

<p>67 of 1957</p>	<p style="text-align: center;"><b>THE MINES AND MINERALS (DEVELOPMENT AND REGULATION) (AMENDMENT) BILL, 2014</b></p> <p style="text-align: center;"><b>A</b></p> <p style="text-align: center;"><b>BILL</b></p> <p style="text-align: center;">further to amend the Mines and Minerals (Development and Regulation) Act, 1957.</p> <p>BE it enacted by Parliament in the Sixty Fifth year of the Republic of India as follows:-</p>	
	<p>1. (1) This Act may be called the Mines and Minerals (Development and Regulation) (Amendment) Act, 2014.</p> <p>(2) This Act shall come into force from the date of publication in the Official Gazette.</p>	<p>Short title and commencement</p>
	<p>2. In the Mines and Minerals (Development and Regulation) Act, 1957 (hereinafter referred to as the principal Act), after clause (e) in Section 3, the following clause shall be inserted,</p>	<p>Insertion of new definition of “notified minerals”</p>

	<p>namely:-</p> <p>“(ea) “notified minerals” means iron ore, manganese ore, bauxite, limestone and any other mineral which the Central Government may, by notification in the official gazette, declare to be a notified mineral.”</p>	
67 of 1957	<p>3. In the principal Act, in the second proviso to sub-section (1) of Section 4, in place of the words “Section 617 of the Companies Act, 1956”, the words “sub-section (45) of Section 2 of the Companies Act, 2013, and any such entity that may be notified for this purpose by the Central Government.” Shall be substituted.</p>	Amendment to Section 4(1)
	<p>4. In the principal Act, in clause (a) of sub-section (1) of Section 5, in place of the words “sub-section (1) of Section 3 of the Companies Act, 1956”, the words “sub-section (20) of Section 2 of the Companies Act, 2013.” shall be substituted.</p>	Amendment in sub-section (1) of Section 5
	<p>5. In the principal Act, for clause (a) of sub-section (2) of Section 5, the following clause shall be substituted, namely:-</p> <p>“there is evidence to show that the area for which the lease is applied for has the necessary mineralization based on such parameters as may be prescribed for this purpose by the Central Government.”</p>	Substitution of clause (a) of sub-section (2) of Section 5
	<p>6. In the principal Act, in sub-section (1) of Section 6, -</p> <p>(i) in clause (a), for the words ‘twenty-five’, the words ‘five hundred’ shall be substituted; and</p> <p>(ii) in clause (b), for the words ‘ten’, the words ‘one hundred’ shall be substituted.</p>	Amendment of sub-section (1) of Section 6
	<p>7. In the principal Act, after Section 9A, the following Section shall be inserted, namely:-</p> <p><b>“9B.</b> (1) In all districts affected by mining related operations, the State Government shall, by notification, establish a trust to be called the District Mineral Foundation, as a non-profit body.</p> <p>(2) The composition and functioning of the District Mineral Foundation shall be regulated in such manner as may be prescribed by the State Government.</p> <p>(3) The object of the District Mineral Foundation shall be to work for the interest and benefit of persons, or areas, affected by mining related operations in such manner as may be prescribed by the State Government.</p>	District Mineral Foundation

	<p>(4) The holder of a mining lease or a prospecting licence-cum-mining lease shall pay annually to the District Mineral Foundation of the District in which the mining operations are carried on,—</p> <p>(a) in case of minerals other than minor minerals, such percentage of the royalty paid during the financial year as may be prescribed by the Central Government; and</p> <p>(b) in case of minor minerals, such amount as may be prescribed by the State Government; within such time and in such manner as may be prescribed by the State Government.”.</p>	
67 of 1957	<p>8. In the principal Act, after Section 10, the following two Sections shall be inserted with the marginal headings, namely:-</p> <p style="text-align: center;"><b>“Rights of existing concession holders</b></p> <p><b>10A.</b> (1) Where a reconnaissance permit or prospecting license has been granted in respect of any land for any mineral before the commencement of this amending Act, the permit holder or the licensee shall have a right for obtaining a prospecting license or mining lease, as the case may be, in respect of that mineral in that land:</p> <p>Provided that the State Government is satisfied that the permit holder or the licensee, as the case may be, -</p> <p>(a) has undertaken reconnaissance operations or prospecting operations, as the case may be, to establish mineral resources in such land;</p> <p>(b) has not committed any breach of the terms and conditions of the reconnaissance permit or the prospecting licence;</p> <p>(c) has not become ineligible under the provisions of this Act; and</p> <p>(d) has not failed to apply for grant of prospecting licence or mining lease, as the case may be, within three months after the expiry of reconnaissance permit or prospecting licence, as the case may be, or within such further period as may be extended by the State Government.</p> <p>(2) Where the Central Government has communicated grant of prior approval as required under sub-section (1) of Section 5, or if a letter of intent (by whatever name called) has been issued by the State Government,</p>	Rights of existing concession holders

