

KARNATAKA MINERAL POLICY 2008

1. INTRODUCTION

Minerals are important natural, finite and non-renewable valuable resources essential for the mankind. "Minerals are the treasures of the State". therefore, State should wisely and judiciously plan extraction of the minerals.

11. Karnataka is one of the mineral rich States in India. Karnataka covers an area of 1.92 lakh sq.km., covering 29 districts. Karnataka with its vast and varied Geological setting right from Precambrian to recent formations, is endowed with 40,000 Sq. Kms of green stone belts endowed with valuable mineral resources' like Gold, Silver, Copper, Iron Ore, Manganese, Limestone, Dolomite, Chromite and other useful rock formations like Dunite, Banded Hematite and Quartzite etc.
12. Karnataka is well known in the country for its Gold and other precious metal resources. There is great potential for exploration with the State- of the art technology for Gold, Platinum and other precious and semi-precious minerals. Similarly, there is immense potential in the state for exploration of refractory and ceramic minerals.
13. Karnataka having the distinction of adopting a progressive Industrial development programme has announced creation of Steel and Cement zones for optimum utilization of mineral resources for promotion of industrialization of the state. To meet this industrial challenge, creation of farsighted infrastructure facilities like energy resources, water resources, and sustainable development of mineral based raw material has become very critical.

2. PRESENT MINING ACTIVITY AND MINERAL PRODUCTION

Karnataka has been the only Gold producing state in the country. The Kolar Gold Field was the earliest

Gold mine to be worked systematically but 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. Except for Gold at Hutti and for Chromite at Byrapur all other mining activities in the State is through open cast mining. Such open cast mining activities are mainly in the districts of Bellary, Gulbarga, Bagalkote, Gadag, Chitradurga and Tumkur districts. Karnataka has been globally recognized for its high grade iron ore resources.

21. State's production of iron ore has crossed 47 million tonnes during 2007-08, which is mainly from Bellary, Chitradurga, Bagalkote and Tumkur districts. Most of the iron ore produced in the State is exported to countries like China, and Japan.
22. Lime stone is another important mineral resource in the State with an estimated resource of **11,000** 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 more green field Cement plants for optimum utilization of this mineral without sacrificing environmental concerns.
23. State is also producing other minerals like Chromite, Kyanite, Dolomite, Magnesite, Felsite, Dunite, Quartz, varieties of Granite and building stones. Mineral wise leases and production is given in Annexure-I.

3. SALIENT FEATURES OF KARNATAKA MINERAL POLICY 2000

- To explore mineral wealth of the State optimally and expeditiously by adopting modern exploration techniques.
- To exploit mineral deposits by promoting adoption of mechanized and scientific mining with due regard to the optimal exploitation, mine safety and minimizing the adverse effects of mineral development on the forests, environment and ecology.
- To demystify procedures and achieve greater transparency in decision making.
- To support private sector participation in mining activities by encouraging the principle of first come

first served.

- To promote necessary linkages for smooth and uninterrupted development of mining industry.
- Value addition through promotion of processing units and mineral based industries in the State.
- To encourage export of minerals having export potential.
- To promote development of human resources to meet the requirements of mining and mineral based industries.
 - To increase employment opportunities in the mining sector.

4. REGULATION OF MINERAL ADMINISTRATION

41. Although mineral wealth vests in State Governments, yet the subject of regulation of mines and mineral development is covered by entry 54 of the Union List under Seventh Schedule of the Constitution of India. By virtue of this, the Parliament has exclusive power to make laws with respect to regulation of mines and mineral development.
42. Mines and Minerals (Development and Regulation) Act, 1957 (MMDR Act) Mineral Concession Rules, 1960 (MCR) and Mineral Conservation and Development Rules, 1988 (MCDR) were enacted by Government of India for conservation and systematic development of minerals. These rules are applicable to all minerals except coal, atomic minerals and minor minerals. 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 (KMMCR), 1994 have been framed. Sec. 23(c) of the MMDR Act 1957 empowers the States to frame rules for preventing illegal mining, transportation and storage of minerals. The State's rule making power in respect of regulation and development of mines is limited only to minor minerals and prevention of illegal mining, transportation and storage of minerals. Prior

approval of the Government of India is essential for grant of mineral concession in respect of minerals specified in Part C of Schedule I of MMDR Act (Annexure-2).

