

while the factories at Shahjahanpur, Kanpur and OCF, Avadi were good in completing in time. This has resulted in great apprehension in the minds of workers in all the factories at Shahjahanpur, Kanpur and Avadi, Madras. Hence I request the Central Government to intervene immediately to stop giving private contracts and also remove the ban on recruitments for at least on 'ongoing projects', so that the vest project at OCF Avadi, Madras can be implemented by proper sanctioning of the adequate staff.

- (ix) Demand for opening of Bank of Maharashtra Branches in Orissa during the current financial year.

SHRI CHINTAMANI PANIGRAHI (Bhubaneswar) : Mr. Deputy-Speaker, Sir, the bank of Maharashtra is one of the nineteen major nationalised commercial banks. Soon after nationalization, all the major commercial banks undertook expansion programme and opened their branches in different States. In Orissa, all the nineteen nationalised banks except the Bank of Maharashtra have opened their branches.

There are nearly 150 officers from Orissa serving in this Bank and they are deprived of their posting their entire service period in their home State where they can serve the Bank in a much better way. Besides, Orissa is a backward and under-banked State where this Bank should have representation in the developmental work maintain its nationalized status.

Further, customers of this Bank having business links with Orissa are facing problems for remittance of funds and other banking services as a result of which their business is hampered. This also adversely affects customers service and also profitability of this Bank, Opening of few branches at least in State capital Bhubaneswar and other cities like Cuttak, Puri, Rourkela, Sambalpur, Berhampur would certainly extend the next work of the bank at national level and improve the level of ancillary customer service of the Bank. As the Bank has already one Divisional Office in Calutta, there will be no problem as such for controlling the branches to be opened in Orissa.

As such, I urge upon the Government of India to open the branches of the Bank of Maharashtra in Orissa during the current financial year.

13.47 hrs.

**MINES AND MINERALS (REGULATION AND DEVELOPMENT)
AMENDMENT BILL 1986
CONTD.**

[English]

MR. DEPUTY-SPEAKER : The House will now take up further consideration of the Mines and Minerals (Regulation) and Development) Amendment Bill.

Shri E. Ayyapu Reddy to continue.

SHRI E. AYYPU REDDY (Kurnool) : Sir, the growing importance of mineral development, national and international, is not reflected properly in the allocations made in the Seventh Plan. Minerals and development of minerals is basic for the development of industries. The total allocation made in the Seventh Plan under the heading of Industry and Minerals is 3785.88 crores. However, it is not known how much of this amount is going to be allocated for mineral development.

We had introduced the Mines and Minerals (Regulation and Development) Act in 1957. The Act has been in force for a number of years and in the implementation and working of this Act, certain difficulties and certain lacunae were noticed. We expected that the present amending Bill would clear all those controversies and lacunae which were noticed in the implementation of this Act.

The most important controversy which has arisen recently is that the States which are rich in minerals have been asking for more revenues to be derived from the minerals in the States. It is but a natural demand that they should aspire to get more resources from the minerals.

[Shri E. Ayyapu Reddy]

That is why they have been pressing for a revision of the royalty. A study group was appointed to submit a report with regard to these royalties in November 1984. Unfortunately, we are not in a position to read this report of the Study Group as it has not been placed on the table of the House. Whatever it may be, it was felt that it was necessary to revise this schedule of royalties so that those States which are hungry for revenues from these minerals would be satisfied. As there was delay in revising the royalties, some of the States have taken recourse to the taxing of minerals under the heading of "Taxes on Mineral Rights" which finds a place as Item 50 in List II of the Seventh Schedule of the Constitution. Some of the States are resorting to this taxing under this item, which reads like this :

"Taxes on mineral rights subject to any limitations imposed by Parliament by law relating to mineral development."

Item 23 in List II, i.e. the State List, reads :

"Regulation of mines and mineral development subject to the provisions of List I with respect to regulation and development under the Control of the Union."

After the passing of the Mines and Minerals Development Act, States do not possess any power to make any law under Item 23 of List II of the Seventh Schedule. In 1964, the Supreme Court struck down the Orissa local Act, which imposed cesses on minerals because it held that the entire field of mineral development has been taken away by the Union Government under its powers. Now the States are finding that it is not possible for them to levy any cess on the basis of Item 23 in List II and they are now resorting to levy taxes on the basis of Item 50. Some the States are levying taxes on this basis. There is a rider added to this Item 50, which says that the States are having these power subject to any limitations imposed by Parliament by law'. Now, that is where the controversy requires to be resolved by Parliament.

The principle of royalty was introduced so that there should be uniformity in the development of minerals throughout the States. If States are allowed to levy their own taxes on their minerals, it would certainly lead to very many difficulties and there will certainly not be any uniformity throughout the country. If a particular item is to be taxed by a particular State under its powers to levy taxes on mineral rights, then there will not be certainly any uniformity because each State will go on levying taxes according to its own necessities. If a particular mineral is available in a particular State, but the industry is located in a different State, it may not care to find out whether that industry would survive or not. But it may go on imposing taxes on the mineral available in that State. That is why for the sake of uniformity, these royalty rates have to be revised. This point must be made clear as to when they are going to revise the royalty rates. The Union Government has also to take a clear stand on whether the States have got any further right to impose taxes independently and individually on the basis of Item 50 of List II. Now, Sir, these rights on minerals were not there in the Government of India Act 1935. It has been contended that some of the holders of the mining leases have challenged the rights of the States to impose taxes because their contention is that imposition of royalty and the passing of the Mines and Mineral Development Act has taken away the right of the individual States to impose taxes.

Now, these matters have entered into the arena of controversy, whether these individual States have got rights to impose taxes on minerals or not. That is now pending before the Courts. It is this controversy that requires to be cleared by the Union Government. What is the stand of the Union Government? Is the Union Government of the opinion that in spite of the fact that it fixes royalties and revises royalties, individual States can also impose independently taxes on mineral rights. If that is the stand, it may be made quite clear. Otherwise, if the Union Government makes its stand quite clear on that aspect, then it will be left to the

individual States to levy taxes on their own, on the minerals which are available. My own suggestion is that it will not be conducive to uniformity because the purpose of having a uniform royalty will be destroyed if individual States are allowed to levy their own taxes on the minerals. Mineral right itself means a right which is not owned by the States, but by persons other than the States. Unfortunately, this has not been realised and the States are now taxing on the basis of royalty. When this item was introduced in 1950, we had Part B States, we had Zamindars, Jagirdars, Lambardars who were owning mineral rights. This item was meant to be taxed by citizens who had independent mineral rights. Now, it has become an anachronism that nobody is owning mineral rights. No citizen is having mineral rights. Mineral rights are vested in the States. In all the States, the mineral rights are owned by the States. Therefore, the question of the States.....

THE MINISTER OF STEEL AND MINES (SHRI K.C. PANT) : I would like to ask him, how he views the mineral rights to Iron ore mines in Goa ?

SHRI E. AYYAPU REDDY : As a matter of fact, so far as these mineral rights are concerned, unless this document of title which confers original rights, clearly states that they own the mineral rights, it is the States which confer those rights. Individuals will not be having the mineral rights. If Item 15 is confined only to individuals, then there is no difficulty at all. But what is happening is, even though the State itself is owning the mineral rights, it is taxing the holders of the mines on the basis of royalty. There are very few cases—very exceptional cases—where individual citizens own mineral rights. They are very insignificant also. Therefore, this position has to be made clear that the royalty fixed shall be deemed to include mineral rights also or there must be a proviso to the schedule of royalty that no State shall be entitled to levy any tax on mineral mines which are owned by the State itself and which are not owned by an individual. That will

clear the controversy. Then the difficulty is that in some States, their own mineral rights will be affected. That is one the important controversies which I require the hon. Minister to clear on the eve of passing of this Act. Sir, my next suggestion is, the Central Government is exercising its revisional powers under Section 30 of the Act. Most of the States, while accepting or rejecting the mining lease or the prospecting lease, are not passing speaking orders. The Central Government is saying that the revisions are preferred against deemed rejections, against silent orders, orders which do not say anything. Even after the revisions are allowed, the Central Government is not passing speaking orders.

4.01 hrs.

[SHRIMATI BASAVARAJESWARI
in the Chair]

It is, therefore, essential that in the framing of the rules at least, Central Government makes it clear that it is obligatory for the States to pass speaking orders, and that there shall be nothing like a deemed rejection. Kindly give a period of limitation within which they must pass the speaking orders. This will avoid a lot of unnecessary litigation and a lot of shuttling of holders of mining leases rushing and coming to Delhi and filing revisions against these so-called deemed rejections.

In the implementation of this Act, our experience is that the State-owned Corporations are not working satisfactorily. There is any amount of provision in the Act to entrust the exploitation and extraction of minerals to the State-owned corporations. It is a very good ideal. I am in full agreement that the minerals should be owned by the State, and must be exploited by a State agency. But, unfortunately, our experience says that these corporations which are manned by bureaucrats are generally and constantly running into losses, and where a private entrepreneur can extract one tonne of ore with Rs. 10/-, our State-owned corporations

[Shri. E. Ayyapu Reddi]

require Rs. 30/- to extract the same quantity of ore, because of bureaucratic dealings and overhead charges. Therefore, there is no alternative for us, except to regulate private entrepreneurship in exploiting these minerals. It will not be in the national interest to discourage private entrepreneurship. Unfortunately, I am coming to that conclusion after studying the performance of these State-owned corporations. There is a new provision in the new Bill viz. that it is open to the State to notify that certain areas have to be exploited only by the public sector; and after the issuance of this notification, no public sector company exploits the mineral. There are instances where certain areas have been frozen for the last 10 or 15 years, and where no State-owned corporation has come forward to take a lease and exploit them. That is why one of the amendments which I have suggested is that when a State Government issues a notification saying that this is necessary, for exploiting it be a State-owned corporation, at least if within a three-year period it is not in a position to exploit it, or start mining operations within a period of three years after the issuance of a notification, the notification must be deemed to have been vacated, and private enterprise must be permitted to come and exploit it.

As it is, now in the Act you have provided that where a mining lease-holder is not able to exploit the mining lease within a period of one year, his lease will be liable to be cancelled. (*Interruptions*)

DR. KRUPASINDHU BHOI *rose*.

SHRI E AYYAPU REDDY : Please don't interrupt me. (*Interruptions*)

SHRI C. MADHAV REDDI (Adilabad) : Mr. Bhoi, if you want to ask any question, you can do it. Mr. Reddi will yield, and you can ask. But why this running commentary ?

MR. CHAIRMAN : Let Mr. Ayyapu Reddy speak.

SHRI C. MADHAV REDDI : Madam Chairman, don't allow anybody to have such running commentary. I am not able to hear the voice of my own colleague here.

DR. KRUPASINDHU BHOI (Sambalpur) : If you are so much enthusiastic, why are you interrupting me ? (*Interruptions*)

SHRI E. AYYAPU REDDY : If Mr. Bhoi is not able to understand me, I am prepared to answer him.

MR. CHAIRMAN : If any hon. Member wants clarifications, he can get up and get the permission of the Chair.

DR. KRUPASINDHU BHOI : I am supporting him. The other gentleman is unnecessarily saying so many things.

SHRI E. AYYAPU REDDY : The Act provides that that mining lease-holder must start the mining operations within a period of at least one year after the grant of the lease. If he does not do so, he will attract penal consequences of the mining lease being cancelled. Similarly, the same test may not be adopted with regard to the public sector corporations. When you issue a notification that a particular area is required by a public sector undertaking, that must be exploited at least within a period of three years. If that is not done, naturally the notification must be deemed to have been cancelled and it must be open to the private entrepreneurs to come into it.

The other important change which has been brought into this is in the First Schedule. Here you have added 12 more items to the First Schedule. I welcome the new additions to the First Schedule. You have included certain important minerals like barytes, bauxite, etc. But you have also included in that limestone but with a rider, that means, limestone, except when it is used in kilns for the manufacture of lime as building material. Cement is also used for building purposes. Limestone is also burnt in kilns for

building purposes. Certainly that will be excluded from the First Schedule. On the contrary, I have suggested an amendment that limestone used for manufacturing cement must alone come in the First Schedule and other limestone, which is used in country kiln and for other purposes, which is not even 10 per cent of the total consumption of limestone, must be left out. The wording that it must be used except for building purposes will lead to lot of controversy, because a limestone owner will not be in a position to control for what purpose the burnt lime will be used. There are many grades of limestone—superior grade limestone, medium grade limestone and limestone used in cement industry. It is the limestone which is used in the cement industry, that has to be taken into the First Schedule, because that is the item which is paying lot of royalty and the State Governments are anxious to take much revenue from the limestone.

With regard to premature termination of leases, there I have suggested that the holder of the mining lease, wherever such a premature termination on takes place, must have the right to get compensation as may be determined by a district judge, because we ourselves give him a mining lease and after he makes investment, for reasons extreneous to him if mining lease is terminated, certainly that person who has made the investment must not be made to suffer.

The point whether the State Governments have got the right to levy taxes apart from royalty must be made quite clear. And revising these royalties, views of the State Governments may be called for and the requirements of the State Governments may be taken into consideration. For example, in fixing the royalty, you have fixed the royalty of coal from Singhreni at Rs. 5/- whereas you have fixed royalty of coal from Assam and other place at Rs. 7 and more. Some of these discrepencies may be avoided in fixing the royalty.

[*Translation*]

SHRI K. N. PRADHAN (Bhopal) : Mr. Chairman, Sir, I suport the Bill introduced by the hon. Minister because we have made a significant progress in the field of minerals during the last few years. New mineral deposits have been discovered and the minerals have assumed immense importance in our national economy.

The State Governments had been stressing these points during the last few years and the Mineral Advisory Council had also recommended suitable amendments in the law to meet the present requirements because the Act of 1957 has not been amended since 1972. The proposed amendments are definitely commendable because they will spend up the mineral development programmes and help in preventing pollution. It is now felt that these operations will increase pollution. The lease deed therefore, can be terminated even before its expiry. The lease system has also been simplified. The requirements of approval, certificate etc., have been dispensed with now.

Despite these good points, I would like to draw the attention of the hon. Minister towards certain other things. The upper most need is of proper safety arrangements in the mines. We should take lesson from the accidents that occured during the last few years. For example, the Chasnala accident shudders us even today. We should see that such accidents do not recur. Similarly, child-labour should be banned in the mines. The mines are highly labour oriented Workers work hard and take risk of their lives. It is, therefore, necessary that they get social and economic justice. It is necessary to provide them the facilities of housing, drinking watar, health and education for their children.

Similarly, as pointed out by an hon. Member, it is necessary to revise the rates of royalty. It is provided under section 9 of the Act that royalty rate shall be revised in every four years but it has not been revised since 1978-79. It is true that a

[Shri K. N. Pradhan]

study group was appointed in 1984 but it is sad not to take up revision even after 8 years against the stipulated period of four years. The study group was appointed after a lapse of six years but decision is not taken for 2 to 3 years on its recommendations. Non-revision of the rates creates so many problems for the States.

They are many institutions of the Central Government which have not paid the huge amounts of royalty and cess to the State Governments. The arrears should be paid immediately. We not only have large population but we are unable to control it. Unemployment problem is there and half of our population is living below poverty line. Under the circumstances, minerals potential is most important for providing employment and earnings and the Government should pay more attention towards it. So long as we do not formulate a long term policy in this regard we shall not be able to make use of our mineral wealth.

We should not feel contented only in exploitation of minerals. We must also set up industrial units based on the mineral available. Such units should be set up on priority basis in the areas where minerals are found.

Madhya Pradesh has always been unjustified. Every body knows that a sponge iron plant in Bastar and a pelletisation plant in Bailadila can be set up.

One more important aspect is that we have to pay special attention towards the hurdles that may come in the way of mineral development programmes. Our present forest laws will definitely create obstructions. We are all aware of the fact that due to the Forest laws many of our irrigation schemes and electricity schemes are lying incomplete. Road constructions, drinking water schemes and other development schemes are held up. Every citizen of the country feels that forests should be protected and more and more trees should be planted, and there should be certain guidelines for cutting of forests.

The proposals received from the State Governments should be considered on the basis of those guidelines and it should not be left to the discretion of officers and clerks. The number of trees to be planted must also be specified. Policy formulation in this respect is the responsibility of the Forest Department. If we have to develop our minerals, we have to formulate the policy according to the Forest Laws. And after having a uniform policy based on certain principles our entire national resources can be utilised for the progress of the country, for strengthening our economic position and for eradication of unemployment. The progress of the country is only possible if we prepare ourselves and the forest department accordingly. With these words I welcome this Bill.

SHRI VIRDHI CHANDER JAIN
(Barmer): Sir, I support the Mines and Minerals Amendment Bill 1986 introduced in the House. It is a progressive Bill and the amendments proposed in it are very welcome.

The minerals can play a major role in our national economy. We have made significant progress with our mineral resources. But the remote areas, border areas and desert areas have not yet been explored. The Geological Survey of India has conducted survey of various areas but it has not surveyed the remote areas for want of communication and transportation facilities. The jeeps can reach remote areas. We must make use of them and survey these areas also.

The Clause 4 (A) is the soul of the Bill. Earlier we stressed the need of development only but now we are facing the problem of environment also. If we make development without having check on pollution, that development will lead us to destruction. So, in view of it, we welcome the proposed amendments. Earlier the provision regarding the protection of environment was not there. Now the hon. Minister has included this in this Bill which is a laudable step. Under the proposed provision the licence can be terminated in case it is causing pollution or effecting environment.

Secondly, it also provides for the punishment. Illegal mining and unlawful mining have been made cognizable offences with two years imprisonment. I think that even this provision is not hard enough. In addition to cognizable offence it should also be made non-bailable offence. Only through such stringent provisions can the illegal minings be stopped. The illegal and unlawful mining are going on in the constituency of our hon. Member Shri Vyas Ji and also in Kota. The illegal and unlawful minings are still going on. Therefore, I welcome this provision but it should be made more stringent.

