



Mineral Policy

2010

Government of Madhya Pradesh

Mineral Resources Department

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**GOVERNMENT OF MADHYA PRADESH
MINERAL RESOURCES DEPARTMENT**

MINERAL POLICY-2010

Preamble

Minerals are unique endowment of the nature for economic and social development of any State. This endowment is finite and non-renewable. However, failure to ensure scientific and systematic exploitation of this resource may lead to various social and ecological irreparable losses. The present Mineral Policy is being promulgated to ensure exploitation of mineral resource for optimum and sustainable development of the State. In the present Policy it is being ensured that the mineral resources are developed in a scientific & systematic manner to achieve sustainable development and all environmental & ecological issues are addressed.

Mineral belongs to the State. However, as per provisions of the Constitution of India, the powers to legislate mineral development have been vested with the Union Government to ensure uniformity. It is governed by the Central legislation viz. Mines and Minerals (Development and Regulation) Act, 1957. Recently, the Union Government after reviewing the current mining sector, mineral development and keeping in view the availability of the valuable finite resource have announced the National Mineral Policy (NMP))- 2010. The Union Government has also issued guidelines under which the Mineral Policy of the State needs to be

announced. Accordingly the Government of Madhya Pradesh is formulating this New Mineral Policy-2010 keeping in mind the aims and objectives as pronounced by the National Mineral Policy.

Geological set-up of State

The geological set-up of the State endowed with vast variations. Rocks belonging to the oldest formations i.e. from Archean period to the recently formed Alluvium are available in various parts of the State. The oldest known rocks of Archean and Proterozoic period occupy nearly 45% of the area of the State. These rocks are mostly found as Bundekhand Granite and Saucer/Sacoli group of rocks. Saucer/Sacoli group of rocks are known for Manganese ore deposits in the State. The next younger formation of mid to upper Proterozoic group also called as 'purana group' include rocks belonging to Vindhya, Bijawar and Gwalior groups etc. These have been intruded by the kimberlitic rocks bearing diamond deposits. The rocks of this group are also repository of minerals like limestone, dolomite and phosphorite. Nearly 10% of the area of the State is covered by the Gondwana group which is essentially sandstone formed between carboniferous to Cretaceous period. Gondwana rocks bear coal deposits of the State. 35% of the area of the State is occupied by volcanic rocks known as Basalts. The Deccan Trap Basalts forms high plateaus in Mandla, Jabalpur, Balaghat and Seoni districts. It also overlies Vindhya in Satna district and is spread over a large area South-West of Madhya Pradesh in Indore, Khargone and Khandwa districts of the State. Weathering of this rock through millions of years have given rise to Bauxite and Laterite deposits. Younger intrusives viz. Malajkhand Granite found in North-East Balaghat district is the bearer of famous Malajkhand Copper Deposit.

Alluvium of Quaternary age occurs extensively in the river valleys viz. Narmada, Tapi and Chambal. In these valley areas, especially the Narmada Valley records of earlier civilization have been noted.

Mineral Wealth of State

Madhya Pradesh is one of the rich mineral bearing states of the Country. Besides having monopoly in production of diamonds it stood first in production of Diaspore, Pyrophyllite and Copper ore, second in production of Rockphosphate, Shale and Fire-clay and third in production of Manganese ore, Limestone and Ochre. In the year 2008-09 the State occupied fourth position in respect of coal production in the country. Details of mineral deposits found in the State as recorded in the Indian Mineral Book published by the Indian Bureau of Mines is given in appendix-1. The value of production of minerals in the year 2008-09 stood at rupees 7500 crores and the revenue accrued to the State by way of royalty is rupees 1361.08 crores. Details of mineral production and revenue are given in appendix-2 & 3. The State has 1140 sanctioned Mining Leases, 96 Prospecting Licenses and 43 Reconnaissance Permits, in the year 2008-2009 besides this 4851 Quarry Licenses and 4561 Auction Quarries of various minor minerals were also in operation.

