

Part 2 : State-wise Digest of Minor Mineral Concession Rules

1. ANDHRA PRADESH

1.1 TITLE

Andhra Pradesh Minor Mineral Concession Rules, 1966.*

1.2 ADMINISTERING AUTHORITY

The Deputy Director of Mines and Geology in charge of the region in which the area falls is the granting authority for quarry leases for minor minerals other than sand and granite useful for cutting and polishing. Quarry leases for sand bearing areas are leased out by the Asstt. Director subject to confirmation by the Director. Quarry leases for granite suitable for cutting and polishing are granted by the Director on application. Short term permits are granted by the Asstt. Director in whose jurisdiction the area falls.

1.3 TYPES OF CONCESSIONS

There are two types of concessions in vogue : 'quarry lease' and 'permit'. Quarry lease is granted for a period of 5 to 15 years. Sand leases granted through sealed tender-cum-auction are granted for a maximum of 2 years. On the other hand, permit is granted in the case of small deposits, which are worked to meet the immediate or timely petty requirements of local inhabitants for a period not exceeding sixty days.

1.4 PROCEDURE FOR GRANT

1.4.1 QUARRY LEASES

FOR MINERALS OTHER THAN SAND AND GRANITE SUITABLE FOR CUTTING & POLISHING

Application for the grant of a quarry lease must be made to the Deputy Director of Mines and Geology concerned in the prescribed form. The application should be accompanied by a treasury or bank challan for Rs.1,000/- as fee. The fee is Rs.5,000/- for chalcedony and limeshell in addition to Rs.10,000/- deposit for every hectare of land applied for.

The application must be disposed of within 90 days from the date of its receipt. If it is not disposed of within that period, the application shall be deemed to have been refused.

When more than one application is received for grant of a quarry lease for the same area, the Deputy Director is required to dispose of the applications in order of preference specified below :

* As amended upto 21.12.1993 and vide G.O. dated 6.2.1996 and 17.3.1997.

- (i) Application of government departments and government corporations and companies;
- (ii) application of labour contract cooperative societies;
- (iii) applications of unemployed persons who possess any recognised qualification in geology, geophysics or mining engineering or any other allied subjects and
- (iv) other applications;

These priority rules are subject to the following conditions :

- (a) in cases falling under any of the categories listed in (i) to (iii) above, the grant of lease shall be subject to the conditions that the lessee shall work the quarry directly and shall not hand it over to any other party for working;
- (b) the Deputy Director may refuse to accord preference to the application of a labour contract cooperative society, if he finds that the particular Society does not work properly in the interest of the workers concerned;
- (c) whenever more than one application falling under any of the categories (i) to (iii) above is received the Deputy Director shall, refer the matter to Government with his recommendations for a direction;
- (d) whenever more than one application falling under category (iv) above is received, preference shall be given to the applications according to the date of their receipt; unless the Government for special reasons, otherwise direct; and in case of applications received on the same day, the Deputy Director after taking into consideration the particulars furnished in the applications, may grant the lease to any deserving applicant; or he may with the previous approval of the Director, grant a quarry lease to an applicant whose application was received later in preference to an earlier application for any specific reason to be recorded in writing.

No quarry lease shall be granted in respect of areas covering any tank or river bed, irrigation or drainage channel and of lands under the control of the Public Works Department, a municipality or a local authority except after consultation with the Executive Engineer of the division or the River Conservator, or the Commissioner of the Municipality or the Block Development Officer of the Panchayat Samities or the concerned Executive Officer appointed under Section 30 of the Andhra Pradesh Gram Panchayat Act, 1964, as the case may be. Likewise, applications for the grant of a quarry lease in respect of reserved forest land must be disposed of after consultation with the Divisional or the District Forest Officer concerned.

The lease deed shall be executed in Form G within ninety days from the date of grant of the lease or within such further period as the Director may allow. The Deputy Director may revoke the grant order if the quarry lease is not executed within the prescribed period due to the fault of the applicant.

When quarry lease is granted, the Assistant Director shall make arrangements at the expense of the lessee, for the preparation of a plan and the demarcation of the area granted under the lease, after collecting the fee calculated at the prescribed rates. Application for the renewal of a quarry lease shall be made at least 90 days before the expiry of the period of the lease to the Deputy Director and it shall be disposed of before the expiry of the lease period. If the application is not so disposed of within that period, it shall be deemed to have been not renewed.

