APPENDIX - I

Department of Mines and Geology was established in the year 1887. Upto 1951 the functions of both Geological Survey and Inspectorate of Mines were carried out by the Department of Mines and Geological Survey. In 1951 with the Federal financial integration the Hyderabad Geological Survey was merged with the Geological Survey of India and the safety aspect of the mines became apart of the functions of the Director General of Mines Safety, Dhanbad.

Processing of applications for mineral concessions and detailed survey of some of the mineral bearing areas remained the functions of the Department of Mines and Geology. After the formation of Andhra Pradesh, the functions of processing the applications for mineral concessions and grant of quarry leases were transferred to the revenue department. The Department of Mines and Geology was looking after the technical aspects and advising the government on the desirability of grant of areas for exploitation in the public sector under the industrial policy resolution. The technical officers of the Department visit the mines to study the workings.

Permit system:

During the year 1975, permit system was introduced. This was to avoid accumulation of arrears of mineral
revenue. Under the permit system it is obligatory for the mine owners to pay royalty etc, in advance and obtain permits from the district officers before transporting minerals from the leased areas. The main purpose of introduction of this system was to avoid accumulation of arrears of mineral revenue, and help detection of illicit mining and transportation of minerals.

Reorganisation of department:

In 1976-77, the government sanctioned the scheme of reorganisation of the department. The entire mineral regulatory work for both major and minor minerals was transferred from revenue department to this department.

The Assistant Directors of Mines and Geology are in charge of the District Offices and they inspect the Mines and Quarries, check accounts of despatches of minerals and payment of royalties and issue permits for transport of mineral. Besides, they process the applications for mineral concessions.

The Deputy Directors are in charge of Regional Offices. They have jurisdiction over the respective regions and supervise the work of the Assistant Directors and also work of prospecting being carried out in the regions.
Both the Deputy Directors and Assistant Directors are assisted by in Assistant Geologists, Royalty Inspectors, Technical Assistants and Inspectors in field work and in assessments of mineral revenue. In the year 1980 the Dy. Directors were made the authority to grant quarry leases for minor minerals under APMMMC rules, 1966.

Mines and Minerals (Regulation & Development) Act 1967 of 1957 was passed in the public interest providing for the regulation of mines and for the development of minerals. The Act extends for the whole of India. Mineral concession either of mining lease or prospecting licence are granted in accordance with the MC rules, 1960 framed under MM (R&D) Act, 1957 Section 15(1) of MM(R&D) Act empowers the state government to make rules for regulation and grant of quarry lease in respect of minor minerals. The State Government, accordingly, have framed rules for the grant of quarry lease for minor minerals in accordance with the APMMMC Rules, 1966.

Royalty:

The holder of mining lease and prospecting licences will have to pay royalty for the minerals removed from the leased area as per second schedule prescribed under section 9 of the MMRD 1957 which shall not be enhanced in
in respect of any mineral more than once during any period of 4 years. The rates of royalties are indicated in Schedule II of the MMR&D Act, 1957. The Central Government has revised the rates of royalties with effect from 5.5.1987.

**Mineral rights tax:**

The State Government introduced the Mineral Rights Tax in the year 1975, to provide infrastructural facilities in the mineral bearing areas vide G.O. Ms. No. 433, Ind. & Com., dt. 15.4.1975 to be levied with effect from 1.4.1975 on ten minor minerals in the first instance and subsequently made applicable for 23 minerals in G.O. Ms. No. 41 Ind. & Com. dt. 20.7.1981 which was effective from 20.7.1981. The rates of mineral rights tax have been revised by the Government from time to time. From 1.3.1983 onwards the rates of mineral rights tax for all the 23 minerals was made as 100 per cent in G.O. Ms. No. 94 Ind. & Com. Department, dt. 26.2.1983. This revision was made by the Government for augmenting resources to improve infrastructural facilities in the mining areas of the state. The amount collected under Mineral Rights Tax is to be utilised for providing infrastructural facilities and also for medical and educational facilities in the mining areas.
Dead rent:

Dead Rent is liable to be paid by the lessee for keeping the mines idle or also if the royalty computed for mineral raised is less than the dead rent. In otherwords, dead rent are indicated in the third schedule of the MMRD Act. Either dead rent or royalty whichever is higher has to be paid by the lessee.

Cess:

As per Section 74(a) and 79 of Madras District Board Act, 1920 cess is payable in Andhra area at the rate of ₹0.37 per rupee of royalty, dead rent, surface rent and land assessment. As per section 135 of Hyderabad District Board Act, 1957 No. 1 of 56 cess is payable at the rate of 0.25 paise per rupee of royalty, dead rent and land assessment in Telangana Region. The Government have also further clarified that cess is payable by the lessee on royalty dead rent and land assessments. The cess is credited to the Head of Account of Panchayat Raj which is to be apportioned by the District Collectors between Gram Panchayat, Zilla Parishad and Panchayat Samithi for developmental works in respective region.