Mining laws (Amendment) Ordinance 2020

Why in News?

The Union Cabinet approved the promulgation of Mineral Laws (Amendment) Ordinance 2020.

What are the decisions taken?

- The Centre has decided to,
    1. Liberalise norms for entry into coal mining and
    2. Relax regulations on mining and selling coal in the country.
- The Union Cabinet approved promulgation of Mineral Laws Ordinance 2020 to amend,
    1. The Coal Mines (Special Provisions) Act, 2015, and
    2. The Mines and Minerals (Development and Regulation) Act, 1957.
- Amendments to these two Acts cleared by the Cabinet will **free the sector from restrictions** that were inhibiting its development.
- This will open up the coal mining sector completely, enabling anyone with finances and expertise to bid for blocks and sell the coal freely to any buyer of their choice.

What was the case till now?

- Until now there were restrictions on who could bid for coal mines.
- Only those in power, iron and steel, and coal washery business could bid for mines and the bidders needed prior experience of mining in India.
- This effectively limited the potential bidders to a select circle of players and thus limited the value that the government could extract from the bidding.
- The end-use restrictions inhibited the development of a domestic market for coal.

What will the ordinance do?

- The ordinance **democratises the coal industry** and makes it attractive for merchant mining companies, including multinationals to look at India.
- The move was behind the schedule considering that the country spent ₹ 1,71,000 crore in coal imports last year to buy 235 million tonnes, of this,
    1. 100 million tonnes was not substitutable, as the grade was not available in India,

2. 135 million tonnes could have been substituted by domestic production had it been available.

What will be the ordinance's impact?

- Large investment in mining will **create jobs** and **set off demand** in critical sectors such as mining equipment and heavy commercial vehicles.
- The country may **benefit from infusion of sophisticated mining technology**, especially for underground mines, if multinationals decide to invest.
- However, for that to happen, the government needs to do more such as,
  1. Shaping the time taken for approvals of mining leases and
  2. Easing the procedures for clearances.
- The test would come when 46 producing mines, whose leases expire in March 2020, come up for bidding shortly.

What does the ordinance mean to CIL?

- Coal India Limited (CIL) is a Maharatna PSU and tremendous public resources have been invested in the company over the years.
- The company employs about 3 lakh people and is a national asset.
- Opening up of coal mining effectively **ends CIL's monopoly status**.
- It is the responsibility of the government to ensure that CIL is not compromised the way BSNL has been by the opening up to private players.
- Coal Minister emphasised that the CIL has been and will be allotted adequate blocks and that it will be supported and the interests of labourers will be taken care of.
- **CIL has to be nurtured** even as private players are welcomed.

Source: The Hindu

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