

THE MINING LEASES (MODIFICATION OF TERMS) RULES, 1956

S.R.O. 2062, dated the 4th September 1956. In exercise of the powers conferred by section 7 of the Mines and Minerals (Regulation and Development) Act, 1948 (53 of 1948), the Central Government hereby makes the following rules namely: -

1. Short title and commencement - These rules may be called the Mining Leases (Modification of Terms) Rules, 1956.

2. Definitions - In these rules unless the context otherwise requires:

(a) 'Act' means the Mines and Minerals (Regulation and Development Act, 1957 (67 of 1957) ;

(b) 'Controller' means a Controller of Mining Leases appointed under rule 3

(c) 'Existing mining lease' means a mining lease granted before the commencement of the Mines and Minerals(Regulation and Development) Amendment Act, 1972 and subsisting at such commencement, but does not include any such lease in respect of -

i) Natural gas;

ii)Petroleum;

iii)Coal or

iv)any minor mineral within the meaning of clause (e) of section 3 of the Act;

(d) 'lessee' means the lessee of an existing mining lease and includes a sub-lessee or the successor-in-interest of the lessee or sub-lessee, but does not include a contractor engaged by the lessee or sub-lessee for the purpose of working the mine or any part thereof. and the expression 'lessor' shall be construed accordingly;

(e)'Mineral Concession Rules' means the Mineral Concession Rules, 1960 made under section 13 of the Act;

(f)'Minerals Conservation and Development Rules' means the Minerals Conservation and Development Rules, 1988, made under section 18 of the Act.

3. Controller of Mining Leases - The Central Government may, by notification in the Official Gazette, appoint one or more Controller of Mining leases for the purposes of these rules and any such Controller may be appointed for any specified area or in respect of any specified class of mining leases. .

4. Existing leases to be brought into conformity with the Act, Mineral Concession Rule and Minerals Conservation and Development Rules. - (1) As soon as may be after the commencement of these rules, the Controller shall by notice served in the manner specified in rule 15 call upon every lessee and the lessor to show cause why the term and conditions of the existing mining lease should not be brought into conformity with the Act, Mineral Concession Rules and Minerals Conservation and Development Rules.

(2) Where the parties or any of them appear before the Controller in pursuance of a notice issued under sub-rule (1), the Controller, after giving the parties or party, as the case may be, a reasonable opportunity of being heard, shall issue an order making such modifications and alterations in the terms and conditions of the existing mining lease as may be necessary for the purpose of bringing it into conformity with the Act, Mineral Concession Rules and Minerals Conservation and Development Rules.

(3) Where none of the parties appear before the Controller in pursuance of a notice issued under sub-rule (1), the existing mining lease shall be deemed to have been so modified or altered as to conform to the Act, Mineral Concession Rules and Minerals Conservation and Development Rule.

(5) **Lessees to submit returns.**-

(1) Every lessee shall submit to the Controller within sixty days of the date of a notification published by the Controller in the Gazette of India in this behalf a return in the form specified in the Schedule:

Provided that the Controller may in any particular case extend the said period of sixty days by such period or periods, as he deems fit, if he is satisfied that the lessee was prevented by sufficient cause from submitting the return in time.

(2) Every such return shall be accompanied by a true copy of the existing mining lease to which the return relates.

(6) **Modifications of the terms of existing mining leases**

(1) The Controller shall in respect of every existing mining lease prepare a statement of the modifications and alterations which he proposes to make in the terms and conditions of the lease so as to bring the lease into conformity with the Act, Mineral Concession Rules and Minerals Conservation and Development Rules.

(2A) The Controller may not propose all **modifications** and alterations referred to in sub-rule (1) at one time but may exercise the power of making such modifications and alterations from time to time.

