

Ministry of Coal Notifies rules for 50% Sale of Coal from Captive Mines

Move to Benefit over 100 Captive Coal and Lignite Blocks with over 500 Million Ton per Annum Peak Rated Capacity

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The Ministry of Coal has amended Mineral Concession Rules, 1960 with a view to allowing sale of coal or lignite, on payment of additional amount, by the lessee of a captive mine up to 50 percent of the total coal or lignite produced in a financial year, after meeting the requirement of the end use plant linked with the mine. Earlier this year, the Mines and Minerals (Development & Regulation) Amendment Act had been amended to this effect. This is applicable for both the private and public sector captive mines.

With this amendment, the Government has paved the way for releasing of additional coal in the market by greater utilization of mining capacities of captive coal and lignite blocks, which were being only partly utilized owing to limited production of coal for meeting their captive needs. Availability of additional coal will ease pressure on power plants and will also aid in import-substitution of coal. The allowance for sale prescribed quantity of coal or lignite shall also motivate the lessees to enhance the production from the captive mines. Further, payment of additional premium amount, royalty and other statutory payments in respect of the quantity of coal or lignite sold shall boost the revenue of the State Governments. The move is likely to benefit over 100 captive coal and lignite blocks with over 500 million ton per annum Peak Rated Capacity as well as all coal and lignite bearing States.

The Government has also made provisions for grant of mining lease to a Government company or corporation for coal or lignite for a period of fifty years. Grant of mining leases for a period of fifty years shall boost seamless continuous production of coal or lignite by the Government companies or corporations contributing to the coal/lignite security of the nation. The said period of fifty years can be extended by period of twenty years at a time upon an application made to the State Government. Therefore, enlargement of period of mining leases shall reduce multiplicity of applications for extensions, thereby ensuring continuity in mining operations.

MV/RKP

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