

THE MINES AND MINERALS (DEVELOPMENT AND REGULATION) AMENDMENT BILL, 2021

Relevant for: Developmental Issues | Topic: Government policies & interventions for development in various Sectors and issues arising out of their design & implementation incl. Housing

- The Mines and Minerals (Development and Regulation) Amendment Bill, 2021 was introduced in Lok Sabha on March 15, 2021. The Bill amends the Mines and Minerals (Development and Regulation) Act, 1957. The Act regulates the mining sector in India.
- **Removal of restriction on end-use of minerals:** The Act empowers the central government to reserve any mine (other than coal, lignite, and atomic minerals) to be leased through an auction for a particular end-use (such as iron ore mine for a steel plant). Such mines are known as captive mines. The Bill provides that no mine will be reserved for particular end-use.
- **Sale of minerals by captive mines:** The Bill provides that captive mines (other than atomic minerals) may sell up to 50% of their annual mineral production in the open market after meeting their own needs. The central government may increase this threshold through a notification. The lessee will have to pay additional charges for mineral sold in the open market.
- **Auction by the central government in certain cases:** Under the Act, states conduct the auction of mineral concessions (other than coal, lignite, and atomic minerals). Mineral concessions include mining lease and prospecting license-cum-mining lease. The Bill empowers the central government to specify a time period for completion of the auction process in consultation with the state government. If the state government is unable to complete the auction process within this period, the auctions may be conducted by the central government.
- **Transfer of statutory clearances:** Upon expiry of a mining lease (other than coal, lignite, and atomic minerals), mines are leased to new persons through auction. The statutory clearances issued to the previous lessee are transferred to the new lessee for a period of two years. The new lessee is required to obtain fresh clearances within these two years. The Bill replaces this provision and instead provides that transferred statutory clearances will be valid throughout the lease period of the new lessee.
- **Allocation of mines with expired leases:** The Bill adds that mines (other than coal, lignite, and atomic minerals), whose lease has expired, may be allocated to a government company in certain cases. This will be applicable if the auction process for granting a new lease has not been completed, or the new lease has been terminated within a year of the auction. The state government may grant a lease for such a mine to a government company for a period of up to 10 years or until the selection of a new lessee, whichever is earlier.
- **Rights of certain existing concession holders:** In 2015, the Act was amended to provide that mines will be leased through an auction process. Existing concession holders and applicants have been provided with certain rights including: (i) right to obtain prospecting

licence or mining lease to a holder of reconnaissance permit or prospecting licence (issued before commencement of the 2015 Amendment Act), and (ii) right for grant of mining lease where the central government had given its approval or letter of intent was issued by the state government before the commencement of the 2015 Amendment Act. The Bill provides that the right to obtain a prospecting license or a mining lease will lapse on the date of commencement of the 2021 Amendment Act. Such persons will be reimbursed for any expenditure incurred towards reconnaissance or prospecting operations.

- **Extension of leases to government companies:** The Act provides that the period of mining leases granted to government companies will be prescribed by the central government. The Bill provides that the period of mining leases of government companies (other than leases granted through auction) may be extended on payment of additional amount prescribed in the Bill.
- **Conditions for lapse of mining lease:** The Act provides that a mining lease will lapse if the lessee: (i) is not able to start mining operations within two years of the grant of a lease, or (ii) has discontinued mining operations for a period of two years. However, the lease will not lapse at the end of this period if a concession is provided by the state government upon an application by the lessee. The Bill adds that the threshold period for lapse of the lease may be extended by the state government only once and up to one year.
- **Non-exclusive reconnaissance permit:** The Act provides for a non-exclusive reconnaissance permit (for minerals other than coal, lignite, and atomic minerals). Reconnaissance means preliminary prospecting of a mineral through certain surveys. The Bill removes the provision for this permit.

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