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Mining Laws and their Amendments in India: A Survey

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Abstracts

The regulatory framework governing mining activities in India has undergone significant evolution over the years, reflecting the country's growing industrialization, environmental concerns, and socio-economic priorities. This review paper provides a comprehensive survey of mining laws and their amendments in India, tracing the historical development of legislation from the colonial era to the present day. It examines key statutes such as the Mines and Minerals (Development and Regulation) Act, 1957, and its subsequent amendments, alongside other relevant laws, policies, and judicial interventions that have shaped the mining sector. The paper highlights the dual objectives of promoting sustainable resource extraction and ensuring environmental conservation while addressing the challenges of illegal mining, tribal rights, and revenue sharing. By analysing the impact of recent amendments, including the introduction of auction-based mineral allocations and district mineral foundations, this study offers insights into the effectiveness of the legal framework in balancing economic growth with social and environmental responsibilities. The review concludes with recommendations for future policy reforms to address emerging issues and foster a more transparent, equitable, and sustainable mining industry in India.

Major Findings: *India's mining laws have evolved to balance economic growth with environmental and social responsibilities. Key reforms, like auction-based mineral allocation and district mineral foundations, aim to curb illegal mining and ensure fair resource distribution. While progress has been made, challenges remain in transparency, sustainability, and safeguarding tribal rights, calling for further policy refinements.*

Keywords: *Indian Constitution, Mining Law, Mines and Minerals*

1.0 Introduction

India, with its rich mineral resources, has a long history of mining activities. The mining sector plays a crucial role in the country's economic growth and development. However, the sector has also faced challenges, including environmental degradation, social conflicts, and corruption. To regulate and promote responsible mining, India has enacted various laws and regulations over the years. This paper aims to provide a comprehensive survey of the key laws and amendments in mining law in India.

Mining worldwide is experiencing unprecedented production growth, with a surge in both the global market for minerals and precious metals and the quantity of materials being extracted. This expansion in production has been exponential, with output levels increasing rapidly across the industry, particularly for valuable commodities like gold (Au)[1,2]. Gold, in particular, is one of the most highly sought-after and traded metals in the world, making it the most heavily exploited precious metal in global mining operations[3-5]. The demand for gold

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remains strong, driven by its use in industries ranging from jewellery to electronics, and as a store of value.

In South America, several countries, including Colombia, Peru, Bolivia, Chile, Brazil, and Argentina, are known for their significant gold production and exports. These nations have established themselves as key players in the global gold market. Ecuador, in particular, has emerged as a competitive force in recent years. The country has developed a strategy to diversify its economic output, with a strong focus on increasing its gold production. This shift is part of a broader effort by Ecuador to capitalize on the growing global demand for gold, positioning itself as an increasingly important player in the regional and global mining industry[6-9].

The mining sector in India has long been a cornerstone of the nation's economic development, contributing significantly to industrial growth, employment generation, and revenue for both central and state governments. As a resource-rich country, India boasts a diverse mineral portfolio, ranging from coal and iron ore to rare earth elements, which are critical for various industries, including energy, infrastructure, and technology. However, the extraction and utilization of these resources are governed by a complex framework of mining laws and regulations that have evolved to address environmental, social, and economic concerns[10-16].

The legal framework as shown in Figure 1 for mining in India is primarily governed by the Mines and Minerals (Development and Regulation) Act, 1957 (MMDR Act), which has undergone several amendments to align with changing national priorities and global standards. These amendments have sought to address issues such as sustainable mining practices, transparency in allocation, and the rights of local communities affected by mining activities. Additionally, the introduction of policies like the National Mineral Policy (NMP) in 2008 and its subsequent revisions in 2019 reflect the government's commitment to balancing economic growth with environmental sustainability and social equity[17,18].

This paper aims to provide a comprehensive survey of mining laws and their amendments in India, analysing their impact on the mining sector and the broader economy. By examining key legislative changes, judicial interpretations, and policy shifts, the study seeks to highlight the challenges and opportunities presented by the evolving regulatory landscape. Furthermore, the paper explores the implications of these laws on stakeholders,

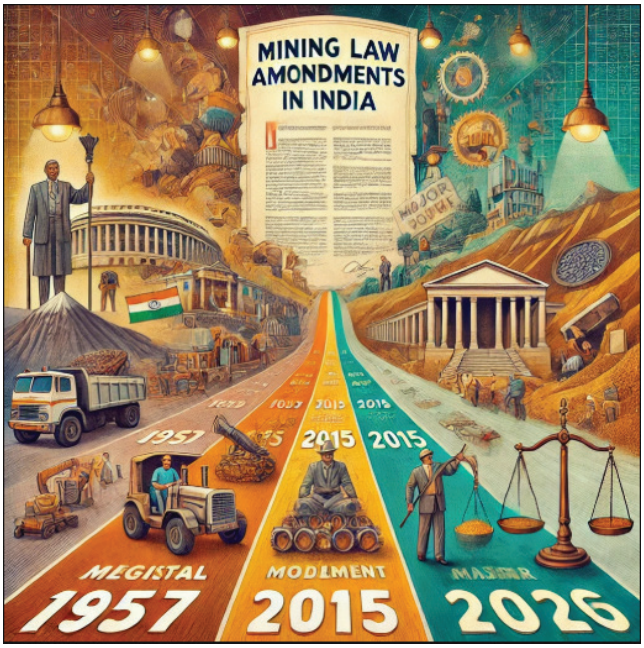


Figure 1. Amendments of mining law in India.

including mining companies, local communities, and government agencies, while also considering India's commitments to global sustainability goals (International Council on Mining and Metals [ICMM], 2020; Supreme Court of India, 2013).

