

## NOTICE

The Ministry of Mines after consulting with the Central Ministries, State Governments and general public is in the process of proposing amendment to the Mines and Minerals (Development and Regulation) Act, 1957 (hereinafter, the 'Act'). In this context, some additional amendments are being considered which are placed below for comments/ suggestion of stakeholders and general public. A brief note on draft proposal is annexed herewith.

Comments / suggestions are invited from the general public, Government of States and Union Territories, Mining Industry, Stake Holders, Industry Associations and other persons and entities concerned, on the draft additional amendment proposals to the MMDR Act, 1957 by **24<sup>th</sup> February, 2021**.

The comments / suggestions may be sent by email to the following ID:

**mustaqahmad.dad@gov.in**

A handwritten signature in blue ink, consisting of a circle with a vertical line through it, followed by a horizontal line. Below the horizontal line, the date '9/02/2021' is written in blue ink.

**Brief Note for consultation with Stakeholders and Public on the supplementary proposals for Amendment of the Mines and Minerals (Development and Regulation) Act, 1957.**

The Ministry of Mines after consulting with the Central Ministries, State Governments and general public is in the process of proposing amendment to the Mines and Minerals (Development and Regulation) Act, 1957 (hereinafter, the 'Act'). In this context, some additional amendments are being considered which are placed below for comments/ suggestion of stakeholders and general public:


**PROPOSALS**

**1. Transfer of statutory clearances of expired mining leases**

(i) The Act was amended through the Mineral Laws Amendment Act, 2020 to provide for vesting of valid rights, approvals and clearances in relation to leases expiring under the provisions of section 8A (5) and (6) to the new lessee for a period of two years. The new lessee is required to apply for and obtain fresh clearances within this period of two years. It is noted that the new lessees of the mines auctioned with the facility of vesting of clearances for two years are facing difficulties in obtaining fresh clearances within two years period as they have to undergo the lengthy process of obtaining clearances afresh which is time consuming although all the steps have already been complied with by the previous lessee while obtaining clearances initially.

(ii) Accordingly, it is proposed to amend section 8B of the Act to provide that all the valid rights, approvals, clearances, licences and the like granted to a lessee in respect of a mine shall continue to be valid till exhaustion of minable reserves in the mine and on expiry or termination of lease and such clearances shall be transferred and vested to the successful bidder of the mining lease selected under the Act. This provision will be applicable for all minerals including those specified in part A and B of the first schedule of the Act.

(iii) Further, an explanation will be given along with the definition of "mine" and "owner" in section 3(i) of the Act to clarify that a "mine" continues to be a mine till it is no longer feasible to produce minerals from that mine and may have different owners from time to time.

  
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## 2. Fixing the additional amount for sale of mineral by captive mines

(i) In the proposed MMDR Amendment Bill, 2021 it is provided to allow lessee of captive mines to sell up to 50% of the minerals excavated during the current year, after meeting the requirement of attached plant. An additional amount as prescribed by Central Government will be charged on such sale.


(ii) In order to bring transparency in prescribing the additional amount and to eliminate discretion in the subordinate legislation, it is proposed to specify the additional amount in the Act itself. It is proposed to fix the additional amount as a function of royalty payable. An effort has been made that a portion of the difference between the ASP and average cost of production is captured as the proposed additional amount, while at the same time keeping sufficient incentive for captive miners. For proposing the additional amount, *inter alia*, the following factors have been taken into account:

- (a) Price fluctuations in the market for different grade of minerals over past five years (2015-16 to 2019-20);
- (b) The expected fall in price due to increase in supply of minerals in market on account of allowing sale by captive miners;
- (c) Ensure that that additional amount is not frequently changed;
- (d) The additional amount should be attractive enough to encourage merchant sale by captive miners on a continuous basis.

