

Bill No. 60 of 2020

THE MINERAL LAWS (AMENDMENT) BILL, 2020

A

BILL

further to amend the Mines and Minerals (Development and Regulation) Act, 1957 and to amend the Coal Mines (Special Provisions) Act, 2015.

BE it enacted by Parliament in the Seventy-first Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

- 5 **1.** (1) This Act may be called the Mineral Laws (Amendment) Act, 2020. Short title,
commencement
and operation.
- (2) It shall be deemed to have come into force on the 10th day of January, 2020.
- (3) Without prejudice to the effect of the amendments made by this Act, it shall remain in force for a period of sixty days from the date of assent by the President and shall be deemed to have been repealed after the expiry of the said period.

CHAPTER II

AMENDMENTS TO THE MINES AND MINERALS
(DEVELOPMENT AND REGULATION) ACT, 1957

Insertion of new section 4B.	2. In the Mines and Minerals (Development and Regulation) Act, 1957 (hereafter in this Chapter referred to as the principal Act), after section 4A, the following section shall be inserted, namely:—	67 of 1957.
Conditions for efficiency in production.	"4B. Notwithstanding anything contained in section 4A, the Central Government may, in the interest of maintaining sustained production of minerals in the country, prescribe such conditions as may be necessary for commencement and continuation of production by the holders of mining leases who have acquired rights, approvals, clearances and the like under section 8B."	10
Amendment of section 5.	3. In section 5 of the principal Act, in sub-section (1), after the proviso, the following proviso shall be inserted, namely:— "Provided further that the previous approval of the Central Government shall not be required for grant of reconnaissance permit, prospecting licence or mining lease in respect of the minerals specified in Part A of the First Schedule, where,—	15
	(i) an allocation order has been issued by the Central Government under section 11A; or	
	(ii) a notification of reservation of area has been issued by the Central Government or the State Government under sub-section (1A) or sub-section (2) of section 17A; or	20
	(iii) a vesting order or an allotment order has been issued by the Central Government under the provisions of the Coal Mines (Special Provisions) Act, 2015."	11 of 2015.
Amendment of section 8A.	4. In section 8A of the principal Act, in sub-section (4), the following proviso shall be inserted, namely:—	25
	"Provided that nothing contained in this section shall prevent the State Governments from taking an advance action for auction of the mining lease before the expiry of the lease period."	
Insertion of new section 8B.	5. After section 8A of the principal Act, the following section shall be inserted, namely:—	30
Provisions for transfer of statutory clearances.	"8B. (1) The provisions of this section shall apply to minerals, other than the minerals specified in Part A and Part B of the First Schedule.	
	(2) Notwithstanding anything contained in this Act or any other law for the time being in force, the successful bidder of mining leases expiring under the provisions of sub-sections (5) and (6) of section 8A and selected through auction as per the procedure provided under this Act and the rules made thereunder, shall be deemed to have acquired all valid rights, approvals, clearances, licences and the like vested with the previous lessee for a period of two years:	35
	Provided that subject to such conditions as may be prescribed, such new lessee shall apply and obtain all necessary rights, approvals, clearances, licences and the like within a period of two years from the date of grant of new lease.	40
	(3) Notwithstanding anything contained in any other law for the time being in force, it shall be lawful for the new lessee to continue mining operations on the land, in which mining operations were being carried out by the previous lessee, for a period of two years from the date of commencement of the new lease."	45

6. In section 10C of the principal Act, in sub-section (2), the following shall be inserted, namely:— Amendment
of
section 10C.

5 "Provided that the holder of non-exclusive reconnaissance permit who carries out the prescribed level of exploration in respect of deep seated minerals or such minerals as may be notified by the Central Government, may submit an application to the State Government for the grant of any prospecting licence-cum-mining lease as per the procedure laid down under section 11 or a mining lease as per the procedure laid down under section 10B and with a view to increase the reconnaissance and prospecting operations of such minerals, the Central Government shall prescribe such procedure, including the bidding parameters for selection of such holders.

10 *Explanation.*—For the purposes of this sub-section, the expression "deep seated minerals" means such minerals which occur at a depth of more than three hundred meters from the surface of land with poor surface manifestations."

