

Narendra Singh Tomar Minister of Steel and Mines, Government of India -

We cannot imagine our world today without the use of mineral resources. Availability and use of minerals have been factors determining self-sufficiency of all countries. Nature has bestowed on India, through its fascinating geological setup, an immense potential for mineral resources at par with many mineral rich countries of the world. The mining sector, however, due to diverse reasons has not yet been able to adequately deliver on the promise which this endowment offers to the country. To realize this mineral potential in terms of mining activity and contribute commensurately to the growth of national economy is a challenge that we need to address. To address this challenge, we have initiated a number of steps to ensure that the national economy receives the rightful contribution from its geological wealth. The Mines and Minerals (Development and Regulation) Amendment Act, 2015 is one major step which has invigorated the mining sector. It now mandates auction as only mode for grant of mineral concessions. However, to ensure a continuous flow of auctionable blocks, accelerating mineral exploration activity in the country is of vital necessity. The participation of private sector is equally important in exploration. National Mineral Exploration Policy (NMEP) provides a structured framework for comprehensive exploration in the country with a judicious interplay of government support and private innovation and enterprise. The Policy displays a wide canvas wherein the government provides basic geoscience data to the public, creates a platform for collaboration of government, industry and academics, and has attractive provisions for private explorers through revenue share model to showcase their expertise, knowledge and enterprise. Natural resources have to be explored, refined and processed for use in nation building. I would urge government agencies, academic and research institutions, mineral industry and other stake holders to rise to the occasion and contribute for full realization of country's mineral potential. Let us all work together for doubling the share of mining sector in India's GDP.

Vishnu Deo Sai Minister of State for Steel and Mines, Government of India -

It gives me immense pleasure to bring forth this National Mineral Exploration Policy. The Ministry of Mines has been seeking and devising methods and means to enhance and accelerate the growth of the mining sector. In this endeavor, the Mines and Minerals (Development and Regulation) Amendment Act, 2015 was promulgated. However, we realize that to harness the full potential of the Act, invigorating the mineral exploration sector is a vital necessity. Keeping this in mind the NMEP has been drafted giving due stress on the essential requirements for an effective framework and regime of comprehensive exploration of the mineral potential of the country. For ensuring extensive and intensive exploration of the country, the NMEP has provided the basic requirements for explorers to foray with confidence into the challenging venture of mineral exploration. The explorers will have free access to basic geoscience data on geospatial platform, access to output of research programs for uncovering the concealed and deep seated deposits, and a structured regime where the risk of investment is mitigated to a reasonably large extent. The NMEP also provides for an industry driven centre for mineral targeting, which will provide a platform where crucially important diverse geoscientific issues of delineating potential zones for deep seated and concealed mineral deposits can be addressed through collaborative programs of government, academia and industry. The policy also provides a framework for utilization of the funds of National Mineral Exploration Trust for exploration as well as capacity building of the State Government exploration wings. We are sure the NMEP will initiate an era of accelerated mineral exploration in the country. With the liberalized provisions, the policy offers, I look forward to the energy and enterprise which is inherent in our civilization to unravel the mineral wealth for development of the country.

Balvinder Kumar, IAS Secretary, Ministry of Mines, Government of India -

It gives me immense satisfaction to bring forth this National Mineral Exploration Policy which offers a judicious framework for comprehensive mineral exploration in the country. It is a consensus amongst geoscientists that India is endowed with large mineral resource and has geological environment for many others. However, adequate survey and exploration have not been carried out in the country to discover the full potential. This requires a sound and comprehensive strategy to be implemented in a coordinated, systematic and consistent manner. The MMDR Amendment Act, 2015 has brought in transparency in allocation of mineral concessions in terms of Prospecting License and Mining Lease. The present regime of grant of mineral concessions provides for Non Exclusive Reconnaissance Permit (NERP) which does not allow seamless transitions to prospecting and mining licences. On account of this, the private sectors do not seem to be enthused to take up high risk of exploration. Keeping this in view, National Mineral Exploration Policy (NMEP) prescribes for incentivising the participation of private companies in exploration. Under NMEP, private agencies would be engaged to carry out exploration with the right to a certain share in the revenue (by way of royalty/premium to be accruing to the state government) from the successful bidder of mineral block after e-auction, which will be discovered by that private explorer. The revenue sharing could be either in the form of a lump sum or an annuity, to be paid throughout the period of mining lease, with transferable rights. It is common knowledge that acquisition, processing and interpretation of pre-competitive baseline geoscience information play a pivotal role in any successful exploration process. Keeping this in view, the policy assures that baseline geoscience data comprising geology, geochemistry, and geophysics will be generated as a public good and will be made available in public domain for free access. National Aero-geophysical Mapping program will be launched in the whole country. National Geoscience Data Repository (NGDR) will be set up which will collate and make available all baseline and mineral exploration information generated by various central and state government agencies. The great challenge before us is to search for concealed and deep seated deposits. For this purpose, National Centre for Mineral Targeting (NCMT) will be set up on public private partnership which will be a unique applied research enterprise focusing on optimizing mineral exploration efforts of public and private sectors. We are confident that with the number of initiatives outlined in the policy the country will enter into a new era of accelerated mineral exploration.

NATIONAL MINERAL EXPLORATION POLICY (NON-FUEL AND NON-COAL MINERALS) 2016:-

1. PREAMBLE

1.1 The country is endowed with vast resources of a variety of minerals and has favorable geological settings for many others. However, vast geographical areas are still to be explored to the desired levels. Detailed exploration to understand and uncover this potential is crucial for the growth of Indian economy. This requires a sound and comprehensive mineral exploration policy/strategy to be implemented in a coordinated, systematic and consistent manner.

1.2 The country needs to formulate a suitable mineral exploration policy framework which:

- (i) Establishes priorities, in terms of activities, mineral commodities, areas, mining technology etc.;
- (ii) Identifies and defines roles for the groups of key players in the sector viz., government, the exploration industry, research and academic bodies, and financiers;
- (iii) Recognizes that coordinated activity amongst all these players is vital to success in exploration and, therefore, creates the institutional mechanisms necessary for this purpose;
- (iv) Outlines the changes in the enabling framework (legal, regulatory, financial and fiscal) required for obtaining the best results in exploration; and

(v) Estimates the resources required, in terms of funds, human capital and technology, and the means of harnessing these to the tasks ahead.

2. SCOPE OF POLICY DOCUMENT

2.1 The National Mineral Exploration Policy (NMEP) document spells out the strategy and outlines the action plan that the Government will adopt to ensure comprehensive exploration of country's mineral resources (non-fuel and non-coal).

Successful exploration requires the bringing together of the best of knowledge and experience, the state-of-the-art technology, highly trained manpower, and also enormous financial resources, on an open, collaborative and inter-disciplinary platform. The major portion of the effort is clearly of the public good character.

3. BACKGROUND

3.1 The framework governing exploration activity in the country can be considered essentially in two parts:

- a) The institutional and administrative framework through which precompetitive baseline data generation and exploration work is implemented; and
- b) The legal and regulatory framework that governs the activities of various players in the sector, including the Government and the private sector.

3.2 Institutional and Administrative Framework

3.2.1 Geological Survey of India (GSI), since its inception in 1851, has been the most important institution that has performed the task of regional exploration of coal, lignite and non-fuel minerals. GSI is entrusted with the lead role in the task of carrying out geological mapping and acquiring other baseline geoscience data for the entire country. It generates and disseminates baseline geoscience data to other exploration agencies for accelerating the mineral exploration process. Directorates of Geology and Mines of some of the States have also made notable contributions in detailed exploration. Besides, Mineral Exploration Corporation Limited (MECL) and other Public Sector Undertakings carry out detailed exploration.

3.2.2 Since independence, GSI and the State Governments have discovered 60 important mineral deposits including 38 'greenfield' discoveries. However, looking at the India's likely mineral potential, there is an urgent need for accelerating exploration in the country through public and private participation.

3.3 Legal and regulatory framework governing exploration activities 3.3.1 Mines and Mineral (Development and Regulation) Act, 1957 is the main statute for the regulation of mines and mineral sector in the country. Under this Act, Mineral Concession Rules, 1960 and Mineral Conservation and Development Rules, 1988 were framed.

3.3.2 Subsequent to the economic liberalization in 1991, a comprehensive National Mineral Policy was announced in March 1993. The policy introduced for the first time the idea of encouraging private investment in exploration in mining. Consequently, amendments were made in the MMDR Act in January 1994. These amendments sought to simplify the procedure for grant of mineral concession so as to attract large investment through private sector participation, including foreign direct investment (FDI), and thereby, induct latest technology into the mining sector.

3.3.3 Despite the above initiatives, prospecting and mining activity could not be facilitated to the desired level. Later, based on recommendations made by the expert group constituted in the Ministry of Mines in 1997, further amendments were made in MMDR Act in December 1999. The amended Act introduced the concept of reconnaissance operations as a distinct stage prior to prospecting, in terms of reconnaissance permit (RP). The RP holder had the preferential right for obtaining PL, and then ML subject to stipulated conditions.

3.3.4 The investment policy was liberalized progressively and in Feb 2006, 100 percent FDI through automatic route was allowed in mining sector. However, liberalization of investment

regime and amendments in regulatory framework did not attract private investment as desired. Many companies put in their applications for RPs and PLs but very few of them have been finally converted into MLs. Inadequate resources with public sector agencies, such as, GSI and MECL and State governments' agencies also remained a major challenge for the country. In this backdrop, a High Level Committee (HLC) was constituted by the Planning Commission in the year 2005 to suggest the changes needed for encouraging investment of public and private sector in exploration and extraction of minerals.

3.3.5 Based on recommendations of the HLC, revised National Mineral Policy was announced in 2008. The important features of this policy are: (a) grant of mineral concession of all types, such as RP, PL and ML, would be transparent and seamless and security of tenure be guaranteed to the concessionaries, (b) prospecting and mining is to be recognized as independent activities with transferability of concessions playing a key role in mineral sector development, (c) while government agencies would continue to perform the tasks assigned to them for exploration and survey, the private sector would be the main source of investment in reconnaissance and prospecting and government agencies would expend public fund primarily in areas where private sector investments are not forthcoming, (d) an open sky policy of non-exclusive reconnaissance work would be adopted to expedite completion of reconnaissance work for the entire country as early as possible.

3.4 Recent Policy Initiatives

3.4.1 In recent years, some major developments took place in mineral sector especially by way of judicial pronouncements, which were having far reaching ramifications. In brief, these developments led to the realization that all actions of the Government in the mines and mineral sector have to stand the test of Article 14 of the Constitution. In practical terms, this means that complete transparency and 'equal opportunity for all' must be ensured and the scope for arbitrariness and unfettered discretion must be eliminated in the allotment of mineral concessions.

3.4.2 The limited success of earlier policy measures, as well as the requirements of the new emerging imperatives, has led to the amendments made to the MMDR Act by the Amendment Act of 2015. The most important feature of this amendment is the grant of mining leases and composite licenses (prospecting licence-cum-mining lease) only through an auction process. The Mineral (Evidence and Mineral Contents) Rules 2015 specifies that for auction of mining lease, at least general exploration (G2) is required to be completed and for auction of composite licence, at least preliminary exploration (G3) to be completed. The amended Act also removed the earlier provision of RP and provided for non-exclusive reconnaissance permit (NERP). However, the holder of such NERP shall not be entitled to make any claim for grant of PL-cum-ML or ML. The amended Act also removed the restriction on lease transferability and allowed the transfer of mineral concession held by lease holders to any person eligible to hold such lease.

3.4.3 Further, the amended Act established National Mineral Exploration Trust (NMET) and the holder of a mining lease or PL-cum-ML would pay to the Trust a sum equivalent to 2 percent of the royalty paid in terms of the second schedule. The Trust is supposed to carry out regional and detailed exploration for minerals and related activities for development of exploration. 3.4.4 In the light of above amendments in MMDR Act and emergent need to provide an impetus to exploration in the country at this juncture has prompted a thorough review of exploration policy and strategy. The review revealed several areas that need added emphasis. A new Exploration Strategy has, therefore, been finalized with a view to provide new sense of purpose and direction within the amended legal framework.

4. BASIC FEATURES OF THE NEW EXPLORATION STRATEGY

4.1 The exploration strategy will be centered on the following basic features:

- (i) The Government will make available pre-competitive baseline geoscience data of the highest standards. This data will be continuously updated and benchmarked with those of other jurisdictions. The Government will specify the kind of data that will be provided to potential exploration agencies, and the timelines for their publication.
- (ii) The pre-competitive baseline geoscience data will be made available for open dissemination free of charge.
- (iii) Government will create baseline geoscience data as a public good and fund the generation and dissemination of such data.
- (iv) Government will launch a special initiative to probe deep-seated/concealed mineral deposits.
- (v) Public expenditure on regional and detailed exploration will be prioritized and subject to periodic review based on assessment of criticality and strategic interests.
- (vi) Private sector participation in exploration will be encouraged within the existing legal framework. Government will work out suitable models for incentivizing private sector explorers. Government will also take steps to simplify procedural requirements for carrying out exploration by private sector.
- (vii) Government will collaborate with scientific and research bodies, universities and industry for the scientific and technological development necessary for exploration.
- (viii) Administrative structure for coordination amongst various agencies engaged in exploration will be reviewed and restructured.

5. PRE-COMPETITIVE BASELINE GEOSCIENCE DATA

5.1 Generation and dissemination of baseline data is of paramount importance for effective exploration. It has been the experience from mineral rich countries that increased exploration activity, and discovery of economic resources, can be directly attributed to the release of precompetitive baseline geoscience data. Further, high quality interpretation that can lead to the discovery of a deposit also depends upon the nature and resolution of data.

5.2 In keeping with the international best practices of providing pre-competitive baseline geoscience data to the stakeholders, Government intends to carry out the following in order to generate and disseminate data free of cost in public domain through web-based information system:

5.3 Geological Mapping

5.3.1 GSI has completed geological mapping on 1:50K scale of more than 98% of the mapable area of the country. The remaining areas, which are inaccessible, are being covered incrementally on expedition basis. Digital geological maps will be made available in public domain.

5.4 National Geochemical Mapping (NGCM)

5.4.1 NGCM program was launched by GSI from the beginning of 10th Plan to gather information on the chemical behaviour of the material of the earth's crust. Under this program stream sediment samples at 1 km x 1 km grid are collected and composite samples of 2 km x 2 km are analyzed. In addition, soil, regolith, surface water and humus are also collected and analyzed. At present, 60 elements/ compounds like SiO₂, Al₂O₃, Fe₂O₃, MgO, MnO, Na₂O, K₂O, gold, silver, cadmium, copper, mercury, lead, zinc etc are analyzed. Two more elements viz. platinum and palladium are analyzed in selected areas. All these elements are analysed with a precision level up to Clarke value.

