

Ordinance passed to auction natural resources in India

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Indian government has passed an executive order on Monday to allow the auction of mineral resources ending monopolistic practices and bring about greater transparency in allocation of natural resources..

The cabinet approved an ordinance amending the mines and mineral development and regulation act, which will allow iron ore and other major mineral bearing blocks to be auctioned to user industries, instead of being granted through allocations.

An ordinance is an emergency measure that has to be passed by the next parliamentary session.

The government will decide on the rules of the auction, which will be similar to those for coal.

The states will conduct the auction and will get the revenues from the sale.

It will also enable creating District Mineral Funds for the welfare of the project affected people.

India used to hand over mining licences to firms without any competitive bidding

Industry body Federation of Indian Mineral Industries, however, has been opposing the auction route, saying it would sound the death knell for the industry and may lead to cartelisation and waste. FIMI contends that “The auction route was not pursued in any resource rich country as it may result in cartelisation and monopolistic practices. The auction route may also lead to selective mining while leaving low grade minerals in the ground, wastage of resources and inflate the cost of final product.”

Source - Strategic Research Institute, Steel Guru

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