

# Policy Measures & Reforms in Mining Sector

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Government of India through Ministry of Mines has introduced various transformative policy measures since 2015 aimed to unleash the potential of mineral sector and to increase mineral production and employment generation in the sector. The Mines and Minerals (Development and Regulation) Act, 1957 [MMDR Act, 1957] was amended through MMDR Amendment Act, 2015 with effect from 12.01.2015. The most important feature of the said amendment was the provision for grant of mineral concessions through auction to bring in greater transparency and remove discretion at all levels in grant of mineral concessions. The method of auction also ensures that the State Governments get their fair share of revenue accruing from the auction process. Through the said amendment, the provision for establishing District Mineral Foundation was made with an objective to work for the interest and benefit of persons and areas affected by mining related operations. A provision was also made for establishing National Mineral Exploration Trust for providing impetus to exploration.

In order to maintain sustainable production of minerals in the country considering the fact that a large number of mining leases were expiring in March, 2020 under Section 8A(6) of the MMDR Act, the Central Government amended the MMDR Act through the Minerals Laws (Amendment) Act, 2020 with effect from 10.01.2020. The reforms included seamless transfer of valid clearances to the new lessee selected through auction for a period of two years and allowing State Governments to take advance action for auction of mineral blocks even before the expiry of lease period to sustain the mineral production in the country.

The MMDR Act was further amended through the MMDR Amendment Act, 2021 with effect from 28.03.2021 with the objective of *inter-alia* increasing mineral production and time bound operationalization of mines, increasing employment and investment in the mining sector, maintaining continuity in mining operations after change of lessee and increasing the pace of exploration and auction of mineral resources. The reforms included the following:

- (i) Removed the distinction between captive and merchant mines by allowing all captive mines to sell upto 50% of the minerals produced during the year after meeting the requirement of attached plant subject to the payment of additional amount as prescribed under sixth schedule of the MMDR Act.
- (ii) Removed end-use restriction for future auctions to encourage participation of more bidders in auctions and facilitate increased pace of auctions.
- (iii) Resolved all pending cases under section 10A(2)(b) of the Act. The existence of these cases was anachronistic and antagonistic to the auction regime.
- (iv) All the valid rights, approvals, clearances, etc. granted to the previous lessee in respect of a mine shall continue to be valid on expiry or termination of lease and such clearances shall be transferred to the successful bidder of the mining lease selected through auction.
- (v) To ensure ease of doing business, restrictions on transfer of mineral concessions for non-auctioned mines have been removed.
- (vi) Payment of additional the amount to the State Government on extension of mining lease of Government companies to allow extension of many PSU mines which were not being extended by the State Governments.

(vii) Central Government has been empowered to conduct auction in cases where the States face challenges in conduct of auction or fail to conduct auction within prescribed time fixed in consultation with State Government.

(viii) Empowered the Central Government to issue directions regarding composition and utilization of funds under DMF. Direction to include the MPs/MLs and MLCs in the Governing Council was issued on 23.04.2021.

(ix) The exploration regime has been simplified by allowing accredited private exploration agencies which have been notified under second proviso to Section 4(1) of the MMDR Act for conducting exploration without prospecting licence.

Thereafter, considering that at present the availability of the critical minerals or technologies for their extraction and processing are concentrated in a few geographical locations which may lead to supply chain vulnerabilities and even disruption of supplies, the Central Government has amended the MMDR Act, 1957 through the MMDR Amendment Act, 2023.

Through the said amendment the Central Government has been empowered to exclusively auction mining lease and composite licence for 24 critical minerals listed in the new Part-D of the First Schedule to the said Act which includes minerals such as Cobalt, Graphite, Lithium, Nickel, Tantalum, Titanium etc. The objective of the said amendment is to increase exploration and mining of critical minerals and ensure self-sufficiency in supply of critical minerals which are essential for the advancement of many sectors, including high-tech electronics, telecommunications, transport, and defence. They are also vital to power the transition to a low-emission economy, and the renewable technologies that will be required to meet the 'Net Zero' commitment of India by 2070.

The auction of critical and strategic minerals brings several key benefits, including bolstering domestic production, reducing import dependency, promoting sustainable resource management, attracting investments in the mining sector and the development of key industries crucial for India's industrial and technological advancement. This is a step towards creating a reliable supply chain of these mineral and a step towards making an 'Atma Nirbhar Bharat' and contribute towards increased economic growth.

The Central Government has launched the first tranche of e-auction of 20 mineral blocks of critical and strategic minerals on 29.11.2023 which include blocks of Lithium, Rare Earth Elements, Platinum Group of Minerals, Nickel, Potash etc. The auction of these blocks aims to expedite the General Exploration (G2 level), achieve the operationalization of mines and create a steady supply of these minerals, thus reducing our reliance on imports and ensuring a more secure and resilient supply chain.

Besides auction of critical minerals by the Central Government, in order to further boost exploration of critical and deep-seated minerals, a new mineral concession namely, exploration licence has been introduced for 29 critical and deep-seated minerals. Critical and deep-seated minerals such as Cobalt, Lithium, Nickel, Gold, Silver, Copper are difficult to explore and mine as compared to surfacial or bulk minerals. The country is mostly dependent on imports of these minerals. The exploration licence granted through auction shall permit the licensee to undertake reconnaissance and prospecting operations for critical and deep-seated minerals mentioned in the newly inserted Seventh Schedule to the Act.

Exploration license is foreseen to create an enabling mechanism wherein the Junior Mining Companies will bring in expertise from across the world in acquisition, processing and interpretation value chain of exploration and leverage the risk-taking ability in discovery of deep-seated mineral deposits through adoption of expertise and latest technologies.

This information was given by Union Minister of Coal, Mines and Parliamentary Affairs Shri Pralhad Joshi in a written reply in Rajya Sabha today.

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