

### NOTICE

Extensive amendments have been made in the Mines and Mineral (Development and Amendment) Act, 1957 (MMDR Act) by the MMDR Amendment Act, 2021 w.e.f. 28.03.2021 with the objectives of increasing employment and investment in the mining sector, increase the revenue to the States, increase the production and time bound operationalisation of mines, increase the pace of exploration and auction of mineral resources, etc.

2. Further, in order to increase the pace of exploration and bring more number of blocks in auction, the Union Cabinet approved to amend the rules to bring the following major changes:

(i) to initiate auction for composite licence (PL-cum-ML) at G4 level of exploration and auction the ML for surficial (limestone, etc.) at G3 level.

(i) for inclusion of the globally accepted classification standards like CRIRSCO, JORC, etc. and latest UNFC classification.

3. Ministry of Coal has proposed to apply Minerals (Evidence of Mineral Contents) Rules, 2015 to coal and lignite.

4. In order to implement the amendments made in the MMDR Act, and to carry out the decision of the Union Cabinet and taken into account request of Ministry of Coal, Ministry of Mines has prepared draft Minerals (Evidence of Mineral Contents) Amendment Rules, 2021 and Mineral (Auction) Second Amendment Rules, 2021 seeking to amend the Minerals (Evidence of Mineral Contents) Rules, 2015 and the Mineral (Auction) Rules, 2015, respectively.

5. As part of the Pre-Legislative Consultation Policy, the draft Amendment Rules are made available below. Comments/suggestions are invited from the general public, Governments of States and Union Territories, mining industry stake-holders, industry associations, and other persons and entities concerned, on the draft Amendment Rules.

6. The last date for receipt of the comments/suggestions is 14<sup>th</sup> May, 2021.

7. The comments/suggestions may be sent by e-mail in MS-Office Word to the following ID:

[jspolicy-mines@gov.in](mailto:jspolicy-mines@gov.in)

*Shastri*  
25/04/2021

The subject of the e-mail should be "Comments/suggestions on the draft Minerals (Evidence of Mineral Contents) Amendment Rules, 2021" or "Comments/suggestions on the draft Mineral (Auction) Second Amendment Rules, 2021", as the case may be.

8. Alternatively, comments/suggestions may also be sent by post to the following address:

Shri Mustaq Ahmad, Director  
Ministry of Mines  
Room No 313,  
D-Wing Shastri Bhawan,  
Dr Rajendra Prasad Road  
New Delhi -110 001

The envelope may kindly be superscribed on the top with:

"Comments/suggestions on the draft Minerals (Evidence of Mineral Contents) Amendment Rules, 2021" or "Comments/suggestions on the draft Mineral (Auction) Second Amendment Rules,2021", as the case may be.

*Sundar*  
*23/04/2021*

(Sandeep Kumar)

Under Secretary to the Government of India

[To be published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i)]

**MINISTRY OF MINES  
NOTIFICATION**

New Delhi, the \_\_ April, 2021.

**G.S.R. \_\_\_(E).**—In exercise of the powers conferred by section 13 of the Mines and Minerals (Development and Regulation) Act, 1957 (67 of 1957), the Central Government hereby makes the following rules further to amend the Mineral (Auction) Rules, 2015, namely:—

**1.**(1) These rules may be called the Mineral (Auction) Second Amendment Rules, 2021.

(2) They shall come into force on the date of their publication in the Official Gazette.

**2.**In the Mineral (Auction) Rules, 2015(hereinafter referred to as the principal rules), in rule 2, in sub-rule (1), —

(i) clause (b) shall be omitted;

(ii) in clause (m), the proviso shall be substituted by the following provisos, namely:—

“Provided that if for any mineral or mineral grade, the average sale price in respect of the relevant State for any month is not published by Indian Bureau of Mines, the average sale price for the latest month published for such mineral or mineral grade shall be deemed to be the average sale price for the said month for which average sale price is not published:

Provided further that if for any mineral or mineral grade, the average sale price in respect of the relevant State is not published for entire period of the preceding twelve months, then all India average sale price published for such mineral or mineral grade for the said twelve months shall be used:

Provided also that in case of auction of mineral block for composite licence for minerals and corresponding deposits as specified in Schedule II of the Minerals (Evidence of Mineral Contents) Rules, 2015, the ‘estimated quantity of mineral resources’ shall be arrived at by multiplying,—

- (i) average of the estimated quantity of mineral resource per hectare for the same mineral available in the nearby mining leases or mineral blocks having similar geological features and explored upto G3 level in accordance with the said rules; and
- (ii) the mineralised area of the mineral block which is to be auctioned for composite licence.”.

