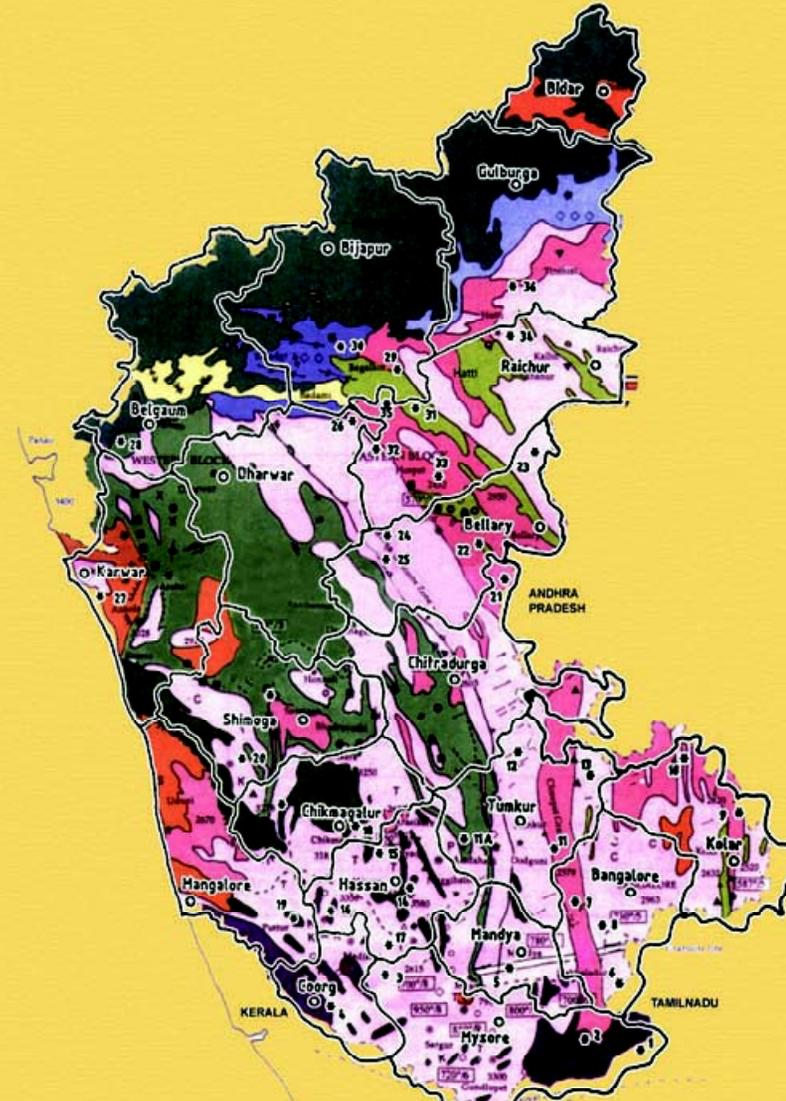


KARNATAKA MINERAL POLICY 2008



Department of Mines & Geology
'Khanija Bhavan', Race Course Road
Bangalore - 560 001

KARNATAKA MINERAL POLICY 2008

1. INTRODUCTION

Minerals are important natural, finite and non-renewable valuable resources essential for mankind. “Minerals are the treasures of the State”, therefore, systematic, scientific and sustainable harnessing of mineral wealth should be the cornerstone of development objectives of the state. The utilization of these minerals has to be guided by long term goals and perspectives. As these goals and perspectives are dynamic and responsive to the economic scenario, the Karnataka mineral policy has to evolve. It is therefore necessary to revisit the Karnataka Mineral Policy 2000.

- 1.1 Karnataka is one of the mineral rich states in India, with an area of 1.92 lakh sq.km. covering 29 districts. The state has a vast and varied Geological setting right from Precambrian to recent formations, with 40,000 Sq. Kms of green stone belts endowed with valuable mineral resources like gold, silver, copper, iron, manganese, limestone, dolomite, chromite, magnesite and other useful rock formations like granite etc.
- 1.2 There is great potential for exploration with the state-of-the-art technology for gold, platinum, precious and semi-precious minerals. Similarly, there is immense potential in the state

for exploration for refractory and ceramic minerals.

