

CHAPTER – II

MANAGEMENT OF MINERAL RESOURCES

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CHAPTER II - MANAGEMENT OF MINERAL RESOURCES

In this chapter we discuss the policies of the Union Government and the State Government with regard to minerals, the action plan devised to implement the policy and the efficacy of the monitoring mechanism which was in place to ensure proper implementation of the mineral policies.

2.1 Karnataka Mineral Policy

National Mineral Policy (NMP) 1993, as amended in 2008 was framed with a view to developing a sustainable framework for optimum utilisation of mineral wealth for industrial growth while improving the living standards of the affected population and keeping pace with the national policy goals and encouraging private investments in the mining sector.

Consequently the Government of Karnataka framed the 'Karnataka Mineral Policy (KMP) 2008' with the following main objectives:

- promote transparency in granting mining concessions
- maximise value addition to the minerals extracted within the State by encouraging maximum investments in downstream industries
- formulate rules to regulate mineral trade
- promote indigenous utilisation of iron ore fines and beneficiation of low grade ores
- pursue the policy of preserving flora, fauna and bio-diversity and ensure that the invaluable forest wealth is safeguarded while granting mineral concessions
- promote scientific mining and good environmental management
- ensure better quality of life for mine workers and their families, enforce adherence to minimum wages and other statutory requirements as per law, develop townships nearer to the workplace with health, educational, recreational and other utilities
- apportion the revenue generated from mining towards development of mining areas/districts
- encourage companies to practice corporate social responsibility.

2.2 Implementation of the Mineral Policy

2.2.1 Paragraph 15 of the KMP states that the implementation of the policy was to be monitored by a committee under the Chairmanship of the Additional Chief Secretary and members drawn from the DMG, Forest Department, Revenue Department, Public Works Department (PWD), Pollution Control Board, IBM, Directorate of Mines Safety and representatives of mining and allied industries. We noticed that no such committee under the chairmanship of the Additional Chief Secretary was constituted by the State Government to monitor

implementation of the policy. This clearly shows failure in monitoring of implementation of KMP at the apex level.

2.2.2 Formation of Committee for implementation of Karnataka Mineral Policy

We noticed that a committee for implementation and monitoring of KMP, 2008, was formed in July 2009 under the Chairmanship of the Secretary, Commerce and Industries Department. This committee held two meetings (July 2009 and February 2010).

In the first meeting, four task monitoring committees were formed to prepare guidelines for implementation of the policy and to chalk out programmes to speed up the implementation of the policy. In the second meeting, based on the guidelines of the first meeting, an action plan was drawn by the task monitoring committees for implementation of the policy. The action plan included digitisation of geological maps of mining lease (ML) and quarrying leases (QL), clearance of backlog of ML/QL applications, compilation of all mineral location data, etc.

We noticed that no meeting was held after February 2010 to monitor the implementation of the action plan. The digitised or compiled database, if any, prepared by the DMG as per the action plan suggested by the committee, though called for (January 2012) has not been made available (October 2012).

The Department stated (September 2012) that they had initiated action for digitisation of the mineral resource maps district wise and mineralised belts have been identified and plotted. Digitisation work of ML/QL of 4200 leases has been completed and the balance leases would be digitised for users with online facility for filing of application for the mining fraternity. However, the Department stated (October 2012) that only 2984 ML/QL have been digitised and process of digitisation of all ML/QL maps is underway.

The two sets of figures furnished by the Department regarding digitisation of ML/QL as mentioned above are in variance and indicate that the data available with the Department need reconciliation and proper monitoring.

The above facts indicate that even after a lapse of three years of formation of the committee, the Government of Karnataka has not formulated any time bound action plan to monitor the implementation of the KMP, so that desired objectives of the policy are achieved in a time bound manner.

2.2.3 Formation of Coordination Committee for allocation of mining leases

The Government of India, Ministry of Steel, requested (June 2009) the State Government to set up a Coordination-cum-Empowered Committee under the chairmanship of the Chief Secretary with State level representatives from all the concerned departments to speed up allocation of mineral concessions (leases) in respect of raw materials for steel sector. Accordingly, the Government of Karnataka, in January 2010, constituted a State level Coordination-cum-

Empowered Committee under the chairmanship of the Chief Secretary. The functions of the committee included reviewing the implementation of KMP 2008, building up of a computerised database, streamlining and simplification of grant of mineral concessions and to review action taken by different departments to check illegal mining. Though five meetings were held till January 2012, we noticed that action plans were not drawn up for speedy allocation of the mining leases to the steel sector and no efforts for implementation of KMP were found on record.

