

Scheme for Partial Reimbursement of Exploration Expenses for Holders of Exploration Licences (EL)

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About Scheme for Partial Reimbursement of Exploration Expenses for Holders of Exploration Licences (EL):

- It was launched by the **Ministry of Mines** to offer partial reimbursement of exploration expenses to licence holders.
- It offers a **50 percent reimbursement on expenses incurred during the exploration of critical minerals**, with a maximum **cap of Rs 20 crore**.
- The maximum cap **can be increased to Rs 24 crore** if the **EL holder hands over a G2 (general exploration) block for auction** for the grant of a mining lease **within three years from the execution**

of the exploration licence and it is successfully auctioned.

- The **incentives** for all selected licensees will be **provided from the Rs 5,000 crore National Mineral Exploration Trust (NMET) fund.**
 - However, the **EL holder must repay the amount** received from the NMET **within ten years, in equal annual instalments**, starting from the beginning of mineral production and the receipt of auction premium shares from any mining leases auctioned based on their exploration.
 - **If the EL holder receives a lump sum payment** instead of annual premiums, they **must repay the full amount** to NMET **within one month of** receiving the lump sum payment.
 - Though EL holders will have to return the money, there is **no limit on** the number of **applications or the scheme's outlay.**
 - The initiative is **part of the National Mineral Exploration Policy (NMEP) of 2016**, which aims to involve the private sector in mineral exploration by leveraging their expertise, technology, and financial resources.
 - The **exploration of critical and deep-seated minerals** became **possible after the 2023 amendment to the Mines and Minerals (Development and Regulation) Act, 1957 (MMDR Act).**
 - This amendment introduced a new mineral concession for the exploration of 29 critical and deep-seated minerals listed in the Seventh Schedule of the Act, aiming to encourage private sector participation.
 - The scheme allows **optional participation for EL holders granted licences** through auction after the scheme's introduction.
 - To avail these benefits, the **holders must submit an exploration expense reimbursement proposal within six months of receiving their EL.**
 - **Decisions on reimbursement** under the scheme—whether accepted, rejected, or disputed — **will not impact the obligations of EL holders** as per the terms of their EL set by the State Government at the time of auction.
 - The **ministry** has **divided the exploration exercise into six stages, each eligible for 50 per cent reimbursement** with a maximum cap of Rs 20 crore.
 - The guidelines have also **outlined specific maximum outlays for each stage** in the scheme.
 - During the **geological mapping and sampling stage**, an EL holder can seek reimbursement **up to Rs 1.50 crore.**
 - For **geophysical investigations**, the reimbursement limit is **Rs 3 crore**, and for **exploratory drilling**, it stood at **Rs 10 crore.**
 - Additionally, the expenses for **chemical and petrological analysis, mineral beneficiation, research collaborations, and consultancy** services can be reimbursed up to **Rs 2.50 crore, Rs 1.50 crore, and Rs 1.50 crore** respectively.
 - **Logistics expenses**, which include setting up camp offices and hiring personnel, can be reimbursed up to **Rs 1.50 crore annually**, with a maximum of Rs 30 lakh per year.
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Q1: What are Critical Minerals?

A mineral is critical when the risk of supply shortage and associated impact on the economy is (relatively) higher than other raw materials. These minerals are essential for economic development and national security, and their

lack of availability/ the concentration of extraction/ processing in a few geographical locations could potentially lead to supply chain vulnerabilities. These (such as lithium, graphite, cobalt, titanium, and rare earth elements) are essential for the advancement of many sectors, including high-tech electronics, telecommunications, transport, and defence.

Source: Govt offers 50% refund to licence holders for critical mineral exploration

Source: <https://vajiramandravi.com/current-affairs/scheme-for-partial-reimbursement-of-exploration-expenses-for-holders-of-exploration-licences-el/>

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