



Draft Additional Amendments proposed to the MMDR Act' 1957



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Allowing sale of 50% of the coal produced by captive coal mines

Before Proposed MMDR Amendment Bill'21

Earlier there was no such provision.

After Proposed MMDR Amendment Bill'21

A provision to allow sale of 50% of coal produced by captive coal mines against the payment of Additional Amount as prescribed by Ministry of Coal.

Justification

- Increase coal availability in the market leading to reduction in import of coal.
- Additional revenue to the State Governments

Impact of Additional amount proposed

S.no	Particular	INR/Tonne
1	Assumed Selling Price/te – (Excl. Taxes)*	3,000.00
2	Royalty @ 15% (collected from Customer)	450.00
Gross Receipts		3,450.00
3	Assumed Cash cost of mining/Tonne	(700.00)
4	Royalty Payment	(450.00)
5	Additional Amount as per Proposed Amendment - 2.5 times of Royalty Payable	(1,125.00)
Net Cash Profit / Tonne		1,175.00

****GST, NMET, DMF , Reserve Price & other indirect levies would be charged over & above selling price**

Vesting of valid rights, approvals and clearances to the new lessee till exhaustion of reserves.

Provision for auction of mineral concessions by the Central Government in case of difficulties faced by State Governments

Before Proposed MMDR Amendment Bill'21

Vesting of valid rights, approvals and clearances in relation to leases expiring under the provisions of section 8A (5) and (6) to the new lessee for a period of **two years**.

Earlier there was no such provision.

After Proposed MMDR Amendment Bill'21

Valid rights, approvals, clearances, licenses granted to a lessee in respect of a mine shall continue to be valid till :

- Exhaustion of minable reserves in the mine or
- On expiry/ termination of lease

Central Government to conduct auction in cases where the State Governments face challenges in conduct of auction or fail to conduct auction.

In cases where the Central Government auction the blocks, the revenue in respect of such blocks will accrue to the State Governments only.

Justification

New lessees are facing difficulties in obtaining fresh clearances within two years period as they have to undergo the lengthy process of obtaining clearances afresh which is time consuming although all the steps have already been complied with by the previous lessee while obtaining clearances initially.

Only 7 blocks had been auctioned by the States out of 143 mineral blocks ready for auction. Resulting in non-continuity of the production. Any delay in conduct of auction has substantial impact on the availability as well as prices of minerals.

Fixing the additional amount for grant/extension of MLs of Government companies

Fixing the additional amount for sale of Mineral by captive mines

Before Proposed MMDR Amendment Bill'21

For extension of Mining lease of both coal & Non-coal Govt. Companies also in case of reservation of a block in favor of a Government Company, an “**Additional amount**” would be payable as prescribed by Central Government.

Earlier MMDR Amendment Bill'21 proposed that, Additional amount would be payable on sale of coal upto 50% of minerals by the lessee of captive mines after meeting requirements of attached plant. Such additional amount would be as prescribed by Central Government.

After Proposed MMDR Amendment Bill'21

It is proposed to specify the additional amounts for both, grant and extension of ML to the Government companies in the Act itself. Accordingly, based on the available inputs from the State Governments, additional amount has been proposed.

Additional amount which would function as a royalty payable (Ranging from one to five times of the Royalty) is proposed to be specified in MMDR Act itself for auctioned & non-auctioned Captive mine.

Justification

In order to bring transparency in prescribing the additional amount and to eliminate discretion in the subordinate legislation, it is proposed to specify the additional amount in the Act itself.

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