

Bill Summary

The Mines and Minerals (Development and Regulation) Amendment Bill, 2023

- The Mines and Minerals (Development and Regulation) Amendment Bill, 2023 was introduced in Lok Sabha on July 26, 2023. The Bill amends the Mines and Minerals (Development and Regulation) Act, 1957. The Act regulates the mining sector. For regulation, the Act classifies mining-related activities into: (i) reconnaissance, which involves a preliminary survey to determine mineral resources, (ii) prospecting, which includes exploring, locating, or proving mineral deposits, and (iii) mining, the commercial activity of extraction of minerals.
- **Reconnaissance to include sub-surface activities:** The Act defines reconnaissance operations as operations undertaken for preliminary prospecting and includes: (i) aerial surveys, (ii) geophysical, and (iii) geochemical surveys. It also includes geological mapping. The Act prohibits pitting, trenching, drilling, and sub-surface excavation as part of reconnaissance. The Bill allows these prohibited activities.
- **Exploration licence for specified minerals:** The Act provides for following types of concessions: (i) a reconnaissance permit for reconnaissance, (ii) a prospecting licence for prospecting, (iii) mining lease for undertaking mining, and (iv) a composite licence, for prospecting and mining. The Bill introduces an exploration licence, which will authorise either reconnaissance or prospecting, or both activities for specified minerals.
- The exploration licence will be issued for 29 minerals specified in the Seventh Schedule. These include gold, silver, copper, cobalt, nickel, lead, potash, and rock phosphate. These also include six minerals classified as atomic minerals under the Act: (i) beryl and beryllium, (ii) lithium, (iii) niobium, (iv) titanium, (v) tantalum, and (vi) zirconium. The Bill declassifies them as atomic minerals. Unlike other minerals, the prospecting and mining of atomic minerals is reserved for government entities under the Act.
- **Auction for exploration licence:** The exploration licence will be granted by the state government through competitive bidding. The central government will prescribe details such as manner of auction, terms and conditions, and bidding parameters for exploration licence through rules.
- **Validity of exploration licence:** The exploration licence will be issued for five years. A licensee may request for extension of up to two years by making an application to the state government. The application may be made after three years of issuance of licence but before its expiry.
- **Maximum area in which activities are permitted:** Under the Act, a prospecting licence allows activities in an area up to 25 square kilometres, and a single reconnaissance permit allows activities in an area up to 5,000 square kilometres. The Bill allows activities under a single exploration licence in an area up to 1,000 square kilometres. After the first three years, the licensee will be allowed to retain up to 25% of the originally authorised area. The licensee must also submit a report to the state government stating reasons for retention of the area.
- **Submission of geological reports:** Within three months of the completion of operations or expiry of the exploration licence, the licensee must submit a geological report regarding findings.
- **Incentive for exploration licensee:** If the resources are proven after exploration, the state government must conduct an auction for mining lease within six months of the submission of the report by the exploration licensee. The licensee will receive a share in the auction value of the mining lease for the mineral prospected by them. The share will be prescribed by the central government. If the state government does not complete auction of mining lease within the specified period, the state government will pay to the exploration licensee an amount prescribed by the central government.
- **Auction of certain minerals by the central government:** Under the Act, auction of concessions is undertaken by the state governments, except in certain specified cases. The Bill adds that auction for composite licence and mining lease for specified critical and strategic minerals will be conducted by the central government. These minerals include lithium, cobalt, nickel, phosphate, potash, tin, phosphate, and potash. However, concessions will still be granted by the state government.

DISCLAIMER: This document is being furnished to you for your information. You may choose to reproduce or redistribute this report for non-commercial purposes in part or in full to any other person with due acknowledgement of PRS Legislative Research ("PRS"). The opinions expressed herein are entirely those of the author(s). PRS makes every effort to use reliable and comprehensive information, but PRS does not represent that the contents of the report are accurate or complete. PRS is an independent, not-for-profit group. This document has been prepared without regard to the objectives or opinions of those who may receive it.