

AS INTRODUCED IN LOK SABHA

**Bill No. 18 of 2015**

THE MINES AND MINERALS (DEVELOPMENT AND REGULATION)  
AMENDMENT BILL, 2015

A

BILL

*further to amend the Mines and Minerals (Development and Regulation) Act, 1957.*

BE it enacted by Parliament in the Sixty-sixth Year of the Republic of India as follows:—

1. (1) This Act may be called the Mines and Minerals (Development and Regulation) Amendment Act, 2015.

Short title and  
commencement.

(2) It shall be deemed to have come into force on the 12th day of January, 2015.

- Amendment of section 3. **2.** In the Mines and Minerals (Development and Regulation) Act, 1957 (hereinafter referred to as the principal Act), in section 3,— 67 of 1957.
- (i) after clause (e), the following clause shall be inserted, namely:—
- ‘(ea) “notified minerals” means any mineral specified in the Fourth Schedule;’; 5
- (ii) after clause (g), the following clause shall be inserted, namely:—
- ‘(ga) “prospecting licence-cum-mining lease” means a two stage concession granted for the purpose of undertaking prospecting operations followed by mining operations;’;
- (iii) in clause (hb), the word “and”, occurring at the end, shall be omitted; 10
- (iv) after clause (hb), the following clause shall be inserted, namely:—
- ‘(hc) “Special Court” means a Court of Session designated as Special Court under sub-section (1) of section 30B; and’.
- Amendment of section 4. **3.** In section 4 of the principal Act, in the second proviso to sub-section (1), for the words and figures “section 617 of the Companies Act, 1956”, the words, brackets and figures “clause (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. 15 1 of 1956. 18 of 2013.
- Amendment of section 4A. **4.** In section 4A of the principal Act, in sub-section (4), for the provisos, the following provisos shall be substituted, namely:—
- “Provided that the State Government may, on an application made by the holder of such lease before it lapses and on being satisfied that it will not be possible for the holder of the lease to undertake mining operations or to continue such operations for reasons beyond his control, make an order, within a period of three months from the date of receiving of such application, subject to such conditions as may be prescribed, to the effect that such lease shall not lapse: 20 25
- Provided further that such lease shall lapse on failure to undertake mining operations or inability to continue the same before the end of a period of six months from the date of the order of the State Government:
- Provided also that the State Government may, on an application made by the holder of a lease submitted within a period of six months from the date of its lapse and on being satisfied that such non-commencement or discontinuance was due to reasons beyond the control of the holder of the lease, revive the lease within a period of three months from the date of receiving the application from such prospective or retrospective date as it thinks fit but not earlier than the date of lapse of the lease: 30
- Provided also that no lease shall be revived under the third proviso for more than twice during the entire period of the lease.”. 35
- Amendment of section 5. **5.** In section 5 of the principal Act,—
- (A) in sub-section (1),—
- (i) in clause (a), for the words, brackets and figures “sub-section (1) of section 3 of the Companies Act, 1956”, the words, brackets and figures “clause (20) of section 2 of the Companies Act, 2013” shall be substituted; 40 1 of 1956. 18 of 2013.
- (ii) for the proviso, the following proviso shall be substituted, namely:—
- “Provided that in respect of any mineral specified in Part A and Part B of the First Schedule, no reconnaissance permit, prospecting licence or mining lease shall be granted except with the previous approval of the Central Government.”; 45

(B) in sub-section (2),—

(i) for clause (a), the following clause shall be substituted, namely:—

5 “(a) there is evidence to show the existence of mineral contents in the area for which the application for a mining lease has been made in accordance with such parameters as may be prescribed for this purpose by the Central Government;”;

(ii) after clause (b), the following proviso shall be inserted, namely:—

10 “Provided that a mining lease may be granted upon the filing of a mining plan in accordance with a system established by the State Government for preparation, certification, and monitoring of such plan, with the approval of the Central Government.”.

6. In section 6 of the principal Act, in sub-section (I), in clause (b), for the proviso, the following proviso shall be substituted, namely:— Amendment of section 6.

15 “Provided that if the Central Government is of the opinion that in the interest of the development of any mineral or industry, it is necessary so to do, it may, for reasons to be recorded in writing, increase the aforesaid area limits in respect of prospecting licence or mining lease, in so far as it pertains to any particular mineral, or to any specified category of deposits of such mineral, or to any particular mineral located in any particular area.”.

20 7. For section 8 of the principal Act, the following section shall be substituted, namely:— Substitution of new section for section 8.

“8. (I) The provisions of this section shall apply to minerals specified in Part A of the First Schedule.

(2) The maximum period for which a mining lease may be granted shall not exceed thirty years: Periods for which mining leases may be granted or renewed.

25 Provided that the minimum period for which any such mining lease may be granted shall not be less than twenty years.

(3) A mining lease may be renewed for a period not exceeding twenty years with the previous approval of the Central Government.”.

8. After section 8 of the principal Act, the following section shall be inserted, namely:— Insertion of new section 8A.

30 “8A. (I) The provisions of this section shall apply to minerals other than those specified in Part A and Part B of the First Schedule. Period of grant of a mining lease for minerals other than coal, lignite and atomic minerals.

(2) On and from the date of the commencement of the Mines and Minerals (Development and Regulation) Amendment Act, 2015, all mining leases shall be granted for the period of fifty years.

35 (3) All mining leases granted before the commencement of the Mines and Minerals (Development and Regulation) Amendment Act, 2015 shall be deemed to have been granted for a period of fifty years.