**3.** In the principal rules, in rule 6,—

(i) sub-rule (3) shall be substituted with the following sub-rule, namely:—

“(3) The State Government shall not reserve any mine for captive purpose in the auction.”;

(ii) sub-rule (4) shall be substituted with the following sub-rule, namely:—

“(4) Where the State Government has auctioned a mine as a captive mine for any particular specified end use before the commencement of the Mineral (Auction) Second Amendment Rules, 2021, up to fifty per cent. of total mineral produced in such captive mine in a financial year can be sold in market while ensuring that not less than fifty per cent. of total mineral produced in such captive mine shall be used during the financial year for meeting the requirement of the end use plant linked with the mine and on payment of such additional amount as specified in the Sixth Schedule of the Act.”.

4. In the principal rules, in rule 9, in sub-rule (5), the following proviso shall be inserted, namely:—

“Provided that bid security shall be for an amount equivalent to 0.25 per cent. of value of estimated resources or two hundred crore rupees, whichever is lower, and would be submitted in form of a bank guarantee or through security deposit.”.

5. In the principal rules, after rule 9, the following rule shall be inserted, namely:—

**“9A. Conduct of auction of mining lease by the Central Government.**—(1) The State Government shall intimate to the Central Government the details of all the areas or mines available with the State Government for auction of mining lease, including the mining lease expired under section 8A and cases covered under sub-section (2) of section 10A, within one month of the commencement of the Mineral (Auction) Second Amendment Rules, 2021.

(2) The State Government shall intimate to the Central Government regarding the following namely:—

(i) receipt of any geological report in respect of any area or mine for auction of mining lease from Geological Survey of India, Mineral Exploration Corporation Ltd. or any other government or private entity, within a period of thirty days of receiving it, along with a tentative schedule for notification of such area and conducting auction of such area under sub-sections (3) and (4) of section 10B, respectively;

(ii) publication of notification under sub-section (3) of section 10B along with its copy, within seven days of publication of such notification;

(iii) issue of notice inviting tender for auction for mining lease under rule 9 along with its copy, within seven days of issue of such notice;

(iv) outcome of any auction for mining lease, within seven days of completion of auction; and

(v) termination of mining lease or lapsing of letter of intent for mining lease, within seven days from such termination or lapse.

(3) In case the Central Government decides to notify an area for auction or conduct auction for mining lease under the proviso to sub-section (3) or (4) of section 10B, as the case may be, the provisions of rules 5 to 9, as applicable on a State Government, shall *mutatis mutandis* be also applicable on the Central Government.

(4) Upon successful completion of the auction, the Central Government shall intimate the details of the preferred bidder in the auction to the State Government and the State Government shall grant mining lease for such area to such preferred bidder in accordance with rule 10.”.

**6.** In the principal rules, in rule 10,—

(i) in sub-rule (1), after the words and number “rule 11” the following shall be inserted, namely:—

“within fifteen days after being declared as preferred bidder:

Provided that the State Government may extend the period of fifteen days by further fifteen days:

(ii) after sub-rule (1), the following sub-rule shall be inserted, namely:—

“(1A) In case the preferred bidder fails to submit the first installment of the upfront amount within the period or extended period specified in sub-rule (1), the State Government shall,—

- (i) forfeit the bid security of the preferred bidder; and
- (ii) offer the bidder who had submitted second-highest price offer in the second round of auction to meet the highest final price offer and if the said bidder agree to the said offer in writing and submit the first installment of upfront amount within fifteen days of receipt of offer, the State Government shall declare said bidder as the “preferred bidder” and issue letter of intent in accordance with sub-rule (2):

Provided that the State Government may extend the period of fifteen days by further fifteen days.(iii) in sub-rule (2), after the words “preferred bidder” the words “within fifteen days of receipt of first instalment of upfront payment” shall be inserted.

**7.**In the principal rules, in rule 11,—

(i) in sub-rule (1), for the number and figures “0.50%”, the words and figure “one per cent.” shall be substituted;

(ii) in sub-rule (2), for the word “ten”, wherever it occur, the word “twenty” shall be substituted and for the word “eighty”, the word “sixty” shall be substituted.

**8.** In the principal rules, after rule 17, the following rule shall be inserted, namely:—

**“17A. Conduct of auction of composite licence by the Central Government.—**(1) The State Government shall intimate to the Central Government the details of all the areas or mines available with the State Government for auction of composite licence, including the prospecting licence expired under section 7 and cases covered under sub-section (2) of section 10A, within one month of the commencement of the Mineral (Auction) Second Amendment Rules, 2021.

(2) The State Government shall intimate to the Central Government regarding the following namely:—

(i) receipt of any geological report in respect of any area or mine for auction of composite licence from Geological Survey of India, Mineral Exploration Corporation Ltd. or any other government or private entity, within a period of thirty days of receiving it, along with a tentative schedule for notification of such area and conducting auction of such area under sub-sections (4) and (5) of section 11, respectively;

(ii) publication of notification under sub-section (4) of section 11 along with its copy, within seven days of publication of such notification;

(iii) issue of notice inviting tender for auction for composite licence along with its copy, within seven days of issue of such notice;

(iv) outcome of any auction for composite licence, within seven days of completion of auction; and

(v) termination of composite licence or lapsing of letter of intent for composite licence, within seven days from such termination or lapse.

