



# MMDR Amendment Bill, 2021

## Why in News

Recently, the Coal and **Mines Minister introduced the Mines and Minerals (Development and Regulation) (MMDR) Amendment Bill, 2021** in Lok Sabha.

- The Bill seeks to amend the [Mines and Minerals \(Development and Regulation\) Act, 1957](#) which regulates the mining sector in India.

## Key Points

### ▪ Proposed Changes:

#### ◦ **Removal of restriction on end-use of minerals:**

- The Act **empowers the central government to 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). Such mines are known as captive mines.
- The Bill provides that **no mine will be reserved for particular end-use.**

#### ◦ **Sale of minerals by captive mines:**

- The Bill provides that **captive mines** (other than atomic minerals) **may sell up to 50% of their annual mineral production in the open market** after meeting their own needs.
  - The central **government may increase this threshold through a notification.**
  - The **lessee will have to pay additional charges** for minerals sold in the open market.

#### ◦ **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.**

#### ◦ **Transfer of statutory clearances:**

- It **provides that transferred statutory clearances will be valid throughout the lease period** of the new lessee.
  - Currently the new lessee has to apply for fresh clearances within two years of the transfer from the previous lessee.

#### ◦ **Allocation of mines with expired leases:**

- The Bill adds that mines whose lease has expired, may be allocated to a government company in certain cases.

- This will be applicable if the auction process for granting a new lease has not been completed, or the new lease has been terminated within a year of the auction.
- 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.
- **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 and may be **extended on payment of additional amounts** prescribed in the Bill.
- **Conditions for lapse of mining lease:**
  - If the lessee is **not able to start mining operations within two years** of the grant of a lease.
  - If the lessee has **discontinued mining operations for a period of two years.**
    - The lease will not lapse at the end of this period if a concession is provided by the state government upon an application by the lessee.
    - The Bill adds that the threshold period for lapse of the lease may be extended by the state government only once and up to one year.
- **Non-exclusive reconnaissance permit:**
  - The 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.**
- **Significance:**
  - **Transparency:**
    - It would lead to **greater transparency in the auction process** as there is a perception that state governments may in some cases prefer some bidders, and try to delay or cancel mining rights if their preferred bidders do not win mining rights.
  - **Maximization of Output:**
    - Increased **flexibility would allow miners to maximise output from captive mines** as they would be able to sell output in excess of their own requirements.
  - **Ease of Doing Business:**
    - It will provide [ease of doing business](#), simplification of procedure and benefit all the parties in areas where minerals are located.
    - It will also **speed up the process** of implementation of projects.
  - **Efficient Energy Market:**
    - It will create an **efficient energy market** and bring in more competition as well as **reduce coal imports.**
  - **Access to High-End Technology:**
    - It would also help India gain access to high-end technology for underground mining used by miners across the globe.

**Source: IE**