Lime-stone has also been included in the First schedule. We will have to think over it. Lime stone is used in building construction as well as in cement factory. We do not have any objection if it is included for cement factory but we have objection to the inclusion of lime stone for building construction. It should be taken note of.

The mineral lignite is found in abundance in our area. The Geological Survey of India Minerals Corporation have been working in this area for the last four years and five crore metric tonne of lignite has been exploited. We want that the pace of this work should further be accelerated. During Seventh Five Year Plan we want to set up a 500 MW power House based on this lignite to meet the power requirement of Rajasthan which is facing the power shortage.

Resources should be mobilised to intensify the efforts of the Minerals Corporation and the Geological Survey of India which are already on the job. Its project report should be prepared so that the power house can be constructed there. The lime stone found in Jaisalmer district is 99 per cent pure but its mining has not been started till now. Even big industries have not been established there. It is not connected by any railway line. Crores of tonnes of lime stone lying there has not been exploited for want of railway link. Its proper utilisation can ensure development of undeveloped district of Jaisalmer.

Jaisalmer district is a no industry district but we have not received and benefit of it. All the mineral found in our region are not properly exploited.

Rockphosphate has also been discovered in Jaisalmer but its quality is inferior. It can be utilised after purification and beneficiation. So rockphosphate should be mined and beneficiated.

With these words I support the Bill.

SHRI YOGESHWAR PRASAD YOGESH (Chatra) : Mr. Chairman, Sir, I congratulate the hon. Steel and Mines Minister for introducing in public interest in this House, this Bill which has been pending since 1972. It is a pragmatic step in the direction of development of mines and minerals. I welcome this Bill.

The hon. Minister has not introduced this Bill in a hurry. This important legislation has been brought before the House after it has been discussed with various committees, Mineral Advisory Committee and concerned State Governments. The hon. Minister has made a mention of it in his introductory remarks. This Bill will help in speeding up the implementation of mineral development programmes.

The mineral based industries can play a vital role in the growth of our economy and can make our future happy and prosperous. The Union Government shall get all these powers after the amendment of the Mines and Minerals Act, 1957. Previously, this was not included in this Act. The special feature of this Bill is that it will remove all the impediments coming in the working of the Geological Survey of India, the Indian Bureau of Mines and Atomic Centres.

The most important amendment is that of Section 4 (a) which will help in controlling pollution and floods and ensure conservation of forests and preservation of soil. Besides, we will be able to make leasing and licensing methods more practical for the benefit of the country.

[Shri Yogeshwar Prasad Yogesh]

Mr. Chairman, Sir, after the mining of minerals, the land becomes useless. There are about 700 mines of different minerals in Bihar. There is no such mineral which is not available in this State. Minerals like copper, iron, mica, coal, graphite and bauxite are available in abundance. The exploration of these minerals leave behind heaps of debris and deep pits. These lands should be utilised. These minerals are usually found in our dense forests. Jungles in about 4 lakh hectares have been destroyed for mining and related activities. The State Government in return earns about Rs. 350 crores only in the form of royalty for which we have to pay a big price. Bihar and Bengal suffer losses of Rs. 35000 crores on account of these activities. I would request the hon. Minister to evolve some balanced formula in this connection. It will be very sad if the nation does not get proper returns from these large scale operations on the lands of harijans and tribals. So, it is very necessary to convert these useless mines into fish breeding ponds, forests and agricultural land.

Sir, instead of establishing an aluminium factory in north Bihar, 7000 tonnes of bauxite is transported daily to the neighbouring West Bengal. The bauxite of Bihar is being sent to a factory in another State and there is no bauxite based industry at the place of its exploration. However, the hon. Minister has seen the danger of hostile voices due to regional imbalance and has turned it into national interest.

I want to impress upon the hon. Minister that like the Rs 190 crore low-temperature carbonisation plant set up in Dhanukoni in Bengal, a coal based plant can also be set up in Bihar for the benefit of the people of Bihar. Now, I want to invite the attention of hon. Minister of some important issues of Hazari Bagh region. Valuable mineral like fireclay is not utilised due to the mining of coal. The C.I.L. is making no use of 400 million tonnes of china clay. Either it is thrown or contractors buy it at the rate of clay. I request the

hon. Minister to take note of it and ensure that minerals in Bihar are utilised properly.

Damodar river in Dhanbad region has become highly polluted. Its water has become black due to pollution. The water is not potable and not good even for bathing. Recently, the Bihar High Court has held that this region is not covered within the definition of coal. But the Bihar Government has included the region within the definition of coal.

With these words I support the Bill introduced by hon. Minister.

SHRI SYED SHAHABUDDIN (Kishanganj) : Madam Chairman, I have gone through the Bill that is before us and I must say at the very outset that I certainly expected much more comprehensive and competent Bill considering the high regard in which I hold the hon. Minister of steel and Mines.

If I may say so, the hon. Minister of State for Steel and Mines herself comes from Bihar, the State which has long nursed a sense of grievance on the question of royalty for the mineral resources, which is not unknown to her and I expected that the Bill would provide a little more generously for the States which produce the bulk of the mineral resources of the country.

THE MINISTER OF STEEL AND MINES (SHRI K. C. PANT) : She takes a national view of the matter.

SHRI SYED SHAHABUDDIN : I mean about the royalty. She has been sent by the people of Bihar. (*Interruptions*)

Madam Chairman, I find that under the definition in clause 2 (a), after mentioning a number of Government agencies and the Department of the Government, suddenly we find a mention of a Government company, the Mineral Exploration Corporation Limited. I find

this somewhat incongruent. I thought that the Department of Mines itself should be mentioned here which of course, always has the option of acting through any corporation or any company that has been set up. Perhaps that would be more in line with the overall concept that as far as commercial operations are concerned, no distinction should be made between public sector and private sector.

In Sec. 3 of the Bill the following words have been used in the very first line of the proposed amendment—line 15 : 'after consultation with the State Government'. We know how the word 'consultation' has been interpreted. Consultation has been reduced to a formality I think the State which owns the mineral resources has a right to more than consultation. Therefore, the appropriate word should have 'in agreement with' or 'with the concurrence of'—not just 'in consultation with'. I also find something which is rather, shall we say, impolite. On the one hand it is said that the Central Government under certain circumstances may request the State Government and on the other hand it lays down 'upon receipt of such request the State Government shall make an order'. Now, I find there is something incongruent. The request is put very politely but it lays down that once it receives the request, it has no option and it has to act upon it. I also know that under the principles of interpretation the word 'may' is sometimes interpreted as 'shall'. But certainly certain propriety should be maintained in a piece of legislation that comes before Parliament.

In part 2 of the same clause I find something interesting. There is a proviso which says that after having prematurely terminated the lease—for good reasons I have no doubt—it can be assigned in favour of a government company. It has not laid down anything with regard to remedying the deficiencies that were observed in the previous operation which has led to pollution, which has led to the erosion of the natural environment and ~~icwhh~~ has led to flooding, etc., etc., and

which has constituted a danger to public health or safety of buildings, etc.—nothing is mentioned whether the new lessee or the new licensee is under any obligation to correct those deficiencies. The State is given an absolutely free hand. You can prematurely terminate the lease for any reason you like and then hand it over to a Government company. I do not think this is very fair. I do not think this is the intention of the Government and if the intention ought to be that if the lease has been prematurely terminated for reasons mentioned here, then in that case the new lessee or the new licensee shall be obliged to work under conditions which are laid down and which are prescribed and which would remedy the situation. That should be laid down.

Then I find some typing error. From line 43 upto the next page I would say it has really no relationship...(*Interruptions*) I am told this has been corrected.

Now, I come to a very interesting aspect. Sec. 5 of the principal Act is sought to be substituted and the major change brought about is that the prescription that an applicant for a prospecting licence or a mining lease shall produce an income-tax clearance certificate is removed. Not a word has been said in the Objects and Reasons of this Bill as to why this condition is being taken away. I think it is a very useful condition that a person, whether a natural person or a legal person, ought to be in the clear as far as income tax is concerned. I think that is a very natural condition for the award of a mining lease or a mining licence. That condition has now been removed. I would like the Minister to explain why it is being removed. I would think for any company to apply for a licence, a prior condition should be that it is in good standing with the tax authorities.

Then I come to the very important part—that is clause 8—Sec. 9 of the principal Act which relates to royalty and which is a major issue, is being sought to be substituted. Now royalty has almost become a political issue and it is time that

[Shri Syed Shahabuddin]

we apply our mind to this problem which can have certain implications for Centre—State relations. We are aware of the political discontent in many parts of the country that for the wealth which is not renewable, which is lost for ever once it is taken and extracted, due compensation is not being received by the State concerned. Under our system the State is the owner of all that lies in the soil and or in the sub-soil. That is why it is paid a royalty. It would be totally different if the whole concept of royalty was taken away; if we had said 'no' all the mineral resources belong to the Union and no royalty is to be paid to the States. The problem is that neither the original Act nor the last amendment lays down any guideline on the basis of which the royalty of a particular mineral is to be fixed. The law lays down in an *ad hoc* manner a particular rate of royalty and goes on to change it from time to time. I would have liked a comprehensive Bill which the Minister had promised us earlier in his reply to the Parliament which could have contained some basic guidelines for the determination of the intrinsic value of a mineral on the basis of which the royalty would be fixed from time to time. A demand has been made which is gaining momentum all over the country that instead of royalty being pegged to the tonnage it should be pegged to the market value. It may be difficult to determine the market value but I suppose over a period of time one could work out an average market value either at the pithead or at the beneficiation point and as the value goes up because of inflationary pressures or on account of a particular mineral being more in demand then the royalty should also proportionately go up otherwise the entire difference due to rise in prices is being, if I may say so, taken away by the centre.

Now in many cases the licensee happens to be the Central Government. Then, in fact, the licensee is making the profit as a company and no share of that profit is coming to the State. This applies to coal and petroleum. Equity demands that a lessee should not determine the terms of

lease. Here in most cases the lessee as well as the licensee is the Central Government and it is the lessee the licensee who is determining from time to time what the lessor should received as royalty.

Sir, mineral values have sky-rocketed in the country and yet when I look at some of the important minerals like coal, mica, iron-ore, manganese, etc. I find that even the 4-year review rule was never observed in practice. The royalty rate of coal was revised in 1981. In respect of Mica and Iron-ore in 1975 and 1978 respectively. And what a revision. The revision was from Rs. 2.5 to Rs. 7 per tonne in respect of coal; from Rs. 2.8 to Rs. 4 in respect of Mica and from Rs. 1 to Rs. 1.50 in respect of Iron-ore. These values are very small with the result that the interme of the States from these mineral resources is coming down. Therefore, I plead that the Bill should introduce the principle whereby the average pit-head value of mineral should be determined over a period of time and every three years on the basis of this average value the royalty should be enhanced.

Lastly I am aware of the economic argument as to where the processing should take place. Assam can always say that all the crude must be refined in Assam but Assam cannot consume all the refined products. Therefore, the competing argument can be that let the refining takes place closer to the place of consumption. So, there is an economically optimum choice for the location of a secondary or tertiary plant can take place but surely as far as the location of a concentration plant is concerned—what is called a beneficiation plant—why can't it be located as close to the mine head as possible. That can be done. It will reduce the cost on transportation. Instead of transporting the iron-ore as it is you will transport only the concentrated iron-ore as pellets or slurry which will go straight to the steel plant wherever it might be located. I am not asking for a moment that all the steel plants should be located in Bihar. I am only asking that all the iron-ore concentration should take place in Bihar. I think that is the least we can say. In the end,

I would like to refer to one thing more. We expected a lot from the Srivastava Committee, but I am sorry to say that the report of the Srivastava Committee on the basis of which some of the recommendations have been incorporated in this Bill has not been very satisfactory and that dissatisfaction has been expressed in a number of trade journals. I am sure, the hon. Minister knows about it. I would only request him to be fair and generous to all the States and Union Territories and not think of filling up his own coffers only.

[Translation]

SHRI MAHENDRA SINGH (Guna) : Mr. Chairman, Sir, the Mines and Minerals Amendment Bill under discussion in the House is a comprehensive and progressive measure and I support it. There has been considerable development in the field of mining in our country since 1972. Extensive exploitation of mines have been done and this Bill has been introduced with a view to remove the problems, difficulties and bottlenecks in this field.

Sections 4, 7, 8, 9 and 16 of this Bill contain very good provisions and I welcome them also. Specially, section 4 prohibits the unscientific way of mining which caused adverse effect on ecology. According to the present law, the mining lease can not be terminated on the basis of environment and ecology, but the present Bill empowers the Government to terminate the lease if the mining operations adversely affect the surrounding ecology. It will greatly help in improving the ecological balance. I welcome the powers granted to States under section 15. At the same time I would suggest that such arrangements be made as would ensure maximum returns to mineral producing States. The provision for punishment is contained in section 16. I would request the Minister to make it more stringent.

I also welcome this Bill on the ground that provisions have been incorporated in it taking into consideration the suggestions made by the Minerals Advisory Council

and State Governments. The passing of this Bill will certainly help in improving the ecology but we have also to keep in view the human aspect.

There is a possibility of a large number of workers becoming jobless if lease of any mine is terminated or the work stalled for some reasons. Arrangements must be made for providing them with alternative employment before taking any such action. For example, in my constituency, Shivpuri, where there are a number of mines, the Ministry of Environment and Forests has suggested the closure of those mines which are causing environmental pollution. If these mines are closed then hundreds of workers working in those mines would be rendered jobless. Therefore, I would request the Government that the workers working in the Shivpuri mines should be provided with alternative employment before the mines are closed. The human aspect must be considered before taking any such decision. The workers in the mines are exploited to such an extent that in the Bhatti Mines, which are located 10 kms away from Delhi, 6 people were killed between the month of January and March. Even the reports of some of the victims have not come out as yet. Therefore, it is my request that proper safety arrangements must be made in this regard.

Again, a comprehensive national mineral policy should be formulated. It should, inter alia, provide for the exploitation of all kinds of minerals in the country and minimum export of raw materials so that the country could benefit from mineral wealth. We must ensure protection of environment in mine areas. Steps should be taken to plant trees around mined areas to protect ecology. Mining operations should be discouraged in those areas from where people are likely to get uprooted. Arrangements should also be made in advance for the resettlement of the persons displaced. The policy should also provide afforestation of areas where mining is done to keep the vegetation of these areas intact.

Sir, I would like to congratulate the hon. Minister for the research work done

[Shri Mahendra Singh]

by the Council of Scientific and Industrial Research on the mining environment. The Central Mining Research Station, Dhanbad has brought out a booklet which has been made available to us, which contains a number of suggestions in regard to the improvement of environments. It says :

[*English*]

"Mining activities cause land degradation, landslides, soilerosion, water pollution due to acid mine drainage, toxic pollutants and hydrological as well as air pollution due to dust, noxious gases and noise. These also cause ecological imbalance due to deforestation which is the reason for damage of wild as well as aquatic life and sociological changes."

[*Translation*]

The findings of the Central Mining Research Station should be kept in mind while formulating National Mineral Policy.

R and D is essential for planned development and maximum provision should be for this purpose.

Madam, I come from Madhya Pradesh which has an important role in the production of minerals in our country. 34% of the total production of dolomite in our country comes from Madhya Pradesh. Similarly, it produces 33 per cent of copper, 28 per cent of coal, 20 per cent of bauxite; 20 per cent of manganese and 10 per cent of rock-phosphate. In 1984, Madhya Pradesh produced minerals worth Rs. 859 crores which is 22 per cent of the total production of minerals in the country, barring petroleum and gas, and this is a significant contribution. The Centre should, therefore, spend more and more on mining and keep in mind the progress of the State.

Madam, Singrauli and Korba in Madhya Pradesh produce large quantity of coal, but the State is not getting as much

benefit as it should get. Therefore, I would suggest that National Thermal Power Corporation should set up production centres in these areas and spend maximum fund. Again, iron ore is produced in large quantities in Bailadila in Bastar district in Madhya Pradesh. The entire ore is exported to Japan which dumps it in the seas. We should not allow our mineral exports to fall. We must pay greater attention to this keeping in view the future prospects.

Reports regarding irregularities and corruption in the Mineral Exploration Corporation, which is a public Sector Unit, had appeared in 'Jansatte' dated 19th July, 1986. I would like to draw the attention of the hon. Minister towards this, because it is a public enterprise. The irregularities should be enquired into so that the people come to know about the action taken against them, and the culprits should be given exemplary punishment. With these words I support and welcome the Bill.

SHRI VISHNU MODI (Ajmer) :
Madam, I congratulate the hon. Minister and the Minister of State and officials of their department for introducing the Mines and Minerals Regulation Development Amendment Bill in this House. As has been stated in the statement of objects and reasons that since there had not been any amendment in the Act since 1972, the need for such an amendment was being felt. It is a welcome measure. I would also congratulate the hon. Minister for providing for pre-mature termination of leases in view of the acute ecological and pollution problems in the country. This clause was incorporated in 1972 but at that time the problems of ecological imbalance and pollution were not as serious as they are today.

Madam, I agree with Syed Shahabuddin in regard to the termination of leases. The provision of premature termination of lease on the grounds of environment and pollution hazards and transferring it to the Central Government obviously raises some doubts. Do you want to drag the

ecological and pollution issue to the level where Government can will fully cancel the lease on these grounds? You can occupy the mines on that pretext, and the poor mine owner cannot even move the court because you would do this on ecology-pollution grounds. In this way, he will never get justice. Therefore, I would like to impress upon the Minister not to compromise in any event an ecology and pollution. So, this clause must be closely looked into and omitted.