(4) On the expiry of the lease period, the lease shall be put up for auction as per the procedure specified in this Act.

40 (5) Notwithstanding anything contained in sub-sections (2), (3) and sub-section (4), the period of lease granted before the date of commencement of the Mines and Minerals (Development and Regulation) Amendment Act, 2015, where mineral is used for captive purpose, shall be extended and be deemed to have been extended upto a period ending on the 31st March, 2030 with effect from the date of expiry of the period of renewal last made or till the completion of renewal period, if any, or a period of fifty

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years from the date of grant of such lease, whichever is later, subject to the condition that all the terms and conditions of the lease have been complied with.

(6) Notwithstanding anything contained in sub-sections (2), (3) and sub-section (4), the period of lease granted before the date of commencement of the Mines and Minerals (Development and Regulation) Amendment Act, 2015, where mineral is used for other than captive purpose, shall be extended and be deemed to have been extended up to a period ending on the 31st March, 2020 with effect from the date of expiry of the period of renewal last made or till the completion of renewal period, if any, or a period of fifty years from the date of grant of such lease, whichever is later, subject to the condition that all the terms and conditions of the lease have been complied with.

(7) Any holder of a lease granted, where mineral is used for captive purpose, shall have the right of first refusal at the time of auction held for such lease after the expiry of the lease period.

(8) Notwithstanding anything contained in this section, the period of mining leases, including existing mining leases, of Government companies or corporations shall be such as may be prescribed by the Central Government.

(9) The provisions of this section, notwithstanding anything contained therein, shall not apply to a mining lease granted before the date of commencement of the Mines and Minerals (Development and Regulation) Amendment Act, 2015, for which renewal has been rejected, or which has been determined, or lapsed.”

Insertion of  
new sections  
9B and 9C.

**9.** After section 9A of the principal Act, the following sections shall be inserted, namely:—

District  
Mineral  
Foundation.

“9B. (1) In any district affected by mining related operations, the State Government shall, by notification, establish a trust, as a non-profit body, to be called the District Mineral Foundation.

(2) The object of the District Mineral Foundation shall be to work for the interest and benefit of persons, and areas affected by mining related operations in such manner as may be prescribed by the State Government.

(3) The composition and functions of the District Mineral Foundation shall be such as may be prescribed by the State Government.

(4) The holder of a mining lease or a prospecting licence-cum-mining lease shall, in addition to the royalty, pay to the District Mineral Foundation of the district in which the mining operations are carried on, an amount which is equivalent to such percentage of the royalty paid in terms of the Second Schedule, not exceeding one-third of such royalty, as may be prescribed by the Central Government.

National  
Mineral  
Exploration  
Trust.

9C. (1) The Central Government shall, by notification, establish a Trust, as a non-profit body, to be called the National Mineral Exploration Trust.

(2) The object of the Trust shall be to use the funds accrued to the Trust for the purposes of regional and detailed exploration in such manner as may be prescribed by the Central Government.

(3) The composition and functions of the Trust shall be such as may be prescribed by the Central Government.

(4) The holder of a mining lease or a prospecting licence-cum-mining lease shall pay to the Trust, a sum equivalent to two per cent. of the royalty paid in terms of the Second Schedule, in such manner as may be prescribed by the Central Government.”

10. After section 10 of the principal Act, the following sections shall be inserted, namely:—

Insertion of new sections 10A, 10B, and 10C.

5 “10A. (1) All applications received prior to the date of commencement of the Mines and Minerals (Development and Regulation) Amendment Act, 2015, shall become ineligible.

Rights of existing concession holders and applicants.

(2) Without prejudice to sub-section (1), the following shall remain eligible on and from the date of commencement of the Mines and Minerals (Development and Regulation) Amendment Act, 2015:—

(a) applications received under section 11A of this Act;

10 (b) where before the commencement of the Mines and Minerals (Development and Regulation) Amendment Act, 2015 a reconnaissance permit or prospecting licence has been granted in respect of any land for any mineral, the permit holder or the licensee shall have a right for obtaining a prospecting licence followed by a mining lease, or a mining lease, as the case may be, in  
15 respect of that mineral in that land, if the State Government is satisfied that the permit holder or the licensee, as the case may be, —

(i) has undertaken reconnaissance operations or prospecting operations, as the case may be, to establish the existence of mineral contents in such land in accordance with such parameters as may be prescribed by the Central Government;

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(ii) has not committed any breach of the terms and conditions of the reconnaissance permit or the prospecting licence;

(iii) has not become ineligible under the provisions of this Act; and

25 (iv) has not failed to apply for grant of prospecting licence or mining lease, as the case may be, within a period of three months after the expiry of reconnaissance permit or prospecting licence, as the case may be, or within such further period not exceeding six months as may be extended by the State Government;

30 (c) where the Central Government has communicated previous approval as required under sub-section (1) of section 5 for grant of a mining lease, or if a letter of intent (by whatever name called) has been issued by the State Government to grant a mining lease, before the commencement of the Mines and Minerals (Development and Regulation) Amendment Act, 2015, the mining lease shall be granted subject to fulfilment of the conditions of the previous approval  
35 or of the letter of intent within a period of two years from the date of commencement of the said Act:

Provided that in respect of any mineral specified in the First Schedule, no prospecting licence or mining lease shall be granted under clause (b) of this sub-section except with the previous approval of the Central Government.

40 10B. (1) The provisions of this section shall not be applicable to cases covered by section 10A or section 17A or to minerals specified in Part A or Part B of the First Schedule or to land in respect of which the minerals do not vest in the Government.