2.0 Objectives of the MMDR Act

The primary objective of the MMDR Act is to regulate the mining of minerals and to promote the development of the mining sector while ensuring environmental sustainability.

The Mines and Minerals (Development and Regulation) Act, 1957 (MMDR Act) is the principal legislation governing the mining sector in India.

Its primary objectives are to ensure the systematic and scientific development of mineral resources, promote sustainable mining practices, and regulate the mining industry to balance economic growth with environmental and social considerations. The Act has undergone several amendments to address emerging challenges and align with national and global priorities. Below are the key objectives of the MMDR Act:

(i) **Systematic Development of Mineral Resources**: The MMDR Act aims to facilitate the orderly development of mineral resources in India by providing a legal

framework for the exploration, extraction, and management of minerals. This includes the grant of mining leases and licenses to ensure that mineral resources are utilized efficiently and sustainably[18].

(ii) **Promotion of Sustainable Mining Practices**: One of the core objectives of the MMDR Act is to promote environmentally sustainable mining practices. The Act emphasizes the need for mining activities to minimize environmental degradation and adhere to environmental regulations, such as those outlined in the Environmental Impact Assessment (EIA) Notification, 2006[19].

(iii) **Transparency and Fair Allocation of Resources**: The MMDR Act seeks to ensure transparency in the allocation of mineral resources through competitive bidding and auction processes. The 2015 amendment introduced auction as the primary method for granting mining leases to prevent discretionary allocations and promote fairness[20].

(iv) **Protection of Tribal and Local Community Rights**: The Act recognizes the rights of tribal and local communities affected by mining activities. It mandates that mining projects obtain consent from gram sabhas (village councils) in Scheduled Areas and ensure that local communities benefit from mining operations through employment and community development programs[21].

(v) **Economic Growth and Revenue Generation**: The MMDR Act aims to contribute to India's economic growth by ensuring that mining activities generate revenue for both central and state governments. This includes the collection of royalties, taxes, and other fees, which are used for infrastructure development and public welfare[22,23].

3.0 Major Amendments to the MMDR Act

The MMDR Act has undergone several amendments as shown in Table 1 over the years to address emerging challenges and to align with evolving policy objectives. Some of the major amendments include:

The Mines and Minerals (Development and Regulation) Amendment Act, 1999 (MMDR Amendment Act, 1999) was a significant overhaul of the original *Mines and Minerals (Development and Regulation) Act, 1957* (MMDR Act). This amendment aimed to address several issues in the mining sector, including the inefficiencies in mineral exploration, the need for improved transparency in the allocation of mining resources, and environmental concerns arising from unregulated mining activities. The 1999 amendment brought in key changes to modernize the mining sector in India.

Introduction of *Non-Ferrous* Mineral Auctions: One of the major changes brought by the 1999 Amendment was the introduction of a competitive bidding mechanism for the allocation of mining leases for certain non-ferrous minerals, such as copper, zinc, and other metals. The amendment introduced the idea of *competitive bidding* to ensure fairness and transparency in the process of granting mining leases. This move aimed to reduce the scope for arbitrary decisions and to attract more private investment in the mining sector.

Extension of Lease Period for Mining: The Amendment Act extended the duration of mining leases from the earlier provision of 30 years to 50 years for non-coal minerals, with an option for a further 20-year extension. This extension was intended to provide greater stability and long-term planning opportunities for mining companies, encouraging them to invest in exploration, technological upgrades, and sustainable mining practices.

Streamlining the Process for Granting Leases: The MMDR Amendment Act simplified the procedure for granting mining leases and concessions. The amendment reduced the administrative hurdles involved in obtaining mining leases and provided for a more transparent and time-bound system. This was aimed at creating a more investor-friendly environment, boosting both domestic and foreign investment in the mining sector.

Revocation of Licenses for Non-Compliance: The 1999 amendment included provisions for the revocation of mining licenses if the licensee failed to comply with the terms and conditions of the lease or violated environmental regulations. The Act made the enforcement of mining rules stricter, helping curb illegal mining activities and ensuring that miners followed best practices in terms of safety and environmental sustainability.

Environmental Protection and Safeguards: Recognizing the environmental degradation caused by mining activities, the MMDR Amendment Act, 1999 introduced stricter requirements for environmental safeguards. Mining leaseholders were required to

comply with environmental protection measures as per the laws in force, including land reclamation, rehabilitation of mining sites, and the control of pollution during the mining process.

