

**THE MINES AND MINERALS
(REGULATION AND DEVELOP-
MENT) BILL, 1957**

**MOTION FOR REFERENCE OF BILL TO JOINT
COMMITTEE**

THE MINISTER OF MINES AND OIL (SHRI
K. D. MALAVTYA) : Sir, I beg to move:

"That this House concurs in the recommendation of the Lok Sabha that the Rajya Sabha do join in the Joint Committee of the Houses on the Bill to provide for the regulation of mines and the development of minerals under the control of the Union, and resolves that the following members of the Rajya Sabha be nominated to serve on the said Joint Committee:

Shri	Amolakh	Chand,
Shri	Akbar Ali	Khan,
Shri	J. N.	Kaushal,
Shrimati	Sharda	Bhargava,
Shri	R. G.	Agarwala,
Shri	Ratanlal	Kishorilal

Malviya, Shri Maheswar Naik, Shri
J. V. K. Vallabharao, Shri Kishen
Chand, and Shri T. Bhaskara
Rao."

Sir, so far as this Bill is concerned, as stated in my Statement of Objects and Reasons, it has been necessitated because of the differentiation made between petroleum and other minerals. There was previously only one Act which, along with the rules thereunder, was guiding us for the regulation, conservation and development of mines. But because petroleum and other minerals have been separated in items 53 and 54 of the Union List in the Seventh Schedule, it is necessary that we should have a separate legislation for implementing the policy of the Government so far as regulation of mines and the development of minerals and petroleum are concerned. This Bill is mainly confined to the steps that the Government propose to take with regard to the development and regulation of minerals other than petroleum. So

far as petroleum is concerned, the Government propose to come forward with a Bill as soon as possible; if not in the next session, in the one after that we propose to bring that Bill before the House for consideration.

Now that the Bill has been proposed generally for the objects mentioned, I have taken advantage of this opportunity to improve upon the present rules and regulations under the Act that exist for the purpose of regulation and development of mines. When this Bill will be taken up in detail, the House will get an opportunity to guide the Government and express its opinion and then, as it passes from the Select Committee, the House will again consider all those aspects so far as the details are concerned. But, speaking generally, we have made provisions in this Bill to prescribe a maximum limit of the area that the private sector shall have for prospecting and mining. Previously, as the House knows, there was no limit to apply for prospecting and also perhaps for mining. We now propose to set not more than 50 square miles for prospecting and not more than 10 square miles for mining. Similarly the Government would take powers to alter from time to time, in consultation of course with the State Government, the rates of royalty, subject to a maximum limit which has been prescribed in clause 9 of the draft Bill which is now before the House.

SHRI KISHEN CHAND (Andhra Pradesh):
Sir, there is no quorum.

(The quorum bell rings.)

MR. DEPUTY CHAIRMAN: Now there is quorum. This has never happened before. This is the second time it is happening today. I wish the hon. Members will please keep the quorum.

SHRI K. D. MALAVIYA: I was referring to the main provisions of this draft Bill. I said that we proposed to take powers under this Bill to alter from time to time the rates of royal-

ties subject to a maximum limit. Now these provisions are contained in clause 9. Further we have provided for the recovery of royalty, tax rent, fee or other sum due to the Government in the same manner as arrears of land revenue. Then we have provided for making comprehensive rules with regard to the implementation of the policy that has been laid down in the draft Bill. And more important, under clause 16, as the House will see, we are taking powers to undertake prospecting and mining operations in any area in respect of any minerals, which is the property of a State Government, in consultation with the State Government. As far as the House is aware, even if the Government wish to prospect or develop any particular mine in the national interest, we have to pass through the formal procedure, and we have to apply to the State Government for all those formal procedures. But we have now taken powers to proceed ES if we can start straightway to prospect and develop the mine, of course after consultation with the State Government. That provision is contained in clause 16. Further, we have made some provisions for rules for incorporating many aspects which will facilitate the implementation of this policy of the Government, and these are contained in a number of rules. For instance, we propose to regulate the maximum period for which a prospecting licence or mining lease may be granted or renewed. Then we will require submission of application for a prospecting Licence or mining lease in the prescribed form, and all those things. We have taken care to see that only such powers are taken under the rules as are the bare minimum and are necessary from time to time to see that the regulation and development policy of the Government is enforced. Otherwise we do not propose to give more power to the executive than what is absolutely necessary. This Bill which is before you has incorporated some of the previous rules

and I think this will satisfy the House.