Grant of mining lease in respect of notified minerals through auction.

45 (2) Where there is inadequate evidence to show the existence of mineral contents of any notified mineral in respect of any area, a State Government may, after obtaining the previous approval of the Central Government, grant a prospecting licence-cum-mining lease for the said notified mineral in such area in accordance with the procedure laid down in section 11.

(3) In areas where the existence of mineral contents of any notified mineral is established in the manner prescribed by the Central Government, the State Government shall notify such areas for grant of mining leases for such notified mineral, the terms and conditions subject to which such mining leases shall be granted, and any other relevant conditions, in such manner as may be prescribed by the Central Government. 5

(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 fulfils the eligibility conditions as specified in this Act.

(5) The Central Government shall prescribe the terms and conditions, and procedure, subject to which the auction shall be conducted, including the bidding parameters for the selection, which may 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. 10

(6) Without prejudice to the generality of sub-section (5), the Central Government shall, if it is of the opinion that it is necessary and expedient to do so, prescribe terms and conditions, procedure and bidding parameters in respect of categories of minerals, size and area of mineral deposits and a State or States, subject to which the auction shall be conducted: 15

Provided that the terms and conditions may include the reservation of any particular mine or mines for a particular end-use and subject to such condition which allow only such eligible end users to participate in the auction. 20

(7) The State Government shall grant a mining lease to an applicant selected in accordance with the procedure laid down in this section in respect of such notified mineral in any notified area. 25

Grant of non-exclusive reconnaissance permits.

10C. (1) Non-exclusive reconnaissance permits may be granted in respect of any notified mineral or non-notified mineral or a group of specified minerals, other than minerals specified in Part A or Part B of the First Schedule, subject to such terms and conditions as may be prescribed by the Central Government.

(2) The holder of such non-exclusive reconnaissance permit shall not be entitled to make any claim for the grant of any prospecting licence-cum-mining lease or a mining lease.”. 30

Substitution of new section for section 11.

11. For section 11 of the principal Act, the following section shall be substituted, namely:—

Grant of prospecting licence-cum-mining lease through auction in respect of minerals other than notified minerals.

“11. (1) The provisions of this section shall not be applicable to cases covered by section 10A or section 17A or to minerals specified in Part A or Part B of the First Schedule or to land in respect of which minerals do not vest in the Government. 35

(2) In areas where there is evidence to show the existence of mineral contents as required by clause (a) of sub-section (2) of section 5, the State Government shall grant a mining lease for minerals other than notified minerals following the procedure laid down in section 10B. 40

(3) In areas where there is inadequate evidence to show the existence of mineral contents as required under clause (a) of sub-section (2) of section 5, the State Government shall grant a prospecting licence-cum-mining lease for minerals other than notified minerals in accordance with the procedure laid down in this section. 45

(4) The State Government shall notify the areas in which prospecting licence-cum-mining leases shall be granted for any minerals other than notified minerals, the terms and conditions subject to which such prospecting licence-cum-mining leases

shall be granted, and any other relevant conditions, in such manner as may be prescribed by the Central Government.

5 (5) For the purpose of granting prospecting licence-cum-mining leases, the State Government shall select, through auction by method of competitive bidding, including e-auction, an applicant who fulfils the eligibility conditions as specified in this Act.

10 (6) The Central Government shall prescribe the terms and conditions, and procedure, subject to which the auction shall be conducted, including the bidding parameters for the selection, which may 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.

15 (7) Without prejudice to the generality of sub-section (6), the Central Government shall, if it is of the opinion that it is necessary and expedient to do so, prescribe terms and conditions, procedure and bidding parameters in respect of categories of minerals, size and area of mineral deposits and a State or States, subject to which the auction shall be conducted.

(8) The State Government shall grant a prospecting licence-cum-mining lease to an applicant selected in accordance with the procedure laid down in this section.

20 (9) The holder of a prospecting licence-cum-mining lease shall be required to complete, within the period laid down in section 7, the prospecting operations satisfactorily as specified in the notice inviting applications.

25 (10) A holder of a prospecting licence-cum-mining lease, who completes the prospecting operation as laid down in sub-section (9) and establishes the existence of mineral contents in the area in conformity with such parameters as may be prescribed for this purpose by the Central Government, shall be required to apply for a mining lease for such area and shall have the right to get the mining lease and thereafter undertake mining operations in accordance with the provisions of this Act.”.

**12.** After section 11A of the principal Act, the following sections shall be inserted, namely:—

Insertion of new sections 11B and 11C.

30 “11B. The Central Government may, by notification in the Official Gazette, make rules for regulating the grant of mining leases or other mineral concessions in respect of minerals specified in Part B of the First Schedule and for purposes connected therewith, and the State Government shall grant a reconnaissance permit, prospecting licence or mining lease in respect of any such mineral in accordance with such rules.

Power of Central Government to make rules for regulating atomic minerals specified under Part B of First Schedule.

35 11C. The Central Government may, by notification in the Official Gazette, amend the First Schedule and the Fourth Schedule so as to add or delete any mineral as may be specified in the notification.”.

Power of Central Government to amend First Schedule and Fourth Schedule.

**13.** After section 12 of the principal Act, the following section shall be inserted, namely:—

Insertion of new section 12A.

40 “12A. (1) The provisions of this section shall not apply to minerals specified in Part A or Part B of the First Schedule.

Transfer of mineral concessions.