5.4.2 Till March 2015, GSI has completed NGCM in an area of 0.54 million sq km in the entire country. Out of this, about 0.24 million sq km is within the OGP. GSI targets to cover the entire

OGP area by the year 2018-19. Subsequently, NGCM will be carried out for the entire country in about eight years. Digital geochemical maps and data will be provided in public domain.

5.5 National Geophysical Mapping (NGPM)

5.5.1 NGPM Program was launched by GSI during 10th Plan period to gather information on the gravity and magnetic behaviour of the material of the earth's crust. Gravity (upto 0.1 mGal) and magnetic (5nT) data are collected at a station interval of 2.5 sq km. 5.5.2 NGPM has been completed in an area of 0.28 million sq km out of which 0.13 million sq km lies in the OGP area. GSI plans to cover the entire OGP area by 2020-21. Subsequently, NGPM will be carried out in the potential areas identified by the National Aerogeophysical Mapping project in the subsequent years. Digital geophysical maps and data will be provided in public domain.

5.6 Geo-chronological Studies

5.6.1 The modern mineral exploration practices involve generation of isotopic and geo-chronological data for understanding lithospheric architecture and metallogenic evolution through space and time. As per global best practices, high precision and high resolution geo-chronological data is an important component of baseline geoscience data. GSI would acquire a Sensitive High Resolution Ion Micro Probe (SHRIMP) for this purpose. The instrument will help understand the geological evolution of the cratons and mobile belts of India which are the conducive locales for mineral formation. Further, stable isotope studies using SHRIMP will be of immense help in providing the laboratory support to critical exploration needs. With this instrument, GSI will develop a layer of Uranium-Lead (U-Pb) dates of all suitable rocks of the cratons and mobile belts of India.

5.7 Aero-Geophysical Survey

5.7.1 GSI has acquired low altitude aerogeophysical data under the project "Operation Hard Rock" during 1967- 68. Under this project, an area of 93,395 sq. km was covered with 500 m of line spacing at an altitude of 60- 120m above ground level (AGL) with Magnetic, Spectrometric and Time Domain Electromagnetic Sensors.

5.7.2 Subsequently, low altitude aerogeophysical data was acquired under the contract with BRGM, France, during 1971-72 for base metal investigation. Under this project, an area of 76,460 sq. km was covered with 500 m of line spacing at an altitude of 120m AGL. During 1978-82 and 1981-95, high altitude (1500 to 3000 m) aeromagnetic data at a wider line spacing (1 to 4 km) were acquired by GSI through National Geophysical Research Institute (NGRI) and National Remote Sensing Agency (NRSA) over an area of 0.17 million sq km and 1.37 million sq km respectively. From 1986, GSI with its own Twin Otter Airborne Survey System (TOASS) has covered an area of 0.5 million sq km in different geological milieus with different survey parameters. In addition, Atomic Minerals Directorate for Exploration and Research of Department of Atomic Energy and Govt. of Odisha have also carried out aerogeophysical surveys.

5.7.3 The aero-geophysical surveys are especially important in providing valuable inputs in soilcovered and concealed mineral potential terrains. The desert part of western Rajasthan, Deccan Trap, and soil-covered peneplained pre-cambrian terrains of India are the areas for focused aerogeophysical surveys at close intervals for bringing in enhanced precision level in data generation. There is an urgent need to identify important potentially concealed terrains for undertaking aero-geophysical surveys with state of the art technology.

5.7.4 There is an urgent need for collecting aerogeophysical data on a uniform flight height and spacing. GSI has planned to take up a National Aerogeophysical Mapping Program (NAGMP) involving acquisition of aeromagnetic, electromagnetic, radiometric and gravity data. Initially, an area of about 0.8 million sq km including OGP area will be taken up on priority and completed by 2020-21. The project is proposed to be started in 2016-17. For the rest of the country (about

2.4 million sq. kms.), aerogeophysical survey will be carried out subsequently. The analog/digital aeromagnetic map and data will be provided in public domain.

6. REGIONAL EXPLORATION DATA

6.1 GSI has a repository of more than 8500 geological reports (GR) of mineral investigations carried out since 1941. These reports can be immensely useful for planning exploration strategies and focusing on targets. Metadata of all these reports are accessible on the GSI portal. More than 6100 full reports are also available on the GSI portal. In order to facilitate easy access, extraction, analysis and interpretation of these data by users, GSI has recently started carrying out digitization of all its mineral exploration reports. All data including maps and tables containing physical and chemical characteristics of samples, litho logs, etc., will be digitized and stored on a geospatial format. This data is proposed to be made available in the GSI portal by mid 2016 and will be available to all users free of charge.

7. OFFSHORE MAPPING AND EXPLORATION

7.1 India has a vast area of about 2.02 million sq. km. under its territorial waters (TW) and exclusive economic zone (EEZ). Preliminary mineral exploration surveys have shown great potentiality of mineral occurrence off the coast on either sides of Peninsular India. Occurrence of phosphate and lime muds and monazite (REE and Thorium) bearing heavy suite of minerals have been mapped and sparsely sampled for a depth of 1-2 meters only. The ninety degree east ridge in the Bay of Bengal is an extensive mega-linear submarine structure known for modern day ore forming mineral muds. Co-Ni-Mn-Fe bearing nodules on the ocean floor are recorded off the coasts of India. This provides a considerable scope for mineral targeting in offshore areas of India.

7.2 GSI has systematically mapped on reconnaissance scale an area of 1.98 million sq km in the EEZ with 40 km/20 km spaced traverses and detailing to 5 to 10 km tracks at selected sectors. Based on the seabed mapping data, preliminary mineral investigation has been carried out in an area of 0.43 million sq. km. with a sampling grid ranging from 5 km x 2 km to 1 km x 1 km.

7.3 Survey as well as assessment of mineral resources within the EEZ constitutes a key responsibility of GSI. GSI needs to plan its programmes keeping in view the Coastal Regulation Zone notification, 2012 of the MoEF&CC, which stipulates that mining of minerals, except for rare minerals not available outside the CRZ, is not permitted within the limits of the TW. GSI will identify through its regional exploration activities mineral resources for allocation of exploration license and production lease.

7.4 The work of marine survey and exploration will be carried out by GSI in coordination with Ministry of Earth Sciences and National Institute of Oceanography through the CGPB mechanism.

8. NATIONAL GEOSCIENCE DATA REPOSITORY (NGDR)

8.1 All geological, geochemical, geophysical and mineral exploration data needs to be made available in public domain on a digital geospatial platform. Accordingly, a National Geoscience Data Repository (NGDR) will be set up by GSI. This will collate all baseline and mineral exploration information generated by various central and state government agencies and also mineral concession holders and maintain these on a geospatial database. This database will be made available in public domain through an appropriate mechanism. GSI will build up capacity for collating, processing and interpretation of geosciences information.

8.2 National standard in regards to submission of softcopies of mineral exploration reports need to be initiated in line with those in developed countries. These standards should include guidelines in relation to the submission of mineral exploration digital data. Mineral Exploration Reporting Template (MERT) formats are required to be built to facilitate the management of geoscience, drilling and other spatial data in the required data templates to assist mineral

exploration agencies to comply with the reporting guidelines. A suitable format to read, retrieve and disseminate the data submitted through MERT will be developed. These templates will enable ease of storage, retrieval and usage of the data repository. Any research made by making use of the NGDR will have to be communicated to the data authority for keeping a check on data sharing benefits and further dissemination.

8.3 For preservation and archiving of drill cores generated during mineral exploration carried out by public and private exploration agencies, GSI has established core repositories in different Regional Offices in line with the best international practice. The repository will have all the digital and analogue data of core logs, correlative studies, litho variations, stratigraphic successions, mineral zone variations, etc.

9. OGP AREA AND ITS PERIODIC REVIEW

9.1 The baseline geoscience data generation carried out by GSI so far has resulted in identification of an area of nearly 0.57 million sq. km. of Obvious Geological Potential (OGP). The mineral potential of geological terrains needs to be evaluated periodically by incorporating the latest basic geoscience data and exploration data as and when it is available. The concept of OGP is dynamic and needs to be revisited periodically with the updation of database for various mineral commodities. OGP maps need to be prepared by GSI in respect of fertilizer minerals, nickel, cobalt, antimony, rare earth elements and rare metals, lithium, bismuth etc.

9.2 Considering the fact that understanding of the mineral systems is evolving with time and new exploration data is being added every year, GSI will upgrade the OGP areas mineral-wise at least once every five years, and bring out a detailed atlas.

10. PROBING DEEP SEATED/CONCEALED MINERAL DEPOSITS

10.1 GSI will initiate a project for probing deep seated/concealed mineral deposits. Characterizing India's cover, investigating India's lithospheric architecture, resolving 4D geodynamic and metallogenic evolution, and detecting and characterizing the distal footprints of ore deposits, would be the main components of this initiative. This initiative is proposed to be taken up immediately on a pilot scale. GSI will seek collaboration with prestigious agencies in India, such as National Geophysical Research Institute (NGRI) and the proposed National Centre for Mineral Targeting (NCMT) and abroad. An approximate length of 500 km will be taken up under the pilot project.

10.2 The major work components would include:

1. Regolith characterization (transported/local, source rock)
2. Depth of basement (depth of quaternary sediments/regolith cover over basement)
3. Detect and recognize distal footprints.

11. PRIORITIZATION OF REGIONAL AND DETAILED EXPLORATION

11.1 Global exploration priorities in respect of expenditure in mineral exploration are broadly defined by the economics of the demand and supply of various minerals. Over the past several years, gold has claimed the major share of global expenditure in exploration, amounting to around half of the total budget.

11.2 In India, GSI is mainly mandated with the task of regional exploration and there is no other agency doing this work in a substantive way. Some of the State Governments have also carried out regional exploration and discovered significant deposits. MECL, a central PSU carries out detailed exploration, however, the promotional work done by MECL is negligible. GSI has prioritized its mineral exploration programmes for base metals, noble metals, diamond and Rare Earth Elements (REE) and Platinum Group Elements (PGE) minerals. The demand-supply in respect of various mineral commodities is dynamic and fast changing. Indian Bureau of Mines (IBM) will develop a mechanism for fixing national priorities based on mineral intelligence

information. These priorities will be subject to periodic review. Special care will be taken to ensure that critical minerals for industry and strategic minerals vital for national security are given the requisite priority.

11.3 The Central Geological Programming Board (CGPB) is the nodal agency for formulating and detailing exploration programmes in close coordination with the GSI, stakeholder ministries and associations and State geology departments. The CGPB, with its 12 thematic committees, formulates short term and long term plans, and coordinates the activities in the mandate and priorities of the National Mineral Policy.

11.4 The CGPB will, every year, on a suitable date, work out suggested priorities for public funded regional and detailed exploration, both for the immediately following Plan year, as well as on a rolling basis for the next 5 years. This scheme of priorities for the annual plan and the rolling 5 year Plan will be examined and discussed with all the stakeholders and, after approval, be communicated to all the entities working in the field so as to draw up a detailed field level action programme as well.

12. PRIVATE SECTOR PARTICIPATION IN EXPLORATION

12.1 Government's objective is to facilitate, encourage and incentivize private sector participation in all spheres of mineral exploration. Government intends to harness the technical expertise, technological capability and the financial resources of the private sector to discover and exploit the country's vast mineral resources.

12.2 Participation of private sector in exploration depends on the following: (a) Availability and free accessibility of comprehensive, pre-competitive baseline geoscience data; (b) Incentives structures that provide an appropriate risk-return scenario; and (c) Ease of doing business and earning attractive returns from the investment.

12.3 Generation and free dissemination of pre-competitive geoscience data has been dealt with at length in the earlier parts of this policy paper.

12.4 The legal framework currently in place has two types of mineral concessions for carrying out exploration which can be obtained by private sector participants, namely, non-exclusive reconnaissance permit (NERP) and the composite license (Prospecting License-cum-Mining Lease). Composite Licence in the amended Act ensures the participation of private entrepreneur in carrying out detailed exploration with assurance of tenurial security of the mining lease.

12.5 In order to provide incentives to NERP holders, the amended MMDR Act provides the option to either retain the reconnaissance data with themselves in contrast to the earlier requirement of mandatorily sharing of information pertaining to exploration with the State Governments or to opt for submitting the information to the State Governments in case blocks are of auctionable nature. The present procedure of e-auctions also permit the holder of any NERP to participate in the auction process and in a way effectively exercise the option of first right of refusal. This procedure is also consistent with the overall policy of Government not to allot any mineral concession other than through auction process.

12.6 Full transferability of mineral concessions at any stage has also been allowed under the Amended MMDR Act, 2015. The experience abroad seems to indicate that several transfers take place between initial exploration and commercial mining of a deposit. The very requirement for effecting a transfer of mining lease or composite license of PL cum ML now built into the Act 16 will help the exploration agencies interested only in particular segments of the activity and value chain (say prospecting, exploration, feasibility study or mining) to enter and exit with ease.

12.7 Private agencies could be engaged to carry out exploration work in identified block/areas with the right to a certain share in the revenue (by way of certain percentage of royalty/premium) accruing to state government throughout the lease period, with transferable

rights. This percentage/amount will be paid by successful bidder to the concerned exploring agency and to be determined when mineral blocks on the basis of successful exploration are put on e-auction.

12.8 Such revenue sharing could be either in the form of a percentage of royalty/premium for throughout the concession period (of 50 years) or a lump sum amount, to be calculated on the basis of net present value of that share of royalty/premium to be accrued during the lease period. Further, the exploration agencies will be allowed to participate in e-auctioning when mineral blocks after successful exploration are put on auction.

12.9 Government will also work out normative cost of exploration works for different kinds of minerals so that the exploration agencies could be compensated, in case they could not discover any mineable reserves in their respective areas. This will be an added incentive for exploration agencies to mitigate their risk for exploration works.

12.10 Different options can be exercised in combination or alone to attract global level exploration agencies for carrying out exploration especially for concealed and deep seated minerals like diamond, gold, PGE, nickel etc which require specialized technical knowledge and the latest technology.

12.11 Government will develop model contracting procedures and standard agreement templates under which State Governments and their agencies can engage private sector expertise in specific exploration cases. The government will provide hand holding support to the State Governments in this process of engaging the private sector for mineral exploration. Further, the government will keep provisions to mitigate the risks of the private explorers in carrying out mineral exploration under the scheme.

