Coal, mineral reforms to help reduce imports

Part of: GS-III- CULTURE (PT-MAINS-PERSONALITY TEST)

Coal sector will get a boost as private parties can now bid for 50 blocks: CARE Ratings

Finance Minister structural reform measures in the coal and mining sector are expected to give a boost to private investments in the sector and reduce India’s reliance on imports.

Analysis

- “Our assessment is that if it is implemented at the earliest, these much needed reforms will double these sectors’ contribution to the GDP,”
- “The introduction of competition, transparency and private sector participation in the coal sector will automatically build transparency of mine valuations, force rigorous mine planning and compliance, and invite investments for enhancing operational efficiency to justify the bids made at the time of mine acquisition.
- “These were much-needed reforms in the mining sector as India is a mineral rich country and any sectoral reforms to attract investments which adds to India’s GDP through this sector and save precious foreign exchange are welcome.”
- According to CARE Ratings, the coal sector gets a boost as the private sector can now bid at the auctions for 50 blocks, enhancing supplies, reducing imports, which is good for the economy.
- The government also plans to auction Coal Bed Methane (CBM) blocks.
- “The Government of India’s big plan to push coal gasification to replace natural gas in the fertiliser sector would help square energy and food security objectives.(PT)
- However, ammonia produced from coal gasification has a carbon footprint that is 1.8 times higher than that produced from the conventional process using natural gas (PT). This could potentially offset the emissions intensity reductions achieved through investments in renewables.”
- “Elimination of distinction between captive mines and non-captive will ensure a level playing field for players in the integrated metals space,”

“Removal of distinction between a captive and non-captive mines would mean that transfer of non-captive mines will be permitted subject to compliance with prescribed conditions. This is a huge relaxation and will lead to increased M&A in the mining sector. This will create new opportunities.”

The govt. announced some good reform measures in the mining sector today. Single licensing policy, removal of captive non-captive distinction, revenue sharing model and stamp duty rationalisation have been the demand of the industry for a long time. Similarly, the aluminium industry has been asking for bauxite and coal combined licence, which has been cleared now.”