



## Investment in Coal Mining

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### Why in News

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The **Union Cabinet** has approved an **ordinance** to attract **investment in coal mining**.

- The ordinance amends the Mines and Minerals (Development and Regulation) Act, 1957 and the Coal Mines (Special Provisions) Act, 2015.
- The **Mines and Minerals (Development and Regulation) Act, 1957** regulates the mining sector in India and specifies the requirement for obtaining and granting mining leases for mining operations.
- The **Coal Mines (Special Provisions) Act, 2015** is an Act that provides for allocation of coal mines and vesting of the right, title and interest in and over the land and mine infrastructure together with mining leases to successful bidders with a view to ensure continuity in coal mining operations and production of coal.

### Key Points

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- The amendment opens up **coal mining to any firm whose office is registered in India**.
  - **Open To All: Earlier**, the government used to auction coal and lignite mining licences only to companies **engaged in iron and steel**, power coal washing sectors. By opening to everyone, the government seeks to democratize the coal mining sector.
  - **Foreign Direct Investment:** The move will **promote foreign direct investment in the sector**. This will help India gain access to sophisticated technology for underground mining used by global miners.
    - This may also bring an **end to state-run Coal India Ltd's** (a Maharatna company) **monopoly** in the sector.
  - **Coal Production:** With this move, the government aims at greater participation in commercial mining of coal and targets **1000 Million Tonnes (MT) coal production by Financial Year (FY) 2023 -24**.
    - The country produced 730 million tonne of coal in 2018-19.
  - **Import Substitution:** The move will boost both production and mining efficiency besides **substituting import of coal worth Rs 30,000 crore**.
    - Despite having the world's fourth largest coal reserves, India imported 235 million tonnes (mt) of coal in 2019.
  - **Enhanced Competitiveness:** The **steel industry would get cheaper inputs**, leading to an increase in 'competitiveness'.
- The amendment **extends the policy of composite mining licence to the coal sector**.
  - **Composite Mining Licence** is a prospecting license which is followed by a grant of Mining Lease.
  - Earlier, the policy of composite mining licence was in force for unexplored blocks of most non-coal minerals.
  - This move will add to the **certainty of tenure from the prospecting to the production stages**.

## Coal in India

- Coal is the **main source of energy** in India. This fossil fuel is found in a form of **sedimentary** rocks and is often known as '**Black Gold**'.
- **Formation:** It originates from **organic matter wood**. When large tracts of forests are buried under sediments, wood is burnt and decomposed due to heat from below and pressure from above. The phenomenon makes coal but takes centuries to complete.

- **Classification:** Coal can be classified on the **basis of carbon content** as follows:
  - **Anthracite:** It is the best quality of coal which **carries 80 to 95% carbon content**. It has the highest calorific value. It is found in small quantity in **Jammu and Kashmir**.
  - **Bituminous:** It **carries 60 to 80% of carbon content** and a low level of moisture content. It is widely used and has high calorific value. It is found in Jharkhand, West Bengal, Odisha, Chhattisgarh and Madhya Pradesh.
  - **Lignite:** It is often brown in colour. It carries 40 to 55% carbon content. It has high moisture content so it gives smoke when burnt. It is found in Rajasthan, Lakhimpur (Assam), and Tamil Nadu.
  - **Peat:** It has less than 40% carbon content. It has low calorific value and burns like wood.
- **Regulation**
  - **Ownership of Mineral**
    - The State Governments are the owners of minerals located within the boundary of the State concerned.
    - The Central Government is the owner of the minerals underlying the ocean within the territorial waters or the Exclusive Economic Zone of India.
  - **Granting Mineral Concessions**
    - The State Governments grant mineral concessions for all the minerals located within the boundary of the State, under the provisions of the Mines and Minerals (Development and Regulation) Act, 1957 and Mineral Concession Rules, 1960.
    - However, for **minerals specified in the First Schedule** to the Mines and Minerals (Development and Regulation) Act, 1957 **approval of the Central Government is necessary**. **Schedule I** contains minerals such as coal and lignite, minerals of the “rare earths” group containing Uranium and Thorium.
- Also, the **Central Government notifies certain minerals as 'minor' minerals** from time to time for which the absolute powers for deciding on procedures of seeking applications for and **granting mineral concessions**, fixing rates of royalty, dead rent, and power to revise orders rest only with the **State Government**. **Example of minor minerals include** building stones, gravel, ordinary clay, ordinary sand.

**Source: TH**