13. ORE BENEFICIATION

13.1 Ore beneficiation studies and related mineralogical and chemical characterization of the ore/ gangue minerals is vital in assessing economic feasibility of mineralization. In view of the marginal/low grade nature of the many ores of our country, focus on beneficiation techniques is a vital necessity.

13.2 Indian Bureau of Mines (IBM) is the principal agency for undertaking ore beneficiation studies. There are five major areas that need to be focused upon by IBM: i. Identification of lean ores or waste of important technology metals and development of beneficiation mechanisms along with other labs and institutions. ii. Identification of crucial apparatus/equipment that are dependent on imports. IBM needs to work on cost effective capital equipment development in the country. iii. Energy efficiency studies in mineral processing. iv. Water conservation and water recycling circuits in mineral processing. v. Upgradation of existing processes to make them more environmental friendly.

14. NATIONAL CENTRE FOR MINERAL TARGETING (NCMT)

14.1 India has exploited most of its outcrop and near surface mineral deposits. It has become imperative to focus on identification of deep-seated (below 300 m to 1000 m in the initial phase) and concealed mineral targets. Such an exercise requires thorough understanding of the geological and geochemical framework, knowledge of occurrence ore-forming mineral systems and the extent of thickness of non-mineralized cover rocks over the concealed mineral producing belts. Geophysical studies always play a vital role in exploration of buried ore deposits.

14.2 Deep exploration is a cost-intensive exercise with high degree of uncertainty and risk. It is, therefore, essential to adopt an integrated approach for selecting suitable geological tracts before undertaking multidisciplinary geoscientific surveys and subsequent deep drilling projects.

If country is to look for sizeable new resources for sustained growth of its mineral-based industry, the country has to embark on a systematic programme of capacity building in mineral targeting.

14.3 This capacity building programme has to be a multi-disciplinary and collaborative effort that brings together the best of expertise in the GSI, academic and research institutions and the exploration and mining industry. Mineral targeting on a stand-alone basis is not an economically viable proposition for public and private mining agencies.

14.4 This activity is proposed to be housed in a not-for-profit autonomous body/ company registered under Section 8 of the Companies Act, 2013, as a private public partnership and will be called the National Centre for Mineral Targeting (NCMT). Government will contribute a part of the seed funding for this venture.

14.5 The NCMT will be a unique applied research enterprise focusing on increasing the discovery rate in mineral exploration and the quality of discoveries without relying on substantial increases in exploration expenditure. NCMT will aim to add value to the mineral exploration sector through various collaborative research, training and information dissemination programs.

14.6 This approach is expected to allow maintaining the balance between fundamental and applied research outputs by ensuring that fundamental research is aligned with application in mineral sector. NCMT will fill the knowledge gap in the field of mineral exploration and act as a think tank for the overall development of the sector.

14.7 The output of the NCMT will be tailored to the requirements of the mineral sector and will have direct benefit of the public and private exploration and mining agencies.

14.8 Drilling is correlated with exploration success. The annual exploration drilling in India of about 0.5 million meters is way below global standards. Developed countries significantly invest in research on drilling technology to enhance the efficiency and quality of drilling. Many countries have dedicated centres for this purpose which has resulted in advances in drilling technology, safety and reduced environment impact. The NCMT will also address research and adoption of such fast track, environmental friendly drilling technology.

15. ROLE OF STATE GOVERNMENTS AND PUBLIC SECTOR UNDERTAKINGS (PSUs)

15.1 State Governments have a key role to play in building up a steady stream of auctionable mineral prospects. They will have to take up mineral exploration reports prepared by the GSI or other agencies and build on them to complete G3 or G2 level of exploration. States also need to build up the exploration capabilities of their staff. The Central Government will have to provide suitable incentives to expedite this process. Capacity building of States will be supported by the NMET.

15.2 In order to bring in greater number agencies for regional scale mineral exploration in the country, a significant provision has been incorporated in the MMDR Amendment Act, 2015. In pursuance of this provision the government has permitted several public sector undertakings in addition to GSI & MECL, to carry out prospecting operations without license or lease. In order to accelerate Greenfield discoveries, regional exploration by these PSUs including MECL will be encouraged. The activities of these agencies will be coordinated and monitored through the CGPB mechanism.

16. PROCEDURES & CLEARANCES

16.1 The existing procedure for grant of mineral concession and procedural complexities for obtaining clearances from a number of different authorities are identified as one of the deterrent in the development of exploration in mining sector. In case of RPs where clearance is required for aerial survey, the exercise involves clearances from different governmental agencies

including Directorate General of Civil Aviation (DGCA) and Ministry of Defence. Efforts will be made to simplify the procedure for obtaining such permissions in time bound manner.

16.2 Clearances are also required from Ministry of Environment, Forest and Climate Change (MoEF&CC) separately from forest angle. While Reconnaissance surveys carried out in connection with mineral exploration do not attract the provisions of the Forest Conservation Act (FCA), 1980 as long as these surveys do not involve any clearing of forests or cutting of trees, prospecting under a PL granted under MMDR Act would require permission under FCA. Exploration guidelines of United Nation Framework Classification (UNFC) require a minimum number of bore holes per unit area to be drilled for various levels of exploration. The present guidelines of MoEF&CC do not provide for automatic approval of exploration to be carried out in compliance with UNFC guidelines. Though some relaxations have been permitted, further relaxations for prospecting operations especially in areas with lower canopy density are required. Ministry of Mines will endeavor to move in the direction of automatic approvals for the exploration levels mandated by UNFC.

Government of India Ministry of Mines NATIONAL MINERAL POLICY, 2019 (For non-fuel and non-coal minerals)

1. VISION

Minerals are a valuable natural resource being the vital raw material for the core sectors of the economy. Exploration, extraction and management of minerals have to be guided by national goals and perspectives, to be integrated into the overall strategy of the country's economic development. Endeavour shall be to promote domestic industry, reduce import dependency, and feed into Make in India initiative.

Natural resources, including minerals, are a shared inheritance where the State is a trustee on behalf of the people and therefore it is imperative that allocation of mineral resources is done in a fair and transparent manner to ensure equitable distribution of mineral wealth to sub-serve the common good. Mining needs to be carried out in an environmentally sustainable manner keeping stakeholders' participation, and devolution of benefits to the mining affected persons with the overall objective of maintaining high level of trust between all stakeholders.

It shall also be ensured that the regulatory environment is conducive to ease of doing business with simpler, transparent and time-bound procedures for obtaining clearances. Since mining contributes significantly to state revenues, there is a need for an efficient regulatory mechanism with high penetration of e-governance systems to prevent illegal mining and value leakages. Mining contributes significantly to employment generation, thus, there shall be a keen focus on gender sensitivity in the mining sector at all levels. Endeavour shall be made to set up a unified authority at national level for mineral development and coordination to fulfill objectives of this policy.

2. REGULATION OF MINERALS

2.1 Management of mineral resources is the responsibility of both the central and state governments in terms of entry 54 of the Union List (List I) and entry 23 of the State List (List II) of the Seventh Schedule of the Constitution of India.

2.2 In order to make the regulatory environment conducive to ease of doing business, the procedures for grant of mineral concessions shall be transparent and seamless with an assured security of tenure alongwith transferability of concessions playing a key role in mineral sector development.

2.3 To ensure enforcement of mining plans, the Indian Bureau of Mines (IBM) and the State Directorates of Mining & Geology will be strengthened with adequate man power, equipment and skill sets upgraded to state-of-the-art levels.

2.4 There will be an emphasis on strengthening the regulatory mechanism by incorporating E-Governance, including satellite and remote sensing applications. Provisions shall be made for end-to-end accounting of mineral/ore in the supply chain with use of IT enabled systems. Efforts shall also be made to devise appropriate mechanism(s) for awareness and information campaigns and also for involvement of local populations to supplement the law enforcement capabilities in preventing illegal mining.

3. ROLE OF STATE IN MINERAL DEVELOPMENT

3.1 The core functions of state in mining will be facilitation and regulation of exploration and mining activities, making provision for development of infrastructure and tax collection. An Annual Business Plan/Road map for the development of mineral sector shall be brought out by the respective states. There shall be transparency and fairplay while reserving areas for State agencies unless security considerations or specific public interests are involved. Grant of clearances for commencement of mining operations shall be streamlined with simpler and time bound procedures facilitated through an on-line public portal with provision for generating triggers at higher level in the event of delay. As part of Initiative for ease of doing business the states shall make an endeavour to auction mineral blocks with pre-embedded statutory clearances. Mineral bearing area/zone shall be earmarked as Mining Land in the land record by the states. Endeavour shall be made to rationalize those areas that were reserved but remained unused by PSUs, for speedy development.

3.2 Trust is vital to the ability of our country to achieve sustained growth in mining sector. State will endeavor continuously to increase trust level between government, miners, local communities and other stakeholders through openness, fairness, better regulation, responsiveness, inclusive policy making.

4. PROSPECTING AND EXPLORATION

4.1 The country is blessed with ample resources of a number of minerals and has the geological environment for occurrence of many others. To explore the country's entire geological potential, it shall be ensured that regional and detailed exploration is carried out systematically, scientifically and intensively over the entire geologically conducive mineral bearing area of the country, using state-of-the-art technologies, including seismic 2D/3D interpretative systems, in a time bound manner.

4.2 While the Government agencies will continue to perform the tasks assigned to them for survey and exploration, the private sector would be encouraged to take up exploration activities. Government agencies will expend public funds particularly in areas where private sector investments are not forthcoming due to reasons such as high uncertainties. States may be mandated to create dedicated funding for boosting exploration activities without additional burden on miners.

4.3 Particular attention will be given to the prospecting and exploration of minerals in which the country has a poor resource-cum-reserve base despite having the geological potential for large resources. Special attention will be given towards exploration of energy critical minerals, fertilizer minerals, precious metals and stones, strategic minerals and other deep seated minerals which are otherwise difficult to access and for which the country is mainly dependent on imports.

4.4 Exploration shall be incentivised to attract private investments as well as state-of-the-art technology, within the ambit of auction regime, through Right of First Refusal at the time of auction or seamless transition from Reconnaissance permit to Prospecting Licence to Mining

Leases or auctioning of composite Reconnaissance permit cum Prospecting License cum Mining Lease in virgin areas on revenue sharing basis or any other appropriate incentive as per international practice.

4.5 Clearances shall be streamlined with simpler, transparent, accountable and time bound procedures to facilitate exploration in order to conform to the statutory requirements especially for geologically complex deposits.

4.6 In the offshore areas, it is necessary to ensure that India's Exclusive Economic Zone is explored and extracted to the maximum possible extent. Cooperation between Ministry of Earth Sciences (MoES) and Geological Survey of India (GSI) needs to be further institutionalised so as to achieve this objective within a time bound framework.

5. DATA BASE OF MINERAL RESOURCES AND TENEMENTS

5.1 National inventory of mineral resources will be based on comprehensive and up to date review of exploration data which will be maintained in digitised form comprising both a resource inventory and a tenement registry. The resource inventory will be maintained in accordance with a globally accepted public reporting standard for ensuring reliability of reporting and acceptability to financial institutions and stock exchanges showing reserves and remaining resources as well in the traditional methodology in vogue. The registry shall be a web-based system for public viewing integrated with GIS, such that information could be shown spatially in the form of map based service.

5.2 Efforts shall be made by the Government to establish a Mining Tenement System (MTS) which would primarily involve automating the entire concession life-cycle using state-of-the-art IT systems.

5.3 Baseline and mineral exploration data generated by various central & state government agencies as well as mineral concession holders will be collated and maintained for open dissemination as a public good. Collaboration between national and international scientific and research bodies, universities, professional bodies and industry will be encouraged for scientific and technological research to address the mineral exploration challenges in the country.

6. MINING AND MINERAL DEVELOPMENT

6.1 General Strategy Minerals are a major resource for the core sectors of the economy. There is a huge demand for minerals in view of the rapid urbanization and the projected growth in the manufacturing sector. With the thrust on Make in India initiative the demand for minerals is likely to grow at a rapid pace. Extraction and management of minerals has to be guided by long-term national goals and perspectives and integrated into the overall strategy of the country's economic development. Mining technology will be upgraded to ensure extraction and utilisation of the entire Run-of-Mines (RoM).

A thrust will be given to extraction of mineral resources in which the country is well endowed so that the needs of domestic industry are fully met keeping in mind both present and future needs, while at the same time fulfilling the demand of external markets for such minerals, so as to enhance domestic economic and social well-being.

Though primary minerals will remain the principal source for fulfilling demand, efforts shall be made to augment supply by developing processes for recovery of metal through recycling. The reusable nature of metals contributes to conservation of natural resources and includes other benefits in terms of energy conservation, environmental and economic benefits. Considering that a large number of merchant mining leases are going to expire in the year 2020, and for captive mines in 2030, efforts shall be made to ensure uninterrupted supply of minerals/ore to the downstream industry.

Merger and acquisitions of mining entities and transfer of mining leases granted transparently will be encouraged by introducing appropriate incentives in existing laws.

6.2 Conservation and Mineral Development

Conservation of minerals shall be construed not in the restrictive sense of abstinence from consumption or preservation for use in the distant future but as a positive concept leading to augmentation of reserve/resource base. There shall be an adequate and effective legal and institutional framework promoting zero-waste mining as the ultimate goal and a commitment to prevent sub-optimal and unscientific mining. The concept of collaborative mining amongst mining concessionaires located in large mining belt shall be encouraged to ensure optimum extraction of mineral. Value addition and general customisation of product will be encouraged by providing fiscal and/ or non-fiscal incentives.

6.3 Scientific Methods of Mining

Mine development and mineral conservation as governed by the rules and regulations will be on sound scientific basis, with the regulatory agencies, viz. IBM and the State Directorates, closely interacting with R&D organisations and scientific and professional bodies, to ensure preparation of optimal Mining plan. Conditions of mining leases regarding extent of area/size, shape, disposition with reference to geological boundaries and other mining conditions shall be such as to favourably predispose the leased areas to systematic, scientific, optimum, and complete extraction of minerals. The regulatory agencies will be suitably strengthened through capacity building measures in terms of adequate manpower, technology, equipment and skill-set.

6.4 Mining Machinery and Mineral Beneficiation Equipment

Use of equipment and machinery which will improve the efficiency, productivity and economics of mining operations as well as mineral beneficiation process, safety and health of persons working in the mines/beneficiation plant and surrounding areas shall be encouraged. Availability of such equipment and machinery shall be incentivized and freely allowed. At the same time capacities shall be developed for indigenous industry for manufacture of mining machinery and mineral beneficiation equipment and machinery for which induction of modern technology and participation shall be encouraged.