7. In section 11A of the principal Act,— Amendment
of
section 11A.

15 (i) in the marginal heading, after the words "or mining lease", the words "or prospecting licence-cum-mining lease in respect of coal or lignite" shall be inserted;

(ii) in sub-section (1)—

20 (a) in the opening portion, for the words "in respect of any area containing coal or lignite", the words "or prospecting licence-cum-mining lease in respect of coal or lignite" shall be substituted;

(b) for the long line, the following long line shall be substituted, namely:—

"to carry on coal or lignite reconnaissance or prospecting or mining operations, for own consumption, sale or for any other purpose as may be determined by the Central Government";

25 (c) the following proviso shall be inserted, namely:—

"Provided that the auction by competitive bidding under this section shall not be applicable to coal or lignite—

30 (a) where such area is considered for allotment to a Government company or corporation or a joint venture company formed by such company or corporation or between the Central Government or the State Government, as the case may be, for own consumption, sale or for any other purpose as may be determined by the Central Government;

35 (b) where such area is considered for allotment to a company or corporation that has been awarded a power project on the basis of competitive bid for tariff (including Ultra Mega Power Projects).";

(iii) in sub-section (3),—

40 (a) after the words "mining lease", the words "or prospecting licence-cum-mining lease" shall be inserted;

(b) for the words "competitive bidding or otherwise", the words "competitive bidding or through allotment" shall be substituted.

8. In section 13 of the principal Act, in sub-section (2),— Amendment
of
section 13.

(i) after clause (a), the following clauses shall be inserted, namely:—

45 "(aa) the conditions as may be necessary for commencement and continuation of production by the holders of mining leases, under section 4B;

(ab) the conditions to be fulfilled by the new lessee for obtaining all necessary rights, approvals, clearances, licences and the like under the proviso to sub-section (2) of section 8B;

(ac) the level of exploration in respect of deep seated minerals or such minerals and the procedure, including the bidding parameters for selection of the holders under the proviso to sub-section (2) of section 10C;"

(ii) for clause (d), the following clauses shall be substituted, namely:—

"(d) the terms, conditions and process of auction by competitive bidding and allotment in respect of coal or lignite;

(da) the regulation of grant of reconnaissance permit, prospecting licence, mining lease or prospecting licence-cum-mining lease in respect of coal or lignite;

(db) the details of mines and their location, the minimum size of such mines and such other conditions which may be necessary for the purpose of coal or lignite reconnaissance, prospecting or mining operations;

(dc) utilisation of coal or lignite including mining for sale by a company;"

Amendment of section 17A. **9.** In section 17A of the principal Act, in sub-section (2A), in the proviso, the words and letter "Part A and" shall be omitted. 15

CHAPTER III

AMENDMENTS TO THE COAL MINES (SPECIAL PROVISIONS) ACT, 2015

Amendment of section 4. **10.** In section 4 of the Coal Mines (Special Provisions) Act, 2015 (hereafter in this Chapter referred to as the principal Act),— 11 of 2015.

(i) in sub-section (2),— 20

(a) in the opening portion, for the words "in respect of any area containing coal", the words "or prospecting licence-cum-mining lease in respect of coal" shall be substituted;

(b) for the long line, the following long line shall be substituted, namely:—

"to carry on coal reconnaissance or prospecting or mining operations, for own consumption, sale or for any other purpose as may be determined by the Central Government, and the State Government shall grant such reconnaissance permit, prospecting licence, mining lease or prospecting licence-cum-mining lease in respect of Schedule I coal mine to such company as selected through auction by competitive bidding under this section." 30

(ii) sub-section (3) shall be omitted.