- 1.3 The state is having the distinction of adopting a progressive Industrial development programme and has announced the creation of steel and cement zones. To meet this need sustainable development of mineral based raw materials has become very critical.

2. PRESENT MINING ACTIVITY

- 2.1 The Kolar Gold Field was the earliest gold mine to be worked systematically but is now closed for economic and technical reasons. The Hutti Gold Mines in Raichur district is the only gold producing mine in the country now with an average annual production of about 2.8 tonnes.
- 2.2 The state has over 9,000 million tonnes of iron ore resources, the bulk of which is magnetite. The production during 2007-08 crossed 47 million tonnes. The production is mainly concentrated in Bellary/Hospet area with the balance from Chitradurga, Tumkur and Bagalkot districts. Most of the iron ore fines are exported as very few of the steel, sponge and pig iron plants have sintering and pelletisation plants.
- 2.3 Lime stone is another important mineral resource in the state with an estimated resource of 51,000

million tonnes spread across the districts of Gulbarga, Bagalkot, Belgaum, Chitradurga, Tumkur, Shimoga and Uttara Kannada. Present production of about 14 million tonnes sustains 10 existing cement plants in these districts. There is scope for establishing a few green field cement plants for optimum utilization of this mineral without sacrificing environmental concerns.

- 2.4 State is also producing minerals like Chromite, Kyanite, Dolomite, Magnesite, Bauxite, Felsite, Dunite, and Quartz. Mineral wise leases and production is given in Annexure-I.
- 2.5 Karnataka state is bestowed with vast resources of granite deposits. These granite deposits had brought the Karnataka state into the international scenario. It is essential to bring back the glory to the granite industry of Karnataka by way of initiatives in the current mineral policy. Total granite production for the year 2006-2007 is 1.96 lakhs cu.m.

The granite varieties, resources and number of leases are given in Annexure-II.

3. REGULATION OF MINERALS

- 3.1 Management of mineral resources is governed by both the central and state governments in terms of Entry 54 of the Union List and Entry 23 of the

state list of the seventh schedule of the constitution of India.

- 3.2 Mines and Minerals (Development and Regulation) Act, 1957 (MMDR Act) Mineral Concession Rules, 1960 (MCRs) and Mineral Conservation and Development Rules, 1988 (MCDRs) were enacted by Government of India for conservation and systematic development of minerals. These rules are applicable in respect of all minerals except fuel minerals, atomic minerals and minor minerals. Prior approval of the Government of India is essential for grant of mineral concession in respect of minerals specified in the first Schedule of MMDR Act (Annexure-III).
- 3.3 Rule making powers in respect of minor minerals have been delegated to the States under Section 15 of the MMDR Act. In exercise of these powers, Karnataka Minor Mineral Concession Rules (KMMCRs), 1994 have been framed. Sec. 23(c) of MMDR Act 1957 empowers the States to frame rules for preventing illegal mining, transportation and storage of minerals. These rules have also been framed by the State Government.
- 3.4 The grant of Reconnaissance permit, Prospecting license or Mining Lease is governed by the MMDR Act, 1957 and MCRs, 1960. The state government with the prior approval of Government of India

gives permission for prospecting or leasing of mine in respect of specified major minerals.

3.5 Licenses are given for both prospecting and exploration on first come first served basis. Reconnaissance permits to conduct aerial surveys over an extent up to 10000 sq. kms can be given to any person who is an Indian national or a company as defined in Sub section (I) of section (3) of the Companies' Act 1956, provided that a single license shall not exceed 5000 sq kms. The Act and Rules provide for grant of Prospecting Licenses covering a total area of not more than 25 sq. kms. As per provisions of Act and Rules, a maximum of 10 sq. Kms is granted for a mining lease.

