



Including Non-Mineralised Areas in Mining Leases

For Prelims: [Mining Leases](#), [Mines and Minerals \(Development and Regulation\) Act, 1957](#), [Supreme Court](#), [Waste management](#), [Indian Bureau of Mines \(IBM\)](#), [Illegal Mineral Extraction](#), [District Mineral Foundation \(DMF\)](#), [National Mineral Exploration Trust \(NMET\)](#), [The Mines and Minerals \(Development and Regulation\) Amendment Act, 2023](#), [Critical Minerals](#), [Foreign Direct Investment](#), [Net-Zero Emissions By 2070](#).

For Mains: Significance of India's Mineral Policy, Economic Governance, Sustainable Resource Management, And Environmental Regulations.

Source: [BS](#)

Why in News?

Recently, the Centre has allowed state governments to include **non-mineralised areas** within existing [mining leases](#) for dumping mine waste and overburden, streamlining operations and addressing industry challenges.

- The [Ministry of Mines](#) clarified that under the [Mines and Minerals \(Development and Regulation\) Act, 1957](#), non-mineralized areas for ancillary activities like waste disposal can be included within a mining lease.
- This interpretation is supported by the **Mines Act, 1952**, and Rule 57 of the **Mineral Concession Rules, 2016**, which allow ancillary zones to be included in the lease area.

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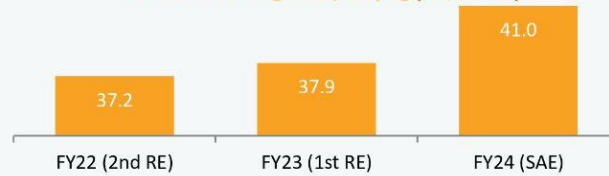
METALS AND MINING



MARKET SIZE

Trend Point: GVA from mining and quarrying stood at US\$ 37.9 billion in FY23, as per the first revised estimates.

GVA from mining and quarrying (US\$ billion)

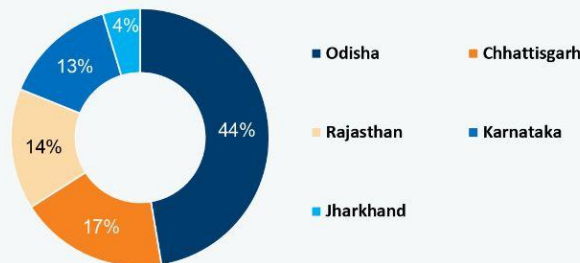


Note: RE- Revised Estimate, SAE- Advance Estimate ; GVA - Gross Value Added



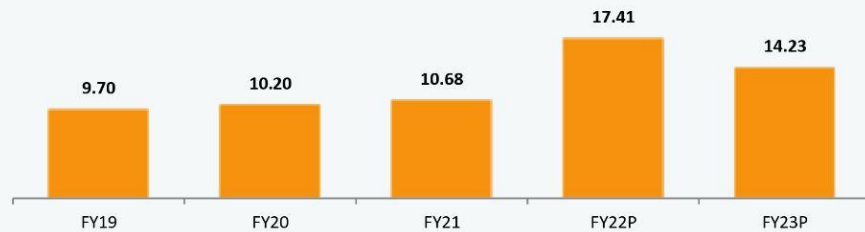
SECTOR COMPOSITION

Share of States In Mineral Production (in terms of production value, FY22)

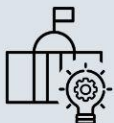


KEY TRENDS

Mineral Production in India (in US\$ billion)^



Note: ^Excluding atomic and minor and hydrocarbon energy minerals, P- Provisional



GOVERNMENT INITIATIVES



ADVANTAGE INDIA

- **Demand growth:** In 2023, the mineral's demand is likely to increase by 3%, driven by expanded electrification and overall economic growth in India. India has set the targets of achieving a total crude steel capacity of 300 million tonnes per annum (MTPA) and total crude steel demand/production of 255 MTPA by 2030-31. The demand of zinc is expected to double in India in the next five to 10 years on the back of huge investments in infrastructure sector, including steel, International Zinc Association
- **Attractive opportunities:** Under the PLI Scheme for Specialty Steel, 57 MoUs with 27 companies have been signed, attracting investments of US\$ 3.55 billion (Rs. 29,500 crores), creating an additional capacity of 25 MT and generating employment for 17,000 people by FY 2027-28. As of December 2023, companies have invested US\$ 1.55 billion (Rs.12,900 crores), with an expected investment of US\$ 360 million (Rs. 3,000 crores) in FY'24. Five units have already commenced production, and nine more are set to begin operations in the last quarter of FY24.
- **Policy support:** In December 2023, the Ministry of Mines proposed capping performance security and upfront amounts for mining critical minerals to attract more bidders. Currently based on a percentage of the Value of Estimated Resources (VER), the move aims to reduce barriers to participation in auctions and expedite the process for mining leases.
- **Competitive advantage:** India holds a fair advantage in cost of production and conversion costs in steel and alumina. India is the 2nd largest Aluminum producer, 3rd largest lime producer and 4th largest iron ore producer in the world.

What are the Supreme Court Rulings for Regulating Mining and Minerals?