43. The grant of Reconnaissance permit, Prospecting license or Mining Lease is governed by the MMDR Act, 1957 and MCR, 1960. The state government with the prior approval of the Government of India gives permission for prospecting or leasing of mine in respect of specified major minerals. Normally, licenses are given for both prospecting and exploitation 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 (1) 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 prospector is accorded priority in grant of mining lease over the area prospected by him.
44. The mineral concession holders shall also comply the relevant provisions of Forest Conservation Act, 1980, Environmental Act, 1994, Air and Water Acts.

5. NATIONAL MINERAL POLICY 2008

51. Government of India has 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.
52. 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 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.

53. The National Mineral Policy, 2008 has altered 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 MCR and the MCDR is 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. In order to realize optimal utilization of natural resources for the development of the state without sacrificing ecological balance in the state and to achieve zero waste in mining as per National Mineral Policy perspective, the Government of Karnataka has come out with the Mineral Policy, 2008.

6. STATE MINERAL POLICY – 2008

61. In view of the present mining and marketing conditions, State Government reiterates that mineral resources should not only sustain the existing value added industry in the State but also spur further expansion of value addition. State Government resolves to take all necessary steps to achieve this objective within the framework of MMDR Act, MCR and National Mineral Policy, 2008.

62. The main objectives of the state Mineral Policy are as follows:

1. Due emphasis will be given for exploration of mineral resources in the state with latest technology. Exploration of noble and base metals will be encouraged through enlisting support from national and multinational companies. .
2. State is committed to promote transparency in granting mining concessions and this would be achieved largely through notifying the areas for individuals and companies to stake their claim for mineral concessions in the endeavor of the state to utilize the minerals in a sustainable and optimal manner.
3. State will classify forest areas on the basis of flora, fauna, bio-diversity and ecological fragility to facilitate granting mineral concessions with least damage to existing forest wealth of the state and mining shall not be permitted in ecologically sensitive and fragile areas.
4. Existing mineral based industry suffering for want of raw material will be given priority while granting new mining leases. If two existing industries are applicants, industry having higher capacity / higher investment will get priority.
5. Proposed mineral based industry / applicants having linkage with existing or proposed industry will also get priority.
6. Industries which promote indigenous utilization of fines and beneficiation of low grade ore will be encouraged.

7. Existing small mine lease holders who come forward for amalgamation of leases will be given incentives / concessions as per State Industrial Policy. Efforts will be made to curb illegal mining by using sophisticated technology, High resolution satellite data and by delegating more powers to District Task Force.

8. Government, considering the hardship and exploitation of farmers by agencies indulging in illegal extraction of float ore intends to come out with a proposal to restore agricultural land to farmers. The utilization of float ore shall be carried out by taking the central government to confidence and convincing it of inevitability of mining float ore and need to accord short term permissions to mine float ore and financial resources generated shall be utilized for reclaiming the agricultural land.

Large mining areas granted to public / private companies will be reviewed periodically to ascertain adherence to mining plan and discourage unnecessary holding-on to large mineral resources detrimental to resource starving enterprises and to ensue optimal utilization of mineral resources for use of value adding industrial enterprises in the state.

10. Data related to mineral resources, mining concessions, mining applications etc. will be disseminated through the website.