As I have anticipated the desire of the House in a general way that such a Bill should be referred to a Joint Select Committee, I have proposed this measure and I hope the House will accept this motion

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SHRI PERATH NARAYANAN NAIR (Kerala): Mr. Deputy Chairman, I agree that in our national interest, the regulation and development of mines and mineral resources ought to be in the control of a Central authority. The exclusive rights of the individuals and even States have to be co-ordinated in the interest of the country. Since the principal Act was passed over ten years ago, different sets of rules have been promulgated from time to time to secure the objectives of the Act and in the light of the experience, these sets of rules have to be modified in essential particulars and in the interest of unified planning. I know that this Bill is an attempt in that direction. Some of the rules will be part of the new enactment hereafter.

[Shri Perath Narayanan Nair.] To the extent that this Bill embodies that principle, I am in total favour of it, but when I actually go into some of the provisions of this Bill, I feel that they do not go far enough, that they many not fulfil the objectives which we have in view. When I examine some of these provisions, I feel that the Government is far too hesitant and far too halting in their attempt to tackle this problem, although it is absolutely necessary. Both in the Second Five Year Plan and in the Industrial Policy Resolution, it has been very clearly laid down that the mineral resources of our country have to be developed from the point of view of our national interest. For example, the hon. Minister has just referred to clause 16 which gives powers to the Government of India to undertake prospecting operations and also mining on properties owned by the State. That is good so far as it goes. Over vast areas in this country, for lack of technical staff, for want of resources the State Governments, on their own, have not been able to do much prospecting. Vast areas remain untapped. Even surveys are not complete. In such cases, if the Central Government, with their better equipment, technical knowledge and staff and material come forward to tap these resources, do prospecting and even undertake mining, it will be all to the good of the country. But my difficulty is that clause 16 is confined to land owned by States and where a prospecting licence or a mining lease is in operation, there the Government of India cannot Intervene.

Now, let us see what has been our experience over a long period of time. During the time of the British and at the time of the State Rulers, vast concessions have been given to companies—foreign as well as Indian—for long periods also and vast acres are in possession of these companies and individuals also. There are miles and miles and yet, only a small percentage has been tapped. There is the House

of Tatas and there are so many foreign houses also. These companies would be having their mining operations in the vast areas they own. But their main interest, especially in the case of several of our minerals, is just the export interest. From the point of view of immediate profit, they do some sort of exploitation of these minerals; it is not from the wider interest of the country. We have yet to develop processing and manufacturing in this country. When they exploit even these limited areas, they have their eyes on this immediate profit and they exploit only the higher grade ores and leave the lower grade ores, and the interests of the nation are neglected. For example, I happened to read in papers also recently that, after the Government took over the Kolar fields, they found that in several mines, only the higher grade ores had been exploited. From the export point of view, from the point of view of earning vast profits, the whole mineral wealth is not being utilised to the best advantage of the interests of the country as a whole; they just take the higher grade ore. There have been such instances and in regard to various minerals, though mining leases have been granted, these areas are not yet tapped.

Now, under clause 16, if there happens to be a licence or a lease in operation, the Government of India cannot intervene. I think the Joint Committee will have to go into this aspect of the question and really widen the scope of this provision.

Clause 17 deals with the development of mineral resources. Something was said about this and the Government of India would be obliged to take certain steps in regard to the consolidation and regulation of these things by providing new contrivances, etc. When the Government will be obliged to undertake such a large-scale operation, I am at a loss to know what exactly the administrative set-up which they propose is, to deal with

these vast, major operations. In dealing with these mines and other resources, we have to attune ourselves to the requirements of the Plan. It is prospecting, mining and then processing and manufacturing also. The whole process is there. That is not being done. And unless you have a special administrative set-up which takes into account all these various factors and utilise these things in the wider national interest, we will not be getting the maximum benefit out of these operations.

