

The Rajya Sabha on Monday passed the **Mines and Minerals (Development and Regulation) Amendment Bill, 2021** that will do away with the distinction between the captive and non-captive mines, allow captive mines to sell up to 50% of the minerals excavated during the current year and will also help towards the auctioning of more mines.

The Bill amends the Mines and Minerals (Development and Regulation) Act, 1957.

Highlights of the Bill

(1) Removal of restriction on end-use of minerals

- **Captive mines** are those that produce coal or mineral for exclusive use by the company that owns the mines, while non-captive ones those that produce as well as sell the fuel.
- The Bill provides that **no mine will be reserved** for particular end-use.
- Earlier central government could reserve any mine (other than coal, lignite, and atomic minerals) to be leased through an auction for a particular end-use (such as iron ore mine for a steel plant).

(2) Sale of minerals by captive mines

- Captive mines (other than atomic minerals) may **sell up to 50%** of their annual mineral.

(3) Auction by the central government in certain cases

- The Bill empowers the central government to **specify a time period for completion of the auction process** in consultation with the state government.
- If the state government is unable to complete the auction process within this period, the auctions may be conducted by the central government.

(4) Transfer of statutory clearances

- Upon expiry of a mining lease (other than coal, lignite, and atomic minerals), mines are leased to new persons through auction.
- The Bill provides that **transferred statutory clearances will be valid throughout the lease period** of the new lessee (earlier 2years).

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(5) Allocation of mines with expired leases

- The Bill adds that mines (other than coal, lignite, and atomic minerals), whose lease has expired, may be allocated to a government company in certain cases.
- The state government may grant a lease for such a mine to a government company for a period of **up to 10 years** or until the selection of a new lessee, whichever is earlier.

(6) Rights of certain existing concession holders

- Existing concession holders and applicants have been provided with certain rights.
- The Bill provides that the right to obtain a prospecting license or a mining lease will lapse on the date of commencement of the 2021 Amendment Act.



(7) Extension of leases to government companies

- The Act provides that the period of mining leases granted to government companies will be prescribed by the central government.

(8) Conditions for lapse of mining lease

- If the lessee:
 - (i) is not able to start mining operations within two years of the grant of a lease, or
 - (ii) has discontinued mining operations for a period of two years (additionally up to 1 more year)

(9) Non-exclusive reconnaissance permit

- The earlier Act provides for a **non-exclusive reconnaissance permit** (for minerals other than coal, lignite, and atomic minerals).
- Reconnaissance means preliminary prospecting of a mineral through certain surveys.
- The Bill removes the provision for this permit. o

Significance of the Bill

- This will speed up the process of implementation of projects, ease of doing business, simplification of procedure and benefit all the parties in areas where minerals are located.
- It will create an efficient energy market and bring in more competition as well as reduce coal imports.
- India imported 235 million tonnes (mt) of coal last year, of which 135 mt valued at Rs 171,000 crore could have been met from domestic reserves.

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- It might also put an end to Coal India Ltd's monopoly in the sector.
- It would also help India gain access to high-end technology for underground mining used by miners across the globe.

Challenges

- If an act is passed in which any state government's discretionary power (**federalism**) is taken away or their rights or benefits are infringed, it is likely to be challenged in the Supreme Court.
- The reforms in the act unshackle the mining sector of India, as much it is beneficial for the development of the country. Mining is harmful from the **environmental** point of view.
- Several **tribal** communities and **PVTGs** fall into the mining zones. Their residence is also threatened by an increase in mining. Their rehabilitation & compensation is another major issue.

Constitutional Provision Related to Mining

- The entry No. 23 of List II (**State List**) to the Constitution of India mandates the state government to own the **minerals located within their boundaries**,
- The entry No. 54 of List I (**Central List**) mandates the central government to own the minerals within the exclusive economic zone of India (**EEZ**).
 - In pursuance to this Mines & Minerals (Development and Regulation) (MMDR) Act of 1957 was framed.
- The **central government has the ownership over all offshore minerals** (ie, minerals extracted from the sea or ocean floor in the Indian maritime zones such as the territorial waters, continental shelf and exclusive economic zones).