

Centre opens up coal mining to all

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New Delhi: The Union cabinet on Wednesday approved the promulgation of an ordinance to open up coal mining in the country to non-coal companies while removing restrictions on the end-use of the fuel in a bid to attract investments and boost production.

The cabinet also gave its approval to rescind the auction of iron ore and other mineral mines before the expiry of their current leases on March 31, to avoid any disruption in production.

Briefing reporters, coal and mines minister Piyush Goyal said the cabinet has approved the promulgation of Mineral Leasing (Amendment) Ordinance 2020 to amend Mines and Minerals (Development and Regulation) Act 1957 and Coal Mines (Special Provisions) Act 2015.

The ordinance will amend the current provision in the law that allows only companies in coal mining to bid for mines. Any company meeting the minimum criteria will now be allowed to bid for mines, the first auction of which will take place with-

MAJOR REFORM

- Cabinet approves ordinance to allow mining by non-coal companies
- End-use restrictions on coal removed to attract investors
- First round of auctions under new rules this month
- Auction of iron ore and other mineral mines before expiry of lease on March 31

in this month, coal secretary Anil Kumar Jain said. As many as 40 coal blocks will be put up for auction in the new round, he said.

The decision to do away with end-user restrictions comes after a hasty U-turn response to the earlier auction rounds. In the 8, 9 and 10th rounds for 27 mines in the first week of November, only six mines received three or more bids.

Coal minister Goyal said the restrictions on end use affected participation in the auctions. So far, the government has

auctioned around 30 mines and only 11 were in production by October.

The government plans to auction around 50-60 blocks in multiple tranches. The upcoming rounds would feature blocks where there would be no restrictions on end use.

These blocks are likely to produce around 40-60 million tonnes annually over the next 4-5 years.

Analysts said they were sceptical of the interest among foreign giants after the ordinance. "The overseas players are already struggling financially and the interest rates in India are high. So there would be interest from big domestic companies and large MNCs (mine developer and operator)," said Nilanath Bhattacharjee, partner-ICPMO. The move would help towards import substitution to an extent, he said.

"The decision shows intent towards opening of the coal sector for attracting big ticket investments. With this, the government has addressed a key concern of global coal mining companies," said Ajay Keger, CEO — aluminium & power business, Vedanta Ltd.