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## Indian parliamentary committee meet on new Mineral Policy

Tuesday, 16 Dec, 2008

It is reported that Consultative Committee attached to the Ministry of Mines met to discuss the National Mineral Policy, 2008. The meeting was chaired by Mr Sis Ram Ola union minister for mines.

During the meeting the Members were briefed about the New National Mineral Policy, 2008 which was approved by the Government on 13 March, 2008. They were informed about the basic features of the new policy; strengthening of Geological Survey of India including revamping of the Central Programming Board of the GSI, improving regulatory environment to attract risk capital, inventorizing resource and reserves and encouragement of value addition to minerals and metals, development of new sources of revenue for states and state agencies, state of art technologies for R&D, scientific exploration and mining.

The implications of the new policy changes for the mineral sector would be:

1. Absolute right of a prospector to obtain a Mining Lease in the areas where he has done the requisite work, implying seamless transition from regional exploration to prospecting and to mining.
2. Unbundling of prospecting from mining, whereby prospector may invest, find and sell the data/mineral concession after obtaining due permission of the State Government.
3. Introducing Competition and level playing field by ensuring an arms length between the government as a regulator and Government as a miner.
4. Promoting auction of ore bodies fully prospected at public expense for transparency in allotment, recovery of cost of exploration borne by the Government and generation of additional resources for the State.
5. In order to expedite completion of reconnaissance work for the entire country as early as possible, and in line with the open sky policy, reconnaissance work will be made non-exclusive.
6. For attracting large investments and high technology in mining sector, a new instrument to be known as Large Area Prospecting License would need to be introduced. However, the new instrument would not be granted for bulk minerals which do not need risk investment and high technology.
7. Duration of all concessions will be rationalized and areas of operations enlarged suitably within each state.
8. State Governments allowed to give preference to a value adder in case of multiple applicants for a concession subject to other eligibility requirements. At the same time State Governments cannot hold back grant of mineral concession if no value adder is available.
9. Reducing delays in the grant of mineral concessions.
10. Ensuring fair compensation to the State Government by:
  - A. Moving to an ad valorem basis royalty system.
  - B. Increase in dead rent on escalating scale on unused areas, to dissuade idle holding of resources.
  - C. Levy of fees on transfer of concessions.
  - D. Several fold increase in penalties on illegal mining.

The Members were also informed that in view of the announcement of the new policy, the Ministry of Mines has initiated several initiatives which include initiating an exercise to suitably amend the Mines and Minerals Act, 1957 in consultation with the State Governments of Orissa, Karnataka, Jharkhand, Chattisgarh, Rajasthan and West Bengal; constituting a High Powered Committee to suggest measures to strengthen the GSI; work on a Mining Tenement System, in consultation with concerned Ministries/Departments of the Central and State Governments to develop a national inventory of mineral resources; ensuring eco-friendly mining by strengthening the Indian Bureau of Mines to uphold the provisions of the policy and statutory requirements in Forest and Environment Act; initiating the process for procurement of a new deep sea research vessel at a cost of INR 448 crore to help expedite the task of seabed mapping; revamping the Central Geological Programming Board; strictly enforcing the data filing requirements by all concession holders and setting up a Study Group to

consider the revision of rates of royalty and dead rent of all non-fuel and non-coal major minerals so as to help in the revision of the royalty rates and dead rents.

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