GOVERNMENT OF INDIA
MINISTRY OF MINES
RAJYA SABHA
UNSTARRED QUESTION NO. 1061
TO BE ANSWERED ON 29TH JULY 2015

LOSS DUE TO EXTENSION OF LEASE PERIOD OF CAPTIVE AND NON-CAPTIVE MINES

1061. PROF. M V RAJEEV GOWDA:
Will the Minister of MINES be pleased to state:

(a) whether the Ministry has done an assessment of the revenue loss to the States before the extensions of lease period of captive and non-captive mines;
(b) if so, the details thereof including the loss incurred to individual States;
(c) whether the Ministry has received any representation from the State Governments in this regard; and
(d) if so, the details thereof and the measures being taken by the Ministry to compensate the same?

ANSWER

THE MINISTER OF STATE FOR STEEL AND MINES (SHRI VISHNU DEO SAI)

(a) & (b): The Mines and Minerals (Development and Regulation) (MMDR) Act, 1957 was amended through the MMDR Amendment Act, 2015 which came into effect from 12th January, 2015. The most important aspect of the Amendment Act is the provision for the grant of mineral concessions only through the method of auction by competitive bidding. Renewals of leases have been prohibited and all leases will be subject to auction on expiry of the period thereof.

However, to obviate disruptions in supply of ore and to ensure regular supply of raw material to the industry especially in cases where downstream industries have been set up depending upon such leases and to provide for adequate time for preparatory activities, transition provisions for extension of period of existing mining leases have been provided. In the absence of such provisions, there would have been serious adverse effects on the economy. In this regard, the newly inserted section 8A has provisions which provide that period of mining leases granted before 12th January, 2015 will be deemed to be extended till the following period, whichever is later:

(i) 31st March, 2030 in case mineral is used for captive purpose, or 31st March, 2020 in case mineral is used for other than captive purpose;
(ii) completion of renewal period;
(iii) fifty years from date of grant of mining lease.

Since all such leases will also be subject to auction at the end of such extended periods, there is no revenue loss to the States.

(c) & (d): One comment in response to the MMDR Amendment Ordinance, 2015, was received pertaining to the extension of lease periods of existing leases. The MMDR Amendment Act, 2015, fully addresses the point raised in the comment.

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