MINERAL POLICY-2010

(1) Survey, Prospecting and Assessment of Mineral Deposits

- Geological Survey of India and the State Directorate of Geology and Mining, two important organizations of survey, exploration and assessment of mineral deposits, will ensure greater coordination and exchange of information between them.
- The Directorate will be equipped with state-of-the-art technologies for exploration of minerals. The technical staff of the Directorate will be trained in application of latest techniques and technologies for exploration of minerals within a time frame.
- Private sector participation will be encouraged for exploration of minerals to use latest technologies for search and assessment of new mineral deposits.
- Studies and use for blending of high grade and low grade mineral in a certain proportion will be encouraged.
- A Mineral Development Fund for mineral exploration, strengthening of mineral administration and development of mineral bearing areas will be formed. 5% of the royalty accruals will be earmarked every year towards mineral development fund. This fund will be utilized for mineral exploration, strengthening of mineral administration, development of new minerals and for providing infrastructure in mineral bearing areas.
- Special priority will be given to exploration of precious metals like gold, base metals, platinum, diamond and low grade iron ore.
- For reconnaissance of mineral in future reconnaissance permit for precious metals and other sub surface mineral will be

encouraged. Reconnaissance permit for surface or bulk minerals will be discouraged.

- Technical Experts from private sector, faculties and scholars of geology department from Universities and selected Industrial Houses engaged in mining field will be included in the State Geological Programming Board.
- The United Nations Framework of Classification (U.N.F.C.) will be adopted for assessment of mineral deposits.

(2) Strengthening of Mineral Administration.

- The powers to sanction leases of minor minerals including granite and marble will be decentralized to a great extent.
- A computer based online tracking of all type of mineral concession applications will be introduced to make process transparent and accountable.
- The Directorate and its Regional and District Offices will be modernized for better efficiency and governance.

(3) Prevention and Control of Illegal Mining and Transportation.

- A public awareness programme through local bodies and media will be launched to educate people about harms of illegal mining.
- Weighing machines and check posts will be set up in coordination with other department on main routes to ensure effective vigil on illegal mining and transportation.
- Existing rules will be made more stringent to curb illegal mining and transportation of minerals.

- System of transport of minerals through e-permits will be developed in phases.
- The State Level and District Level Task Force and Flying Squads will be made more effective and empowered.
- High-level resolution Satellite data will be used to detect illegal mining. Grid based mapping will be made compulsory at the time of sanctioning / renewing mining leases to ensure accurate location of mining areas.
- Grant and renewal of mineral concessions to the defaulters and offenders will not be considered.

(4) Grant of Mineral Concessions

- Disposal of applications within the time limit specified in the rules will be ensured. With a view to make regime more transparent and accountable applications for mineral concession will be received online.
- Reconnaissance Permit applications will disposed promptly and it will be ensured that the data obtained through reconnaissance operation is available on the Directorate's Website after the lock in period, so that data is acceble to other prospective entrepreneurs.
- Details of potential mineral bearing areas, where mineral deposit assessment is to be made by detailed exploration will be published in the official Gazette, to invite application in a prescribed time limit.
- Principle of seamless transition from reconnaissance permit to prospecting licence and prospecting licence to mining lease will be strictly followed.

- Mineral bearing areas, where mineral deposits have been proved and assessed by Geological Survey of India/Directorate of Geology and Mining/Mineral Exploration Corporation Limited or any other source, will be granted through bidding as soon as necessary amendments in Mines and Minerals (Development & Regulation) Act, 1957, are notified by Government of India.
- It will be ensured that the mineral bearing areas are notified and granted in such a manner so as to reduce fragmentation and wastage of the ore deposit to ensure scientific mining and principle of zero waste.
- The mineral requirement of every mineral concession holder will be scientifically assessed to ensure no-one gets more than that of its requirement.
- Priority in sanctioning of mineral concessions will be given to the applicants who wishes to establish mineral based industries with in State, so as to ensure economic and social development of the area. Priority to such applicants will be given considering the following points:-
 - (A) Proposed extent of capital investment and having a 'memorandum of understanding' with State Government.
 - (B) Amongst 'memorandum of understanding' holders companies already have land for proposed end use plant and have requisite sanction of loan from financial institution will be given priority.
 - (C) Value addition of minerals with in the State.
 - (D) Modern techniques to be adopted in mining and environment protection.

(E) Commitment for corporate social responsibility in the peripheral area in terms of percentage of royalty throughout the life of mine .

- To ensure firm commitment of the applicant, who is being granted mineral concession, 2% of the proposed investment as Bank guarantee or fixed deposit of the project, will be obtained before execution of agreement.
- A monitoring committee headed by the Chief Secretary of the State will be constituted, to review sanction of mineral concessions. The Committee will also review permissions required for establishment of mineral based industries and the implementation of State Government's Mineral Policy.