(2) A holder of a mining lease or a prospecting licence-cum-mining lease granted in accordance with the procedure laid down in section 10B or section 11 may, with the

previous approval of the State Government, transfer his mining lease or 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. 5

(3) If the State Government does not convey its previous approval for transfer of such mining lease or prospecting licence-cum-mining lease, as the case may be, within a period of ninety days from the date of receiving such notice, it shall be construed that the State Government has no objection to such transfer:

Provided that the holder of the original mining lease or 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. 10

(4) No such transfer of a mining lease or prospecting licence-cum-mining lease, referred to in sub-section (2), shall take place if the State Government, within the notice period and for reasons to be communicated in writing, disapproves the transfer on the ground that the transferee is not eligible as per the provisions of this Act: 15

Provided that no such transfer of a mining lease or of 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. 20

(5) All transfers effected under this section shall be subject to the condition that 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 a mining lease or prospecting licence-cum-mining lease, as the case may be. 25

(6) The transfer of mineral concessions shall be allowed only for concessions which are granted through auction.”.

Amendment of section 13.

**14.** In section 13 of the principal Act, in sub-section (2),—

(i) after clause (j), the following clause shall be inserted, namely:—

“(jj) parameters of existence of mineral contents under clause (a) of sub-section (2) of section 5;”;

(ii) in clause (qq), the word “and” occurring at the end shall be omitted;

(iii) after clause (qq), the following clauses shall be inserted, namely:—

“(qqa) the amount of payment to be made to the District Mineral Foundation under sub-section (4) of section 9B; 35

(qqb) the manner of usage of funds accrued to the National Mineral Exploration Trust under sub-section (2) of section 9C;

(qqc) the composition and functions of the National Mineral Exploration Trust under sub-section (3) of section 9C;

(qqd) the manner of payment of amount to the National Mineral Exploration Trust under sub-section (4) of section 9C; 40

(qqe) the terms and conditions subject to which mining leases shall be granted under sub-section (3) of section 10B;

(qqf) the terms and conditions, and procedure, subject to which the auction shall be conducted including the bidding parameters for the selection under sub-section (5) of section 10B; 45



(*qqg*) the time limits for various stages in processing applications for grant of mining lease or prospecting licence-cum-mining lease under sections 10B, 11, 11A, 11B, and section 17A, and their renewals;

5 (*qqh*) the terms and conditions for grant of non-exclusive reconnaissance permits under sub-section (1) of section 10C;

(*qqi*) the terms and conditions for grant of prospecting licence-cum-mining leases under sub-section (4) of section 11;

(*qqj*) the terms and conditions, and procedure, including the bidding parameters for the selection under sub-section (6) of section 11;

10 (*qqk*) the amount to be payable by a Government company or corporation, or a joint venture for grant of mining lease under sub-section (2C) of section 17A; and”.

**15.** In section 15 of the principal Act, after sub-section (3), the following sub-section 15 shall be inserted, namely:— Amendment of section 15.

“(4) Without prejudice to sub-sections (1), (2) and sub-section (3), the State Government may, by notification, make rules for regulating the provisions of this Act for the following, namely:—

(a) the manner in which the District Mineral Foundation shall work under sub-section (2) of section 9B;

20 (b) the composition and functions of the District Mineral Foundation under sub-section (3) of section 9B; and

(c) the amount of payment to be made to the District Mineral Foundation by concession holders of minor minerals under section 15A.”.

**16.** After section 15 of the principal Act, the following section shall be inserted, 25 namely:— Insertion of new section 15A.

“15A. The State Government may prescribe the payment by all holders of concessions related to minor minerals of amounts to the District Mineral Foundation of the district in which the mining operations are carried on.”.

Power of State Government to collect funds for District Mineral Foundation in case of minor minerals.

**17.** In section 17A of the principal Act, after sub-section (2), the following sub-sections 30 shall be inserted, namely:— Amendment of section 17A.

35 “(2A) Where in exercise of the powers conferred by sub-section (1A) or sub-section (2), the Central Government or the State Government, as the case may be, reserves any area for undertaking prospecting or mining operations, the State Government shall grant prospecting licence or mining lease, as the case may be, in respect of such area to such Government company or corporation:

Provided that in respect of any mineral specified in Part A and Part B of the First Schedule, the State Government shall grant the prospecting licence or mining lease, as the case may be, only after obtaining the previous approval of the Central Government.

40 (2B) Where the Government company or corporation is desirous of carrying out the prospecting operations or mining operations in a joint venture with other persons, the joint venture partner shall be selected through a competitive process, and such Government company or corporation shall hold more than seventy-four per cent. of the paid up share capital in such joint venture.

(2C) A mining lease granted to a Government company or corporation, or a joint venture, referred to in sub-sections (2A) and (2B), shall be granted on payment of such amount as may be prescribed by the Central Government.”.

Insertion of new section 20A.

**18.** After section 20 of the principal Act, the following section shall be inserted, namely:—

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Power of Central Government to issue directions.

“20A. (1) Notwithstanding anything contained 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 on any policy matter in the national interest, and for the scientific and sustainable development and exploitation of mineral resources.