11. The state will consciously pursue a policy wherein further grant of mining leases for ferrous group of minerals merely for the purposes of exports shall not be encouraged. In order to get priority for recommending of application for mineral concession to the central government, the entrepreneur fulfilling requirements provided in section 4(3) of MMDR Act has to take effective steps in establishing a value added industry in the State like procurement of land, necessary approvals from competent authorities etc. However, lease deed for mining of mineral will be executed after establishment of industry.

12. Emphasis will be given to preserving natural fauna and flora and also biodiversity by putting in place a system of objective and systematic assessment of damage to forests due to mining activity.

13. A part of revenue realized by way of utilization of minerals will be apportioned for development of the mining areas / districts. Government will try to constitute Area Development Fund comprising of fund from Government of India, Miners

and State government.

14. Rules will be formulated to regulate Mineral Trade and establishment of stockyards to ensure adherence to provisions of acts and rules by traders, environmental concerns are safe guarded and labour laws are not violated.
15. Mineral resources evaluation of entire coastal belt of State will be given due priority.
16. Review of -administration of minor minerals, streamlining and simplifying procedures keeping in view the objective of augmenting revenue will be undertaken.

7. DEVELOPMENT OF MINERAL BASED INDUSTRY IN KARNATAKA

- 7.1. There are three major Steel plants in the State functioning in Shimoga, Bellary and Koppal districts. Apart from these existing steel plants, there are proposals to establish steel plants in different parts of the State by different entrepreneurs. All these plants have to be supplied with iron ores and other raw materials available within the State. This necessity will to be kept in view while allowing exports of the raw ores.
- 7.2. There are 10 Cement plants in the State. There is scope of establishment of a few more large scale Cement plants in Gulbarga and Bagalkot districts. Apart from the above, there is scope for utilization of the crystalline Limestone in Chitradurga district for Cement plant in years to come.
- 7.3. Added to above major Mineral based industries, there are a few small scale Mineral based industries like glass manufacturing pesticides' etc.
- 7.4. Large deposits of Iron ore of high grade has opened up an opportunity for establishment of an exclusive steel zone at Raichur, Chitradurga, Tumkur and Gadag utilizing the ferrous minerals of Bellary, Chitradurga, Tumkur and Gadag districts.
- 7.5. Establishment of these steel and cement plants will not only augment the revenue resources of the State buy also create employment opportunities to local people and

also support the related small scale industries. This will in turn develop the backward area of the concerned districts.

8. SURVEY AND EXPLORATION

81. The State Department of Mines and Geology and Geological Survey of India are the two main agencies which carry out survey and exploration minerals in the State. Even though the State has been surveyed and explored for the last about 50 years, these activities have to be further continued and strengthened to discover new mineral deposits. State of the art technologies will be used to survey the mineral deposits of the State.
82. Reconnaissance work carried out so far in the State has indicated that there is scope for further prospecting for gold, platinoid group of minerals, diamond and other base metals. Further prospecting / mining for strategic minerals will be permitted after taking the local people into confidence. Emphasis will be given to identify and estimate low grade iron ore deposits..
83. In collaboration with the Geological Survey of India, geochemical mapping of the State will be carried out to discover new base metal deposits in the State.
84. Private Companies possessing the state or the art technology will be encouraged to take up exploration for hidden deposits.
85. Government will explore the possibility of notifying mineral bearing areas in consultation with other departments to avoid clash of interest in between mineral exploitation and other development activities.

9. SCIENTIFIC AND SYSTEMATIC MINING

91. Even though mining in the State is more than 50 years old, except Gold mines, the open cast mines have not been systematically developed so far. The time has now come to enforce systematic and scientific mining so that, the precious natural resources are not left unutilized. The State Department of Mines and Geology, Indian Bureau of

Mines (IBM) and Mine Safety Department are the authorities to enforce 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 wastage mining of minerals.

10. MINING AND ENVIRONMENT

101.It is an admitted fact that any mining or quarrying activity will disturb the soil and other surrounding environments. But this disturbance has to be mitigated by taking suitable measures to restore the environment. The State Department of Forest and Pollution Control Board will guide the mining industry in maintaining the environmental balance as per the provisions of the Act and Rules. Compliance of Environmental laws by miners will be enforced through State Pollution Control Board.

