

- (7) Some rules on prospecting licenses and mining leases have been relaxed. Specifically, prospecting licenses can be granted for three years (increased from two years). Mining leases are granted for a minimum of 20 years, and a maximum of 30 years, with the possibility of renewals for 20 years if approved. Finally, work on a lease must begin within two years, not one year as was the case previously.

Mining Legislation and How It Works

For legislative and administrative purposes, mining in India is divided into four categories: coal, atomic minerals, major metallic and non-metallic minerals, and others (the "minor" minerals). The States have independent authority over minor minerals: Central government legislation applies to the rest.

Development of coal and atomic minerals remain restricted to the Indian public sector. Therefore, this section will focus on the large section of the industry that has been opened to foreign investment: namely the metallic and non-metallic minerals.

The structure of mining legislation is quite straightforward. The overriding Act is the Mines and Minerals (Regulation and Development) Act, 1957 (as amended in January 1994). Pursuant to this Act are two sets of regulations, the Mineral Concession Rules, 1960 (as amended to January 1994) and the Mineral Conservation and Development Rules, 1988 (as amended to January 1994). These laws are the responsibility of the Ministry of Mines of the Government of India, and its subsidiary organizations, the Indian Bureau of Mines and the Geological Survey of India. Most administration is delegated to the States.

The relevant environmental legislation is the Environment (Protection) Act, 1986, Acts for the prevention of Water and Air Pollution, and the Forest (Conservation) Act, 1980, as amended to 1988. Administration falls under the Ministry of Environment and Forests. These Acts are discussed separately elsewhere in this report (refer to Section G).

Labour and mine safety issues are government by the Mines Act, 1952 and related regulations. This Act prescribes the role of the Chief Inspectors of Mines, as well as general working conditions, such as hours of work and minimum wages (refer to Section I).

Key requirements of major Indian mining legislation are summarized in Figure 3. Exploration cannot proceed without a prospecting license, and if commercial quantities of minerals are found, a mining lease is required. For both prospecting and development, operating plans are required, and for the 11 minerals noted above, these plans must be approved by the Central government. The overall objective of the prospecting and mining plans are to ensure that mineral development proceeds in a professional manner, consistent with mineral policy, environmental, and social objectives. Production, not profit or revenue based, royalties are payable to State governments.