3.6 The mineral concession holders shall also comply with the relevant provisions of Forest (Conservation) Act, 1980, Environmental (Protection) Act, 1986, Water (Prevention & Control of Pollution) Act, 1974 & Air (Prevention & control of Pollution) Act, 1981.

4. NATIONAL MINERAL POLICY 2008

4.1 Government of India had liberalized the grant of licenses and leases for most of the minerals except atomic minerals and Hydrocarbon energy minerals under the National Mineral Policy, 1993.

4.2 The salient features of the National Mineral Policy 2008 are:

To exploit geological potentials of the country on a scientific basis after due exploration and prospecting.

The stress is on zero mining waste by employing latest technologies to extract minerals and metals from the ores.

Development of a proper inventory of resources and reserves, a mining tenement registry, preparation of mineral atlas will be given priority.

States Directorates of Mining & Geology will be strengthened with man power, equipment and skills.

Mining is closely related to the forest and environment. A suitable framework will be designed to ensure mining along with suitable measures for restoration of the ecological balance.

To promote and encourage scientific mining methods by employing advanced mining equipment and machineries with skilled and non skilled man power.

Value addition will be actively encouraged. Value addition will go hand in hand with the

growth of the mineral sector as a stand alone industrial activity.

The minerals have to be conserved for the future generations.

Suitable infra-structure facilities have to be created through public private participation.

Small deposits have to be taken care of by amalgamating suitably so that there is no wastage of natural resources.

Mining is high risk venture. Therefore suitable financial support system has to be created.

Minerals will continue to be exported to earn foreign exchange.

The closure of mines has to be systematically planned and land has to be restored to its original landscape.

The revenues from minerals will be rationalized to ensure that the mineral bearing states get a fair share of the value of minerals extracted.

States will be assisted to overcome the problem of illegal mining through operational and financial linkages with Indian Bureau of Mines.

Research and development in minerals will receive prime importance and a comprehensive institutional framework for R&D and Training will be developed.

4.3 The National Mineral Policy, 2008 differs from the earlier policy by introducing an open sky policy on non-exclusivity for reconnaissance work, large area prospecting license, seamless transfer and security of tenure to the entrepreneurs. The MMDR Act, the MCRs and the MCDRs are being amended by Government of India in line with the policy in consultation with the states. This has necessitated changes in the policy and the legal regime regulating the growth and development of the mineral sector in Karnataka. Keeping in view the objectives of National Mineral Policy 2008, Government of Karnataka has come out with the Mineral Policy 2008.

5. KARNATAKA STATE MINERAL POLICY 2008

Karnataka state has the distinction of being one among very few states in the country to formulate a forward looking mineral policy in the year 2000 itself. This policy included progressive features like adoption of modern techniques in mining, transparency in granting mineral concessions, emphasis on value addition etc

5.1 With the ushering in of the regime of economic reforms and opening up various sectors including mining sector, Karnataka state has achieved significant strides in various economic indicators.

Mineral development as it exists now, marketing trends, encouraging future prospects and mounting demand for mineral based raw materials call for a review of mineral policy in the state. State Government has embarked on formulating the policy to ensure that mineral resources not only sustain this as a stand alone industry but also provide fillip for further expansion of value addition needs.

5.2 The main objectives of the State Mineral Policy are :

1. To optimize the States geological potential by scientific and detailed prospecting. State of the art techniques will be encouraged by combining the resources of the private and public sector.
2. To resolutely pursue the policy of preserving flora, fauna, and bio-diversity and ensure that the invaluable forest wealth is safeguarded while granting mineral concessions.
3. To promote transparency in granting mining concessions. To maximize value addition to the minerals extracted within the State by encouraging maximum investments in downstream industries. Priority will be given to the applicants who propose establishment

of industries for value addition within the vicinity of the mineral bearing areas.