I would also like to congratulate the Government for covering eleven minerals under Schedule 'A' and for conceding that limestone and dolomite are the basic raw materials used by our steel, chemical and fertilizers industries. So it is proper that you have brought them under Schedule 'A'

I come from Rajasthan. I have some apprehensions in regard to minor mineral leases. What would happen to those leases, which are granted for the mining lime stone of chemical grade and steel grade after this Bill becomes an Act? This should be clarified. Will such lease be terminated with the enactment of this Bill, or will they be renewed? This is an important point which must be kept in mind while enacting this measure.

The system of survey approval had remained a mere formality. It is good that Government has realised this. Withdrawal of the provisions of income-tax and survey also welcome because both of these were delaying provisions and were of no use.

A little doubt has arisen from what you have said in the objectives :

[*English*]

"A number of Committees have stressed the need for amending certain provisions of the Act with the object of removing bottle-necks and promoting speedy development of mineral based industries State Governments and representatives of trade and industry

have in formal forums like the Mineral advisory Council as well as in other forums, expressed the desirability of taking a fresh look at the various provisions of the Act with a view to making them more effective and development oriented."

[*Translation*]

I think it was the Mineral Advisory Board meeting in which I was also present which was called by Shri Sathé. The amendments brought before the Advisory Board have not been considered seriously. Section 5 says :

[*English*]

"In Section 6 of the Principal Act, in Sub-section (i) in the opening portion, the words "in any State" shall be ommitted."

[*Translation*]

You have kept the limit of 10 Kms. But think of a particular industry. I cite an example of cement industry. Suppose it has acquired expertise in cement. It can have a limit of 10 Kms in Andhra Pradesh, in Karnataka, in Bihar or in any other State, but, by the using the term 'any one State' you have restricted the industry to 10 Kms in one State only. I think this will not benefit the industries. The Council perhaps did not discuss this issue at all.

If you tell the trade and industry that you want to restrict it to 10 Kms. then I think no one will agree to it.

I want to invite your attention towards another point also. You have done reion-alisation of period. You give original lease for 20 years for an industry with an investment of Rs. 100 crores which is renewed twice for a period of 20 years each. Now you have reduced this period to 10 years and the total period has been made 40 years. The heavy industry, the mineral sector, is in the state of benefication. To my mind, this cut in the lease period will lead to lower investment in

[Shri Vishnu Modi]

and slower development of mining sector. The statement of reasons and objectives which you have brought is contrary to these things I hope you will keep this in mind.

Kautilya has also said that the mineral wealth is the main source for the resources of any country. Our country is backward but it is trying to forge forward. I hope during your Ministership, there will be greater exploitation of our minerals and we will be able to mobilise more resources from the mineral wealth for our economy. But by cutting the lease period, will you be able to augment investment in mining sector? Restriction of the lease-period is a welcome step but an industry which starts after 40 years, takes 3 to 4 years gestation period, After 40 years the investment will go waste. So will you consider the industry for fresh grant? The reduction of the period of revision of royalty from 4 years to 3 years, is also a good step. The States will get good chance to mobilise their resources. You have reduced this period from 4 to 3 years. But when this period was four years, did the Central Government ever revise it after every four years? Now you have provide that certain percentages of the royalty will automatically increase in three years. Your Ministry and the states will not now have to do the exercises, which they had to do in this regard.

15.00 hrs.

Mining-plan was discussed in the Mineral Advisory Board. This is a good thing that information regarding dos and don'ts about exploitation of minerals will be available in advance. Now a question arises as to whether the minerals which do not come under schedule 'A' will also require the approval of Government of India? The when more powers for the States are being sought you want that permission for exploring mineral wealth should be sought from Government of India. I feel that this is not a right step.

You want to snatch the powers of the State Governments under the Mining plan. You will have to consider it seriously. Do you think that your technical persons will be able to formulate Mining plan or Action plan regarding minerals which are the national wealth? So, you will have to ponder whether you want to give powers to States or concentrate them in Government of India. You will also have to consider about ganting the lease for mining.

So far as the question of export of minerals is concerned, the value added export will be more gainful. I give you an instance. There is a mineral called 'Phalase-Par' and is found in the shape of lamps. If we export its powder, it will not only provide more employment but also earn more foreign exchange for the country.

In the last meeting of the consultative committee you had said that you would give your attention to the question of marbal deposits being exploited by states. But nothing has been done in this regard.

I wish to conclude with this hope and conviction that you will ensure greater exploitation of minerals and also clarify, in your reply the misunderstanding regarding snatching of powers of State Governments.

SHRI DAMODAR PANDEY (Hazari-bagh): Mr. Chairman, Sir, the bill which has been just brought in the House, does not have much scope for discussion but still it is not as comprehensive as it should have been. The Bill has been brought to meet the need of the hour and I welcome it.

It was only in our country that mining operations are allowed to be carried out even by destroying thick jungles. The country had to pay heavy price for it. Today, the destruction of forests is causing immense loss to the country. We all know that people are experiencing drought somewhere and

floods at another places. Many countries of the world would have already banned the destruction of the natural wealth in the name of mineral exploration.

15.06 hrs.

[SHRI VAKKOM PURUSHOTHAMAN
in the Chair]

Now you have made a provision that for exploring minerals it would be necessary to keep the forests intact. Although this arrangement has come very late yet it is a welcome step.

A point has been made that afforestation will be made at the same place or at the place to be specified by Government

It also has been said that money shall be paid in lieu thereof. The first two points are all right but the third point involving money will prove disastrous. I would like to caution the hon. Minister that some people would pay a meagre sum for the land and the woods. Should we treat it as compensation? If we treat it as compensation for the loss of natural wealth, it will prove very harmful for the country. I want that hon. Minister should include this point from the Bill. There should be no provision of money in it. It should be incumbent on the miners to have afforestation in place of forests and plant trees in place of trees. We should immediately implement the system which is in vogue all over the world. This was very necessary and all people had accepted it. There had been a constant demand for it. That is why this Bill has been brought in the House. I welcome this Bill.

Shri Shahabuddin has made many good points. He said that inclusion of the Mineral Exploration Corporation in the Bill has created some confusion. For his information I want to tell him that the Mineral Exploration Corporation does not undertake mining work, it only does the exploring work. It just indicates the site and gives the detailed information

about the possibility of the minerals there. It does not undertake any commercial exploration of mines. Therefore, the exemption given is quite justified. But to my mind you should not have given exemption to States Departments of Mining and Geology, which themselves undertake the Mining work

SHRI K. C. PANT : It says that :

[English]

"The Directions of Mines and Geology of any State Government by whatever name called." and there comes the Mineral Corporation Limited.

[Translation]

SHRI DAMODAR PANDEY : I was saying that the exemption given to the Minerals Exploration Corporation was justified. But the exemption given to the States may cause loss because many States do departmental mining. If they are given exemptions they will not be accountable and will think that they have no liability.

SHRI K. C. PANT : Should we not give them ?

SHRI DAMODAR PANDEY : No, you should not, who-so-ever does the commercial exploitation of the minerals, be it a State or the Centre, should not be given any exemption. This is my suggestion and I hope that you will consider it.

All Members have spoken about royalty. But whatever we say you neglect it and give weightage to your points only. You fix royalty on tonne basis and never evaluate it taking into account the inflation. A royalty of Rs. 2.50 was given 20 to 25 years ago which has been raised to Rs. 7 at present. How do we assess the prices of coal and Minerals? It is assessed on the basis of their prices. The States can get some benefit by the royalty. But if we go on making it tonnes based than States will always be looser, be it Bihar,

[Shri Damodar Pandey]

Madhya Pradesh, Rajasthan or a part of West Bengal, where some mineral wealth is found. 9 per cent of the minerals are found in these States. These States, mainly depend on mineral wealth. In Bihar one third of the total minerals of the nation is found. Unless you determine royalty on cost, they will go on suffering. I want you to give this aspect due consideration.

So far as the question of abolishing the lease is concerned, perhaps most of the hon. Members have, out of ignorance spoken against this or have pleaded for more extension. To the best of my knowledge and the knowledge of the House a number of licences are issued in the name of prospecting. And, they do exploration in the name of prospecting and also exploit it commercially. For years together they go on extracting mineral wealth and say that they are only doing exploration. You might recollect that many years ago, while replying a question in this House it was said the production of kinite in the country was nil but the same year it was exported in thousands of tonnes. There was no production but it was exported and also utilized in the country. The same was the position about syliminite. A factory was set up at the site of the syliminite for name sake but it was being exported to Germany. Thus; the production was nil but the export ran into thousands of tonnes. No action was taken against the people who committed such frauds. So, if some exploration is being done Government much fix a limit for it and if the explorers do not comply with it and also do not exploit it commercially, than their exploration licence must be cancelled.

The other steps apart from this, are very welcome. I support inclusion of bauxite, kinite, lime-stone and other principle minerals in the first schedule. Previously they had not been included in the first schedule and they had not assumed

such importance. The production of lime stone has now increased may folds and its importance has also increased. So it was very necessary to put it in the first schedule and it has accordingly been incorporated in it. I support this Bill.

[English]

SHRI ANIL BASU (Arambagh) : I thank you for allowing me to participate in the discussion on the Mines and Minerals (Regulation and Development) Amendment Bill, 1986.

The parent Act of 1957 was amended some time in the year 1971-72. This amendment has been brought forward in this House after 14 years since it was amended last time. I must say that it would be better if we could discuss a comprehensive Bill on our minerals, because, as you know, our country has got vast deposits of various types of minerals like iron-ore, Manganese, copper including gold and other valuable minerals. These minerals cannot generate wealth unless they are located, surveyed and economically exploited. That is why, I feel that it would be better if we could discuss the draft national mineral policy which is under the consideration of the Ministry. This will also could have been brought forward along with that policy so that we could discuss the whole aspect of mineral wealth in the country simultaneously. Unfortunately, that draft national mineral policy has not been brought before the House.

I must thank the hon. Minister that he has brought this legislation which is rather a welcome gesture on the part of the Ministry because there are so many progressive clauses in the Bill which should be welcomed.

We have achieved a spectacular success in exploring the minerals. The objectives of assessment, conservation and exploration of the minerals of the country are vested with various organisations. One is the Geological Survey of India. They undertake the geological survey of the minerals

in order to identify and locate the deposits of minerals. Later, in the year 1972 the Mineral Exploration Corporation was set up to bridge the gap between the visible deposits of minerals and their eventual exploration. There are so many welcome measures in this Bill which has been brought here.

I should confine myself mainly to the environmental and the geological aspect which has been taken into consideration in this Bill. It has been stated in the Bill that while granting licence to a lessee, the mining planning should be submitted by the lessee who wants to get a licence. He has to submit a mining planing to the authority for getting a licence. It is a new and a welcome feature because so much of indiscriminate mining is going on in our country destroying the whole environment and ecology of the country.

In Himachal Pradesh, as you know, the beautiful environment there has been completely destroyed due to indiscriminate mining in that region. It is unfortunate for us that a Bill passed by the Himachal Pradesh Government has been sent to the Union Government for assent of the President but that Bill has been sent back to the State Government for necessary corrections. There were some spelling mistakes in some words in that Bill. In 1983 that Bill was sent back by the Union Government to the Himachal Pradesh Government for necessary corrections but since then three years have passed and no correction has been made. It is reported in the Press that due to the pressure of the mineral lobbies of the Himachal Pradesh, the State Government is not sending back the Bill for assent of the President. how proves how powerful is the mineral lobby in different parts of the country. They are taking all advantages of the lacunae of the law and indiscriminate mining is taking place in different parts of the country.

In the State of Bihar, a lot of indiscriminate mining has taken place in the matter of coal at time of the private ownership of coal-mines. In Jharia town there is a severe

danger of the whole town going down because the entire coal has been taken out there and no earth filling has been done. Recently the Government of India have come out with a scheme to protect the town of Jharia but in the case of Raniganj coalfield, the town of Raniganj is also in danger due to subsidence. There also the Central Government should come forward to help and protect that area.

In clause 5 of the Bill, it has been proposed that foreigners should be allowed to explore minerals of our country if they have got 40 per cent of the equity shares. That means, if 60 per cent of the equity shares are of Indian nationals and 40 per cent of the foreigners, they will be allowed to explore minerals of our country. It is not good that foreigners should be allowed to explore the minerals of our country. According to FERA, the highest ceiling is 40 per cent for the foreigners. So, in the proposed legislation that highest ceiling has been kept. I would like to say that more stringent measures should be taken in the case of foreigners and the Minister may impose more restrictions in the proposed legislation.

We are exporting minerals to different parts of the world. We are exporting iron ore to Japan and other countries also. The quantity of export is increasing day by day. At the end of the decade we will be exporting 40 million tonnes of iron ore to different countries. At the end of the Century it will be 60 million tonnes. We know that we are in need of foreign exchange. But while exporting our minerals we should take into consideration the development of our country also, the requirement of our country also. Only exporting minerals, without taking into consideration the proper planning as to how to use minerals for the future development of the country will cause danger and damage. Only earning of foreign exchange will do nothing.

The point of royalty has been raised by the members from both sides. I am in agreement with Shri Shahabuddin that it should be increased. Under Section 9

[Shri Anil Basu]

the assessment period should have been reduced to three years instead of four years. But nothing tangible would be achieved. The States have been deprived of their share of royalty. It is a very important issue. The Royalty should be assessed on the value of the mineral.

Freight equalisation : Some important minerals are brought under this policy while others are kept outside it. I would like to ask whether he is bringing all minerals of national importance under it. You are imposing it in the case of coal but not in the case of minerals of other national importance. This is hampering the interest of the States in the Eastern Region. With these words I welcome the Bill and I request the hon. Minister to come with a comprehensive Bill after introduction of the proposed national mineral policy.

[*Translation*]

SHRI ARVIND NETAM (Kanker) : Mr. Chairman, Sir, I welcome this Bill. This Bill should have been brought much earlier. Minerals have very important role in the development of the country and fortunately we have large deposits of minerals. We used to exploit 24 minerals before independence, up to the year 1947. We are now exploiting as many as 64 minerals. Take for instance coal. In 1955, we used to produce 39 million tonnes of coal and now we are producing more than 150 million tonnes. The production of iron-ore has increased from 4.7 million tonnes to about 42.2 million tonnes. In this way we can say that we have made tremendous progress in the field of exploiting minerals in the country. It seems that this Bill has been brought particularly keeping in view the environment. It is natural and the hon. Minister has brought this Bill in keeping with the demand of the time. I consider clause 4-A of the Bill as the most-important clause. In this clause the ecology, environment and pollution have been taken care of. It has been provided in the Bill that if violation takes place the lease can be terminated prematurely. Just now shaha-

buddin Sahib and some other hon. Members have said whether the lease is to be given to some Government agency or Corporation after the termination of private party lease. In that case I would like to know whether, in case the corporation or the Government agency violates the condition the termination will be applicable to them also? In the Bill, you have made provision for punishment also. The original Act has a provision for imprisonment for one year with a fine of Rs. 5,000/-. Now the term of the imprisonment has been enhanced to two years with a fine of Rs. 10,000. I think it is insufficient. You have been miser in providing sufficient punishment in the Bill in view of escalating incidence of thefts in the country. With this punishment, the theft is not going to stop. You will have to make the punishment more stringent.

You have indicated that a national mineral exploitation policy will be brought before the House very soon. I would like that this national policy should be brought before the House at the earliest and the aspect of environment should also be borne in mind while framing this policy. Now there is the problem of implementation of the provisions of protection and punishment included in this Bill. How will you implement them because a number of State Governments are involved. Will a separate Committee or body be constituted for proper implementation of the provisions made in the Bill? With these observations I support the Bill and conclude.

PROF. NIRMALA KUMARI SHAKTAWAT (Chittorgarh) : Mr. Chairman, Sir, I support the Mines and Minerals (Regulation and Development) Amendment Bill, 1986 which has been introduced just now and I would also like to congratulate the hon. Minister for bringing for the first time amendment to the Act to improve the environment and save the monuments and to conserve the natural wealth in the country from being destroyed. This Bill will definitely check the unscientific and illegal mining. Minerals play an important role in the development of the country because all the industries and employment are mineral based. The development and

stepping up of the production of minerals are important stages of the development of the country. The Government have moved forward in this direction and I would convey my congratulations for it.

The Bill provide for pre-matur termination of mining in case the conditions are violated This will definitely improve the poor conditions of the environment in the country. Besides, it is a-welcome step that you have included minerals of national importance in the First Schedule. I would also like to welcome the progress made in the process or modernisation of mines.

The land of Rajasthan has vast deposits of different kinds of minerals. Many shortcomings exist in the exploitation of minerals. Particularly I would like to say about my constituency where, in the mining of limestone by Birla Cement Factory, the aspect of environment has been neglected totally. The historical monuments have been damaged. In this connction, I wrote a letter to the Prime Minister as well as to you. But I regret to say that in the reply given to me, you said, while quoting a reference of the Rajasthan Government that no historical monuments have been damaged. I would like to produce facts along with the photographs that Chittorgarh is such a historical place.

Mr. Chairman, Sir, I would like to give that photo to the hon. Minister through you and say that there are monuments of brave men and women at different places in Chittorgarh where they fought wars and shed their blood but your Department is damaging all those monuments. I have got proof in support of my contention and would like to give it to the hon. Minister because you have said in reply to my letter that no monument has been changed there. As an elected representative of that Constituency, I would request you to get the whole situation assessed and see in what way the old historical monuments are being damaged and in what way the rivers are being dug up resulting in soil erosion and floods in the area. It has dislocated the normal life there.

Besides, I would like to say that particularly in Bhilwara and Chittorgarh, illegal mining is taking place on a large scale. Vyasji represents Bhilwara and Begon is such an area in my constituency, Chittorgarh, where illegal mining is taking place on large scale.....(*Interrupnions*) . Vyasji does not undertake mining there.....But there is no check on mining there. What I mean to say is that all the illegal mining is being under at the behest of the officials of the Mining Department. If no check is put on such activities, the whole natural environment will be destroyed and also the Government will lose royalty which they get from that area and whatever improvement you want to bring about there, will not take place. So, there is need to pay attention in this direction. There are 23,000 mines in Rajasthan at present but the contractors there have joined hands to violate the labour laws. Labour laws are flouted there and exploitations of labourers takes place on large scale. They are not given any kind of facilities. As those areas are in the extreme interior where there are no roads and other facilities available and officers of you department and other labour officers cannot reach there. With the result the labourers exploited. This should be checked without delay.

