Syllabus subtopic: Government Policies and Interventions for Development in various sectors and Issues arising out of their Design and Implementation.

Prelims and Mains focus: about the key features of the bill

News: The Lok Sabha passed the Mines and Mineral Laws (Amendment) Bill amid sloganeering by Opposition members over the Delhi violence and other issues.

Key features of the Bill


- **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. 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. Further, the competitive bidding process for auction of coal and lignite blocks will not apply to mines considered for allotment to: (i) a government company or its joint venture for own consumption, sale or any other specified purpose; and (ii) a company that has been awarded a power project on the basis of a competitive bid for tariff.

- **Composite license for prospecting and mining:** 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. The Bill adds a new type of license, called prospecting license-cum-mining lease. This will be a composite license providing for both prospecting and mining activities.

- **Non-exclusive reconnaissance permit holders to get other licenses:** Currently, the holders of non-exclusive reconnaissance permit for exploration of certain specified minerals are not entitled to obtain a prospecting license or mining lease. **Reconnaissance means preliminary prospecting of a mineral through certain surveys.** The Bill provides that the holders of such permits may apply for a prospecting license-cum-mining lease or mining lease. This will apply to certain licensees as prescribed in the Bill.

- **Transfer of statutory clearances to new bidders:** 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. 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.

- **Reallocation after termination of the allocations:** The CMSP Act provides for the termination of allotment orders of coal mines in certain cases. The Bill adds that such mines may be reallocated through auction or allotment as may be determined by the central government. The central government will appoint a designated custodian to manage these mines until they are reallocated.

- **Prior approval from the central government:** 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. The **Bill provides that prior approval of the central government will not be required in granting these licenses for coal and lignite,** in certain cases. These include cases where: (i) the allocation has been done by the central government, and (ii) the mining block has been reserved to
conserve a mineral.

- **Advance action for auction:** 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. The Bill provides that state governments can take advance action for auction of a mining lease before its expiry.