before the commencement of this amending Act, to grant a mining lease, the mining lease shall be granted subject to fulfillment of the conditions of the prior approval or of the letter of intent.

**Mining leases for notified minerals**

**10B.** (1) Notwithstanding anything contained elsewhere in this Act, but subject to the provisions of Section 10A and Section 17A, the procedure for obtaining a mining lease for notified minerals in respect of land in which the minerals vest in the Government shall be as laid down in this Section.

(2) The State Government shall notify areas in which mining leases will be granted for any notified mineral after establishing the mineralization of such area in such manner as may be prescribed.

(3) Any notification made under sub-section (2) shall also specify any additional eligibility conditions that need to be satisfied by applicants.

(4) For the purpose of granting a mining lease in respect of any notified mineral in such notified area, the State Government shall select, through auction by a method of competitive bidding, including e-auction, an applicant who satisfies the eligibility conditions.

(5) The Central Government shall prescribe the terms and conditions, and procedure, subject to which the auction will be conducted, including the bidding parameters for the selection, which could include a share in the production of the mineral, or any payment linked to the royalty payable, or any other relevant parameter, or any combination or modification of them.

(6) Without prejudice to the generality of sub-section (5), the Central Government shall have the power, if it is of the opinion that it is necessary and expedient to do so, to prescribe separate terms and conditions, procedure, and bidding parameters in respect of separate categories of minerals and states.

(7) The State Government may grant a mining lease to an applicant selected by means of the procedure referred to in this section in respect of such notified mineral in any such notified area.

Provided that in respect of any mineral specified in the

Grant of mining lease in respect of notified minerals through auction

	<p>First Schedule, the State Government shall grant the mining lease only after obtaining the prior approval of the Central Government.”.</p>	
<p>67 of 1957</p>	<p>9. In the principal Act, for Section 11, the following Section shall be substituted, namely:-</p> <p>“PROSPECTING LICENCE-CUM-MINING LEASE FOR MINERALS OTHER THAN NOTIFIED MINERALS</p> <p><b>11.</b> (1) Subject to the provisions of Section 10A and Section 17A, the procedure for obtaining a prospecting licence-cum-mining lease for minerals other than notified minerals, excluding minerals specified in part A of the First Schedule, in respect of land in which the minerals vest in the Government shall be as laid down in this Section.</p> <p>(2) The State Government shall notify areas in which prospecting licence-cum-mining leases will be granted for any mineral other than a notified mineral, excluding minerals specified in part A of the First Schedule, the terms and conditions subject to which such prospecting licence-cum-mining leases will be granted, and any other relevant conditions, in such manner as may be prescribed.</p> <p>(3) Any notification made under sub-section (2) shall also specify the eligibility conditions to be satisfied by applicants based on such guidelines as may be prescribed in this behalf.</p> <p>(4) For the purpose of granting a prospecting licence-cum-mining lease in respect of any mineral other than a notified mineral, referred to in sub-section (2), in such notified area, the State Government shall select, through auction by a method of competitive bidding, including e-auction, an applicant who satisfies the eligibility conditions.</p> <p>(5) The Central Government shall prescribe the terms and conditions, and procedure, subject to which the auction will be conducted, including the bidding parameters for the selection, which could include a share in the production of the mineral, or any payment linked to the royalty payable, or any other relevant parameter, or any combination or modification of them.</p> <p>(6) Without prejudice to the generality of sub-section (5), the Central Government shall have the power, if it is of</p>	<p>Substitution of Section 11</p> <p>Grant of Prospecting Licence-cum-Mining Lease through auction in respect of minerals other than Notified minerals</p>