No attention is paid towards mines safety particularly in the areas of Bholpur, Sawai Madhopur, Karoli, Kota and Chittorgarh of Rajasthan. Sir, I have just started speaking..... Besides, you have fixed period in the Bill for renewal of leases. I would like to welcome this step. Ramganj Mandi is such a region in my constituency where there are a large number of limestone mines. Besides, there are dolomite mines also in that region. There the laws pertaining to environment are being flouted grossly. Mines have been dug up, and minerals have piled up there with the result no vegetation is grown and no congenial atmosphere is created. If you order survey for that area, you will come to know how the laws are being flouted. This should be checked. Sir, nothing has been doen for the development of minerals found mainly in Rajasthan.....

[*English*]

MR. CHAIRMAN : Please conclude.

PROF. NIRMALA KUMARI SHAKTAWAT : I want two minutes more.

MR. CHAIRMAN : No, no, I am sorry. Please conclude.

PROF. NIRMALA KUMARI SHAKTAWAT : Within one minute I will conclude.

[*Translation*]

Zinc is found in Agucha and super zinc smelter is proposed to be set up there but nothing has been done in this respect. Similarly, the proposal in regard to Chanderia is on papers till now.

You have not made any provision for rock phosphate. It is available in abundance in Jhaman Kotla near Udaipur but it is not being utilised. Similarly, lignite is also found in abundance in Rajasthan but nothing is being done to exploit it. Therefore, I urge the Government to pay attention towards these areas so that the minerals available there can be exploited. The proposals for the development of minerals available in Rajasthan are on papers only.

[*English*]

MR. CHAIRMAN : Please resume your seat. Dr. Phulrenu Guha to speak.

[*Translation*]

PROF. NIRMALA KUMARI SHAKTAWAT : It may be Super Zinc Smelter or exploitation of rock phosphate in Chanderia and Chittorgarh or it may be fertiliser plant or the Thermal Power you must look into all those things.

[*English*]

MR. CHAIRMAN : Nothing more will go on record. Please resume your seat. Don't waste time.

[*Translation*]

PROF. NIRMALA KUMARI SHAKTAWAT : The Bill introduced in the House is a welcome measures and I support it. With these words I conclude,

SHRI GIRDHARI LAL VYAS (Bhilwara) : Mr. Chairman, Sir, Super Zinc Smelter should be set up at Rampura Agucha.

PROF. NIRMALA KUMARI SHAKTAWAT : Mr. Vyas, you are interrupting me. You should speak on your turn.

SHRI GIRDHARI LAL VYAS : I am not interrupting you, I am addressing the Chair.

[*English*]

DR. PHULRENU GUHA (Contai) : Mr. Chairman, Sir, I compliment the hon. Minister for having brought this comprehensive and progressive Bill. I welcome the Bill and I wholeheartedly support the Bill.

Nature has stored enough wealth in the bed of our country, and the earth. Mineral resources of a country play a very important role in the development of that country. So, we expect that all the minerals which are stored in our country will be explored in course of time and our country will progress. There were 24 minerals which were produced before independence. It is a matter of great satisfaction that in 1986, at the moment, 64 minerals are being produced in our country. It is the oil that has made the Gulf countries very rich. Our country is very rich in minerals and we have not yet been able to explore all the mineral resources that are with us. No doubt, much has been done. But still much more remains to be explored.

As per the existing rule, leases cannot be terminated on the considerations of environment and ecology. Even if the mining operations interfere in the ecological and environmental aspects, the Government has no right or is not empowered so far to

terminate the mineral lease. But after passing the Bill, it can be done and it is a very welcome movement.

We are all aware that mineral industry is one of the very important industries in our country. Three-fourths of the earth surface are ocean where valuable minerals are available under the sea-bed. I am sure, India should try and take necessary action so that these minerals will be taken out soon. By amending section 8 of the Act, the period of mining lease is being reduced. The punishment for those who flout the law has been increased. The period of imprisonment has been increased from one year to two years and the amount of fine from Rs 5000 to Rs. 10,000. I am sorry in this context because the fine mentioned is very small and the period of imprisonment is also not adequate. I suggest that the period of imprisonment may be increased to, if not 5 years, at least 3 years. And Rs. 10,000 is nothing to these big people. The mineral magnates and the mining giants have crores of rupees amassed by exploiting the people of our country and exploiting the workers of the country. I would request that a fine of at least Rs 50,000 should be imposed. If they know that they will be fined Rs. 50,000, and they have to go to the prison, then they will be a little cautious before trying to exploit the people and flout the laws. I would suggest that whenever a person flouts the law, whoever he may be whether he is a rich man or a big man—it does not matter—he should be sent to the prison. Unless we take that attitude, these people will always try to flout the law as they are doing for years. I come from an area where there are magnates of minerals and mining fields. You go and see their houses and see how much they spend. It is a wonder. With that experience I suggest that imprisonment should be there and they should know that there will be no getting away except going to the jail.

The lease period has been reduced from 30 years to 20 years and the renewal period is also reduced to 10 years every year. That is also a very welcome feature. I support it.

I am also very glad that non-citizens should not be given take mining leases. Greater stress should be laid on the aspect of the conservation of the mineral resources.

My last request is through you to the Minister that a long term mineral policy is needed in the country. It is overdue and I would request through you the hon. Minister to come to this House with a long-term mineral policy.

With these words, I support the Bill.

SHRI NARAYAN CHOUBEY (Midnapore): I also, like all my other colleagues, at the outset welcome this Bill. Many things have been spoken. I have very little time at my disposal, So I would only concentrate on 2 or 3 points.

The Bill is good. But it has been brought a bit—not a bit, but too late. Of course, you can say 'better late than never'.

The question of environment of this country is really very precarious. I am sure our hon. Minister has gone through the article which has appeared in the latest INDIA TODAY depicting the conditions of environment in the country. The jungle coverage of today is not more than 10% of the country's soil and the photographs which have been printed there of the Great Himalayas are really devastating photographs. Not a green tree can be seen even on the Himalayas. So it is too late and much damage has already been done to our environment. Anyhow if this Bill can step in and can enforce and these people who exploit mineral resources like a butcher killing the animals should be stopped and I will be thankful if something can be done in that regard.

The mineral resources are generally found in the remote areas of the country, far away from the urban areas and far away from the green belt where we grow crops like paddy, wheat, etc. They are mostly tribal areas and it is tribal wealth. Many of our members including members

[Shri Narayan Choubey]

from the Congress Party have stated that actually in these regions there is no law. Actually what is said in Hindi "JISKI LATHI USKI BAHANS"—it is that which is going on...

PROF. N. G. RANGA (Guntur)
There, Bihar is the worst offender.

SHRI NARAYAN CHOUBEY : The condition is very bad. Labour laws only exist on paper. Labour Officers never visit the area and the poor tribal workers are exploited the maximum. The muscle men of the owners rule the entire area. They are hand-in-glove with the police and the labour officers.

I would like to request both the Hon. Ministers sitting in front of me that as Mahatma Gandhi had Bharat Darshan you kindly see with your own eyes at least some areas of Bihar, Madhya Pradesh, Rajasthan and see what is the reality going on in those areas where mineral resources are located.

[Translation]

I would say that you do not visit us. Whenever you go there, you stay in bungalows and attend reception parties and come back. You accompany me and I shall take you to such localities.

THE MINISTER OF STATE IN THE DEPARTMENT OF MINES (SHRIMATI RAM DULARI SINHA) : You are very well aware that I meet the workers of all the unions. It would have been better if you had said it after studying the facts.

SHRI NARAYAN CHOUBEY : What happen thereafter? The matter ends there.

SHRIMATI RAM DULARI SINHA : Then the work is done in a proper way.

[English]

SHRI NARAYAN CHOUBEY : She is happy that everything is fine and fairplay is going on in the minerals belt. I don't agree with her on this proposition.

Another point I would like to make, which has been made by all my friends, is regarding the royalty. The royalty should not be on the tonnage basis. Our States also should get their due share. Central funds must be enriched—no doubt. But the State funds of Bihar, Orissa, Rajasthan and West Bengal and all other states should also be replenished. I simply am in common voice with them that it should not be on tonnage basis but it should be on the basis of fluctuating price at the pit-head.

Another point that I would like to make is with regard to equalisation of freights, as has been said by my friends. Actually the eastern states of Bihar, West Bengal, Orissa and Assam are suffering from this policy. We are hearing from the Government that they are considering to bring changes so that it can be done on an equal footing with other areas since the last two or three years. I would like to enjoin upon our Minister to move this thing in the Cabinet so that quick decisions can be taken on this.

The last point that I would like to make is regarding some areas in Zharria coal belt. *Didi* knows that they are burning for the last 50-60 years. Because they are owned by the private managers; they do not take care of anything. From 50 to 70 years some of the coal areas are burning. We are losing much coal and there is a great danger in the entire area. Government have recently taken some steps to put out fire in some of the mines. It is a very costly affair. But they have taken steps.

Some of the areas are sinking, because previously the private owners did not observe any rules and regulations regarding how to preserve their mines. They did not fill up gaps with sand. Zharria is sinking, Rani Ganj is sinking. There are big townships and crores and crores of rupees and manufactured goods and assets in these towns have all been sinking. Some people are thinking that the entire Rani Ganj will be shifted to the other side of the Damodar if no action is taken now. So, I would request you to kindly see that Government intervenes in this matter.

With these words I would again welcome this Bill and I hope that since India is a country having resources of minerals of many types in huge quantity, must have a long term programme and policy. I hope our Government will bring forward a Bill in this regard immediately.

SHRI SRIBALLAV PANIGRAHI (Deogarh) : Mr Chairman, Sir, I rise to support this Mines and Minerals (Regulation and Development) Amendment Bill, 1986. It is a good Bill with some welcome features brought forward by way of amendment to this Act.

This Act was last amended in 1972 and meanwhile 14 long years have elapsed with lot of developments having taken place all around. Great strides have been made in the field of mineral development also. New discoveries have been made and the Mineral Advisory Council has also given some valuable suggestions. Further as is understood from the preliminary remarks of the hon. Minister, the state Governments have also been consulted in the matter and as a result of all this the present Bill has been placed before this House for amending this Act.

I congratulate the Government particularly the hon. Minister for Mines for having brought forward this Bill to bring the Act in tune with the fast changing socio-economic situation of the country.

The Bill has several welcome features. It is intended to simplify the procedure, namely, to reduce the period of procedures for the grant of prospecting licences and mining leases. It lays much emphasis on scientific development of our mines and also protection of ecological balance. The seriousness and sincerity of the Government are really reflected in this Bill. This sincerity and seriousness for maintenance of ecological balance and protection of environment is really reflected in this piece of legislation. Again, Sir, for illegal mining and also for violating the provisions in connection with this ecological maintenance even the licence could be cancelled or withdrawn. There are such stringent measures provided in this Bill.

But while appreciating the measures I am constrained to observe also that the Bill is still short of the requirements of the situation. We have done a lot in this field of mineral development but much more remains to be done. Ours is a country which is rich in minerals. Our economic development and the success of our poverty eradication programmes depends on how best we can purposefully exploit this wealth which is in plenty in this country. It is irony of fate that inspite of our being rich in minerals we still remain a poor nation in the world. Now 11 new minerals are going to be added to Schedule I which has certain national importance.

Sir, after 37 years of Independence and also about 35 years of planned development it is a matter of regret that we are yet to have a comprehensive well-thought out national mineral policy at our hand. I would request the hon. Minister to kindly come forward in the national interest with a National Mineral Policy as early as possible. While formulating such a policy, the speeding up of mining activities which are upper most and are of great significance from the point of view of economic development of the country has to be kept in mind and our concern for ecology and environmental protection should also be kept in mind. There has to be a balance between the two and a happy compromise between the two. In the national interest, we have to exploit the mines and have also to preserve our ecology and environments.

Today, the mineral development and mining activities are, more or less, carried out in the private sector. Mostly, we have private mine owners. Why not should we have more and more mining done in the public sector and less and less in the private sector.

Again, what pleasure are we having and what is the compulsion that we are exporting a lot of minerals in the form of raw material? After some time we are importing the finished manufactured goods and in the process we are spending a lot

[Shri Sriballav Panigrahi]

of foreign exchange. There should be a balance in this regard also. There should be less and less exports of raw material which means that we should set up more mineral based industries in the country.

Then, in the new National Mineral Policy, socio-economic justice should be provided for the working class. The miners have to work inside the mines in very hazardous conditions; their health, education, housing and drinking water requirements have to be looked after properly.

The R and D, Research and Development, aspect should also not be lost sight of.

We are Passing this amending Bill, but the question arises who will implement this law with all these amendments. At present, we do not have adequate enforcement machinery. There must be adequate and well-equipped machinery for the proper implementation of the law.

Lastly, I have got another point to deal with. There is a bauxite project coming up in the Gandha Mardan region in Orissa. This has created a very unpleasant situation, and there is an uncertainty prevailing now with regard to this project. There is a peoples' movement being built up against this project, *Gandha Mardan bachao BALCO hatao*. That has become a popular slogan in that area. Narsinghnath which has been selected as the site of the project is a rare beauty spot with an ancient Narsinghnath temple. There is a beautiful stream in the midst of dense forests. It is a religious centre too. People have become apprehensive that the new project will cause damage to it and the environment and ecology of the place. I would request the hon. Minister to send a team of experts from the Centre to make an on-the-spot study of the situation from all angles. If the expert Committee feels that there is no danger to the ecology and environment of the place, then it can be

explained to the people agitating against it. But I am of the opinion that if the project in any causes irreparable damage to the environment and ecology of the place, then better we do not proceed with it. As it seems, a climate of distrust and discontent has been built up in that area and the apprehension and doubts from the minds of the people can be dispelled only after such a study has been made by a team of experts of national repute. In fact, forest, which is the life for the tribal people living in that area will have to be protected also.

When we are giving a lot of importance to the question of environment, how is it that BALCO has started mining in that area without clearance from the Department of Environments? This is a question being asked by the people.

This issue, therefore, needs a very careful approach. With these words, I welcome this Bill and support it.

16.00 hrs.

SHRIMATI JAYANTI PATNAIK (Cuttack) : Sir, the Mines and Minerals (Regulation and Development) Act, 1957 provides for the regulation of mines and the development of minerals. The Act was last amended in 1972 and since then, much has been done in the process of development. India has vast reserves of mineral resources and this Bill has some salient features for the development of minerals. These are very welcome measures.

First of all, we note that this Amendment Bill is brought forward firstly to remove all the bottlenecks and problems so that a speedy development of the mineral industries can take place. This Bill has very effective and development-oriented provisions. There is also a provision for environmental protection and control and prevention of environmental pollution.

In order to speed up the mineral operation, the mining lease will laps if the mining operation does not start within a

specified period. For granting a mining lease, prospecting of an area and preparation of mining plan is made a pre-condition, because this would help us in proper and scientific mining.

16.01 hrs.

[SHRI ZAINUL BASHER *in the Chair*]

There is also another provision dispensing with requirement of the Certificate of Approval, Income-tax clearance certificate, etc. This is very essential because it helps in the simplification of the procedure. A provision has also been made for curbing illegal mining, by making it a cognizable offence with deterrent punishment.

Sir, here I have certain apprehensions. The amendment proposed here should not aim at curbing the authority and jurisdiction of the State Government. You know that the States, are the owners of the minerals and the Central Government should come forward to help the State Government in framing broad guidelines for the development of mineral industry. State Governments are also more conscious about the need for speedy development and you should not generalise on the basis of a few stray incidents where the objectives may have been violated. Some stray incidents might have occurred in some States but that is not the general picture.

Now, I must come to the inclusion of 11 minerals in the First Schedule. Here I must state that dolomite and limestone should not be in the First Schedule. I also do not understand why even bauxite which has a vast reserve of 2,500 million tonnes is included in the First Schedule. The atomic minerals should be included in the First Schedule. But with those new inclusions, the State Government will practically be left with no powers at all, except to grant the leases for sand and clay.

Sub-section (3) of Section (4) (A) says that the State Government has to consult the Central Government in undertaking a

prospecting licence or a mining lease. I would like to know from the Minister whether the State Government is denied the inherent right of prospecting.

I would like to submit that there is a very good provision under Sub-Section (2) of Section 4A which says that in the interest of preservation of natural environment, control of floods, prevention of pollution, etc. there can be a premature termination of a prospecting licence or mining lease with respect to the area, if it is felt necessary to do so. But here also, I would like the Minister to clarify whether the State Government should consult the Central Government. I raise this point because if we go on consulting, it will take a long time, resulting in delays. In Sub-Section (4) of Section 4A, there is of course a provision that the mining lease will lapse, if the operation does not start within one year. Just I want to tell the Minister one thing, i.e. the holder of mining lease cannot start the mining operation unless surface rights are granted to him. That is why a lessee should be given reasonable time and opportunity to clarify why it will lapse and during this period also, he must have invested something.

What will happen to that? Whether the Central Government will come out to help in any respect. That also the Minister should clarify.

Sir, regarding Section 5 (2B).....

SHRI K. C. PANT : In the Clause itself, it is clarified.

SHRIMATI JAYANTI PATNAIK : I could not understand.

Regarding Section 5 (2b) which is about granting of mining lease, here the approved plan is also necessary as a pre-condition. It is necessary to provide this extraction of minerals in a scientific manner which will ensure their optimal recovery and prevention of wastage during

[Shrimati Jayanti Patnaik]

the process of mining. But I may say, it may not be possible nor practicable for all applicants for mining lease to get their mining plan approved by the Central Government. The State Government may be given a broad line how to approve the plans. This also should be made clear.

