

**PROCEEDINGS OF THE MEETING ON TRANSPORTATION
OF ORE BY RAIL AND PORT ON 17.03.2010**

A meeting on the above captioned subject was convened at 4.00 PM under the Chairmanship of the Chief Secretary. The participants included the representatives of East Coast Railway, South Eastern Railway, Paradip Port Trust and various departments of the State Government. The list is annexed.

2. The background to the need for such a meeting was explained. It was noted that :

As many as 62 rakes from Banspani, 63 rakes from Jurudihi and 27 rakes from Barbil Railway Sidings in Keonjhar district carrying iron ore had been dispatched illegally to different destinations between Jan 1 to Jan 23, 2010. An FIR has been lodged by the DDM, Joda and the Keonjhar district Police led by SP has taken up investigation. The District Magistrate and the team of officers found that large quantities of iron ore had been illegally stored at different railway sidings and in order to facilitate a free and fair enquiry / investigation into illegal storage & transportation from railway sidings, the local Executive Magistrate has promulgated orders under section 144(2) of CrPC at Banspani, Jurudihi and Barbil railway sidings banning entry of unauthorised persons into the railway sidings, all activities relating to loading & unloading of material for transportation from railway sidings for a period of 60 days w.e.f. different dates. This order has stopped movement of ore carrying trucks to the railway sidings, movement of people unauthorised people and movement of rakes facilitating a proper investigation by the police. Since these railway sidings are dump and load stations meant for despatch of ore, there is no movement of passenger trains & therefore no adverse impact on the rail using public. The District Administration while promulgating the said orders apprehended breach of peace, public tranquillity & possibility of riot since vested interests had been brought to book.

It was also noted that one rake loaded at Nayagarh station on 14.03.2010 for Visakhapatnam Port was suspected to be transporting

illegal ore. Hence as requested by DDM, Joda the rake was detained at Keonjhar on 15.03.2010 at 01.35 hrs.

3. Mining sector comprises raising of ore, storage and transportation. The regulation of mining activities is carried out under the provisions of OMPTS Rule, 2007 framed by the State Government under the provision of section 23(C) of MMDR Act, 1957. In order to remove the ore from one place to another a transit permit has to be obtained from the competent authority in the prescribed form. Transportation means carrying of minerals from one place to another and such transportation takes place only under the cover of a transit pass (TP) issued by the competent authority. The ore can be raised at the mines over a granted mining lease or other authorised areas under RP & PL. The ore can also be removed from licensed place of storage. Hence, a mining lessee and licensee respectively can be issued a transit pass in form of 'M' and 'G' respectively by the competent authority. Rule 10(13) of OMPTS Rules, 2010 is important. All despatches of minerals in carriers except those by rail or aerial ropeway, shall be accompanied with transit pass / permit in duplicate in Form 'I' (licensee / other than mine owner) and 'L' (Lessee), as the case may be. Rule 10 (14) of the Rules lays down the norms for transportation of mineral by railway wagons from privately owned railway sidings.

4. As seen thus, the mode of transport of ore generally consists of road, conveyor belt, aerial rope way, pipeline, rail and ship in case of export. The State Govt. has laid down the norms for establishing check posts, weighbridges and inspection of mineral in transit in exercise of its power under rule 11. Hence, any ore from a mining lease area or a licensed storage depot can be removed only after a transit permit issued by the competent authority and can subsequently be transported under the cover of a transit pass valid upto a designated destination. In case of transport by rail the ore is carried from its origin to the railway siding from where it is carried by rail to its final destination like port or a manufacturing facility etc. In such a case, the railway siding is shown as a destination in the transit pass, though it is only an intermediate destination.

5. Examination of the current procedures of Railways & department of Steel and Mines, provisions of relevant laws etc shows that, certain changes are necessary in the existing practices and a set of revised norms needs to be adopted to check dumping of illegally raised / traded and transported ore to the Railway sidings and subsequent dispatch of such illegal ore by rakes.

