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Mineral Laws (Amendment) Bill, 2020

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Why in News

Recently, the Parliament has passed the Mineral Laws (Amendment) Bill, 2020.

- The Bill replaces the ordinance for amendment of the Mines and Minerals (Development and Regulation) Act, 1957 (MMDR Act) and the Coal Mines (Special Provisions) Act, 2015 (CMSP Act) which was promulgated on 11th January 2020.
- The Bill is expected to open a **new era in Indian coal & mining sector especially to promote Ease of Doing Business**.

NOTE:

- The **MMDR Act** regulates the overall mining sector in India.
- The **CMSP Act** provides for the auction and allocation of coal mines whose allocation was cancelled by the Supreme Court in 2014.
 - **Schedule I** of the Act provides a list of all such mines; Schedule II and III are sub-classes of the mines listed in the Schedule I.
 - **Schedule II** mines are those where production had already started before the Supreme court's order in 2014 and Schedule III mines are ones that had been earmarked for a specific end-use.

Key Points

- **Removal of restriction on end-use of coal:**
 - Currently, companies acquiring Schedule II and Schedule III coal mines through auctions can use the coal produced **only for specified end-uses such as power generation and steel production.**
 - The Bill removes this restriction on the use of coal mined by such companies. And thus companies will be allowed to carry on coal mining operation for own consumption, sale or for any other purposes, as may be specified by the central government.
- **Eligibility for auction of coal and lignite blocks:**

The Bill clarifies that the companies **need not possess any prior coal mining experience in India in order to participate in the auction of coal and lignite blocks.**
- **Composite license for prospecting and mining:**
 - The Bill adds a **new type of license**, called **prospecting license-cum-mining lease**. It will be a composite license providing for both prospecting and mining activities.
 - **Currently, separate licenses** are provided for prospecting and mining of coal and lignite, called prospecting license, and mining lease, respectively. Prospecting includes exploring, locating, or finding mineral deposit.
- **Advance action for auction:**
 - The Bill provides that **state governments** can take **advance action for auction of a mining lease before its expiry.**
 - Under the MMDR Act, mining leases for specified minerals (minerals other than coal, lignite, and atomic minerals) are auctioned on the expiry of the lease period.
- **Transfer of statutory clearances to new bidders:**
 - The Bill provides that the various approvals, licenses, and clearances given to the previous lessee will be **extended to the successful bidder for a period of two years.**
 - During this period, the new lessee will be allowed to continue mining operations. However, the new lessee **must obtain** all the required clearances within this two-year period.
 - Currently, upon expiry, mining leases for specified minerals (minerals other than coal, lignite, and atomic minerals) can be transferred to new persons through auction. This **new lessee is required to obtain statutory clearances before starting mining operations.**

- **Prior approval from the central government:**

- The Bill provides that **prior approval of the central government will not be required** by the state government in granting licenses for coal and lignite, in certain cases.
- These include cases where the allocation has been done by the central government, and the mining block has been reserved to conserve a mineral.
- Under the MMDR Act, state governments **require prior approval of the central government** for granting reconnaissance permit, prospecting license, or mining lease for coal and lignite.

Source: PIB