Section 9 also, some Members have already discussed about the revision of the royalty, and it is seen that the royalty rates have not once even been revised in time. The provision is mere hypothetical. It should be made mandatory that the royalty rates shall be revised every three years.

In Section 13 (qq) it has been said about the rehabilitation of flora and other vegetation such as trees, shrubs, etc., destroyed by reason of any prospecting or mining operations shall be made in the same area. Upto this, it is all right. But after that when it has been returned back to any other area, I can't understand. One would not expect a holder of mining lease to take up rehabilitation of vegetation in an area other than the lease area. The Central Government cannot just have the availability of Government land outside a lease area. It is desirable that the lessee undertakes reclamation and restoration in the lease area itself.

Sir, Sub-Section 2 of Section 17 A says that the State Government has to take the approval of the Central Government for reservation of mineral bearing areas in its territorial jurisdiction for working in the Public Sector. What is the role of the State Government here? This violates the inherent right of the State Governments.

In sub-Section 2 of Section 17A, it has been stated that the State Government shall be liable to pay prospecting fee, royalty, surface rent or dead rent, as the case may be from time to time at the same rate at which it would have been payable under this Act, if such prospecting or mining operations had been undertaken

by a private person under prospecting licence or mining lease. It is really absurd. It is equally absurd to propose that the State Government which is the owner of the mineral shall have to pay royalty and other things to a private person. This amendment is inappropriate.

Section 18 (c), should also include the State Governments for under taking research. Of course illegal mining should be curbed and it should be made a cognizable offence and deterrent measures also should be taken.

I just want to suggest that the Act does not provide for punishment of illegal transportation and storage of minerals. The existing provisions of curbing illegal mining are ineffective and can hardly be enforced as the person who carries out illegal mining will not be waiting to be apprehended on the spot.

So, the minerals which are being carried out illegally and storage of such minerals should be taken as an offence.

These are my suggestions.

[*Translation*]

SHRI SHANTI DHARIWAL (Kota) :
Mr. Chairman, Sir, the mines and minerals Amendment Bill 1986 has been brought after 14 years, but I welcome it and fully support it. The exploitation of all kinds of minerals is very important for boosting the national economy. There are hundreds of unexplored minerals with the country. The Geological Survey of India works at a very slow pace and as a result, many kinds of mineral deposits of our country still remain to be explored. It is causing us loss of revenue and we are not exploit employment potential. Therefore, the survey work should be geared up so that we may come to know about our mineral deposits—and exploit them and thereby increase revenue and employment opportunities. The Mineral Advisory Committee, some other organisation and State Governments have submitted suggestions for the

amendments of this Act particularly regarding pollution. We find maximum pollution in factories and mines and the people residing nearby are affected too much. Therefore, the provision relating to checking of pollution should be strictly followed. Action should be taken speedily against mine lease holders or factory owners who are spreading pollution because delay in action would further increase the pollution. We raise slogans against pollution and enact laws but reality is that villagers put up their houses 10 to 15 Km. away from the mines due to intensive pollution in the area. Therefore, I request that provisions in this regard should be followed strictly.

The first schedule includes 26 minerals of which 11 minerals are of national importance including the lime-stone. I oppose it and the reasons for this have been given by earlier speakers. The lime alone is used as one of the materials in construction of small house and it will create problem. In my constituency, Kota, stone is available which is known as lime-stone. Now the lease holders will have to come to Delhi whereas earlier they could get their cases disposed of in Kota itself. I would like to say that you should reconsider it and make arrangement to open offices near the mines of lime stone itself so that the lease holders are able to complete all the formalities there and need not come to Delhi. If at all you want to keep it in the list of 11 minerals of national importance, you must ensure that there is no need to open a separate register and that the procedure is not lengthy. But I request that lime-stone should be excluded from the 11 listed minerals and the list should contain 10 minerals. Under the proposed amendment the lease holders are required not to cause any damage to the vegetation around mines. I come from Kota and Bundi area and I can show thousands of hactares of land having not even a single tree but the same has been declared as forest area. Mineral wealth of millions of rupees is embedded in this area but now that area cannot be exploited. It is causing loss to the Central Government, to the State Government and also to the unemployed people who want

to start their small mines of sand-stone to earn their livelihood. Therefore, I request that this area should again be surveyed.

Sir, in the end I would like to make one more point. I request the hon. Minister to listen to me patient'y because what I am going to suggest will be beneficial to him, to the Government and to me as well. The Government have declared many areas as forest areas where there is nothing like forest. What to say of the tree, not even a single bush is there. I want that such areas should again be surveyed and be declared as mineral areas. It is good thing that a lease holder who cuts one tree is asked to grow 100 trees as penalty, but areas declared as forest areas should again be surveyed. In the end I would like to dwell briefly on the issue of unauthorised mining because in my area it is going on a large scale. Some people are earning a lot and have become millionaires and billionaires. The mining engineers and other officials are bribed for unlawful mining which is causing heavy loss to the Government. Therefore, I request that Government should pay immediate attention towards this and the persons involved in such unlawful mining operations should be severely dealt with.

I would also like to suggest that an order should be passed to the effect that certain percentage of the royalty received from the mines shall be spent on the development of that mining area only. It should be spent on road construction, providing drinking water facility and other facilities to the workers in that area. The mineral based factories should be set up in mineral belts. Take the case of Agucha in Bhilwara; why do you want to set up factory 100 Km. away from the mine? Think how much additional transportation charges will it involve.

SHRI K. C. PANT : Mr Dhariwal you should not say this thing, when Prof. Nirmala ji is not present in the House.

SHRI SHANTI DHARIWAL : There may be Nirmalaji or Urmila ji I can speak the truth in front of all. I could not understand why you want to set up the

[Shri Shanti Dhariwal]

factory 100 Km. away. It would involve sizeable transportation charges. You take the case of hike in the transportation expenditure in Delhi itself. Earlier the bus fare to Chandni Chowk was Re. one whereas now it is Rs. 2. Similarly the mini buses now charge Rs. 2 instead of Rs. 1. So you can imagine how the transportation expenditure is increasing. Therefore, you should setup that factory in Agucha itself, because this is the demand of the people of Rajasthan and we all want the same. I hope that you will keep these points in mind and take early decision in this regard.

SHRI GIRDHARI LAL VYAS : Now the hon. Minister must pay attention towards Agucha.

[English]

SHRIMATI BASAWARAJESWARI (Bellary) : I rise to support the Mines and Minerals (Regulation and Development) Amendment Bill, 1986. Since the last amendment; many problems have come into existence and the amending bill not only includes 11 more minerals but also provides for the all round development of the nation through the development of these minerals. Apart from agricultur, mineral development plays an important role in this country. It is a good thing and by exploring the minerals we have been not only earning a lot of foreign exchange, but we will be giving more employment to the rural people of this country. Lakhs of people are dependent on this industry and mostly these industries are being set up in the remote corners. Therefore, I want to say on this occasion that mineral exploration plays an important role in this field. In this country there is a lot of mineral wealth. We have coal, we have silver, we have abundant iron ore, manganese, bauxite, diamonds, copper—what not. Including limestone, we are having various types of minerals wealth.

Karnataka is one State where we have different types of minerals. We have two gold mines in my constituency. We have

abundant iron ore, and also manganese ore. So, that being the case, it is very much necessary that the Government should set up industries which would certainly take the raw material and try to produce the end product. Keeping this in view, we have to think of a very scientific manner of developing them.

The Geological Survey of India has undertaken surveys and it has located so many spots; wherever there are minerals in Karnataka, the Geological Survey has undertaken a survey and very recently it has been brought to our notice that lot of gold is there in Kappadiguda and also Vandali mines. Till now work has not started there. I would request the Government—whether it be the State Government or the Central Government—to take it up as a national project, and start development of the mines wherever the surveys have showed the minerals.

The Geological Survey of India is also facing innumerable administrative problems. There is a stagnation in the services, there is a communication gap, there are dozens of vacancies and even though the employees have been working for the last ten years, there is no regularisation of their service at all now, and so on and so fourth, there are many problems.

This Geological Survey has taken up an aerial survey with the help of the National Geophysical Research and the National Remote Sensing Agency, from 1981 to 1985. All the valuable and geological data are being stored on a magnetic tape. If it is not used, the whole thing gets destroyed, after some time. Therefore, I would like to ask the hon. Minister why it has been stored like that. Why should it not be made use of? The survey and the data collected by the Geological Survey of India should be put to use. The GSI had also purchased an aircraft for working along with a computer, worth about Rs. 8 crores. What is the use made by the survey so far? What for was the aircraft purchased? I would like to know from the hon. Minister what kind

of work has been entrusted to this G.S. after purchasing this aircraft worth Rs 8 crores ?

As I have already stated, in my constituency we have abundant iron ore, manganese ore, taking that into consideration our late Prime Minister Shrimati Indira Gandhi had laid a foundation stone to set up a steel plant at Vijayanagar. But till now we do not find any progress and I am very sorry to state that it has not been included in the Seventh Five Year Plan also. The state Government and the hon. MPs from Karnataka are pressing every now and then for the setting up of Vijayanagaram Steel Plant at Hospet. But very recently I have been given a reply that Government has allotted during the Seventh Plan Rs. 10 crores for the setting up of steel plants including Vijayanagaram Steel Plant, which they say, is very insufficient to start the work. In addition, they have stated that they are going to start one sponge iron plant with the assistance of KSIIDC and SIIL of 1.5 tonne capacity in the Hospet range. But the hon. Minister says will that it is too early to say as to when a final decision will be taken by the Government in the matter since the decision can only be taken subsequent to establishment of a satisfactory coal linkage. So, I request the hon. Minister to accept it as an alternative to Vijayanagaram Steel Plant so that this plant can be started as early as possible.

NMDC is exploiting so much ore in my constituency. But there are a number of problems of the labourers working there relating to amenities, facilities, recreation, etc. Most of the labourers have come from all over the country and they are staying in a remote corner. They have got their own problems. But we are not aware about their problems. I would like to suggest that an advisory committee to look after the amenities and facilities of these labourers, be set up whenever there are mineral mines. In this committee, legislators and MPs of the area may also be included so that we will be knowing their day to day problems.

It has become very economical to export polish stones to Japan. Pink stones, black stones and granite stones are being exported to Japan. Private agencies are very much engaged in this trade. But there are a number of scandals which are going on. Therefore, I would request the hon. Minister to have a scientific approach for building up this industry so that polishing of the stones may be taken here itself instead of sending them to Japan. It certainly incurs a lot of expenditure if you do not polish. Simultaneously polishing should be done before we export these stones. In this way, we will be getting more money through export of these stones. So, this approach may be considered whenever we think of exporting such stones.

As hon. Members are stated, manufacture of lime should be excluded from the 11th Item of the First Schedule. Abundant of limestone is available throughout the country. Many cement plants are coming up in Karnataka. We have lot of limestone in Bhima series, Krishna series in Gulbarga District and Bijapur Distt. The World Bank is giving assistance for the construction of upper-Krishna project. When a team of World Bank officers came they saw the ore lying there and they remarked that this ore is laughing at you people because you are not utilising it. They remarked that it is lying like heaps of hills. Such being the case, Government should come forward to set up as many industries as possible in that area. This will not only improve the economy of the State and the country but this will provide employment to lakhs and lakhs of people who are mainly settled in rural area.

SHRI RAM SINGH YADAV (Alwar) :
Mr. Chairman, Sir, I rise to support the Mines and Minerals (Regulation and Development) Amendment Bill, 1986.

The Bill provides that there should be a regulation so far as the licensing concerns and affects the ecology and environment of a particular region. It also provides that the State Government is not exclusively authorised as regards the items which are enumerated in the First

[Shri Ram Singh Yadav]

Schedule. It also provides for the enhancement in the punishment and penalty. In the existing law it was provided that the State Governments should frame the rules under section 15 but that was ambiguous till now. But now the areas have been specified in relation to which the rules have to be framed by the State Governments.

There are some of the provisions to which I request the hon. Minister that he should give a reconsideration. My first point is that he was enumerated limestone in the First Schedule. Limestone, as a matter of fact, concerns the common man—the farmer, the labour, the men in the village. So far as the construction of houses in the villages is concerned, limestone is much used by those people. Now you are providing that the licence for the limestone will be given only when there is the prior approval of the Union Government. As a matter of fact, this provision should be bifurcated. In respect of those mines where the area of limestone is larger, the deposits are larger, licences may be given to the lessees after having the approval of the Government of India. But in general cases you have taken out the limestone from the purview of the State Governments and it is now exclusively in the hands of the Union Government. It causes embarrassment to the people who are living in the countryside, in the villages. I feel that the hon. Minister Shri Pant is a very practical man. He comes from a village and he knows how much difficulty it will create in the normal practical life of the common man who is living in the village.

Secondly, I will suggest that we are acting in consonance with the principles of the Constitution of India. We are imposing the ceiling as regards the agricultural holdings, as regards the urban properties. So, it is expected that the man of a dynamic nature and character and ideology like him should introduce the ceiling in the matter of licensing of mines also.

SHRI K. C. PANT : It is there.

SHRI RAM SINGH YADAV : You have limited it, Sir, but not to that extent which we expected. You have limited only to ten kilometres. We say that there are 23 States and some Centrally administered Union Territories also. So, one can have 20 or even 30 licences.

SHRI K. C. PANT : It will not be so much for one State. For the whole country it has been limited.

SHRI RAM SINGH YADAV : So, my submission is as regards the licensing policy, I am happy to know about the ceiling which is in the mind of the hon. Minister, and it should be implemented strictly by the State Governments as well as by the Government of India.

In this Bill you have substituted section 5 with a new section and in the proposed new section there is clause (2) which reads as follows :

“(2) No mining lease shall be granted by the state Government unless it is satisfied that-

- (a) there is evidence to show that the area for which the lease is applied for has been prospected earlier and the existence of mineral contents therein has been established ;

provided that nothing in this clause shall apply to any area if such area has already been prospected by a Department or an agency of the Government and the existence of mineral contents therein has been established :”

Now, as a matter of fact, ours is a developing country. It should not be limited to the Government agency or corporation only. But it should be left to the person because the licensee is taking licence at his own risk. Why should he

not be allowed? He comes and says-for five years, ten years, twenty years, the maximum period, he shall get survey from Geological Survey of India at his instance, at his own risk. You are entitled for royalty and the revenues concerning the minerals. I shall suggest the hon. Minister that this provision should also be added. If he feels that particular mineral is available there and he has got knowledge of it and he can get survey at his own instance and expense, that should be allowed.

SHRI K. C. PANT : It is there in the Section.

SHRI RAM SINGH YADAV : It is not clear in Sub-Section 2.

SHRI K. C. PANT : It is clear. You read it later on.

SHRI RAM SINGH YADAV : There are some copper mines in Alwar. This is known as Dariba Copper Project. The contents of copper in that copper ore are proportionately better than Khetri Copper Mine. Although Khetri Copper Mine is larger in operation and the iron ore is much more, but as regards Alwar Dariba Mine, the copper is very rich and the local authority and the people of Alwar area have requested you to invest more and expand that project because much more deposits are available there.

As far as I know concerning that area, in the Jaipur District about 60 to 80 kms. from Dariba Ore, ore is detected by the Geological Survey of India. But proper mining has not been started there. I would request that this copper deposit in Jaipur District should be explored and copper mine at Khodariba, District Alwar, should be expanded. It was to develop in phases. But after the first phase you have not developed it. I request the hon. Minister to have site inspection. You went to Alwar when you were Education Minister. But as Mines Minister you have not visited Khodariba. Alwar, I extend you invitation to visit that area. You will be able to see the difficulties which are there.

The people who are working there, are working as casual labour. They are to face a lot of difficulties. They have to go underground and some time they take risk. Some of them have been working for the last three to four years. They cannot go anywhere. The persons who are doing hazardous work in Copper and other mines, they should be made permanent. My submission is that this provision should be made.

The hon Minister might have come across the fraudulent transactions in the Khetri Project and they are of lakhs and lakhs of rupees. Such things in the public undertakings cannot be tolerated. Action should be taken against them. Precaution should be taken so that such things should not occur.

The persons who are operating in the mines in Alwar District want that these leases and royalties should be of much more period. Previously, it was 20. Initially it was 20 + 20. Now you have reduced it to 20 + 10 + 10. So far as State minerals are concerned, I think this provision should be as provided in the act initially.

With these words I support the Bill and I hope hon. Minister will consider my suggestions also.

MR CHAIRMAN : Now, the hon Minister.

(Interruptions)

MR CHAIRMAN : 2 hours have been allotted. Time is over. We have exceeded the time.

SHRI SHANTARAM NAIK (Panaji) : Sir, it is a very important bill. We should be allowed to speak. We are waiting for years together and today we are not allowed to speak.

MR CHAIRMAN : Now, the hon. Minister.

[*Translation*]

SHRI SHANTARAM NAIK (Panaji) :
My name was also there (*Interruptions*)

SHRI P. NAMGYAL : I have also
not been given my chance. It is not
proper.

[*English*]

THE MINISTER OF STEEL AND
MINES (SHRI K. C. PANT) : Mr.
Chairman, Sir, I am grateful to the hon
Members who have participated in this
debate. There are certain hon Members
who could not participate in it, while I
cannot give them chance to speak here,
I would welcome them and I would like
to hear their views and take advantage of
their views.

SHRI SHANTARAM NAIK : We
should have been given time to speak
because this is an important Bill.

