CHAPTER 3

GOVERNMENT POLICIES ON GRANITE INDUSTRY
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In this chapter an attempt is made to enumerate the existing government policies of granite industry in the country. This will help us to understand the policies related to the granite industry and smooth functioning of the mining activities that are ongoing across the states in general and Karnataka in particular.

In the first section of this chapter, it is intended to take the stock of the policies of mining operational by the central government and in the second section the policies drafted for the development of mining activities in Karnataka state especially stress more on granite industry at greater details.

The Government policies are fundamental factors deciding the fate and future of any industry. The central government has taken initiative in framing different policies and rules with the help of various committees and Development Councils for the development of dimension stone industry.

This granite policy removes hurdles in the speedy growth of the granite industry.

3.1. GRANITE DEVELOPMENT COUNCIL (GDC):

The central Government constituted this Granite Development Council (GDC) in June, 1995 headed by ministry of mines. The tenure of which was up to June 1997.
The terms of reference of the council included assessments / review of the status of granite mines, technology employed in the mines, present taxation and royalty structure, measures for increasing value addition and then important aspects.

The G.D.C. constitute the sub-group of the Granite Development council in September 1995. The sub group on Granite Development was submitted its recommendations on various issues like assessment and review of the status of granite mines, leasing policies in different states, technology employed, royalty structure, measures for value addition, speeding up of exploration and prospecting for delineation / establishment of useful reserves, requirement of data for National Database, mining methods and environmental / protection measures etc.

The Granite Development Council was again reconstituted in April, 1998 so that it can oversee follow up action on regular basis and to sustain focus on granite industry.

The council has an uphill task to bring granites sector, which is mostly disorganized, to order and making valid suggestions for its developments.

The reconstituted Granite Development Council is taking measures for conservation and developments of granite resources of the country.

The Ministry of Mines had constituted the technical committee under the chairmanship of the Controller General, Indian Beouro of Mines, in April 1998 for suggesting the desirable degree of mechanization / machineries required to be installed in granite quarries.
The revenue accruals from royalty and dead rent from mineral sector are important for the finances of all the state governments. The Ministry of Mines had constituted an Expert Committee in April 1998 to examine the rates of royalty and dead rent on different grades of granite and taxation regime on granite. An Export Committee was constituted under the Chairmanship of the Principal Secretary, Industries and Commerce Department, Government of Andhra Pradesh to go into the issues of uniform royalty and dead rent on granite and other incidences of taxation on granite industry under the overall supervision of the council.

There was a demand from the granite industry for the uniform granite policy throughout the country for long term investment decision. To overcome this problem Granite Conservation and Development Rules (GCDR’99) have come to bring uniformity in the leasing of policy of granite in the country which will ultimately help in boosting up production and exports.

The reconstituted Granite Development Council had applied the Granite Conservation and Development rules, 1999 (GCDR’99) which have been notified vide GSR No. 398(E) dated 1st June 1999. The rules have been notified under section 18(1) of the Mines and Minerals (Regulation and Development) Act, 1957. Under this section, it is the centre’s responsibility to take all steps necessary for the conservation and systematic development of minerals in the country. And for protection of the environment by preventing or controlling any kind of pollution that may be caused by prospecting of mining operations.

1. Short title and Commencement(Preliminary):

[2] They shall come into force from the date of their publication in the official Gazette.

2. Application — These rules shall apply to prospecting and quarrying of granite.

3. Definitions — [1] In these rules, unless the context otherwise requires.


[b] “Agent” when used in relation to a quarry, means any person whether appointed as such or not, who acts as the representative of the owner in respect of the management of the quarry or any part thereof;

[c] “Development” means removing overburden or unproductive or waste materials as preparatory to mining;

[d] “Drilling” means the penetration of alluvial material, rocks or formations by holes for obtaining geological information and for drawing samples there from;

[e] “Environment” and “environmental pollution” shall have the same meanings assigned respectively to these terms in the Environment [Protection] Act, 1986 [29 of 1986];

[f] “Form” means a Form set forth in Schedule to these rules;

[g] “Geologist” means a person appointed in writing by the prospecting licensee, owner or agent to perform the duties of a geologist under these rules;
[h] "Granite means dolerites, granite gneisses, migmatites, gabbros, anorthosites, rhyolites, syenites, leptynites, charmockites and any other igneous-oriented Units and orthometamorphic rock types which are –

[i] Amenable to be recovered as dimensional stone;

[ii] Capable of taking polish; and

[iii] Commercially exploitable.

[i] "Lease" means a lease granted for the purpose of undertaking mining or quarrying operations for granite;

[j] "Manager" when used in relation to a mine or a quarry, means any person appointed by the owner or agent and includes the owner or the agent if he appoints himself to be such manager, under section 17 of the Mines Act, 1952 [35 of 1952];

[k] "Mining engineer" means a person appointed in writing by the owner or agent to perform the duties of a mining engineer under these rules;

[l] "Prospect" means an area where existence of granite has been established.

[m] "Prospecting licence" means is licence granted for the purpose of undertaking any operation for the purpose of exploring, locating or proving granite deposits;

[n] "Quarry" means an opencast working as defined in Mines Act, 1952 [35 of 1952];
[o] "Recognized person" means a qualified person granted recognition by the competent authority under these rules to prepare mining plan;

[p] "Sheet rock" means massive granite bodies but does not include boulders;

[q] "Year" means the twelve months period beginning from the first day of April and ending on the thirty first day of March of the following year;

[r] All other words and expressions used in these rules but not defined shall have the meanings respectively assigned to them in the Act.

4. Prospecting to precede mining operations – No lease shall be granted by the State Government unless it is satisfied that there is evidence to show that the area for which the lease is applied for has been prospected earlier for granite or the existence of granite therein has been established otherwise.