	<p>the opinion that it is necessary and expedient to do so, to prescribe separate terms and condition, procedure, and bidding parameters in respect of separate categories of minerals and states.</p> <p>(7) The State Government may grant a prospecting licence-cum-mining lease to an applicant selected by means of the procedure referred to in sub-section (4) in respect of such mineral other than a notified mineral, referred to in sub-section (2), in any such notified area.</p> <p>Provided that in respect of any mineral specified in the First Schedule, the State Government shall grant the prospecting licence-cum-mining lease only after obtaining the prior approval of the Central Government.</p> <p>(8) The holder of a prospecting licence-cum-mining lease will be required to satisfactorily complete the prospecting operations as specified in the notice inviting applications, within the period laid down in section 7.</p> <p>(9) A holder of a prospecting licence-cum-mining lease who satisfactorily completes the prospecting operations as laid down in sub-section (8) and establishes evidence to show that the area for which the lease is applied for has the necessary mineralization based on such parameters as may be prescribed for this purpose by the Central Government will have the right to thereafter undertake mining operations in accordance with the notification.”.</p>	
	<p>10. In the principal Act, after Section 12, a new chapter with the following Section shall be inserted, namely:-</p> <p>“TRANSFER OF A MINING LEASE GRANTED FOR NOTIFIED MINERALS OR PROSPECTING LICENCE -CUM-MINING LEASE GRANTED FOR MINERALS OTHER THAN NOTIFIED MINERALS</p> <p><b>12A.</b> (1) A holder of a mining lease granted by means of the procedure referred to in Section 10B, or the holder of a prospecting licence-cum-mining lease granted by means of the procedure referred to in Section 11, may, with the prior approval of the State Government, transfer his mining lease or the prospecting licence-cum-mining lease, as the case may be, in such manner as may be prescribed by the Central Government, to any person eligible to hold such mining lease or prospecting licence-cum-mining lease in accordance with the provisions of this Act and the rules made thereunder, after the expiry of a notice of not less than ninety days to the State Government concerned:</p>	<p>Transfer of Mining Lease and Prospecting licence-cum-Mining Lease granted through auction</p>

67 of 1957	<p>Provided that no such transfer shall be allowed in the case of minerals specified in Part B of the First Schedule.</p> <p>Provided further that the holder of the original mining lease or the prospecting licence-cum-mining lease shall intimate to the State Government the consideration payable by the successor-in-interest for the transfer, including the consideration in respect of the prospecting operations already undertaken and the reports and data generated during the operations.</p> <p>(2) No such transfer of a mining lease, or a prospecting licence-cum-mining lease, referred to in sub-section (1), shall take place if the State Government, within the notice period, for reasons to be communicated in writing, disapproves the transfer on the grounds that the transferee is not eligible as per the provisions of the Act.</p> <p>Provided that no such transfer of a mining lease, or a prospecting licence-cum-mining lease shall be made in contravention of any condition subject to which the mining lease or the prospecting licence-cum-mining lease was granted.</p> <p>(3) The State Government shall not give its approval to transfer of a mining lease, or the prospecting licence-cum-mining lease unless the transferee has accepted all the conditions and liabilities under any law for the time being in force which the transferor was subject to in respect of such mining lease, or the prospecting licence-cum-mining lease, as the case may be.</p> <p>(4) The State Government may charge such fees for the transfer of the mining lease, or the prospecting licence-cum-mining lease as may be prescribed by the State Government.”.</p>	
	<p>11. In the Principal Act, after clause (qq) in sub-section 2 of Section 13 insert the following clause, namely:-</p> <p>“(qqq). The time limits for the various stages in processing applications for grant of mining lease or prospecting licence-cum-mining lease, and their renewals.”</p>	Time lines for disposal of applications for grant of mineral concessions, and their renewals
67 of 1957	<p>12. In the principal Act, after Section 17A, a new chapter with the following Section shall be inserted, namely:-</p> <p><b><u>“SPECIAL POWERS OF THE CENTRAL GOVERNMENT TO ISSUE DIRECTIONS</u></b></p>	Insertion of new chapter with a new Section 17B

