New Delhi, the 19th April, 2012

Subject: Minutes of the quarterly meeting of the Central Coordination-cum-Empowered Committee (CEC) on Mineral Development and Regulation held on 27th March, 2012 in New Delhi.

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The undersigned is directed to send herewith a copy of the minutes of the quarterly meeting of the Central Coordination-cum-Empowered Committee (CEC) on Mineral Development and Regulation, held under the chairmanship of Secretary (Mines) on 27th March, 2012 in New Delhi.

2. It is requested that a report on the action taken on the points discussed and the decisions taken in the meeting may please be furnished to this Ministry by 1st May, 2012.

Sd/-
(C.K. Rawat)
Under Secretary to the Government of India
Tel No. 23070260

To

1. Secretary, Ministry of Environment and Forests, Paryavaran Bhavan, New Delhi.
2. Director General, Department of Forests, Paryavaran Bhavan, New Delhi.
3. Secretary, Ministry of Home Affairs, North Block, New Delhi.
4. Secretary, Ministry of Steel, Udyog Bhavan, New Delhi.
5. Director General, Civil Aviation, Aurobindo Marg, Opposite Safdarjung Airport, New Delhi.
6. Chairman, Railway Board, New Delhi.
7. Secretary, Ministry of Shipping, New Delhi.
8. Secretary, Department of Revenue, New Delhi.
9. Secretary, Department of Fertilizers, New Delhi.
10. Secretary, Department of Atomic Energy, Mumbai.
12. Director General, Geological Survey of India, Kolkata.
1. Secretary, In charge of Mining and Geology in the State of:
   i) Andhra Pradesh
   ii) Chhatisgarh
   iii) Goa
   iv) Gujarat
   v) Jharkhand
   vi) Karnataka
   vii) Madhya Pradesh
   viii) Maharashtra
   ix) Orissa
   x) Rajasthan
   xi) Tamil Nadu

2. Separate copies for participants of the Central Ministries:

Copy for information to:

1. PS to Hon’ble MOS (I/C) (Mines)
2. Senior PPS to Secretary (Mines)
3. Senior PPS to SS(Mines)
4. PS to JS(MR)

Sd/-
(C.K. Rawat)
Under Secretary to the Government of India
Minutes of the Quarterly Meeting of the Central Coordination-cum-Empowered Committee (CEC) on Mineral Development and Regulation, held on 27th March, 2012 in Shastri Bhavan, New Delhi.

The Quarterly Meeting of the Central Coordination-cum-Empowered Committee (CEC) on Mineral Development and Regulation was held under the chairmanship of Secretary (Mines) on Tuesday, the 27th March, 2012 in Shastri Bhavan, New Delhi. List of participants is given in Annexure.

2. Agenda items for the meeting, and the action taken on each of the points discussed and the decisions taken in the previous meeting were taken up as under:

3. Mining Tenement System

3.1 Representative from M/s Ernst & Young gave a brief update on the progress of the MTS project, and stated that in spite of mailing the ‘To-Be’ and ‘FRS’ Report to important mineral producing States, several States were yet to respond. It was agreed that M/s Ernst & Young may proceed with preparation of DPR without any further delay, and if any comments were received in the meantime, the same may be accommodated to the extent possible.

(Action: M/s Ernst & Young)

3.2 On a specific query from the State Governments on linking of existing systems or systems being developed in the States, it was clarified by the Ministry that the MTS is not conceptualized as a parallel system, and that all the existing legacy data at State level would be suitably linked into the MTS by the vendor who would be developing the MTS. However, in order to do so the State Governments should immediately communicate details on the systems already in use or those being developed, along with the hardware already available with the State Government to M/s Ernst & Young through their concerned nodal officers listed in Annexure II in the questionnaire circulated by M/s Ernst & Young.

(Action: All State Governments)
3.3 Representative from the Government of Karnataka stated that a Centrally Sponsored Scheme would be preferable over any other model for implementation of MTS, since it would ensure greater uniformity. In order to firm up development of such a scheme, for which suitable MoUs between the Central Government and State Governments would also need to be structured, it was decided that a separate meeting may be scheduled with the State Governments at the earliest in the Ministry.