5. Period for which prospecting license may be granted or renewed. The period for which a prospecting license may be granted shall not exceed two years.

6. Period for which leases may be granted or renewed.

[1] The maximum period for which a lease may be granted shall not exceed thirty years. Provided that the minimum period for which any such lease may be granted shall not be less than twenty years.

[2] A lease may be renewed for a period not exceeding twenty years.

[3] Notwithstanding anything contained in sub-rule [2], if the state government is of the opinion that in the interest of development of granite it is necessary to
do so, it may, for reasons to be recorded, authorize the renewal of a lease for a further period or periods not exceeding twenty years in each case.

7. Minimum and maximum area for grant of a mining lease.

[1] The minimum area that may be granted or renewed under a lease for ensuring mining activities to optimum depth shall not be less than one hectare;

[2] The maximum area that may be granted under a mining lease shall not exceed fifty hectares. Provided that the state government, if it is satisfied on the basis of proposed production level, geological or topographical conditions, may for the reason to be recorded in writing, grant or renew a lease over an area more than the maximum area or less than the minimum area specified under this rule.

8. Scheme of prospecting.

[1] Every holder of a prospecting licence for granite shall submit to the state government or any person authorized in this behalf by that government with a period of sixty days from the date of execution of the prospecting license, a scheme of prospecting indicating the manner in which he proposes to carry out the prospecting operation, in the area covered by the licence and the scheme shall incorporate the following:

Namely: -

[a] Particulars of the area;
[b] The scale of the plan and the area of geological mapping;
[c] The number of pits, trenches, and boreholes, which he proposes to put in the area and the locations thereof;
[d] The particulars of the machines to be used;
[e] The details of exploratory mining to be undertaken;

[f] The number of samples proposed to be drawn and tested; baseline information of prevailing environmental conditions before the beginning of the prospecting operations;

[g] Any other matter relevant for the preparation of a scheme of prospecting, as directed by the state government or any person so authorized from time to time by a general or specific order.

[2] The prospecting scheme under sub-rule 910 shall be prepared by a recognized person or a geologist or a mining engineer employed under clause [a] of sub-rule [1] of rule 38.

9. Modification of scheme of prospecting-

[1] A prospecting scheme prepared and submitted under rule 8 may be modified at any time on geological considerations by the holder of a prospecting licence during continuance of the prospecting licence.

[2] Any modification carried out under sub-rule [1] shall be intimated to the state government or any person authorized in this behalf by that government, by the holder of a prospecting licence within a period of fifteen days.

10. Prospecting operations to be carried out in accordance with scheme of prospecting – Every holder of a prospecting licence for granite shall carry out the prospecting operations in accordance with the scheme of prospecting submitted under rule 8 or with such modifications, if any, as intimated under
rule 9 or as directed by the state government or any person authorized by that government in this behalf.

11. Report of prospecting operations -

[1] Every holder of a prospecting licence for granite shall submit to the state government or any person authorized in this behalf by that government and the Controller General, Indian Bureau of Mines an annual report in Form A so as to reach them by 30th April for the previous year; provided that a report in Form – A shall be submitted within a period of three months after the completion of abandonment of the prospecting operations or the expiry of the prospecting licence, which ever is earlier.

[2]. Where prospecting operations for granite are carried out by any authorities specified in the second provision to sub section (1) of section 4 of the act without a prospecting license, such authority shall submit the Annual report in form A to the state government authority shall submit the Annual Report in form A to the state government or any person authorized by the Government and the Controller General, Indian Bureau of Mines in respect of each area where prospecting operating for granite have been undertaken by them. Provided that this sub – rule shall not apply in a case where field operations consists of only geological mapping or geo – physical or geo – investigations.

12. Mining Plan as a pre-requisite to the grant of lease – No lease shall be granted or renewed by the state government unless there is the state government duly approve a mining plan or any person authorized in this behalf by that government for the development of the granite deposit in the area concerned.
13. Mining plan to be prepared by a recognized person.

[1] No mining plan shall be approved unless it is prepared by a qualified person recognized in this behalf by the state government or any person authorized by that government or by a recognized person under rule 22B of the Mineral Concession Rules, 1960.

[2] No person shall be granted recognized for the purposes of sub-rule [1] by the state government or any person authorized by that government unless he holds.

[i] A degree in mining engineering or a post-graduate degree in geology granted by a university established or incorporated by or under an act of parliament or any institution recognized by the university grants commission established under section 4 of the University Grants Commission Act, 1956 (3 of 1956) or any qualification equivalent thereto:

[ii] Professional experience of five years of working in a supervisory capacity in the field of mining or mineral administration after obtaining a degree or qualification required under clause

14. Grant of recognition by state government-

[1] Any person possessing the qualifications and experience required under sub-rule [2] of rule 13 may apply for recognition to the competent authority designated by the state government for this purpose.

[2] The competent authority after making such enquiry as it deems fit, may grant or refuse to grant recognition and where recognition is refused, the competent
authority shall record reasons in writing and communicate the same to the applicant.

[3] A recognition shall be granted for an initial period of ten years and may be renewed for further period not exceeding ten years at a time: provided that the competent authority may refuse to renew recognition for reasons to be recorded in writing after giving an opportunity of hearing to the person concerned.