6.5 Human Resource Development

Development of human resources shall be the mainstay to improve the competitive edge of the national mining industry with a focus on improving gender balance in mining industry. Emphasis shall be laid on mechanisation, computerisation, automation and adoption of state of the art technology of the existing and new mining units. The human resource development strategy shall be suitably reoriented for the purpose. Facilities for basic and specialised training shall be constantly reviewed and upgraded from time to time, to ensure that adequately trained manpower at all levels is available for the development of mines and minerals. As the mining sector takes off, the country will need more and more mining engineers, Environment engineers, geo-scientists and IT professionals. The functionaries of central and state governments shall be trained in international practices to strengthen the mining sector regulation as per international standards.

6.6 Infrastructure Development

Mining infrastructure requires a special thrust as the economic efficiency of evacuation of minerals from pit mouth to user point or port or rail head is closely linked to the end use value of the mineral and of the viability of the industry producing and using the mineral. While local evacuation networks will be encouraged to be built in an integrated manner

along with developing the mineral blocks, dedicated mineral corridors shall be planned to facilitate transport of minerals from mining areas in hinterland. Development and installation of innovative, eco-friendly and efficient modes of evacuation like slurry pipelines and close loop conveyors shall be promoted and encouraged. An enabling environment will be created to allow mining companies to undertake construction of such infrastructure including construction of conventional transportation networks like rail and road for their own usage in coordination of State/Central agencies. Use of coastal water ways and inland shipping shall also be promoted. To promote investment in the mining sector special incentives or priority movement by railways/port/coastal shipping must be encouraged. The contribution of mineral development to regional and more specifically peripheral development, commensurate with the huge investment in large mining projects is substantial. An integrated approach shall be encouraged encompassing mineral development, regional development and the social and economic well-being of the local, and particularly, tribal population.

6.7 Financial Support for Mining

Mining is an eligible activity for obtaining financial support from financial institutions. However, at present only those mining projects which have a substantial component of mining machinery, equipment and buildings are being financed. Steps shall be taken to facilitate financing of prospecting, exploration and mine development. Efforts shall be made to grant mining the status of industry.

6.8 Small Deposits

Small and isolated deposits of minerals are scattered all over the country. These often lend themselves to economic extraction through small scale mining. With modest demand on capital expenditure and short lead-time, they provide employment opportunities for the local population. However, due to lack of economies of scale they can also lead to sub-optimal mining and ecological disturbance. Efforts will be made for promotion of small mineral deposits in a scientific and efficient manner while safeguarding vital environmental and ecological imperatives.

Where small deposits are not susceptible to viable mining, a cluster approach will be adopted by granting the deposits together as a single lease within a geographically defined boundary. Similarly in case of small deposits of precious metals and base metals the establishment of common smelting and refining facilities shall be encouraged.

In grant of mineral concessions for small deposits in Scheduled Areas, endeavour will be made to accommodate Scheduled Tribes while extending enabling environment to carry-out mining operations in a systematic and efficient manner.

6.9 Beach Sand Minerals

Efforts will be made to encourage extraction of the replenishable deposits of beach sand minerals for improved economic growth by ensuring coordination between the different agencies viz., State Governments, Ministry of Environment, Forests & Climate Change, Indian Bureau of Mines, Department of Atomic Energy, Atomic Minerals Directorate for Exploration and Research, and Department of Customs and Excise etc. so that regulation of mining of beach sand minerals is in conformity with the mining and other related laws, while also conforming to national security requirements and established international protocols.

6.10 Protection of Environment

Extraction of minerals impacts other natural resources like land, water, air and forest. It is necessary to take a comprehensive view to facilitate the choice or order of land use keeping in view the needs of development as well as needs of protecting the forests, environment and ecology and to conserve biodiversity of areas to be mined.

Prevention and mitigation of adverse environmental effects due to mining in accordance with the latest scientific norms and modern afforestation practices shall form integral part of mine development strategy in every instance. All mining shall be undertaken within the parameters of a comprehensive Sustainable Development Framework which will ensure that environmental, economic and social considerations are integrated effectively in all decisions on mines and minerals issues. The guiding principle shall be that a miner shall leave the mining area in an ecological shape which is as good as it was before the commencement of mining or better with least impact on flora and fauna of the area.

Mining operations shall not ordinarily be taken up in identified ecologically fragile and biologically rich areas. The Government shall identify such areas that are critically fragile in terms of ecology and declare as 'in-violate areas' or 'no-go areas' out of bounds for mining. In order to achieve a better semblance between mineral based development and environment, there shall be an endeavour to create Exclusive Mining Zone (EMZ) with prior in-principle statutory clearances demarcated for the mineralized belt/zone to avoid conflict of interest and to curtail delay in commencement of mining operation.

With a view to reduce pollution, carbon footprint and operational costs, use of renewable sources of energy at mining sites will be encouraged through appropriate incentives. Appropriate sensitization training about environmental issues will be provided to all workers involved in mining operations.

6.11 Sustainable Development in Mining Sector

Environmental, economic and social considerations must be taken into account as early as possible in the decision-making process, to ensure sustainable development in the mining sector which envisions mining as financially viable; socially responsible; environmentally, technically and scientifically sound; with a long term view of development; uses mineral resources optimally; and, ensures sustainable post-closure land uses.

The Government shall set a benchmark against which all mining operations may be evaluated in terms of their comparative performance on sustainable development framework and enforce commitment on part of the mining companies to adopt sustainable development practices for achieving environmental and social goals.

6.12 Welfare of Project Affected Persons

6.12 (a) Relief & Rehabilitation of Displaced and Affected Persons

Mining operations can involve acquisition of land held by individuals including those belonging to the tribals and weaker sections. In all such cases a careful assessment of the economic, cultural, environmental, and social impact on the affected persons need to be undertaken to ensure that suitable, appropriate, relief and rehabilitation packages are evolved.

In areas in which minerals occur and which are inhabited by tribal communities and weaker sections, it is imperative to recognize resettlement and rehabilitation issues as intrinsic to the development process of the affected zone. A mechanism will be evolved which would actually improve the living standards of the affected population and ensure them a sustainable income. For this purpose, all the provisions of rehabilitation and resettlement given in the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement (RFCTLARR) Act, 2013 as amended from time to time will be followed.

6.12 (b) Devolution of Mining Benefits to Project Affected Persons

The mining legislation has been amended to provide for the establishment of District Mineral Foundation ("DMF") with the objective of working for the interest and benefit of persons, and areas, affected by mining related operations. The objectives for devolution of mining benefits under DMF for inclusive and equitable development of project affected

persons and areas are to be guided by the provisions of the Pradhan Mantri Khanij Kshetra Kalyan Yojana ("PMKKKY").

It shall be the endeavour of the Government to monitor and review the implementation of schemes under DMF for giving effect to PMKKKY for a national web portal shall be developed with free access to the public.

6.12 (c) Welfare of Tribal Communities

Existence of minerals in tribal areas with rich biodiversity requires a comprehensive assessment. Land acquisition and displacement of tribal communities due to mining projects may lead to distress in tribal communities living in Scheduled Areas.

Grant of mineral concessions in Scheduled Areas shall be guided by the provisions contained in article 244 read with Fifth and Sixth Schedules to the Constitution relating to administration of the Scheduled Areas and Tribal Areas and the provisions of the Panchayats (Extension to the Scheduled Areas) Act, 1996 and the Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006 or any other relevant statutory acts protecting the interests of tribals. All Relevant Acts/Rules related to rehabilitation and resettlement like The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013, subsequent amendments or any other relevant acts/rules shall be strictly implemented.

6.13 Mine Closures

Once the reserves in mine are completely exhausted there is need for scientific mine closure which will not only restore ecology and regenerate bio diversity but also take into account the socio-economic aspects of such closure. Where mining activities have been spread over a few decades, mining communities get established and closure of the mine means not only loss of jobs for them but also disruption of community life. Mine closure should be done in an orderly and systematic manner.

Government has a role in ensuring that post-production mine decommissioning and land reclamation are an integral part of the mine development process; that financial provisions for the costs incurred in mine closure are accorded a high level of priority by the industry; and that consistent approaches are adopted for efficient and effective mine reclamation and rehabilitation.

6.14 Safety of mines and mine-workers

Mining operations at times are hazardous in nature. Accidents happen and often result in occupational health problems, serious bodily injury or even loss of life. Efforts must be directed towards the development and adoption of mining methods which would increase the safety of workers and reduce accidents. Towards this end, participation and cooperation of mine workers shall be secured. Steps will also be taken to minimise the adverse impact of mining on the health and safety of workers and the surrounding population. DGMS should be further strengthened through adequate manpower, equipments, and skill sets in order to carry out the regulatory role for ensuring miners' health and mine safety effectively.

6.15 Mineral Security

Mineral resources security is an important issue with strategic as well as economic significance. Securing access to sufficient, reliable, affordable, and sustainable supplies of minerals is increasingly becoming an important factor for functioning of downstream industries and the overall economy. Hence, ensuring long-term mineral security for nation shall be taken up with utmost priority. To ensure adequate supply of minerals which are not available locally, downstream regulations shall be aligned for their exploration and development and for facilitating acquisition of mineral assets in other countries by public as well private Indian business entities.

7. FOREIGN TRADE AND FOREIGN INVESTMENT

General:

Attracting foreign investment in the mining sector will be encouraged by appropriate mechanism. Efforts shall be made to export minerals in value added form as far as possible. The indigenous mineral industry shall be attuned to the international economic situation in order to derive maximum advantage from foreign trade by carefully anticipating technology and demand changes in the international market for minerals.

Long term Import Export policy and FDI:

Minerals continue to be an important source of foreign exchange earnings. For exports, the policy shall keep in view the dynamics of mineral inventories as well as the short, medium and long term needs of the country. On the other hand, the import of minerals shall be coordinated as far as possible with the indigenous development of mineral based industries. Areas of cooperation with other countries having complementary resource base shall be developed for mutual advantage. The approach shall be to make mineral based materials available to domestic users at reasonable prices as determined by market forces.

To develop mining as a modern stand-alone industry substantial investment is required. A long term export-import policy for the mineral sector would provide stability and prove to be an incentive for investing in large scale commercial mining activity. Assurances, through such a policy for minerals, will be a key factor for investment decisions, particularly Foreign Direct Investment (FDI) decisions in the sector.

8. FISCAL ASPECTS

It will be the endeavour of government to design fiscal measures, within the context of the budget, conducive to the promotion of mineral exploration and development including beneficiation and other forms of product refinement. In the context of the changing mineral scenario and the economies of mineral development and products, both at the national and international level, fiscal changes will be examined from time to time consistent with the general tax structure and through the normal budgetary process. Efforts shall be made to benchmark and harmonize royalty and all other levies and taxes with mining jurisdictions across the world to make India an attractive destination for exploration and mining.

9. RESEARCH AND DEVELOPMENT

9.1 General Approach Research and development in the mineral sector has to cover the entire gamut of activities from geological survey, exploration, mining, beneficiation, concentration of minerals to development of materials. Efforts will be directed towards the development of new technologies for conversion of existing mineral resources into viable economic resources. Appropriate technologies shall be developed to enable indigenous industries to utilise the mineral resources with which the country is abundantly endowed. R&D efforts shall be directed to find new and alternative uses for minerals whose traditional demand is on the wane. Indigenous technology has to be upgraded through research and appropriate absorption and adoption of technological innovations. Research and development efforts shall be made to improve efficiency in process, operations and also the recovery of byproducts and reduction in specification and consumption norms. Efforts will also be directed to evolve low capital and energy saving processing systems.

9.2 Research in Mining Methods

Mining methods determine the safety, economy, speed and the percentage of extraction of the ore reserves from a mine. Research and development thrust shall be directed specially in the areas of rock mechanics, ground control, mine design engineering, equipment deployment and maintenance, energy conservation, environmental protection, safety of operations and human engineering.

9.3 Mineral Processing and Beneficiation

Attention will be given to beneficiation and agglomeration techniques to bring lower grades and finer size material into use. Research organisations, including the National Mineral Processing Laboratories of the Indian Bureau of Mines will be strengthened for development of processes for beneficiation and mineral and elemental analysis of ores and ore dressing products. There shall be cooperation between and coordination among all organisations in public and private sector engaged in this task. Research and development shall be oriented to ensure maximum economic recovery of the associated minerals and valuable metals including incentivization and promotion of state-of-the-art technology.

9.4 Development of Automated Equipment

To meet the objective of safety and economic production, attention will be given to the development of robotics, automated equipment for mining, especially for deep mining and transportation to surface. While efforts shall be made for indigenous development, Government shall also consider an appropriate fiscal measure to facilitate import of automated equipments, machinery and mining robots etc. which are not available in the country, which can be used for exploration, mineral development and value addition in the downstream industry.

9.5 Deep Sea Mining

Deep ocean resources represent an exceptionally large and potentially important mineral resource. Integrated systems for prospecting, exploration, extraction, mining and processing of these resources shall be expedited with the development/acquisition of necessary technologies. Appropriate mechanism for coordinating as well as funding of the survey and exploration of Deep Sea Bed Area will be established with the Ministry of Earth Sciences.

9.6 Production of Materials of High Purity

Research will be directed towards raw materials required for production of materials of high purity for use in advanced technology applications such as semi-conductors, photo-voltaic, lasers, special sensors, high temperature new ceramics, hard and high temperature materials, superconductors, insulators, very thin films, glasses and liquid crystals and metal and mineral fibres.

9.7 Coordination of Research Organisations

Research and development activities in the mineral sector are carried out in the national laboratories, educational institutions and R&D units of public and private sector enterprises. Pooling of resources, efforts and expertise available in various R&D Organisations is imperative to meet the challenges and to fulfil the tasks ahead in the mineral sector. Coordination, synergy and convergence among the various institutions engaged in R&D in the mineral sector shall be strengthened to derive the maximum benefit. Interchange of scientists between institutions shall be encouraged to accelerate the pace of interaction. It shall also be ensured that the research findings are made available to users expeditiously. There shall be cooperation between and coordination among all organisations in the public and private sectors engaged in this task.

10. INTER GENERATIONAL EQUITY

There is a need to understand that natural resources, including minerals, are a shared inheritance where the state is the trustee on behalf of the people to ensure that future generations receive the benefit of inheritance. State Governments will endeavour to ensure that the full value of the extracted minerals is received by the State. However, for assessment of inter generational equity in respect of each mineral, a disaggregated approach shall be adopted considering aspects like reserves/ resources and potential for reuse through recycling, which are relevant and suitable in the Indian context.

