

# INDIA LIBERALISES COAL MINING, MINERAL SECTOR

Relevant for: Geography | Topic: Distribution of key Natural Resources - Mineral & Oil Resources of India

NEW DELHI: India will further open up commercial coal mining, with revenue share arrangement, to boost the fuel's production in the country, finance minister Nirmala Sitharaman said on Saturday. The announcement is part of the fourth tranche of the Rs20 trillion stimulus package to mitigate the economic fallout of the coronavirus pandemic.

Sitharaman said there will be further reforms in the mineral sector, with no distinction between the captive and non-captive mines that will allow transfer of mining leases.

The other measures include promoting coal gas gasification through rebate in revenue share, auctioning 50 new coal and 500 mineral blocks, and an investment of Rs50,000 crore to create transportation infrastructure for evacuating 1 billion tonnes of coal from state run Coal India Ltd' (CIL) mines.

"Many sectors need policy simplification," Sitharaman said.

The other announcements pertained to defence production, civil aviation, electricity distribution and atomic energy sector.

The revenue share mechanism has been allowed instead of fixed payment per tonne to promote coal mining. Despite having the world's fourth largest coal reserves, India imports around 235 million tonne (MT) of coal, of which around 135 MT worth 171,000 crore can be met from domestic reserves, coal and mines.

To attract investments in coal mining, the government had earlier approved the promulgation of Mineral Laws (Amendment) Ordinance, 2020. It allowed coal mining by any company present in sectors other than steel and power, and scrapped the captive end-use criteria.

"The government will bring in policy reforms to fast-track investment; project development cell in each ministry to prepare investible projects, coordinate with investors and Central/ State Governments," Sitharaman said.

In 2018, the government had allowed commercial mining by private entities. The Centre had set a mining target of 1.5 billion tonne of coal by 2020. Of this, one billion tonne is to be from Coal India Ltd and 500 million tonne from non-Coal India sources in line with the government's push to raise natural resources production to kickstart economic growth.

The government's move comes at a time when the window for fossil fuels is rapidly closing, and the global energy landscape has been rapidly evolving, with fundamental changes to the investment culture amid growing climate concerns.

This comes in the backdrop of Indian economy guiding to a standstill. The fiscal package, details of which are being announced by Sitharaman starting Wednesday aims to build an India based on self-reliance.

"Once we decongest the sectors, it will provide the necessary boost," she said.

The announcements are being made as the country enters the fourth phase of the lockdown starting 18 May.

The first tranche of the economic package, announced on Wednesday, had 15 fiscal and regulatory measures, while the second batch, announced on Thursday rolled out nine measures to give relief to the poor including migrant workers, farmers, street vendors and members of tribal community.

The government on Friday unveiled what it called an “empowering” Rs1.5 trillion farm sector package to free up India’s fragmented agriculture market from trade curbs and stock limits while offering a new framework to reduce risks and price uncertainties for farmers.

Prime Minister Narendra Modi on Tuesday announced a Rs20 trillion stimulus package, in one of the world’s most aggressive bailouts in relation to economic size, equating to about 10% of gross domestic product (GDP).

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