5.1 Current practice & changes required in respect of application of the provisions of OMPTS Rules.

In case of transportation of minerals by railway wagons from private railway siding, amendment to rule 10 (14) is required so as to prescribe obtaining of a transit permit as a pre-requisite before the ore can be loaded onto the rake. Rule 10(15) enables the State Government to impose restrictions to check illegal transportation & storage of minerals. It reads as follows:

“with a view check illegal transportation and storage of mineral the State Government may impose restriction on such activities if necessary”. Pursuant to this provision the State Govt. can issue new instructions to regulate the removal and transport of ores by those using private railway sidings.

5.2 Transport by rake : Rail is an important exit point and huge quantities of ore are transported using this facility. On an average a rake transports 3500 metric tonnes of iron ore which is equivalent to 350 trucks of 10 mt capacity. Hence, regulation at the railway sidings is very critical from the point of preventing revenue leakage. The ore is transported by rake as per allotment by the Railway authority in favour of a consigner. There are 3 categories of consigners as follows:

- **Wagon Investment Scheme (WIS)**, under which an investor can deposit a sum of money for issue of a guaranteed minimum number of rakes on annual basis for transportation of ore.

- **Central Board of Transport (CBT)** Scheme, under which the manufacturer who aims to source ore for consumption at his manufacturing facility is allotted rakes on priority.
- **Oldest Date of Registration (ODR)** scheme, under which all other categories of consigners are allotted rakes based on the date of registration and seniority.

Further, all rake allotments under all the three categories are allotted for transport of ore to both domestic and export destinations. As reported by the railway authorities, the norms for domestic transport are more stringent vis-à-vis the export destination. It is however seen, that the railway authorities who operate under the provisions of the Indian Railways Act, 1989 and the circulars issued by the Railway Board are principally concerned about revenue earning by way of freight charges since the Indian railways is a commercial organisation. Their systems & procedures are guided more by commercial considerations and are not attuned to meet the requirements of a regulatory framework that can prevent storage & transportation of illegally raised ore.

6.0 Issues discussed

6.1 It was pointed out by the State Government officials that mineral administration as carried out under the provisions of MMDR Act, 1957 is a joint responsibility of the agencies of the Centre and the State. The important central agencies concerned with mineral administration include **(i)** Indian Bureau of Mines (IBM) who under the provisions of MCDR, 1988 are responsible for approval of mining plans & regulation of ore production in accordance with the approved mining plan **(ii)** Transportation of ore by rail-railway authorities handle large quantities of ore transported **(iii)** the port authorities who handle shipment of ore meant for export destination **(iv)** Central Excise and Customs whose officers monitor the export at the port.

6.2 Currently there exist some weaknesses in regulating ore movement by rail. As per current norms in practice, the Railways :

- (i) do not have a system of maintaining the list of the consigners and verification of their bonafides ; ✓
- (ii) do not have norms to verify the legal status of ore being dumped at the rail sidings and loaded onto rakes; ✓
- (iii) do not verify tax compliance by the consigner in respect of State demands like the royalty payment on mineral and VAT /CST clearance as applicable; ✓
- (iv) do not regulate storage of ore at the railway siding as per prescribed norms on account of which, huge quantities of unclaimed ores are laying at the sidings. ✓

7.0 It was agreed that there is a need for coordinating the efforts of the concerned departments of the State Government, the Indian Railway and the Port Authority in designing applicable procedures and executing them so as to prevent illegal mining activities.

In this context detailed deliberations were made it was agreed that the following procedures shall be adopted.

7.1 By the Railways :

- a)** System of regulation : Two tier system of regulation of consigners.

Tier - I : System and procedure for registration of consigner.

The railways shall register the desirous consigners who file their applications in a prescribed format after scrutinising their applications & documents and being satisfied of their bonafides. Some of the documents suggested for enclosure with the application form are as follows :

- ID proof in the form of Voter ID card, Passport etc. ✓
- Permanent and temporary residential addresses along with Residence certificate issued by the jurisdictional District Administration
- Photographs authenticated by the prescribed officer. ✓
- PAN details issued by the Income Tax Authority ✓

- TIN details issued by the concerned Commercial Tax Department
- Details of mining lease or / and trade license issued by the competent authority of the concerned State Govt.