4. The government will explore the possibility of notifying mineral bearing areas to avoid clash of interest between mineral exploitation and other development activities.
5. To promote indigenous utilization of iron ore fines and beneficiation of low grade ores.
6. To review mining areas granted to public / private companies periodically to ascertain adherence to mining plan and discourage unproductive holding-on to large mineral resources.
7. To harness the mineral resources available in the form of float ore and to redress the difficulties encountered by farmers holding such lands with float ore, the state proposes to evolve an appropriate scheme. In this effort State Public Sector Undertakings, farmers' fora/co-operatives, entrepreneurs would be enlisted.
8. In case of large and massive deposits, to ensure that the minimum size of the area of mining lease with in the framework of rules such that scientific mining and optimum utilization of mineral resources is feasible.

This is necessary to avoid sterilization of reserves and promote scientific mining and good environmental management.

9. To ensure better quality of life for mine workers and their families adherence to minimum wages and other statutory requirements as per law will be enforced. Townships nearer to the workplace will be developed with health, educational, recreational and other utilities.
10. Data related to mining sector in the state like extent of resources, details of mining concessions granted, production levels, exports, indigenous utilization, value addition etc. will be systematically documented and disseminated to the stake holders through latest tools of information technology.
11. To apportion the revenue generated from mining towards development of mining areas / districts.
12. To formulate rules to regulate mineral trade and establishment of stockyards to ensure adherence to provisions of acts and rules by traders.
13. To evaluate the mineral resources of the State including the coastal belt and the sea bed.

14. To review the administration of minor minerals and streamline procedures.
15. To encourage companies to practice corporate social responsibility (CSR).

6. MINERAL BASED INDUSTRIES

- 6.1 Mining as a stand-alone industry needs to be encouraged as it provides large scale employment. It creates value by converting a resource into a product.
- 6.2 New mineral based industries should be set up to match the available raw material resources.
- 6.3 Existing and new industries should set up facilities to bring the available raw materials up to the required specifications by processes like beneficiation, pelletisation and sintering.
- 6.4 These industries will generate more employment and spawn auxiliary industries.

7. SURVEY AND EXPLORATION

- 7.1 The State Department of Mines and Geology and Geological Survey of India are the two main agencies which carry out survey and exploration of minerals in the State. These activities will be further continued and strengthened to discover new mineral deposits by deploying state of the art technology. Private entrepreneurs possessing such

technology will be encouraged to expedite identification of new mineral deposits.

- 7.2 Since Karnataka has considerable coastline of 320 kms, apart from the exploration of coastal mineral deposits, the sea bed up to the exclusive economic zone needs to be explored. For the latter, the state will co-operate with the Ministry of Earth Sciences and the Geological Survey of India.
- 7.3 Particular attention will be paid to exploration for gold, base metals, platinum group of minerals, ilmenite, diamonds as well as low grade iron ores.
- 7.4 The State Geological Programming Board shall prioritise the projects and programmes to maximize the benefits for the State.

8. SCIENTIFIC AND SYSTEMATIC MINING

There is need to enforce scientific and systematic mining so that, the precious natural resources are not left unutilized. The State Department of Mines and Geology, Indian Bureau of Mines (IBM) and Directorate of Mines Safety are the authorities to ensure the systematic and scientific mining. Concerted efforts will be made to achieve better co-ordination between these departments for fulfilling the objectives of scientific and zero waste mining.

To explore the feasibility of re-operating closed mines left with mineable resources by adopting latest technologies and involving private entrepreneurs.

9. MINING AND ENVIRONMENT

- 9.1 To facilitate and ensure sustainable development of mineral resources in harmony with environment, a comprehensive view on land use will be taken keeping in view the needs of development as well as needs of protecting the forest, environment and ecology. Compliance of Environmental laws by miners will be enforced through the Department of Forest, Ecology & Environment.
- 9.2 Attempts will be made to utilize mine wastes and also promote the concept of zero waste mining to minimize the impact on environment.
- 9.3 Western Ghats is covered by thick evergreen forest with rare species. The area is ecologically fragile. Western Ghats have influence over the rainfall pattern of the State. However, carrying out survey and exploration to discover mineral resources will be allowed without disturbing ecology, as in future with advanced methods of mining, it may be possible to extract minerals with minimum damage to the forest.