SHRI K. C. PANT : It is not up to
me. I would like to benefit by whatever
suggestions you may like to offer. Sir,
the debate has been very constructive and
every member who has spoken has
welcomed the Bill. They have pin-pointed
the progressive measures in the Bill and
many of them did make very good sugges-
tions. I cannot possibly reply to all the
suggestions of state my reactions to each
one of them, because, it will take far
too long. I assure them that we shall try
to benefit from these suggestions. Some
of the suggestions have been so good that
I would have been tempted to accept
even some amendments but this Bill has
been passed already by the Rajya Sabha.
Any amendment accepted at this stage
means sending it back to the Rajya
Sabha. The session is coming to an end.
So, this, I don't think would be right.
We should pass this Bill. We have reached
a stage where it is better to Pass this Bill.
Parliament can, in its wisdom, always
take another look at it later. I do not
also reject out of hand all the suggestions
that have been made. I may not be able

to accept them now but I will go into them
and I will see that any advantage that we
can take from these suggestions is, in fact,
taken.

Many hon. friends have already stressed
on the crucial role that mining industry
plays in the economic development of the
country. There is no doubt that in today's
world any country which has minerals is
in a better position to industrialise, in a
batter position to build up its wealth, in
a batter position to export; and generally
speaking, mineral wealth plays a part in
developing the sinews of industry and the
economy of the country. This is well-
known. It is also well-known that we in
this country have fairly widespread
occurrence of mineral wealth. We are not
self-sufficient in all respects. We are
surplusin some minerals. There are other
minerals which more or less suffice and
we are short of certain minerals. We have
developed some of the minerals in the
from of industrial products. We have
processed them. We have set up industries.
Many hon Members have made the point
that we should try to set up industries
near the location of the minerals. This is
perhaps generally true and generally
correct, but there are many considerations
for the location of industries. This is one
important consideration, but it is not the
exclusive consideration. As some hon.
Members pointed out, minerals of one
State are used in another State. In that
case on has to see to the interests of both
the States and that is the advantage of
being in a country where Commerce is
completely free between the various parts
of this country and so, location can take
into account the situation of the
minerals as well as other advantages
offered by any particular industrial site.

There was a reference by Dr. phulrenu
Guha to see-bed mining and I would
like to assure her that we are keeping
that in mind and that our experts are
developing their capacity in that area also.
There was a reference by Shri Basu to the
gold deposite in this country. He said
we have plenty of gold. Actually I wish
we did have. But we do not have that

much of gold and the gold reserve we have in the Kolar Gold Fields is generally coming to an end. So, this I just mention in passing.

There was a reference to the need to step up the rate of exploration of minerals in the country. I agree with that and I think that there is a programme with the GSI and the NSCL to step up their programmes and most of the States also want to step up their programmes with their own Directorates in Geology and Mining. But the problem of course is that if you want to step up the rate of drilling, if you want to have more of aerial survey, whatever you want to do you need resources and therefore, there is a limit beyond which you cannot step up the pace of exploration and you have to prioritise, you have to set priorities as to how best to use the resources and that is what the country is now engaged in and we are trying to put more effort in those areas where the country is deficient in some important minerals. For instance, we do not have enough of copper ore of the right grade. Just now there was a reference to it by Mr. Yadav, but the fact is that we do not have enough of copper ore which is rich enough or as rich as is used in other countries these days and a metal like Tungsten—we do not have enough of the ore of tungsten. I could give you other instances, but there are some areas where we have to put in special effort. Fortunately we have plentiful ores of importance to industry like iron ore or bauxite. We do have plenty of bauxite and we have large reserves of bauxite on the east coast, and we have found good zinc ore.

Two or three hon. Members referred to one of the important projects in the field of zinc and lead. They referred to Agucha mines where the smelter should be located. This is not the time for me to get into that controversy, actually I have given the Government's decision in that matter on the floor of the House earlier. Today I will not go into that, but the fact is that we have found zinc ore, which is richer than the ore we use today and which we exploit today to manufacture zinc and

therefore, that can become a good project and now the Government has decided to have a detailed project report prepared on the basis of which investment decisions can be taken. That is the position of that project and so I would like to request the hon. Members who are interested in that project to withhold their fire for some time while the detailed project report is prepared. So far as aluminium is concerned, I only went to say that the NALCO project in Orissa is nearing completion. And once that project has gone into production, we shall have a surplus of aluminium in this country, at least for some years. And we shall have a surplus of alumina and we may well have to find markets for alumina. Now, this is a happy piece of news which I would like to give to this House.

In regard to copper, we have found it in Malajkhand in Madhya Pradesh a very large copper deposit, which is also being developed. What is important is also to take note of the fact that there are certain minerals which are needed to produce metals which are important from the defence or the strategic point of view. As I said earlier, there are some minerals which are in short supply, taking a long range view of our needs. So, we have to have a policy which takes both these factors into account. So, we have to have a policy for the depletion of minerals, how fast we exploit them. I say this because, when we look into the whole matter of how to exploit our minerals and take a fragmented view, then each State may want to exploit minerals very fast. Obviously there are advantages in terms of employment, in terms of economic growth and, as has been pointed out by many hon. Members, our mineral wealth is so scattered that much of it is in remote areas, in tribal areas, in the midst of forest and so on. And, therefore, there is also the additional incentive to develop the backward areas. And yet because it is a depleting resource, it is necessary to keep in mind the long-term needs of the country and to keep in mind, the strategic needs of the country and to decide, "All right, although we appear to have large

[Shri K. C. Pant]

reserves, how much can we exploit, how much should we exploit per year, over how many years should we think". And while doing so, our research and development people must inform us as to the latest discoveries and latest trends in the world in the field of new materials. It is because we may have large reserves in certain minerals, we may sit on them and we may not want to export them. We may want to convert them as value added, as has been suggested and one may find tomorrow that there is a substitute material which has been produced by some country and gradually that begins to substitute this material which today we do not produce sufficiently, nor do we export the minerals from which it can be produced. One has got to keep in mind the dynamics of the results of research and development work that is going on all over the world. Therefore, the material sciences have to be kept in view. And I say this because, it is obvious that we should as far as possible export not the materials but the products. We should have value added products. That is obvious. And yet, we need the foreign exchange on the one hand and, therefore, we cannot take a simplistic view of this. And secondly, as I said, we have to keep in mind the fact that if tomorrow this material is substituted by something else which is cheaper, then we will not be able to make full use of our mineral resources.

So, I would like to agree with those Members who emphasised the need for a national mineral policy which would bring out all these factors and you will be glad to know that the draft on the national mineral policy has been prepared and has been circulated for inviting the views of the State Governments and the Central Ministries and Departments. Now, this document we have also circulated to the Members of the Consultative Committee of our Ministry and we had a discussion in the meeting of the Consultative Committee. (*Interruptions*) We will gladly circulate it to all. Because there is a forum for discussion and we have promised the Members that

we would have a discussion based on that draft document. But, seeing the interest in the House, I am encouraged and I think I will now send it to every Member...

AN HON. MEMBER : It is so nice of you.

SHRI K.C. PANT : I do not want to go into the framework of that policy. I think it is much better that you read it and then, if necessary, we can discuss it. But obviously, it is necessary to take into account the need for co-ordination between the Centre and the States and among the different States themselves. It is not just the Centre and the States—and I would like to underline this point. There has to be co-ordination between the various States also. I do not want to give examples because I do not want to create bad blood between the States. But there are examples where one State has certain minerals which are used by other States and there are difficulties on that account. So there has to be co-ordination.

Mrs Patnaik referred to the role of the States. She is put in a delicate position if I over-emphasize the role of the Centre. But I am not really replying to her. It is a general point which many have made. I would only like to state that both the Centre and the States have a role which has been clearly specified and Parliament also has a certain role which is very clearly specified and it is under the powers given to the Parliament under the Constitution that we have the Act which we are amending today. This Act itself is a product of these powers. The States have obviously powers and in fact, normally, it is the States which have the powers in the matter of development of minerals except those which are included in the First Schedule and the First Schedule has been discussed here. Then, in respect of the minerals in the First Schedule, only the prior approval of the Central Government is required before a prospecting licence and a mining lease can be granted. That is what the First Schedule really means. So the State Governments have complete powers in the matter of granting

of prospecting licences and mining leases and ensuring the compliance of the various conditions which are imposed in the lease deed. They have a basic role to play in the regulation of mines and minerals development.

Now, the role of the Central Government is what I have broadly referred to earlier—to look at the whole economy, what are the mineral requirements and how to ensure that there is availability of the minerals required for the growth of the economy and for the development of the economy and that there should be a certain uniformity of approach in regard to mineral development. I will come to Shri Ayyapu Reddy's point later. But this is an obligation cast on the Centre—to have a total look at the whole country and to have a total look at the development of the mineral wealth of the country and that is where the conservation and scientific development of these mineral resources becomes important. The other aspects—survey and exploration which I referred to, conservation and beneficiation which Syed Shahabuddin referred to—these are responsibilities which are today shared by the Central Government. The State Governments, to course, are completely free to develop all these capacities and capabilities as much as they can. The Centre welcomes it. But the Centre has taken upon itself some responsibilities which it is discharging. These are generally known to my friends here who have already referred to various institutions in this field and I can assure my hon friends that in all these areas, viz., field of exploration, etc., etc., there is close co-operation and co-ordination between the Centre and the States and there has been absolutely no difficulty in this regard. These are professional bodies and they approach the whole problem in a professional way. The Mineral Advisory Council and the State Ministers' Conference are two of the institutional arrangements through which this coordination is brought about between the Centre and the State. But apart from that, there are contacts at various levels. In any case we do not do anything in a hurry or unilaterally. So, no unnecessary problems are created.

17.00 hrs.

[MR. DEPUTY SPEAKER *in the Chair*]

There was some reference by Mr. Patnaik as to why consultation has been provided for with the Central Government when the State Government obtains a lease. Well, the State Government normally does not take a lease for itself; but if it takes a lease for itself then it consults the Central Govt. That is a limited area of the proposal that has been made and I think that there should be no objection to that.

There was another suggestion, I forget now who made it, about the possession and storage of illegal minerals being made punishable. This is a suggestion that has come to us very recently. We propose to discuss it at the Mineral Advisory Council meeting I have also taken note of the fact that many Hon. Members feel that the punishment prescribed for illegal mining, although it has been enhanced, has not been enhanced enough. This is another matter which we shall go into.

Almost half the members who spoke—I cannot say exactly how many members—referred to the question of royalty. The question of royalty is one in which all the States are naturally interested. As was pointed out by Mr. Ayyapu Reddy some years ago when royalty was charged there was no cess or no minerals tax charged by the States. That was the position in the beginning. But the existing provision is that no enhancement of royalty will take place within a period of four years. I may point out that according to this provision, reduction can take place. But this is the present provision.

AN HON. MEMBER : Reduction is there.

SHRI K. C. PANT : The position is clear. You read the provision. With cess and mineral tax coming in, there is an automatic increase in most cases of the cess or the mineral tax also. To go back

[Shri K. C. Pant]

into the background, royalty was charged at *ad valorem* rates prior to 1968 in the case of many minerals. *Ad valorem* rates have an in-built system of indexation with the price level which is the point made by Mr. Shahabuddin. This was given up as it was leading to a lot of litigation and administrative problems. The last study group had again considered the question of basing the royalty on an *ad valorem* basis but the State Governments were not in favour of reverting to this system.

In fixing the rates of royalty the price level is certainly one consideration. But there are other considerations and I think that they will have to be taken into account while fixing the royalty. One is the development of the mineral itself. Second is the development of the mineral based industry. Then there is the question of exports. All these factors have to be taken into account. Some friends said why do you export at a low price.

Now we cannot control international prices. So sometimes you may have to export at a loss. What does one do about royalties etc. in that case? So, I think there are so many consideration that come into play and, I think, that all of them will have to be taken into account in determining the royalty.

Mr. Ayyapu Reddy raised the point about the concept of mineral rights tax and cess. Whether it is different or same as royalty. I am not a lawyer and I would not like to comment on this. From a layman's point of view the two are different. The minerals rights tax is different and royalty is different. But this is a subject which will have to be looked into separately. I have found-as he himself also said-that some of these matters are *sub judice*. The issues relating to the minerals rights tax and cess have been raised sometimes by trade and industry. The State Governments hold the view that they have the right to impose these taxes whereas there is divergence in the opinion expressed by the High Courts

SHRI E. AYYAPU REDDY : I draw your attention to Item 50 in List II which says that subject to limitations imposed by Parliament the States can exercise their right to tax minerals. Parliament is supreme. It can say that apart from royalty the states are not entitled to impose any additional tax otherwise each individual State will go on taxing and the entire schedule of royalty will become a mockery. So it is for Parliament to make it clear whether it has uniformity of royalty or it gives freedom to the individual States to tax on every item which is available to them.

SHRI K. C. PANT : That is the point which I was making. The Madras High Court has upheld the levy of cess. The Madhya Pradesh High Court held the view that the State Government did not have any power in this matter. I am not disputing what you have quoted from the Constitution but the two High Courts have interpreted it differently. Basically we have to ensure that whatever view we take does not come in the development of minerals.

Sir. I listened to Mr. Ayyapu Reddy very carefully and I find myself in sympathy with his broad approach so far as uniformity is concerned. I think it is a good thing if one could come to an understanding with the states over this matter. In fact, I had discussions with the State Chief Ministers. It is in the interest of the country that we regard minerals as one of the basic materials that go into the entire economic and industrial structure. So, if we want to keep the price of that structure lower and keep the cost lower then along with other basic materials we ought to keep the prices and costs of the minerals also lower. Now I mentioned to you aluminium. Suppose on bauxite mineral the tax goes up; royalty goes up, cess goes up ultimately the cost of power will go up and the cost of aluminium will go up. Most of the States spend so much on their rural electrification schemes and then they will find it very difficult to increase the rate of power particularly in the rural areas. All of us know this. So

ultimately what happens is that the State loses a lot of revenue in these areas. Is it not better to keep the price of aluminium lower if we can and thereby have a lower cost and lower price economy? The same applies to iron, the same applies to copper as also to zinc. Today our copper and zinc are, I think, almost double the price of the international level. We have to take a total view. I am not suggesting that the royalty alone is responsible for high prices. That is wrong. One has got to take a balanced view of it. One has got to see that this is an important source of revenue for the States. Therefore, I will never ignore the States' point of view, but we have got to take all these factors into account before taking a view on royalty. I would very much welcome a national debate on this question. I would very much welcome the reaction of States in this matter, because by raising the prices of basic materials, they invite the consequence of higher finished material prices. Ultimately they get something in one pocket and through the other pocket, they pay up much more. We have, therefore, to take a national view. I am glad that this question has been raised with some clarity and force and I hope this will be the beginning of a serious debate on this question.

The question of export was raised. I do not want to take the time of the House. I have already dealt with that matter and I would only like to request you to consider the present foreign exchange situation and the need to keep up our exports. There are some problems which all of us are aware of and, therefore, we should not lightly make a suggestion to reduce the export of any ore.

I have taken note of the various points made by hon. friends with regard to premature termination of leases and in particular the universal welcome to the provision to protect the environment and the ecology. Everybody has welcomed it. I thank the hon. Members for this support and I think, it is important we implement these provisions...

SHRI AZIZ QURESHI : What about giving protection to the historical monuments being destroyed by the mining of Birlas as referred to by an hon. lady Member of the House? She mentioned that the Chittorgarh monuments are being destroyed and the ecological balance is being disturbed by the mining of Birlas in that territory. This is not the solitary example. Same is the case in my parliamentary constituency Satna in Madhya Pradesh. Wherever Birlas enter, it becomes their empire. There are no rules, no regulations of the State or the Central Government binding on them. I think, even the authority of God ceases to exist. I would like the hon. Minister to enlighten the House what action he is going to take against Birlas.

SHRI K. C. PANT : Whosoever it is, the law must operate. My hon. friend has been a Minister in the State Government. Therefore, he knows that the law must prevail.....(*Interruptions*).

The real point is that we have got to take note of the fact that in many places, environmental degradation has taken place. It is a fact that in many areas, today mining is taking place in a manner which does create pollution and hazards. There is the safety question also. So many aspects have been touched in the debate. I do not brush aside comments made by my hon. friends. Certainly each of these cases must be gone into, whether mentioned by the lady Member or other hon. Members. One has to take steps under the law and any step that is required must be taken.

SHRI SYED SHAHABUDDIN (Kishanganj) : What about conditions to be placed on fresh leases in order to protect the environments?

SHRI K. C. PANT : Kindly wait. It may be while I am replying, I may cover some of your points.

Some doubt has been raised about not removing the causes for which the leases were terminated in so far as the Government companies are concerned.

[Shri K. C. Pant]

That is perhaps for too pessimistic a view. Government will certainly expect its own companies to adhere to the letter of the law. Secondly so far as one suggestion that we must correct all the defects before we go on giving the lease to the Government in concerned, I would like to tell that there may be no defect as such, but the manner of mining is such that it leads to environmental degradations floods or soil erosion and so on. There are various causes given. If the manner of mining is improved, that itself is adequate. Therefore, this is a matter which has been gone into and I think that we can expect that the environmental aspect would receive full protection.

In fact, the example that I would like to give in that context is that of Neyveli. In Neyveli the land is restored along with vegetation. That is the kind of thing that we have to do in future also and in other places as well.

SHRI VISHNU MODI (Ajmer) : Hindustan Copper Limited, which is a public sector enterprise, has received a notice from the State Government because they are polluting the whole atmosphere... (Interruptions)

SHRI K.C. PANT : In fact you are saying that Government is very alert, because they have served a notice even to a public sector company. What can be better than that? This is the proof to what I am saying. The only point which may create some difficulties is that because of our keenness to protect our environment, in some areas the mineral development may be slowed down. This is a fact. I would request the hon. House that in this matter we must take a balanced view and because of the background and the history of the environmental destruction, perhaps at this moment, we should not be too harsh, if the weight fall in favour of protection of environment. I think that we have got to take a balanced view of the matter and the Government is certainly interested in the development of minerals

and at the same time, Government is also equally interested in the protection of environment and there are provisions in this Bill which take care of this aspect.