(10) Where the Controller proposes a reduction in the area covered by an existing

mining lease, the Controller shall observe the following principles:

(a) in any case where there is an area which is not being worked and which is not contiguous to any area which is being worked, the Controller shall exclude that area;

(b) in any other case, the Controller shall exclude such area as he may determine, having regard to the following matters, namely :-

(i) the compactness of the remaining area and the configuration appropriate for working the mine in a workmanlike manners;

(ii) the conservation of minerals.

(11) The Controller shall give notice of the proposed modifications or alterations to the lessee and the lessor and shall call upon them to show cause why such modifications and alterations should not be made.

(12) Where the party or any of them appear before the Controller in pursuance of a notice issued under sub-rule (11), the Controller, after giving the parties or party, as the case may be, an opportunity of being heard and after making such further inquiry as he may deem fit, and in any case to which sub -rule (10) applies, after consulting the State Government concerned, may make an order that the existing mining lease shall stand modified in the manner specified in the order.

(13) If any lessee fails to furnish a return within the time or extended time allowed under sub-rule (1) of rule 5, or fails to appear on the date fixed for hearing, or to supply such information as may be required by the Controller under these rules, the Controller may proceed ex parte against him and on the basis of information available with him proceed to modify the terms and conditions of the mining lease so as to bring it into conformity with the Mineral Concession Rules in accordance with the provisions of these rules, and the lease shall stand modified in accordance with the order passed by him.

7. Power of revision of the Central Government

(1) The Central Government may of its own motion or on the application of any interested person call for the record of any proceedings in which the Controller has passed any order under sub-rule (2) of rule 4 or sub-rule (12) or sub-rule(13) of rule 6 or in which the Tribunal has passed any order under clause (b) of sub-rule (1) of rule 10 for the purpose of satisfying itself as to the legality or propriety of any such order and may pass such order in relation thereto as it thinks fit.

(2) Every application under this rule for the revision of any such order of the Controller or the Tribunal shall be made within sixty days of the date of the order sought to be

revised ;

Provided that the Central Government may entertain any such application after the expiry of the said period of sixty days if it is satisfied that the applicant was prevented by sufficient cause from filing the application in time.

(3) The Central Government may, pending its final decision in the matter under this rule, suspend the operation of any order passed by the Controller under sub-rule (2) of rule 4 or sub-rule (12) or sub-rule (13) of rule 6 or the Tribunal under clause (b) of sub-rule (1) of rule 10.

8. Furnishing of copies of final order and publication in Gazette.- A copy of every order made under these rules modifying or altering the terms and conditions of an existing mining lease shall be furnished free of cost to the lessee and the lessor and to any other interested person, and shall also be published in the Official Gazette of the State in which the mine to which such lease relates is situated.

9. Payment of compensation in certain cases Where the area of an existing mining lease is reduced, there shall be paid to the lessee compensation, the amount of which shall be determined in the manner and in accordance with, the principles set out in, rule 10:

Provided that no such compensation shall be payable unless the controller is satisfied that the transaction relating to the existing mining lease was a bona fide one and was entered into in the ordinary course of business.

10. Principles and manner of determining compensation -

The amount of compensation payable under rule 9 shall be determined in the following manner :-

(a) by agreement between the parties;

(b) (i) if there is no such agreement, the amount of compensation shall be determined by the Controller holding such inquiry, as he may deem fit;

(ii) if the amount so determined by the Controller is not acceptable to the person by or to whom the compensation is payable, the question shall on an application made within sixty days from the date of the Controller's order, be referred for decision to a Tribunal constituted by the Central Government which shall consist of a single member who is, or has been, or is qualified for appointment as, a Judge of a High Court and the decision of the Tribunal shall be final subject to the provisions of section 30 of the Act.

