

## MINING DEEP: ON CABINET EASING MINING LAWS

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Industry & Services Sector  
incl. MSMEs and PSUs

The [Centre's decision](#) to liberalise norms for entry into coal mining and relax regulations on mining and selling coal in the country is significant in many respects. Amendments to two legacy Acts through the Mineral Laws (Amendment) Ordinance 2020 cleared by the Cabinet on Wednesday will free the sector from restrictions that were inhibiting its development. This will open up the coal mining sector completely, enabling anyone with finances and expertise to bid for blocks and sell the coal freely to any buyer of their choice. Until now there were restrictions on who could bid for coal mines — only those in power, iron and steel and coal washery business could bid for mines — and the bidders needed prior experience of mining in India. This effectively limited the potential bidders to a select circle of players and thus limited the value that the government could extract from the bidding. Second, end-use restrictions inhibited the development of a domestic market for coal. The ordinance essentially democratises the coal industry and makes it attractive for merchant [mining companies](#), including multinationals such as BHP and Rio Tinto, to look at India. The move was overdue considering that the country spent a huge 1,71,000 crore in coal imports last year to buy 235 million tonnes; of that, 100 million tonnes was not substitutable, as the grade was not available in India, but the balance 135 million tonnes could have been substituted by domestic production had it been available.

[Large investment in mining](#) will create jobs and set off demand in critical sectors such as mining equipment and heavy commercial vehicles. The country may also benefit from infusion of sophisticated mining technology, especially for underground mines, if multinationals decide to invest. However, for that to happen, the government needs to do more such as whittling the time taken for approvals of mining leases and also easing the procedures for clearances. The test would come when 46 producing mines, whose leases expire in March, come up for bidding shortly. The opening up of coal mining effectively ends Coal India's (CIL) monopoly status. Coal Minister Pralhad Joshi took care to emphasise that CIL has been and will be allotted adequate blocks and that it will be supported and the interests of labourers will be taken care of. The company has been set a target of one billion tonnes production by 2023-24 — last year, it produced 606 million tonnes. CIL is a Maharatna PSU and tremendous public resources have been invested in the company over the years. It is the government's responsibility to ensure that CIL is not compromised the way BSNL has been by the opening up to private players. The company employs about three lakh people, is listed and is a national asset. It has to be nurtured even as private players are welcomed.

You have reached your limit for free articles this month.

Register to The Hindu for free and get unlimited access for 30 days.

Already have an account ? [Sign in](#)

Sign up for a 30-day free trial. [Sign Up](#)

Find mobile-friendly version of articles from the day's newspaper in one easy-to-read list.

Enjoy reading as many articles as you wish without any limitations.

A select list of articles that match your interests and tastes.

Move smoothly between articles as our pages load instantly.

A one-stop-shop for seeing the latest updates, and managing your preferences.

We brief you on the latest and most important developments, three times a day.

\*Our Digital Subscription plans do not currently include the e-paper ,crossword, iPhone, iPad mobile applications and print. Our plans enhance your reading experience.

*Why you should pay for quality journalism - [Click to know more](#)*

Please enter a valid email address.

Boris Johnson seems bent on delivering a no-deal Brexit

Subscribe to The Hindu now and get unlimited access.

Already have an account? [Sign In](#)

Sign up for a 30-day free trial. [Sign Up](#)

To continue enjoying The Hindu, You can turn off your ad blocker or Subscribe to The Hindu.

[Sign up for a 30 day free trial.](#)

END

Downloaded from **crackIAS.com**

© **Zuccess App** by crackIAS.com

Crack