Amendment of section 5. **11.** In section 5 of the principal Act, in sub-section (1),—

(i) for the words, brackets and figures "sub-sections (1) and (3)", the words, brackets and figures "sub-sections (1) and (2)" shall be substituted; 35

(ii) for the words "or mining lease in respect of any area containing coal", the words ", mining lease or prospecting licence-cum-mining lease in respect of such Schedule I coal mine" shall be substituted;

(iii) in the first proviso, for the words "in accordance with the permit, prospecting licence or mining lease, as the case may be", the words "as may be determined by the Central Government" shall be substituted. 40

Amendment of section 8. **12.** In section 8 of the principal Act,—

(i) in sub-section (4), in clause (b), for the words "a mining lease", the words, "prospecting licence, mining lease or prospecting licence-cum-mining lease, as the case may be" shall be substituted; 45

(ii) in sub-section (8), for the words "a prospecting licence or a mining lease", the words "prospecting licence, mining lease or prospecting licence-cum-mining lease" shall be substituted;

5 (iii) in sub-section (9), for the words "a prospecting licence or a mining lease", the words "prospecting licence, mining lease or prospecting licence-cum-mining lease" shall be substituted;

(iv) after sub-section (12), the following sub-sections shall be inserted, namely:—

10 "(13) The vesting order or allotment order may be terminated by the nominated authority in such manner as may be prescribed.

(14) Upon termination of vesting order or allotment order, the nominated authority may auction the coal mine under section 4 or allot the coal mine under section 5 as may be determined by the Central Government.

15 (15) The successful bidder or allottee of the coal mine whose vesting order or allotment order has been terminated shall be deemed to be the prior allottee for the purposes of immediate next auction or allotment of the said coal mine."

13. In section 9 of the principal Act,—

Amendment
of section 9.

20 (i) in the opening portion, for the portion beginning with the words "The proceeds arising out of land" and ending with the words "as may be prescribed.", the following shall be substituted, namely:—

25 "The compensation for land and mine infrastructure in relation to a Schedule I coal mine as valued in accordance with section 16 shall be deposited by the successful bidder or allottee with the nominated authority and shall be disbursed maintaining, *inter alia*, the following priority of payments and in accordance with the relevant laws and such rules as may be prescribed.";

(ii) in clause (b), for the words "compensation payable", the words "amount payable" shall be substituted."

30 14. In section 18 of the principal Act, in sub-section (1), for the words and figure "allotment of Schedule I coal mines is not complete", the words and figures "allotment of Schedule II coal mines is not complete, or vesting order or allotment order issued under this Act has been terminated in case of a coal mine under production," shall be substituted.

Amendment
of section 18.

15. In section 20 of the principal Act,—

Amendment
of section 20.

35 (i) in sub-section (1), for the words "A successful bidder or allottee or coal linkage holder shall", the words "A successful bidder or allottee shall" shall be substituted;

(ii) for sub-section (2), the following sub-section shall be substituted, namely:—

40 "(2) A successful bidder or allottee may also use the coal mine from a particular Schedule I coal mine, in any of its plants or plant of its subsidiary or holding company engaged in same specified end-uses in such manner as may be prescribed."

16. In section 31 of the principal Act, in sub-section (2),—

Amendment
of section 31.

40 (i) in clause (b), for the words "prospecting licence or mining lease", the words "prospecting licence, mining lease or prospecting licence-cum-mining lease" shall be substituted;

(ii) after clause (l), the following clause shall be inserted, namely:—

"(la) the manner of termination of vesting order or allotment order under sub-section (13) of section 8;"

Repeal and savings.

17. (1) The Mineral Laws (Amendment) Ordinance, 2020 is hereby repealed.

Ord. 1 of 2020.

(2) Notwithstanding such repeal, anything done or any action taken under the principal Act, as amended by the said Ordinance, shall be deemed to have been done or taken under the corresponding provisions of the principal Act as amended by this Act.

STATEMENT OF OBJECTS AND REASONS

The Mines and Minerals (Development and Regulation) Act, 1957 (the Mines and Minerals Act) was enacted with a view to provide for the development and regulation of mines and minerals under the control of the Union.

2. The Coal Mines (Special Provisions) Act, 2015 (the Coal Mines Act) was enacted to provide for allocation of coal mines and vesting of the right, title and interest in and over the land and mine infrastructure together with mining leases to successful bidders and allottees with a view to ensure continuity in coal mining operations and production of coal, and for promoting optimum utilisation of coal resources consistent with the requirement of the country in national interest.