SHRI SRIBALLAV PANIGRAHI : Sir, in this context I raised the problem pertaining to Gandhardan...

SHRI K. C. PANT : I have met several Members of Parliament from your State in this regard and they have discussed the issue with me. They have suggested that an Expert Committee should be sent there as suggested by Shri Panigrahi today. This is a suggestion which I am considering very seriously. I have not rejected it, and I think that he can draw some hope from that. I am trying to see whether we can get some good people so that I can constitute this Committee to be sent there. If he has any suggestions, without too much of a bias, I am prepared to consider them.

Then the question of limestone is raised. I would like to say that perhaps there is some misunderstanding in this matter. The intention clearly is to leave out limestone used for building material, but to include limestone used in steel industry, chemical industry, cement industry and so on. In the definition of minor minerals if you see Section 3 (e) of the main Act, building stones have been declared as minor minerals and the Section further provides that the Central Government may declare by notification, any mineral as a minor mineral. In case there is any doubt, we can still issue a notification in this regard. We do not want to come in the way of limestone being used as building blocks because there are areas in Rajasthan where nothing else is available. This is used as building block. If you have any difficulty in this regard, we will issue a notification. But I do not think there should be any difficulty. Shri Shahbuddin raised a very valid point. He said that beneficiation and general concentration of minerals should be near the mining site. This is broadly accepted. In respect of Copper, this is done. In respect of Zinc it is done. In fact it is a

concentrate which is sent to the centres in different areas. But in case of iron ore which he mentioned, it is little different. Beneficiation of iron ore in our country is not yet widely prevalent and in any case it is confined to some washing.

AN HON. MEMBER : What about sponge iron ?

SHRI K. C. PANT : Sponge iron requires coal and gas. Therefore, you have two raw materials.

AN HON. MEMBER ; What about Zinc ?

SHRI K. C. PANT : In respect of Zinc, I have a quarrel on my hands. What can I do? Some experts have gone into this and either I accept the experts' decision or if my hon. friends can agree, then let me have a look at it. But there is no possibility of agreement. When there is no agreement, then it is only the experts' view. There is no other way out.

The other point which Mr. Shahbuddin made and which has already been answered by Pandeyji was that NECL is included in that provision. But he has got the answer. NECL is 100 per cent Government of India concern and therefore, it should be there. I think that more or less takes care of most of the points made, except Mr. Modi's. He referred to the requirement of Mining plan. He said that the Central Government wants to take over the area of authority of the State Government and so on and nothing can be farther from our minds. But we have got to take note of the fact that it is not only in respect of major mines that a mining plan is necessary. There are accidents. There is pollution problem. Then there is the question, whether, you want to encourage scientific mining or not. You have got so many small mines where problems are created. You have *Bajri* mines where you have deaths every now and then. It is near Delhi, where this kind of thing is happening. These are the stone quar. It

is suggested that they should not have a mining plan. Therefore the suggestion for a mining plan being applicable to mines is one of the basic pillars for encouraging scientific mining in this country. I think there should be dilution of this problem.

SHRI VISHNU MODI : The mining plan is already in the Act. Mining plan, surveys, geological map and all these things are already in the Act. Without that nobody can work. Now the mining plan does not mention this.

SHRI K. C. PANT : The difference is that, it will be necessary to have a mining plan before somebody is given a mining lease. That is the difference.

SHRI VISHNU MODI : Now it is necessary and nobody can operate without a plan. It is already there in the Act.

SHRI K. C. PANT : He will not get a mining lease.

SHRI VISHNU MODI : He will not get a mining lease.

SHRI K. C. PANT : That is what I am saying.

SHRI VISHNU MODI : It is only in the Act. It is not being enforced by the people or the authorities. That difficulty will be there also. But my submission was that in respect of minerals which are not included in the Schedule A, the State is fully authorised to grant the lease. But in respect of minerals which are not on Schedule A, it has to come to the Government of India to get the mining plan approved. So you say that, that mining plan will be approved by the State Government only.

SHRI K. C. PANT : I explained the position. There does not seem to be too much of difference between us. You are accepting this theory. You only feel that the State Government should do it. At least you have come half towards me. In due course, I will drag you towards the rest.

[Shri K. C. Pant]

I think I have dealt with most of the points that were made. Of course, I have so many other points, but they will take too much of time. I have taken note of the fact that many of the points made by my hon friends are also subject matters of amendments which they have tabled. While dealing with the amendments, I shall try to answer some of the points, as I go along.

Mr. Anil Basu, what were you saying ?

SHRI ANIL BASU : What about freight equalization ?

SHRI K. C. PANT : About freight equalization, I can easily say that this point does not arise from this particular Bill. But since two hon. Members chose to refer to it, all I can say is that, that is a separate matter, on which Government has taken a decision in principle to do away with freight equalization on iron and steel. But in view of the fact that so many other State Governments—other than my hon. friend's and Bihar—have written to us, and Chief Ministers have written to us advocating the opposite point of view, we have decided to phase it out, and to carefully go into the timing of it, so as to create the least dislocation in States which are far away from the integrated steel plants. I think the hon. Member will support this broad approach, because this freight equalization scheme in respect of iron and steel has been in operation for 30 years. So much of investment has been made on the basis of this freight equalization scheme in all these other States. So, today if we suddenly remove it, it will certainly create difficulties for these people. So, one has to approach this question with a measure of caution. although in principle, as I said Government has taken a decision.

With these words, I commend this Bill to the House for consideration.

MR. DEPUTY SPEAKER : The question is :

"That the Bill further to amend the Mines and Minerals (Regulation and Development) Act, 1957, as passed by Rajya Sabha, be taken into consideration."

The Motion was adopted.

MR. DEPUTY SPEAKER : The House will now take up clause-by-clause consideration of the Bill. Now Clause 2.

The question is :

"That Clause 2 stand part of the Bill."

The Motion was adopted.

Clause 2 was added to the Bill.

Clause 3—(Substitution of new section for section (A))

MR. DEPUTY SPEAKER : Now Clause 3. Mr D. B. Patil, are you moving ?

SHRI D. B. PATIL : Yes; I am moving Nos 4 and 5. I am not moving No. 6. I beg to move :

Page 2, line 43—

for "as it may think fit."

Substitute "on condition that the reason for which the premature termination of a prospecting licence or mining lease was made, has been made, has been properly rectified."(4)

Page 3, lines 18 and 19,—

omit "or retrospective"(5)

MR. DEPUTY SPEAKER : Mr. Shantaram Naik, are you moving ?

SHRI SHANTARAM NAIK : Yes, Sir. I beg to move :

Page 2,—

after lines 43, *insert*—

"Provided further that if any prospecting licence or mining lease has been terminated under sub-section (1) or sub-section (2) on grounds of either preservation of natural environment, control of floods, prevention of pollution, for avoiding danger to public health or communications, for ensuring safety of buildings, monuments or other structures or on grounds of conservation of mineral resources, no prospecting licence or mining lease with respect to the concerned area shall be granted to any person including a Government company or corporation owned or controlled by Government" (13)

Page 2,—line 46—

add at the end—

"by an authority consisting of District Judge" (14)

MR. DEPUTY SPEAKER : Mr. Ayyapu Reddy, are you moving ?

SHRI E. AYYAPU REDDY : Yes. I beg to move :

Page 2,—

after line. 46, insert—

"Provided that where the prospecting licence or mining lease is terminated under sub clauses (1) and (2) and where the State Government makes any grant of a prospecting licence or a mining lease in favour of a Government company or a Corporation, owned and controlled by Government, it shall pay to the holder of the licence or lease such compensation as may be determined by a District Judge having jurisdiction over the mining area for any loss incurred by the holder of a licence or lease as the case may be by such premature termination." (17)

MR. DEPUTY SPEAKER : Now Mr. D. B. Patil

SHRI D. B. PATIL (Rolaha) : It is proposed that the prospective licence or mining lease can be terminated prematurely on certain grounds. The grounds are :

".. preservation of natural environment, control of floods, prevention of pollution, or to avoid danger to public health or communications or to ensure safety of buildings, monuments or other structures..."

This is a very good thing. For certain reasons, Government is taking some powers. The Government has provided that after the termination of a prospecting licence or mining lease, it can grant the prospecting licence or mining lease in favour of a Government company or corporation. While giving such a licence or lease, care should be taken. It has not been provided that the reasons for which it had been terminated, should be rectified. I have suggested that until and unless the reasons for which the prospecting licence or mining lease was terminated were removed, such a mining lease should not be allowed.

MR. DEPUTY SPEAKER : Now Mr. Shantaram Naik.

SHRI SHANTARAM NAIK : On this point, you will see that most of us on this side have made the same point, viz that when a lease is terminated on grounds of pollution etc., it should not be given to Government also, because the law applies to it also. As he said just now, it depends on the manner in which the mining is made. Rightly so. If the manner is wrong, there can still be pollution. If the manner is right, there need not be pollution. But you have not stated it here. If the manner was regulated while giving a fresh lease, it can be understood. Suppose this is challenged in a court of law. How can you say that the Government's manner will be good ? How can you say that ? They may then say that you have not included it. Therefore, I have suggested this amendment ;

[Shri Shantaram Naik]

"Provided further that if any prospecting licence or mining lease has been terminated under sub-section (1) or sub-section (2) on grounds of either preservation of natural environment, control of floods, prevention of pollution, for avoiding danger to public health or communications, for ensuring safety of buildings, monuments or other structures or on grounds of conservation of mineral resources, no prospecting licence or mining lease with respect to the concerned area shall be granted to any person including a Government company or corporation owned or controlled by Government."

SHRI E. AYYAPU REDDY : My amendment is as follows :

"Provided that where the prospecting licence or mining lease is terminated under sub clause (1) and (2) and where the State Government makes any grant of a prospecting licence or a mining lease in favour of a Government company or a Corporation, owned and controlled by Government, it shall pay to the holder of the licence or lease such compensation as may be determined by a District Judge having jurisdiction over the mining area for any loss incurred by the holder of a licence or lease as the case may be by such premature termination."

Of course, my predecessor has stated where you have terminated it on account of ecology and environment, then it does not stand to reasons to grant it again to a government company, but where you grant it to a government company, the previous holder must be compensated for genuine loss suffered by him. Otherwise, what will happen is that if X has invested and developed a mine the State Government terminates it prematurely; then it grants it to itself, that is, to the company. Where a person has invested and developed it on the ground of ecology or environment, it is open to the State Government to cancel it depriving that man the fruits of

his industry and investment and then to say that he shall not be entitled to any compensation will be futile. Therefore, my amendment must be accepted.

SHRI K.C. PANT : Dealing with Mr. E. Ayyapu Reddy's amendment first, this will come into operation, the provision for premature termination of the lease only in case certain aspects are not looked after, that is when it comes into play and he has a right to be heard before the action is taken. So, right of hearing before premature termination is the safety clause in this particular provision. In fact, it was not there; now it is there. So, I think, because of acts of omission or commission on the part of a lease certain things happen which he cannot explain to the concerned authority and as a result of that there is a premature termination. There is really no case for compensation in that respect.

So far as the other two amendments are concerned they are fairly close to each other, and as I said earlier, the question of rectification may not be necessary at all, rectification may be necessary, in case something is done. Suppose mining is being done in a certain way that can be taken care of by the government company without any physical rectification before hand and there may be cases; I don't say that in every case the government company must be given licence; there may be cases where you find certain causes for the premature termination of lease which cannot be taken care or rectified even by a government company, and in those cases government company would not be given lease. Therefore, it is not automatic. It cannot be accepted.

MR. DEPUTY SPEAKER : If the House agrees I shall put all the amendments moved to clause 3 to the vote of the House.

SHRI SHANTARAM NAIK : I want to withdraw my amendments.

MR. DEPUTY SPEAKER : Has Mr. Shantaram Naik leave of the House to withdraw his amendments ?

SEVERAL HON. MEMBERS : Yes.

Amendments Nos. 13 and 14 were, by
leave withdrawn

MR. DEPUTY SPEAKER : If the House agrees I shall put rest of the amendments to the vote of the House.

Amendments Nos. 4, 5 and 17 were
put and negatived

MR. DEPUTY SPEAKER : The question is :

"That Clause 3 stand part of the Bill."

The motion was adopted.

Clause 3 was adopted the Bill.

(Clause 4—(Substitution of new
section for section 5)

SHRI SYED SHAHABUDDIN : I beg to move :

Page 3, line 27,—

after "Indian noational" insert—

"and holds an Income Tax Clearance Certificate in the prescribed form from the Income Tax Officer concerned." (1)

SHRI E. AYYAPU REDDY (Kurnool) : I beg to move :

Page 4, line 3,—

omit "there is evidence to show that" (18)

Page 4, lines 10 to 12,—

for "by the Central Government for the development of mineral deposits in the area concerned"

substitute—

"as may be prescribed" (19)

SHRI VISHNU MODI (Ajmer) : I beg to move :

Page 4,—

after line 12, insert,—

"Provided that this provision shall not apply to the mines not specified in the First Schedule." (28)

SHRI SYED SHAHABUDDIN (Kishanganj) : As I said earlier, I have nothing more to add. For some inexplicable reason the Income-Tax Clearance certificate requirement is being dropped by this amending Bill. My amendment proposes to restore the position as it existed in the original Act.

SHRI E. AYYAPU REDDY (Kurnool) : I am only trying to get the words "there is evidence to show that" omitted, and also to substitute the words, "as may be prescribed" instead of "by the Central Government for the development of minerals deposits in the area concerned" because, just as you my learned friend previously stated, even for a minor mineral deposit, to get a plan approved by the Central Government it will be very difficult. Therefore, instead of having that clause, I want it to be substituted by the words "as may be prescribed". You may not know, what type of mining is required by the Central Government plans and what type of mining lease is required by the State Government plans. You should have that flexibility and manoeuvrability reserved in your rule making power, do not make it rigid, do not insist upon a Central Government plan or any other plan, for every mining lease. Because, you yourself will be inviting a flood of applications and that will be too difficult for you to deal with also. Therefore, I have introduced this clause or amendment, so that you can reserve them, thus making it suitable in the rule making power.

MR. DEPUTY-SPEAKER : Shri Vishnu Modi.

SHRI VISHNU MODI (Ajmer) : Mr. Deputy-Speaker, Sir. my amendment reads :

"Provided that this provision shall not apply to the mines not specified in the First Schedule."

[Shri Vishnu Modi]

[*Translation*]

The hon. Minister has prepared a very good mining plan and I personally agree with it. The State Governments are authorised to exploit the minerals not listed in the First Schedule. All States are demanding more autonomy and more powers. So in view of it, it would be better to authorise state to prepare and approve the mining plans for minerals not listed in First Schedule.

[*English*]

SHRI K. C. PANT : Sir, as for as Shri Shahabuddin's amendment is concerned, there was a committee on controls and subsidies which had recommended that the provision regarding the income clearance may be dispensed with, as has been done in regard to grant of import export licences under the import trade control orders, and it is on this recommendation that the proposed amendment has been drawn up. But this is not the end of the matter. In the rules we will be providing for an affidavit to be furnished and in that affidavit he will have to declare that he has paid the tax and so on and so fourth. So, that provision will be incorporated in the rules to take care of the problem.

So far as Mr. Ayyapu Reddy's two amendments are concerned, he was spoken about only one of them, not the other—let me also confine to the one. Amendment No. 19 about which he was talking.

I fully appreciate his point that centralisation of the scrutiny of the mining plans would create a tremendous burden for the Central Government. He has suggested a provision in the rules. We will make some provision in the rules. But what we are thinking is that the IBM should be entrusted with this task and it should use all its decentralised field officers to carry on the scrutiny and exercise the power granting approval of the mining plan. This would be a practical way of approaching this problem and the other point which was made in the course of the debate was that

we do not have sufficient number of experts to prepare such mining plans. So, we are thinking of a provision or rather of a practical measure, of persons having qualifications in mining and engineering or geology and adequate experience should be given necessary authorisation for preparing a mining plan so that no difficulty is faced by an ordinary entrepreneurs. This—you will appreciate—will also ultimately create a number of jobs to a number of geologists and all those who are having degrees in mining. Today they are finding it difficult to get jobs. This will provide an opening to them.

So far as Shri Modi's amendment is concerned, I have already replied to it, because, I think, on the question of safety or environment or slaughter mining, the record of small mines near Delhi is known. And that should be enough reason for a mine plan for every single mining operation in the country.

SHRI SYED SHAHABUDDIN : I seek leave of the House to withdraw my amendment number 1.

MR. DEPUTY-SPEAKER : Has Syed Shahabuddin leave of the House to withdraw his amendment ?

SEVERAL HON. MEMBERS : Yes.

Amendment No. 1 was, by leave, withdrawn

SHRI E. AYYAPU REDDY : I seek leave of the House to withdraw my amendments Nos. 18 and 19.

MR. DEPUTY-SPEAKER : Has Mr. E. Ayyapu Reddy leave of the House to withdraw his amendments ?

SEVERAL HON. MEMBERS : Yes.

Amendments Nos. 18 and 19, were, by leave, withdrawn

SHRI VISHNU MODI : I seek leave of the House to withdraw my amendment number 28.

MR. DEPUTY-SPEAKER : Has Mr. Vishnu Modi leave of the House to withdraw his amendment ?

SEVERAL HON. MEMBERS : Yes.

Amendment No. 28 was, by leave,
withdrawn

MR. DEPUTY-SPEAKER : The question is :

"The clause 4 stand part of the Bill."

The motion was adopted.

Clause 4 was added to the Bill.

Clauses 5 and 6 were added to the Bill.