102.State Government will impress upon Government of India to release the amount collected by the forest Department from the mining entrepreneurs in the form of Net Present Value (NPV) for development of the forest in the compensatory land or in the non mineralized zone of the same belt.

103.The mining activity will not cause considerable chemical pollution of water. However the soil erosion caused by the mining activity will be controlled by enforcing the miners to take up suitable measures.

104.In close co-ordination with IBM, steps necessary for stringent enforcement and implementation of mining plan will be ensured. Stringent measures will be taken against violations of mining plan.

11. EXPORT OF MINERALS

111.At present about 70% of the iron ore produced in the State is exported to the foreign countries. The total value of such exported minerals is about Rs. 10,800 crores (at Rs. 3000 per ton, appx.) as against Rs. 80 crores realized as royalty. This is negligible amount for the State. The National Mineral Policy, 2008, categorically states that mineral rich states will get their due in terms of financial resources. Government of

India will be urged to revise the rate of royalty on ad valorem basis as it is existing in other countries.

112.State Government proposes to take all necessary steps in its purview to restrict export of mineral based raw materials especially occurring in rich forest lands of the state to the barest minimum to conserve the resources for the future generations.

113.The export of ornamental stones in the form of raw blocks will be discouraged and the quarry lease holders will be encouraged to setup cutting and polishing units.

12. DEVELOPMENT OF INFRASTRUCTURE

121.To sustain and develop extraction and utilization of minerals and promotion of mineral based industries, infrastructure development is a basic necessity. Development of roads within the mining areas and connecting roads to railway station/port would be given top most priority. For the smooth transport of iron ore to harbors on the west coast, widening and strengthening of existing roads would be carried out immediately.

122.Extending existing railway line from Hubli to Karwar and other ports of the west coast will herald great developmental activities in the hinter - land and will also greatly facilitate improvement of transport of minerals and mineral products for export purposes.

123.The railway linkage between Raichur and Hospet has great potential. Similarly, Chitradurga, Hospet and Bagalkote need to be connected by railway line. Therefore, government of India will be persuaded to enlarge the network of railways In the State for the development of mining and mineral based industry.

124.There is necessity of developing ports like Karwar, Bellikeri and Tadri. State will initiate steps in this direction.

125.Transportation of ore from mining area to railway siding 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 prevents accidents on roads.

126. In the National Mineral Policy 2008, it is stated categorically 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 line of urban up gradation. Government of India will have to invest substantially in this effort. State and private sector will also contribute for infrastructure development. The consideration of equity demands that population residing in mineral rich areas get their due by up gradation of infrastructure and get access to better standard of living on par with urban areas.

13. HUMAN RESOURCES DEVELOPMENT

131. To carry out the exploration of mineral resources and to administer the mineral industry, the state Department of mines and geology will be strengthened. 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.

132. Periodic interaction with the industry and the Department will be organized to update technology and to know the requirements of the industry. Action necessary to fulfill the requirement will be initiated.

14. MINING IN PATTI LAND

141. Due to unprecedented demand for iron ores both for export and for the indigenous consumption, illegal mining for float ore in patti lands has assumed serious proportions, has grown beyond control and has created problems of several kinds. It has not only resulted in shrinking of agricultural land, but has also led to rampant violation of provisions of Act and Rules.

142. In order to regulate this sort of small scale mining and to help farmers, and in order to restore agricultural land to farmers, an appropriate scheme will be

evolved in consultation with Central Government to facilitate small scale mining by involving State Government undertakings / formers forums.

