New Delhi, the 11th January, 2013

Subject: Quarterly meeting of the Central Coordination-cum-Empowered Committee (CEC) on Mineral Development and Regulation, to be held under the chairmanship of Secretary (Mines) on **Tuesday, the 15th January, 2013 at 3.00 PM in Aluminium Room, First Floor, ‘D’ Wing, Shastri Bhawan, New Delhi.**

The undersigned is directed to refer to this Ministry’s O.M. of even number dated 26th December, 2012 on the subject mentioned above, and to send herewith agenda notes for the above-mentioned meeting.

2. Kindly confirm nomination of a senior level officer for the meeting.

(C.K. Rawat)
Deputy Secretary to the Government of India
Telefax: 23070260

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 (IS), 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.
13. 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

with the request to make it convenient to attend the meeting.

Copy to:

1. PS to Hon'ble MOM for (Mines)
2. PPS to Secretary (Mines)
3. PPS to AS(Mines)
4. PS to JS(AK)
5. PS to JS (NK)

(C.K. Rawat)
Deputy Secretary to the Government of India
Telefax: 23070260
Agenda notes for the quarterly meeting of the Coordination-cum-Empowered Committee (CEC) on Mineral Development and Regulation to be held on Tuesday, the 15th January, 2013 at 3.00 PM. in Aluminium Room, 1st Floor, ‘D’ Wing, Shastri Bhawan, New Delhi.

1. REVIEW OF THE ACTION TAKEN ON THE MINUTES OF THE LAST MEETING OF THE CEC.

Action taken report (ATR) on the minutes of the last meeting of the CEC held on 21.9.2012 shall be circulated on the table. The position with regard to each of the items may be reviewed in the meeting. Action taken reports have been received from IBM, the Government of Gujarat and the Government of Rajasthan. No ATR has been received from any other State Government despite letter dated 8.10.2012 and reminders dated 31.10.12, 22.11.12, 19.12.12 and 1.1.2013. Representatives of the State Governments may please intimate the progress and the action taken with regard to each of the items concerning them.

2. STEPS TAKEN BY STATE GOVERNMENTS FOR PREVENTING ILLEGAL MINING

2.1 It is observed that quarterly report on number of cases of illegal mining detected and action taken by the State Governments has been given by few State Governments only. All State Governments may submit the returns regularly to IBM in a timely manner, and IBM should monitor this activity closely. Action taken by the State Governments for curbing illegal mining would be reviewed as per the format for the QPR to be furnished by each State Government as enclosed at Annexure-I.

3. IMPLEMENTATION OF RULE 45 OF MINERAL CONSERVATION AND DEVELOPMENT RULES, 1988

3.1 Rule 45 of MCDR, 1988 has been amended on 9th February 2011 to make it mandatory for all mining lease holders, traders, exporters, stockists, and end-users of minerals to register online with the IBM. The Rule further makes it mandatory for all
mining lease holders, traders, exporters, stockists and end-users to report to IBM and State Government on the transaction in minerals on monthly and annual basis.

3.2 The IBM has commenced online registration of miners, traders, exporters, stockists, and end-users of minerals on the website of IBM (http://ibm.nic.in).

3.3 The online monthly reporting system for forms F1, F2, F3 and F4 has also been commenced. All the lease holders, traders, exporters, stockists and end-users are required to report on this system with their log-in ID and Registration number. State Governments are requested to ensure compliance on reporting.

3.4 In this context, status on action taken by the State Governments on implementation of Rule 45 of MCDR, 1988 would be reviewed as per format at Annexure II.

3.5 All State Governments may ensure that all the lease holders furnish their returns online without fail, and also restrict any transaction of minerals between persons who are not registered with IBM.

4. MINING TENEMENT SYSTEM (MTS)

4.1 The MTS has been envisaged by the Government to facilitate e-enabling of the various processes associated with the mineral concession regime with a view to adopt a comprehensives approach towards development of mineral resources in the country. IBM has been nominated by the Ministry as the Nodal Implementing Agency and M/s Ernst and Young have been appointed as the consultants for the project. The matter has been discussed earlier in several meetings of the CEC.