(Action: IBM)

4. **Strategic Plan for the Mineral sector**

It was apprised by JS (MR) that a Strategy Paper for Ministry of Mines for unlocking the potential of the Mining sector has been uploaded on the website of the Ministry. It was stated that the primary objective of sharing the Strategic Paper with the State Governments was to ensure common goals and strategy for development of mining sector. Accordingly it was agreed that all the State Governments would prepare a State level Strategy Paper for their Department, which should invariably include plan for modernization of Departments of Mining and Geology, with fund requirements for implementation.

(Action: All State Governments)

5. **Comprehensive Guidelines for Reporting of Mineral Reserves and Resources under the UNFC system**

JS (MR) stated that the IBM is shortly going to notify comprehensive guidelines on best practices and ensuring compliance to UNFC in reporting of mineral reserves and resources. However, in order for effective implementation, it was pointed out by JS (MR) that all the State Governments would need to impose a special condition under Rule 27(3) of the MCR, 1960, in all the mining leases for timely completion of prospecting activities in terms of UNFC. The representative from the Government of Odisha stated that except for cases of deemed extension, the State had taken action to impose special condition in all other mining leases by 31st March 2012. It was pointed out by representatives of few State Governments that the State Department is facing challenges in imposing such a condition on large number of small miners. It was suggested by the Ministry that in such cases, the States may consider issue of a general notification making it mandatory for all
lease holders to complete prospecting activities as per a time schedule.

(Action: All State Governments)

6. **Sustainable Development Framework**

JS (MR) stated that the Ministry had finalized a Sustainable Development Framework (SDF) for the Indian Mining sector, and in order to commence roll-out of the SDF, it was proposed to hold a stakeholder meeting in Delhi for identifying few States in which pilot could be initiated. It was agreed that this stakeholder meeting may be held in one of the important mineral rich States for wider participation. Accordingly, State Government representatives were requested to propose their willingness to host the Stakeholder meeting at the earliest.

(Action: All State Governments)

7. **Increasing efficiency of regulation of mining leases through mining plan**

7.1 JS (MR) apprised all the State Governments on the directions of the Supreme Court dated 27.2.2012 in the matter of auction of extraction rights for minor minerals, especially on the need to obtain environmental clearance for areas less than 5 hectare also. He also stated that the IBM had prepared a model guideline on Mining Framework of minor minerals/cluster mining/ Reclamation and Rehabilitation on the basis of guidelines suggested in the recommendation in the Report of the Group set up in the Ministry of Environment and Forests (MoEF). Representatives of the State Governments stated that they were generally in agreement with the guidelines of the MoEF and IBM. However the Supreme Court’s direction making it mandatory for obtaining environmental clearance of the MoEF for all minor mineral mining for area less than 5 hectares would not be feasible, as the small miners do not have the competency nor capability to obtain such clearances. It was also apprehended that with such tight regulations, most of the small miners would be unable to obtain environmental clearances and cases of illegal mining of minor minerals would increase. The State Governments stated that it was being considered by them to file a review petition with the Supreme Court to grant them additional time to ensure compliance. On a suggestion from the Ministry, the State Governments agreed broadly to seek adequate empowerment under the EIA notification for enabling grant of environmental clearance at District level itself for such small mines for minor minerals.
7.2 Secretary (M) desired that all the State Governments may send their comments in the matter to the Ministry, along with the request for delegation of powers to the District level under the EIA notification, so that the same may be taken up with the MoEF at the earliest.

(Action: All State Governments)

8. **Steps taken by State Governments to curb illegal mining**

8.1 While reviewing the status of various steps taken by various State Governments to curb illegal mining, representative from the Ministry of Railways pointed out that due to uncertainties in clearing of trucks for rake loading, especially in Odisha, the freight indents had decreased significantly in the eastern sector. It was further requested that Odisha Government should immediately introduce 24 hour truck weighing capacities, even if manual weigh bridges are being used, so that the freight movement can be planned optimally.

(Action: Government of Odisha)

8.2 Representative from the State Government of Karnataka stated that post Supreme Court interim directions for conducting e-auctions for iron ore in Karnataka and allocating a portion of the sale proceeds to Development Fund, the State Government had accumulated sizeable funds. It was further stated that the State Government was considering increasing the total ore transported by rail in the State to 70% of total production in order to reduce load on the roads. To this effect, the State Government would be keen to fund any project to increase rail connectivity in the State, for which it has even identified certain routes. Representative from State Government of Odisha also stated that the Government of Odisha was also keen on such projects using State funds. Representative from the Railways stated that while Third party models and PPP models was proposed by the Railways to develop mega-handling capacities through a separate Logistics Corporation to be identified, the Railways would separately examine this issue with the both the State Governments to evolve a workable model in the light of the CoS decision. Secretary (M) desired that representatives from Railways and both the State Governments of Karnataka and Odisha should hold a meeting and submit a paper on this.