After we pointed this out (December 2011 and January 2012), the Department stated (October 2012) that action plan for implementation of KMP was discussed in the meetings. However, we found that issues relating to the implementation were not recorded in the minutes of the meetings, except at one occasion (second meeting), wherein Chairman (Chief Secretary) had asked the Secretary (Commerce and Industries) for taking appropriate action for implementation of the computerisation of mineral administration at the earliest. Thereafter no follow up for implementation of KMP was found on record.

2.3 Grant of mining leases for integrated steel plants

With a view to promoting captive consumption of minerals by integrated steel plants for industrial growth simultaneously improving economic development, revenue mobilisation and employment generation, the Government constituted a high level committee in May 2007 under the chairmanship of the Chief Secretary with the Principal Secretaries of Commerce & Industries, Finance, Revenue, Planning and Forest Departments as members. The committee was required to work out the modalities of inviting mining lease applications from the existing and proposed captive mine users preferably for integrated steel plants by duly incorporating the terms and conditions and to scrutinise the same before finalising the Memorandum of Understanding. It was also decided that the Member Secretary (Secretary, Commerce & Industries Department) should come before the committee with details regarding the modalities of inviting applications, areas to be notified along with the sketch and other details. We also observed that the no mining leases were sanctioned to integrated steel plants after 2007.

The Department accepted (September 2012) that no leases were sanctioned to integrated steel plants after 2007 and stated that thousands of applications were received over the notified areas which included those who were willing to establish steel plant in the State. The Government of Karnataka had recommended to the Government of India iron ore leases to eleven applicants who had established steel plants in the State.

2.4 Implementation of measures to improve environment and livelihood of people

The objectives KMP included ensuring of better quality of life for mine workers and their families, development of townships with health, educational and protection of environment etc. The 11th Five Year Plan (2007-12) suggested measures which included building up infrastructure development in the Indian

mineral sector. We observed that effective steps were not taken for implementing the suggestions as discussed below.

Sl. No.	Suggestion of the 11 th Five year plan	Action taken
a)	Setting up a Mineral Development Fund (MDF), by earmarking fifteen percent of the annual royalty collections, in order to undertake the task of building the infrastructure in the mining areas.	No steps were taken by the Government for setting up of a MDF.
b)	Development of high quality roads connecting priority sector mines to loading stations. For this purpose, the State Governments were required to earmark revenue from their royalty earnings for such infrastructure development in mining sector.	The status of implementation of the suggestion is still awaited from Government.
c)	Providing new railway lines/ dedicated freight corridors in Karnataka sector connecting mining areas to ports to support exports and for reducing cost structure of various steel plants.	As per information furnished by South Western Railway (SWR), Hubli, doubling of railway line from Hospet to Vasco was sanctioned only in 2010-11 by the Railway Board at a cost of ₹ 2127 crore and entrusted to an agency.
d)	Strengthening and improving railway line carrying capacities in respect of Bellary-Hospet Sector by increasing the rake capacity, electrification of all routes, doubling of tracks and ensuring availability of wagons	With a view to increase the number of rakes from 24 to 65 per day, remodeling of railway yard at Hospet, which was sanctioned by the Railway Board in 2008-09 for ₹ 12.98 crore was yet to commence as at the end of March 2012. The SWR did not furnish information regarding their efforts to deal with the increased demands prior to 2010-11.
e)	Construction of railway line between Hubli and Ankola for a distance of 172 Km on fast-track basis	As per the information furnished by the SWR, five additional sidings were under different stages of construction.

The Department stated (October 2012) that a Special Purpose Vehicle (SPV) headed by the Chief Secretary would be established as recommended by CEC which will plan and implement measures to improve the livelihood of the people and improve the environment by providing high quality roads, dedicated freight corridors, high tech hospitals, etc.

2.5 Conclusion

We noticed that though different committees were formed between May 2007 and January 2012 to ensure implementation of objectives of the mineral policies, the details of action plan suggested by those committees and their follow up were not forthcoming from the records. Though the Government had a policy of granting ML to integrated steel plants, we noticed that no mining leases were sanctioned to integrated steel plants after 2007. The Government did not earmark 15 per cent of the annual royalties collected towards MDF for building infrastructure in mining areas. No new railway lines were commissioned.

2.6 Recommendations

1. The Government may consider putting in place a system for monitoring the implementation of the KMP in a time bound manner so that desired objectives of the KMF are achieved within a fixed time frame.
2. The Government may, in line with the suggestions made in the Five year plan 2007-12, consider creation of a Mineral Development Fund to undertake the task of building infrastructure in mining areas and make efforts to get the railway lines commissioned to augment the transport facilities in mining areas.