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(2) In particular, and without prejudice to the generality of the foregoing powers, the Central Government may also issue directions in respect of the following matters, namely:—

(i) improvement in procedure for grant of mineral concessions and to ensure co-ordination among agencies entrusted with according statutory clearances;

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(ii) maintenance of internet-based databases including development and operation of a mining tenement system;

(iii) implementation and evaluation of sustainable development frameworks;

(iv) reduction in waste generation and related waste management practices and promotion of recycling of materials;

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(v) minimising and mitigating adverse environmental impacts particularly in respect of ground water, air, ambient noise and land;

(vi) ensuring minimal ecological disturbance, in terms of bio-diversity, flora, fauna and habitat;

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(vii) promoting restoration and reclamation activities so as to make optimal use of mined out land for the benefit of the local communities; and

(viii) such other matters as may be necessary for the purposes of implementation of this Act.”.

Amendment of section 21.

**19.** In section 21 of the principal Act, for sub-sections (1) and (2), the following sub-sections shall be substituted, namely:—

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“(1) Whoever contravenes the provisions of sub-section (1) or sub-section (1A) of section 4 shall be punishable with imprisonment for a term which may extend to five years and with fine which may extend to five lakh rupees per hectare of the area.

(2) Any rule made under any provision of this 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.”.

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Substitution of new section for section 30.

Power of revision by Central Government.

**20.** For section 30 of the principal Act, the following section shall be substituted, namely:—

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“30. The Central Government may, of its own motion or on an application made within the prescribed time by an aggrieved party, —

(a) 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

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(b) 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 as it may think fit and appropriate in the circumstances:

5            Provided that in cases covered by clause (b) the Central Government shall, before passing any order under this clause, give an opportunity of being heard or to represent in the matter.”.

**21.** After section 30A of the principal Act, the following sections shall be inserted, namely:—

Insertion of new sections 30B and 30C.

10            “30B. (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.

Constitution of Special Courts.

15            (2) A Special Court shall consist of a Judge who shall be appointed by the State Government with the concurrence of the High Court.

(3) A person shall not be qualified for appointment as a judge of a Special Court unless he is or has been a District and Sessions Judge.

(4) Any person aggrieved by the order of the Special Court may prefer an appeal to the High Court within a period of sixty days from the date of such order.

2 of 1974. 20            30C. Save as otherwise provided in this Act, the Code of Criminal Procedure, 1973, shall apply to the proceedings before the Special Court and for the purpose of the provisions of this Act, the Special Court shall be deemed to be a Court of Session and shall have all powers of a Court of Session and the person conducting a prosecution before the Special Court shall be deemed to be a public prosecutor.”.

Special Courts to have powers of Court of Session.

25            **22.** In the principal Act, in the First Schedule, for the figures and brackets “8(2)”, the figures, brackets, letters and word “8(1), 8A(1), 10A, 10B(1), 10C(1), 11(1), 11B, 11C, 12A(1), and 17A(2A)” shall be substituted.

Amendment of First Schedule.

**23.** In the principal Act, after the Third Schedule, the following Schedule shall be inserted, namely:—

Insertion of a new Schedule.

30            “THE FOURTH SCHEDULE

[See clause (ea) of section 3]

Notified Minerals

1. Bauxite.

2. Iron ore.

35            3. Limestone.

4. Manganese ore.”.

40            **24.** (1) If any difficulty arises in giving effect to the provisions of the Mines and Minerals (Development and Regulation) Amendment Act, 2015, the Central Government may, by order, published in the Official Gazette, make such provisions not inconsistent with the provisions of the said Act, as appear to it to be necessary or expedient for removing the difficulty:

Power to remove difficulties.

Provided that no such order shall be made under this section after the expiry of a period of two years from the commencement of the said Act.

(2) Every order made under this section shall be laid, as soon as may be after it is made, before each House of Parliament.

Repeal and savings.

**25.** (1) The Mines and Minerals (Development and Regulation) Amendment Ordinance, 2015, is hereby repealed. Ord. 3 of 2015.

(2) Notwithstanding such repeal, anything done or any action taken under the principal Act, as amended by the said Ordinance, shall be deemed to have been done or taken under the corresponding provisions of the principal Act, as amended by this Act. 5

## STATEMENT OF OBJECTS AND REASONS

The Mines and Minerals (Development and Regulation) Act, 1957 (MMDR Act) is the Central Act which governs the development and regulation of mines and minerals in terms of the powers vested in the Central Government. The provisions of the MMDR Act extend to the whole of India. State Governments have to regulate the mines and minerals in terms of the MMDR Act. The Act has been amended several times over the years, notably in 1972, 1986, 1994 and 1999.

2. To comprehensively amend the law governing the mineral sector with the Mines and Minerals (Development and Regulation) Bill, 2011 (MMDR Bill, 2011), was introduced in the Lok Sabha on 12.12.2011. Extensive consultations preceded the finalization of the draft of the Bill. It was thereafter intensively scrutinized by the Standing Committee on Coal and Steel who gave their Report in May 2013. However, the Bill could not be passed before the dissolution of the 15th Lok Sabha and consequently lapsed.

3. The mining sector has been subjected to numerous litigations in the past few years. Important judgements related to the mining sector have been pronounced by the Supreme Court, besides judgements on the issue of allocation of natural resources which have direct relevance to the grant of mineral concessions.

4. The present legal framework of MMDR Act, 1957, does not permit the auctioning of mineral concessions. Auctioning of mineral concessions would improve transparency in allocation. Government would also get an increased share of the value of mineral resources. Some provisions of the law relating to renewals of mineral concessions have also been found to be wanting in enabling quick decisions. Consequently, there has been a slowdown in the grant of new concessions and the renewal of existing ones. As a result, the mining sector started registering a decline in production affecting the manufacturing sector which largely depends on the raw material provided by mining sector. The Government has therefore felt it necessary to address the immediate requirements of the mining sector and also to remedy the basic structural defects that underlie the current impasse.