FOR SAND

So far as leases for sand are concerned, the procedure involves notification of sand bearing areas for granting quarry leases by Sealed tender-cum-Auction. Sealed tenders are submitted for each mandal to the Asstt. Director who holds the auction. The sealed tenders are opened only after the bidding is over for each mandal. The highest tender/bid amount is knocked down to conclude the proceedings. In case of highest bid and one or more tender amount remaining same, the knocking down is decided by lots immediately. The Asstt. Director may reject the highest tender/bid on grounds to be recorded in writing at the time of auction and may accept next lower bid. The Director or an officer authorised by him shall confirm the knocked down amount provided he is satisfied about the procedure, participation, amount, etc.

FOR GRANITE SUITABLE FOR CUTTING & POLISHING

Quarry leases for granite suitable for cutting and polishing are granted by the Director on application in Form B-I accompanied by copy of Industrial Licence, Project report, Treasury or Bank challan for Rs.5,000/- towards non-refundable application fee and a deposit of Rs.10,000/- for every hectare or part thereof applied for. The deposits are adjusted towards dead rent or seigniorage fee in respect of applicants in whose favour the quarry lease is granted and refunded to other unsuccessful applicants.

The application is disposed of by the Director in chronological order of receipt. In case more than one applications are received on the same day, lease may be granted to the deserving candidate on merits with the approval of the government. An application received later may also be accorded preference with the approval of govt. for reasons to be recorded in writing.

The lease deed is to be executed within sixty days from grant of lease. On default on the part of applicant to execute the lease even after extensions, if any, granted to him, Director shall revoke the order granting the lease.

In case of renewal of lease, the lessee has to file an application in form B-1 to the Director before ninety days of expiry alongwith a Rs.5,000/- challan towards non-refundable application fee. The Director may grant the renewal for a period not exceeding the period of original grant subject to certain conditions.

1.4.2 PERMIT

Application for the grant of permit should be made to the Assistant Director. The Assistant Director may grant permit to undertake quarrying in case of small stray deposits

which are to be worked to meet the immediate or timely petty requirements of local inhabitants, on payment of the seigniorage fee in advance.

Application for grant of a permit in respect of a reserved forest land must be disposed of after consultation with the Divisional or the District Forest Officer concerned.

Under the powers conferred on the Director, temporary permits may be issued for any minor mineral to regulate quarrying operations during the transition period whenever there is a proposal to change the policy by the Government for grant of leases.

1.5 PERIOD AND AREA

1.5.1 QUARRY LEASES

Quarry leases in respect of minor minerals which can be extracted without much equipment or investment like sand, murrum, gravel, limeshell, limekankar, chalcedony pebbles, etc. may be granted for 5 years. Leases in respect of minerals which require investment and equipment to develop a quarry such as boulders, building stone, limestone, mosaic chips, fuller's earth, shale, slate, marble, bentonite, road metal etc. without crushing unit are granted for a period of 10 years. Minor minerals useful for road metal, ballast serving as a captive source for a crusher unit may be granted lease for 15 years. The leases may be granted for a longer period not exceeding twice the period as fixed above, if the Government is satisfied that it is necessary for the proper and systematic development of the quarry and the applicant or lessee is financially and technically capable.

Leases for sand granted under sealed tender-cum-auction procedure are granted for a specified period in any case not more than two years.

RENEWALS

A quarry lease for granite useful for cutting and polishing is granted for a period of 15 years with a provision for renewal.

If the lessee to whom quarry lease is granted has duly observed all the conditions of his lease and has given ninety days previous notice in writing to the Deputy Director, requesting renewal of the lease, the Deputy Director shall grant renewals for not more than two times to the period of quarry lease, subject to the following criteria, namely :

First Renewal : Systematic development of quarries; development of good communication facilities and their maintenance; investment on transport; training of skilled labour; preliminary work and investment for establishing a processing (dressing or upgrading) plant utilising the product from the quarry.

Second Renewal : Establishment of processing plant, either individually or in partnership with others; development of market in the country or abroad; long term contracts with established industries for supply of quarry product, and setting up of an industry in the region, either individually or in partnership with others. Above all,

adherence to and non-violation of rules during the terms of occupation is a primary prerequisite in all cases of consideration of renewal.