Clause 7—(Amendment of section 8)

SHRI D. B. PATIL : I beg to move :
Page 4,—

after line 34, insert—

"Provided further that the terms and conditions of the lease shall be reviewed in favour of the State Government at the time of each renewal." (7)

SHRI SHANTARAM NAIK : I beg to move :

Page 4, line 30,—

for "twenty years" substitute
"twenty five years" (15)

Page 4, line 32,—

for "ten years" substitute "fifteen years" (16)

SHRI E. AYYAPU REDDY : I beg to move :

Page 4,—

after line 35, insert—

"Provided further that where the Central Government does not want to give its prior approval for a renewal of mining lease, it shall give the holders of a mining lease a reasonable opportunity of being heard". (20)

SHRI VISHNU MODI : I beg to move :

Page 4,—

(i) line 30,—

for "twenty" substitute
"forty"

(ii) line 32,—

for "ten" substitute "twenty"
(29)

SHRI D. B. PATIL : I have suggested in my amendment that while renewing the lease, the terms and conditions should not be the same. But the renewal should be done on such terms and conditions which are in favour of the Government.

SHRI SHANTARAM NAIK : When a lot of provisions have been made for termination of leases and so many Acts have been cited, I think, there was no need for reducing the period. I have suggested that instead of 20 years, it should be 25 years and for renewal period instead of 10 years it should be 15 years.

SHRI E. AYYAPU REDDY : What I have suggested in my amendment is the basic principle of natural justice. Even without hearing the holder of the mining lease, you withhold your prior approval, the net result will be that he will not be entitled to get renewal even from the State Government. And if no opportunity is given to these persons for being heard for getting renewal, certainly every High Court in exercise of its power under Article 226, will again direct that he should be given an opportunity of being heard. Therefore, this amendment is obvious and it may be accepted.

[*Translation*]

SHRI VISHNU MODI (Ajmer) : Mr. Deputy Speaker, Sir, there is no reason to reduce the renewal period from 20 years to 10 years in respect of the mineral based industries on lease which has industrialisation based on mineral exploitation. My amendment is only this that on expiry of lease of mineral based industries, the renewal period should be remain 20 years as it was earlier.

[*English*]

SHRI K. C. PANT : So far as Shri Patil's amendment is concerned, every time there is a renewal of the lease, then it is really the execution of a fresh lease and it is assumed that the State Government will look after its own interest. I think it is not necessary to make this provision.

So far as Shri Naik's amendment is concerned, he wanted to increase the period from 20 years to 25 years and from 10 years to 15 years. That is a considerable increase in the period. I deal with the amendment of Shri Modi and that will deal with the number of years. His amendment is that it should be forty instead of twenty, and twenty instead of ten which means 40+20+20, that is, eighty years.

SHRI VISHNU MODI : That I am not pressing. I am only pressing what I have mentioned.

SHRI K. C. PANT : You are pressing an amendment which you have not tabled. But the fact of the matter is that forty years is a long enough period and there is provision for extension in case it is necessary.

PROF. N. G. RANGA (Guntur) : It is already too long a period—forty years. So many things may be happening.

SHRI K. C. PANT : So, Prof. Ranga is not even in favour of forty. You will be very wish to accept forty before he gets up.

So far as Shri Reddy's amendment is concerned; there is force in that and when we amend the rules we will give due consideration to his suggestion.

SHRI E. AYYAPU REDDY : Then I withdraw my amendment.

SHRI SHANTARAM NAIK : I am not pressing.

SHRI D. B. PATIL : In view of the expression given by the Minister in regard to my amendment, I beg for leave of the House to withdraw my amendment.

MR. DEPUTY SPEAKER : Have the hon. Members Shri D. B. Patil, Shri Shantaram Naik, Shri Ayyapu Reddy and Shri Vishnu Modi leave of the House to withdraw their amendments ?

SEVERAL HON. MEMBERS : Yes.

Amendments No. 7, 15, 16, 20 and 29 were, by leave, withdrawn.

MR. DEPUTY SPEAKER : The question is :

That Clause 7 stand part of the Bill."

The motion was adopted.

Clause 7 was added to the Bill.

Clause 8 (Amendment of Section 9)

SHRI SYED SHAHABUDDIN : Sir, I beg to move :

Page 4,—

for clause 8, substitute—

'8. In section 9 of the Principal Act, for the proviso it sub-section (3); the following proviso shall be substituted, namely :-

"Provided that the Central Government shall review the rate of royalty in respect of minerals specified in the First Schedule,

every three years, taking into account their average market value ex-minehead during the preceding period." (2)

SHRI E. AYYAPU REDDY : Sir, I beg to move :

Page 4, —

after line 37, insert—

(ii) after the existing proviso the following proviso shall be inserted namely:-

"provided further that the royalty fixed under section 9, shall be deemed to be taxes on mineral rights and no State Government shall be entitled to impose any tax on mineral rights other than the royalty payable to it. Provided further the Central Government by amending the Second Schedule so as to enhance or reduce the rate at which the royalty shall be payable in respect of any mineral, shall consult the State Government and also consider the representations, if any ; submitted on behalf of holders of mining leases." (21)

SHRI SYED SHAHABUDDIN : Mr. Deputy Speaker, Sir, I have pointed out the basic lacuna in the principal Act that it does not provide any rational or scientific basis for the determination of royalty. The Minister has spoken of the national minerals policy and he has invited a national debate on the subject. I hope that the national mineral policy shall institute what I have called a rational basis for the royalty system. I was rather surprised to hear the hon. Minister that some States at some stage had opposed the idea of a royalty to be determined *ad valorem*. I hope that Bihar was not one of them. But there is one point that I want to take up with the hon. Minister. He mentioned the levy of minerals tax and cess as if it was a cause of the rigid

attitude about royalty. In fact, he has placed the cart before the horse. I think because of the rigid rule that the royalty be determined on tonnage basis various States have been forced to augment their resources by the levy of minerals tax and cess I would like to draw the hon. Minister's attention to this fact that at one stage where the total annual value of the minerals was computed at about Rs 2,000 crores, the States' share by way of royalty come to only about Rs. 15 to Rs. 25 crores. I am sure, he will agree with me that on this per tonnage basis the States are not receiving a due deal and that is why I have suggested that the royalty system should be completely revamped and should be computed on an *ad valorem* basis.

SHRI E. AYYAPU REDDY : Sir, the hon. Minister, while replying to the debate on the First Reading, has stated that this matter require consideration and that he will also consult the State Governments. The clause itself imposes an obligation on Parliament to determine and decide to what extent the States must be allowed to tax on mineral rights. My only anxiety is that the Union Government has to take a decision on this aspect before it is too late. When individual States begin to levy minerals tax and when they taste the resultant income, there will be a division between the mineral-rich States and non-mineral-rich States. Then it will be too late and too difficult for the Central Government or for this Parliament to come forward and control this right which according to item 50 in List 2 imposes a duty on Parliament to say very clearly to what extent the State Governments are entitled to legislate on mineral tax. I, therefore, request the hon. Minister to take decision as soon as possible and not to delay the matter.

SHRI K. C. PANT : Shri Shahabuddin's amendment, as it is worded, refers to the minerals specified in the First Schedule only, and not to the other minerals and if it is accepted then the other minerals should be royalty free. I do not think that that is his intention. That would go counter to the entire force of his arguments.

[Shri K. C. Pant]

So far as Shri Ayyapu Reddy's amendment is concerned, we have discussed this matter earlier. I have given my views and I might tell him that while I agree with him, the time alone is not going to solve the problem. It may well make it complicated. But it is no longer a clean slate. As he knows already cesses have been levied by the States and the net impact is uneven in the country. Now we are not writing on the clean slate. Had it been a clean slate, it would have been easier for me to deal with it straight way. To-day it has become a little complicated because already cesses and mineral taxes have been levied by the various States.

SHRI E AYYAPU REDDY : I would like to withdraw my amendment.

MR. DEPUTY SPEAKER : Has the hon. Member the leave of the House to withdraw his amendment ?

SEVERAL HON. MEMBERS : Yes.

Amendment No. 21 was by leave.
withdrawn.

SHRI SYED SHAHABUDDIN : I do not withdraw my amendment.

MR. DEPUTY SPEAKER : I put amendment moved by Shri Syed Shahabuddin to the vote of the House.

Amendment No. 2 was put and
negatived.

MR. DEPUTY SPEAKER : The question is :

"That Clause 8 stand part of the Bill."

The motion was adopted.

Clause 8 was added to the Bill.

MR. DEPUTY SPEAKER : Now, clause a. The question is :

"That Clause 9 stand part of the Bill."

The motion was adopted.

Clause 9 was added to the Bill.

Clause 10 (Amendment of section II)

SHRI D. B. PATIL : I beg to move :
Page 4, line 44

for "undertaken" substitute "completed". (8)

Here preferential treatment is sought to be given to any prospecting licensee who has been given prospecting licence and while giving mining licence deed, it has been provided and some conditions are laid down namely :

Provided that the State Government is satisfied that the licensee,

(a) has undertaken prospecting operations to establish mineral resources in such land ;

Instead of "undertaken", I have suggested "completed." Simply starting prospecting operations will not be of any use. Instead of starting prospecting operations, I have suggested the preferential treatment may be given to the licensee if he has completed the prospecting operations.

SHRI K. C. PANT : This would make it very rigid. There is a provision for furnishing a mining plan and so undertaking prospecting and establishing of the mineral must take him far enough to be able to prepare a mining plan and that should take care of the intention of my hon. friend.

MR. DEPUTY-SPEAKER : I put amendment moved by Shri D. B. Patil to the vote of the House.

Amendment No. 8 was put and negatived.

MR. DEPUTY-SPEAKER : The question is :

"That clause 10 stand part of the Bill."

The motion was adopted.

Clause 10 was added to the Bill

Clause 11—(Amendment of section 13)

SHRI SHANTARAM NAIK : I beg to move :

"Page 5, line 18,—

for "and the like" substitute—

"and the other natural environment" (3)

SHRI D. B. PATIL : I beg to move :

Page 5,—

after line 23, insert—

"(qr) the manner in which precaution shall be taken to prevent or control land degradation, landslides and soil erosion;

(qs) the manner in which precaution shall be taken to prevent or control water pollution likely to be caused by creation of acidity due to mining, drainage of mines, toxic pollutants from the mines;

(qt) the manner in which hydrological changes shall be regulated;

(qu) the manner in which precaution shall be taken to prevent or control air pollution because of dust and gases;

(qv) the manner in which precaution shall be taken to prevent or control noise pollution;

(qw) the manner in which precaution shall be taken to prevent damage to wild and aquatic life;

(qx) the manner in which side effects of sociological changes shall be remedied; and

(qy) the manner in which aesthetic pollution (adverse effect on beauty of nature) shall be prevented or controlled; (9)

SHRI SHANTARAM NAIK : As a consequence of the amendments that you have brought, naturally Section with respect to the Rules has to be amended and here it is clearly stated—

"the manner in which rehabilitation of flora and other vegetation such as trees, shrubs and the like..." Here for words "and the like" I am using here the specific words which is a beneficiary, saying that "and the other national environment".

If any natural environment is destroyed on account of mining operations, rules have to be framed for that purpose. You just consider whether the words "and the like" is better or the words "and the other natural environment" is better. The note is prepared by some official. You kindly apply your mind and I request you to accept it.

SHRI D. B. PATIL : Mining operations and prospecting operations many a time have adverse effects on the environment. In these operations, the environmental ecology is disturbed. The Government has suggested rehabilitation of flora and other vegetations such as trees, shrubs, etc. I have suggested as follows :—

"The manner in which precaution shall be taken to prevent or control land degradation, landslides and soil erosion."

"The manner in which precaution shall be taken to prevent or control water pollution likely to be caused by

[Shri D. B. Patil]

creation of acidity due to mining, drainage of mines, toxic pollutants from the mines."

"The manner in which hydrological changes shall be regulated.

—that includes underground water currents also.

"The manner in which precaution shall be taken to prevent or control air pollution because of dust and gases."

"The manner in which precaution shall be taken to prevent or control noise pollution."

"The manner in which precaution shall be taken to prevent damage to wild and aquatic life."

"The manner in which side effects of sociological changes shall be remedied," and

"The manner in which aesthetic pollution (adverse effect on beauty of nature) shall be prevented or controlled."

Taking into consideration all these points, I hope that my amendment will be accepted by the hon. Minister.

SHRI K. C. PANT : I assure Shri Naik that I have gone into all these amendments personally. I have applied my mind to them. This is not the only place which provides for protection of the environment. If you look at Section 18 of the Act, you will find that provision is made in the rule-making power. I will read that out to you.

"The Central Government shall have the power to frame rules as follows :

The manner in which and the authority by which directions may be issued to the owners of any mine to do or

refrain from doing certain things in the interest of conservation or systematic development of mines or for the protection of environment by preventing or controlling pollution which may be caused by prospecting or mining operations."

It is very wide. It covers Mr. Patil's point totally. I appreciate the spirit behind his amendment and the effort he has put in. He has really made a statement which does not call for any kind of argument. But it is covered already.

MR. DEPUTY SPEAKER : Are the hon. Members withdrawing their amendments ?

SHRI SHANTARAM NAIK : I would like to withdraw the amendment.

SHRI D. B. PATIL : I also would like to withdraw the amendment.

MR. DEPUTY SPEAKER : Have the hon. Members the leave of the House to withdraw their amendments ?

SEVERAL HON. MEMBERS : Yes.

Amendments Nos. 3 and 9 were, by leave, withdrawn

MR. DEPUTY SPEAKER : The question is :

"That Clause 11 stand part of the Bill."

The motion was adopted.

Clause 11 was added to the Bill.

Clauses 12 and 13 were added to the Bill.

Clause 14—(Insertion of new section 17A)

MR. DEPUTY SPEAKER : Clause 14. Now amendment to be moved. Shri Chinta Mohan.

DR. CHINTA MOHAN : I am satisfied by the statement the hon. Minister has made. I do not move my amendment No. 27 to Clause 14.

MR. DEPUTY SPEAKER : All right. Mr. D.B. Patil, are you moving ?

SHRI D. B. PATIL : Yes. I move my amendment to Clause 14. I beg to move :

Page 7, lines 21,—

for "same rate" substitute
"nominal rate" (10)

Page 7, lines 21 to 24,—

omit "at which it would have been payable under this Act if such prospecting or mining operations had been undertaken by a private person under prospecting licence or mining lease" (11)

Page 7,—

after line 24, insert—

"Provided that if the income from the land on which prospecting or mining operations are undertaken, is the only means of livelihood of the private person, then reasonable compensation shall be given to him." (12)

MR. DEPUTY SPEAKER : If you want to speak, you may do so.

SHRI D. B. PATIL : It has been provided that in any area in which the minerals vest in a private person, such private person shall be entitled to receive prospecting fee, royalty, surface rent etc. I don't agree with the proposal of the Government because the land belongs to the Government and not to the private person. He is simply an occupier having certain rights of sale and mortgage. According to me he should not be entitled to compensation for these minerals. He should be entitled to receive nominal rent and so this factor should be taken into consideration. The minerals in the land do not belong to the private person. So I request that the Government should take this fact into consideration. Again I have suggested that compensation, if it is to be given should be nominal and if the mining

is done on the land owned by a private person and if he is deprived of his means of livelihood, then certain compensation should be given to him.

SHRI K. C. PANT : Sir, there would not be many such cases, but in case the rights of certain minerals vest in private parties, then the whole purpose of subsection (3) of the proposed Section 17 A which is meant to take the rights of such private parties is defeated. Therefore, the same rate is better than a nominal rate.

SHRI D. B. PATIL : The right to minerals should not belong to a private party.

SHRI K. C. PANT : Yes.

SHRI D. B. PATIL : That is why I have suggested this.

SHRI K. C. PANT : I am told that there are some cases. That is why I asked about Goa where certain other complications are there with respect to the Portuguese having given certain mineral rights etc. So, there are, I am told, certain cases. This much enquiry I did make : Are there any such cases ? I am told there are some cases which are covered by this.

SHRI D. B. PATIL : Sir, I am pressing my amendments.

MR. DEPUTY-SPEAKER : I shall now put the amendments moved by Shri D. B. Patil to the vote of the House.

*Amendments Nos. 10 to 12 were put
and negatived*

MR. DEPUTY-SPEAKER : I shall now put clause 14 to the vote of the House.

The question is :

"That clause 14 stand part of the Bill".

The motion was adopted

Clause 14 was added to the Bill

MR. DEPUTY-SPEAKER : Clause 15.
The question is :

"That clause 15 stand part of the
Bill."

The motion was adopted

Clause 15 was added to the Bill

MR. DEPUTY-SPEAKER : Now,
Clause 16. Mr. Ayyapu Reddy is not
present. I shall now put clause 16 to the
vote of the House.

The question is :

"That clause 16 stand part of the
Bill."

The motion was adopted

Clause 16 was added to the Bill

MR. DEPUTY-SPEAKER : Clause 17.
Now, Mr. Ayyapu Reddy is not present.

The question is :

"That clause 17 stand part of
the Bill."

The motion was adopted.

Clause 17 was added to the Bill.

MR. DEPUTY-SPEAKER : Clause 18.
Mr. Ayyapu Reddy is not here.

The question is :

"That clause 18 stand part of the
Bill."

The motion was adopted

Clause 18 was added to the Bill

MR. DEPUTY-SPEAKER : Clause 1,
the Enacting Formula and the Title. The
question is :

"That Clause 1, the Enacting
Formulla and the Title stand part
of the Bill."

The motion was adopted

*Clause 1, the Enacting Formula and
the Title were added to the Bill*

SHRI K. C. PANT : Sir, I move :

"That the Bill be passed."

MR. DEPUTY-SPEAKER : The
question is :

"That the Bill be passed."

The motion was adopted

MR. DEPUTY-SPEAKER : The House
stands adjourned to reassemble tomorrow
at 11 A. M.

18.04 hrs,

*The Lok Sabha then adjourned till
Eleven of the Clock on Thursday,
August 14, 1986/Sravana 23, 1908
(Saka).*