3. The mining leases in respect of 334 mines of iron ore, manganese ore and chromite are expiring on 31st March, 2020, out of which 46 are working non-captive mines. It has been observed that some of the States have initiated action to auction these blocks. However, the mines allocated through auction can start mining operations only after obtaining as many as twenty clearances from different Government agencies. This process is causing inordinate-delay in commencing of mining operations and subsequent production of the minerals. Further, during the allocation of coal blocks under the Mines and Minerals Act and the Coal Mines Act, certain difficulties have arisen which need to be addressed immediately.

4. To overcome the aforesaid difficulties in mining sector, it has become necessary to make certain amendments in the Mines and Minerals Act and the Coal Mines Act so as to facilitate seamless transfer of all valid rights, approvals, clearances, licenses and the like for a period of two years to a new lessee in case of minerals other than coal, lignite and atomic minerals.

5. The Mineral Laws (Amendment) Bill, 2020 which seeks to replace the Mineral Laws (Amendment) Ordinance, 2020, *inter alia*, provides for the following, namely:—

(i) to insert a new section 4B in Mines and Minerals Act empowering the Central Government to prescribe conditions for sustained production of minerals by the holders of mining leases who have acquired rights under section 8B;

(ii) to insert a new section 8B in the Mines and Minerals Act relating to provisions for transfer of statutory clearances;

(iii) to amend section 5 of the Mines and Minerals Act to provide for the dispensation of the previous approval of the Central Government in respect of minerals specified in part A of the First Schedule;

(iv) to amend section 10C of the Mines and Minerals Act to provide incentives for exploration of deep seated minerals and their auction;

(v) to amend section 11A of the Mines and Minerals Act so as to provide for allocation of coal blocks for composite prospecting licence-cum-mining lease;

(vi) to amend section 4 of the Coal Mines Act so as to clarify the power of the Central Government to allocate mines for any purpose;

(vii) to amend sections 4, 5 and 8 of the Coal Mines Act for allocation of coal mines for composite prospecting licence-cum-mining lease; and

(viii) to amend section 9 of the Coal Mines Act so as to clarify the priority of disbursement of amount of compensation.

6. As the Parliament was not in session and an urgent legislation was required to be made, the President promulgated the Mineral Laws Ordinance, 2020 (Ord. 1 of 2020) under clause (1) of article 123 of the Constitution.

7. The Bill seeks to replace the aforesaid Ordinance.

NEW DELHI;
The 20th February, 2020.

PRALHAD JOSHI

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 8 of the Mineral Laws (Amendment) Bill, 2020 seeks to amend sub-section (2) of section 13 of the Mines and Minerals (Development and Regulation) Act, 1957 that empowers the Central Government to make rules by notification in the Official Gazette for providing of all or any of the following matters:—

(i) the conditions as may be necessary for commencement and continuation of production by the holders of mining leases, under section 4B;

(ii) the conditions to be fulfilled by the new lessee for obtaining all necessary rights, approvals, clearances, licences and the like under the proviso to sub-section (2) of section 8B;

(iii) the level of exploration in respect of deep seated minerals or such minerals and the procedure, including the bidding parameters for selection of the holders under the proviso to sub-section (2) of section 10C;

(iv) the terms, conditions and process of auction by competitive bidding and allotment in respect of coal or lignite under section 11A;

(v) the regulation of grant of reconnaissance permit, prospecting licence, mining lease or prospecting licence-cum-mining lease in respect of coal or lignite under section 11A;

(vi) the details of mines and their location, the minimum size of such mines and such other conditions which may be necessary for the purpose of coal or lignite reconnaissance, prospecting or mining operations under section 11A;

(vii) utilisation of coal or lignite including mining for sale by a company under section 11A.

Clause 16 of the Bill seeks to amend sub section (2) of section 31 of the Coal Mines (Special Provisions) Act, 2015 that empowers the Central Government to make rules by notification in the Official Gazette for providing all or any of the following matters:—

(i) the terms and conditions for granting reconnaissance permit, prospecting license, mining lease or prospecting license-cum-mining lease and the manner and conditions of competitive bidding under sub section (2) of section 4;

(ii) the manner of termination of vesting order or allotment order under sub-section (13) of section 8.

2. The matters in respect of which the said rules may be made are matters of procedure and administrative detail, and as such, it is not practicable to provide for them in the proposed Bill itself. The delegation of legislative power is, therefore, of a normal character.

