



Amendment to the Mines and Minerals Act 1957

For Prelims: Mines and Minerals Act 1957, Coal in India.

For Mains: Significance of Amendment MMDR Act.

Why in News?

Recently, the Union Cabinet has approved a **proposal to amend the Second Schedule to the [MMDR \(Mines and Minerals Development and Regulation\) Act](#) to specify the royalty rates of certain minerals**, including potash, emerald and platinum group of metals.

- **MMDR Act, 1957** regulates the mining sector in India and specifies the requirement for obtaining and granting mining leases for mining operations.

What is the Background?

- The Act was **amended in 2015** to usher in new regime of granting mineral concessions through auction **to ensure transparency and non-discrimination in allocation of mineral wealth** of the country.
- To give further impetus to the mineral sector, the **Act has been further amended in 2021**. Under the reforms, the Government has given **a major boost to auction of mineral blocks, increasing production, improving ease of doing business** in the country and increasing the contribution of mineral production to **Gross Domestic Product (GDP)**.
 - The reforms made are in the provisions related to statutory requirements, removal of end-use restrictions for captive mines and the division between captive and non-captive mines, transfer by auction of mineral-concessions, National Mineral Exploration Trust (NMET), National Mineral Index(NMI), the inclusion of private sector, and so on.
- The Ministry of Mines **has also taken steps to increase exploration of minerals**, which has led to the availability of more blocks for auction.
 - Exploration activities have increased **not only for traditional minerals** such as iron ore, bauxite, limestone but **also for deep-seated minerals, fertilizer minerals, critical minerals** and minerals which are imported.
 - In the last 4-5 years, central agencies such as the Geological Survey of India and Mineral Exploration Corporation Ltd have carried out exploration and handed the reports to the states.

PYQ

Consider the following minerals: (2020)

1. Bentonite
2. Chromite
3. Kyanite
4. Sillimanite

In India, which of the above is/are officially designated as major minerals?

- (a) 1 and 2 only
- (b) 4 only
- (c) 1 and 3 only
- (d) 2, 3 and 4 only

Ans: (d)

What are Mineral Concessions?

- There are **three kinds** of mineral concessions, viz Reconnaissance Permit (RP), Prospecting License (PL) and Mining Lease (ML).
- **RP** is granted for preliminary prospecting of a mineral through regional, aerial, geophysical or geochemical surveys and geological mapping.
- **PL** is granted for undertaking operations for the purpose of exploring, locating or proving mineral deposit.
- **ML** is granted for undertaking operations for winning any mineral.

PYQ

With reference to the mineral resources of India, consider the following pairs: (2010)

Mineral 90% Natural sources in

- 1. Copper : Jharkhand
- 2. Nickel : Orissa
- 3. Tungsten : Kerala

Which of the pairs given above is/are correctly matched?

- (a) 1 and 2 only
- (b) 2 only
- (c) 1 and 3 only
- (d) 1, 2 and 3

Ans: (b)

What are the Key Points related to Approval?

- The approval would **ensure auction of mineral blocks in respect of Glauconite, Potash, Emerald, Platinum Group of Metals, Andalusite and Molybdenum thereby reducing import of these minerals saving valuable [forex reserves](#).**
 - Glauconite and Potash are used as fertilizer in agriculture. Platinum group of metals and Andalusite and Molybdenum are high-value minerals used across industries.
- The Ministry of Mines has proposed **reasonable rates of royalty** in order to encourage better participation in the auction of mines.
 - A royalty is a fee that is imposed by local, state or federal governments on either the

amount of minerals produced at a mine or the revenue or profit generated by the minerals sold from a mine

- The Ministry of Mines will **provide a methodology for the calculation of Average Sale Price (ASP) of these minerals** required for enabling the auction of these mineral blocks.
- The rate of royalty for Andalusite, Sillimanite and Kyanite which are **mineral polymorphs** are kept at the same level.
 - Polymorphs are minerals with the same chemical composition but different crystal structures.
- The approval will help **generate empowerment opportunities in the mining sector as well as the manufacturing sector** which will further help in ensuring inclusive growth of a large section of the society.
 - The approval would ensure **auction of mineral blocks in respect of Glauconite, Potash, Emerald, Platinum Group of metals, Andalusite and Molybdenum for the first time** in the country.

PYQ

What is/are the purpose/purposes of 'District Mineral Foundations' in India? (2016)

1. Promoting mineral exploration activities in mineral-rich districts
2. Protecting the interests of the persons affected by mining operations
3. Authorizing State Governments to issue licences for mineral exploration

Select the correct answer using the code given below:

- (a) 1 and 2 only
- (b) 2 only
- (c) 1 and 3 only
- (d) 1, 2 and 3

Ans: (b)

How are Minerals regulated in India?

- **Ownership of Mineral:**
 - The State Governments are the owners of minerals located within the boundary of the State concerned.
 - District Mineral Foundations are statutory bodies in India established by the State Governments by notification. They derive their legal status from Mines and Minerals (Development and Regulation) Act, 1957
 - The objective of District Mineral Foundation is to work for the interest of the benefit of the persons and areas affected mining related operations in such manner as may be prescribed by the State Government.
 - The Central Government is the owner of the minerals underlying the ocean within the territorial waters or the **Exclusive Economic Zone** of India.
 - **International Seabed Authority (ISA)** is the organization through which States Parties to **UNCLOS** organize and control all mineral-resources-related activities in the Area for the benefit of mankind as a whole.
- **Granting Mineral Concessions:**
 - The State Governments grant mineral concessions for all the minerals located within the boundary of the State, under the provisions of the Mines and Minerals (Development and Regulation) Act, 1957 and Mineral Concession Rules, 1960.
 - However, for **minerals specified in the First Schedule** to the Mines and Minerals (Development and Regulation) Act, 1957 **approval of the Central Government is necessary. Schedule I** contains minerals such as coal and lignite, minerals of the "rare

- earths” group containing Uranium and Thorium.
- Also, the **Central Government notifies certain minerals as ‘minor’ minerals** from time to time for which the absolute powers for deciding on procedures of seeking applications for and **granting mineral concessions**, fixing rates of royalty, dead rent, and power to revise orders rest only with the **State Government**.
 - **Example of minor minerals include** building stones, gravel, ordinary clay, ordinary sand.

Source: PIB

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