

## THE MINES AND MINERALS (DEVELOPMENT AND REGULATION) AMENDMENT ACT, 2023



On 02.08.2023, the Mines and Minerals (Development and Regulation) Amendment Bill, 2023 (“MMDR Bill”) was passed by the Parliament to amend the Mines and Minerals (Development and Regulation) Act, 1957 (“MMDR Act”).

On 09.08.2023, the MMDR Bill, vide a gazette notification, was notified as an Act of Parliament, namely, the Mines and Minerals (Development and Regulation) Amendment Act, 2023 (“Amendment Act”).

The MMDR Bill seeks to encourage the exploration and mining of critical minerals by private parties to bolster the economy of India.

The key features of the MMDR Bill, which is now notified as the Amendment Act, are as follows: -

### I. Introduction of exploration licence for minerals

(a) The Amendment Act introduced an Exploration Licence (“EL”), which aims to incentivize the private sector participation in exploration of minerals.

(b) The EL shall be granted by way of auction to undertake reconnaissance and prospecting operations for the minerals provided in the Seventh Schedule of the Amendment Act.

(c) Pursuant to the prospecting operations, the area explored by the EL holder shall be auctioned for mining lease.

### II. Omission in the list of atomic minerals

(a) The list of atomic minerals, which are provided in Part B of the First Schedule of the MMDR Act, have been reduced to 6 minerals from 12 minerals.

(b) Pursuant to this exclusion from the list of atomic minerals, the mining and exploration of these minerals is no longer reserved for government entities.

**III. Power of Central Government for exclusive auction of mining lease or composite licence**

(a) The Central Government is empowered to exclusively auction mining lease or composite licence (i.e., prospecting licence-cum-mining lease).

(b) The aforesaid power is restricted to minerals provided under Part D of the First Schedule of the MMDR Act, which are critical for the growth of India's economy.

(c) In view of the above, the power of exclusive auction by the Central Government shall fasten the production of these critical minerals.

(d) However, the mining lease or composite licence to the successful bidders shall be granted by the State Government only. In fact, the auction premium and any other statutory payments shall be received by the respective State Governments only.

Thus, the Amended Act aim to eliminate the lack of availability of critical minerals and bring necessary reforms to the mineral sector for economic development of India.