

6. Coal Mining and its Investments

Prelims Level: Investments, Investment Models

Mains Level: GS-III Investment models.

Why in News?

- Recently, the Union Cabinet has approved the ordinance that amends the Mines and Minerals (Development and Regulation) Act, 1957 and the Coal Mines (Special Provisions) Act, 2015.

About Coal Mining and its Investments:

- **The Mines and Minerals (Development and Regulation) Act, 1957:** It 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:** It 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 of the Amendment:

- **Democratizing the coal mining sector** - Previously, the government used to auction coal and lignite mining licences only to companies engaged in iron and steel, power coal washing sectors. Now, it had been opened to all.
- **Allowing FDI:** It will promote foreign direct investment in the sector. This will help India gain access to sophisticated technology for underground mining used by global miners. It may also bring an end to state-run Coal India Ltd's (a Maharatna company) monopoly in the sector.
- **Improving the Production:** 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.
- **Moving towards import substitution:** It 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.
- **Improving the competitiveness:** The steel industry would get cheaper inputs, leading to an increase in 'competitiveness'.

- **Extending the policy of composite mining licence to the coal sector** - Previously, the policy of composite mining licence was in force for unexplored blocks of most non-coal minerals.
- **What is Composite Mining Licence?** - Composite Mining Licence is a prospecting license which is followed by a grant of Mining Lease. It will add to the certainty of tenure from the prospecting to the production stages.

Background:

Ownership of Mineral:

- The Central Government is the owner of the minerals underlying the ocean within the territorial waters or the Exclusive Economic Zone of India.
- The State Governments are the owners of minerals located within the boundary of the State concerned. They 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.
- Though for the 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.

Coal in India:

- It 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**'.
- It can be classified on the basis of carbon content as follows:
 - ✓ **Anthracite** 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** 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** 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** has less than 40% carbon content. It has low calorific value and burns like wood.