(iii) Accordingly, the following additional amount is proposed:

### (i) For non-auctioned captive mines:

| S.No. | Mineral   | Additional Amount                              |
|-------|---|--|
| 1.    | Bauxite<br>(i) Metallurgical Grade  | Equivalent to 1.5 times of the royalty payable |
|       | (ii) Non Metallurgical Grade  | Equivalent to the royalty payable              |
| 2.    | Chromite<br>(i) Upto 40 per cent. of Cr <sub>2</sub> O <sub>3</sub>           | Equivalent to the royalty payable              |
|       | (ii) 40 per cent. and more of Cr <sub>2</sub> O <sub>3</sub> and concentrates | Equivalent to 2 times of the royalty payable   |
| 3.    | Iron ore<br>(i) Lumps   | Equivalent to 2.5 times of the royalty payable |
|       | (ii) Fines  | Equivalent to 1.5 times of the royalty payable |

  
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|    |   |   |
|----|---|---|
| 4. | Limestone<br>(i) L.D. Grade (less than 1.5 per cent. silica content)<br><br>(ii) Other grades                         | Equivalent to 2 times of the royalty payable<br><br>Equivalent to the royalty payable |
| 5. | Manganese*<br>(i) Less than 35 per cent. of manganese content<br><br>(ii) 35 per cent. and above of manganese content | Equivalent to the royalty payable<br><br>Equivalent to 5 times of the royalty payable |
| 6. | Other minerals  | Equivalent to the royalty payable   |

\* Royalty on Manganese Ore of all grade is 5 per cent. of Average Sale Price on *ad valorem* basis.

**(ii) For auctioned captive mines:**

| S.No. | Quantity of sale  | Additional Amount           |
|-------|---|-----------------------------|
| 1.    | Sale of mineral upto 25 per cent. of annual production                        | Nil                         |
| 2.    | Sale of mineral more than 25 per cent. upto 50 per cent. of annual production | 50 per cent. of the royalty |

**3. Allowing sale of 50% of the coal produced by captive coal mines**

(i) In continuation of the above said proposal, it is proposed to incorporate a provision to allow sale of 50% of coal produced by captive coal mines in the Act. This will help in increase in production of coal from captive mines, increase coal availability in the market leading to reduction in import of coal. This will also ensure additional revenue to the States. Coal being an important input for various core sector industries, increasing availability of coal would lead to Atmanirbhar Bharat. Reducing the import bill will also help to curb the trade deficit of India. The additional amount to be charged shall be as prescribed by Ministry of Coal.

**4. Fixing the additional amount for grant and extension of MLs of Government companies**

(i) In the proposed MMDR Amendment Bill, 2021 it is provided to charge additional amount on extension of MLs of both coal and non-coal Government companies. Also, sub-section (2C) of section 17 provides that in case of reservation of a block in favour of a Government Company, it has to pay an amount on grant of ML as prescribed by the Central Government.

  
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(ii) In order to bring transparency in prescribing the additional amount and to eliminate discretion in the subordinate legislation, it is proposed to specify the additional amounts for both, grant and extension of ML to the Government companies in the Act itself. The additional amount shall also be payable by all such Government companies whose ML has been granted or extended after the MMDR Amendment Act, 2015 for the mineral produced after the commencement of the proposed MMDR Amendment Act, 2021. Accordingly, based on the available inputs from the State Governments, the following additional amount is proposed:

| SN. | Mineral          | Additional amount on grant/ extension of ML    |
|-----|------------------|--|
| 1.  | Iron Ore         | Equivalent to 1.5 times of the royalty payable |
| 2.  | Other minerals   | Equivalent to the royalty payable              |
| 3.  | Coal and Lignite | To be proposed by Ministry of Coal             |

**5. Provision for auction of mineral concessions by the Central Government in case of difficulties faced by State Governments.**

(i) Under the MMDR Act, the States conduct auction of mineral concessions. Since 2015, the Central Government exploration agencies have handed over geological reports for 143 mineral blocks to various State Governments which are ready for auction. Out of these, only 7 blocks have been auctioned by the States.

(ii) Further, mining lease in relation to 334 blocks expired on 31<sup>st</sup> March, 2020, out of which 46 were working mines. Ministry of Mines is pursuing with the State Government since early 2019 for early auction of these block ensuring continuity in production of minerals. However, only 28 blocks have been auctioned till date.

(iii) To ensure continuous supply of minerals in the country more number of minerals blocks are required to be brought into auction on regular basis. Any delay in conduct of auction has substantial impact on the availability as well as prices of minerals.

(iv) Hence, it is proposed to provide the power to Central Government to conduct auction in cases where the State Governments face challenges in conduct of auction or fail to conduct auction. In cases where the Central Government auction the blocks, the revenue in respect of such blocks will accrue to the State Governments only.

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