

Reforms in Coal Sector

Posted On: 11 FEB 2021 12:16PM by PIB Delhi

The Mineral Laws (Amendment) Act, 2020 was enacted to amend the Coal Mines (Special Provisions) Act, 2015 [CMSP Act] and the Mines and Minerals (Development and Regulation) Act, 1957 [MMDR Act]. The amendments in the Acts enabled following.

(i) Allocation of coal blocks for composite prospecting license-cum-mining lease which will help in increasing of the inventory of coal, lignite blocks for allocation. Repetitive and redundant provision requiring previous approval of Central Government in cases where the allocation or reservation of coal/lignite block has been made by the Central Govt. itself has been done away with.

(ii) Provided flexibility to the Central Govt. in deciding the end use of Schedule II and III coal mines under the CMSP Act. Companies which do not possess any prior coal mining experience in India can now participate in auction of coal blocks.

(iii) Methodology for auction of coal and lignite mines / blocks for sale of coal / lignite on revenue sharing basis under the CMSP Act and the MMDR Act was approved by CCEA on 20.05.2020 and order was issued on 28.05.2020. Salient features of the methodology are as under:

- Bidders would be required to bid for a percentage share of revenue which would be payable to the State Government.
- Applicable to fully explored as well as partially explored coal blocks under the CMSP Act and MMDR Act.. Upfront amount is based on value of estimated geological reserves.
- Successful bidder shall be provided incentives for early production and for gasification or liquefaction of coal.. Exploitation of Coal Bed Methane (CBM) is allowed.
- There shall be no restriction on the sale and/or utilisation of coal from the coal mine.
- Provides for relinquishment of coal block by the successful bidder of partially explored coal mine. Directions of the Central Government were issued to the Nominated Authority for conducting auction of 38 coal mines for sale of coal under the provisions of the CMSP Act and the MMDR Act. After completion of all the necessary processes, Commercial Mining was launched on 18.06.2020

This information was given by Union Minister of Coal Shri Pralhad Joshi in a written reply in Lok Sabha yesterday.

MC/KP/AK

(Release ID: 1697035)