In regard to certain things under clause 17, they are quite good, I agree. But will it be enough if we are to leave these things to the officials as such? Are we not to have some sort of a co-ordination which can bring to bear upon them the wider problem, a better outlook, better experience and all that? So, that part of it is not clear and, to my mind, that is one of the points which the Joint Select Committee would do well to go into.

Clause 15 is quite good so far as it goes, so far as leases granted previous to October, 1949 are concerned. Now, under this provision, the Government of India can modify or alter the terms of those leases to bring the same in conformity with the provisions of this Act. So far as these conditions are concerned, you can modify or alter them. But there are instances also where the terms of these licences are violated. Is there any provision—we would like to know—to cancel the licences in such cases? For, the facts stand out that in many of these instances, due to inefficient handling and due to so many other things also, we are not getting the maximum benefit out of these resources. For whatever reason it may be, there is no adequate, proper or efficient handling of these things. Suppose some of the terms are violated. In such cases also, can we cancel the licences? I think, in the national interest, there will be occasions for this. I do not want to go into the instances because, in various places, especially in various

States, the way in which these mining concessions were granted or the manner in which these leases are being operated, requires very much to be improved and there may be occasions also when the Government of India will be called upon to cancel some of those licences. Of course, on a cursory reading of the provision, I have not been able to find any provision in regard to that.

In regard to clauses 6, 7 and 8 which seek to limit the area of operations, both for prospecting and mining, it is absolutely necessary that the area must be limited. But 50 square miles, I think, is too much. I am not describing any definite limit. But I want the Joint Committee to go into this question. In our country there are still vast areas which are left untapped and for proper, efficient and adequate mining, these areas should be limited. If somebody cannot do it, then somebody else can be made to do it. But it is necessary that all these resources should be properly tapped. So, in my opinion the limit of 50 square miles is a bit too much, and this period also—30 years and 20 years. Those things can be reduced. In this way and in so many other ways the provisions require to be improved upon, and I am confident that the Joint Committee will go into all these things. But taking the overall position, these things have been neglected over a vast period. Even now the geological survey is not complete. For example, in my own area—in Kerala—we are told that a large deposit of these mineral resources is there, and we are in short supply in regard to sulphur. I am told that in other places like Chitaldroog there are deposits of sulphur. Therefore we must tap all our sulphur resources. But the position now is that the whole thing has been neglected. And again in regard to mica and other things there is no proper survey done although it is absolutely called for.

The other point which I want to press for is that because of this divi-

[Shri Perath Narayanan Nair.] sion of these minerals—petroleum oil and other things—two separate enactments have become necessary. The question of oil is very important and the whole thing is in foreign hands, and I think there is a general grouse that the way in which the foreigners have handled our oil resources has affected the interests of our country to a very great extent. The hon. Minister says that it is a very complicated thing. It is no doubt complicated. But during the last ten years we have gathered enough experience. If only we make our earnest efforts to tackle that problem, the things will be all right. I hope that most probably in the next session—at any rate in the immediate future—this enactment dealing with petroleum and oil resources will be brought in. That is something reassuring about that. The whole point is that in regard to oil we cannot afford any further delay, because the whole thing goes before the Joint Committee which will have an ample opportunity to scrutinise the various provisions contained in the Bill. Well, I have nothing more to add just now. I accord my general support.

SHRI K. D. MALAVIYA: Sir, as I said before, this Bill will be considered in all its details both in the Select Committee and afterwards by the House. So I do not propose to say much about it.