(5) **Mineral Concession for Minerals Found in Abundance in State.**

- The State abounds in limestone, iron ore, manganese ore and bauxite. Due to availability of these minerals in adequate quantity, priority in granting mining concessions will be given to applicant setting up value addition facility.
- Thermal power plants coming up in the State will be given highest priority for grant of mineral concession of limestone so they can consume fly ash for cement manufacturing.
- Mineral concessions of these minerals will be given for sale of minerals only in such cases where value addition units due to location and limited quantity is not economically feasible.
- The State Government as per provision of section 11(3) of Mines and Mineral (Development and Regulation) Act, 1957, additional terms and conditions can incorporate in the interest of

the State. In future priority will be given to applicant who qualify other conditions and give a firm commitment of corporate social responsibility for development of peripheral area. In case of more than one applicant possessing equal qualifications, priority will be given to the one who gives concrete and highest commitment of corporate social responsibility in the periphery. Applicants commitment will be a part of additional terms and condition of the agreement.

(6) Scientific and Systematic Mining

- Mineral concessions will be granted on zero waste principle. The State Government, Indian Bureau of Mines and the Director General of Mine Safety Department will be approached to ensure scientifically well-planned mining. For this, greater coordination between these three will be established.
- Expertise for preparing and implementing mining plans and mine closure plans will be developed in the Directorate of Geology and Mining. The Directorate will regularly review the mining activities.
- Action will also be taken to acquire technique of ore beneficiation and expertise of preparing technical- economic report.
- The District Level Task Force will annually inspect mineral concessions granted for mining of major minerals in the State, so as to ensure that all the rules, especially mining rules, environment rules and labour rules are being followed.

(7) **Land Use and Sustainable Development**

With a view to ensuring assured development of minerals, environment and ecology will be taken proper care of. Implementation of the recommendations and rules pertaining to plantation, environment and ecology will be ensured to compensate for the loss caused by exploitation of minerals. Local bodies like Panchayats and NGOs will also be associated with the process of preparing and implementing mine closure plans.

(8) **Infrastructure Development in Perifherial area**

- Infrastructure development is a prerequisite for mining and use of minerals and augmenting mineral based industries. The existing infrastructure in mineral rich areas is not adequate. Therefore, top priority will be given to development of internal roads in mining areas and maintenance of roads that connect them to the railway stations.
- Carrying of ore in mining areas to the railway siding and stock yards through conveyors and rope ways and other similar means will be encouraged to avoid pollution, crowding and damage to roads.
- As per the provisions of the National Mineral Policy, a scheme on the lines of Government of India's Jawaharlal Nehru National Urban Renewal Mission will be constituted for infrastructure development around the mining areas.

(9) **Sanction of Mineral Concessions in Notified Tribal Areas**

- Mineral concessions will be sanctioned only in special circumstances in the notified areas predominantly inhabited by

Scheduled Tribes. In granting mineral concessions in these areas, priority will be given to Madhya Pradesh State Mining Corporation Limited, which will ensure mining activities involving local tribal communities, organizations or cooperative societies. The State Government will also make efforts to provide technical, economic and marketing assistance to such units of Scheduled Tribes.

(10) Environment and Forest Clearances

- The State Government will ensure time bound disposal of applications for mineral concessions in forest areas. The State Government will also identify areas where mining activities may lead to irreparable environmental and ecological damage and such areas will be declared 'NO GO' areas for mining.
- The State Government will also set up a Land Bank for selection of sites suitable for raising compensatory forests and required clearances under Forest Conservation Act will be obtained from Government of India speedily.
- Grant of Mineral Concession of Low Value Minerals (Major & Minor Minerals) will be discouraged in reserve and protected forest.

(11) Increase in Mineral Revenue

- The royalty rates of minor mineral will be increased in proportion to the prevailing market rates.
- In future quarry of flagstone will be granted through transparent bidding.

(12) **Industrial Status to Mining**

Efforts will be made to give industry status to the exploration and mining of minerals.

(13) **Human Resource Development for Mining**

- To make mining sector vibrant and more dynamic adequate technical hands are the first requirement. Technical Education Institutions will be persuaded to start mining engineering courses both as graduate and diploma. Besides, efforts will also be made to impart suitable training in Industrial Training Institutes of the State to obtain ability certificate for the jobs like Mines Foreman, Blaster, Mine Surveyor etc.
- Mining industries active involvement will be ensured in designing and conduct of courses in Industrial Training Institutes.
- Mining industry will be encouraged to start Industrial Training Institute.
- Necessary facilities will be provided to the Indian School of Mines, Dhanbad for its proposed institutes in Singrauli.