	<p><b>17B.</b> (1) Notwithstanding anything contained elsewhere in this Act, the Central Government may issue such directions to the State Governments, as may be required, for the conservation of mineral resources, or any policy matter in the national interest, and for the scientific and sustainable development and exploitation of mineral resources, and all such directions shall be complied with.</p> <p>(2) In particular, and without prejudice to the generality of the foregoing provision, the powers of the Central Government to issue directions may also be for the following matters:</p> <ul style="list-style-type: none"> <li>(i) improvement in procedure for grant of mineral concessions and to ensure coordination among agencies entrusted with according statutory clearances;</li> <li>(ii) maintenance of internet-based databases including for development and operation of a mining tenement system;</li> <li>(iii) implementation and evaluation of sustainable development frameworks; and</li> <li>(iv) such other matters as may be prescribed.”.</li> </ul>	
	<p>13. In the principal Act, after sub-section (1) of Section 21, the following proviso shall be inserted, namely:-</p> <p>“Provided that where the contravention of the provisions of sub-section (1) or sub-section (1A) of Section 4 is in relation to a notified mineral, punishment shall be imprisonment for a term which may extend to five years or with fine which may extend to five lakh rupees or with both.”.</p>	<p>Insertion of a proviso after sub-section (1) of Section 21</p>
	<p>14. In the principal Act, for sub-section (2) of Section 21, a new sub-section shall be substituted, namely:-</p> <p>“Any rule made under any provision of the Act may provide that any contravention thereof shall be punishable with imprisonment for a term which may extend to two years or with fine which may extend to five lakh rupees, or with both, and in the case of a continuing contravention, with additional fine which may extend to fifty thousand rupees for every day during which such contravention continues after conviction for the first such contravention.”.</p>	<p>Substitution of sub-section (2) of Section 21</p>
	<p>15. In the Principal Act, in Section 22, after the words “behalf by the Central Government or the State Government”, insert the words “or on a Police report.”.</p>	<p>Cognizance on the basis also of a Police report</p>



67 of 1957	<p>16. In the principal Act, for Section 30, the following Section shall be substituted, namely:-</p> <p>“The Central Government may, of its own motion or on application made within the prescribed time by an aggrieved party:</p> <p>(i) 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, or</p> <p>(ii) Where no such order has been made by the 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 within the time prescribed therefor; pass such order that it may think fit and appropriate in the circumstances:</p> <p>Provided that in cases covered by clause (ii) above the Central Government shall, before passing any order under this clause, give an opportunity to the concerned State Government or other authority of being heard.”.</p>	Substitution of Section 30
	<p>17. In the principal Act, after Section 30A, the following Section shall be inserted, namely:-</p> <p>“<b>30B.</b> (1) The State Government may, for the purposes of providing speedy trial of offences for contravention of the provisions of sub-section (1) or sub-section (1A) of Section 4, constitute, by notification, as many Special Courts as may be necessary for such area or areas, as may be specified in the notification.</p> <p>(2) A Special Court shall be appointed by the State Government with the concurrence of the High Court.”.</p>	Insertion of a new Section 30B for Special Courts

## **Explanatory Note on Mines and Minerals (Development and Regulation) (Amendment) Bill, 2014**

The Mines and Minerals (Development and Regulation) (Amendment) Bill, 2014, is designed to put in place mechanisms for

- (i) Improved transparency in the allocation of mineral resources;
- (ii) Obtaining for the government its fair share of the value of such resources;
- (iii) Attracting private investment and the latest technology;
- (iv) Eliminating delay in administration, so as to enable expeditious and optimum development of the mineral resources of the country.