11. INTER MINISTERIAL MECHANISM FOR SUSTAINABLE DEVELOPMENT

A unified authority in the form of an inter-ministerial body under Ministry of Mines, with members like Ministry of Coal, MoEarth Sciences, MoEFCC, Ministry of Tribal Affairs, Ministry of Rural Development, Ministry of Panchayati Raj, Ministry of Steel, including state governments, shall be constituted to institutionalise a mechanism for ensuring sustainable mining with adequate concerns for environment and socio-economic issues in the mining areas, and to advise the Government on rates of royalty, dead rent etc.

This proposed mechanism shall also decide the limits on the extent of mining activities that should be permitted which would, inter alia, involve undertaking a detailed study for assessing what should be the state-wise/region-wise ceiling of annual excavation of minerals, considering the availability of mineral resources, the carrying capacity of the region, and the macro environmental impact on the region while also keeping in mind the principles of sustainable development and intergenerational equity and all other relevant factors.

12. OUTCOMES AND CONCLUSION

Under the 'Make in India' initiative, the Government of India aims to increase the share of the manufacturing sector in the economy. This national initiative requires a holistic development of the mineral sector on a sustainable basis in order to fulfil the demand of downstream industries dependent on mineral/ore supply.

The outcomes expected from these policy proposals are, an increase in the production of MCDR (Mineral Conservation and Development Rules, 2017) minerals (in value terms) by 200 % in 7 years; and on the other hand reduce the trade deficit in minerals sector by 50% in 7 years.

The success of this national mineral policy will be critical in propelling India on to a loftier development trajectory. Successful implementation of this policy and shall be ensured by achieving a national consensus among various key stakeholders and their commitments to fulfil its underlying principles and objectives

GOVERNMENT OF INDIA MINISTRY OF MINES G.S.R. 406(E).—

In exercise of the powers conferred by section 13 of the Mines and Minerals (Development and Regulation) Act, 1957 (67 of 1957), the Central Government hereby makes the following rules, namely: — Mineral (Auction) Rules, 2015

CHAPTER I PRELIMINARY

1. Short title and commencement.—

(1) These rules may be called the Mineral (Auction) Rules, 2015.

(2) They shall come into force on the date of their publication in the Official Gazette. 2.

Definitions.- (1) In these rules, unless the context otherwise requires, -

(a) "Act" means the Mines and Minerals (Development and Regulation) Act, 1957 (67 of 1957);

(b) 1 [Omitted]

(c) "Mine Development and Production Agreement" means the agreement referred to in subrule (4) of rule 10 or sub-rule (8) of rule 18;

(d) "preferred bidder" means the bidder referred to in sub-clause (iii) of clause (b) of sub-rule (4) of rule 9;

(e) "qualified bidders" means the bidder referred to in sub-clause (iv) of clause (a) of subrule (4) of rule 9;

- (f) "reserve price" means the minimum percentage of value of mineral despatched as referred to in sub-rule (1) of rule 8;
- (g) "section" means section of the Act;
- (h) "Schedule" means a Schedule appended to these rules;
- (i) "successful bidder" means the bidder as referred to in sub-rule (3) of rule 10 or sub-rule (2) of rule 18;
- (j) "technically qualified bidders" means the bidder as referred to in sub-clause (ii) of clause (a) of sub-rule (4) of rule 9;
- (k) "tender document" means the tender document issued by a State Government for conduct of an auction referred to in sub-rule (2) of rule 9;
- (l) "upfront payment" means the payment referred to in sub-rule (1) of rule 11;
- (m) "value of estimated resources" means an amount equal to the product of, -
- (i) the estimated quantity of mineral resources for which the mineral block is being auctioned, expressed in metric tonne; and
- (ii) 2 [the average price per metric tonne of such mineral as published by Indian Bureau of Mines for the relevant State for a period of twelve months immediately preceding the month of computation of the Value of Estimated Resources,
[Provided that if for any mineral or mineral grade, the average sale price in respect of the relevant State for any month is not published by the Indian Bureau of Mines, the average sale price for the latest month published for such mineral or mineral grade shall be deemed to be the average sale price for the said month for which average sale price is not published:
1 Omitted by Mineral (Auction) Second Amendment Rules, 2021 vide G.S.R. No. 422(E) dated 18.06.2021.
2 Substituted by Mineral (Auction) Amendment Rules, 2017, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 1469 dated 30.11.2017.
3 Substituted by Mineral (Auction) Second Amendment Rules, 2021, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 422(E) dated 18.06.2021.
Provided further that if for any mineral or mineral grade, the average sale price in respect of the relevant State is not published for the entire period of the preceding twelve months, then the all India average sale price published for such mineral or mineral grade for the said twelve months shall be used:
Provided also that in case of auction of mineral block for composite licence for minerals and corresponding deposits as specified in Schedule II of the Minerals (Evidence of Mineral Contents) Rules, 2015, the 'estimated quantity of mineral resources' shall be arrived in the following manner, namely:—
(a) the estimated quantity of mineral resources as assessed under G4 level of exploration for the mineralised area in the block shall be considered the 'estimated quantity of mineral resources' of the block;
(b) in case the estimated quantity of mineral resources is not possible to be assessed under clause (a), then the same shall be arrived at by multiplying—
(i) the average of the estimated quantity of mineral resource per hectare for the same mineral available in the mineralised area of nearby mining leases or mineral blocks having similar geological features and explored upto G3 level in accordance with the said rules; and
(ii) the mineralised area of the mineral block, which is to be auctioned for composite licence.
Explanation.— For the purposes of this clause 'nearby mining leases or mineral blocks' shall mean mining leases or mineral blocks located in the same district or in any adjacent district.]
- (n) "value of mineral despatched" shall have the meaning specified in sub-rule (2) of rule 8.

(2) The words and expressions used in these rules but not defined herein shall have the same meaning as assigned to them in the Act or rules made thereunder.

3. [Application.- These rules shall apply to all minerals, except-

- (i) minerals notified as minor minerals specified under clause (e) of section 3;
- (ii) minerals specified in Part A of the First Schedule to the Act; and
- (iii) minerals specified in Part B of the First Schedule to the Act having grade equal to or more than the threshold value as specified and notified under the Atomic Minerals Concession Rules, 2016.]

4. Grant of concession. - (1) Where mineral contents of an area has been established as specified in the Minerals (Evidence of Mineral Contents) Rules, 2015, mining lease shall be granted in the manner specified under Chapter II with respect to any notified minerals referred to in sub-section (3) of section 10B or with respect to any minerals other than notified minerals referred to in sub-section (2) of section 11. (2) A Composite Licence with respect to an area where requirements specified in rule 7 of the Minerals (Evidence of Mineral Contents) Rules, 2015 have been satisfied, shall be granted in the manner specified under Chapter III with respect to any notified minerals referred to in sub-section (2) of section 10B or with respect to any minerals other than notified minerals referred to in sub-section (3) of section 11.

1 Substituted by Mineral (Auction) Amendment Rules, 2017, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 1469 dated 30.11.2017.

CHAPTER II GRANT OF MINING LEASE

5. Prerequisites for auction of Mining Lease.- (1) The State Government may initiate an auction process for grant of a mining lease with respect to an area within the State if the mineral contents in such area has been established in accordance with the provisions of the Minerals (Evidence of Mineral Contents) Rules, 2015.

(2) The State Government shall, prior to issuance of the notice inviting tender with respect to mineral auction, identify and demarcate the area where a mining lease is proposed to be granted through auction by using total station and differential global positioning system and the area so demarcated shall be classified into forests land, land owned by the State Government and land not owned by the State Government.

(3) The extent of area so demarcated shall include area required for all the activities falling under the definition of 'mine' as defined in clause (j) of sub-section (1) of section 2 of the Mines Act 1952 (35 of 1952).

6. Eligibility for Mining Lease. - (1) For the purpose of participating in the auction of mining lease, an applicant shall meet the requirements as specified in section 5 and the terms and conditions of eligibility as specified in Schedule I.

(2) The State Government may having regard to article 244 and the Fifth Schedule and Sixth Schedule to the Constitution, the provisions of the Panchayats (Extension to the Scheduled Areas) Act, 1996 (40 of 1996); and the Scheduled Tribes and other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006 (2 of 2007), make such amendments to Schedule I as it may deem necessary.

(3) [The State Government shall not reserve any mine for captive purpose or any specific end use or partial specific end use in the auction.]

[Explanation.— This sub-rule shall be applicable in all cases of auction, notwithstanding any order or direction to the contrary, passed by any court or authority, prior to the commencement of the Mines and Minerals (Development and Regulation) Amendment Act, 2021.]

[(4) Where the State Government has auctioned a mine as a captive mine for any particular specified end use before the commencement of the Mineral (Auction) Second Amendment Rules, 2021, up to fifty per cent. of total mineral produced in such captive mine in a financial year may be sold in market while ensuring that not less than fifty per cent. of total mineral produced in such captive mine shall be used during the financial year for meeting the requirement of the end use plant linked with the mine and on payment of such additional amount as specified in the Sixth Schedule to the Act.]

[Explanation.— This sub-rule shall be applicable in all leases where mineral is required to be used for captive consumption, notwithstanding any order or direction to the contrary, passed by any court or authority, prior to the commencement of the Mines and Minerals (Development and Regulation) Amendment Act, 2021.]

1 Substituted by Mineral (Auction) Second Amendment Rules, 2021, vide G.O.I.:

Extraordinary, Part II - Section 3 (i), G.S.R. No. 422 (E) dated 18.06.2021.

2 Inserted by Mineral (Auction) Third Amendment Rules, 2021, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 776 (E) dated 02.11.2021.

(5) The eligibility for participating in the auction shall be determined as per the terms and conditions of eligibility for participating in the auction and the Successful Bidder shall be decided solely on the basis of financial bids submitted by the eligible bidders.

7. Electronic Auction.- (1) An auction shall be conducted only through an online electronic auction platform.

(2) The State Government may utilise any online electronic auction platform which meets the minimum technical and security requirements as specified in the Guidelines for compliance to Quality requirements of e-Procurement Systems issued by the Standardisation Testing and Quality Certification Directorate, Department of Information Technology, Ministry of Communications and Information Technology, Government of India.

8. Bidding parameters.- (1) The State Government shall specify in the tender document the minimum percentage of the value of mineral despatched, which shall be known as the "reserve price".

(2) The value of mineral despatched shall be an amount equal to the product of,-

(i) mineral despatched in a month; and

(ii) sale price of the mineral (grade-wise and State-wise) as published by Indian Bureau of Mines for such month of despatch.

(3) The bidders shall quote, as per the bidding parameter, for the purpose of payment to the State Government, a percentage of value of mineral despatched equal to or above the reserve price and the successful bidder shall pay to the State Government, an amount equal to the product of,-

(i) percentage so quoted; and

(ii) value of mineral despatched.

(4) Where an area is being auctioned for more than one mineral, the percentage of value of mineral despatched as quoted by the successful bidder under sub-rule (3) shall be applicable for the purpose of payment to the State Government in respect of each such mineral.

(5) If subsequent to grant of a mining lease, one or more new minerals are discovered, the percentage of value of mineral despatched as quoted by the successful bidder under sub-rule (3) shall be applicable for the purpose of payment to the State Government in respect of each such mineral.

9. Bidding Process.- (1) Subject to the provisions of rule 5, the State Government shall issue a notice inviting tender, including on their website, to commence the auction process and such notice shall contain brief particulars regarding the area under auction, including,-

(a) particulars of the area identified and demarcated using total station and differential global positioning system divided into forest land, land owned by the State Government, and land not owned by the State Government; and

(b) estimated mineral resources and brief particulars regarding evidence of mineral contents with respect to all minerals discovered in the area during exploration in accordance with the provisions of the Minerals (Evidence of Mineral Contents) Rules, 2015.

(2) The tender document issued by the State Government shall contain,-

(a) geological report pursuant to the Minerals (Evidence of Mineral Contents) Rules, 2015 specifying particulars and estimated quantities of all minerals discovered in the area;1
[omitted]

1 Omitted by Mineral (Auction) Amendment Rules, 2021 vide G.S.R. No. 195(E) dated 17.03.2021.

(b) revenue survey details of the area identified and demarcated using total station and differential global positioning system divided into forest land, land owned by the State Government, and land 1 [not owned by the State Government]; and

(c) 2 [the scheduled date of commencement of production in case of auction of mining lease in respect of an area having existence of mineral contents established in accordance with Rule 5 of the Minerals (Evidence of Mineral Contents) Rules, 2015.]

(3) The bidders shall be provided a fixed period, as notified by the State Government, to study the tender document and such reports and the bidding process shall commence only on expiry of such period.

[(4) The auction shall be an ascending forward online electronic auction and shall comprise of attempts of auction with each attempt of auction consisting of a first round of auction and a second round of auction.

(5) In the first round of auction, the bidders shall submit, –

(A) a technical bid comprising amongst others, documentary evidence to confirm eligibility as per the provisions of the Act and the rules made thereunder to participate in the auction, bid security and such other documents and payments as may be specified in the tender document; and

(B) an initial price offer which shall be a percentage of value of mineral despatched.

[Provided that bid security shall be for an amount equivalent to 0.25 per cent. of the value of estimated resources or fifty crore rupees, whichever is lower, and shall be submitted in the form of a bank guarantee or through security deposit:

Provided further that in auction for composite licence for the mineral block having such type of deposit as specified in serial number I, II and III of Part III of Schedule I to the Minerals (Evidence of Mineral Contents) Rules, 2015 (except those covered under Schedule II of the said rules), whose estimated quantity of mineral resources is not possible to be assessed for calculating the value of estimated resources under clause (m) of sub-rule (1) of rule 2, but the mining potentiality of the block has been identified based on the existing geoscience data, the bid security shall be fifty lakh rupees.]

[Provided also that in case the area proposed by a person under subrule (1A) of rule 7 of the Minerals (Evidence of Mineral Contents) Rules, 2015 is put up for auction to grant a composite licence, such person shall be required to submit the bid security of only fifty per cent. of the amount specified in this clause for participating in the auction for the said area.]

1 Substituted by Mineral (Auction) Amendment Rules, 2021, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 195(E) dated 17.03.2021.

2 Inserted by Mineral (Auction) Amendment Rules, 2021, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 195(E) dated 17.03.2021.

3 Substituted by Mineral (Auction) Amendment Rules, 2017, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 1469 dated 30.11.2017.

