

**GOVERNMENT OF INDIA
MINES
LOK SABHA**

UNSTARRED QUESTION NO:2258

ANSWERED ON:03.08.2015

Auction of Mines

Kateel Shri Nalin Kumar; Ram Shri Vishnu Dayal

Will the Minister of MINES be pleased to state:

- (a) whether the Government proposes to introduce certain regulatory reforms in the mining sector;
- (b) if so, the details thereof;
- (c) whether the Government has issued an ordinance to regulate the auction of iron ore and other mineral mines in the country, if so, the details thereof including the implications of the said ordinance on economic activity of the country;
- (d) whether the Government has taken steps for the allocation of minerals after issuing the ordinance; and
- (e) if so, the details thereof, mineral-wise?

Answer

(a) to (c): The Mines and Minerals (Development and Regulation) (MMDR) Act, 1957 was amended through the MMDR Amendment Ordinance, 2015, which was promulgated on the 12th January, 2015.

The MMDR Amendment Bill, 2015 to replace the MMDR Amendment Ordinance, 2015 was passed by the Parliament and has come into force with effect from 12th January, 2015.

The most important provision of the MMDR Amendment Act, 2015 is the grant of mineral concessions, for major minerals including iron ore, through auction by competitive bidding which is a transparent and non-discriminatory method and which will also obtain for the State Governments its fair share of value of the mineral resources.

The other important provisions of the MMDR Amendment Act, 2015 are:

- (i) Transition provisions for extension of existing leases to obviate disruptions in supply of ore and to ensure regular supply of raw material to the industry;
- (ii) Establishment of District Mineral Foundation for the interest and benefit of persons, and areas affected by mining related operations;
- (iii) Assured tenure and easy transferability of mineral concessions granted through auction;
- (iv) Establishment of National Mineral Exploration Trust for regional and detailed exploration; and
- (v) Stricter penalty provisions to deter illegal mining.

(d) & (e): As per the MMDR Amendment Act, 2015 State Governments will conduct auction for grant of mineral concessions. The role of the Central Government is to prescribe the terms and conditions, and procedure, subject to which the auction shall be conducted, including the bidding parameters for the selection. Accordingly, the Ministry of Mines has framed the Minerals (Evidence of Mineral Contents) Rules, 2015, and the Mineral (Auction) Rules, 2015 and notified them in the Gazette of India thus paving the way for auction of mines in accordance with the MMDR Amendment Act, 2015.

Ministry of Mines has also prepared the Model Tender Document including the Notice Inviting Tender, Summary of Mineral Block, and Mine Development and Production Agreement and provided to all the State Govts/UTs to help them in the auction process.