Sir, some points have been raised by my hon. friend sitting opposite. I quite appreciate and share his anxieties that the mineral resources of our country should be tapped with utmost expedition and efficiency with a view to give us the maximum benefit of our natural resources. We are quite alive to this problem. It is for that reason that we have taken this step, and the points to which he has drawn my special attention will also be considered by the House, although what we think is that it will perhaps be difficult to improve upon the provisions that have been incorporated |

here. But so far as I am concerned, Sir, I can say that this limit of 50 square miles is adequate. It is not too much, because the nature and the occurrence of the mineral ores are not always the same. They do not follow a uniform pattern. Then there are minerals and minerals and a large number of them are found in a sporadic way. Technologically, this question was examined and the experts were predominantly of the view that the area of 50 square miles should not be considered to be more than sufficient. In certain cases the parties have to invest a considerable amount of money and they naturally expect returns in a number of years' time. Now if this area is reduced, there may not be left sufficient incentive for those who want to develop the mines. Even if the Government want to have a proper planning, they must have a sizable area for which they have to plan their programme. Therefore, technologically this 50 square miles is considered to be adequate, neither more nor less.

Then, Sir, my hon. friend has referred to the manner in which mining leases and prospecting leases have been granted by the State Governments, and he has taken exception to it. Well, I am quite alive to the circumstances which sometimes create irritation and also to conditions which need to be improved. The State Governments are gradually acquiring that experience. But I have only to state that the property belongs to the States. It is they who lease out the areas. We are only law-makers. We draft rules for the guidance of the State Governments in a general way. But by and far it is the State Governments which have to execute those rules and implement the decisions taken by this House or the decisions which may have to be taken by them. I am quite alive to the fact that there are certain States where some delays have occurred in the granting of prospecting or mining leases. We have drawn their attention repeatedly to this fact and I hope that this improvement in the

rules and this new measure will create better conditions in which the States will expedite the work which is facing them. I have no doubt, and I entirely agree with my friend that the whole object of development of minerals is undone or is not realised if there are delays in the formalisation and finalisation of the proceedings which lie before the State Governments but we have seen to those things and our experience has taught us that certain important changes should be incorporated in the rules and to that effect we have incorporated certain rules and I hope that these delays will be avoided and some imbalance which from time to time is created by the steps taken, unconsciously of course, by State Governments, will be removed henceforward.

He has referred to the question of sulphur. I am afraid I cannot give any encouraging report about sulphur. We require it very badly but so far we are not able to report to the nation that our country is in any way self-sufficient or that we can produce as much sulphur as we require. So far we feel that we are deficient in this. As a matter of fact the recent ECAFE Conference held in Calcutta came to the view that there is an overall deficiency in the whole of the continent of Asia so far as sulphur is concerned. Well, may be, after more intensive search, we are able to discover some more sulphur or may be that we might get sulphur in areas from where it might be difficult for us to transport sulphur but we are trying our level best to produce as much sulphur as we can, not only free sulphur but also sulphur found mixed in nature and if at all possible, we shall try to expand the production.

I need not go into the other clauses of this Bill. There was only one point raised by my hon. friend. He takes objection to the Government not laying down any special provision to take over areas which he considers excessive from the private sector. I don't

think there is any necessity of that. We have made sufficient provision in our Bill and also in the rules to get the areas which we require and if there is any area more than sufficient with any party, we can compel them to work and the steps that we are taking perhaps will create conditions in which areas will not lie unnecessarily in the hands of people who may neither have resources nor the technical know-how to develop them. Such a contingency is not likely to arise but the over-all policy of the Government is to create least disturbance in the sector where private people are carrying on mining industry. For the time being we think that we are producing mineral ores satisfactorily and if our transport position improves, we hope that without much difficulty we can step up the production. So far as the geological survey and the proving of results are concerned, we are taking all steps necessary to meet the wishes of the industry and also to meet the wishes of such bodies which might like to take up this work on behalf of the State Governments or in a mixed fashion between the State Government and the Central Government.

I hope there will emerge a clear cut Bill from the Select Committee which will greatly help the Government so that the objectives mentioned in the Bill will be realized satisfactorily.

MR. DEPUTY CHAIRMAN: The question is:

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[Mr. Deputy Chairman.]
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Rao."

The motion was adopted.

Mr. DEPUTY CHAIRMAN: We have no
further item on the agenda. The House stands
adjourned till 11 A.M. tomorrow.

The House then adjourned at
forty-five minutes past three of the
clock till eleven of the clock on
Wednesday, the 20th November
1957.