

GOVERNMENT OF INDIA
MINISTRY OF MINES
RAJYA SABHA
STARRED QUESTION NO. 87
ANSWERED ON 11.12.2023

AUCTIONING OF CRITICAL MINERALS BLOCKS

87. SHRI G. V. L. NARASIMHA RAO:

Will the Minister of MINES be pleased to state:

- (a) the current Mining Policy in the country and changes made since 2021;
- (b) whether Government is planning to auction the critical minerals blocks for investment in mineral exploration; and
- (c) if so, the details of the blocks of minerals which are scheduled to be auctioned?

ANSWER

THE MINISTER OF MINES, COAL AND PARLIAMENTARY AFFAIRS
(SHRI PRALHAD JOSHI)

(a) to (c): A Statement is laid on the Table of the House.

STATEMENT REFERRED IN REPLY TO PARTS (a) TO (c) OF RAJYA SABHA STARRED QUESTION NO. 87 FOR ANSWER ON 11.12.2023 ASKED BY G. V. L. NARASIMHA RAO REGARDING AUCTIONING OF CRITICAL MINERALS BLOCKS.

(a) to (c): Ministry of Mines had announced the National Mineral Policy 2019 (“NMP 2019”) in March, 2019 which replaced the National Mineral Policy 2008. In order to ensure the uninterrupted supply of raw material to the industries, bringing transparency in allocation of mineral concessions through e-auction and setting up of District Mineral Foundation for welfare of people and areas affected by mining related activities, the Mines and Minerals (Development and Regulation) Act, 1957 [MMDR Act, 1957] was amended through the MMDR Amendment Act, 2015. Subsequently, the MMDR Act, 1957 has been amended in the years 2016, 2020, 2021 and 2023 for giving boost to mineral production and improving ease of doing business in the country.

Considering the fact that a large number of mining leases were expiring in March, 2020 under Section 8A(6) of the MMDR Act, the Central Government amended the MMDR Act through the Minerals Laws (Amendment) Act, 2020 with effect from 10.01.2020 to maintain sustainable production of minerals in the country. The reforms included seamless transfer of valid clearances to the new lessee selected through auction for a period of two years and allowing State Governments to take advance action for auction of mineral blocks even before the expiry of lease period.

The MMDR Act was further amended through the MMDR Amendment Act, 2021 with effect from 28.03.2021 with the objective of *inter-alia* increasing mineral production and time bound operationalization of mines, increasing employment and investment in the mining sector, maintaining continuity in mining operations after change of lessee and increasing the pace of exploration and auction of mineral resources. The reforms included the following:

(i) Removed the distinction between captive and merchant mines by allowing all captive mines to sell upto 50% of the minerals produced during the year after meeting the requirement of attached plant subject to the payment of additional amount as prescribed under sixth schedule of the MMDR Act.

(ii) Removed end-use restriction for future auctions to encourage participation of more bidders in auctions and facilitate increased pace of auctions.

(iii) Resolved all pending cases under section 10A(2)(b) of the Act. The existence of these cases was anachronistic and antagonistic to the auction regime. The closure of the pending cases facilitated the Government to put to auction a larger number of minerals blocks resulting in early operationalization of such blocks and additional revenue to the State Governments.

(iv) All the valid rights, approvals, clearances, etc. granted to the previous lessee in respect of a mine shall continue to be valid on expiry or termination of lease and such clearances shall be transferred to the successful bidder of the mining lease selected through auction. This ensures continuity of mining operation in brown field mines even after auction of such mines on completion of the period of lease.

(v) To ensure ease of doing business, restrictions on transfer of mineral concessions mines have been removed.

(vi) Payment of additional amount to the State Government on extension of mining lease allocated through reservation route to PSUs to allow extension of many PSU mines which were not being extended by the State Governments. This also ensure level playing field between the auctioned mines and mines of the Government companies.

(vii) Central Government has been empowered to conduct auction in cases where the States face challenges in conduct of auction or fail to conduct auction within prescribed time fixed in consultation with State Government. Revenue from auction will accrued to State Governments.

(viii) Empowered the Central Government to issue directions regarding composition and utilization of funds under DMF. Direction to include the MPs/MLs and MLCs in the Governing Council was issued on 23.04.2021.

(ix) The exploration regime has been simplified by allowing accredited private exploration agencies which have been notified under second proviso to Section 4(1) of the MMDR Act for conducting exploration without prospecting licence. Further, for surfacial deposits of iron ore, manganese and bauxite, mining lease can be granted at G3 level of exploration instead of the earlier prescribed of G2 level of exploration. Similarly, Composite License for all minerals are now granted at G4 level of exploration instead of G3 level.

Thereafter, considering that at present the availability of the critical minerals or technologies for their extraction and processing are concentrated in a few geographical locations which may lead to supply chain vulnerabilities and even disruption of supplies of these minerals, the Central Government has amended the MMDR Act, 1957 through the MMDR Amendment Act, 2023.

Through the said amendment the Central Government has been empowered to exclusively auction mining lease and composite licence for 24 critical minerals listed in the new Part-D of the First Schedule to the Act which includes minerals such as Cobalt, Graphite, Lithium, Nickel, Tantalum, Titanium etc. The objective of this amendment is to increase exploration and mining of critical minerals and ensure self-sufficiency in supply of critical minerals which are essential for the advancement of many sectors, including high-tech electronics, telecommunications, transport, and defence. They are also vital to power the transition to a low-emission economy, and the renewable technologies that will be required to meet the 'Net Zero' commitment of India by 2070. Currently, the country is dependent on import for these minerals.

