

No. M.VI-1/3/2023-Mines VI
Government of India
Ministry of Mines

Shastri Bhawan,
New Delhi-110 001
Dated, 21st October, 2024

ORDER

Whereas, the Mines and Minerals (Development and Regulation) Act, 1957 (67 of 1957) (hereinafter, 'the Act') was enacted to provide for development as well as regulation of mines and minerals in the country.

And whereas, the Act was amended by the Mines and Minerals (Development and Regulation) Amendment Act, 2023 (16 of 2023), *inter alia*, to insert section 10BA in the Act to provide for grant of exploration licence for twenty-nine critical and deep-seated minerals specified in Seventh Schedule to the Act through auction by the State Government. Further, the Central Government has been empowered to auction mining lease and composite licence in respect of twenty-four critical and strategic minerals specified in Part D of the First Schedule of the Act. The said amendment came into effect from 17th August, 2023. The necessary amendment in the rules for carrying out the provisions of the Act related to exploration licence were made on 21st January, 2024.

And whereas, the exploration licence permits the licensee to undertake reconnaissance and prospecting operations. The blocks explored by the exploration licence holder shall be auctioned for mining lease. The exploration agency is entitled to a share in the auction premium payable by the mining lease holder of the block explored by the licensee.

And whereas, deep-seated and critical minerals are difficult and expensive to explore and mine as compared to surfacial or bulk minerals. Thus, resource identification of such minerals and their share in total mineral production is meagre at present. India is mostly dependent on imports of these minerals. In this scenario, the exploration licence is aimed to facilitate, encourage and incentivize private sector participation in all spheres of mineral exploration for critical and deep-seated minerals. Involvement of private agencies in exploration would bring advanced technology, finance and expertise in exploration for deep-seated and critical minerals. The exploration licence regime is expected to create an enabling mechanism wherein the exploration agencies will bring in expertise from across the world in geological data acquisition, processing and interpretation value chain and leverage the risk-taking ability for discovery of mineral deposits through adoption of expertise and technologies.

And whereas, critical and strategic minerals play a vital role in a country's economy and their importance is increasing due to their usage and supply chain vulnerabilities. India has made commitment to achieve net-zero



emissions by 2070. The transition towards decarbonisation, particularly in the energy sector, is expected to drive significant demand for critical minerals. As the energy transition progresses, there will be increased demand for critical minerals to support the manufacturing of electric vehicles, wind and solar energy projects, and battery storage systems.

And whereas, considering the importance of critical minerals in the country's economy, the Hon'ble Finance Minister has announced establishment of National Critical Mineral Mission in the Union Budget 2024-25. This Mission is designed to advance India's journey towards self-reliance in the raw materials essential for the nation's economic growth and the transition to a net-zero economy. Expanding domestic exploration and production of critical minerals is one of the main components of the Mission.

And whereas, blocks containing the critical and deep-seated minerals specified in the Seventh Schedule to the Act are auctioned for grant of exploration licence. The holder of exploration licence thereby explores the blocks and prepare the blocks for auction of mining lease. In case the blocks for mining lease contains critical and strategic minerals specified in Part D of the First Schedule of the Act, then auction of such mining lease is mandated to be conducted by the Central Government under section 11D of the Act. Twenty-one minerals out twenty-nine minerals specified in the Seventh Schedule of the Act are also part of Part D of the First Schedule of the Act, being critical and strategic minerals. Thus, in most of the cases the blocks explored under exploration licence will be auctioned for mining lease by the Central Government.

And whereas, the Geological Survey of India had handed over geological reports in respect of twenty blocks to fourteen State Governments on 23rd January, 2024 for conducting auction for grant of exploration licence.

And whereas, in order to incentivise the exploration licence holders by mitigating the risk involved in exploration, the National Mineral Exploration Trust (NMET) has introduced a scheme for partial reimbursement of exploration expenses of exploration licence holders on 24th June, 2024. Under the scheme up to fifty per cent. of the exploration expenses upto twenty crore rupees under various components shall be reimbursed by the NMET. The scheme also provides further incentive of early exploration.

