

No. 16/27/2023-Mines VI

Government of India

Ministry of Mines

Shastri Bhawan, New Delhi

Dated: the 21st April, 2023

ORDER

Whereas, the Mines and Minerals (Development and Regulation) Act, 1957 (hereinafter, 'the Act') was enacted to provide for development as well as regulation of mines and minerals in the country.

And whereas, Rules 58 of the Mineral Concession Rules, 1960 as substituted vide G.S.R. 146, dated the 16th January, 1980 provided for reservation of areas by the State Governments for exploitation by the Government, a Corporation established by any Central, State or Provincial Act or a Government company.

And whereas, Section 17A was inserted in the Act for reservation of area in favor of a Government company or a Corporation through an amendment in the Act, dated the 21st August, 1986. And whereas, Rule 58 of Mineral Concession Rules, 1960 was omitted vide G.S.R. 449, dated the 13th April, 1988.

And whereas, the Act was amended through the Mines and Minerals (Development and Regulation) Amendment Act, 2021 with effect from 28.03.2021 with the objective of *inter alia* fully harnessing the potential of the mining sector, increasing mineral production and time bound operationalization of mines, increasing the pace of exploration and auction of mineral resources, and resolving long pending issues that have slowed the growth of the sector.

And whereas, sub-section (2A) of section 17A of the Act (as amended in 2021) states that where in exercise of the powers conferred by sub-section (1A) or sub-section (2), the Central Government or the State Government, as the case may be, reserves any area for undertaking prospecting or mining operations or prospecting operations followed by mining operations, the State Government shall

grant prospecting licence, mining lease or composite licence, as the case may be, in respect of such area to such Government company or corporation within the period specified in this section.

And whereas, sub-section (4) of section 17A of the Act stipulates that the reservation made under section 17A of the Act shall lapse in case no mining lease is granted within a period of five years from the date of such reservation.

And whereas, first proviso to sub-section (4) of section 17A of the Act provides that where the period of five years from the date of reservation has expired before 28.03.2021 or expires within a period of one year from 28.03.2021, the reservation shall lapse in case no mining lease is granted within a period of one year from 28.03.2021.

And whereas, second proviso to sub-section (4) of section 17A of the Act provides that the State Government may, on an application made by such Government company or corporation or on its own motion, and on being satisfied that it shall not be possible to grant the mining lease within the said period, make an order with reasons in writing, within a period of three months from the date of receipt of such application, to relax such period by a further period not exceeding one year.

And whereas, third proviso to sub-section (4) of section 17A of the Act provides that where the Government company or corporation in whose favour an area has been reserved under section 17A of the Act before 12.01.2015, has commenced production from the reserved area without execution of mining lease, such Government company or corporation shall be deemed to have become lessee of the State Government from the date of commencement of mining operations and such deemed lease shall lapse upon execution of the mining lease in accordance with this sub-section or expiry of period of one year from 28.03.2021, whichever is earlier.

And whereas, sub-section (5) of section 17A of the Act provides that termination or lapse of mining lease shall result in the lapse of the reservation under section 17A of the Act.

And whereas, it is observed that while timelines are prescribed in the Act for grant of mining lease for areas reserved under section 17A of the Act, no such timelines are prescribed for grant of mining lease for areas which were reserved under erstwhile Rule 58 of Mineral Concession Rules, 1960.

And whereas, if mining lease is not granted in respect of such areas which have been reserved under erstwhile Rule 58 of Mineral Concession Rules, 1960, the applicability of the provisions of the Act and the Rules made thereunder, regulating the mining lease may not be followed in such cases.

And whereas, sub-section (4) of section 4A of the Act (as amended in 2021) provides that where the holder of a mining lease fails to undertake production and dispatch for a period of two years after the date of execution of the lease or, having commenced production and dispatch, has discontinued the same for a period of two years, the lease shall lapse on the expiry of the period of two years from the date of execution of the lease or, as the case may be, discontinuance of the production and dispatch. The section further provides that the State Government may extend the period of two years by a further period not exceeding one year on being satisfied that it shall not be possible for the holder of mining lease to undertake production and dispatch or to continue such production and dispatch for reasons beyond his control.

And whereas, it is observed many of the areas which were reserved under erstwhile Rule 58 of Mineral Concession Rules, 1960 are non-working leading to blocking of mineral bearing areas and the State Governments are not able to auction these areas due to their reservation.

And whereas, such areas which were reserved under erstwhile Rule 58 of Mineral Concession Rules, 1960 and where production and dispatch has not commenced or having commenced production and dispatch has discontinued the same, are required to be auctioned by the State Governments to augment the production of minerals in the country as well as generate revenue to the States by way of auction premium, royalty, contribution to District Mineral Foundation, contribution to National Mineral Exploration Trust, and other levies.

And whereas, auction of such areas will ensure optimal and scientific utilization of valuable mineral resources as well as generate new employment opportunities.

And whereas, Section 20A of the Act provides that notwithstanding anything contained in the Act, the Central Government may issue such directions to the State Governments, as may be required for the conservation of mineral resources, or any policy matter in the national interest, and for the scientific and sustainable development and exploitation of mineral resources.

Now therefore, in exercise of the powers conferred under Section 20A of the Act, the Central Government, for the conservation of mineral resources, in the national interest, and for the scientific and sustainable development and exploitation of mineral resources, hereby directs as follows:

- i. In areas reserved under erstwhile Rule 58 of the Mineral Concession Rules, 1960, where production has commenced and has not been discontinued for a period of two years immediately preceding the date of issue of this order, the State Government shall grant a mining lease in respect of such area, to the Government company or a corporation in whose favor the reservation was made, within a period of one year from the date of issue of this order:

Provided that, the Government company or corporation shall be deemed to have become lessee of the State Government from the date of commencement of mining operations and such deemed lease shall lapse upon execution of mining lease or expiry of period of one year from the date of issue of this order, whichever is earlier.

Provided further that, if a mining lease is not granted within a period of one year from the date of issue of this order, then the reservation in respect of such area under the said erstwhile Rule 58 shall lapse upon expiry of the said period of one year.

- ii. In areas reserved under erstwhile Rule 58 of the Mineral

Concession Rules, 1960, where production has not commenced or where it has discontinued for a period of two years immediately preceding the date of issue of this order, the reservation in respect of such areas shall lapse on the date of issue of this order.

- iii. In areas reserved under erstwhile Rule 58 of the Mineral Concession Rules, 1960, where mining lease has been granted by the State Government and where the holder of mining lease has failed to undertake production and dispatch for a period of two years after the date of execution of the lease or, having commenced production and dispatch, has discontinued the same for a period of two years immediately preceding the date of issue of this order, the State Government shall take action in accordance with sub-section (4) of section 4 of the Act read with Rule 20(2) of the Minerals (Other than Atomic and Hydro Carbons Energy Minerals) Concession Rules, 2016.

Provided that lapse of mining lease shall result in the lapse of the reservation under erstwhile Rule 58.

- iv. An action taken report in this regard along with the details of lapsed reservation(s) (in the enclosed format) may be provided to this Ministry within 30 days.
- v. The State Governments are directed to initiate the process for auction in respect of such areas which have been lapsed in accordance with above directions.


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To:

1. Principal Secretary / Secretary / DMGs of Mining Department of all State Governments / Union Territories
2. Controller General, Indian Bureau of Mines