The auction of critical and strategic minerals brings several key benefits, including bolstering domestic production, reducing import dependency, promoting sustainable resource management, attracting investments in the mining sector and the development of key industries crucial for India's industrial and technological advancement. This is a step towards creating a reliable supply chain of these mineral and a step towards making an 'AtmaNirbhar Bharat' and contribute towards increased economic growth.

The Central Government has launched the first tranche of e-auction of 20 mineral blocks of critical and strategic minerals on 29.11.2023 which include blocks of Lithium, Rare Earth Elements, Platinum Group of Minerals, Nickel, Potash etc. The auction of these blocks aims to expedite the General Exploration (G2 level), achieve the operationalization of mines and create a steady supply of these minerals, thus reducing our reliance on imports and ensuring a more secure and resilient supply chain. The details of the blocks are at **Annexure**.

Since the introduction of auction regime in 2015, 332 major mineral blocks have been auctioned across the various States. Out of these 332 auctioned blocks, production has started in 43 mineral blocks resulting in significant increase in the revenue earnings of the various State Governments.

Besides auction of critical minerals by the Central Government, in order to further boost exploration of critical and deep-seated minerals, a new mineral concession namely, exploration licence, has been introduced for 29 critical and deep-seated minerals. Critical and deep-seated minerals such as Cobalt, Lithium, Nickel, Gold, Silver, Copper are difficult to explore and mine as compared to surfacial or bulk minerals. The country is mostly dependent on imports of these minerals. The exploration licence granted through auction shall permit the licensee to undertake reconnaissance and prospecting operations for critical and deep-seated minerals mentioned in the newly inserted Seventh Schedule to the Act.

Exploration license is foreseen to create an enabling mechanism wherein the Junior Mining Companies will bring in expertise from across the world in acquisition, processing and interpretation value chain of exploration and leverage the risk-taking ability in discovery of deep-seated mineral deposits through adoption of expertise and latest technologies.

Further, the Offshore Areas Mineral (Development and Regulation) (OAMDR) Act, 2002, has been amended through OAMDR (Amendment) Act, 2023 w.e.f., 17.08.2023 vide which auction regime has been introduced as the method for allocation of operating rights in the offshore areas to ensure a transparent and non-discretionary process in allocation of mineral blocks in offshore areas. Also, provisions have been made for establishing a trust viz. Offshore Area Mineral Trust for taking up research and studies related to mitigation of adverse impact of mining in offshore areas, providing relief upon the occurrence of any disaster in offshore area, for taking up exploration in offshore area and for the interest and benefit of persons affected by exploration or production operation in offshore areas and for any such other purposes as may be prescribed. Some other provisions of the Act are uniform lease period of fifty years, introduction of composite licence, easy transfer of composite licence or production lease, etc.

These policy changes aim to enhance exploration and mining of minerals in the country and increase private sector participation in mining of all minerals.

Annexure

The details of Critical Mineral Blocks which have been notified for auction are as detailed below:

Sl No	Block Name	State	Mineral	ML/ CL
1	Chutia-Nauhatta Glauconite Block	Bihar	Glauconite	CL
2	Pipradih-Bhurwa Glauconite Block	Bihar	Glauconite	CL
3	Genjana Nickel, Chromium and PGE Block	Bihar	Nickel, Chromium and PGE	CL
4	Kundol Nickel and Chromium Block	Gujarat	Nickel & Chromium	CL
5	Muskaniya-Gareriatola-Barwari Potash Block	Jharkhand	Potash	CL
6	Dudhiasol East Nickel and Copper Block	Odisha	Nickel and Copper	ML
7	Babja Graphite and Manganese Block	Odisha	Graphite and Manganese	ML
8	Biarapalli Graphite and Manganese Block	Odisha	Graphite and Manganese	ML
9	Akharkata Graphite Block	Odisha	Graphite	CL
10	Vellakal Central (Segment-A) Molybdenum Block	Tamil Nadu	Molybdenum ore	CL
11	Nochchipatti Molybdenum Block	Tamil Nadu	Molybdenum ore	CL
12	Velampatti North A & B Molybdenum Block	Tamil Nadu	Molybdenum ore	CL
13	Kurunjakulam Graphite Block	Tamil Nadu	Graphite	CL
14	Iluppakudi Graphite Block	Tamil Nadu	Graphite	CL
15	Mannadipatti Central Molybdenum Block	Tamil Nadu	Molybdenum ore	CL
16	Marudipatti (Central) Molybdenum Block	Tamil Nadu	Molybdenum ore	ML
17	Kurchha Glauconite Block	Uttar Pradesh	Glauconite	CL
18	PahadiKalan - Gora Kalan Phosphorite Block	Uttar Pradesh	Phosphorite	CL
19	Salal-Haimna Lithium, Titanium and Bauxite (Aluminous Laterite) Block	UT: Jammu and Kashmir	Lithium, Titanium and Bauxite(Aluminous Laterite)	CL
20	Katghora Lithium and REE Block	Chhattisgarh	Lithium and REE	CL
