A & B**) along with a list of such pending cases. As mentioned therein, if no reply is received from the State Governments by 30.6.2010, the proposals that have been pending with the State Governments for over six months as on 31.3.2010 will be returned. All States are, therefore, advised to review all such remaining cases and furnish clarifications/comments at the earliest.

12. Proper utilization of Periphery Development Funds contributed by mining companies to the State Government.

12.1 It is noted that the periphery development funds allocated by mining companies to the State Governments/Development Committees were being diverted for purposes other than the development of mines areas. In a meeting taken by Home Secretary on 21.10.2009, it was decided that :-

- (a) the periphery development fund should be used *in toto* for the development of mines areas:
- (b) area falling in the radius of 5 - 10 kms. can be defined for use of periphery development funds:
- (c) if these funds are diverted for purposes other than development of mines areas, mining companies may be advised not to release further funds to the State Governments etc.; and
- (d) a mechanism may be evolved to watch utilization of these funds and also monitoring of all such issues.

12.2 In the last meeting of the CEC, all State Governments were requested to put in place a well defined policy on the subject. They were asked to send such policy or draft thereof to the Ministry for consideration.

12.3 Separately, the Government of Andhra Pradesh was requested vide letter No.4/4/2006-M.VI dated 25.9.2009 to intimate the mechanism to utilize the 20% periphery development fund in tribal areas consequent to Samatha judgment.

12.4 The State Governments to intimate the action taken by them in this regard.

13. Any other item with the permission of the Chair.