The Bill seeks to achieve these objectives through the following means:

1. India's mineral endowment is characterised by the presence of bulk, surficial minerals, as well as deep-seated and difficult-to-access minerals. The regulatory regime necessary to promote the optimum and efficient exploitation of these two categories of minerals requires different mechanisms for these two categories given the characteristics of the deposits, the technology required to develop them, and the present state of knowledge in this area. The existing Act does not distinguish between these two categories and adopts a uniform approach, which has given rise to problems. The Amendment Bill seeks to differentiate between these two categories and prescribe different procedures for the same. Bulk, surficial minerals will be notified as a separate category in the Act and will be subject to different procedures for grant of concessions as compared to other non-notified minerals.
2. The existing state of knowledge is also substantially different as between the two categories of minerals. In the case of bulk/surficial minerals, the state of knowledge is either of a prospecting report level, or close thereto. In the case of deep-seated, difficult-to-access, minerals, a very substantial amount of reconnaissance and prospecting work is necessary before mineral exploitation would be technically feasible and economically viable. The Amendment Bill takes note of this difference in designing procedures for grant of concessions.
3. In order to both improve transparency in allocation as well as to ensure a fair share of the value of minerals for the government, the Bill prescribes competitive bidding by auction as the method to be followed for allocation of Mining Leases (MLs) in respect of notified minerals. Given the state of current knowledge related to these minerals, it is proposed that there need not be any Reconnaissance Permits (RPs) or Prospecting Licences (PLs) issued for such minerals. In case there are

any gaps in the required knowledge, they will have to be filled up by the State agencies themselves. This procedure is in line with recommendations of the High-level Committee on National Mineral Policy (Hoda Committee). Bulk minerals such as Iron ore, Limestone, Manganese, Bauxite etc., which are proposed to be notified, will account for 85 per cent or more of the value of mineral production in India.

4. As far as non-notified minerals are concerned, the Amendment Bill seeks to grant a combined PL-cum-ML for these minerals through a competitive bidding process. The scheme envisages that the successful bidder will conduct the exploration and prospecting work at his own risk and cost. In case there is any find, he will have to abide by the bid conditions which could be in the form of a production share, or a payment linked to the royalty payable etc.
5. The Central Government will be empowered to prescribe the Terms and Conditions for conduct of auctions both in respect of notified minerals as well as non-notified minerals. The Central Government will also be empowered to prescribe different Terms and Conditions for auctions of different types of minerals and their application to different States.
6. In order to earmark funds for benefit of persons affected by mining as also for the rebuilding of infrastructure in mining affected areas, it is proposed to set up a District Mineral Foundation (DMF) in every district affected by mining. This will be funded by an additional levy related to royalty, the rate of which will be prescribed by the Central Government.
7. The last few years have highlighted the issue of illegal mining in several parts of the country. In order to act as a strong deterrent to such illegal mining, the Amendment Bill seeks to make the offence of illegal mining in respect of notified minerals a cognizable offence. The Bill has also a provision to enable State Governments to set up special courts for trial of offences under the Act, if felt necessary.
8. The Central Government will be specifically empowered to frame rules to prescribe the timelines for the various stages in processing applications for grant of mineral concessions, and their renewals. The Central Government is also to be specifically vested with powers to issue directions to State Governments for the conservation of mineral resources, on any policy matter in the national interest, and for the scientific and sustainable development and exploitation of mineral resources.
9. At present, the Central Government has revision powers in case anybody is aggrieved by an order made by a State Government or any authority under the Act. Past experience has shown that, in several cases, authorities entrusted with the powers under the Act do not pass orders within the timelines prescribed for this purpose. The

Amendment Bill seeks to provide authority to the Central Government to pass orders even in cases where authorities entrusted with the powers under the Act fail to pass orders within the time limits prescribed therefor.

10. The maximum area limit for prospecting licences and mining leases, as presently provided in the Act, has been found to be inadequate in several cases resulting in applications being made to the Central Government for relaxation of these area limits. The Amendment Bill now seeks to increase the maximum areas permitted for prospecting licences and mining leases up to the extent specified in the lapsed MMDR Bill, 2011.