

ELIGIBILITY TO COAL MINING

ELIGIBILITY TO COAL MINING

Amendments to Coal Mines (Nationalisation) Act, 1973 already done to facilitate captive mining.

Under the Coal Mines (Nationalisation) Act, 1973 Coal mining was mostly reserved for the public sector. By an amendment to the Act in 1976, two exceptions to policy were introduced viz. (i) captive mining by private companies engaged in production of iron and steel and (ii) sub-lease for coal mining to private parties in isolated small pockets not amenable to economic development and not requiring rail transport. Considering the need to augment thermal power generation and to create additional thermal power capacity during the VIII Plan period, the Government decided to allow private participation in the power sector.

The Coal Mines (Nationalisation) Act, 1973 was amended with effect from 9th June, 1993 to allow coal mining for captive consumption for generation of power, washing of coal obtained from a mine and other end uses to be notified by Government from time to time, in addition to the existing provision for captive coal mining for production of iron and steel. The amendment was carried out in Section 3(3)(a)(iii) of the Act by a Gazette Notification dated 9.6.93. Under the powers conferred on the Central Government by Section 3 (3) (a) (iii)(4) of the Act, another Gazette Notification has been issued on 15.3.96 to allow production of cement as an end use for captive mining of coal.

The June, 1993 amendment to the Act as well as the Gazette Notification of 15.3.96 apply to both the public sector and private sector companies desiring to mine coal for captive consumption. The restriction of captive mining does not apply to the Government-owned Coal Companies and mineral development like CIL and SCCL and the Mineral Development Corporations of the State Governments.

ELIGIBILITY

The eligibility to do coal mining in the country has been laid down in the provisions in Section 3 (3) of the Coal Mines (Nationalisation) Act, 1973. The parties eligible to do coal mining in India without the restriction of captive consumption are:-

1. The Central Government, a Government company (including a State Government company), a Corporation owned, managed and controlled by the Central Government.
2. A person to whom a sub-lease has been granted by the above mentioned Government, company or corporation having a coal mining lease, subject to the conditions that the coal reserves covered by the sub-lease are in isolated small pockets or are not sufficient for scientific and economic development in a coordinated manner and that the coal produced by the sub-lessee will not be required to be transported by rail.

ELIGIBILITY TO COAL MINING

2. As per the provisions in Section 3 (3) (a) (iii) of the Coal Mines (Nationalisation) Act, 1973, a company engaged in the following activities can do coal mining in India only for captive consumption:-

production of iron and steel

generation of power

washing of coal obtained from a mine, or

such other end use as the Central Government may, by notification, specify.

2.1 Under the powers vested with the Central Government by virtue of Section 3 (3)(a) (iii)(4) of the Coal Mines (Nationalisation) Act, 1973, a Gazette Notification was issued on 15.3.96 to provide cement production as an approved end-use for the purpose of captive mining of coal. Therefore, the cement producing companies are now eligible for undertaking coal mining for captive consumption.

2.2 In addition to Coal India Limited (CIL) and Singareni Collieries Company Limited (SCCL) , the following companies are also doing coal mining in India now:-

Tata Iron & Steel Company Limited (a captive coal mining company in the private sector)

Damodar Valley Corporation (a captive coal mining company in the public sector)

Indian Iron & Steel Company Limited (a captive coal mining company in the public sector)

Bihar State Mineral Development Corporation Limited (a non-captive coal mining company, a Government company under the control of Government of Bihar)

Jammu & Kashmir Minerals Limited (a non-captive coal mining company, a Government company under the control of Government of J&K)

Bengal Emta Coal Mines Limited (a captive coal mining company in the private sector)

ELIGIBILITY TO COAL MINING

Jindal Steel and Power Limited (a captive coal mining company in the private sector)

3. Special dispensations provided for setting up of associated coal companies by the end -user parties offered captive coal blocks

Any of the companies engaged in any of the approved end-uses indicted in paras 2 and 2.1 above can itself mine coal from a captive coal block. Some of the private companies who were offered captive coal blocks expressed their difficulties to do coal mining in the country on the ground of lack of experience in coal mining. Keeping in view the difficulties experienced by such companies, the Government have now allowed the following dispensations:-

(a) A company engaged in any of the approved end-uses can mine coal from a captive block through an associated coal company formed with the sole objective of mining coal and supplying the coal on exclusive basis from the captive coal block to the end-user company, provided the end-user company has at least 26% equity ownership in the associated coal company at all times.

(b) There can be a holding company with two subsidiaries i.e. (i) a company engaged in any of the approved end-uses and (ii) an associated coal company formed with the sole objective of mining coal and supplying the coal on exclusive basis from the captive coal block to the end-user company, provided the holding company has at least 26% equity ownership in both the end-user company and the associated coal company..

Coal Mining Lease under the Mines and Minerals (Regulation & Development) Act, 1957.

Under the provisions of Section 5 (2) of the Coal Mines (Nationalisation) Act, 1973, the Coal India Limited enjoys the status of becoming the deemed lessee of the concerned State Governments in relation to all the nationalised coal mines. Under the provisions of Section 11 (2) of the Coal Bearing Areas (Acquisition & Development) Act, 1957 also, the Coal India Limited acquires the same status of becoming deemed lessee of the concerned State Governments in relation to the lands over the coal bearing areas acquired under this Act. The deemed leases being in the nature of statutory leases, the Coal India Limited does not have to obtain separate leases under the MMRD Act, 1957 from the concerned State Government in respect of the nationalised mines and the coal bearing lands acquired under the CBA Act. However, in case any of the companies eligible to do coal mining in the country including CIL and the other Government and private coal companies want to acquire coal bearing lands under the Land Acquisition Act, 1894, they will be required to obtain coal mining leases from the concerned State Governments under the MMRD Act, 1957. Coal being a mineral listed in the First Schedule of the MMRD Act, 1957, the State Governments can grant coal mining leases only with the previous approval of the Central Government accorded under the proviso to Section 5 (1) of MMRD Act. Before the previous approval of the Central Government is accorded, the coal mining company is required to get the mining plan for the proposed coal mining area approved from the Central Government. The coal mining leases under the MMRD Act are now granted for 20-30 years initially and can be renewed for a further period of 20 years with the previous approval of the Central Government. The coal mining leases

ELIGIBILITY TO COAL MINING

under the MMRD Act, 1957 are ordinarily subject to the a ceiling of 10 sq. kms. of area.