ANNEXURE

EXTRACTS FROM THE MINES AND MINERALS (DEVELOPMENT AND REGULATION) ACT, 1957

(67 OF 1957)

* * * * *

Granting of
reconnaissance
permit,
prospecting
licence or
mining lease.

11A. (1) Notwithstanding anything contained in this Act, the Central Government may, for the purpose of granting reconnaissance permit, prospecting licence or mining lease in respect of any area containing coal or lignite, select any of the following companies through auction by competitive bidding, on such terms and conditions as may be prescribed, namely:—

(a) a Government company or corporation or a joint venture company formed by such company or corporation or between the Central Government or the State Government, as the case may be, or any other company incorporated in India; or

(b) a company or a joint venture company formed by two or more companies, that carry on coal mining operations in India, in any form either for own consumption, sale or for any other purpose in accordance with the permit, prospecting licence or mining lease, as the case may be.

* * * * *

(3) The State Government shall grant such reconnaissance permit, prospecting licence or mining lease in respect of any area containing coal or lignite to such company as selected through auction by competitive bidding or otherwise under this section:

Provided that the auction by competitive bidding under this section shall not be applicable to an area containing coal or lignite—

(a) where such area is considered for allocation to a Government company or corporation or a joint venture company formed by such company or corporation or between the Central Government or the State Government, as the case may be;

(b) where such area is considered for allocation to a company or corporation or that has been awarded a power project on the basis of competitive bids for tariff (including Ultra Mega Power Projects).

Explanation.—For the purposes of this section, "company" means a company as defined in clause (20) of section 2 of the Companies Act, 2013.

18 of 2013.

* * * * *

RULES FOR REGULATING THE GRANT OF PROSPECTING LICENCES AND MINING LEASES

Power of
Central
Government
to make rules
in respect of
minerals.

13. (1) * * * * *

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

(a) the person by whom, and the manner in which, applications for reconnaissance permits, prospecting licences or mining leases in respect of land in which the minerals vest in the Government may be made and the fees to be paid therefor;

* * * * *

(d) the terms and conditions of auction by competitive bidding, the details of mines and their location, the minimum size of such mines and such other conditions which may be necessary for the purpose of coal mining operations including mining for sale by a company under sub-section (1) and sub-section (2) of section 11A.

* * * * *

17A. (1)* * * *

Reservation of area for purposes of conservation.

(2A) 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, the State Government shall grant prospecting licence or mining lease, as the case may be, in respect of such area to such Government company or corporation:

Provided that in respect of any mineral specified in Part A and Part B of the First Schedule, the State Government shall grant the prospecting licence or mining lease, as the case may be, only after obtaining the previous approval of the Central Government.

* * * * *

(3) 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, undertakes prospecting or mining operations in any area in which the minerals vest in a private person, it shall be liable, to pay prospecting fee, royalty, surface rent or dead rent, as the case may be, from time to time at the same rate at which it would have been payable under this Act if such prospecting or mining operations has been undertaken by a private person under prospecting licence or mining lease.

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EXTRACTS FROM THE COAL MINES (SPECIAL PROVISIONS) ACT, 2015

(11 OF 2015)

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CHAPTER II

AUCTION AND ALLOTMENT

4. (1)* * * *

Eligibility to participate in auction and payment of fees.

(2) Subject to the provisions in sub-section (3) of this section and section 5, the Central Government may, for the purpose of granting reconnaissance permit, prospecting licence or mining lease in respect of any area containing coal, select any of the following companies through auction by competitive bidding, on such terms and conditions as may be prescribed--

(a) a Government company or corporation or a joint venture company formed by such company or corporation or between the Central Government or the State Government, as the case may be, or any other company incorporated in India; or

(b) a company or a joint venture company formed by two or more companies, that carry on coal mining operations in India, in any form either for own consumption, sale or for any other purpose in accordance with the permit, prospecting licence or mining lease, as the case may be, and the State Government shall grant such reconnaissance permit, prospecting licence or mining lease in respect of any area containing coal to such company as selected through auction by competitive bidding under this section.