The Railways should also prescribe

- an application form designed appropriately to capture all the relevant data & information, ✓
- the authority before whom the application is to be filed, ✓
- the competent authority to accept & register the consignor, ✓
- classes of consignors, ✓
- the renewal frequency of registration. ✓

The above system is parallel to the practice of registration of contractors by the Central and State Works Departments.

Tier-II : Allotment of rakes

- (i) only a registered consignor should be eligible for allotment of a rake on demand ✓
- (ii) A rake may be allotted and railway receipt (RR) issued only after the prescribed officer of the Railways has verified the following documents.
 - Details of the transit permit & transit pass issued by the competent authority of the State Government which shall be taken as a proof of legality of the ore including payment of royalty due to the State ✓
 - VAT / CST clearance certificate issued by the competent authority of the Commercial Tax Commission rate as proof of payment of VAT/CST, as applicable. ✓

Further, the Railways may:

- (i) design an appropriate application form in which the consignor will file his request, ✓
- (ii) prescribe the officer before whom the application is to be filed, ✓

- (iii) treat the Railway Receipt (RR) as the transit pass covering the ore in transit from railway siding to its final destination,
- (iv) return the 3rd copy of the transit pass surrendered by the consignor at the time of dumping the ore at the railway siding to the officer in charge of the jurisdictional mining circle.
- b) Submission of monthly returns** - The Railway Authorities shall submit monthly returns containing the details of the ore transported from the railway siding to the jurisdiction mining circle officer by the 15th of succeeding month.
- c) Use of railway siding** – The Railway Authorities shall allow only a registered consignor to dump his ore at the railway siding and ensure adherence to prescribed time limits for such dumping. Further, no ore be allowed to be dumped at the railway siding without verifying the transit pass and VAT /CST clearance certificates. Further, any storage beyond the prescribed time limit shall be treated as illegal storage under the provision of OMPTS Rules by the authorised officers of the State Government.
- d) Regulation of ore under the cover of transit pass and transit permit** - A transit pass issued by the competent authority is a proof of permission issued by a competent authority to transport ore from one place to another. In case of use of rakes, the ore is transported from mining lease area or a licensed storage depot in a carrier vehicle by road up-to the railway siding from where it is transported by rakes. Since Railways shall accept and permit dumping of ore at the railway siding only after verification of TP & VAT /CST clearance certificate, it shall be presumed that the railway receipt issued to the consignor is the transit pass covering the ore in transit from the railway siding to the final destination.
- e)** The 3rd copy of the transit pass surrendered by the lessee / trader to the railway authority at the time of dumping of ore at the railway siding shall be transferred along with the railway receipt to the

officer in charge of the jurisdictional mining circle by the 15th of succeeding month.

7.2 By the department of Steel & Mines :

- a) **Regulation in case of private railway sidings** - The state Govt. shall issue revised instructions pursuant to rule 15 of the OMPTS Rules, 2007 to the effect that no ore shall be removed from the lease area or the licensed storage depot for purpose of dispatch by rakes from a private railway siding without having been issued a transit permit by the competent authority. The transit permit shall be obtained by the lessee/licensee in accordance with the relevant provisions laid down vide rule 10.
- b) The State Govt. shall pass orders to the effect that transit permit shall be obtained for removal of ore from one place to another from private railway sidings or by aerial ropeway, pipes carrying slurry, conveyor belt and any other mode of transport. The railway authority in case of private railway siding shall submit the railway receipt to the officer of the in charge of the mining circle. In case of other modes of transport of ore, the transporters shall submit relevant report like feedometer reading etc as the case may be to the officer in charge of mining circle by 15th of the succeeding month.
- c) Royalty is now being assessed & collected in case of users of private sidings based on the railway receipts. It may be necessary to ensure weighment of the ore at an authorised weighbridge before it is poured / loaded into / onto a wagon. This weighment slip can be compared with the railway receipt details and royalty assessed. The department shall work out the details and issue appropriate instructions after further study of the rules & procedures.

7.3 Other decisions:

- (a) An officer of appropriate rank shall be taken as member of the District Level Task Force and the DRM, Khurda, East Coast Railway

and DRM, Chakradharpur, South Eastern Railway as members of the State Level Task Force. This will enable greater coordination between different organisations.

