

## **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**