(3) Subject to the provisions of section 5, the following persons who fulfil such norms as may be prescribed, shall be eligible to bid in an auction of Schedule II coal mines and

Schedule III coal mines and to engage in coal mining operations in the event they are successful bidders, namely:—

(a) a company engaged in specified end-use including a company having a coal linkage which has made such investment as may be prescribed.

Explanation.—A "company with a coal linkage" includes any such company whose application is pending with the Central Government on the date of commencement of this Act;

(b) a joint venture company formed by two or more companies having a common specified end-use and are independently eligible to bid in accordance with this Act;

(c) a Government company or corporation or a joint venture company formed by such company or corporation or with any other company having common specified end-use:

Provided that nothing contained in sub-section (2) shall apply to this sub-section.

* * * * *

Allotment of mines to Government companies or corporations.

5. (1) Notwithstanding the provisions contained in sub-sections (1) and (3) of section 4, the Central Government may allot a Schedule I coal mine to a Government company or corporation or to a joint venture between two or more Government companies or corporations or to a company which has been awarded a power project on the basis of competitive bids for tariff (including Ultra Mega Power Projects) from specified Schedule I coal mines by making an allotment order in accordance with such rules as may be prescribed and the State Government shall grant a reconnaissance permit, prospecting licence or mining lease in respect of any area containing coal to such company or corporation:

Provided that the Government company or corporation may carry on coal mining in any form either for its own consumption, sale or for any other purpose in accordance with the permit, prospecting licence or mining lease, as the case may be:

* * * * *

Nominated authority to issue vesting order or allotment order.

8. (1)* * * *

(4) The vesting order shall transfer and vest upon the successful bidder, the following, namely:—

* * * * *

(b) entitlement to a mining lease to be granted by the State Government;

* * * * *

(8) Upon the execution of the vesting order, the successful bidder of the Schedule I coal mine shall be granted a prospecting licence or a mining lease, as applicable, by the concerned State Government in accordance with the Mines and Minerals (Development and Regulation) Act, 1957.

67 of 1957.

(9) A Government company or corporation or a joint venture company formed by such company or corporation or between the Central Government or the State Government, as the case may be, or any other company incorporated in India, allotted a Schedule I coal mine shall be granted a prospecting licence or a mining lease, as applicable, by the concerned State Government in accordance with the Mines and Minerals (Development and Regulation) Act, 1957.

67 of 1957.

* * * * *

Power to make rules.

9. The proceeds arising out of land and mine infrastructure in relation to a Schedule I coal mine shall be disbursed maintaining, *inter alia*, the priority of payments in accordance with the relevant laws and such rules as may be prescribed—

* * * * *

(b) compensation payable to the prior allottee in respect of the Schedule I coal mine.

* * * * *

18. (1) On and from the appointed date, if the auction or allotment of Schedule I coal mines is not complete, the Central Government shall appoint any person as a designated custodian to manage and operate such coal mines as may be notified by the Central Government.

Central Government to appoint designated custodian.

* * * * *

CHAPTER V

CERTAIN ARRANGEMENTS

20. (1) A successful bidder or allottee or coal linkage holder shall, with the prior approval of the Central Government and in accordance with such rules as may be prescribed, be entitled to enter into certain agreements or arrangements with other successful bidder or allottee or coal linkage holder, as the case may be, for optimum utilisation of coal mine for the same end-uses in the public interest and to achieve cost efficiencies.

Power of Central Government to approve certain arrangements.

(2) A successful bidder or allottee may also use the coal mine from a particular Schedule I coal mine for any of its plants engaged in common specified end-uses, in accordance with such rules as may be prescribed.

* * * * *

31. (1)* * * *

Power to make rules.

(2) In particular, and without prejudice the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:--

* * * * *

(b) the terms and conditions for granting reconnaissance permit, prospecting licence or mining lease and the manner and conditions of competitive bidding under sub-section (2) of section 4;

* * * * *

(l) the form and manner of furnishing of bank guarantee and the time within which such furnishing of bank guarantee under sub-section (6) of section 8;

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LOK SABHA

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BILL

further to amend the Mines and Minerals (Development and Regulation) Act, 1957 and
to amend the Coal Mines (Special Provisions) Act, 2015.

(Shri Pralhad Joshi, Minister of Parliamentary Affairs, Coal and Mines)