15. Approval and submission of mining plan- On receipt of the application for grant of mining lease for undertaking mining operations for granite, the state government shall take decision to grant precise area for the said purpose and communicates such decision to the applicant and on receipt of the communication from the state government of the precise area to be granted, the applicant shall submit a mining plan within a period of three months from the date on which such communication is received or such other period as may be allowed by the state government for approval and the said mining plan shall incorporate:-

[i] The plan of the precise area showing the nature and extent of the granite body; spot or spots where the excavation is to be done in the first year and its extent; a detailed cross-section and detailed plan of spots of excavation based on the prospecting data gathered by the applicant; a tentative scheme of mining for the first five years of the lease;

[ii] Details of the geology and lithology of the precise area including granite reserves of the area;

[iii] The extent of manual mining or mining by the use of machinery mechanical devices on the precise area;
[iv] The plan of the precise area showing natural water courses, limits or reserved and other forest area of trees, if any, assessment of impact of mining activity on forest, land surface and environment including air and water pollution details of scheme for restoration of the area by afforestation, land reclamation, use of pollution control devices and of such other measures as may be directed by the central and state government from time to time:

[v] Annual programme and plan for excavation on the precise area from year to year for five years:

[vi] Any other matter, which the state government or any person so authorized, may require the applicant to provide in the mining plan.

16. Mining plan as a pre-requisite to the commencement of mining operations.
[1] No person shall commence mining operations for granite in any area except in accordance with a mining plan approved under these rules;

[2] The state government or any person authorized in this behalf by that government may require the holder of a lease to make such modifications in the mining plan referred to in sub-rule [1] or impose such conditions as it considers necessary by an order in writing if such modifications or imposition of conditions are considered necessary in the light of the experience of operation of mining plan or in view of the change in the technological development.

[3] A holder of a lease, desirous of seeking modifications in the approved mining plan as are considered expedient, in the interest of safe and scientific mining, conservation of granite or for the protection of environment, shall apply to the state government or any person authorized in this behalf by that
government, setting forth the intended modifications and explaining the reasons for the same.

[4] The state government or any person authorized in this behalf by that government may approve the modifications under sub-rule [3] or approve with such alterations as it may consider expedient.

17. Mining plan to be submitted by the existing lessee -

[1] Where mining operations for granite have been undertaken before the commencement of these rules without an approved mining plan, the holder of such lease shall submit a mining plan within a period of one year from the date of commencement of these rules, to the state government or any person authorized in this behalf by that government for its approval.

[2] If a holder of a lease has not been able to submit the mining plan within the specified time for reasons beyond his control, he may apply for extension of time giving reasons to the state government or any person authorized in this behalf by that government.

[3] The state government or any person authorized in this behalf by that government on receiving an application made under sub-rule [2] may, on being satisfied, extend the period for submission of the mining plan for a period, which may not exceed one year.

[4] The state government or any person authorized in this behalf by that government may approve the mining plan submitted by the lessee under sub-rule [1], or may require modifications to be carried out in the mining plan and the lessee shall carry out such modifications and resubmit the modified mining plan
for approval of the state government or the person so authorized, as the case may be.

[5] The state government or any person authorized in this behalf by that government shall, within a period of ninety days from the date of receipt of the mining plan or the modified plan, convey its or his approval or disapproval to the applicant and in case of disapproval it or he shall also convey the reasons for disapproving the said mining plan or the modified mining plan.

[6] If no decision is conveyed within the period stipulated under sub-rule [5], the mining plan or the modified mining plan, as the case may be, shall be deemed to have been provisionally approved and such approval shall be subject to the final decision whenever communicated.


18. Review of mining plan:
[1] Every mining plan duty approved under these rules shall be valid for the entire duration of the lease.

[2] The owner, agent, mining engineer or manager of every mine or quarry shall review the mining plan as prescribed under sub-rule [1] and submit a scheme of mining for the next five years of the lease to the state government or any person authorized in this behalf by that government for approval.

[3] The scheme of mining shall be submitted to the state government or any person authorized in this behalf by that government at least one hundred twenty
days before the expiry of the five years period, for which it was approved on the last occasion.

[4] The state government or any person authorized in this behalf by that government should convey its or his approval or refusal to the scheme of mining within ninety days of the date of its receipt.

[5] If approval or refusal of the scheme of mining is not conveyed to the holder of the lease within the stipulated period, the scheme of mining shall be deemed to have been provisionally approved and such approval shall be subject to final decision whenever communicated.

[6] The provisions of rule 13 shall apply to the scheme of mining in the same way as they are applicable to the mining plan.


19. Mining operations to be in accordance with mining plan-
[1] Every holder of a lease shall carry out mining operations for granite in accordance with the approved mining plan with such conditions as may have been prescribed under sub-rule [2] of rule 16 or with such modifications, if any, as permitted under sub-rule [4] of rule 16 or the mining plan or the scheme approved under rule 12 or 17 or 18 as the case may be.

[2] If the mining operations are not carried out in accordance with the mining plan as referred to under sub-rule [1], the state government or any person authorized in this behalf by that government may order suspension of all or any of the mining operations and permit continuance of only such operations as may
be necessary to restore the conditions in the quarry as envisaged under the said mining plan.

20. Prospecting and mining operations –

The prospecting and mining operations shall be carried out in such a manner so as to ensure systematic development and conservation of granite deposits and protection of environment.

21. System of working -

[1] System of working in granite quarries in sheet rock shall be performed by formation of benches.

[2] Such benches in granite and overburden including weathered granite shall be formed separately and the benches in overburden or weathered granite shall be kept sufficiently in advance so that their working does not interfere with the working of granite.

22. Separate stacking of non-saleable granite:

[1] The non-saleable granite rejects at quarry bottom should regularly be collected and transported to the surface and the quarry floor kept reasonably clear of debris.

[2] Small granite blocks from such non-saleable granite suitable for possible use in manufacture of bricks as well as flooring or wall tiles by small scale industries sector shall not be used as road metal or stone aggregate and such material shall be segregated from the dumps of granite rejects and stored separately for future use as far as possible, whenever such dumps are worked for recovery of stone aggregate or used as quarry back fill.
The ground selected for dumping of top soil, overburden, waste material or non-saleable granite shall be away from working quarry.

Before starting mining or quarrying operations, conceptual ultimate limits of the quarry shall be determined and dumping ground shall be so selected that dumping is not carried out within the limits of the ultimate size of the quarry except where simultaneous backfilling is proposed.