5. In view of the urgent need to address these problems, the Mines and Minerals (Development and Regulation) Amendment Ordinance, 2015 was promulgated on 12th January, 2015. The present Bill is to replace this Ordinance. This bill is designed to put in place mechanism for:

(i) Eliminating discretion;

(ii) Improving transparency in the allocation of mineral resources;

(iii) Simplifying procedures;

(iv) Eliminating delay in administration, so as to enable expeditious and optimum development of the mineral resources of the country;

(v) Obtaining for the government an enhanced share of the value of the mineral resources of the country; and

(vi) Attracting private investment and the latest technology;

6. The salient features of MMDR Amendment Bill, 2015 are as follows:

(i) Removal of discretion; auction to be sole method of allotment: The amendment seeks to bring in utmost transparency by introducing auction mechanism for the grant of mineral concessions. The tenure of mineral leases has been increased from the existing 30 years to 50 years. There is no provision for renewal of leases.

(ii) Impetus to the mining sector: The mining industry has been aggrieved due to the second and subsequent renewals remaining pending. In fact, this has led to closure

of a large number of mines. The Bill addresses this issue also. The Bill provides that mining leases would be deemed to be extended from the date of their last renewal to 31st March, 2030 (in the case of captive mines) and till 31st March, 2020 (for the merchant miners) or till the completion of the renewal already granted, if any, or a period of fifty years from the date of grant of such leave, whichever is later.

(iii) Safeguarding interest of affected persons: There is provision to establish District Mineral Foundation in the districts affected by mining related activities.

(iv) Encouraging exploration and investment: The Bill proposes to set up a National Mineral Exploration Trust created out of contributions from the mining lease holders, in order to have a dedicated fund for encouraging exploration in the country. Transfer of mineral concessions granted through auction will be permitted in order to encourage private investors.

(v) Simplification of procedures and removal of delay: The amendment removes the need for "previous approval" from the Central Government for grant of mineral concessions in case of important minerals like iron ore, bauxite, manganese etc. thereby making the process quicker and simpler. Similarly, the State Governments will devise a system for filling of a mining plan obviating the need for prior approval of the Mining Plans by the Central Government. The Central Government will have revision powers in case State Governments fail to decide issues within the prescribed time.

(vi) Stronger provisions for checking illegal mining: In order to address the serious problem of illegal mining, the penal provisions have been made further stringent by prescribing higher penalties up to 5 lakh rupees per hectare and imprisonment up to 5 years. State Governments will now be able to set up Special Courts for trial of offenses under the Act.

NARENDRA SINGH TOMAR

NEW DELHI;

*The 31st January 2015.*

#### FINANCIAL MEMORANDUM

The Bill seeks to amend the Mines and Mineral (Development and Regulation) Act, 1957 in order to develop country's mining sector to its full potential and to put the nation's mineral resources to the best use for national economic growth. The Bill, if enacted, is not likely to involve any recurring or non-recurring expenditure.

## MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 8 of the Bill seeks to insert a new section 8A in the Mines and Minerals (Development and Regulation) Act, 1957 (hereinafter referred to as "the Act") and sub-section (8) of the said section empowers the Central Government to prescribe the period of mining leases, including existing mining leases, of Government companies or corporations.

(2) Clause 10 of the Bill seeks to insert new sections 10A, 10B and 10C in the Act and clause 11 of the Bill seeks to substitute section 11 of the Act, respectively, and sub-clause (i) of clause (b) of sub-section (2) of section 10A; sub-section (3) of section 10B; and sub-section (10) of section 11 empower the Central Government to prescribe parameters of existence of mineral contents, terms and conditions, procedure and bidding parameters in respect of categories of minerals, size and area of mineral deposits and a State or States, subject to which the auction shall be conducted under sub-section (6) of section 10B and sub-section (7) of section 11.

3. Clause 12 of the Bill seeks to insert new sections 11B and 11C in the Act, and section 11B empowers the Central Government to make rules for regulating the grant of mining leases or other mineral concessions in respect of minerals specified in Part B of the First Schedule and for purposes connected therewith; section 11C empowers the Central Government to amend, by notification in the Official Gazette, the First Schedule and the Fourth Schedule.

4. Clause 13 of the Bill seeks to insert a new section 12A in the Act, and sub-section (2) of said section empowers the Central Government to prescribe the manner for transfer of a mining lease or a prospecting licence-cum-mining lease granted in accordance with the procedure laid down in section 10B or section 11.

5. Clause 14 of the Bill seeks to amend section 13 of the Act so as to empower the Central Government to make rules for carrying out the provisions of the proposed legislation. It enumerates the matters in respect of which such rules may be made. These matters shall include,— (a) parameters of existence of mineral contents under clause (a) of sub-section (2) of section 5; (b) the amount of payment to be made to the District Mineral Foundation under sub-section (4) of section 9B; (c) the manner of usage of funds accrued to the National Mineral Exploration Trust under sub-section (2) of section 9C; (d) the composition and functions of the National Mineral Exploration Trust under sub-section (3) of section 9C; (e) the manner of payment of amount to the National Mineral Exploration Trust under sub-section (4) of section 9C; (f) the terms and conditions subject to which mining leases shall be granted under sub-section (3) of section 10B; (g) the terms and conditions, and procedure, subject to which the auction shall be conducted including the bidding parameters for the selection under sub-section (5) of section 10B; (h) the time limits for various stages in processing applications for grant of mining lease or prospecting licence-cum-mining lease under sections 10B, 11, 11A, 11B, and section 17A, and their renewals; (i) the terms and conditions for grant of non-exclusive reconnaissance permits under sub-section (1) of section 10C; (j) the terms and conditions for grant of prospecting licence-cum-mining leases under sub-section (4) of section 11; (k) the terms and conditions, and procedure, including the bidding parameters for the selections under sub-section (6) of section 11; (l) the amount to be payable by a Government company or corporation, or a joint venture for grant of mining lease under sub-section (2C) of section 17A.

