

GOVERNMENT OF INDIA
MINISTRY OF COAL

LOK SABHA
UNSTARRED QUESTION NO. 682
TO BE ANSWERED ON 05.02.2020

Ordinance in MMDR and CMSP Act

**682. SHRI ADALA PRABHAKARA REDDY:
SHRIMATI SANGEETA KUMARI SINGH DEO:
SHRI CHANDRA SEKHAR BELLANA:
SHRI P.V. MIDHUN REDDY:
SHRI VINOD KUMAR SONKAR:
SHRI RAJA AMARESHWARA NAIK:
DR. JAYANTAKUMAR ROY:
DR. SUKANTA MAJUMDAR:
SHRI BHOLA SINGH:
SHRI SRIDHAR KOTAGIRI:**

Will the Minister of COAL be pleased to state :

- (a) whether Government has promulgated an ordinance to amend the MMDR Act, 1957 and the CMSP Act, 2015 to boost FDI in coal mining;
- (b) if so, the details thereof and the benefit thereto;
- (c) whether the Ministry of Coal is in process of initiating the auction of coal mines for sale of coal;
- (d) if so, the details thereof;
- (e) whether the Ministry has decided to issue new guidelines and simplified approval process for Coal Mining Projects and if so, the details thereof; and
- (f) the other steps being taken by the Government to open up new areas of growth in the coal and mining sector?

ANSWER

MINISTER OF PARLIAMENTARY AFFAIRS, COAL AND MINES
(SHRI PRALHAD JOSHI)

(a & b): An Ordinance, titled 'Mineral Laws (Amendment) Ordinance, 2020' has been promulgated on 10.01.2020 for amendment in the Mines and Minerals (Development and Regulation) Act, 1957 [MMDR Act] and the Coal Mines (Special Provisions) Act, 2015 [CMSP Act]. The Ordinance was not made specifically to boost FDI in coal mining. One of the objectives of the Ordinance is to allow wider participation in auction of coal blocks for a variety of purposes such as own consumption, sale or for any other purpose, as may be specified by the Central Government including through FDI in coal mining.

(c & d): Yes, Sir. Discussion paper on auction of coal mines for sale of coal, containing key terms & conditions have been published for Stakeholders' consultations on 14.01.2020.

(e): Yes, Sir. Revised guidelines for preparation of Mining Plans has been issued on 16.12.2019 and are available on the website of the Ministry of Coal.

(f): Following policy measures have been taken to open up new areas of growth in the coal & mining sector:

(i) Mineral Laws (Amendment) Ordinance, 2020, has enabled the allocation of coal blocks for composite prospecting license-cum-mining lease (PL-cum-ML) which will help in increasing of the inventory of coal/ lignite blocks for allocation.

(ii) With the promulgation of Mineral Laws (Amendment) Ordinance, 2020, the repetitive and redundant provision requiring previous approval of the Central Government even in cases, where the allocation or reservation of coal/ lignite block has been made by the Central Government itself has been done away with. This would significantly reduce the time taken for operationalisation of coal/ lignite mines.

(iii) Earlier, the mines in Schedule II and III of CMSP Act could only be auctioned to companies that are engaged in specified end use. With the promulgation of Minerals Laws (Amendment) Ordinance, 2020 the flexibility to the Central Government in deciding the end use of Schedule II and III coal mines under the CMSP Act has been provided. This would allow wider participation in auction of Schedule II and III coal mines, for a variety of purposes such as own consumption, sale or for any other purpose, as may be specified by the Central Government.

(iv) There was lack of clarity earlier in the language of the provisions in the Acts, leading to restrictive interpretation of the eligibility conditions in the auction. Sections 4(2) and 5(1) of the CMSP Act and Section 11A of the MMDR Act have been amended now clarifying that any company selected through auction/ allotment can carry on coal mining operation for own consumption, sale or for any other purposes, as may be specified by the Central Government. allowing wider participation and competition in auction. Thus, the companies which do not possess any prior coal mining experience in India can also now participate in auction of coal blocks.

(v) Methodology for allowing allocatees of coal mines for specified end use or own consumption to sell upto 25% of actual production in open market (ROM basis) with payment of additional premium on such sale has been approved by CCEA on 19.02.2019 and order has been issued on 07.03.2019. Under this methodology, 10 mines have since been allocated in the year 2019.

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