(Action: Ministry of railways and Governments of Karnataka and Odisha)
8.3 Representative from Railways pointed out that several State Governments were seeking that the system of rake-wise counter-checking of the transit passes through State DGM introduced for iron ore should be extended to other minerals like granite, sand etc. It was further stated that bringing all the minerals under this system would not be feasible administratively. It was also stated that the models for e-connectivity being considered in linking the transit passes to rake challans was a departure from the CoS decision, and it was suggested that it would be appropriate to approach the CoS on this issue. Secretary (M) directed that Railways may send a comprehensive proposal in the matter so that the same can be then taken up with the CoS.

(Action: Ministry of Railways)

8.4 Representative from the State Government of Odisha was reminded to send all the necessary information sought by the Justice MB Shah Commission of Inquiry, as lying pending, at the earliest to the Commission of Inquiry without delay.

(Action: State Government of Odisha)

8.5 Representative from the Government of Karnataka pointed out that the data on export of iron ore, furnished by the Customs did not tally with the port data on material moved out through ships. Representative from Customs pointed out that the Customs data should be taken as correct, since export duty is paid on every tonne of ore exported. It was agreed that the State Government may first take this issue in the State Coordination-cum-Empowered Committee meeting, and if the issue is not resolved, may refer to the CCEC.

9. **Implementation of Rule 45 of MCDR, 1988**

All the State Governments were requested to ensure that Rule 45 of the MCDR is implemented in larger interest of efficient regulation of mining activities and to make effective accountability in mineral transactions. To this extent it was requested that all the State Governments should not allow transit passes for unregistered entities, especially in the category of traders, stockists, exporters and end-users. It was also stated that systems developed in the State Government should be integrated with the reporting system with the IBM at the earliest, so that a rational analysis is possible on national level.

(Action: All State Governments and IBM)
10. **Model State Mineral Policy**

Secretary (M) stated that in the context of section 17A of the MMDR Act, 1957, reservation of any mineral bearing area merely through State policy was not legally valid. Further, in terms of the National Mineral Policy, 2008, such decisions by the State Governments seemed to indicate a highly restrictive regime, and would impact much needed investments in exploration. State Governments were advised to relook at their respective State Mineral policies.

(Action: All State Governments)

11. **Setting up of State Innovation Councils**

Referring to the request of National Innovation Council, all State Governments were requested to immediately set up State Innovative Councils in their respective States in order to promote R&D activities, so that plans are made for production of metals of strategic importance in India and improve efficiencies of the processes in regulation of the mineral sector in the State.

(Action: All State Governments)

12. **Royalty issues**

12.1 JS (MR) pointed out that the Ministry had recently been made aware that the State Government of Odisha, through a circular dated 7.9.2010, had started demanding a flat royalty charged at maximum value of royalty payable on the highest grade of iron ore on lower grades of iron ore also in total violation of Rule 64 of the MCR, 1960. The representative from Ministry of Steel stated that this issue has come to their notice and such demand from the Odisha Government was impacting the Steel industry that had set up beneficiation and pelletization plant for low grade ores, and such a measure was a strong disincentive for development of capacities for utilization of low grade ores in the country. Secretary (M) directed that the State Government of Odisha should stop the operations of the circular and immediately send a clarification in the matter to the Ministry.

(Action: Government of Odisha)

12.2 All the representatives of the State Governments were informed that the IBM had sought inputs on revision of royalty rates through a questionnaire (which is also available on the website of IBM). It was requested that the information should
be sent immediately to the IBM in order to avoid delay in completing the process of reviewing the rates of royalty rates and dead rent.

(Action: All State Governments)

12.3 Representative from the State Government of Tamilnadu stated that tonnage based royalty rates was preferable over ad valorem rates, especially for beach sand minerals where PMV reported was distorted due to intermediaries involved in export of ore. IBM was requested to look into the matter through the Monitoring Committee set up for the purpose at the earliest in consultation with the State Government of Tamilnadu.

(Action: IBM)

13. Reconstitution of the Central Coordination-cum-Empowered Committee and review of the position regarding constitution of State Level Empowered Committees.

