

**GOVERNMENT OF INDIA
STEEL
LOK SABHA**

UNSTARRED QUESTION NO:3853
ANSWERED ON:19.12.2005
CAPTIVE IRON ORE MINES
Ganesan Shri L.

Will the Minister of STEEL be pleased to state:

- (a) whether the Iron Industry wants captive iron ore mines at its disposal;
- (b) if so, the guidelines/regulations issued by the Government in this regard including norms for Foreign Direct Investment; and
- (c) the proposals cleared/pending with the Union Government in this regard?

Answer

MINISTER OF CHEMICALS & FERTILIZERS AND MINISTER OF STEEL (SHRI RAM VILAS PASWAN)

(a)&(b): All mineral concessions i.e. Mining Lease, Prospecting Licence and Reconnaissance Permit are granted by State Governments. Prior approval of the Central Government is mandatory for grant of mineral concessions by the State Governments only in case of minerals specified in the First Schedule of the Mines and Minerals (Development & Regulation) Act, 1957 (MMDR Act), which includes iron ore. Mining is an independent activity and any downstream industry is a commercial decision of the lessee. As per section 11(3)(d) of the MMDR Act, State Governments are entitled to take into consideration the investment which an applicant for mineral concession proposes to make in the mines and in the industry based on the minerals as one of the factors, while considering multiple applications for a particular concession. Foreign Direct Investment is allowed up to 100% for exploration and exploitation of the non-fuel and non-atomic minerals except for precious stones and diamonds where automatic approval for foreign direct investment is permissible up to 74% Foreign Equity for diamond and precious minerals up-to 100% is permitted with the approval of Foreign Investment Promotion Board.

(c) Does not arise in view of (a) & (b) above.