Focus on Mineral Exploration: The amendment also emphasized the importance of mineral exploration by introducing provisions for the grant of reconnaissance permits. These permits allow companies to explore minerals in areas that had not been fully surveyed, opening up new regions for mining development. This was done to increase the discovery of new mineral reserves in India, thereby boosting the country's mineral output and reducing dependence on imports.

Rationalization of Royalty and Dead Rent Provisions: The 1999 Amendment Act introduced revisions to the provisions for royalties and dead rent. It allowed the government to adjust the royalty rates for different minerals more frequently, based on market conditions. Additionally, the Act provided for the collection of dead rent if the mining activity was not carried out as per the agreed timelines.

Recognition of Private Sector Involvement: The amendment encouraged greater participation of the private sector in mineral exploration and mining activities. It allowed private entities to hold mining leases, ensuring a greater role for the private sector in the efficient extraction of minerals. This move was also aimed at attracting investment and technology into the sector, which had previously been dominated by state-run enterprises.

However, challenges such as illegal mining, environmental damage, and the slow pace of lease allocation continued to persist after the amendment. To address these issues, further reforms were introduced in subsequent amendments, particularly the MMDR (Amendment) Act, 2015, which introduced the auctioning process for mineral resources and strengthened the regulatory framework.

Table 1. Key highlights of law amendments done in the respective year

S. No.	Amendment year and name of law	Key highlight
1	Mines and Minerals (Development and Regulation) Act, 1957 (MMDR Act)	The primary law governing mining in India until recent amendments modernized it.
2	MMDR Amendment Act, 2015	• Introduced the auction-based system for granting mineral leases, replacing the earlier discretionary allocation. • Increased the validity of mining leases to ensure operational continuity. • Established the District Mineral Foundation (DMF) to benefit communities affected by mining activities. • Set up the National Mineral Exploration Trust (NMET) to promote exploration efforts.
3	MMDR Amendment Act, 2020 *(Commercial Coal Mining Reform)*	• Allowed private sector participation in coal mining, opening the sector to non-captive use. • Removed end-use restrictions, enabling companies to mine and sell coal freely.
4	MMDR Amendment Act, 2021 *(Further Liberalization and Ease of Doing Business)*	• Allowed the transfer of mining leases without government approval in certain cases. • Removed distinction between captive and non-captive mines, allowing captive mines to sell minerals in the open market. • Strengthened penal provisions for illegal mining. • Gave states more power to reallocate lapsed mining leases quickly.
5	The Offshore Areas Mineral (Development and Regulation) Amendment Bill, 2023 *(Regulating Deep-Sea Mining)*	• Strengthened the regulatory framework for offshore mineral exploration. • Emphasized environmental safeguards and sustainable practices for seabed mining.

4.0 Other Relevant Laws and Regulations

In addition to the MMDR Act, several other laws and regulations are relevant to the mining sector in India:

- **The Environment Protection Act, 1986**: This Act provides for the protection and improvement of the environment and the prevention of pollution.
- **The Forest Conservation Act, 1980**: This Act regulates the use of forest land for non-forest purposes, including mining.
- **The Indian Forest Act, 1927**: This Act governs the management and conservation of forests in India.
- **The Water (Prevention and Control of Pollution) Act, 1974**: This Act regulates the discharge of pollutants into water bodies.
- **The Air (Prevention and Control of Pollution) Act, 1981**: This Act regulates air pollution from mining activities.
- **Sustainable Development and Environmental Concerns**

  Sustainable Development Framework (SDF): India has integrated sustainable development principles into its mining laws, aligning with international conventions. The Mines Act, 1952, and the MMDR Act, 1957, emphasize sustainable practices, reflecting the country's commitment to environmental protection[8]. Land Acquisition Laws: The Coal Bearing Areas Act of 1957 has been criticized for lacking environmental and social safeguards. There is a call to align it with the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act 2013 to ensure better environmental protection[9]. Despite the various laws and regulations governing the mining sector in India, several challenges persist, including:

  Enforcement: Effective enforcement of mining laws and regulations remains a challenge.

  Illegal mining: Illegal mining continues to be a significant problem in many parts of the country.

  Environmental degradation: Mining activities often lead to environmental degradation, including deforestation, soil erosion, and water pollution.

  Social conflicts: Mining projects can lead to social conflicts, particularly concerning land acquisition and displacement of communities.

To address these challenges, it is essential to strengthen the enforcement of mining laws, promote sustainable mining practices, and ensure the equitable sharing of mining benefits with local communities. Additionally, there is a need for continuous review and updating of mining laws to keep pace with technological advancements and evolving environmental and social concerns.

5.0 Conclusion

The mining sector plays a vital role in India's economic development. However, it is imperative to balance economic growth with environmental protection and social equity. The various laws and regulations governing the mining sector provide a framework for responsible mining. By effectively implementing and enforcing these laws, India can promote sustainable mining and minimize the negative impacts of mining activities on the environment and society. These amendments reflect India's push toward a transparent, investor-friendly, and sustainable mining ecosystem. The shift from restrictive policies to a more open and competitive framework has attracted investment while ensuring environmental and community welfare.

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