Additional Secretary (Mines) referred to the Ministry’s order dated 20.10.2011 by which the CEC has been reconstituted as ‘Coordination-cum-Empowered Committee on Mineral Development and Regulation’, and its Terms of Reference (ToR) have been broadened so as to bring within its ambit other important matters viz. Sustainable Development Framework, coordination and review of steps for prevention of illegal mining, issues arising out of the National Mineral Policy and legislation governing mineral development etc. In this regard, AS (M) said, the Ministry had already requested the State Governments vide letter dated 17.11.2011, to review the composition and TOR of their SEC on the lines of the CEC. This has also been reiterated in the previous CEC meetings. It was, however, noted that no State Government had yet reconstituted its SEC. He requested the State representatives to take it up urgently. In particular, he said, the mandate of the SEC should be revised so as to bring it in line with the CEC. He also requested the State Governments to ensure that the SEC include the Ministries/Departments of Steel, Environment & Forests, Shipping, Railways, Revenue (Customs) and Fertilizers, besides GSI and IBM. The State Governments were also requested to take other actions envisaged in the Ministry’s letter dated 17.11.2011, viz. nomination of a sufficiently senior level officer to function as the Nodal Officer, holding meetings of the SEC on a quarterly basis, review of pendency
of concession cases, etc. He said that the progress on all these aspects would be reviewed by the CEC in the next meeting.

(Action: All State Governments)

14. **Steps taken by the Ministry of Environment and Forests for expediting environment and forest clearances.**

14.1 As decided in the previous CEC meetings, all State Governments had to send a list of cases awaiting forest clearance to the MOEF, so that they could be expeditiously followed up. It was noted that the Governments of Chhattisgarh, Jharkhand, Gujarat and Rajasthan had sent their lists to the Ministry of Mines, which were forwarded to the MoEF. All other State Governments were requested to send their respective lists to the MoEF directly, under intimation to the Ministry of Mines, without further delay.

(Action: All State Governments/MoEF)

14.2 Additional Secretary (Mines) mentioned that the Coal and Mines Planning and Development Institute (CMPDI) had submitted an interim report on the impact of boreholes on the wildlife and fauna & flora. Further progress in that regard needed to be ascertained. He also said that as mentioned in the previous meeting of the CEC, the software for monitoring the pendency of FCA applications had become operational in January, 2012. However, further steps in terms of issuance of guidelines on the subject, training of the MoEF personnel, and circulation of list of Nodal Officers, could not be ascertained, since there was no representation of the MoEF in the meeting. Additional Secretary (Mines) hoped that the MoEF had done the needful in this respect. The status of these aspects would, however, be sought from the MoEF separately.

(Action: Ministry of Mines/MoEF)

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

15.1 It was noted with satisfaction that most of the State Governments had started sending their quarterly reports on disposal of mineral concessions applications, lease/licence execution and renewal of concessions, in time. The State-wise pendency of mineral concessions applications, lease/licence execution
and renewal of concessions was reviewed. Additional Secretary (Mines) said that it was a matter of concern that an enormous number of mineral concession applications were lying pending with the State Governments. As per the reports submitted by the State Governments, a total of 47034 applications (458 RP applications, 15,910 PL applications and 30666 ML applications) were pending with the State Governments. Besides, a total of 696 lease/licence execution cases and 2065 renewal applications were pending with the State Governments. It was noticed that the pendency was particularly high in the States of Andhra Pradesh, Chhattisgarh, Gujarat, Jharkhand, Karnataka, Madhya Pradesh, Odisha and Tamil Nadu.

15.2 Additional Secretary (Mines), in particular, referred to the pendency of lease/licence execution cases, which was very high in the States of Andhra Pradesh (136 cases), Gujarat (40 cases), Jharkhand (327 cases), Karnataka (28 cases) and Maharashtra (67 cases). He said that since these were post-prior approval cases, and the State Governments needed to ensure that these cases do not remain pending for long. He requested all State Governments to take all possible steps to minimize their pendency. The Ministry would also be writing to the State Governments in this regard. Representatives of all the State Governments assured that they would convey CEC’s concern to the State authorities concerned, in order to expedite disposal of the pending cases.

