

Mining Rules Update to Allow Cos to Explore a Block and Bid For it

WELCOME CHANGE Move to woo large players to actively explore minerals in the country

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New Delhi: The government will soon allow entities conducting exploration of mineral blocks to bid for mining the same blocks, said officials. It is set to notify new mining rules which seek to encourage large mining companies to actively explore minerals in the country, they said.

Once approved, these changes in mining rules will allow companies to both explore a block and bid for it.

"This will prompt large players to undertake exploration activity which so far has seen muted interest," said one of the officials, who did not wish to be identified.

Under the existing regime, companies that help establish mineable resources through exploration licences are barred from participating in bids for the same blocks.

The ban on exploration licence holders from bidding for mining acted as a deterrent for the sector, with many large mining companies

Mining Ahead

Mineral blocks to be auctioned

832

Blocks auctioned till now

353

Source: Industry



EMPOWERING EXPLORERS
Exploration licence holders will be allowed to bid for mines



Revenue quoted by EL holder will be made public

es that had units involved with exploration keeping away from participating in exploration. This put the entire burden of exploration on the Geological Survey of India to establish mineable resources in the country.

FOCUS ON TRANSPARENCY

As per the proposed change, bids placed by companies for a block they explored will immediately be

made public to bring transparency in the auction process.

Bids quoted by other participants will remain masked until the end of the auction, as is the case right now. The official cited earlier said publicly declaring a bid by the exploration licence holder may encourage other participants to quote higher revenues.

Bidding is conducted by state governments and the revenue shared

with the exchequer is the parameter which determines winners of a mining lease.

Exploration licence holders can explore the area from the reconnaissance stage and bring it up to the level required for starting mining operations. The proposed rule change will allow the same promoter group entities to bid.

The ban on exploration licence holders from bidding for mining acted as a deterrent for the sector

"The participation ban rules extend to companies that have the same promoters in the

mining and the exploration firms for blocks in question," said another official.

India has about 688,000 square kilometres (sq km) of 'obvious geological potential', of which about 197,000 sq km of high potential area has been identified by the Geological Survey of India. It is estimated that only 1% of the global budget for mineral exploration is spent in India.