4 Substituted by Mineral (Auction) Second Amendment Rules, 2021, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 422 (E) dated 18.06.2021.

5 Inserted by Mineral (Auction) Fourth Amendment Rules, 2021, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 857(E) dated 14.12.2021.

6 Only those bidders who are found to be eligible in accordance with the terms and conditions of eligibility specified in rule 6 and whose initial price offer is equal to or greater than the reserve price, referred to as “technically qualified bidders”, shall be considered for the second round of auction.

(7) The highest initial price offer amongst the technically qualified bidders shall be the floor price for the second round of online electronic auction.

(8) The technically qualified bidders shall be ranked on the basis of the descending initial price offer submitted by them and the technically qualified bidders holding the first fifty per cent of the ranks (with any fraction rounded off to higher integer) or the top five technically qualified bidders, whichever is higher, shall qualify as qualified bidders for participating in the second round of electronic auction:

Provided that if the number of technically qualified bidders is between three and five, then all the technically qualified bidders shall be considered as qualified bidders:

Provided further that in the event of identical initial price offers being submitted by two or more technically qualified bidders, all such technically qualified bidders shall be assigned the same rank for the purposes of determination of qualified bidders and in such case, the aforementioned fifty per cent shall stand enhanced to the extent of tie occurring within the first fifty per cent.

Illustration

In the event there are a total of ten technically qualified bidders, and each technically qualified bidder submits different initial price offer, then the technically qualified bidders holding the first fifty per cent of ranks shall be considered to be qualified bidders. If three such technically qualified bidders submit the same initial price offer and are ranked in first fifty per cent of the total number of ranks, then, all the three technically qualified bidders shall be considered to be qualified bidders and the total number of qualified bidders shall stand increased by two.

(9) Where the total number of technically qualified bidders is three or more, the auction process shall proceed to the second round of auction which shall be held in the following manner, namely:-

(i) the qualified bidders may submit their final price offer which shall be a percentage of value of mineral despatched and greater than the floor price: Provided that the final price offer may be revised till the conclusion of the auction as per the technical specifications of the auction platform;

(ii) The auction process shall be annulled if none of the qualified bidders submits a final price offer on the online electronic auction platform; (iii) The qualified bidder who submits the highest final price offer shall be declared as the “preferred bidder” immediately on conclusion of the auction.

(10) Where the total number of technically qualified bidders is less than three, then no technically qualified bidder shall be considered to be qualified bidder and the first attempt of auction shall be annulled.

(11) On annulment of the first attempt of auction, the State Government may decide to—

- (a) commence the auction process de novo with a separate set of terms and conditions and reserve price as it may deem fit and necessary; or
- (b) conduct the second attempt of auction.

(12) In case the State Government decides to conduct the second attempt of auction as per clause (b) of sub-rule (11), the terms and conditions of the second attempt of auction shall remain the same as in the first annulled attempt of auction:

Provided that the highest initial price offer of the technically qualified bidders if any in the first annulled attempt shall be the reserve price in first round of the second attempt:

Provided further that the bidding shall continue to the second round even in case the number of technically qualified bidders is less than three.]

9A. [Conduct of auction of mining lease by Central Government.—

(1) The State Government shall intimate to the Central Government the details of all the areas or mines available with the State Government for auction of mining lease, including the mining leases expired under section 8A and cases covered under sub-section (2) of section 10A, within forty-five days of the commencement of the Mineral (Auction) Second Amendment Rules, 2021.

(2) The State Government shall intimate to the Central Government regarding the following namely:—

(a) receipt of any geological report in respect of any area or mine for auction of mining lease from Geological Survey of India, Mineral Exploration Corporation Limited or any other Government or private entity, within a period of forty-five days of receiving it, along with a tentative schedule for notification of such area and conducting auction of such area under sub-sections (3) and (4) of section 10B, respectively;

(b) publication of notification under sub-section (3) of section 10B along with its copy, within fifteen days of publication of such notification;

(c) issue of notice inviting tender for auction for mining lease under rule 9 along with its copy, within fifteen days of issue of such notice;

(d) outcome of any auction for mining lease, within fifteen days of completion of auction; and

(e) termination of mining lease or lapsing of letter of intent for mining lease, within fifteen days from such termination or lapse.

(3) In case the Central Government decides to notify an area for auction or conduct auction for mining lease under the proviso to sub-section (3) or sub-section (4) of section 10B, as the case may be, the provisions of rules 5 to 9, as applicable to a State Government, shall mutatis mutandis be also applicable to the Central Government.

(4) Upon successful completion of the auction, the Central Government shall intimate the details of the preferred bidder in the auction to the State Government and the State Government shall grant mining lease for such area to such preferred bidder in accordance with rule 10.]

10. Grant of Mining Lease.- (1) The preferred bidder shall submit the first instalment 1 [of the upfront payment as per rule 11 within fifteen days after being declared as preferred bidder:

Provided that the State Government may, for reasons to be recorded in writing extend the period of fifteen days by further fifteen days.]

1 Substituted by Mineral (Auction) Second Amendment Rules, 2021, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 422 (E) dated 18.06.2021.

[(1A) In case the preferred bidder fails to submit the first instalment of the upfront amount within the period or extended period specified in sub-rule (1), the State Government shall,—
(a) forfeit the bid security of the preferred bidder; and

(b) offer the bidder who had submitted the second-highest price offer in the second round of auction to meet the highest final price offer and if the said bidder agree to the said offer in writing and submit the first instalment of upfront amount within fifteen days of receipt of offer, the State Government shall declare said bidder as the preferred bidder and issue letter of intent in accordance with sub-rule (2):

Provided that the State Government may, for the reasons to be recorded in writing, extend the period of fifteen days referred to in this clause by further fifteen days.]

(2) Upon receipt of the first instalment of the upfront payment, the State Government shall issue a letter of intent to the preferred bidder 1 [within fifteen days of receipt of first instalment of upfront payment.]

(3) The preferred bidder shall be considered to be the “successful bidder” upon,—

(a) continuing to be in compliance with all the terms and conditions of eligibility;

(b) payment of the second instalment [omitted] of the upfront payment;

(c) furnishing performance security as specified in rule 12;

(d) satisfying the conditions specified in clause (b) of sub-section (2) of section 5 with respect to a mining 2 [plan:

Provided that, in case of auction of mining leases under Sub-sections (5) and (6) of Section 8A of the Act, the vesting order issued under Rule 9A of the Minerals (Other than Atomic and Hydrocarbons Energy Minerals) Concession Rules, 2016 shall be applicable; and”:]

(e) satisfying such other conditions as may be specified by the State Government with the prior approval of the Central Government.

(4) The successful bidder shall sign the Mine Development and Production Agreement with the State Government upon obtaining all consents, approvals, permits, no-objections and the like as may be required under applicable laws for commencement of mining operations.

(5) The successful bidder shall pay the third instalment 3 [omitted] of the upfront payment subsequent to execution of the Mine Development and Production Agreement, and upon such payment the State Government shall grant a mining lease to the successful bidder.

(6) The Mining Lease Deed shall be executed by the State Government within thirty days of the date of completion of the conditions specified in sub-rule (5) and shall be subject to the provisions of the Act and the rules made thereunder.

[Provided that no Mining Lease Deed shall be executed on expiry of a period of three years from the date of the letter of intent, and the letter of intent shall be invalidated leading to annulment of the entire process of auction:

Provided further that the State Government may allow a further period of two years for execution of the Mining Lease Deed if the reasons for delay were beyond the control of the preferred bidder.]

1 Inserted by Mineral (Auction) Second Amendment Rules, 2021, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 422 (E) dated 18.06.2021.

2 Substituted by Mineral (Auction) Amendment Rules, 2020, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 190(E) dated 20.03.2020.

3 Omitted by Mineral (Auction) Second Amendment Rules, 2021 vide G.S.R. No. 422 (E) dated 18.06.2021

4 Inserted by Mineral (Auction) Amendment Rules, 2017, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 1469 dated 30.11.2017

[(6A) Notwithstanding anything contained in these rules, the mining lease shall be executed by the State Government within a period of fifteen days from – (i) the date of issue of Letter of Intent to the new lessee to whom the vesting order has been issued under Rule 9A of Minerals (Other than Atomic and Hydrocarbons Energy Minerals) Concession Rules, 2016; or (ii) commencement of the Mineral Auction (Amendment) Rules, 2020; or (iii) the expiry of the lease period of the previous lessee; whichever is later.

(6B) The holder of the Letter of Intent shall comply with all the requirements to execute the mining lease within the period referred to in Sub-rule (6A), failing which, the Letter of Intent shall be revoked and the bid security or the performance security, as the case may be, and any instalment of upfront payment paid shall be forfeited, and the preferred bidder or successful bidder may be debarred by the State Government from participating in the future auction of mineral blocks conducted under the provisions of these rules, for three years from the date of such debarment: Provided that on receipt of an application from the holder of the Letter of Intent, the State Government, may extend the period for execution of the lease deed by a further period not exceeding fifteen days, on satisfaction that such delay is entirely for the reasons beyond the control of the holder of Letter of Intent.]

(7) The mining lease shall be for minerals found in the area pursuant to exploration prior to the auction:

Provided that where, subsequent to the auction, any new mineral is discovered, then the holder of mining lease shall follow the provisions of the 2 [Minerals (Other than Atomic and Hydro Carbons Energy Minerals) Concession Rules, 2016] for inclusion of such new mineral in the Mining Lease Deed.

(8) Where, prior to the auction or subsequent to the auction, presence of minor mineral is established or discovered, such minor minerals shall be dealt in accordance with such rules made by the State Government under section 15.

(9) The date on which a duly executed Mining Lease Deed is registered shall be the date of commencement of the mining lease.

11. Upfront payment for mining lease.- (1) An amount equal to 0.50% of the value of estimated resources shall be the upfront payment.

(2) The upfront payment shall be payable to the State Government in three instalments of 4 [twenty per cent.; twenty per cent.; and sixty per cent] as specified in the tender document and shall be 2 [adjusted in full at the earliest against the amount to be paid under sub-rule (3) of rule 8 on] commencement of production of mineral as specified in the tender document.

12. Performance security for mining lease.—(1) The 3 [preferred] bidder shall provide a performance security of an amount of 0.50% of the value of estimated resources and the performance security shall be adjusted every five years so that it continues to correspond to 0.50% of the reassessed value of estimated resources 5 [including the value of any newly discovered mineral that may be included in the mining lease deed on its discovery.]

1 Inserted by Mineral (Auction) Amendment Rules, 2020, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 190(E) dated 20.03.2020.

2 Substituted by Mineral (Auction) Amendment Rules, 2017, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 1469 dated 30.11.2017.

3 Substituted by Mineral (Auction) Amendment Rules, 2017, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 1469 dated 30.11.2017.

4 Substituted by Mineral (Auction) Second Amendment Rules, 2021, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 422 (E) dated 18.06.2021.

5 Inserted by Mineral (Auction) Amendment Rules, 2017, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 1469 dated 30.11.2017.

(2) The performance security provided through bank guarantee in the format as specified in Schedule III or through security deposit, may be invoked as per the provisions of –

- (i) the Mine Development and Production Agreement; and
- (ii) the Mining Lease Deed.

13. Payments under mining lease.—(1) The lessee shall pay royalties and dead rent to the State Government as specified in the Act and the rules made thereunder.

(2) The lessee shall pay the applicable amount quoted under rule 8 to the State Government on a monthly basis.

[Provided that in case of auction of mining lease in respect of an area having existence of mineral contents established in accordance with Rule 5 of the Minerals (Evidence of Mineral Contents) Rules, 2015, the lessee shall pay only fifty per cent of the amount quoted under Rule 8, for the quantity of mineral produced and dispatched earlier than the scheduled date of commencement of production as given in the tender document:

Provided further that for such quantity of mineral produced and dispatched, other payments as specified in Sub-rules (1), (3) and (4) shall be payable in full and the successful bidder shall obtain all necessary approvals, permissions, licences and the like as may be required under any law for the time being in force for starting early production.

Explanation— For the purposes of this sub-rule, it is clarified that the incentive specified in the first proviso on payment of amount quoted under Rule 8 shall be applicable on the quantity of mineral produced and dispatched between actual date and the scheduled date of commencement of production”.]

(3) The lessee shall contribute such amounts as may be required under the Act to –
a) the designated account of the National Mineral Exploration Trust; and
(b) the designated account of the District Mineral Foundation.

(4) The lessee shall also pay such other amounts as may be required under any law for the time being in force to the concerned authorities.

14. Payment of Interest.—The State Government shall charge simple interest at the rate of 2 [twelve] per cent. per annum on any payment due to State Government under these rules the payment of which is delayed beyond the due date thereof.

15. Time Period.—The time period for compliance of rules 10 to 14 shall be as specified in the tender document.

1 Inserted by Mineral (Auction) Amendment Rules, 2021, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 195(E) dated 17.03.2021.

2 Inserted by Mineral (Auction) Third Amendment Rules, 2021, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 776 (E) dated 02.11.2021.

CHAPTER III

GRANT OF COMPOSITE LICENCE

16. Prerequisites for auction of Composite Licence.—

(1) The State Government may initiate an auction process for grant of a Composite Licence with respect to an area within the State in accordance with the provisions of the Act and this Chapter subject to the condition that the requirements of rule 7 of the Minerals (Evidence of Mineral Contents) Rules, 2015 have been satisfied:

Provided that in case of an auction with respect to a notified mineral, prior approval of the Central Government shall be required.

(2) The State Government shall, prior to issuance of the notice inviting tender with respect to auction, identify and demarcate the area where a Composite Licence is proposed to be granted through auction using total station and differential global positioning system and the area so demarcated shall be classified into forests land, land owned by the State Government, and land not owned by the State Government.

17. Auction for Composite Licence.—(1) The auction process as specified in rules 6 to 9 shall be applicable for conduct of auction for grant of a Composite Licence subject to the following, namely:—

- (a) the State Government shall not make any reservation on the basis of end use;
- (b) the State Government shall subject to compliance of rule 16, issue a notice inviting tender, including on their website, to commence the auction process and such notice shall contain brief particulars regarding the area under auction, including,—
 - (i) particulars of the area identified and demarcated using total station and differential global positioning system divided into forest land, land owned by the State Government, and land not owned by the State Government; and
 - (ii) estimated mineral resources with respect to all minerals discovered in the area and brief particulars regarding satisfaction of the requirements specified in rule 7 of the Minerals (Evidence of Mineral Contents) Rules, 2015;
- (c) the tender document issued by the State Government, shall contain,—
 - (i) geological report specifying particulars and estimated quantities of all minerals discovered in the area during exploration pursuant to Minerals (Evidence of Mineral Contents) Rules, 2015; and
 - (ii) revenue survey details of the area identified, demarcated using total station and differential global positioning system divided into forest land, land owned by the State Government, and land not owned by the State Government;
- (d) the bidders shall be provided a fixed period, as prescribed by the State Government, to study the Tender Document and such reports and the bidding process shall commence only on expiry of such period.

