

Ordinance Summary

The Mines and Minerals (Development and Regulation) Amendment Ordinance, 2015

- The Mines and Minerals (Development and Regulation) Amendment Ordinance, 2015 was promulgated on January 12, 2015. The Ordinance amends the Mines and Minerals (Development and Regulation) Act, 1957.
- The Mines and Minerals (Development and Regulation) Act, 1957 regulates the mining sector in India and specifies the requirement for obtaining and granting mining leases for mining operations.
- The Ordinance adds a new Fourth Schedule to the Act. It includes bauxite, iron ore, limestone and manganese ore and are defined as notified minerals. The central government may, by notification, amend this Schedule.
- The Ordinance creates a new category of mining license i.e. the prospecting license-cum-mining lease, which is a two stage-concession for the purpose of undertaking prospecting operations (exploring or proving mineral deposits), followed by mining operations.
- **Maximum area for mining:** Under the Act, a person could acquire one mining lease for a maximum area of 10 sq km. However, for the development of any mineral, the central government could permit the person to acquire one or more licenses or leases covering additional area. The Ordinance amends this provision to allow the central government to increase the area limits for mining, instead of providing additional leases.
- **Lease period:** Under the Act, a mining lease was granted for a maximum of 30 years and a minimum of 20 years and could be renewed for a period not exceeding 20 years. Under the Ordinance, the lease period for coal and lignite remains unchanged. For all minerals other than coal, lignite and atomic minerals, mining leases shall be granted for a period of 50 years. All mining leases granted for such minerals before the Ordinance shall be valid for 50 years. On expiry of the lease, instead of being renewed, the leases shall be put up for auction, as specified in the Act.
- **Lease extensions:** The Ordinance specifies that any lease granted before the commencement of the Ordinance, shall be extended: (i) up to March 31, 2030 for minerals used for captive purpose (specific end-use) and up to March 31, 2020 for minerals used for other than captive purpose, or (ii) till the completion of renewal period, or (iii) for a period of 50 years from the date of grant of such lease, whichever is later. This provision shall not apply to mining leases for which renewal has been rejected, granted, or lapsed.
- **Auction of notified and other minerals:** The Ordinance states that state governments shall grant mining leases and prospecting license-cum-mining leases for both notified and other minerals. Prospecting license-cum-mining lease for notified minerals shall be granted with the approval of central government. All leases shall be granted through auction by competitive bidding, including e-auction.
- The central government shall prescribe the terms and conditions, and procedure for auction, including parameters for the selection of bidders. For mining leases, the central government may reserve particular mines for a specific end use and allow only eligible end users to participate in the auction, if found necessary.
- **Transfer of mineral concessions:** The Ordinance states that the holder of a mining lease or prospecting license-cum-mining lease may transfer the lease to any eligible person, with the approval of the state government, and as specified by the central government. If the state government does not convey its approval within 90 days of receiving the notice, the transfer shall be considered as approved. No transfer shall take place if the state government communicates in writing that the transferee is not eligible as per the Act. Only mineral concessions granted through auction will be allowed for transfer.
- **Institutions:** The Ordinance provides for the creation of a District Mineral Foundation (DMF) and a National Mineral Exploration Trust (NMET). The DMF is to be established by the state government for the benefit of persons in districts affected by mining related operations. The NMET shall be established by the central government for regional and detailed mine exploration. Licensees and lease holders shall pay the DMF an amount not more than one-third of the royalty prescribed by the central government and the NMET two percent of royalty.
- The Act required that for coal, lignite, atomic and metallic and non-metallic minerals, a mining license could be granted by the state government with the approval of the central government. The Ordinance exempts metallic and non-metallic minerals from this requirement.



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