- **Centre's Primary Authority:** In 1989, a seven-judge Bench in *India Cement Ltd. v. the state of Tamil Nadu case* ruled that mining regulation falls primarily under the Centre's authority via the **Mines and Minerals (Development and Regulation) Act, 1957**, and **Entry 54** of the [Union List](#).
- **State Authority on Taxes:** In *State of Orissa v. M.A. Tulloch & Co. Case*, it was held that states could only collect royalties, not impose additional taxes, as royalties were classified as taxes.
 - A 2004 judgment in *State of West Bengal v. Kesoram Industries Ltd. Case* questioned this classification, leading to a nine-judge review.
- **Overturing 1989 Verdict:** In July 2024, the Court ruled in favor of states (**overtured 1989 judgement**), asserting their **power to tax mineral rights under Entry 50** of [List II \(State List\)](#) while limiting Parliament to imposing constraints to ensure mineral development isn't hindered.
 - However, some judges expressed concerns that unchecked state taxation could disrupt federal uniformity in mineral pricing and development, urging Parliament to intervene for consistency.

Goa Foundation v. Union of India Case, 2014: Against Dumping Outside Valid Lease Areas

- **Prohibition of External Dumping:** The Supreme Court ruled that dumping mine waste or overburden outside the boundaries of valid mining leases is **prohibited to prevent environmental and legal violations**.
- **Protection of Non-Lease Areas:** The ruling emphasized that **non-lease areas must not be used for mining-related activities**, ensuring their preservation and proper regulation.
- **Alignment with Mining Laws:** The Court's decision reinforced compliance with the **Mines and Minerals (Development and Regulation) Act, 1957**, and related laws that restrict unauthorized use of land.
- **Impact on Mining Practices:** Mining operations were required to include waste management within leased areas, prompting changes in planning and land allocation.

What are the Implications of the Recent Inclusion of Non-Mineralised Areas?

- **Streamlined Operations:** Including non-mineralised areas in **mining leases** ensures safe and **efficient management of overburden and waste**, addressing industry operational challenges.
 - **Overburden**, consisting of rocks, soil, and materials removed to access minerals, must be properly managed for safe mining.
 - **Non-mineralised areas**, lacking significant mineral deposits, can be allocated by state governments for overburden disposal and added to mining leases without auction if they are contiguous.
- **Aligned with 2014 Ruling:** The move aligns with the [Supreme Court's](#) 2014 ruling against dumping outside valid lease areas.
- **Efficient Land Utilisation:** Allowing **waste disposal** within lease areas ensures optimal use of non-mineralised zones without necessitating separate auctions for such purposes.
- **Industry Growth:** Eases operational hurdles, encouraging sustainable mineral extraction and fostering growth in the mining sector.
 - States can allocate contiguous or non-contiguous non-mineralised areas for [waste management](#) if it benefits mineral development, providing operational flexibility.
- **Safeguards Against Misuse:** States must ensure non-mineralised areas are verified, consult the [Indian Bureau of Mines \(IBM\)](#) for extent determination, and notify IBM about supplementary leases, preventing [illegal mineral extraction](#).

What is the Mines and Minerals (Development and Regulation) Act, 1957?

- **Pivotal Legislation:** This Act governs India's mining sector, aiming to **develop the industry, conserve minerals, and ensure transparency** and efficiency in exploitation.
- **Initial Objectives:** Focused on promoting mining, conserving resources, and regulating concessions.
- **2015 Amendment:** The 2015 Amendment introduced key reforms, including the **Auction Method** for transparency, the establishment of **District Mineral Foundation (DMF)** for mining-affected areas, **National Mineral Exploration Trust (NMET)** to boost exploration, and stringent penalties for illegal mining.
- **2021 Amendment:** **Captive mines** are operated by **companies to extract minerals for their own use**, with up to 50% of their annual production allowed for sale in the open market after fulfilling the requirements of the end-use plant.
 - **Merchant mines** are operated to produce minerals for sale in the open market, with the extracted minerals sold to various buyers, including industries without their own mines.
 - **Auction-only concessions** ensure that all private-sector mineral concessions are granted through auctions.
- **2023 Amendment:** **The Mines and Minerals (Development and Regulation) Amendment Act, 2023** aims to enhance the exploration and extraction of **critical minerals** vital for India's economic growth and national security.
 - Key changes include removing **six minerals** from the list of **12 atomic minerals** reserved for state agency exploration and allowing the government to exclusively auction concessions for critical minerals.
 - **Exploration licenses** have been introduced to attract **foreign direct investment** and engage junior mining companies in exploring deep-seated and critical minerals.
 - The amendments focus on **reducing import dependence** and encouraging private sector participation to accelerate the mining of essential minerals like **lithium, graphite, cobalt, titanium, and rare earth elements**, supporting India's energy transition and commitment to **net-zero emissions by 2070**.

Drishti Mains Questions:

Evaluate the role of the Mines and Minerals (Development and Regulation) Act, 1957 in regulating India's mining sector and its amendments.

UPSC Civil Services Examination, Previous Year Questions (PYQs)

Prelims:

Q. What is/are the purpose/purposes of 'District Mineral Foundations' in India? (2016)

1. Promoting mineral exploration activities in mineral-rich districts
2. Protecting the interests of the persons affected by mining operations
3. Authorizing State Governments to issue licences for mineral exploration

Select the correct answer using the code given below:

- (a) 1 and 2 only
- (b) 2 only
- (c) 1 and 3 only
- (d) 1, 2 and 3

Ans: (b)

Mains:

Q. What are the consequences of Illegal mining? Discuss the Ministry of Environment and Forests' concept of GO AND NO GO zones for coal mining sector. **(2013)**

PDF Refernece URL: <https://www.drishtias.com/printpdf/including-non-mineralised-areas-in-mining-leases>