23. Notice for opening of a mine and intimation of existence a mine:
The owner, agent, mining engineer or manager of every granite quarry shall send to the state government or any person authorized in this behalf by that government and to the Controller General, Indian Bureau of Mines an intimation in form – B of the opening of a mine so as to reach them within fifteen days of such opening or of the existence of mine at the time of the commencement of the rules within ninety days from such commencement, as the case may be.

24. Abandonment or Surrender of Quarries:
[1] The owner, agent, mining engineer or manager of every granite quarry shall not abandon or surrender a granite quarry or a part of such quarry during the subsistence of the lease except with prior permission in writing or the state government or any person authorized in this behalf by the government.

[2] Notice for abandonment or surrender of a granite quarry or a part thereof shall be given Form – C and shall be accompanied by plans and sections on a scale of not less than 1 cm = 10 metres showing accurately the work done in such quarry up to the date of submission of the notice.

[3] The state government or any person authorized in this behalf by that government may by an order in writing prohibit abandonment or refuse
surrender of a granite quarry or part thereof with such conditions as he may specify in the order.

[4] Where an abandonment of a granite quarry or a part thereof takes place is a result of the occurrence of a natural calamity beyond the control of the owner, agent mining engineer or manager of a such quarry, or the lease is terminated in compliance or any order or directions issued by any statutory authority established under any law for the time being in force or any tribunal or a court, an intimation shall be sent to the state government of any person authorized in this behalf by that government with in a period of twenty – four hours of such abandonment or termination and the notice of abandonment as provided in sub – rule (2) shall be submitted to the state government or any person in this behalf by that government authorized within a period of fifteen days of such abandonment or termination.

25. Notice of temporary discontinuance of work in quarries-
The owner, agent, mining engineer, or manager of every granite quarry shall send to the state government or any person authorized in this behalf by that government and to the Controller General, Indian Bureau of Mines a notice in Form - D when the work in such quarry is discontinued for a period exceeding sixty days so as to reach them within seventy five days from the date of such temporary discontinuance.

26. Intimation of re-opening of a quarry-

The owner, agent, mining engineer or manager of every granite quarry shall send to the state government or any person authorized in this behalf by that government and to the Controller-General, Indian Bureau of Mines and intimation in Form-E of re-opening of such quarry after temporary
discontinuance so as to reach them with fifteen days from the date of a such re-opening.

27. Copies of plans and sections to be submitted-

The owner, agent, mining engineer or manager of every granite quarry shall submit to the state government or any person authorized in this behalf by submit to the state government or any person authorized in this behalf by that government, a copy of the plans and sections maintained under these rules, as and when required by that government or such person, as the case may be.

28. Preparation of Plans-

[1] All plans, section and tracings or copies thereof kept at the granite quarry shall be serially numbered or suitably indexed.

[2] Every plan, section or part thereof prepared under these rules shall carry thereon a certificate for its correctness and shall be signed by the mining engineer with date.

[3] Every copy of plan and section or part thereof submitted or maintained under these rules shall bear a reference to the original plan or section from which it was copied and shall be certified thereon by the owner, agent, mining engineer or manager to be a true copy of the original plan or section.

29. Protection of environment –

Every holder of a prospecting licence or a lease shall take all possible precautions for the protection of environment and control of pollution while
30. Removal and utilization of topsoil -

[1] Where topsoil exists and is to be excavated for prospecting or mining operations for granite, it should be removed separately.

[2] The topsoil so removed shall be utilized for restoration and rehabilitation of the land, which is no longer, required for prospecting or mining operations or for stabilizing or landscaping the external dumps.

[3] Where top soil cannot be used concurrently, it shall be stored separately for future use.

31. Storage of overburden, waste rock etc.-

[1] The overburden, waste rock and non-saleable granite generated during prospecting or mining operations for granite shall be stored separately in property formed dumps on grounds earmarked.

[2] Such dumps shall be properly secured to prevent the escape of material in harmful quantities, which may cause degradation of the surrounding land or silting of watercourses.

[3] Wherever possible, such waste rock or overburden or other rejects, shall be backfilled into the worked out granite quarry, where granite has been recovered up to the optimum depth, with a view to restore the land to its original use or desired alternate use, as far as possible and where the backfilling is not feasible,
the waste dumps shall be suitable terraced and stabilized by planting vegetation or otherwise.

32. Reclamation and Rehabilitation of lands –

Every lease holder shall undertake in a phased manner restoration, reclamation and rehabilitation of lands affected by prospecting or mining operations and shall complete this work before the conclusion of such operations and the abandonment of the granite quarry.

33. Precaution against air pollution –

Air pollution due to dust, exhaust emissions or fumes during prospecting, mining or processing operations for granite and related activities shall be controlled and kept within permissible limits specified under any environmental laws for the time being in force.

34. Discharge of effluents-

Every holder of a prospecting licence or a lease shall take all possible precautions to prevent or reduce to a minimum the discharge of toxic and objectionable liquid effluents from granite quarry, workshop or processing plant, into surface or ground water bodies, and usable lands. These effluents shall conform to the standards laid down in this regard.

35. Precaution against noise –

Noise arising out of prospecting, mining and processing operations for granite shall be abated or controlled by the holder of prospecting license or a lease at the source so as to keep it within the permissible limit.
36. Permissible limits and standards –

The standards and permissible limits of all pollutants, toxins and noise referred to in rule 33, 34 and 35 shall be those notified by the concerned authorities under the provisions of the relevant statutes from time to time.

37. Restoration of flora –

Every lease holder shall take immediate measures for planting in the area held under the lease or any other area selected by the state government for this purpose, such number of trees sufficient to improve the environment and to minimize effects of land degradation during the entire period of such lease. He shall look after such tree plantations during the subsistence of the lease.