(2) In determining the compensation payable under this rule, the Controller and the Tribunal shall have regard to the following matters, namely: -

(i) any reasonable and bona fide expenditure incurred by the lessee on any area

excluded under rule 6, that is to say, -

- (a) the proportionate cost of obtaining the lease attributable to that area
- (b) the expenditure or proportionate expenditure, if any, incurred in undertaking any prospecting operations in the area
 - (i) for the preparation of maps, charts and other documents relating to the area,
 - (ii) for the collection of cores or other mineral samples and due analysis thereof,
 - (iii) for the preparation of any other relevant records or material which the holder may produce before the Controller or the Tribunal, as the case may be;
- (c) the expenditure or proportionate expenditure, if any, incurred in constructing roads or other essential works in the area, where such roads or works are in existence in usable condition;
- (d) the expenditure or proportionate expenditure on any other operation carried out in that area and necessary for prospecting;
 - (ii) no compensation shall be payable in respect of the reduction of the period of the lease or any modification in the amount of royalty
- (3) In addition to the amount of expenditure referred to in sub-clause (i) of sub-rule (2), there shall in every case be paid in respect of the first five years since the expenditure was incurred, a sum equivalent to five per cent of such expenditure in respect of each such year plus a sum equivalent to four per cent of such expenditure in respect of each additional year after the said period of five years;

Provided that in no case shall the total sum payable under this sub-rule exceed 50 per cent of the total amount of such expenditure.

Explanation - In computing the number of years for the purpose of this sub-rule, any part of a year less than six months shall be ignored and any part of a year exceeding six months shall be reckoned as one year.

- (4) The compensation determined with reference to clause (b) of sub-rule (2) (i) shall not be paid unless the party to whom the compensation is payable has delivered to the party by whom the compensation is payable all maps, charts and other documents referred to in that clause.
- (5) Where there is any dispute as to the person or persons who are entitled to the compensation, the Controller or the Tribunal, as the case may be shall decide the dispute, and if it is found that more than one person are entitled to compensation the

amount of the compensation shall be apportioned among such persons.

11. Interest on compensation.-Any compensation payable under these rules shall be due as from the date of the final order under rule 10 and shall carry interest at the rate of 2¹/₂ per cent per annum from the date of such order.

12. **The Tribunal to have certain powers of Civil courts**.

The Tribunal constituted under rule 10 and the Controllers of Mining Leases appointed under rule shall for the purpose of determining compensation under these rules have all the powers of a civil court while trying a suit under the Code of Civil Procedure, 1908 (Act 5 of 1908) in respect of the following matters namely: -

- (a) summoning and enforcing the attendance of any person and examining him on oath;
- (b) requiring the discovery and production of any documents;
- (c) receiving of evidence on affidavit;
- (d) requisitioning any public record from any court or offices;
- (e) issuing commissions for examination of witnesses.

12(A) **Power to rectify apparent mistakes**- Any clerical or arithmetical mistake in any order passed by the Controller under these rules and any error arising therein from accidental slip or omission may within two months from the date of the order, be corrected by the Controller;

Provided that no order prejudicial to any person shall be made under this rule unless such person has been given reasonable opportunity of stating his case.

13. **Power of Controller to obtain information, etc**.- The Controller may for the purpose of exercising the power conferred upon him by these rules, by order require a lessee of lessor:-

- (a) to produce before him any books of account or other documents which may be in his possession or power relating to an existing mining lease;
- (b) to furnish to him such maps and charts relating to an existing mining lease as may be specified in the order, and
- (c) to give any information in his possession relating to an existing mining lease.

15. Service of Notice or order.-Every notice or order issued or made under these rules shall-

(a) in the case of any notice or order of a general nature or affecting a class of persons be published in the Gazette of India ;

(b) in the case of any notice or order affecting any corporation or firm be served in the manner provided for the service of summons in rule 2 of order XXIX or rule 3 of order XXX, as the case may be, in the. First Schedule to the Code of Civil Procedure, 1908 (Act 5 of 1908) if it cannot be served in such manner, by publication in the Official Gazette of the State and in at least one newspaper circulating in the district, where the mine, the terms and condition of the lease whereof are proposed to be altered or modified, is situated; and

