

# UNION CABINET CONSENTS TO RAFT OF REFORMS IN MINERAL INDUSTRY

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**NEW DELHI** : The Union cabinet on Wednesday approved a raft of mineral sector reforms, including doing away with the distinction between the captive and non-captive mines, reallocation of non-producing blocks of state-owned firms, and amending some sections of the Mines and [Minerals](#) (Development and Regulation) (MMDR) Act to help auction more mines.

Some of these structural reform measures, which have been in the works for some time now, were announced by finance minister Nirmala Sitharaman last May as part of the fourth tranche of the 20 trillion stimulus package to mitigate the economic fallout of the coronavirus pandemic.

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She had also announced auctioning of 500 mineral blocks as part of this Aatmanirbhar Bharat package.

"These reforms will be implemented through an amendment in the Mines and Mineral (Development and Regulation) Act, 1957, for which a bill is to be placed in Parliament in the upcoming session," said a person aware of the development on condition of anonymity.

The decisions assume significance given that the mineral sector contributes only 1.75% to the country's gross domestic product (GDP), with India importing minerals worth 2.5 trillion annually.

The cabinet has decided to amend sections 10A (2)(b) and 10A (2)(c) of the MMDR Act, do away with any charges on transfer of mineral concessions for non-auctioned captive mines, rationalize stamp duty payable on mining, and develop a National Mineral Index for introducing an index-based mechanism for making statutory payments.

"I do not have any information on this," said a mines ministry spokesperson.

Given the experience in the coal sector, captive mines will be allowed to sell up to 50% of the minerals excavated during the current year. In the first tranche of commercial coal mining auction, 19 mines have been awarded and there is no restriction on the sale and utilization of coal from these mines.

Also, to expedite mining operations in India, a 50% rebate in the quoted revenue share will be awarded for the quantum of mineral produced and dispatched earlier than the scheduled production date.

The cabinet also approved proposed amendments to the district mineral foundation fund, a social impact fund that miners have to contribute towards, and simplification of the exploration regime.

It was also decided to make the National Mineral Exploration Trust an autonomous body to expedite exploration.

This comes against the backdrop of National Mineral Policy goals to increase mineral production by 200% in 7 years. Of India's obvious geological potential area of 0.571 million sq. km, only

10% has been explored.

“Based on the experience of various mineral-rich states and feedback received from the stakeholders, we are bringing out structural reforms in mining sector,” coal and mines and parliamentary affairs minister Pralhad Joshi said on Monday during the signing of the agreement for 19 mines awarded in the first tranche of commercial coal mining auction.

“These reforms will generate huge employment opportunities and increase the production of minerals, leading to self-reliance. Several industry friendly measures that promote ease of doing business in the mining sector will be brought in,” Joshi said.

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