

**Ministry of Coal**  
**Government of India**

Shastri Bhawan  
Dated: 19.02.2021

**Consultation with State Governments of coal bearing States and Stakeholders/ General Public on the supplementary proposals for Amendment of the Mines and Minerals (Development and Regulation) Act, 1957 in relation to coal/ lignite.**

Ministry of Mines, vide Notice dated 09.02.2021, has published a Notice in its official website inviting comments of the State Governments, Union Territories, Mining Industry Stakeholders, Industry Associations and general public on the proposals for additional amendments being considered in the Mines and Minerals (Development and Regulation) Act, 1957 (MMDR Act).

2. Ministry of Mines has also sought comments of Ministry of Coal (MoC) on the said draft proposals. Some of the said draft proposals are applicable in case of coal/ lignite also. MoC has prepared draft comments/ response to the proposals of the Ministry of Mines. Before sending the final comments/ response to the Ministry of Mines, it is considered appropriate to seek comments of State Governments of coal bearing States and Stakeholders/ General Public on the issues relating to coal/ lignite. Accordingly, a Note for Consultation is **enclosed** herewith.

3. Accordingly, MoC invites comments of State Governments of coal bearing States and Stakeholders/ General Public on proposals contained in the enclosed Note for Consultation before sending final views/ comments to Ministry of Mines. Comments may be sent to the following email address on or before **25<sup>th</sup> February, 2021 (5:00 PM)**:

**[nomauthority.moc@nic.in](mailto:nomauthority.moc@nic.in)**

*Ajitesh Kumar*

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Deputy Secretary to the Gov. of India

**Brief Note for consultation with State Governments of coal bearing States and Stakeholders/ General Public on the supplementary proposals for Amendment of the Mines and Minerals (Development and Regulation) Act, 1957 in relation to coal/ lignite**

**1. Allowing sale of 50% of the coal produced by captive coal and Fixing the additional amount for sale of coal by captive mines:**

(i) In the note for consultation of Ministry of Mines, it is proposed to incorporate a provision in the Act to allow sale of 50% of coal/ lignite produced by captive mines on an annual basis. Further, an additional amount will be charged on the merchant sales of coal/lignite by the captive miners.

(ii) In India, import of coal is increasing on year on year basis. In 2015-16, India imported 203.95 million tonne (MT) of coal which was increased to 248.54 MT in 2019-20 and consequent spending of around Rs.1.58 lakh crore in foreign exchange. Coal being an important input for various core sector industries, increasing availability of coal would lead to Atmanirbhar Bharat. Allowing sale of coal from captive mines will help in increase in production of coal from captive mines and increase coal availability in the market leading to reduction in import of coal.

(iii) It is further proposed to specify the additional amount payable on such sale in the Act itself instead of leaving it to be specified under rules framed under the Act in the same manner as will be specified for the other minerals. The additional amount to be charged has been deliberated in the MoC. Accordingly, following additional amount in respect of coal / lignite may be added in the proposed Schedule of the Act:

<b>S.No.</b>	<b>Type of Mine</b>	<b>Additional Amount</b>
1.	(i) Captive coal and lignite mines, auctioned for power sector through reverse bidding under Coal Mines (Special Provisions) Act, 2015	Equivalent to 2 times of the royalty payable.
	(ii) Coal/ lignite mines allocated through allotment route (other than mines covered under Sl. No. (iv))	Equivalent to the royalty payable.
	(iii) Coal/ lignite mines allocated through auction route (other than mines covered	Equivalent to the royalty payable.



	under Sl. No. (i) and (iv)	
	(iv) For captive coal/lignite mines that were auctioned and allotted with condition allowing sale of coal upto 25 per cent. of annual production- (a) For sale of coal upto 25 per cent. of annual production  (b) For Sale of coal more than 25 percent upto 50 percent of annual production	Additional amount payable as per the auction condition mentioned in the tender document.  50 per cent of the royalty payable.

Note: *Ad-valorem* royalty for the purpose of calculating additional amount shall be based on National Coal Index (NCI) & representative price (RP) of coal excluding taxes, levies and other charges.

## 2. Fixing the additional amount for grant and extension of MLs of Government companies:

(i) In the note for consultation of Ministry of Mines, it is proposed to charge additional amount on grant and extension of mining leases (ML) of both coal and non-coal Government companies. The said note proposes to specify the additional amounts for both, grant and extension of ML to the Government companies in the Act itself in order to bring transparency in prescribing the additional amount and to eliminate discretion in the subordinate legislation. Accordingly, Fifth Schedule is proposed to be added in the Act.

(ii) MoC concurs with the above proposal of providing additional amount in the Act itself. The following additional amount on grant and extension of MLs of Government companies in relation to coal / lignite may be added in the proposed Fifth Schedule:

SN.	Mineral	Additional amount on grant/ extension of ML
1.	Coal and lignite	Equivalent to the royalty payable