38. Quarterly and annual returns-

The owner, agent, mining engineer or manager of every granite quarry shall submit to the state government or any person authorized in this behalf by that government and the Controller General of Indian Bureau of Mines returns in respect of such granite quarry within the time specified in respect of such returns, namely: -

[a] A quarterly return in Form F for every quarter ending 30th June, 30th September, 31st December or 31st March before the 15th of the following month for the preceding quarter;

[b] An annual return in Form-G which shall be submitted before the 1st July of each year for the preceding year: Provided that in case of abandonment or
surrender of a granite quarry, such annual return shall be submitted within ninety days of the date of abandonment or surrender.

39. Notice of certain appointments –

When any new appointment is made of an agent, mining engineer, geologist and manager for the purpose of these rules or when the employment of any such person is terminated or any such person leaves the said employment or when any change occurs in the address of any such person, the owner of the granite quarry or the holder of the prospecting licence, relating to such appointment, termination, living or change in address shall, within fifteen days from the date of such appointment, termination, leaving or change in address, give a notice in Form – H to the state government or any person authorized in this behalf by that government.

40. Records of boreholes –

The owner, agent, mining engineer, geologist or manager of every granite quarry or the holder of a prospecting licence shall keep a record of all boreholes in Form-I and shall retain all records and samples of the Strata passed through. He shall not destroy such records of boreholes and samples of state except with the prior approval of the state government or any person so authorized on this behalf.

41. Transfer of records of transferees –

When the ownership of a prospecting licence or a granite quarry lease is transferred, the previous owner or his agent shall make over to the new owner or his agent within a period of seven days of the transfer of the ownership,
borehole cores preserved if any, all plans, sections, reports, registers and other records maintained in pursuance of the Act, rules or orders made thereunder, and all correspondence relevant thereto relating to the prospecting license or granite quarry lease; and when the requirements of these rules have been duly compiled with, both previous and the new owners or their respective agents shall forthwith send to the state government or any person authorized in this behalf by that government a detailed list of borehole cores, plans, sections, reports, registers and other records that have been transferred.

42. Copies of notices and returns to be maintained –

The owner, agent, mining engineer or manager of every granite quarry or a holder of a prospecting license shall maintain the labour attendance register, production and dispatch register, explosives consumption register, test reports and details of mining machinery and copies of all notices and returns, plans, sections and schemes submitted to the state government or any person authorized in this behalf by that government under these rules, at an office established by the licensee or lessee and these shall be made available at all reasonable times to the state government or any person authorized in this behalf by that government for inspection.

43. Revision -

[1] Any person aggrieved by any order made or direction issued by any person authorized by the state government to make or issue such order or direction under these rules may within ninety days of the communication of such order apply to the state government for revision of the said order: provided that any such application may be entertained after the said period of ninety day if the
applicant satisfies the state government that he had sufficient cause for not making the application within time.

[2] Every order against which a revision application is preferred under sub-rule(1), shall be compiled with pending the decision of the state government in such revision:

Provided that the state government may on an application by the applicant, suspend the operation of the order appealed against pending disposal of the revision application.

[3] On receipt of an application for revision under sub-rule [1], the state government after giving a reasonable opportunity of being heard to the aggrieved person, may confirm, modify or set aside the order or direction.

[4] Every application submitted under the provisions of this rule shall be accompanied by a Treasury Receipt showing that a fee of five hundred rupees has been paid into a State Bank of India doing treasury business to the credit of the state government.

44. Penalty —

Whoever contravenes any of the provisions of these rules shall be punishable with imprisonment for a term which may extend to one yer, or with fine which may extend to five thousand rupees or with both and in the case of continuing contravention with an additional fine which may extend to five hundred rupees for every day during which such contravention continues after conviction for the first such contravention.
45. Facilities for undertaking research or training –

Every holder of a prospecting licence or a lease shall afford all reasonable facilities to persons authorized by the Central Government or the State Government for the purpose of undertaking research or training in matters relating to Mining or Geology.

46. Territorial jurisdiction –

The territorial jurisdiction of a person authorized by the Central Government or the State Government for the purpose of these rules shall be as notified by the Central Government or the State Government, as the case may be, in the official Gazette from time to time.

47. Obligation to supply other information –

The owner, agent, mining engineer, geologist or manager of every granite quarry shall furnish such information regarding such quarry or any matter connected therewith as the Central Government or the State Government or any person authorized in this behalf by the Central Government or the State Government, as the case may be, may require by an order in writing and the information shall be furnished within such time as may be specified in the aforesaid order. state government or any person authorized in this behalf by the central government or the state government, as the case may be, may require by an order in writing and the information shall be furnished within such time as may be specified in the aforesaid order.
48. Provisions of these rules to be applicable to government –

The government or its agencies carrying out mining operations without a lease shall be bound by all the provisions of these rules in the same manner as they are applicable to holders of granite quarry leases.

49. Applicability of the provisions of Minor Mineral Concession Rules framed by the state government –

The provisions of the Minor Mineral Concession Rules or any other rules framed by the state government under section 15 of the Act shall be applicable to granite quarry leases to the extent they are not repugnant to or inconsistent with these rules.

50. Delegation of powers –

The state government may, by notification in the Official Gazette, direct that any power exercisable by it under these rules may, in relation to such matters and subject to such conditions, if any, be exercisable also by such officer or authority subordinate to the state government as may be specified in the notification.

3.2. NEED OF A UNIFORM NATIONAL POLICY

The indigenisation process in the granite industry has just begun and a number of big business houses have entered the sector. Apart from setting up processing units, the new players are keen to enter into the business of granite quarrying. However, the development of the industry has suffered severely due to the lack of uniform national policy on quarry leasing, royalties and dead rents.
This is compounded by different policies in each State and the lack of proper growth oriented policies.