(c) in the case of any notice or order affecting an individual pers on (not being a corporation or firm) be served on such person -

(i) by delivering or tending it to that person, or

(ii) if it cannot be so delivered or tendered. by delivering or tendering it to any officer of such per person or any adult male member of the family of such person or by affixing a copy thereof on the outer door or on some conspicuous part of the premises in which that person is known to have last resided or carried on business or personally worked for gain; or

(iii) by registered post or

(iv) if it cannot be served in the manner laid down in sub-clause (1), or sub-clause (ii) or sub-clause (iii), by publication in the official Gazette of the state and in at least one newspaper circulating in the district, where the mine, the terms and conditio ns of the lease whereof are proposed to be altered or modified, is situated.

16. Mode of recovery of compensation.- The amount of any, compensation payable under these rules may on a certificate issued by the Controller, be recovered in the same manner as an arrears of land revenue:

Provided that where any such compensation is payable by the Government, the amount of such compensation may, on application made to the civil court having jurisdiction, be recovered as if that court had passed a decree for such amount.

17. (1) If any person

(a) refuses or fails-

(i) to furnish a return as provided in rule 5: or

(ii) to restore possession of any mine in accordance with the terms and conditions of an existing mining lease as modified under these rules; or

(iii) to produce any books of accounts or other documents or furnish any maps and charts or give any information in compliance with an order made. under rule 13; or

(b) obstructs the lawful exercise of any power conferred by these rules he shall be punishable with imprisonment which may extend to six month. or with fine which may extend to one thousand rupees or with both.

(2) If any person makes any statement in any return furnish under rule 5 which he either knows, or has reason to believe to be false or which he does not believe to be true, he shall be punishable with imprisonment which may extend to one thousand rupees or with both.

SCHEDULE

(See rule 5)

To be used in respect of each lease or sub-lease

1. Name of lessee or sub-lessee.
2. Address
3. Status (whether individual or company or corporation or partnership firm or Hindu undivided family or Co-operative Society).
4. Date on which the lease or sub -lease was granted.
5. Location of the area leased (Name of the Village, district State).
6. Minerals for which the lease or sub -lease has been granted.
7. Area for which the lease or sub-lease has been granted.
8. Period of the lease or sub-lease.
9. Place of registration of the lease on sub -lease.
10. If the lessee/sub-lessee holds in his name other leases in the State (in which this leases is located) for the mineral to which this lease relates or prescribed group associated minerals (please refer to rule 69 of the Mineral Concession Rules, 1960), the particulars of the same may please be given.

Sl. No.	Location of the area leased (Village, District)	Mineral for which the lease/sublease has been granted	Area for which the lease/sub-lease has been granted	Date of lease
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11. If the lease/sub-lease is an individual family and if he/she is a shareholder in a mineral or company/corporation or partner in a partnership firm of a member of a cooperative Society or a member of a Hindu undivided family, he/she should give the under mentioned particulars of the lease held by the Company/ Corporation or partnership firm or Copperative

Society or Hindu undivided in the State and for the prescribed group of associated minerals, to which this return relates, along with the percent age of his/her share in the Company/Corporation or partnership firm or coperative Society or Hindu undivided family

S S.No.	Name and Address of the company Corporation Partnership Firm, Cooperative Society, Hindu Undivided Family	Location of the leases held by the Company, corporation, partnership firm, cooperative society Hindu undivided family(village;Distt.)	Mineral for which the lease/sublease has been granted	Area for which the lease/ sublease has been granted	DayrDate of G grant of Lease/ Sub-lease	Percentage of Your share in the company, Corporation, Partnership Ship firm, Cooperative Society, hindu Undivided family

12. Please enclose a plan showing the lease -hold, the area worked in the past and the area now be bing worked.

I declare that to the best of my knowledge and belief the information given in the above statements in this return is correct and complete, and that the copy of the lease or sub -

lease enclosed with this return is a true copy.

Signature of the Lessee/Sub-lessee