4.2 The Detailed Project Report (DPR) of MTS has been approved by the Core Committee in its meeting held on 31.10.2012. M/s Ernst & Young Pvt. Ltd. has been requested to prepare Expression of Interest (EoI) and Request for Proposal (RFP) as per the approved DPR. Standing Finance Committee (SFC) note for Mining Tenement System project is under preparation in the Ministry.
4.3. During the Core Committee meeting held on 31.10.2012, it was decided to modify the draft MoU to be signed between the State Governments and IBM. The modified draft MoU is under consideration in the Ministry. After approval, the final draft MoU will be sent to IBM for executing the same with the State Governments.

5. MODEL STATE MINERAL POLICY

5.1 The Ministry of Mines had circulated a model State Mineral Policy for enabling each State to suitably prepare its own mineral policy in line with the National Mineral Policy, 2008. In the previous meetings of the CEC the Ministry had been requesting all the State Governments to harmonize their State mineral Policies with the Strategy Paper of the Ministry of Mines. Status on this regard would be reviewed. State Governments are requested to furnish a copy of the updated State Mineral Policy in the meeting.

5.2 The National Mineral Policy, 2008, clearly provides that conservation of minerals is to be taken in positive sense of augmentation of mineral resources and zero waste mining, rather than abstaining from use of available minerals. However, it has been noticed that some State policies are seeking to reserve mineral bearing areas in favor of their PSUs as a policy decision, thereby restricting the availability of the area available for concessions. This is against the interest of mineral development, and the State Governments were advised to seek the approval of the Central Government under the provisions of section 17A of the Mines and Minerals (Development and Regulation) Act, 1957.

5.3 The Ministry of Fertilizer has raised concerns on the policy decision of the State Government of Rajasthan to reserve mineral bearing areas for use by State PSUs, which is impacting the operations of PSU of Department of Fertilizer, FAGMIL. Recently, the Ministry of Fertilizer has requested reservation of area under section 17A(1A) of the MMDR Act, 1957, in favour of FAGMIL. The proposal has been sent to the State Government as part of consultation process, and the comments of the State Government are awaited. The State Government of Rajasthan may furnish comments in the matter.
6. STATUS OF SETTING UP OF ‘SPECIAL ANTI-EXTORTION AND ANTI-MONEY LAUNDERING CELL’ TO PREVENT THE NEXUS BETWEEN ILLEGAL MINING/FOREST CONTRACTORS AND EXTREMISTS.

6.1 Ministry of Mines issued an advisory on 7.7.2008 to State Governments to establish Special Anti-Extortion and Anti-Money Laundering Cell” to prevent the nexus between illegal mining/forest contractors and extremists as Second Administrative Reforms Commission in its Seventh Report has expressed deep concern at the nexus between illegal mining/forest contractors and transporters and extremists, which provides the financial support for the extremist movement and recommended that it needs to be broken.

6.2 All the State Governments were requested in the previous CEC meeting to immediately furnish information on the setting up of Cell in State Government to the Ministry. Information from the State Governments is still awaited. The same may be furnished in the meeting.

7. ROYALTY ISSUES

7.1 Concerns had been raised by the Industry Associations on the practice of the State Government of Odisha in assessing and levying royalty on higher value of either iron ore lump or processed form of lump on the iron ore Fines generated during processing of ore vide State Government circular No5905/SM-AUD-SM-17/2010 dated 7.9.2010.

7.2 The Ministry had clarified to the State Government that this practice was not in consonance with Rule 64B of the Mineral Concession Rules, 1960 and should be immediately withdrawn to avoid litigations. However, action taken by the State Government on the said circular is not known. The position would be reviewed in the meeting.

8. PROPOSAL FOR CONDUCTING EXAMINATION FOR RECOGNIZED QUALIFIED PERSONS (RQP)

8.1 The preparation of Mining Plan and Scheme of Mining under Rule 22 B of Mineral Concession Rules 1960 and under Rules 10 and 12 of the Mineral Conservation and
Development Rules 1988 is a multidisciplinary task as both these documents are essentially techno-statutory and scientific documents approved by the IBM / State Governments and other authorities authorized for this purpose. These documents are prepared by a Recognized Qualified Person (RQP). Presently, IBM is granting RQP certification to qualified and experienced mining engineers and Geologists as per provisions of Rule 22 C of MCR 1960 who possess qualifications and experience as provided for in sub-rule (2) of Rule 22 B of MCR 1960.

