Mines and Minerals (Development and Regulation) Amendment Bill, 2021

Why in news?

Coal and Mines Minister introduced the Mines and Minerals (Development and Regulation) Amendment Bill, 2021 in Lok Sabha.

What are the key changes?

- **Sale** - The amendment proposes to allow captive miners of both coal and other minerals to sell up to 50% of their production.
- This is allowed after meeting the requirements of the end-use plant and on paying additional royalty to the state government.
    - Operators are currently only allowed to use coal and minerals extracted from captive mines for their own industrial use.
- The increased flexibility would allow miners to maximise output from captive mines.
- They would be able to sell output in excess of their own requirements.
- **Additional royalty payments** - The Bill proposes to fix additional royalty payments to states for the extension of mining leases for central public sector enterprises.
    - There were disagreements over the additional royalty to be paid by state-owned NMDC to the Karnataka government.
    - This was over the extension of mining rights at the Donimalai mine.
    - The issue led to NMDC suspending operations at the mine for over two years.
    - NMDC recently resumed operations after an interim agreement on the additional royalty to be paid to the Karnataka government.
- It is anticipated that the state governments would object to the fixing of an additional royalty to be paid by CPSEs for such extensions.
- This is because it may lead to lower revenues compared to a transparent auction process.
- **Auctions or re-auction processes** - The Bill aims at streamlining the renewal of the auction process for minerals and coal mining rights.
- It proposes to empower the central government to conduct auctions or re-auction processes for the grant of a mining lease.
- This is only in case if a state government fails to complete the auction

process in a specified period.

- The period will be decided after consultations between the Centre and state.
- Industry players may welcome the move as it would likely lead to greater transparency in the auction process.
- This is significant because there is a perception that state governments might in some cases prefer some bidders.
- They may even try to delay or cancel mining rights if their preferred bidders do not win mining rights.

Could there be a legal challenge?

- The amendment, if passed, is likely to face legal challenges.
- The Bill in a way seems to take away the state government's discretionary power and their rights or benefits seems to be infringed.
- It is thus likely to be challenged in the Supreme Court, especially in the case of state governments where there is an Opposition party in power.

Source: The Indian Express

