

No. 16/97/2020-M.VI(Part)

Government of India

Ministry of Mines

Shastri Bhawan, Dr. Rajendra Prasad Road

New Delhi-110 001

Dated:- 7th February, 2023

NOTICE FOR PUBLIC CONSULTATION

Subject: Proposal for amendment of the Mines and Minerals (Development and Regulation) Act, 1957 for bringing reforms in mineral sector - Additional proposal regarding introducing exploration licence for deep-seated minerals and critical minerals - reg.

Vide Notice No. M.VI-1/3/2022-Mines VI dated 25.05.2022, a brief note on the proposals under consideration for amendment in the MMDR Act was published in the Ministry's website for comments/ suggestions from the general public, Governments of States and Union Territories, mining industry stake-holders, industry associations, and other persons and entities concerned. Further, notice for public consultation was published on the additional proposal regarding change in conversion factor of calculation of ASP for metallurgical grade bauxite.

2. In this regard, a brief note on another additional proposal regarding introducing exploration licence for deep-seated minerals and critical minerals is enclosed herewith.

3. Accordingly, it is requested that comments/ suggestions on the above proposal may be sent **on or before 22.02.2023**.

4. The comments/suggestions may be sent by e-mail in MS-Office Word file to the following ID:

jspolicy-mines@gov.in

The subject of the e-mail should be "Comments/ suggestions on the additional proposal regarding introducing exploration licence".

5. Alternatively, comments/suggestions may be sent by post to the following address:

Shri Mustaq Ahmad, Director
Ministry of Mines
Room No 313,
D-Wing Shastri Bhawan,
Dr Rajendra Prasad Road
New Delhi -110 001

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The envelope may kindly be superscribed on the top with "Comments/ suggestions on the additional proposal regarding introducing exploration licence for deep-seated minerals".

Encl.: As above.

Yours faithfully,



(Mustaq Ahmad)
Director

Note on introducing exploration licence for deep-seated and critical minerals

1. At present the MMDR Act provides for grant of two types of minerals concessions to private entities through auction, viz. (i) mining lease for undertaking mining operations and (ii) composite licence for undertaking prospecting operations followed by mining operations. There is no provision for grant of a mineral concession for undertaking full range of exploration starting from reconnaissance to prospecting operations. World over exploration of deep-seated minerals is done by junior mining companies who get exploration rights over a large area on the basis of available baseline survey data to explore the area from reconnaissance stage and bring it up to the level required for starting mining operations. They are allowed to transfer the mineral concession in full or part during the exploration period or at the conclusion of exploration. There is need to bring similar provision in the Act, within the auction regime, to allow private exploration agencies to undertake exploration from the reconnaissance stage. Such agencies would bring advanced technology and expertise in exploration for deep-seated minerals which are difficult to locate and explore and other critical minerals which have not been explored adequately.

2. Deep-seated minerals such as gold, silver, copper, zinc, lead, nickel, cobalt, platinum group of minerals, diamonds, etc. are high value minerals. It is difficult and expensive to explore and mine these minerals as compared to surfacial/ bulk minerals. These minerals are extremely critical for new age electronics, transition to clean energy (solar, wind, electric vehicles) as well as in traditional sectors like infrastructure, defence, etc. Resource identification for these minerals in the country is very limited as compared to surfacial/ bulk minerals. Resultantly, share of deep-seated minerals in total mineral production is meagre and the country is mostly dependent on imports of these minerals. Therefore, there is need to provide policy to expedite exploration and mining of deep-seated minerals.

3. National Mineral Exploration Policy, 2016 (NMEP), approved by the Union Cabinet and notified by Ministry of Mines on 13.07.2016 provides that Government intends to harness the technical expertise, technological capability and the financial resources of

the private sector to discover and exploit the country's vast mineral resources. The NMEP provides several measures to facilitate, encourage and incentivize private sector participation in all spheres of mineral exploration.

4. Accordingly, Ministry of Mines had constituted a committee headed by CMD, Mineral Exploration and Consultancy Ltd. (MECL) with experts from the Ministry, Indian Bureau of Mines (IBM) and Geological Survey of India (GSI) for suggesting measures to facilitate, encourage and incentivize private sector participation in all spheres of mineral exploration, with focus on deep seated minerals, in pursuance of provisions of NMEP, 2016. Based on the recommendations of the committee, the following is proposed.

5. To enhance exploration coverage with faster adoption of advance technologies it is proposed to insert provision of Exploration Licence (EL) in the Act under new section 10D and make consequential amendment in section 3, 4, 4A and 6 of the Act. Key features of EL shall be follows:

(i) EL shall be a concession granted through auction for undertaking reconnaissance and prospecting operations.

(ii) The EL shall be granted for only certain deep-seated and critical minerals to be specified in a new Schedule to the Act, viz. copper, tellurium, selenium, lead, zinc, cadmium, indium, gold, silver, diamond, rock phosphate, apatite, potash, elements of the rare earth group and critical and strategic minerals such as lithium, cobalt, molybdenum, rhenium, tungsten, graphite, vanadium, nickel, tin, platinum group of elements, columbite, tantalite, lepidolite, scheelite, cassiterite, etc.

(iii) Max. area of an EL shall be 1000 sq.km.; Max. area limit for a person to acquire EL in a State shall be 5000 sq.km

(iv) A person interested may suggest an area to State Government for auction.

(v) Bid criteria shall be percentage revenue share that holder of EL would take from auction premium payable by the lessee of such area to the State Government on its successful auction for mining lease. Preferred bidder for EL shall be selected through reverse bidding for share in auction premium payable by the mining lease (ML) holder. Bidder quoting lowest percentage bid shall be preferred bidder for EL.

(vi) EL holder shall be entitled to receive revenue share only for the minerals listed in the schedule to the Act.

(vii) Period of EL: 5 years; extendable by 1 year. EL holder to relinquish 75% area so that only 25% remains with the holder after 3 years.

(viii) Upon completion of exploration, the State Government to complete auction of the area for ML within 1 year from submission of Geological Report by EL holder. In case, the State Government does not auction the area for ML within the said period, the Central Government may conduct auction.

6. India has 6.88 lakh sq.km. of Obvious Geological Potential (OGP) areas, out of which about 1.97 lakh sq.km. high potential area has been identified by Geological Survey of India under reconnaissance survey (G4). More G4 blocks can be discovered in OGP areas by applying special techniques like Aero-Geophysical, Magneto-Telluric, Deep Seismic Reflection Surveys, etc. Even in 1.97 lakh sq.km. high potential area, more G4 blocks can be discovered by applying such special techniques. Currently around only 1% of the world wide budget for exploration is spent in India. Exploration in mineral rich country is mostly done by junior mining companies which focus on discovering new deposits of minerals of high demand or high value. However, there is no presence of junior mining companies in India as there is no enabling policy at present to attract them.

7. The proposed exploration license process is foreseen to create an enabling mechanism where in the exploration agencies will bring in expertise from across the world in acquisition, processing and interpretation value chain of exploration and leverage the risk-taking ability to discovery of mineral deposits through adoption of expertise and technologies. The blocks explored by these agencies would then be available for auction for mining lease directly, which will fetch better revenue to the States.