[17A Conduct of auction of composite licence by Central Government.—(1) The State Government shall intimate to the Central Government the details of all the areas or mines available with the State Government for auction of composite licence, including the prospecting licence expired under section 7 and cases covered under sub-section (2) of section 10A, within forty-five days of the commencement of the Mineral (Auction) Second Amendment Rules, 2021.

(2) The State Government shall intimate to the Central Government regarding the following namely:—

1 Inserted by Mineral (Auction) Second Amendment Rules, 2021, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 422 (E) dated 18.06.2021.

- (i) receipt of any geological report in respect of any area or mine for auction of composite licence from the Geological Survey of India, Mineral Exploration Corporation Limited or any other Government or private entity, within a period of forth-five days of receiving it, along with a tentative schedule for notification of such area and conducting auction of such area under sub-sections (4) and (5) of section 11, respectively;
- (ii) publication of notification under sub-section (4) of section 11 along with its copy, within fifteen days of publication of such notification;
- (iii) issue of notice inviting tender for auction for composite licence along with its copy, within fifteen days of issue of such notice;

(iv) outcome of any auction for composite licence, within fifteen days of completion of auction; and

(v) termination of composite licence or lapsing of letter of intent for composite licence, within fifteen days from such termination or lapse.

(3) In case the Central Government decides to notify an area for auction or conduct auction for composite licence under the proviso to sub-section (4) or sub-section (5) of section 11, as the case may be, the provisions of rules 16 and 17, as applicable to a State Government, shall mutatis mutandis be also applicable to the Central Government.

(4) Upon successful completion of the auction, the Central Government shall intimate the details of the preferred bidder in the auction to the State Government and the State Government shall grant composite licence for such area to such preferred bidder in accordance with rule 18.]

18. Grant of Composite Licence.—

(1) Upon completion of the auction process, the preferred bidder shall submit a performance security in the manner specified in sub-rule (1) of rule 19 ¹ [within fifteen days after being declared as preferred bidder] and upon receipt of such performance security, the State Government shall issue a letter of intent ² [to the preferred bidder within fifteen days of receipt of performance security:

Provided that the State Government may, for the reasons to be recorded in writing, extend the period of fifteen days for submission of performance security by further fifteen days.]

[(1A) In case the preferred bidder fails to submit the performance security within the period or extended period specified in sub-rule (1), the State Government shall,—

(a) forfeit the bid security of the preferred bidder; and

(b) offer the bidder who had submitted second-highest price offer in the second round of auction to meet the highest final price offer and if the said bidder agree to the said offer in writing and submit the performance security within fifteen days of receipt of offer, the State Government shall declare the said bidder as the preferred bidder and issue letter of intent in accordance with subrule (2):

Provided that the State Government may, for the reasons to be recorded in writing, extend the period of fifteen days by further fifteen days.]

(2) On receipt of the letter of intent the preferred bidder shall be considered to be the successful bidder upon fulfilment of the following conditions, namely:—

(a) compliance with all the terms and conditions of eligibility;

¹ Inserted by Mineral (Auction) Second Amendment Rules, 2021, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 422 (E) dated 18.06.2021.

² Substituted by Mineral (Auction) Second Amendment Rules, 2021, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 422 (E) dated 18.06.2021.

³ Inserted by Mineral (Auction) Second Amendment Rules, 2021, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 422 (E) dated 18.06.2021.

(b) obtaining all consents, approvals, permits, no-objections and the like as may be required under applicable laws for commencement of prospecting operations; and

(c) submitting the Scheme of prospecting.

(3) Upon fulfilment of the conditions specified in sub-rule (2), the State Government shall grant a Composite Licence to the successful bidder and such Composite Licence shall be subject to the provisions of the Act and the rules made thereunder, as applicable to a prospecting licence and mining lease.

[Provided that on expiry of a period of one year from the date of the letter of intent, no Prospective Licence Deed of Composite Licence shall be executed and the letter of intent shall be invalidated leading to annulment of the entire process of auction:

Provided further that the State Government may allow a further period of six months for execution of the Prospective Licence Deed, if the reasons for delay were beyond the control of the preferred bidder.]

(4) The minimum area for grant of a Composite Licence shall not be less than the minimum area for which a mining lease may be granted in accordance with the provisions of the 3 [Minerals (Other than Atomic and Hydro Carbons Energy Minerals) Concession Rules, 2016] and the maximum area shall be in accordance with section 6 as applicable to a prospecting licence.

(5) The holder of a Composite Licence shall conduct geological exploration of the area under the Composite Licence so as to ascertain evidence of mineral contents and shall submit periodic reports in accordance with the Act and rules made thereunder, as applicable to a prospecting licence and all reports, studies and other documentation related to the geological exploration of the area under the Composite Licence shall be submitted to the State Government and Indian Bureau of Mines.

(6) If a holder of a Composite Licence,—

(a) fails to complete prospecting operations in accordance with sub-section (9) of section 11 or fails to establish the existence of mineral contents in accordance with 2 [omitted] the Minerals (Evidence of Mineral Contents) Rules, 2015, such holder shall not be eligible to receive a mining lease and the Composite Licence shall be terminated;

(b) [completes prospecting operations and submits to the State Government the result of the prospecting operations in the form of a geological report prepared in accordance with sub-section (10) of section 11 resulting in determination of evidence of mineral contents conforming to the Mineral (Evidence of Mineral Contents) Rules, 2015; specifying the area required for grant of a mining lease, accompanied with the first instalment of the upfront payment as specified in rule 11, then the State Government shall issue a letter of intent for mining lease within a period of fifteen days:

Provided that any excess area shall be deemed to be surrendered by the holder of Composite Licence after completing its reclamation:

Provided further that after submission of the geological report prepared in accordance with the Mineral (Evidence of Mineral Contents) Rules, 2015, the holder of composite licence may relinquish the entire area and in such case the State Government shall, after being satisfied that the geological report has been prepared conforming to the said rules, return the performance security.]

(7) 5 [Omitted]

1 Inserted by Mineral (Auction) Second Amendment Rules, 2021, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 422 (E) dated 18.06.2021. 2. Ibid

3 Substituted by Mineral (Auction) Amendment Rules, 2017, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 1469 dated 30.11.2017.

4 Substituted by Mineral (Auction) Second Amendment Rules, 2021, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 422 (E) dated 18.06.2021. 5. Ibid

(8) A Mine Development and Production Agreement shall be executed between the State Government and the holder of Composite Licence if the holder of a Composite Licence—

(a) continues to comply with the terms and conditions of eligibility;

(b) pays the second instalment being 1 [twenty per cent] of the upfront payment;

(c) furnishes the enhanced performance security as specified in sub-rule (2) of rule 19;

(d) satisfies the conditions specified in clause (b) of sub-section (2) of section 5 with respect to a mining plan;

(e) obtains all consents, approvals, permits, no-objections and the like as may be required under applicable laws for commencement of mining operations; and

(f) satisfies such other conditions as may be specified by the State Government with the prior approval of the Central Government.

(9) The holder of the Composite Licence shall pay the third instalment being 1 [sixty per cent.] of the upfront payment, subsequent to execution of the Mine Development and Production Agreement, and upon such payment, the State Government shall execute a Mining Lease Deed with the holder of the Composite Licence within thirty days of the date of completion of all the conditions specified in sub-rule (8).

(10) The mining lease shall be subject to the provisions of the Act and the rules made thereunder.

(11) The mining lease shall be for minerals found in the area pursuant to exploration prior to the auction:

Provided that where subsequent to the auction, any new mineral is discovered, then the holder of the mining lease shall follow the provisions of the 2 [Minerals (Other than Atomic and Hydro Carbons Energy Minerals) Concession Rules, 2016] for inclusion of such new mineral in the Mining Lease Deed.

(12) Where prior to the auction or subsequent to the auction, presence of minor mineral is established or discovered, such minor minerals shall be dealt in accordance with such rules as may be made by the State Government under section 15.

(13) The date on which a duly executed Mining Lease Deed is registered shall be the date of commencement of the mining lease.

19. Performance Security for Composite Licence. —(1) An amount of 0.25% of the value of estimated resources shall be payable by the preferred bidder as performance security prior to the issuance of the Composite Licence.

[Provided that for the mineral block having such type of deposit as specified in serial numbers I, II and III of Part III of Schedule I to the Minerals (Evidence of Mineral Contents) Rules, 2015 (except those covered under Schedule II of the said rules), whose estimated quantity of mineral resources is not possible to be assessed for calculating the value of estimated resources under clause (m) of sub-rule (1) of rule 2, but the mining potentiality of the block has been identified based on the existing geoscience data, the performance security shall be one crore and fifty lakh rupees.]

1 Substituted by Mineral (Auction) Second Amendment Rules, 2021, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 422 (E) dated 18.06.2021.

2 Substituted by Mineral (Auction) Amendment Rules, 2017, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 1469 dated 30.11.2017.

3 Inserted by Mineral (Auction) Second Amendment Rules, 2021, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 422 (E) dated 18.06.2021.

(2) The amount of performance security shall be revised, prior to the issuance of the mining lease, to an amount of 0.50% of the value of estimated resources 1 [established by the holder of the Composite Licence after completion of prospecting operations in accordance with subsection (9) of section 11 of the Act resulting in determination of evidence of mineral contents conforming to the Mineral (Evidence of Mineral Contents) Rules, 2015]

(3) The performance security provided under sub-rule (2) shall be adjusted every five years so that it continues to correspond to 0.50% of the reassessed value of estimated resources.

(4) [The performance security shall be provided through bank guarantee in the format as

specified in Schedule IV or through security deposit, which may be invoked as per the provisions of –

- (i) the prospecting licence deed;
- (ii) the Mine Development and Production Agreement;
- (iii) the Mining Lease Deed:

Provided that the State Government on being satisfied that the holder of Composite Licence has completed prospecting operations in accordance with sub-section (9) of section 11 of the Act but is unable to establish the existence of mineral contents even after making all possible efforts in accordance with 4 [omitted] and the Minerals (Evidence of Mineral Contents) Rules, 2015, shall return the bank guarantee or the security deposit provided by the holder of the Composite Licence as performance security.]

[Provided further that in case the holder of composite licence fails to complete prospecting operations in accordance with sub-section (9) of section 11, the performance security provided by it shall be forfeited.]

1 Inserted by Mineral (Auction) Amendment Rules, 2017, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 1469 dated 30.11.2017.

2 Substituted by Mineral (Auction) Amendment Rules, 2017, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 1469 dated 30.11.2017.

3 Inserted by Mineral (Auction) Second Amendment Rules, 2021, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 422 (E) dated 18.06.2021.

4 Omitted by Mineral (Auction) Second Amendment Rules, 2021 vide G.S.R. No. 422 (E) dated 18.06.2021.

CHAPTER IV

MISCELLANEOUS

20. Power to rectify apparent mistakes.—Any clerical or arithmetical mistake in any order passed by the Government or any authority or officer under these rules and any error arising therein due to accidental slip or omission, may be corrected by the Government, the concerned authority or officer, as the case may be: Provided that no rectification order prejudicial to any person shall be passed unless such person has been given a reasonable opportunity of being heard.

21. Special provisions relating to minerals specified in Part B of the First Schedule to the Act.—(1) Notwithstanding anything contained in these rules—

- (a) if the holder of a Composite Licence or mining lease discovers any mineral specified in Part B of the First Schedule to the Act and not specified in such licence or lease, in the area granted under such licence or lease, the discovery of such mineral shall be reported to the Director, Atomic Minerals Directorate for Exploration and Research, Hyderabad within sixty days from the date of discovery of such mineral;
 - (b) the licensee or lessee shall not win or dispose of any mineral specified in Part B of the First Schedule to the Act unless such mineral is included in the licence or lease or a separate licence or lease for the purpose has been obtained;
 - (c) the quantities of any mineral specified in Part B of the First Schedule to the Act recovered incidental to such prospecting or mining operations shall be collected and stacked separately and a report to that effect shall be sent to the Director, Atomic Minerals Directorate for Exploration and Research, Hyderabad every month for such further action by the licensee or lessee as may be directed by the Atomic Minerals Directorate for Exploration and Research.
- (2) The licensee or lessee referred to in sub-rule (1) shall, within sixty days from the date of discovery of any mineral specified in Part B of the First Schedule to the Act, apply to the Secretary, Department of Atomic Energy, Mumbai, through the State Government, for grant

of a licence to handle such minerals under the provisions of the Atomic Energy Act, 1962 (33 of 1962) and the rules made thereunder and the Department of Atomic Energy shall intimate to the State Government regarding issue of the licence in this regard.

22. Exploration Obligation.—The holder of a mining lease shall complete detailed exploration (G1 level exploration) and prepare a detailed feasibility study report conforming to Part IV and V of the Mineral (Evidence of Mineral Contents) Rules, 2015 over the entire area under the mining lease, within a period of five years from the date of commencement of such mining lease.

23. [When day of completion of any requirement is a public holiday.— When the day of completion of any requirement under these rules is falling due on a public holiday, the day of completion shall be deemed to be due on the next successive working day.

Explanation.— The expression “public holiday” includes Saturday, Sunday and any other day declared to be a public holiday by the Central Government or the State Government, as the case may be.]

1 Inserted by Mineral (Auction) Second Amendment Rules, 2021, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 422 (E) dated 18.06.2021.

1 [SCHEDULE I]

Terms and conditions of eligibility [See rules 6(1) and 6(2)]

1. The following net worth requirements shall be applicable for an auction of mining lease depending on the Value of Estimated Resources, namely:— [Provided that the net worth requirement shall not exceed two hundred crore rupees.]

(a) If the Value of Estimated Resources is equal to or more than one thousand crore rupees, the applicant, including an individual, shall have a net worth more than 2 per cent of Value of Estimated Resources.

(b) If the Value of Estimated Resources is less than one thousand crore rupees but more than one hundred crore rupees, the applicant, including an individual, shall have a net worth more than 1 per cent of Value of Estimated Resources.

(c) If the Value of Estimated Resources is less than or equal to one hundred crore rupees, the applicant, including an individual, shall have a net worth more than 0.5 per cent of Value of Estimated Resources.

