

MMDR Amendment Bill, 2021

March 19, 2021

In news : Minister of Coal & Mines has introduced the Mines and Minerals (Development and Regulation) Amendment Bill, 2021 in Lok Sabha recently

Key provisions/amendments

- **Aim of the bill:** To streamline the renewal of the auction process for minerals and coal mining rights.
- **Allows selling the production:** The bill proposes to allow captive miners of both coal and other minerals to sell up to 50 per cent of their production after meeting the requirements of the end-use plant and on paying additional royalty to the state government
- **Current status:** As of now, operators are only allowed to use coal and minerals extracted from captive mines for their own industrial use
- **Fixing Additional Royalty:** It also proposes to fix additional royalty payments to states for the extension of mining leases for central public sector enterprises.
- **Empowers the Union government to conduct auctions & re-auctions:** The Bill proposes is to empower the central government to conduct auctions or re-auction processes for the grant of a mining lease if a state government fails to complete the auction process in a specified period, decided after consultations between the Centre and state.

Key Concern

- The amendment, if passed, was likely to face legal challenges particularly from state governments, as it may take away the discretionary power of state

government

- Experts noted that state governments may object to the fixing of an additional royalty to be paid by CPSEs for such extensions as this may lead to lower revenues compared to a transparent auction process.

Significance

Allowing miners to sell 50% of their production allows miners to maximise output from captive mines as they would be able to sell output in excess of their own requirements.

Industry players may welcome the move of conducting auctions by the centre as it would likely lead to greater transparency in the auction process as there is a perception that state governments may in some cases prefer some bidders, and try to delay or cancel mining rights if their preferred bidders do not win mining rights.