



GOVERNMENT OF INDIA
MINISTRY OF MINES

75
Azadi Ka
Amrit Mahotsav

Reforms in Mining Sector

India's Industrial Backbone



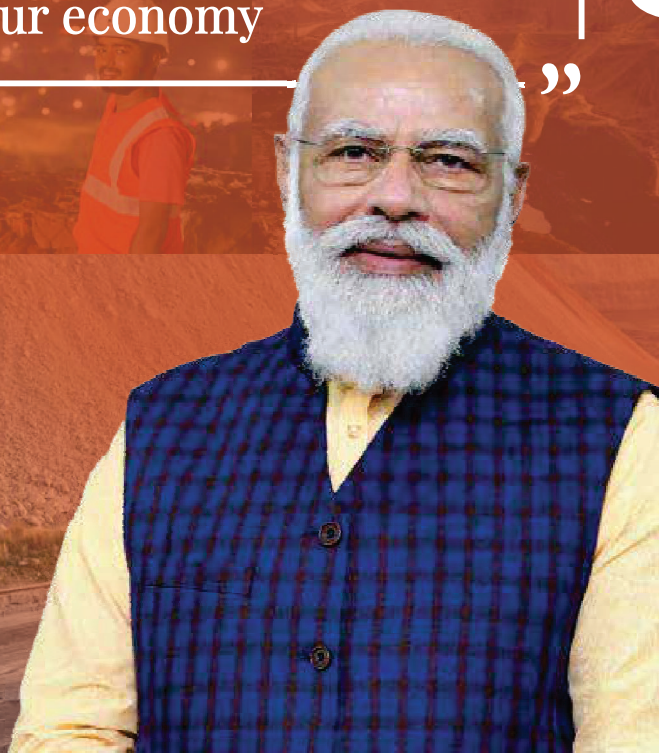


Assuring India's Mineral Security

“

Self-reliance is not possible without a strong mining and minerals sector; because minerals and mining are important pillars of our economy

”



Major Reforms

Amendment in the MMDR Act, 2015

- New Auction Regime
- National Mineral Exploration Trust (NMET)
- District Mineral Foundation (DMF)

2015

2020

Amendment in the MMDR Act, 2020

- To facilitate seamless transfer of valid rights/clearances to new leases
- To overcome the impact on mineral production due to expiry of large number of mineral blocks in March 2020
- To ensure sustained mineral production in the country

Amendment in the MMDR Act, 2021

- All future auctions to be without any end use restrictions
- Allowed all captive mines to sell up to 50% of minerals produced
- Allowed transfer of all ML/CL without any charges
- Transfer of all valid rights and clearances to successful bidders
- Resolved pending cases by bringing them under new auction regime
- Prescribed timeline from auction of a mine to operationalization
- Notified Private exploration agencies can undertake prospecting operation without PL
- Central Government is empowered to give directions regarding composition and utilization of fund under DMF

2021

Other Reforms

- Requirement of bid security and net worth reduced to increase participation in auctions.
- Transfer of Lol without any charges
- Incentive for early production & dispatch of minerals.
- Empowered interested people to propose area for auction to grant a composite licence
- Introduced Drone survey for better mine planning and improved regulations
- **49 rules** in Mineral Concession Rules and **24 rules** in Mineral Conservation and Development Rules have been decriminalized
- Now Environment Clearance for expansion of mineral production up to 40% capacity will be granted without fresh public consultation, subject to compliance of environmental safeguard conditions of previous Environment Clearance
- For notification of CL blocks for Auction:-
 - Simplified the procedure for demarcation of area.
 - Removed the requirement for detailed land classification.