6. Clause 15 of the Bill seeks to amend section 15 of the Act so as to empower the State Government to make rules for carrying out the provisions of the proposed legislation. It enumerates the matter in respect of which such rules may be made. These matters shall include,— (a) the manner in which the District Mineral Foundation shall work under sub-section (2) of section 9B; (b) the composition and functions of the District Mineral



Foundation under sub-section (3) of section 9B; (c) the amount of payment to be made to the District Mineral Foundation by concession holders of minor minerals under section 15A.

7. The matters in respect of which rules may be made and notifications issued are matters of procedure and administrative detail and it is not practicable to provide for them in the proposed legislation itself. The delegation of legislative power is, therefore, of a normal character.

ANNEXURE

EXTRACTS FROM THE MINES AND MINERALS (DEVELOPMENT AND REGULATION) ACT, 1957

(67 of 1957)

\* \* \* \* \*

Definitions. **3.** In this Act, unless the context otherwise requires,—

(a) \* \* \* \* \*

\* \* \* \* \*

(hb) “reconnaissance permit” means a permit granted for the purpose of undertaking reconnaissance operational; and

\* \* \* \* \*

**GENERAL RESTRICTIONS ON UNDERTAKING PROSPECTING  
AND MINING OPERATIONS**

Prospecting or mining operations to be under licence or lease. **4.** (1) No person shall undertake any reconnaissance, prospecting or mining operations in any area, except under and in accordance with the terms and conditions of a reconnaissance permit or of a prospecting licence or, as the case may be, of a mining lease, granted under this Act and the rules made thereunder:

Provided that nothing in this sub-section shall affect any prospecting or mining operations undertaken in any area in accordance with the terms and conditions of a prospecting licence or mining lease granted before the commencement of this Act which is in force at such commencement:

Provided further that nothing in this sub-section shall apply to any prospecting operations undertaken by the Geological Survey of India, the Indian Bureau of Mines, the Atomic Minerals Directorate for Exploration and Research of the Department of Atomic Energy of the Central Government, the Directorates of Mining and Geology of any State Government (by whatever name called), and the Mineral Exploration Corporation Limited, a Government company within the meaning of section 517 of the Companies Act, 1956:

\* \* \* \* \*

**4A.** (1) \* \* \* \* \*

Termination of prospecting Licences or mining leases. (4) Where the holder of a mining lease fails to undertake mining operations for a period of two years after the date of execution of the lease or having commenced mining operations, has discontinued the same for a period of two years, the lease shall lapse on the expiry of the period of two years from the date of execution of the lease or, as the case may be, discontinuance of the mining operations:

Provided that the State Government may, on an application made by the holder of such lease before its expiry under this sub-section and on being satisfied that it will not be possible for the holder of the lease to undertake mining operations or to continue such operations for reasons beyond his control, make an order, subject to such conditions as may be prescribed, to the effect that such lease shall not lapse:

Provided further that the State Government may, on an application by the holder of a lease submitted within a period of six months from the date of its lapse and on being satisfied that such non-commencement or discontinuance was due to reasons beyond the control of the holder of the lease, revive the lease from such prospective or retrospective date as it thinks fit but not earlier than the date of lapse of the lease:

Provided also that no lease shall be revived under the second proviso for more than twice during the entire period of the lease.

5. (1) A State Government shall not grant a reconnaissance permit, prospecting licence or mining lease to any person unless such person—

Restrictions on the grant of prospecting licences or mining leases.

(1 of 1956)

(a) is an Indian national, or a company as defined in sub-section (1) of section 3 of the Companies Act, 1956; and

(b) satisfies such conditions as may be prescribed:

Provided that in respect of any mineral specified in the First Schedule, no reconnaissance permit, prospecting licence or mining lease shall be granted except with the previous approval of the Central Government.

*Explanation.*—For the purposes of this sub-section, a person shall be deemed to be an Indian national,—

(a) in the case of a firm or other association of individuals, only if all the members of the firm or members of the association are citizens of India; and

(b) in the case of an individual, only if he is a citizen of India.

(2) No mining lease shall be granted by the State Government unless it is satisfied that—

(a) there is evidence to show that the area for which the lease is applied for has been prospected earlier or the existence of mineral contents therein has been established otherwise than by means of prospecting such area; and

(b) there is mining plan duly approved by the Central Government, or by the State Government, in respect of such category of mines as may be specified by the Central Government, for the development of mineral deposits in the area concerned.

6. (1) No person shall acquire in respect of any mineral or prescribed group of associated minerals in a State—

Maximum area for which a prospecting licence or mining lease may be granted.

(a)\* \* \* \*

(b) one or more mining leases covering a total area of more than ten square kilometres:

Provided that if the Central Government is of opinion that in the interests of the development of any mineral, it is necessary so to do, it may, for reasons to be recorded by it, in writing, permit any person to acquire one or more prospecting licences or mining leases covering an area in excess of the aforesaid total area;

\* \* \* \*

8. (1) The maximum period for which a mining lease may be granted shall not exceed thirty years:

Periods for which mining leases may be granted or renewed.