8.2 To improve the quality of Mining Plan / Scheme of Mining, IBM decided to review the process of grant of RQP certification by introducing a system of examination for grant of RQP Certification. The examination will evaluate the knowledge, expertise and capability of the persons to prepare Mining Plans and Scheme of Mining of desired quality. Examination will be conducted by the Board of Examinations constituted for the purpose on the lines that are conducted by the Director General of Mines Safety (DGMS), Dhanbad. Accordingly, it is proposed to amend Rule 22 B of MCR 1960 proposing to introduce method of Examination, and the desired Qualifications and Experience for eligibility to appear in the RQP examination. Similarly, Rule 22 C of MCR 1960 will also be amended to propose grant of recognition by the Central Government of the various categories of RQP certifications.

9.1 At present Rule 37 of the MCR, 1960 provides for a lessee to enter into an arrangement, contract, or understanding with any person or body of persons other than the lessee so far as the lessee is not substantially financed or the lessee’s operations or undertakings are not substantially controlled by such a person or body of persons. The Ministry is of the opinion that there is lack of clarity in the interpretation of the terms “directly or indirectly financed to a substantial extent” and the terms “undertakings will or may be substantially controlled”, which may lead to non-compliance of Rule 37 of the MCR on one hand and disincentivise flow of genuine specialists with state-of-art mining technologies as service providers on the other hand.
9.2 Therefore in order to bring in greater clarity and increase transparency, it is proposed that Rule 37 of the MCR should be amended to add an explanation under sub-rule (1) as follows:

**Explanation:** For the purposes of this sub-rule a bonafide arrangement, contract or understanding between the lessee and any other person or body of person or a company shall not be construed as financing to a substantial extent or substantial control of lease, where the following conditions are satisfied:

(i) the arrangement, contract or understanding between the lessee and any other person or body of person or a company is documented and duly registered;

(ii) any financing by a person or body of persons or company other than lessee in the arrangement, contract or understanding does not exceed fifty per cent. of the paid-up share capital (whether equity or preference or partly equity and partly preference) of the firm or company holding the mining lease;

(iii) the arrangement, contract or understanding between the lessee and any other person or body of person or a company for undertaking any mining or exploration activities does not allow sale or consumption of the minerals won in mining operations by such person or body of persons or a company in the arrangement, contract or understanding in any direct or indirect manner;

(iv) the person or body of person or a company who has entered into an arrangement, contract or understanding with the lessee is paying service tax.

9.3 It is further proposed to make it mandatory for the lessee to report and register any contract or any such arrangement or understanding with any person other than the lessee to the State Government.

9.4 State Governments may like to furnish their comments on his proposed amendments. In the previous CEC meeting, it was decided that the State Governments may send their comments to the Ministry by 15th October 2012. However, the comments of the
State Governments are still awaited. All State Governments may immediately furnish comments in the matter.

10. PREPARATION AND NOTIFICATION OF RULES UNDER SECTION 15 OF THE MMDR ACT, 1957 IN RESPECT OF MINOR MINERALS

In keeping with the direction of the Supreme Court in Deepak Kumar case issued on 27.2.2012, the States and Union Territories were required to frame/amend Minor Mineral Concession Rules in consideration with the recommendations in the MOEF’s Report of March 2010. State Governments were required to report compliance to the Apex Court directly in this matter.