Reform

- › Auction-only regime
- › Removal of distinction between captive and merchant mines to promote competition
- › Auction of mineral blocks at G4 level of exploration for Composite Licence and Mining Lease on G3 level for notified minerals
- › Reduction in Bid security for more participation (0.25% of ₹50 Cr. whichever is less for Mining Lease, ₹50 Lakh for Composite Licence at G4 level)

AUCTION SUMMARY OF MINERALS 2015-2022



Impact

- Resolved legacy issues by amending **Section 10A(2)(b)** of MMDR Act
- Freed up around **500 potential mineral blocks** for auction
- Boosting transparency and trust in the system
- **215 mineral blocks** have been successfully auctioned since 2015.
- NITs for auction of **59 mineral blocks** are in process.
- **118 Blocks** put on auction at CL Level

AUCTION SUMMARY OF STATES 2015-2022



Reform

Transfer of all valid rights, statutory clearances, approvals to successful bidders

Deemed extension of ML to Government companies for unhindered production

All leases can be transferred without any transfer charge for all types of mines

Part surrender of mining lease area allowed in all cases, instead of only non-grant of Forest Clearance

Minimum area requirement for grant of ML reduced from **5 ha to 2 ha** for certain minerals



Impact

So far, 25 mines in Odisha and 2 mines in Karnataka availed the benefit of transfer of valid rights, clearances etc.

Transfer of leases completed in 9 cases.

Facilitated merger and acquisition in the mining sector

Reform



Allowed **sale up to 50%** of the mineral produced in the open market by captive miners

50% rebate on revenue share on early operationalization of mines till scheduled date of operation

Boost to **Ease of Doing Business** with clarification on illegal mining

Impact

With sale of **50%** mineral produced,



SAIL generated revenue of approx.
₹1956 Cr. between 2020-2022



Reform

Prescribed timelines for production and despatch

Reservation to PSUs shall lapse if the mines are not timely operationalized

Central Govt. can conduct auctions if State Govt. face challenges while conducting auction

Any individual can identify auctionable blocks and submit proposal to the State Govt.

Impact

More revenue for State Govt.

61 applications for auction of 40 CL blocks received by States from individuals.

Reform

DMF

Formulated **Pradhan Mantri Khanij Kshethra Kalyan Yojana** under DMF

With amendment in **2021**, **local MPs, MLAs and MLCs** have been made members of DMF governing council

Fund shall not be transferred from the DMF to State Exchequer or State level fund or any other fund or scheme.

Preparation of 5 years perspective plan mandated for implementation of works using DMF fund.

Impact

Total amount collected till Sept. 22 is **₹70,107.04 Cr**

Participative development of **mining-affected regions**



Reform

- Establishment of National Mineral Exploration Trust
- Notification of private exploration agencies

Impact

Total Amount collected in NMET till Sept. 2022 is **₹4142.98 Cr.**

- Obvious Geological Potential has increased from 5.71 lakh sq. km to 6.88 lakh sq. km
- Area under exploration has increased to 30% of OGP
- So far 13 private exploration agencies have been notified under second proviso to Section 4(1) of the Act

09 mineral blocks funded through NMET have been auctioned, with an estimated revenue generation of **₹1.66 lakh Cr.**

Incentives to states

- ₹20 Lakh for each successful auction to states, so far ₹17 Cr. released to 9 States
- Partial reimbursement up to 50% of the direct cost of exploration to holders of Composite Licence for deep seated minerals
- Notified Private Exploration agencies to be funded by State Governments for exploration projects



Other Initiatives

Prescribed royalty on newly explored minerals. Glauconite, Potash, Emerald, Platinum Group of Metals, Andalusite. Sillimanite and Molybdenum and Kyanite

State Governments have been awarded for taking initiative for auction of mineral Blocks.

Impact

- Facilitate auction of Glauconite, Potash, Emerald, Platinum Group of Metals, Andalusite and Molybdenum
- 2 Blocks of platinum group of metals put up for auction in Chattisgarh.
- Auction would help bring down their imports
- All the accrued revenue goes to State Govt.



Generating Additional Revenue Sources For State Govt.

Since
2015

Karnataka earned
₹2867.4 Cr
from 27 Auctioned Mines

Odisha earned
₹28191.8 Cr
from 38 Auctioned Mines



Current Overview

Iron Ore reached record production level of **254 MMT**
in **FY 2021-22**

Limestone reached record production level of
393 MMT in **FY 2021-22**

495 potential blocks have been handed over to State Govt.
for auction of **CL/ML**

215 mineral blocks have been successfully auctioned since **2015**

46 mineral blocks have been successfully auctioned in **FY 2021-22**,
61 mineral blocks have been successfully auctioned in **FY 2022-23**
(upto 15th Nov. 2022)





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