- (b) The Chairman / Vice Chairman of Paradeep Port Trust shall be taken as the member of the State Level Task Force.
 - (c) The Dy. Commissioner, Customs Excise, Paradip Port shall be taken as member of the State Level Task Force.
 - (d) The Railways are agreeable to furnish all information to the Investigating Officer, Keonjhar who has undertaken investigation based on FIR lodged by the DDM, Joda. They agree to render all support in conducting a free and fair investigation and also agree to provide all support to the District Administration in regulating ore transport.
 - (e) The Inter-Agency Committee constituted under the Chairmanship of the SRC and Special Secretary to Transport & Commerce, Orissa shall submit its report on systems for transport of ore through rail and ship to the State Government by 10th April 2010.
 - (f) All concerned departments of both Central & State Government agencies shall transfer out officers working for long at a particular station. They shall also initiate disciplinary action against those found guilty of complicity with illegal transport & other illegal mining activities.
 - (g) The systems to be adopted at the Ports shall be discussed in detail after the Inter-Agency Committee submits its report.
- 8.0** The final recommendations are as follows:
- (i) The Railways shall issue appropriate orders in accordance with para 7.1(a) to (e).
 - (ii) The Railways shall take up with their competent authority including the Railway Board for amendments to the Railway Act and Board circulars as required.

- (iii) Pending amendments as above as also pending registration of consigners (to be however completed within a reasonable period of time), the Railways shall pass orders immediately making verification of TP & VAT / CST clearance certificate compulsory to permit dumping of ore at railway sidings & its loading onto rakes and dispatch.
 - (iv) The Railways shall comply with the decision vide para 7.3(d) & (f)
 - (v) The department of Steel & Mines, GoO shall amend the provisions of OMPTS Rules and issue necessary orders regulating issue of Transit Permit / Pass in case of ore dispatch at private railway sidings.
 - (vi) The department of Steel and Mines, GoO shall act upon the decisions vide para 7.2 (a) to (c) and para 7.3 (a), (b), (c),(e), (f) & (g).
 - (vii) All concerned departments shall comply with the decision vide para 7.3 (f).
 - (viii) The District Administration may decide on withdrawal of prohibitory orders based on satisfactory progress of investigation & law and order situation as prevailing at the railway sidings.
9. It was agreed to meet again on April 15, 2010 at 11 AM to take stock of the situation.

The meeting ended with a vote of thanks to the chair.

T. S. J.
CHIEF SECRETARY
19/5/10

MEETING OF THE TRANSPORTATION OF ORE BY RAIL AND PORT ON 17.03.2010
 AT 4.00 PM UNDER THE CHAIRMANSHIP OF CHIEF SECRETARY, ORISSA IN THE 2ND
 FLOOR CONFERENCE HALL, ORISSA SECRETARIAT, BHUBANESWAR

Sl No.	Name	Designation	Signature
1	H. Prabhakaraj.	DGP,	lur
2	R. N. Barik	COM/ECOR	om
3	SANJIV GARG	DRM, Khurda ECOR, Road	Sanjiv Garg
4	RAVINDRA GUPTA	DRM, Chakradharpur SERly	Q
5	G. K. Mohanty	CFTM, S.D. Railway Kolkata	huz
6	Subrat Tripathy	CCM/FS ECoR	↓
7	BIPLAV KUMAR	Dy Chairman Koraput Port Trust	Qo-
8	SARAS MISRA	T.M. DIT.	Q
9	Umesh Ch. Jena	Dy. Director of Tadra	Q
10	J. R. Patnaik	Director of Koraput	Q
11	Dabjani Chakrabarti	Collector, Keonjhar	DC 17/3/10
12	Ashok K. Singh	SP, Keonjhar	17/3/10
13	Batyabrata Bahu	Secy, C & T.	Q 17/3/10
14	U. N. Behera	Principal Secy, Forest & Environment.	Q 17/3
15	Ashok K Meena	RDC (CD)/RDC (ND)	Q 17/3

