

LEGISLATION

Legislative History Of Coal Mining since 1971 and latest status

Coal mines were nationalized in early seventies in view of the then existing dissatisfactory mining conditions e.g. slaughter mining, violation of mine safety laws, industrial unrest, failure to make investments in mine-development, reluctance to mechanise etc. and in order to meet the long range coal requirements of the country.

The 1973 Act was amended on 27.5.1976 terminating all the mining leases on coal held by the private lessees to allow captive mining by private companies engaged in the production of iron and steel and sub-leasing to private parties of isolated small pockets not amenable to economic development and not requiring rail transport. In 1993 the Act was further amended to allow captive coal mining in the private sector for power generation, washing of coal obtained from a mine and such other end uses as may be notified by the Central Government from time to time. Cement production was subsequently notified as a specified end-use for the purposes of captive coal mining. For details visit [Captive Mining Blocks](http://coal.nic.in) at <http://coal.nic.in>

COAL INDIA (REGULATION OF TRANSFERS AND VALIDATION) Act, 2000

The private coal mines of the country were nationalized in two phases during 1971-1973. In the first phase coking coal mines were nationalized. In the second phase non-coking coal mines were nationalized. Even since the nationalization of the coal industry, though the land or right in or over such land acquired under various Acts and the rights, title and interest in relation to a coal mine or a coke oven plant were directed to be vested in the Coal India Limited or its predecessor in title, its subsidiary companies were de facto managing such land, coal mines, or plants.

The absence of a formal legal title to the land or the right over such land or the right, title and interest in relation to a coal mine or coke oven plant, in the subsidiary companies has exposed them to litigation and other legal infirmities. While the Companies Act, 1956 contains provisions for reconstruction and amalgamations, such reconstruction or amalgamation could be given effect to prospectively only under that Act.

It was, therefore, considered necessary to empower the Central Government to direct the transfer of land or the rights in or over such land or the right, title or interest in relation to a coal mine or coke oven plant vested in the CIL to a subsidiary company, or where such land or mine are vested in a subsidiary company, to another subsidiary company. It was also considered necessary to validate all purported transfers of land or the rights in or over such land or the right, title and interest in relation to a coal mine or coke oven plant from CIL to a subsidiary company and from one subsidiary company to another subsidiary company before the commencement of the proposed Legislation.

The Bill was introduced in the Rajya Sabha on 14.2.95 and thereafter it was referred to the Standing Committee on Energy for consideration. The Committee

after detailed deliberations recommended adoption of the Coal India (Regulation of Transfers and Validation) Bill, 2000 and submitted their report on 27.7.2000 in the Parliament. The Bill was passed by Parliament during the Winter Session 2000. The President has given his assent to the Bill. Thus the Act has come into force, with effect from its publication in the Gazette of India on 8.12.2000.

Amendment to the Coal Mines (Nationalization) Act, 1973 to promote non-captive mining of coal.

The proposal of Ministry of Coal to amend the Coal Mines (Nationalisation) Act, 1973 to allow non-captive coal mining was approved by the Cabinet on 11.2.97 and subsequently on 27.5.97 after the change of Government in April 1997. The draft Bill for the amendment was got vetted from the Legislative Department, Ministry of Law and Justice on 8.7.97. Before the Bill could be introduced in the Parliament, this Ministry received a strike notice from the trade unions demanding withdrawal of the Bill. The matter was discussed with them on several occasions. While the unions recognized that a demand supply gap will remain at the end of the IX Plan, they insisted that increased production by the nationalized coal companies should be made possible by increasing budgetary support to them. It was explained to them that provision of budgetary support to Coal India Ltd. has been stopped since 1995-96 and it is not possible for the Government to restore the support. Unfortunately, despite several rounds of discussion with the trade unions, they did not appreciate the need for amendment to the Act.

In 1998, the matter was examined afresh and it was felt that certain standards would have to be maintained in non-captive coal mining by the private sector so that the pre-nationalization ills of the nature of unscientific mining, environmental degradation, exploitation of labour etc. observed in private coal mining do not recur. A proviso to the Bill providing for powers of the Central Government to lay down such standards for the private companies in terms of location and minimum size of the coal and lignite mines having regard to the rational, coordinated and scientific development and utilization of the coal and lignite resources, was evolved.

On 4.2.99 a fresh Note for the Cabinet was submitted to the Cabinet Secretariat seeking approval of the Cabinet to this Ministry's proposal to introduce the Bill with the proviso in the Parliament. The Cabinet in its meeting held on 17.2.99 approved the proposal of the Ministry of Coal to amend the Coal Mines (Nationalization) Act, 1973 for allowing non-captive coal mining by Indian companies. The Coal Mines (Nationalization) Amendment Bill, 1999 for amending the Nationalization Act was got vetted from the Legislative Department, Ministry of law, Justice and Company Affairs and all the procedural requirements of introduction of this Bill in the Parliament during the last Budget Session were completed. However, the Bill could not be introduced in the Parliament since the Parliament was adjourned sine-die on account of dissolution of the Lok Sabha. As per the latest instructions of the Cabinet Secretariat, the proposals for legislation approved by the previous Cabinet which are yet to be introduced as Bill in the Parliament are required to be submitted before the new Cabinet for obtaining fresh approval of the Government. Accordingly, approval of the new Cabinet was obtained to introduce the Coal Mines (Nationalization) Amendment Bill in the Parliament. After completing all the formalities the Bill was introduced in the Rajya Sabha on 24.4.2000. The Bill was referred to the Standing Committee on Industry for examination and report. However, since the Ministry of Coal was subsequently brought under the Standing Committee on Energy, the Bill was referred to this Committee. The Standing Committee on Energy after detailed hearings and examination of the Bill submitted its report to the Parliament 31.8.01 recommending for passing of the bill by Parliament. Notice of the motion for taking up the Bill for consideration and Passing by the Rajya Sabha will be required to be given before the Bill is taken up for consideration.

legislation

The Trade Unions operating in the coal industry have been demanding the withdrawal of the Bill in addition to a number of other demands. These are being looked into by a Group of Ministers constituted for the Department of Coal to look into various problems of the coal industry. The GOM has convened a number of meetings and it has met last on 9.4.2002. No final decision has been taken by the GOM on the issue of whether to pursue the Coal Mines (Nationalization) Amendment Bill 2000 in the Parliament in view of the threat of strikes by the Trade Unions. The GOM has been reconstituted a number of times in view of changes in incumbencies of the Minister-in-charge of Department of Coal. Because of the current change in the incumbent Minister for the Ministry of Coal, GOM will again require reconstitution before the matter is considered and a decision is taken.

A Memorandum of Settlement has been signed between the Coal India Management and the five central trade union organizations representing the workers of the coal industry on 1.8.2002. Based on the assurance given in the said Memorandum a meeting between the representatives of the Trade Unions and the Government (Department of Coal) was held at the level of the Minister for Coal and Mines on 27.1.2003. As per another assurance given in the Memorandum of Settlement the Trade Union representatives of the workers would have a discussion with the Group of Ministers on the Bill. This can take place only after the GOM is reconstituted.
