192. GOVERNMENT OF INDIA
MINISTRY OF MINES

LOK SABHA
STARRED QUESTION NO.192
TO BE ANSWERED ON 21ST JULY, 2014

AMENDMENT TO MMDR ACT

*192. SHRI ARJUN MEGHWAL:
Will the Minister of MINES be pleased to state:

(a) the key features of Mines and Minerals (Development and Regulation) (MMDR) Act, 1957;
(b) whether the Government proposes to amend MMDR Act, 1957;
(c) if so, the details thereof and the reasons therefor including the present status of the proposal;
(d) whether the Government has consulted all stakeholders including states in the matter and if so, the details thereof along with suggestions/comments/representations received from them including Rajasthan; and
(e) the follow-up action taken by the Government in this regard?

ANSWER

THE MINISTER FOR MINES, STEEL AND LABOUR & EMPLOYMENT (SHRI NARENDRA SINGH TOMAR)

(a) to (e): A Statement is laid on the Table of the House.

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STATEMENT REFERRED IN REPLY TO LOK SABHA STARRED QUESTION NO.192 FOR REPLY ON 21.7.2014 REGARDING ‘AMENDMENT TO MMDR ACT’ ASKED BY SHRI ARJUN MEGHWAL:

(a): The key features of Mines and Minerals (Development and Regulation) Act, 1957 are given in the ANNEXURE.

(b) & (c): Government is examining the need for amendments to MMDR Act, 1957, in consultation with stakeholders.

(d) & (e): The Government has written to all States / UTs. Responses have been received from some States including Rajasthan, which are under examination.

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KEY FEATURES OF MINES AND MINERALS (DEVELOPMENT AND REGULATION) (MMDR) ACT, 1957

Background

i. As per Entry 54 of List I (Union List) of the Seventh Schedule, the Central Government has powers for “Regulation of mines and mineral development to the extent to which such regulation and development under the control of the Union is declared by parliament by law to be expedient in the public interest”.

ii. As per Entry 23 of List II (State List) of the Seventh Schedule, the State Governments have powers for “Regulation of mines and mineral development subject to the provisions of List 1 with respect to regulation and development under the control of the Union.”

iii. The Mines and Minerals (Development & Regulation) Act, 1957 was enacted by the Parliament. Section 2 of the MMDR Act, 1957 states that, “2.Declaration as to the expediency of Union control- It is hereby declared that it is expedient in the public interest that the Union should take under its control the regulation of mines and the development of minerals to the extent hereinafter provided.”

iv. With the said declaration, the Union has taken under its control the regulation of mines and development of minerals. The MMDR Act 1957, inter-alia, provides for procedures to grant mineral concessions, regulate mining activities and provisions for mineral development in the country.

Salient Features of the MMDR Act, 1957

- Provisions of the Act are applicable on all minerals except mineral oils (natural gas and petroleum); the expression “mine” has the meaning assigned to it in the Mines Act, 1952.
- The Act defines “minor minerals” as meaning building stones, gravel, ordinary clay, ordinary sand other than sand used for prescribed purposes, and any other mineral which the Central Government may declare to be a minor mineral.
- The Act defines three concessions viz. reconnaissance permit, prospecting licence, and mining lease; and gives the terms and conditions for grant of these
concessions, which, inter alia, include the maximum area permissible, periods for which they can be granted etc.

- Except in the case of minerals specified in the First Schedule to the Act, for which previous approval of the Central Government is required, State Governments are competent to grant mineral concessions.

- State Governments shall not grant a mineral concession to any person unless such person – (a) is an Indian national, or a company as defined in sub-section (1) of Section 3 of the Companies Act, 1956; and (b) satisfies such conditions as may be prescribed.

- The holder of a mining lease shall pay royalty on minerals as per the rate specified in the Second Schedule to the Act which contains the rates of royalty on minerals.

- The Act empowers the Central Government to amend the Second Schedule to the Act so as to enhance or reduce the rate at which royalty shall be payable in respect of any mineral, subject to the condition that rates of royalty in respect of any mineral shall not be enhanced more than once during any period of three years.

- The Act provides for grant of reconnaissance permit, prospecting licence or mining lease in respect of an area containing coal or lignite through auction by competitive bidding for the purpose of (i) production of iron and steel; (ii) generation of power; (iii) washing of coal obtained from a mine; or (iv) such other end-use as the Central Government may specify.

- Central Government has been empowered to make rules for regulating the grant of reconnaissance permits, prospecting licences and mining leases, in exercise of which Mineral Concession Rules, 1960 (MCR) have been framed, which, inter-alia, lays down the procedures for grant of mineral concessions, conditions of mineral concessions, action to be taken by the State Government for notification of area and transfer of concessions.

- The Act empowers the State Governments to make rules for regulating the grant of quarry leases, mining leases or other mineral concessions in respect of minor minerals and for purposes connected therewith, in exercise of which the State Governments have framed rules for grant of mineral concessions for minor minerals.
• The Act empowers the Central Government to reserve an area with a view to conserving any mineral.

• The Act empowers the Central Government to reserve an area for undertaking prospecting or mining operations through a Government company or corporation owned or controlled by it.

• The Act empowers the State Government to reserve an area, with the approval of the Central Government, for undertaking prospecting or mining operations through a Government company or corporation owned or controlled by it.

• The Act empowers the Central Government to make rules for conservation and systematic development of minerals and for the protection of environment by preventing or controlling any pollution which may be caused by prospecting or mining operations, in exercise of which the Central Government has framed the Mineral Conservation and Development Rules, 1988 (MCDR), which, inter-alia, provides for regulation of mining activities of major minerals by Indian Bureau of Mines (IBM) (a subordinate office of the Ministry of Mines) through approved an Mining Plan.

• The Act empowers the State Governments to frame rules for preventing illegal mining, transportation and storage of minerals.

• The Act empowers the Central Government to revise any order made by a State Government or other authority in exercise of the powers conferred on it by or under this Act with respect to any mineral other than a minor mineral.