(Action: Ministry of Mines/All State Governments)

16. **Hon’ble Supreme Court’s order dated 14.3.2012 regarding ‘MOU’ cases in Civil appeal filed by M/s Bhushan Power and Steel Ltd. vs. the State of Odisha.**

Additional Secretary (Mines) drew the attention of the participants to Hon’ble Supreme Court’s order dated 14.3.2012 in Civil appeal No. 2790/2012 {arising out of SLP (C) No. 8567/2008} filed by M/s Bhushan Power and Steel Ltd. vs. the State of Odisha, in which the apex Court has *inter alia* directed the Government of Orissa, to take appropriate steps to act in terms of the MOU signed by the State Government with the Appellants (M/s Bhushan Power & Steel), as also its earlier commitments to recommend the case of the Appellants to the Central Government for grant of adequate iron ore reserves to meet their requirements. He said that in
view of these observations, which uphold the sanctity of MOUs signed by applicant companies with the State Governments, the Ministry proposes to retain the clause relating to ‘MOU’ cases in the guidelines dated 9.2.2010, with suitable modifications as per the discussions held in the meeting with the State Governments on 2.3.2012. Law Ministry would also be consulted on this issue. All State Governments concurred with this position.

17. Hindustan Copper Limited (HCL)’s mineral concession proposals pending with State Governments.

It was noted that some mineral concession proposals in respect of Hindustan Copper Limited (HCL) were pending with State Governments, viz. Rajasthan (RP-1 case, PL-1 case), Haryana (RP-1 case), Madhya Pradesh (RP-1 case) and Jharkhand (PL-1 case, ML-2 cases). The State Governments concerned took note of the matter. They were requested to expedite disposal of all pending proposals with them including those in respect of HCL in the light of the provisions of the extant Act, Rules and guidelines.

18. The meeting ended with a vote of thanks to the Chair.

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Annexure

List of Participants in the Meeting of the Central Coordination-cum-Empowered Committee on Mineral Development and Regulation held on 27th March, 2012.

1) Shri Vishwapati Trivedi, Secretary (Mines) .... In the Chair
2) Shri S.K. Srivastava, Additional Secretary, Ministry of Mines
3) Shri G. Srinivas, Joint Secretary (M&R), Ministry of Mines
4) Shri Chandramani Sharma, Director, Ministry of Mines
5) Shri R.K. Malhotra, Director, Ministry of Mines
6) Shri S.L. Sharma, Sr. Technical Director, NIC, Ministry of Mines.
8) Shri R.K. Malhotra, Director, Ministry of Mines
9) Shri G. Srinivas, Joint Secretary (M&R), Ministry of Mines
10) Shri Chandramani Sharma, Director, Ministry of Mines
11) Shri S.L. Sharma, Sr. Technical Director, NIC, Ministry of Mines.
13) Shri Saji George, Director (S), IBM
14) Shri S.S. Bhake, SME, IBM
15) Shri Prakash Govindasami, Joint Secretary, Industries Deptt. Govt. of Tamil Nadu
16) Shri H.R. Srinivasa Naik, Director, Ministry of Mines
18) Shri R.K. Hirat, Addl. Director, Mines, Government of Rajasthan
19) Shri S.K. Shah, Director, DGM, Government of Madhya Pradesh
20) Shri Pankaj Kulshrestha, RCO (CZ), Indian Bureau of Mines (IBM)
21) Shri Saji George, Director (S), IBM
22) Shri H.R. Srinivasa Naik, Director, Ministry of Mines
24) Shri R.K. Hirat, Addl. Director, Mines, Government of Rajasthan
25) Dr. D. Mainkar, Deputy Director, DGM, Government of Chhattisgarh
26) Shri Pankaj Kulshrestha, RCO (CZ), Indian Bureau of Mines (IBM)
27) Shri S.K. Shah, Director, DGM, Government of Madhya Pradesh
28) Shri S.K. Shah, Director, DGM, Government of Madhya Pradesh
29) Shri S.K. Shah, Director, DGM, Government of Madhya Pradesh
30) Shri S.K. Shah, Director, DGM, Government of Madhya Pradesh
31) Shri Abhishek Gupta, M/s Ernst & Young.
Draft minutes of the CEC meeting held under the chairmanship of Secretary (Mines) on 27.3.2012 are put up for kind approval. Inputs on policy issues (paras no. 3 to 12 of the minutes) have been provided by US (A).

(C.K. Rawat)
Under Secretary
13.4.2012

Dir (CS)