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Details of Mineral Deposit in Madhya Pradesh

(As on 01.04.2005)

Sr. No.	Mineral	Unit	Total Reserves
1	Copper Ore	Thousand Tonnes	404348
2	Diamond	Carate	1454958
3	Diaspora	Tonnes	3616824
4	Dolomite	Thousand Tonnes	1975779
5	Limestone	Thousand Tonnes	5921183
6	Manganese Ore	Thousand Tonnes	62422
7	Rock Phosphate	Tonnes	50433710
8	Pyrophyllite	Tonnes	15610797
9	Coal (as on 01.01.2006)	Million Tonnes	1975837

* Source : (Mineral Year Book - Indian Bureau of Mines, 2006)

Mineral Production of Madhya Pradesh**(Production in Lakh Tonnes)**

No.	Name of Mineral	2004-05	2005-06	2006-07	2007-08	2008-09
1	Coal	526.83	555.79	597.26	679.54	708.10
2	Limestone	249.38	252.74	284.11	256.40	255.10
3	Copper Ore	20.54	17.06	22.70	21.92	16.04
4	Manganese Ore	4.47	4.25	4.75	5.68	7.25
5	Diamond (in Carates)	78000	44170	2180	601	592
6	Dolomite	1.28	1.29	1.67	1.64	1.70
7	Bauxite	1.86	1.02	1.44	4.55	5.10
8	Rock Phosphate	0.87	1.78	1.93	1.20	1.35
9	Diaspora/ Pyrophyllite	2.06	1.58	1.24	1.83	1.88
10	Fireclay	0.59	0.75	0.51	0.56	0.58
11	Leterite	0.76	1.42	0.83	1.24	1.40
12	Calcite	0.15				
13	Iron Ore		4.64	12.12	22.16	11.10
14	Slate	0.04	4.26	4.75	5.57	2.00
15	Keoline	0.15	0.17	0.15	0.10	0.06
16	Ochere	0.23	0.18	0.25	0.35	0.38
17	Clay (Other)		1.12	4.43	2.42	2.00
18	Other Major Mineral	2.11	0.40	0.50	0.60	0.55
Total Major Mineral		811.32	848.45	938.64	1005.76	1014.59
Total Minor Mineral 0853		249.16	390.73	435.28	572.05	630.00
Grant Total		1134.55	1239.18	1373.92	1577.81	1644.59

Note : Grant total is excluding production of Diamond.

Mineral Revenue**(In Crores Rupees)**

No.	Name of Mineral	2004-05	2005-06	2006-07	2007-08	2008-09
1	Coal	533.95	569.09	609.06	770.97	966.22
2	Limestone	119.95	131.03	145.55	144.61	141.22
3	Copper Ore	9.20	10.14	22.50	21.69	13.22
4	Manganese Ore	4.17	4.74	5.43	9.81	21.94
5	Diamond (in Cerate)	4.18	4.53	1.52	0.71	0.09
6	Dolomite	1.03	1.04	1.10	1.34	1.65
7	Bauxite	1.26	1.05	1.52	3.84	9.30
8	Rock Phosphate	0.65	0.76	0.44	0.75	0.78
9	Diaspora/ Pyrophyllite	0.80	0.56	0.50	1.03	1.06
10	Fireclay	0.52	0.36	0.37	0.21	0.20
11	Leterite	0.40	0.27	0.52	0.64	0.73
12	Calcite	0.02				
13	Iron Ore		0.29	1.17	2.09	0.90
14	Slate	0.01	0.08	0.08	0.09	0.03
15	Keoline	0.03	0.04	0.08	0.09	0.05
16	Ochere	0.02	0.10	0.08	0.11	0.22
17	Clay (Other)		0.04	0.09	0.12	0.09
18	Other Major Mineral	6-33	2.78	5.81	21.74	32.98
Total Major Mineral		682.52	726.90	795.82	979.84	1190.68
Total Minor Mineral 0853		51.20	92.48	128.09	145.55	170.40
Grant Total		733.72	819.38	923.91	1125.39	1361.08