(3) In case the Central Government decides to notify an area for auction or conduct auction for composite licence under the proviso to sub-section (4) or (5) of section 11, as the case may be, the provisions of rules 16 and 17, as applicable on a State Government, shall *mutatis mutandis* be also applicable on the Central Government.

(4) Upon successful completion of the auction, the Central Government shall intimate the details of the preferred bidder in the auction to the State Government and the State Government shall grant composite licence for such area to such preferred bidder in accordance with rule 18.”.

**9.**In the principal rules, in rule 18,—

(i) in sub-rule (1),—

(a) after the words and number “rule 19”, the words “within fifteen days after being declared as preferred bidder” shall be inserted;

(b) for the words and figure “to the preferred bidder.” the words and figure “to the preferred bidder within fifteen days of receipt of performance security:” shall be substituted;

(c) following proviso shall be inserted, namely:—

“Provided that the State Government may extend the period of fifteen days for submission of performance security by further fifteen days.”;

(ii) after sub-rule (1), the following sub-rule shall be inserted, namely:—

“(1A) In case the preferred bidder fails to submit the performance security within the period or extended period specified in sub-rule (1), the State Government shall,—

- (i) forfeit the bid security of the preferred bidder; and
- (ii) offer the bidder who had submitted second-highest price offer in the second round of auction to meet the highest final price offer and if the said bidder agree to the said offer in writing and submit the performance security within fifteen days of receipt of offer, the State Government shall declare said bidder as the “preferred bidder” and issue letter of intent in accordance with sub-rule (2):

Provided that the State Government may extend the period of fifteen days by further fifteen days.”.

(iii) in sub-rule (3), the following provisos shall be inserted, namely:—

“Provided that on expiry of a period of one year from the date of the letter of intent, no Prospective Licence Deed of Composite licence shall be executed and the letter of intent shall be invalidated leading to annulment of the entire process of auction:

Provided further that the State Government may allow a further period of one year for execution of the Prospective Licence Deed if the reasons for delay were beyond the control of the preferred bidder.”.

(iii) in sub-rule (6),—

(a) in clause (a) the words, figures and numbers “sub-section (10) of section 11, and” shall be omitted;

(b) clause (b) shall be substituted with the following clause, namely:—

“(b) completes prospecting operations and submits to the State Government the result of the prospecting operations in the form of a geological report in accordance with sub-section (10) of section 11 resulting in determination of evidence of mineral contents conforming to the Mineral (Evidence of Mineral Contents) Rules, 2015; specifying the area required for grant of a mining lease, accompanied with the first instalment, being ten per cent. of the upfront payment, then the State Government shall issue a letter of intent for mining lease within a period of fifteen days.”;

(iv) sub-rule (7) shall be omitted.

10. In the principal rules, in rule 19,—

(i) in sub-rule (1), the following proviso shall be inserted, namely,—

“Provided that for the mineral block having such type of deposit as specified in Sl. No. II and III of Part III of Schedule I of the Minerals (Evidence of Mineral Contents) Rules, 2016, whose estimated quantity of mineral resources cannot be assessed for calculating the value of estimated resources under clause (m) of sub-rule (1) of rule 2, but the mining potentiality of the block has been identified based on the existing geoscience data, the performance security shall be one crore and fifty lakhruppes.”

(ii) in proviso to sub-rule (4), the words, figures and numbers “sub-section (10) of section 11 of the Act, and” shall be omitted.

11. In the principal rules, after rule 22, the following rule shall be inserted, namely:—

**“23. When day of completion of any requirement is a holiday.—**When the day of completion of any requirement under these rules is falling due on a public holiday, the day of completion shall be deemed to be due on the next working day.

Explanation.— The expression “public holiday” includes Saturday, Sunday and any other day declared to be a public holiday by the Central Government or the State Government, as the case may be.”.

12. In the principal rules, in Schedule I,—

(i) in clause (1), the following proviso shall be inserted, namely:—

“Provided that net worth requirement shall not exceed five hundred crore rupees.”

(ii) in clause (2), the following proviso shall be inserted before the Explanation, namely:—

“Provided that for the mineral block having such type of deposit as specified in Sl. No. II and III of Part III of Schedule I of the Minerals (Evidence of Mineral Contents) Rules, 2016, whose estimated quantity of mineral resources cannot be assessed for calculating the value of estimated resources under clause (m) of sub-rule (1) of rule 2, but the mining potentiality of the block has been identified based on the existing geoscience data, the applicant must have a net worth more than or equal to twenty-five croreruppes.”.

13. In the principal rules, Schedule II shall be omitted.

[F. No. \_\_\_]

(Dr. VeenaKumari Dermal)

Joint Secretary to the Government of India

Note:- The principal rules were published in the Gazette of India, Part II, Section 3, Sub-section (i) *vide* number G.S.R.406(E) dated the 20<sup>th</sup> May, 2015 and lastly amended *vide* number G.S.R. 195(E), dated the 17<sup>th</sup> March, 2021.