The central government has formed an expert committee of granite exporters, government officials, and granite machinery manufacturers to frame a granite policy. It will look into the leasing problems of the granite industry.

Considering the time involved in prospecting and quarrying granite exporters have been demanding a long-term lease policy. So far only Andhra Pradesh has granted a 15-year lease along with two mandatory renewals. In Tamilnadu, the government grants a 10-year lease with no renewals. Even though the Centre is in favour of 20-year leases or even longer ones, the States are not in favour of extended lease. It has also been suggested that granite be given major mineral status. Once so classified lease policies will be made by the centre and not by the States.

Although the Tamil Nadu government is not granting leases beyond 10 years, a major relocation of units of existing or new units is not likely because of the high failure rates among new mines. Of the nearly 400 units that exist in the country, nearly 60 percent are yet to take off. The high failure rate of the industry has been attributed to a stagnant global demand for finished granite. Rough blocks are the mainstay for even many of the established exporters. Granites units would also like to see the import duty on machinery from the current level of 50 percent to 15 percent. Although a large number of granite exporters are 100 percent export-oriental unit they do not have access to duty free imports because it is not possible to bond the mining areas of granite exporters.
Granite industry is generating foreign earnings worth of Rs.600 crore. Still the industry is classified as a minor mineral. According to Vinay Poddar, Ex-president, All India Granites & Stones Association, the classification of the granite industry as a minor mineral makes of granite a State subject and it is the root cause of several problems the industry is facing.

There is an urgent need for granting long term quarry lease of 20 years with one or two renewals fixing of reasonable uniform royalties and dead rents. There is acute shortage of trained personal and training schools. So it is necessary to start training schools with adequate manpower for training. Apart from this, there is a dearth of instruments for testing and checking defects. Now the industry operates mostly on visual inspection.

The government has so far failed to treat the industry as major minerals. The All India Granites and Stones Association (AIGSA) pre budget suggestions to the central government cover several issues including lowering and levying uniform royalty and dead rent, removal of duty on products sold in domestic tariff areas, exemption of central and sales tax on items consumed by export oriented units, extending benefits under the 80 HHC of the income tax act to dimensional block exporters. Royalty and dead rent varies from State to State and is also very high.

This reduces the competitiveness of export-oriented units in the global market. The granite industry is facing a number of problems, which are hindering its growth. The major problem arises from the lack of a uniform national policy on quarrying, leasing, royalties and dead rents.

Another problem the industry is facing the discrimination of dimensional block exporters in the case of 80 HHC. While granite-processing units enjoy
benefits under 80 HHC, dimensional block exporters are denied this relief as these blocks are not considered to be value added products. In short, future of the granite industry will to some extent depend on the central government's policy decisions and the vagaries of the market.

3.3. STATE GOVERNMENT GRANITE POLICIES:

(A) Right of Government to Minerals:

The absolute right of government referred to in section 38 of the Mysore land Revenue code did not apply to granite and limestones. But, then, at the time when the code was framed, granite was being used as an ordinary building stone. Later, when the Karnataka Land Revenue Act (1964) was framed, section 79 of the Act worded thus — “Save as otherwise expressly provided under any law in force before the commencement of this Act or under the terms of any grant made or of any other instrument of transfer executed by on behalf of the government for the time being, the right to mines, minerals and mineral products, shall vest absolutely in the state government and the state government shall subject to the provisions of the Mines and Minerals Act, 1957 have all the powers necessary for the proper enjoyment or disposal of such rights”.

(B) Rules for Grant of Licenses to Quarry Ornamental Stones:

The first rules framed by the erstwhile Mysore Geological Department for the grant of licenses to quarry ornamental stones within the state of Mysore was promulgated in the year 1940 through a notification by the government of his highness the Maharaja of Mysore No. R.1220-LR.448-38-6 dated 18th August 1939. The royalty to be paid was Rs.100 cft for a pink and brown coloured granites and special types of grey granites suitable for ornamental
purpose, dark coloured dykes, amphibolites and potstones suitable for decorative and ornamental purposes. It should be mentioned that already by 1939, the potential of granite as an export commodity had been realized between 1933 to 1938, 27,000 tonnes of kerbstones and memorial stones (monuments) were exported to England the then princely Mysore state.

(C) The Industrial Policy Resolution, 1956:

The industrial policy resolution of the Government of India was declared on 30th April 1956. The policy did not rule out the grant of areas to the private parties but restricted such grants to cases where the exploitation to be classed as small scale mining. The Industrial Policy Resolution (IPR) States “when there exists in the same industry both privately and publically owned units, it would continues to be the policy of the state to give non-discriminatory treatment to both of them”. Hence, the grant of licenses for quarrying decorative and ornamental stones to private persons continued.

(D) Karnataka Minor Minerals Concession Rules (KMMCR), 1969:

The Mineral Advisory Board of the Government of India on 7th July 1955 meeting presided over by the then Union Minister for natural resources and scientific research, recommended to the central government to bring minor minerals under the provision of the Mineral concession rules. It was discussed and decided that the state governments may be left to frame their own rules for the administration of the minor minerals. In order to provide the regulation of mines and development of minerals under the control of the union, the “Mines and Minerals Act 1957” was promulgated. The state continued to grant lease under the 1940 rules. During 1966-67, 58 quarry leases were existing for building and ornamental stones out of which six entrepreneurs held a total
number of 41 leases each of only 10 guntas area for pink and black granites. It is about this time, the state government thought about framing comprehensive rules for development of minor minerals applicable to the recognized and enlarged states. Under section 15 of the aforesaid mines and minerals act, the State Government can also make rules in respect of minor minerals defined under section 3 (e) of the act. Accordingly, the Mysore Mineral Concession Rules 1969 (late changed to Karnataka Minor mineral concession Rules) were promulgated and given effect from 19th April 1969 by government with the intention expressed clearly thus "By systematic organization of minor mineral industries the revenue could be increased considerably". There were 79 quarry leases at this point of time 19 ornamental stone leases were executed during 1972-73, 24 during 1973-1974, and 136 during 1978-1979.