Provided that the minimum period for which any such mining lease may be granted shall not be less than twenty years.

(2) A mining lease may be renewed for a period not exceeding twenty years.

(3) Notwithstanding anything contained in sub-section (2), if the State Government is of opinion that in the interests of mineral development it is necessary so to do, it may, for reasons to be recorded, authorise the renewal of a mining lease in respect of minerals not specified in Part A and Part B of the First Schedule for a further period or periods not exceeding twenty years in each case.

(4) Notwithstanding anything contained in sub-section (2) and sub-section (3), no mining lease granted in respect of mineral specified in Part A or Part B of the First Schedule shall be renewed except with the previous approval of the Central Government.

\* \* \* \*

Preferential  
right of  
certain  
persons.

11. (1) Where a reconnaissance permit or prospecting licence has been granted in respect of any land, the permit holder or the licensee shall have a preferential right for obtaining a prospecting licence or mining lease, as the case may be, in respect of that land over any other person:

Provided that the State Government is satisfied that the permit holder or the licensee, as the case may be,—

(a) has undertaken reconnaissance operations or prospecting operations, as the case may be, to establish mineral resources in such land;

(b) has not committed any breach of the terms and conditions of the reconnaissance permit or the prospecting licence;

(c) has not become ineligible under the provisions of this Act; and

(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 said Government.

(2) Subject to the provisions of sub-section (1), where the State Government has not notified in the Official Gazette the area for grant of reconnaissance permit or prospecting licence or mining lease, as the case may be, and two or more persons have applied for a reconnaissance permit, prospecting licence or a mining lease in respect of any land in such area, the applicant whose application was received earlier, shall have the preferential right to be considered for grant of reconnaissance permit, prospecting licence or mining lease, as the case may be, over the applicant whose application was received later:

Provided that where an area is available for grant of reconnaissance permit, prospecting licence or mining lease, as the case may be, and the State Government has invited applications by notification in the Official Gazette for grant of such permit, licence or lease, all the applications received during the period specified in such notification and the applications which had been received prior to the publication of such notification in respect of the lands within such area and had not been disposed of, shall be deemed to have been received on the same day for the purposes of assigning priority under this sub-section:

Provided further that where any such applications are received on the same day, the State Government, after taking into consideration the matter specified in sub-section (3), may grant the reconnaissance permit, prospecting licence or mining lease, as the case may be, to such one of the applicants as it may deem fit.

(3) The matters referred to in sub-section (2) are the following:—

(a) any special knowledge of, or experience in, reconnaissance operations, prospecting operations or mining operations, as the case may be, possessed by the applicant;

(b) the financial resources of the applicant;

(c) the nature and quality of the technical staff employed or to be employed by the applicant;

(d) the investment which the applicant proposes to make in the mines and in the industry based on the minerals;

(e) such other matters as may be prescribed.

(4) Subject to the provisions of sub-section (1), where the State Government notifies in the Official Gazette an area for grant of reconnaissance permit, prospecting licence or mining lease, as the case may be, all the applications received during the period as specified in such notification, which shall not be less than thirty days, shall be considered simultaneously as if all such applications have been received on the same day and the State

Government, after taking into consideration the matters specified in sub-section (3), may grant the reconnaissance permit, prospecting licence or mining lease, as the case may be, to such one of the applicants as it may deem fit.

(5) Notwithstanding anything contained in sub-section (2), but subject to the provisions of sub-section (1), the State Government may, for any special reasons to be recorded, grant a reconnaissance permit, prospecting licence or mining lease, as the case may be, to an applicant whose application was received later in preference to an applicant whose application was received earlier:

Provided that in respect of minerals specified in the First Schedule, prior approval of the Central Government shall be obtained before passing any order under this sub-section.

\* \* \* \* \*

**RULES FOR REGULATING THE GRANT OF PROSPECTING LICENCES AND MINING LEASES**

**13. (1)** \* \* \* \* \*

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

(a) \* \* \* \* \*

(qq) the manner in which rehabilitation of flora and other vegetation, such as trees, shrubs and the like destroyed by reason of any prospecting or mining operations shall be made in the same area or in any other area selected by the Central Government (whether by way of reimbursement of the cost of rehabilitation or otherwise) by the person holding the prospecting licence or mining lease; and

\* \* \* \* \*

**21. (1)** Whoever contravenes the provisions of sub-section (1) or sub-section (1A) of section 4 shall be punished with imprisonment for a term which may extend to two years, or with fine which may extend to twenty-five thousand rupees, or with both.

Power of Central Government to make rules in respect of minerals.

Penalties.

(2) Any rule made under any provision of this Act may provide that any contravention thereof shall be punishable with imprisonment for a term which may extend to one year, or with fine which may extend to five thousand rupees or with both, and in the case of a continuing contravention, with an additional fine which may extend to five hundred rupees for every day during which such contravention continues after conviction for the first such contravention.

\* \* \* \* \*

**30.** The Central Government may, of its own motion or on application made within the prescribed time by an aggrieved party, 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.

Power of revision of Central Government.

\* \* \* \* \*

**THE FIRST SCHEDULE**

[See sections 4(3), 5(1), 7(2) and 8(2)]

\* \* \* \* \*

LOK SABHA

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**BILL**

further to amend the Mines and Minerals (Development and Regulation) Act, 1957.

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*(Shri Narendra Singh Tomar, Minister of Steel and Mines)*