9.4 Areas with thick vegetation in the Western Ghats which need to be preserved will be clearly demarcated by the Forest Department, and will be declared as ecologically sensitive areas.

10. DEVELOPMENT OF INFRASTRUCTURE

10.1 For extraction and utilization of minerals and promotion of mineral based industries, infrastructure development is a basic necessity. Existing infrastructure in the mineral-bearing regions is not adequate. Hence, development of roads within the mining areas and connecting roads to railway stations/ports would be given top most priority.

10.2 Transportation of ore from mining area to railway siding/stockyard through conveyor belts, rope ways and other similar methods will be encouraged. This will avoid pollution in neighboring villages, congestion and damage of roads and prevention of accidents. To identify and develop by-pass roads on PPP basis across towns and villages through which the minerals are transported.

10.3 National Mineral Policy 2008, categorically states that Government of India will support states in

developing infrastructure in and around mining areas. Government of India will be requested to come out with a plan programme for infrastructure and other developments in mining area on the lines of JNNURM.

10.4 Co-ordination with Ports department of the State and Central Government to upgrade, expand and develop existing and new seaports in Karnataka to export minerals and value added products.

11. HUMAN RESOURCES DEVELOPMENT

11.1 Existing facilities for education and training shall be constantly reviewed and upgraded to ensure availability of adequately trained manpower at all levels for the scientific development of mines. A comprehensive review of the sector's manpower needs will be undertaken and educational institutions upgraded to meet these needs in the medium and long term.

11.2 Technical Training Institute will be established in association with renowned Institutes in the areas of mining, engineering and mining equipments, for training the persons from mining region.

11.2 The State Geological Department will be strengthened to carry out exploration. The man

power of the department will be trained continuously in advanced techniques of exploration and mineral administration in the National Institutes. Government of India will support the state, as enunciated in the National Mineral Policy, in this endeavor.

11.3 Periodic interaction between the industry and the department will be organized to update technology and to know the requirements of the industry. Actions necessary to fulfill the requirement will be initiated.

12. MINERAL ADMINISTRATION

12.1 Mining lease sketches will be tied with coordinates of the Survey of India toposheets.

12.2 All maps will be digitized.

12.3 Transport of minerals through e-permits with security features incorporated, will be introduced.

12.4 In order to speed up disposal of quarry lease applications for specified minor minerals, uniform procedures will be evolved on par with Granite Conservation and Development Rules, 1999.

12.5 Village panchayats will keep vigil on mining of sand from streams in their jurisdiction. Setting up units to manufacture sand from granite/sand

stone will be encouraged and incentives will be given to such units.

13. MINERAL TRADING

As per the provisions of Rule 64C of MCRs 1960, the rejects or dumps traded and transported for beneficiation and utilization attract payment of royalty. Therefore it is proposed to frame separate Rules namely “Karnataka Mineral Traders Rules” to collect taxes commensurate with sale price from traders.

14. ILLEGAL MINING, TRANSPORTATION AND STORAGE OF MINERALS.

14.1 Under Section 23 C of MMDR Act, 1957, the States have been given powers to frame rules to curb illegal mining and regulate, transportation and storage of minerals. State has formulated rules as per the provision. Stringent action will be initiated on illegal miners. Minerals transported or stored without valid documents will be confiscated. District Task Force and District Officers will be delegated more powers.

14.2 The State Government will bring in a regime of annual joint inspections of leased areas by a team of officers drawn from Department of Mines & Geology, Forest Department, Revenue Department,

Indian Bureau of Mines and the Department of Environment to identify encroachments and irregularities in the leased areas.

