

No. 16/92/2022-Mines VI

Government of India

Ministry of Mines

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Shastri Bhawan, New Delhi

Dated: 05<sup>th</sup> July, 2024

**ORDER**

Whereas, the Mines and Minerals (Development and Regulation) Act, 1957 (hereinafter, 'the Act') was enacted to provide for development and regulation of mines and minerals in the country.

And whereas, sub-section (1) section 24A of the Act provides that on the issue of a mineral concession under the Act and the rules made thereunder, it shall be lawful for the holder of such permit, licence or lease, his agents or his servants or workmen to enter the lands over which such permit, lease or licence had been granted at all times during its currency and carry out all such reconnaissance, prospecting or mining operations as may be prescribed.

And whereas, sub-section (2) section 24A of the Act provides that the holder of a mineral concession referred to in sub-section (1) shall be liable to pay compensation in such manner as may be prescribed to the occupier of the surface of the land granted under such permit, licence or lease for any loss or damage which is likely to arise or has arisen from or in consequence of the reconnaissance, mining or prospecting operations.

And whereas, sub-section (3) section 24A of the Act provides that the amount of compensation payable under sub-section (2) shall be determined by the State Government in the manner prescribed.

And whereas, the Minerals (Other than Atomic and Hydro Carbons Energy Minerals) Concession Rules, 2016 (hereinafter, 'MCR 2016') have been framed by the Central Government in exercise of the powers conferred by section 13 of the said Act.

And whereas, the Rule 52 of the MCR 2016 prescribes the manner of payment of compensation to owner of surface rights. And whereas, as per sub-rule (1) of Rule 52 of the MCR 2016, the holder of a mineral concession shall be liable to pay to the occupier of the surface of the land over which he holds the

concession, such annual compensation as may be determined by an officer appointed by the State Government by notification in this behalf in the manner provided in sub-rules (2) to (4).

And whereas, sub-rule (2) of Rule 52 of the MCR 2016 provides that in the case of agricultural land, the amount of annual compensation shall be worked out on the basis of the average annual net income from the cultivation of similar land for the previous three years.

And whereas, sub-rule (3) of Rule 52 of the MCR 2016 provides that in the case of non-agricultural land, the amount of annual compensation shall be worked out on the basis of average annual letting value of similar land for the previous three years.

And whereas, sub-rule (4) of Rule 52 of the MCR 2016 provides that the annual compensation referred to in sub-rule (1) of the said rule shall be payable on or before such date as may be specified by the State Government in this behalf.

And whereas, timelines have been prescribed in the Act and the rules framed thereunder for the execution of auctioned mining leases and for commencement of production and dispatch upon execution of the mining lease.

And whereas, the provisos to sub-rule (6) of the rule 10 of the Mineral (Auction) Rules, 2015 provides that no Mining Lease Deed shall be executed on expiry of a period of three years from the date of the letter of intent which is further extendable by a period of upto two years. In case of non-execution of mining lease within the said period, the letter of intent shall be invalidated leading to annulment of the entire process of auction.

And whereas, sub-section (4) of section 4A of the Act provides that where the holder of a mining lease fails to undertake production and dispatch for a period of two years after the date of execution of the lease, the lease shall lapse on the expiry of the period of two years from the date of execution of the lease. The said period is extendable by upto one year.

And whereas, there is no provision in the Act and the Rules made thereunder for further extension of the above mentioned periods and the non-compliance of the timelines would result in annulment of auction process or lapse of the mining lease.

And whereas, it is observed that various States have successfully auctioned a large number of mineral blocks for grant of mining lease and composite licence. However, a limited number of blocks have started production. And whereas, one of the major reasons for delay in commencement of production and dispatch from the auctioned mines is delay in acquiring surface rights from respective land owners.

And whereas, Ministry of Mines vide letter no. 16/92/2022-Mines VI dated 11.11.2022 and subsequent reminders dated 17.02.2023 and 15.06.2023 had *inter-alia* requested the State Governments to inform whether rates of annual compensation payable by the concession holder to the occupier of the surface of the land over which the mineral concession is held, have been fixed by the State Government as per section 24A of the Act read with Rule 52 of the MCR 2016. The State Governments were also requested to appoint an officer for determining annual compensation in accordance with Rule 52 of MCR 2016, if not already appointed. It is observed that only few States have appointed officer(s) for determining the annual surface compensation.

And whereas, expeditious operationalization of auctioned mines would boost the production of minerals, generate employment opportunities and increase the revenue accruing to the State Governments from the mining sector.

Now therefore, in exercise of the powers conferred under Section 20A of the Act, the Central Government, for the conservation of mineral resources, in the national interest, and for the scientific and sustainable development and exploitation of mineral resources and in order to facilitate the implementation of the provisions of section 24A of the Act and Rule 52 of MCR 2016, hereby directs as follows:

- i. The State Government shall appoint an officer for determining the annual surface compensation (if not already appointed) and specify the date on or before which the annual surface compensation shall be payable (if not already specified) in accordance with the provisions of sub-rule (1) and (4) of Rule 52 of the MCR 2016, respectively, within a period of 30 days from issue of this order.
- ii. In case the State Government does not appoint an officer as per clause (i) above, the District Collector / District Magistrate / Deputy Commissioner of the district shall be deemed to be the officer appointed for the purpose after

expiry of said period of 30 days till an officer in this regard is appointed by the State Government.

- iii. Further, in case the State Government does not specify the date on or before which the annual surface compensation shall be payable within 30 days of issue of this order, then:
  - a. the annual surface compensation for each full calendar year, shall be payable on or before 30<sup>th</sup> June of that year;
  - b. in case of commencement of mining operations during part of a year, the annual surface compensation shall be payable on pro-rata basis and before the date of commencement of mining operations.
- iv. On receipt of any request by the preferred / successful bidder or licensee or lessee for determining annual surface compensation in respect of any area, the appointed officer shall determine the annual surface compensation in accordance with law within 90 days of the receipt of such request.
- v. The State Governments shall facilitate the entry of the concession holder in the lands over which such mineral concession has been granted at all times during its currency to facilitate conduct of reconnaissance, prospecting or mining operations as the case may be in accordance with sub-section (1) of section 24A of the Act.



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To:

1. Principal Secretary / Secretary / DMGs of Mining Department of all State Governments / Union Territories
2. Controller General, Indian Bureau of Mines