F. No. 10/75/2008-MV
Government of India
Ministry of Mines

New Delhi, dated 23rd December 2010

To,
Secretary of Mines and Geology
All State Governments

Sub: Imposition of condition under Rule 27(3) of the Mineral Concession Rules, 1960, in all mining leases for major minerals (excluding coal minerals) –reg

Sir,

I am directed to refer to Rule 27(3) in Mineral Concession Rules, 1960, framed under sub-section (2) of Section 13 of the Mines and Minerals (Development and Regulation) Act, 1957 (MMDR Act), and to the United Nations Framework Classification (UNFC) for minerals, adopted by the Government, and wherein the Indian Bureau of Mines issued detailed guidelines on reporting resources and reserves in the UNFC system in the year 2003 in the Mineral Conservation and Development Rules, 1988.

2. The Government has recently reviewed the progress in the reporting of the mineral resources and reserves in the country and it has been observed that while the prospecting work conducted after the issue of guidelines in 2003 have been largely reporting the exploration data in terms of the UNFC, several mining leases granted in the country prior to the year 2003 have yet to assess the resources and reserves in their mines in terms of the UNFC guidelines. It has been further observed that in many of the areas reserved for Public Sector Undertakings under Section 17A of the MMDR Act, the resources and reserves are yet to be assessed in terms of UNFC guidelines. This gap in the information, while leading to incomplete assessment of the resources and reserves in the mining leases granted in the country, also does not allow the Government to make a proper assessment of the exploration work that still remains to be done in the mining lease areas by the lease holders.

3. Accordingly, in exercise of the powers under Rule 27(3) of the MCR, I am directed to convey the directions of the Central Government that the State Government shall impose a special condition in all the existing and future leases in the country for major minerals (excluding coal minerals) as follows:

"The owner of a mining lease shall:

(a) ensure that prospecting work is carried out in his lease area at his own cost in such mining lease where:

(i) prospecting has not been done and a Prospecting Report has not been filed with the Indian Bureau of Mines;

(ii) the Prospecting Report for the mining lease has been prepared in terms of standards that are materially different or incompatible with UNFC standards;

(iii) fresh prospecting work has become necessary for such minerals for which the threshold values have been revised by the Indian Bureau of Mines; and

(iv) fresh prospecting is required to prove the depth persistency of the ore or mineral deposit;

(b) ensure that prospecting work, if required under clause (a) above, shall be completed as per the time-schedule given below:

Sl no.	*Item*	*Time limit*
1	*All mining lease with an area of less than 10 hectares.*	*Within one year of the imposition of the condition in the mining lease.*
2	*All mining leases with an area more than 10 hectares and less than 50 hectares.*	*One half of the area within one year of the imposition of the condition in the mining lease and remaining half of the mining lease area within three years of imposition of condition in the mining lease.*
3	*All mining leases with an area of more than 50 hectares.*	*The mining lease area to be equally demarcated for prospecting work such that all the prospecting work is completed in a period of five years from the date of imposition of the condition in the mining lease.*

(c) submit:

(i) yearly report on the progress in the prospecting work alongwith the expenditure details and a copy of the interim Prospecting Report, where

the prospecting Report is for a part area (as at serial number (2) and (3) of the sub-clause (b) above; and

(ii) complete Prospecting Report with a feasibility report at end of the prospecting Report,

to the Chief Controller of Mines, Indian Bureau of Mines, and concerned State Government".

4. All the State Governments are requested to insert the above mentioned condition under Rule 27(3) of the Mineral concession Rules, 1960, and send a copy of the modified lease agreement to the Chief Controller of Mines in the Indian Bureau of Mines, and report action taken on six-monthly basis to the Ministry for review in the Central Coordination-cum-Empowered Committee meetings.

-sd-
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