And whereas, out of fourteen State Governments which were handed over the blocks for exploration licence, only six State Governments initiated auction process in respect of twelve blocks. The Central Government in the Ministry of Mines has conducted several meetings with the State Governments to guide and facilitate the State Governments as well as to review the progress made in auction of the exploration licence blocks. However, the auction of exploration licence blocks has not taken off.

And whereas, the exploration licence blocks are large in size and requires specialised exploration agencies for their exploration. When exploration licence blocks are auctioned separately by different States, these specialised agencies, including international agencies, have to approach and engage with different State Governments for participating in auctions.

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Fragmented and uncoordinated auction of exploration licence blocks by different State Governments may have resulted in lack of response in the auction of exploration licence blocks by the State Governments. As the blocks for exploration licence are being auctioned for the first time in the country, concerted efforts are required for generating requisite awareness as well as ease of participation in auction by prospective bidders for successful auction of the blocks. In this regard, a centralised auction may address the issues regarding lack of response in the auction of exploration licence blocks.

And whereas, in case the Central Government is empowered to auction exploration licence blocks, it can put a reasonable number of blocks in various States together in the auction, as opposed to scattered auctions of one or two blocks by the State Governments. This will give a bigger picture to the specialised exploration agencies enabling them to decide on the blocks to bid which best suit their need and specialisation. Further, as the Central Government conducts auction of mining lease in respect of critical and strategic minerals and thus, auction of exploration licence blocks of minerals in the Seventh Schedule of the Act, most of which are critical and strategic minerals specified in Part D of the First Schedule of the Act, will boost confidence amongst prospective bidders and promote ease of doing business.

And whereas, any delay in auction of exploration licence blocks containing such critical and strategic minerals have impact on the starting exploration and production of these minerals and resultant availability of these minerals in the country. Timely action is required to support the country's goal of achieving *Atmanirbharta* in critical and strategic minerals.

And whereas, section 20A of the Act provides that notwithstanding anything contained in the Act, the Central Government may issue such directions to the State Governments, as may be required for the conservation of mineral resources, or any policy matter in the national interest, and for the scientific and sustainable development and exploitation of mineral resources.

Now therefore, in exercise of the powers conferred under section 20A of the Act, the Central Government, in the national interest, for the scientific and sustainable development and exploitation of mineral resources, hereby directs the following, namely:—

- (i) the Central Government shall henceforth notify the mineral blocks and conduct their auction for grant of exploration licence under sub-section (4) and (6) section 10BA of the Act;
- (ii) the provisions of section 10BA of the Act and the rules made thereunder regarding auction in respect of exploration licence, as applicable to a State Government, shall *mutatis mutandis* be also applicable to the Central Government for notifying the blocks for auction or conduct auction for exploration licence;
- (iii) 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 exploration licence for such area to such preferred bidder in accordance with rule 19G of the Mineral (Auction) Rules, 2015;



(iv) the power to notify the blocks for auction and conduct auction for exploration licence granted to the Central Government under this order shall also be exercisable by Designated Officer in the Ministry of Mines;

(v) the committee for the purpose of sub-rule (3) of rule 19A of the Mineral (Auction) Rules, 2015 shall consist of the following members, namely:—

(a) Additional Secretary, Ministry of Mines, Government of India – Chairman;

(b) Additional Director General, Geological Survey of India – Member;

(c) Chief Controller of Mines of Indian Bureau of Mines – Member;

(d) Director, Atomic Minerals Directorate for Exploration and Research – Member;

(e) Representative of State Government concerned – Member;

(f) Director, Ministry of Mines, Government of India – Member Secretary;

(vi) any auction process initiated by the State Government for grant of exploration licence prior to this order shall stand annulled on the date of issue of this order and such blocks shall be auctioned by the Central Government.

(Vivek Kumar Bajpai)

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To:

Principal Secretary / Secretary / DMGs of Mining Department of all State Governments / Union Territories

Copy also to:

1. Controller General, Indian Bureau of Mines
2. Designated Officer, Ministry of Mines