2. In case of auction of Composite Licence, the applicant shall have a net worth of more than 1 per cent of the Value of Estimated Resources and where the value of Estimated Resources is equal or less than one hundred crore rupees, the applicant must have a net worth more than 0.5 per cent of Value of Estimated Resources.

[Provided that the net worth requirement shall not exceed one hundred crore rupees:

Provided further that for the mineral block having such type of deposit as specified in serial numbers I, II and III of Part III of Schedule I to the Minerals (Evidence of Mineral Contents) Rules, 2015 (except those covered under Schedule II of the said rules), whose estimated quantity of mineral resources is not possible to be assessed for calculating the value of estimated resources under clause (m) of sub-rule (1) of rule 2, but the mining potentiality of the block has been identified based on the existing geoscience data, the applicant shall have a net worth more than or equal to twenty-five crore rupees.]

Explanation.—

(1) In case an applicant is a subsidiary of another company incorporated in India, the net worth of such holding company may also be considered:

Provided that, in such case, the applicant shall continue to be a subsidiary of such holding company until such time the applicant meets the aforementioned net worth threshold.

(2) In case of a company, the net worth shall be the sum of paid up share capital and the free reserves as per the audited balance sheet of the financial year ended immediately preceding the date of issuance of notice inviting tender.

1 Substituted by Mineral (Auction) Amendment Rules, 2017, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 1469 dated 30.11.2017.

2 Inserted by Mineral (Auction) Second Amendment Rules, 2021, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 422 (E) dated 18.06.2021.

(3) In case the notice inviting tender is issued between 1st April to 30th September (both days inclusive) of a year, the audited balance sheet of the financial year before the immediately preceding financial year, from the date of issuance of notice inviting tender, may be submitted by the bidder, if the audited balance sheet of the immediately preceding financial year is not available.

(4) In case of an individual, the net worth shall be the closing cash balance on the last date for submission of application, and such amount may include amount in savings bank accounts in Scheduled Bank or Post Office, free and un-encumbered fixed deposits in Scheduled Banks, Post Office, Listed Companies or Government organisation or Public Sector Undertakings of a State and the Central Government, Kisan Vikas Patra, National Saving certificate, Bonds, Shares of Listed Companies, Listed Mutual Funds, Unit Linked Insurance Plan, Public Provident Fund, Surrender Value of Life Insurance policies, and un-encumbered immovable property in the name of Applicant.

[SCHEDULE II]

INDICATIVE LIST OF SPECIFIED END USE [See rule 6(3)]

1 Omitted by Mineral (Auction) Second Amendment Rules, 2021, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 422 (E) dated 18.06.2021.

SCHEDULE III

Format of Performance Security [See rules 12(2)]

[Reference number of the bank]

[Date]

To

The Governor of [Name of State]

[address]

WHEREAS

A. {[Name of the Preferred Bidder] incorporated in India under the Companies Act, [1956/2013] with corporate identity number [CIN of the Preferred Bidder], whose registered office is at [address of registered office], India and principal place of business is at [address of principal place of business, if different from registered office] OR [Name of individual] who is citizen of India, having income tax permanent account number [number], residing at [address] OR [partnership firm/association of individuals], all members of whom are Indian citizens and residents of India whose principal place of business is at [address of principal place of business] (the " Preferred Bidder ") is required to provide an unconditional and irrevocable bank guarantee for an amount equal to INR [figures] (Indian Rupees [words]) as a performance security valid until [date of expiry of performance bank guarantee] ("Expiry Date").}

B. The Performance Security is required to be provided to The Governor of [Name of State], (the "State") for discharge of certain obligations under the Tender Document dated, [date] with respect to auction of [particulars of auction] and the Mine Development and Production Agreement to be executed between the State and the Successful Bidder (collectively the "Agreement").

C. We, [name of the bank] (the “Bank”) at the request of the 1 [Preferred] Bidder do hereby undertake to pay to the State an amount not exceeding INR [figures] (Indian Rupees [words]) (“Guarantee Amount”) to secure the obligations of the Successful Bidder under the Agreement on demand from the State on the terms and conditions herein contained herein. NOW THEREFORE, the Bank hereby issues in favour of the State this irrevocable and unconditional payment bank guarantee (the “Guarantee”) on behalf of the Successful Bidder in the Guarantee Amount:

1. The Bank for the purpose hereof unconditionally and irrevocably undertakes to pay to the State without any demur, reservation, caveat, protest or recourse, immediately on receipt of first written demand from the State, a sum or sums (by way of one or more claims) not exceeding the Guarantee Amount in the aggregate without the State needing to prove or to show to the Bank grounds or reasons for such demand for the sum specified therein and notwithstanding any dispute or difference between the State and Successful Bidder on any matter whatsoever. The Bank undertakes to pay to the State any money so demanded notwithstanding any dispute or disputes raised by the Successful Bidder in any suit or proceeding pending before any court or tribunal relating thereto the Bank’s liability under this present being absolute and unequivocal.

1 Substituted by Mineral (Auction) Amendment Rules, 2017, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 1469 dated 30.11.2017.

2. The Bank acknowledges that any such demand by the State of the amounts payable by the Bank to the State shall be final, binding and conclusive evidence in respect of the amounts payable by Successful Bidder to the State under the Agreement.

3. The Bank hereby waives the necessity for the State from demanding the aforesaid amount or any part thereof from the Successful Bidder and also waives any right that the Bank may have of first requiring the State to pursue its legal remedies against the Successful Bidder, before presenting any written demand to the Bank for payment under this Guarantee.

4. The Bank further unconditionally agrees with the State that the State shall be at liberty, without the Bank’s consent and without affecting in any manner the Bank’s obligation under this Guarantee, from time to time to:

- (i) vary and/or modify any of the terms and conditions of the Agreement;
- (ii) extend and / or postpone the time for performance of the obligations of the Successful Bidder under the Agreement, or
- (iii) forbear or enforce any of the rights exercisable by the State against the Successful Bidder under the terms and conditions of the Agreement.

and the Bank shall not be relieved from its liability by reason of any such act or omission on the part of the State or any indulgence by the State to the Successful Bidder or other thing whatsoever which under the law relating to sureties would, but for this provision, have the effect of relieving the Bank of its obligations under this Guarantee.

5. Any payment made hereunder shall be made free and clear of and without deduction for, or on account of, any present or future taxes, levies, imposts, duties, charges, fees, commissions, deductions or withholdings of any nature whatsoever.

6. The Bank agrees that State at its option shall be entitled to enforce this Guarantee against the Bank, as a principal debtor in the first instance without proceeding at the first instance against the Successful Bidder.

7. The Bank further agree that the guarantee herein contained shall remain in full force and effect during the period that specified in the Agreement and that it shall continue to be enforceable till all the obligations of the Successful Bidder under or by virtue of the said Agreement with respect to the Performance Security have been fully paid and its claims

satisfied or discharged or till the State certifies that the terms and conditions of the Agreement with respect to the Performance Security have been fully and properly carried out by the Successful Bidder and accordingly discharges this guarantee. Notwithstanding anything contained herein, unless a demand or claim under this guarantee is made on the Bank in writing on or before the Expiry Date the Bank shall be discharged from all liability under this guarantee thereafter.

8. The payment so made by the Bank under this Guarantee shall be a valid discharge of Bank's liability for payment thereunder and the State shall have no claim against the Bank for making such payment.

9. This Guarantee is subject to the laws of India. Any suit, action, or other proceedings arising out of this Guarantee or the subject matter hereof shall be subject to the exclusive jurisdiction of courts at the State of [respective State].

10. The Bank has the power to issue this Guarantee in favour of the State. This guarantee will not be discharged due to the change in the constitution of the Bank

11. The Bank undertakes not to revoke this Guarantee during its currency except with the previous consent of the State in writing.

12. The State may, with prior intimation to the Bank, assign the right under this Guarantee to any other departments, ministries or any governmental agencies, which may act in the name of the Governor. Save as provided in this Clause 12, this Guarantee shall not be assignable or transferable.

13. Notwithstanding anything contained herein, a. the liability of the bank under this bank guarantee shall not exceed the Guarantee Amount. b. This bank guarantee shall be valid up to the Expiry Date.

14. The Bank is liable to pay the guaranteed amount or any part thereof under this bank guarantee only and only if the State serves upon the Bank a written claim or demand on or before the Expiry Date.

[SCHEDULE IV Format of Performance Security for Composite Licence [See rule 19(4)]

[Reference number of the bank]

[Date]

To

The Governor of [Name of State]

[address]

WHEREAS

A. [Name of the Preferred Bidder] incorporated in India under the Companies Act, [1956/2013] with corporate identity number [CIN of the Preferred Bidder], whose registered office is at [address of registered office], India and principal place of business is at [address of principal place of business, if different from registered office] OR [Name of individual] who is citizen of India, having income tax permanent account number [number], residing at [address] OR [partnership firm/association of individuals], all members of whom are Indian citizens and residents of India whose principal place of business is at [address of principal place of business] (the "Preferred Bidder") is required to provide an unconditional and irrevocable bank guarantee for an amount equal to INR [figures] (Indian Rupees [words]) as a performance security valid for an initial period of [●]([●]) years from the date hereof ("Expiry Date").

C. The Performance Security is required to be provided to the Governor of [Name of State], (the "State") for discharge of certain obligations under the Tender Document dated, [date] with respect to auction of [particulars of auction] AND the deed for grant of a prospecting licence to be executed between the State and the Successful Bidder AND the Mine

Development and Production Agreement to be executed between the State and the Successful Bidder (collectively the "Agreement").

D. We, [name of the bank] (the "Bank") at the request of the Preferred Bidder or Successful Bidder do hereby undertake to pay to the State an amount not exceeding INR [figures] (Indian Rupees [words]) ("Guarantee Amount") to secure the obligations of the Preferred Bidder or Successful Bidder under the Agreement on demand from the State on the terms and conditions herein contained herein.

NOW, THEREFORE, the Bank hereby issues in favour of the State this irrevocable and unconditional payment bank guarantee (the "Guarantee") on behalf of the Preferred Bidder or Successful Bidder in the Guarantee Amount:

1. The Bank for the purpose hereof unconditionally and irrevocably undertakes to pay to the State without any demur, reservation, caveat, protest or recourse, immediately on receipt of first written demand from the State, a sum or sums (by way of one or more claims) not exceeding the Guarantee Amount in the aggregate without the State needing to prove or to show to the Bank grounds or reasons for such demand for the sum specified therein and notwithstanding any dispute or difference between the State and Preferred Bidder or Successful Bidder on any matter whatsoever. The Bank undertakes to pay to the State any money so demanded notwithstanding any dispute or disputes raised by the Preferred Bidder or Successful Bidder in any suit or proceeding pending before any court or tribunal relating thereto the Bank's liability under this present being absolute and unequivocal.

1 Inserted by Mineral (Auction) Amendment Rules, 2017, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 1469 dated 30.11.2017.

2. The Bank acknowledges that any such demand by the State of the amounts payable by the Bank to the State shall be final, binding and conclusive evidence in respect of the amounts payable by Preferred Bidder or Successful Bidder to the State under the Agreement.

3. The Bank hereby waives the necessity for the State from demanding the aforesaid amount or any part thereof from the Preferred Bidder or Successful Bidder and also waives any right that the Bank may have of first requiring the State to pursue its legal remedies against the Preferred Bidder or Successful Bidder, before presenting any written demand to the Bank for payment under this Guarantee.

4. The Bank further unconditionally agrees with the State that the State shall be at liberty, without the Bank's consent and without affecting in any manner the Bank's obligation under this Guarantee, from time to time to:

- i) vary and/or modify any of the terms and conditions of the Agreement;
- ii) extend and / or postpone the time for performance of the obligations of the Preferred Bidder or Successful Bidder under the Agreement, or
- iii) forbear or enforce any of the rights exercisable by the State against the Preferred Bidder or Successful Bidder under the terms and conditions of the Agreement, and the Bank shall not be relieved from its liability by reason of any such act or omission on the part of the State or any indulgence by the State to the Preferred Bidder or Successful Bidder or other thing whatsoever which under the law relating to sureties would, but for this provision, have the effect of relieving the Bank of its obligations under this Guarantee.

5. Any payment made hereunder shall be made free and clear of and without deduction for, or on account of, any present or future taxes, levies, imposts, duties, charges, fees, commissions, deductions or withholdings of any nature whatsoever.

6. The Bank agrees that State at its option shall be entitled to enforce this Guarantee against the Bank, as a principal debtor in the first instance without proceeding at the first instance against the Preferred Bidder or Successful Bidder.

7. The Bank further agrees that this bank guarantee and the guarantee obligations herein contained shall remain in full force and effect and shall continue to be enforceable till: (i) all the obligations of the Preferred Bidder or Successful Bidder under or by virtue of the said Agreement with respect to the Performance Security have been fully paid and its claims satisfied or discharged; or (ii) till the State certifies that the terms and conditions of the Agreement with respect to the Performance Security have been fully and properly carried out by the Preferred Bidder or Successful Bidder and accordingly discharges this guarantee; or (iii) on provision of a revised performance security under sub-rule (2) of rule 19 of the Mineral (Auction) Rules, 2015 whichever is later. Notwithstanding anything contained herein, unless a demand or claim under this guarantee is made on the Bank in writing on or before the Expiry Date the Bank shall be discharged from all liability under this guarantee thereafter.

8. The payment so made by the Bank under this Guarantee shall be a valid discharge of Bank's liability for payment thereunder and the State shall have no claim against the Bank for making such payment.

9. This Guarantee is subject to the laws of India. Any suit, action, or other proceedings arising out of this Guarantee or the subject matter hereof shall be subject to the exclusive jurisdiction of courts at the State of [respective State]

10. The Bank has the power to issue this Guarantee in favour of the State. This guarantee will not be discharged due to the change in the constitution of the Bank

11. The Bank undertakes not to revoke this Guarantee during its currency except with the previous consent of the State in writing.

12. The State may, with prior intimation to the Bank, assign the right under this Guarantee to any other departments, ministries or any governmental agencies, which may act in the name of the Governor. Save as provided in this Clause 12, this Guarantee shall not be assignable or transferable.

13. Notwithstanding anything contained herein,

a. the liability of the bank under this bank guarantee shall not exceed the Guarantee Amount; and

b. this bank guarantee shall be valid up to the Expiry Date.

15. The Bank is liable to pay the Guaranteed Amount or any part thereof under this bank guarantee only and only if the State serves upon the Bank a written claim or demand on or before the Expiry Date.