11. ANY OTHER ITEM WITH THE PERMISSION OF THE CHAIR.

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## Annexure-I

**QPR format for review of steps taken by State Govts for preventing illegal mining.**

<table>
<thead>
<tr>
<th>Sl no.</th>
<th>Action taken to curb illegal mining</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Whether Rules framed for curbing illegal mining under Section 23C of MMDR Act, 1957</td>
<td>Yes / No</td>
</tr>
<tr>
<td>2.</td>
<td>Whether Task Force constituted</td>
<td>Yes / No</td>
</tr>
<tr>
<td></td>
<td>(a) at State level</td>
<td>Yes / No</td>
</tr>
<tr>
<td></td>
<td>(b) at District level</td>
<td>Yes / No</td>
</tr>
<tr>
<td>3.</td>
<td>Whether meetings of the Task Forces are held regularly</td>
<td>Yes / No</td>
</tr>
<tr>
<td>4.</td>
<td>Last date of meeting of:</td>
<td>dd/mm/yyyy</td>
</tr>
<tr>
<td></td>
<td>(a) State level Task Force</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(b) District Level Task Force</td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Whether quarterly report on illegal mining sent to IBM for the Quarter ending:</td>
<td>Yes / No</td>
</tr>
<tr>
<td></td>
<td>• June 2012</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• September 2012</td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>Whether quarterly report on illegal mining circulated as agenda item for discussion in the meeting of</td>
<td>Yes / No</td>
</tr>
<tr>
<td></td>
<td>(a) State Level Task Force</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(b) SCEC</td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>Status on use of satellite imagery / remote sensing data to curb illegal mining</td>
<td>Yes / No</td>
</tr>
<tr>
<td></td>
<td>(a) whether Satellite imagery /Remote sensing data obtained for mineral bearing areas.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(b) Total mineral bearing area covered (in hectares).</td>
<td>________</td>
</tr>
<tr>
<td></td>
<td>(c) whether digitization of Cadastral maps initiated under the Central Sponsored Scheme of Department of Land Resources (DOLR) in the Union Ministry of Rural Development</td>
<td>Yes / No</td>
</tr>
<tr>
<td></td>
<td>(d) No and name of mineral bearing districts where mapping completed under DOLR scheme.</td>
<td>________</td>
</tr>
<tr>
<td></td>
<td>(e) whether digitized cadastral maps prepared under DOLR scheme integrated with Satellite imagery/ Remote sensing data</td>
<td>Yes / No</td>
</tr>
<tr>
<td>8.</td>
<td>Total number of Mining Leases suspended by the State Government in the quarter for violations / illegal mining</td>
<td>________</td>
</tr>
<tr>
<td>Sl no.</td>
<td>Action taken to curb illegal mining</td>
<td>Response</td>
</tr>
<tr>
<td>-------</td>
<td>-----------------------------------</td>
<td>----------</td>
</tr>
<tr>
<td>9.</td>
<td>Whether Special Cell set up in Police Department to tackle cases of illegal mining and extortion.</td>
<td>Yes / No</td>
</tr>
</tbody>
</table>
| 10.   | Action taken by State Governments on violations of provisions of MCDR, 1988, reported by IBM:  
(i) No. of Mining leases cancelled  
(ii) No. of Mining leases suspended | __________  
___________ |
Implementation of amended Rule 45 of MCDR, 1988

1. Implementation of amended Rule 45 of MCDR, 1988:
   (a) Total number of Mining Lease holders in State: 
   (b) Total number of Mining Lease holders reporting in Form F1, F2, F3 and F4: 
   (c) Total number of Mining Lease holders not reporting 
   (d) whether details of non-reporting Mining Lease holders informed to IBM for initiating action: 
   (e) whether State Government has any mechanism for auditing of monthly reports by Mining Lease holders: 
   (f) If yes, number of reports of Mining Lease holders audited: 
   (g) Whether traders, exporters, stockist, end-users of minerals have started reporting to State Government as per Form ‘N’ of MCDR, 1988. 
   (h) Please give details on reporting by traders, exporters, stockist, end-users of minerals in the table given below:-

<table>
<thead>
<tr>
<th>Activity</th>
<th>Total No. of persons registered in the State</th>
<th>Total Number of reporting to State Govt.</th>
<th>Total Number Not reporting to State Govt.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trader</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exporter</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stockist</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>End-user</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2. Whether the State Government has evolved any mechanism for audit of monthly report given by traders, exporters, stockists and end-users of minerals in Form ‘N’ of MCDR, 1988. 

3. 

4. If yes, how many reports have been audited so far.

5. Whether Transporters of minerals have been registered


7. Whether data on export of mineral obtained from Customs/Port.
<table>
<thead>
<tr>
<th></th>
<th>If yes, whether correlated with data reported to State Government. Total number of licenses/ permits cancelled or restrictions issued violations by:</th>
</tr>
</thead>
</table>
| 8. | (i) Traders of minerals  
(ii) Exporters of minerals  
(iii) Stockists of minerals  
(iv) End-users of minerals. |

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