In case of patta lands, renewal may be automatic. In case of leases for minor minerals useful for road metal, ballast, serving as a captive source for a crusher unit, the renewal may be granted as long as crushing unit is in operation.

The permit shall in no case be granted for more than sixty days.

In case of renewal of sand leases which are granted after sealed tender-cum-auction, the lessee has to pay the knocked down amount with 10% enhancement alongwith renewal application, towards second year of lease. The renewal application is to be made to the concerned Asstt. Director, before 45 days of expiry of first year of the lease.

Granite leases may be renewed on application to the Director before 90 days of expiry of lease and a fee of Rs.5,000/-. The renewal is subject to considerations relating to the establishment of granite cutting, polishing plant, breach of any conditions contained in the grant, etc.

The rules do not prescribe the limits regarding area of quarry lease or permit, with the exception of granite useful for cutting and polishing. In respect of a 100% Export Oriented Unit (EOU), the lease for black granite shall not exceed 10 hectares under each lease subject to maximum extent of 50 hectares. In addition, 100% EOU may be granted quarry leases for coloured granite over a maximum extent of 100 hectares, not exceeding 20 hectares under each lease. In respect of Small Scale Industrial units, these limits are 10 hectares for black granite not exceeding five hectares per lease and 20 hectares for coloured granite, not exceeding 10 hectares in each lease. These limits however, do not apply in respect of pattadars who apply for quarry leases in their own lands.

1.6 TRANSFER, SURRENDER, TERMINATION

The lessee shall not assign, sub-let, transfer or otherwise dispose of the area under lease or permit, without obtaining the previous sanction in writing of the Deputy Director and in case of granite, the Director. Such transfers cannot be effected within a period of 2 years from execution of lease, except when the transfer is between two cutting-polishing units which are gone into commercial production or when the concern has merged into the latter. A quarry lease granted in public auction for sand is not open for transfer.

The lessee may surrender the whole or any part of the lease by giving a six months' notice in writing.

If the lessee makes default in the payment of any money due from him under these rules within the stipulated period or neglects to furnish the security deposit or to execute the lease deed when required, the lease may be terminated and the security deposit, if any, forfeited. Likewise, if the lessee stops working the quarry, without the prior sanction for a continuous period of six months, the lease is liable to be cancelled.

In the case of any breach on the part of the lessee of any covenant or condition of the lease or the permit, the Deputy Director may, after giving an opportunity to the defaulter, determine the lease or the permit and forfeit the security deposit.

The Deputy Director may, in consultation with the Director, (the Director, in case of granite) determine the lease, if it is considered by him necessary to do so in public interest, after giving two calendar months' notice in writing. In case of granite, the quarry lease granted against establishment of a granite cutting and polishing unit, if not established within a period of two years from the date of grant of first lease within the State, the leases are liable to termination. There is a provision to extend this period by a year in deserving cases.

1.7 RENTS AND ROYALTIES

Dead Rent : The holder of a quarry lease or permit is required to pay, in advance, for every year of the lease, the yearly dead rent specified in schedule II to rule 10 for minerals other than granite suitable for cutting and polishing. For the latter, dead rent specified in rule 12 (5) (e) is applicable. The rates of dead rent are liable to be revised and amended from time to time by the State Government by Notification in the Gazette. The current rates of dead rent prescribed in the above rules are as follows :-

RATES OF DEAD RENT

Sl. No.	Name of the Minor Mineral	Rate per hectare per annum
1.	Limestone other than classified as major minerals used for lime burning for building construction purposes; Marble, Boulders, stone, including stone used for road metal, ballast concrete and other construction purposes, shale and slate, Mosaic chips, Fuller's Earth/Bentonite.	Rs.10,000/-
2.	Gravel, Morrum, Shingle, Limestone slabs used for flooring and roofing purposes, Lime kankar, Chalcedony pebbles used in the building purposes, lime shell for burning used for building purposes and Reh-Matti.	Rs.5,000/-
3.	Granite suitable for cutting and polishing :	
	(a) Black granite	Rs.30,000/-
	(b) Granite other than black	Rs.25,000/-

Surface Rent : The term 'surface rent' has not been used in the rules. In its place, the term 'assessment on the land' has been used. The lessee is required to pay annually the land assessment of the areas under the lease or permit.