14.3 High resolution satellite data will be used for detecting encroachments and illegal mining. Henceforth to ensure the accuracy of location of mining area, grid-based maps will be made mandatory for grant/renewal of mining leases. Mineral check posts will be modernized with sophisticated equipments to track illegal transportation of minerals. Mobile squads will be formed to check illegal mining, transportation and storage of minerals.

14.4 Offenders will be booked under provisions of various acts and rules. Equipments and vehicles used in the offence will be seized and confiscated. Offenders shall not be considered for allotment of new mines or renewals and also made ineligible for any permissions and concessions from the state.

15. IMPLEMENTATION OF THE POLICY

The implementation of the Karnataka State Mineral Policy will be monitored by a committee under the chairmanship of the Additional Chief Secretary with

other members drawn from the Department of Mines & Geology, Forest, Revenue, PWD, Pollution Control Board, IBM, Geological Survey of India, Directorate of Mines Safety and representatives of mining and allied industries. Further, two or three experts with specialised knowledge may be co-opted as members. The Committee will meet at least once in six months. Policy implementation will be reviewed by the Mines Minister at least once in a year.

V. Umesh

Principal Secretary to Government
Commerce & Industries Department

ANNEXURE - I
(see para 2.4)

Sl. No	Name of the Mineral	Total no. of leases	Production for the year 2006-07 [Metric tones]
1.	Iron Ore	178	4,16,72,254
2.	Manganese	37	1,82,064
3.	Soap stone	5	690
4.	Moulding sand	39	1,00,220
5.	Limestone/Dolomite	157	1,47,45,413
6.	Quartzite	5	-
7.	Aluminous Laterite	6	1,75,748
8.	Clay	14	30,603
9.	Bauxite	4	1,15,797
10.	Graphite	6	1,997
11.	Vermiculite	2	-
12.	Kyanite	6	2,264
13.	Felsite	13	972
14.	Magnesite	11	11,720
15.	Ruby corundum	7	10
16.	Gold/Copper	6	23,94,722
17.	Silica sand	23	2,06,541
18.	Lime shell	17	7,17,182
19.	Quartz	44	57,371
	Total	580	580,20,86,995

V. Umesh

Principal Secretary to Government
Commerce & Industries Department

ANNEXURE - II
(See para 2.5)

GRANITE RESOURCES :

Sl. No.	Granite varieties	Resources in million cu.m.	No. of Leases
1.	Pink Multi-coloured Granite	133	288
2.	Pink Granite - Prophecy, Red	15	205
3.	Grey Granite	65	130
4.	Black & Green Granite	7	186
5.	Yellow Granite	4	4
6.	Quartzite / Sand Stone	574	-
	Total	798	813

V. Umesh

Principal Secretary to Government
Commerce & Industries Department

ANNEXURE - III

(See para 3.2)

THE FIRST SCHEDULE SPECIFIED MINERALS

PART A

Hydrocarbons / energy minerals

1. Coal and lignite

PART B

Atomic minerals

1. Beryl and other beryllium-bearing minerals
2. Lithium bearing minerals.
3. Minerals of the "rare-earths" group containing uranium and thorium.
4. Niobium-bearing minerals.
5. Phosphorites and other phosphate ores containing uranium.
6. Pitchblende and other uranium ores.
7. Titanium bearing minerals and ores (ilmenite, rutile and leucosene).
8. Tantalum-bearing minerals.
9. Uraniferous allanite, monazite and other thorium minerals.
10. Uranium bearing tailings left over from ores after extraction of copper and gold, ilmenite and other titanium ores.
11. Zirconium bearing minerals and ores including Zircon.

Part C

Metallic and non-metallic minerals

- | | |
|--------------------|------------------|
| 1. Asbestos | 2. Bauxite |
| 3. Chrome ore | 4. Copper ore |
| 5. Gold | 6. Iron ore |
| 7. Lead | 8. Manganese ore |
| 9. Precious stones | 10. Zinc |

V. Umesh

Principal Secretary to Government
Commerce & Industries Department

