



# The Mines and Minerals (Development and Regulation) Amendment Bill, 2023

**For Prelims:** [Mines and Minerals \(Development and Regulation\) \(MMDR\) Act, 1957](#), [Mineral sector](#), [Net-Zero emission by 2070](#).

**For Mains:** The Mines and Minerals (Development and Regulation) Amendment Bill, 2023.

[Source: PIB](#)

## Why in News?

The Rajya Sabha has passed the **Mines and Minerals (Development and Regulation) Amendment Bill, 2023** for making amendments to the [Mines and Minerals \(Development and Regulation\) \(MMDR\) Act, 1957](#).

## What is the Background?

- The MMDR Act, 1957 was **amended in 2015** to introduce auction-based mineral concession allocation for transparency, create **District Mineral Foundation (DMF) for the welfare of affected communities**, establish **National Mineral Exploration Trust (NMET)** to promote exploration, and impose stricter penalties for illegal mining.
- The Act was further amended in **2016 and 2020 to address specific emergent issues** and was **last amended in 2021** to bring further reforms in the sector, such as, removing the distinction between captive and merchant mines, etc.
- However, the mineral sector required more reforms particularly for **increasing exploration and mining of Critical Minerals** that are essential for economic development and national security in the country.
- The lack of availability of the critical minerals or concentration of their extraction or processing in a few geographical locations may **lead to supply chain vulnerabilities and even disruption of supplies**.
  - Critical minerals have gained significance in view of **India's commitment towards energy transition** and achieving [Net-Zero emission by 2070](#).

## What are the Key Provisions under the Bill?

Key Provisions	MMDR Act 1957	MMDR Amendment Bill
<b>Private Sector to Mine Atomic Minerals</b>	The Act allows the <b>only State agencies</b> in the exploration of the atomic minerals such as lithium, beryllium, niobium, titanium, tantalum and zirconium.	The Bill allows the private sector to mine <b>six out of 12 atomic minerals</b> such as lithium, beryllium, niobium, titanium, tantalum and zirconium.

		When it becomes an Act, Centre will have powers <b>to auction mining</b> lease and composite licence for critical minerals such as gold, silver, copper, zinc, lead, nickel etc..
<b>Auction for Exploration Licence</b>		The exploration licence will <b>be granted by the state government</b> through competitive bidding.  The central government will <b>prescribe details such as manner of auction</b> , terms and conditions, and bidding parameters for exploration licence through rules.
<b>Maximum Area in which Activities are Permitted</b>	Under the Act, a prospecting licence allows activities in an area up to 25 square kilometres, and a single reconnaissance permit allows activities in an area up to 5,000 square kilometres.	The Bill allows activities under a single exploration licence in an area up to 1,000 square kilometres.  After the first three years, the licensee will be allowed to retain up to <b>25% of the originally authorised area</b> .
<b>Incentive for exploration Licence</b>		If the resources are proven after exploration, <b>the state government must conduct an auction for mining lease within six months</b> of the submission of the report by the exploration licensee. The licensee will receive a share in the auction value of the mining lease for the mineral prospected by them.

## What is the Scenario of the Mining Sector in India?

### ▪ Backbone of Manufacturing:

- Mining industry plays a crucial role in the country's economy, serving as the **backbone for manufacturing and infrastructure sectors**.
- According to the Ministry of Mines, the total value of **mineral production** (excluding atomic and fuel minerals) during **2021-22 amounted to Rs 2,11,857 crore**.

### ▪ Scope:

- India ranks **4<sup>th</sup> globally** in terms of **iron ore production** and is the world's 2nd largest coal producer as of 2021.
  - Combined Aluminium production (primary and secondary) in India stood at 4.1 MT per annum in FY21 becoming the 2nd largest in the world.
- In 2023, the mineral's **demand is likely to increase by 3%**, driven by expanded electrification and overall economic growth in India.
  - India holds a **fair advantage in production and conversion costs** in steel and alumina. Its strategic location enables export opportunities to develop as well as fast-developing Asian markets.

# METALS AND MINING



## MARKET SIZE

**Trend Point:** GVA from mining and quarrying stood at US\$ 43.3 billion in FY22, as per the advance estimates.

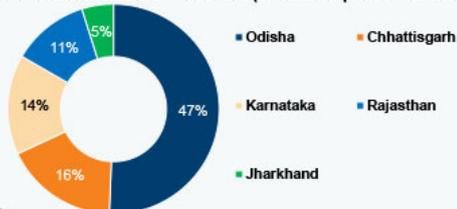


Note: RE- Second Revised Estimate ; GVA - Gross Value Added



## SECTOR COMPOSITION

Share of States In Mineral Production (in terms of production value, FY22E)



Note: E- Estimate



## KEY TRENDS

Mineral Production in India (in US\$ billion)<sup>A</sup>



Note: <sup>A</sup>Excluding atomic and fuel minerals, P- Provisional, E- Estimate



## GOVERNMENT INITIATIVES



## ADVANTAGE INDIA

- **Demand growth:** In 2023, the mineral's demand is likely to increase by 3%, driven by expanded electrification and overall economic growth in India.
- **Attractive opportunities:** Under PU Scheme for Specialty Steel, 67 applications from 30 companies have been selected that will attract committed investment of Rs. 42,500 Crore (US\$ 5.1 billion) with a downstream capacity addition of 26 million tonne and employment generation potential of 70,000.
- **Policy support:** Enactment of Mines and Minerals (Development and Regulation) Amendment Act, 2021 enabled captive mines owners (other than atomic minerals) to sell up to 50% of their annual mineral (including coal) production in the open market.
- **Competitive advantage:** India holds a fair advantage in cost of production and conversion costs in steel and alumina. As of FY22, the number of reporting mines in India were estimated at 1,245, of which reporting mines for metallic minerals were estimated at 525 and non-metallic minerals at 720.

## UPSC Civil Services Examination Previous Year Question (PYQ)

### Mains

**Q.** Despite India being one of the countries of Gondwanaland, its mining industry contributes much less to its Gross Domestic Product (GDP) in percentage. Discuss. **(2021)**

**Q.** "In spite of adverse environmental impact, coal mining is still inevitable for development". Discuss. **(2017)**

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