Royalty : The term royalty has not been used in these rules, instead the term 'seigniorage fee' has been used. The seigniorage fee is payable on all the minor minerals removed from the land at the rates specified in Schedule-I and under rule 12(5)(e) in respect of granite suitable for cutting and polishing. Either seigniorage fee or dead rent

whichever is higher is charged, but not both. The seigniorage fee is payable before the mineral is removed from the leased area.

The rates of seigniorage fee currently in force are given below. The rates are liable to be revised from time to time by the State Government by notification in the Official Gazette, subject to the condition laid down in section 15(3) of the MM(RD) Act.

SCHEDULE-I
RATES OF SEIGNIORAGE FEE (Royalty)

Sl. No.	Name of the Minor Mineral	Rate per unit
1.	Boulders, building stone including stone used for Road Metal/Ballast, concrete and other construction purposes.	Rs.15/- per cubic metre.
2.	Limestone Slabs for flooring and roofing purposes : (a) Limestone Slabs for flooring and roofing purposes of all colours other than black. (b) Limestone slabs for flooring and roofing purposes of black colour.	Rs.3/- per square metre. Rs.1.50 per square metre.
3.	Lime Kankar	Rs.5/- per tonne.
4.	Marble	Rs.50/- per cubic metre.
5.	Mosaic chips	Rs.15/- per tonne.
6.	Gravel, Murrom & Shingle and any other filling material.	Rs.10/- per cubic metre.
7.	Ordinary sand.	Rs.20/- per cubic metre.
8.	Ordinary clay, silt & brick earth used in the manufacture of bricks and tiles including Mangalore tiles.	(a) Rs.500/- per kiln per annum in case of tiles. (b) Rs.500/- per kiln per annum in case of bricks.
9.	Chalcedony pebbles used for building purposes.	Rs.15/- per tonne.
10.	Limeshell used for burning and building purposes.	Rs.10/- per tonne.
11.	Limestone other than classified as major minerals used for lime burning for building construction purposes.	Rs.10/- per tonne.
12.	Fuller's earth/bentonite.	Rs.20/- per tonne.
13.	Shale and slate.	Rs.40/- per tonne.
14.	Rehmatti.	Rs.5/- per cubic metre.

The prescribed seigniorage fee (royalty) under rule 12(5)(e) in respect of granite suitable for cutting and polishing is as follows :-

- a) Black granite Rs.750/- per cubic metre.
- b) Other colours Rs.500/- per cubic metre.
- c) Cut or dressed blocks Rs.10/- per piece.
useful for tiles not
exceeding the dimensions
65 cm x 35 cm x 35 cm.
- d) Kerb stones not exceeding Rs.50/- per metric tonne.
the dimensions
30 cm x 25 cm x 15 cm

Note :-

- (1) Granite exported in raw form outside the state attracts double the seigniorage fee except for stones exported through ports/harbours within the state.
- (2) Despatch of minor mineral without a valid way bill duly stamped by the Asstt. Director results in levy of normal seigniorage fee alongwith 5 times penalty.

The Director is vested with the power to waive the collection of seigniorage fee and dead rent at their discretion.

Recently, the State Government has introduced appointments of 'Authorised agents' for collection of seigniorage fee on behalf of the Government. The appointment follows a procedure of sealed tender-cum-public auction. The successful tenderers/bidders are appointed by the Joint Director for different sectors. The right to collect seigniorage fee obtained through this procedure is not liable to transfer.

1.8 DISPUTE SETTLEMENT PROCEDURES

Any party aggrieved by any order passed by the Assistant Director, Deputy Director or Joint Director may appeal to the Director against that order within a period of two months from the date of communication of the order. An appeal can be made to the Government against an order of the Director in like manner.

The Government may either suo motto at any time or on an application made within 90 days, call for and examine the record relating to any order passed or proceedings taken by the Director, Joint Director, Deputy Director or Assistant Director under these rules, for the purpose of satisfying themselves as to the legality or propriety of such order or as to the regularity of such proceedings and pass such order in reference thereto as they think fit.

The application in the prescribed proforma Form-J within the time specified has to be accompanied by a fee of Rs. 50/- in case of appeal or Rs.100/- in case of revision, in the form of a Treasury receipt.