(E) Move For Nationalization:

The first pronouncement of nationalization of quarrying of black granite came on 5th September 1979 through the government notification No. CI 441 EMO 77 dated 5th September, 1979. The concerned rule 3A was introduced into Karnataka Minor Minerals Concession Rules. During 1980-81, 74 leases were granted for other varieties of ornamental granites bringing the progressive number of leases in the State to 428 by March 1981. The second notification adding pink granite to the purview of rules 3 a came into effect from 23rd June 1981. Grant of renewals for the quarry leases other than for grey granites was stopped. Subsequently in March 1982, all other coloured granites including red, brown and multicolored granites and grey granites having shades of pink etc., were brought under the purview of rules 3 A. The current leases at that time were however, permitted to quarry till their expiry. With these amendments to rule 3A issued from time to time, quarrying by private persons of black granites and all other coloured granites other than purely grey variety was banned and
available quarrying areas were leased to the State owned company M/s Mysore Minerals Limited. The quarry lease holders who had already invested in the development of the leases granted to them in the hope of obtaining renewal began to feel the pinch of the new rules. Out of the reserved areas totaling 2,457 acres for State exploitation in parts of Mysore, Bangalore, Tumkur, Raichur, Bijapur, Hassan and Kolar districts an area of 543 acres was actually leased in favour of the Mysore Minerals Ltd, were unable to acquire lease over any patta lands probably because of high value of the quarriable granite bearing lands. It should be noted that ornamental quality granites are also found in a number of patta lands in the State.

(F) The New Granite Leasing Policy:

In international market, the demand for granite blocks and slabs is steadily growing. The value of exports from India rose from Rs.60 crores in 1986-87 to Rs.147 crores during 1989-90. The Karnataka share in total exports of the country is estimated at over one third. The State share of exports during 1989-90 is estimated at around Rs.50 crores. Out of which the State owned M/s Mysore Minerals Ltd’s share worked out to only 7.5 percent. The State’s share is blown upto astronomical figures by the people not aware of correct figure. The neighbouring States like Tamil Nadu and Andhra Pradesh had relaxed their granite leasing policy so as to encourage sale and export of value added processed granite. Leases were being granted to private people in these States.

The State Government reviewed the policy once again and made further amendments making certain relaxations in the earlier conditions for grant of quarry leases both in government and private notification dated 4th January 1991.
The highlights of liberalized granite policy as per notification dated 22.05.1990 and 4.1.1991 are as follows:

(1) The government reserves the right to grant areas required for state exploitation by Corporation or undertaking wholly owned by State or central government.

(2) Lease for quarrying black, pink, red, yellow or multi-coloured granite by private persons shall be granted or renewed to those fulfilling the following conditions:

   (a) In the case of land belonging to government, the lease is granted in favour of persons who require them for their existing cutting and polishing industry situated in Karnataka or who have distinct industrial programme for utilization of the said minor mineral in a cutting and polishing unit within the state of Karnataka.

   (b) In the case of land belonging to private persons, lease is granted in favour of persons who intend to quarry raw granite blocks.

   (c) The government shall be the authority competent to grant or renew the lease on the recommendations of a three member committee consisting of commissioner for industrial development, Director of Industries and commerce and the Director of Mines and Geology and a Deputy Secretary to government, Commerce and Industries. Department in charge of Mines who shall also be the governors of the committee.

(3) Selection from amongst the applicants shall normally be made in the following order of performance.

   (i) A corporation or undertaking owned or controlled by the state or central government.

   (ii) Persons have already established granite cutting and polishing units in the state of Karnataka.
(iii) Persons who have a distinct industrial programme for utilization of minor mineral in cutting and polishing unit within Karnataka for the purpose of 100 percent export.

(iv) Persons who have a distinct industrial programme for utilization of the Minor Mineral in a cutting and polishing unit within the State of Karnataka.

(4) For those having proposals to put up a cutting and polishing unit in Karnataka the duration provided is 24 months from the date of execution of lease deed.

(5) No lease in the case of land belonging to government be granted or renewed under the rules for an area exceeding ten hectares in respect of Pink, red, yellow, green and multi-coloured granite.

(6) No lease shall be granted for a period exceeding ten years.

(7) Before removing or transporting any minor minerals, the lease shall obtain a permit from the Director of Mines and Geology or an office authorized by him.

(G) Karnataka Minor Mineral Concession Rules (KMMCR), 1994:

In exercise of the powers conferred by section 15 of the Mines and Minerals Act, 1957 the government of Karnataka hereby makes the following rules.

These rules may be called the Karnataka Minor Mineral concession Rules, 1994. The state government may by notification appoint the competent authority for all or any of the purpose of these rules.

Where the holder of a quarrying lease or quarrying licence fails to undertake quarrying operations for a period of one year after the date of
execution of the lease or date of grant of licence or having commenced the quarrying operation has discontinued the same for a period of one year the quarrying lease or the license shall lapse on the last day of the period of one year.

Windows are under EPCG scheme. As far as the changes made in the new Exim policy with respect to the first, an exporter can now import capital goods at concessional duty of 10 percent. Earlier, exporters were allowed import of capital goods on payment of 15 percent duty. The export obligation and other conditions remain the same.

Under second window of zero duty scheme of the EPCG, there was a general demand to bring down the threshold level from Rs.20 crores to Rs.5 crores to some sectors. Now this has been brought down to Rs.5 crores only for agricultural and allied sectors.

