

**We moved ordinance in order to revive mining industry: Steel & Mines Minister
Narendra Singh Tomar**

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Minister of steel and mines Narendra Singh Tomar spoke to ET's Meera Mohanty in an interview, explaining the need for the recent ordinance amending the MMDR Act of 1957 that introduces the auction of non-coal minerals. The minister needs to balance the demands of the mining industry and its key end user, the steel sector. He defended the decision to allow existing leases that are more than 50 years old an extension until 2020 and 2030 in the case of captive mines. The ministry believes 199 areas, mostly limestone, would be ready for auction soon. Edited excerpts:

Q: Was it necessary to amend the MMDR through an ordinance?

A: The MMDR Act was introduced way back in 1957. The previous government had attempted to introduce a new bill but it had lapsed. In the last few years, the issue of first-cum-first-served had also been raised by the Supreme Court. The MB Shah commission had also been critical of certain practices that it said were illegal. The result was that officials both in the state and at the Centre were worried about issuing any orders under a system that in itself was in question.

We had planned to introduce the Amendment Act in the winter session. However, by the time we had stakeholder and interministerial (consensus) — I personally met several chief ministers — the session had drawn to a close. Since the need to revive mining industry was pressing, we moved it as an ordinance. When it is provided for by the constitution, and it will only strengthen the economy, why doubt it. There is nothing circumventive about it. At the end of the day, it still must be cleared by Parliament.

Q: To what extent will this simplify issues ailing the sector? And how do you react to charges that it takes away powers from the states?

A: In fact, this is a historic step towards decentralisation of the Centre's powers in the area of mining. For instance, it removes the need of prior approval of the central government — which was required for notified minerals in the First Schedule earlier — except in the case of atomic minerals.

For mining plans, a provision has been made that if any state government, with approval of the Centre, institutes a mechanism with the help of third parties, for mining plans, certification and monitoring, then the plan accorded through such a mechanism can be the basis of allocation of a mining licence (ML). Provision has been made for the central government to prescribe timelines. The Centre may intervene, exercising its revisionary powers, only in the event of a state not taking a timely decision.

The life of a mining lease has been increased from 30 years to 50 years, doing away renewals. There was ambiguity in the earlier Act with regards to second and subsequent renewal. We know that only a few concessions (after the Supreme Court order) were granted during last year and most were pending owing to indecision of state and central government this too has been addressed. The new law allows for transfer ML and PL (prospecting licence)-cum-ML awarded through auction, which was major concern of the industry.

Q: Will the coal auction mechanism form a template?

A: We are open to explore all possible mechanisms. The broad similarity with the coal ordinance is provision of a financial bid. In the ordinance we have provided for, inter-alia, a production-sharing model. However coal is nationalised. Here since states will be conducting the actual auction, we wanted their feedback and buy-in to the rules and regulations that will be drafted. (The minister met with 11 state ministers of mines and their respective secretaries on January 19.)

Q: Would you be providing a weightage to steel, aluminium users?

A: Under section 10B(6) of the new ordinance, the central government has the right to reserve a particular mine or mines for a particular end use. We will be identifying select mines for "limited auction" for end users, subject to certain eligibility conditions. Reconnaissance, and rights thereafter, has been a persistent demand particularly of global mining giants and that hasn't been provided. The ordinance allows for grant of nonexclusive reconnaissance permit to aid and help global miners.