15. TRANSPARENCY IN MINERAL ADMINISTRATION

151. All the applications both for major minerals or minor mineral concessions are received by the Department of Mines and Geology and acknowledged. The data relating to such applications are put on the website of the Department which can be easily accessed by general public. The disposal of application is done as per the time schedule prescribed in the Act and Rules. Disposal of applications and grant of different concessions will also be made available to the mining public through the website of the Dept.

152. Information on mineral resources, mineral production, areas available for exploration and mining will also be made available through the website.

16. ADMINISTRATION OF MINOR MINERAL

161. Specified Minor Mineral (ornamental granite): There is inordinate delay in disposal of applications for specified minor minerals. In order to speed up disposal of quarry lease applications for specified minor mineral and to enhance realization of revenue, it is proposed to abolish Rule 11 Committee by delegating powers to a Committee under the Chairmanship of the Director of Mines and Geology. A uniform procedure will be evolved on par with Granite Conservation and Development Rules, 1999.

162. Non-specified minor minerals (Building stone):

Revenue Department will reclassify the rocky area classified as Gomal lands. Lands not fit for grazing will be identified and notified as quarry corridors to facilitate quarrying without causing problem to the neighborhoods.

163. Non-specified Minor Minerals (Sand):

Stringent action will be taken on the persons engaged in illegal washing of sand from agricultural lands. Setting up units to manufacture sand from granite / sand stone will be encouraged and incentives will be given to such units.

17. REVIEW OF MINING AREAS

171. Large areas with mineral deposits are being held by public sector companies and also by some private companies. The tendency is to hold on to large areas without carrying out mining in substantial area. This attitude encourages monopoly by a few companies. In order to check this tendency, Government will periodically review mining activity of such companies and initiate steps to recover such areas.

172. Areas recovered will be made available for mining through notification.

18. MINERAL TRADING

181. As per the provisions of Rule 64C of MCR 1960, the lessee has to pay royalty on the rejects or dumps if they are transported and utilized. In this connection there is scope of evasion of royalties and other cesses. Therefore it is proposed to frame separate Rules namely "Karnataka Mineral Traders Rules" to collect taxes commensurate with sale price from traders.

19. MINING IN THE WESTERN GHATS

191. Western Ghats is covered by thick evergreen shole forest with rare species. The area is ecologically fragile. Western Ghats have influence over the rainfall pattern of the State. Therefore, mining in the area will be discouraged. However, carrying out survey and exploration to discover mineral resources will be allowed without disturbing the ecology of the forest.

192. Area with thick vegetation in the Western Ghat which needs to be preserved will be clearly demarcated by the Forest Dept., and will be declared as ecologically sensitive area.

20. REGULATION OF ILLEGAL MINING, TRANSPORTATION AND STORAGE OF MINERALS.

201. Under Section 23 C of MMDR Act, 1957, the States have been given powers to frame rules to regulate illegal mining, 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 to the State. District Task Force and District Officers will be delegated more powers.

202. Offenders will be booked under provisions of various Acts and Rules. Equipments and vehicles used in the offence will be seized and confiscated to the State.

203. Offenders shall not be considered for allotment of new mines and also made ineligible for any permissions and concessions from the State.

204. Quick bird satellite data will be used for detecting encroachments and illegal mining. 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.

21. IMPLEMENTATION OF THE POLICY

The Karnataka State Mineral Policy will be implemented by a committee under the Chairmanship of Additional Chief Secretary with other Members drawn from Forest, Revenue, Pollution Control Board, and PWD & FIMI. Further two to three experts in the field of Geology and Mining 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.

Annexure - I

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	157	1,47,45,413
6.	Quartzite	5	-
7.	Alluminium Later	6	1,75,748
8.	Clay	14	30,603
9.	Bauxite	4	1,15,797
10.	Graphite	6	1,997
11.	Vermiculite	2	-
12.	Kynite	6	2,264
13.	Felsite	13	972
14.	Mangnasite	11	11,720
15.	Ruby currandum	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

Annexure - II
Part C of Schedule 1

SPECIFIED 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