The Duty Exemption Scheme provides for exemption from basic customs duty for import of inputs subject to the fulfillment of the export obligation. There are many such schemes at present. The new policy seeks to reduce multiplicity of schemes. The other highlights in this area are as under:

The quantity based advanced licence will continue the value based licence, special value Based Advance Licence for Electronics, etc., and the Pass Book Scheme are not being continued. However, a new scheme, i.e., Duty Entitlement pass Book scheme will come into operation. Under this new scheme exporter will be issued a passbook. If he seeks this or pre-export basis, he would be given adhoc duty entitlement calculated at 5 percent of average value of exports in the preceding 3 years. This entitlement would enable him to import required inputs duty free. On post-shipment basis, exporter shall be
entitled for duty free credits at notified rates. He can made use of this to import any freely item. The credit can be transferred to another person but the transfer will be valid within the same port.

Under the advance licence scheme, the procedures have been further simplified. Earlier, the export obligation period was valid for 12 months; it has now been extended to 18 months. Further extension of six months will be on payment of one percent of the value of unfulfilled exports.

Deemed exports have been extended to oil and gas sectors. In the case of fixation of brand rate of draw back under deemed exports, the provisional payment to the extent of 75 percent of claimed amount in case of private companies and 90 percent in the case of public sector undertakings shall be given instantly pending fixation of brand rate.

Another change is that domestic manufacturer supplying against EPCD license shall be entitled for deemed export draw back. In case of supply of zero duty license holders, the supplier can import raw materials duty free under special imprest license.

Special initiatives have been taken for promoting the SSI products and products from the North Eastern States and for diversifying into new markets abroad. The changes are as under.

Additional SIL of 1 percent on total value of exports will be given to Export House (EH) / Trading House (TH) etc where such export of product from North Eastern States constitute 10 percent or more of total exports made. Double weightage on such exports is being given for recognition as Export House / Trading House / Store Trading house / Super Star Trading House.
- Additional SIL will be given for exploration of new markets.
- SIL on export or SSI products has been increased from 1 percent to 2 percent.

In case of small scale exporters holding ISO 9000 series or IS/ISO 9000 series quality certification, the FOB value of export for becoming eligible for special import License at 4 percent of the FOB value of exports will now be Rs.3 crores and above in the preceding licensing year or an average value of Rs.1 crore and above during the preceding three licensing years instead of the limit of Rs.5 crores and Rs.2 crore respectively prescribed for others.

Eligibility criteria in the designated houses have been changed. Existing eligibility criteria for recognition of export House/Trading House / Star Trading House, Super Star Trading House based on average annual export performance of preceding three licensing years has been revived to Rs.20 crores, Rs.100 crores, Rs.500 crores and Rs.1500 crores respectively from Rs.10 crores, Rs.50 crores, Rs.250 crores and Rs.750 crores.

Incentive has been given to improve quality of export products such that the SIL entitlement of exporters holding ISO 9000 series has been increased from 2 percent of fob to 5 percent of fob.

On the import front restrictions have been lifted from 542 items and they have placed either in the SIL or in the OGL list. One important procedural simplification is that interface with DGFT has been reduced considerably.

There are no such policies towards workers in the granite industry. However, it appears from the information appeared in the press that the Government is interested in organizing the employment of labour in mineral
industries and discourage the employment of labour in unorganized and illegal mines.

3.4. STATE MINES MINISTERS CONFERENCE ON GRANITE INDUSTRY AND EXPORT:

A Conference of the Ministers of mines of the state governments on development of granite industry and exports was held on 13th November, 1997, New Delhi. The conference was presided over by the Hon'ble Minister of Steel and Mines. Shri. B.P.Baishya was also present. Other participants were the Hon’ble Ministers of state governments of Mines & Geology, Senior officers of the central & state governments, executive committee members of AIGSA, CAPEXIL and 100 percent export-oriented units.

RECOMMENDATIONS OF THE CONFERENCE:

The following recommendations were suggested at the conclusion of the conference held by the Ministry of Commerce at New Delhi on 13th Nov. 1997 (Letter of Director, Ministry of Commerce, New Delhi bearing No.21/18/97-FT (M & O) dated 18/19 December 1997).

(i) There was a consensus for policy measures to promote export of value added products as well as supply of blocks to 100 percent Export-Oriented Units except on the issue of linkage of exports of value added products with rough granites exports. The recommendations of the Granite Development Council (GDC) earlier accepted by the State Governments were reiterated for implementation. As regards royalty, dead rent etc., it was agreed that the same should be referred to an Expert committee to be headed by the Ministry of Mines with representative
from the Ministry of commerce, state governments and the industry. Minister of Steel & Mines suggested that the Granite development council earlier set up by the Ministry of Mines can discharge the functions envisaged for the inter-Ministerial body with suitable amendments in its composition etc. The council should meet periodically. This was accepted unanimously.

(ii) It was agreed that suitable measures must be taken to support the additional exports of value added products and to ensure required suppliers to the 100 percent export-oriented units (EOU).

(iii) The recommendations of the Granite Development Council have been generally accepted and that the State Government may now take necessary action for their implementation. The progress of the implementation would be reviewed after two months, including the extent of adoption by the state government of broadly parallel lease policy etc.

(iv) All matters pertaining to royalty, dead rent will be referred to an Expert Committee to be headed by the Ministry of Mines with members from the Ministry of commerce, State Governments and the representatives of the industry.

(v) The conference unanimously passed the resolution that benefits u/s 80 HHC should be made available to the suppliers of granite blocks to Export-Oriented Units.

(vi) The conference also passed the resolution that the limit of Rs.20 crores for duty-free imports of capital goods should be reduced to Rs.3 crores to encourage speedier development of granite industry, subject to the fulfillment of export related obligations.

(vii) Capital quarries of granite export-oriented units (EOU) should be permitted to import granite-quarrying equipment under Export Promotion Capital Goods (EPCG) scheme.

The recommendation is also made to recognize quarrying as an industry.