

Bill No. XXVI of 2000

THE COAL MINES (NATIONALISATION) AMENDMENT
BILL, 2000

BILL

further to amend the Coal Mines (Nationalisation) Act, 1973.

BE it enacted by Parliament in the Fifty-first Year of the Republic of India as follows:—

1. (1) This Act may be called the Coal Mines (Nationalisation) Amendment Act, 2000.

Short title and commencement.

(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

2. In the Coal Mines (Nationalisation) Act, 1973 (hereinafter referred to as the principal Act), after section 1A, the following section shall be inserted, namely:—

Insertion of new section 1B.

“1B. (1) It is hereby declared that it is expedient in the public interest that the Union should take under its control the regulation and development of coal mines to the extent hereinafter provided in section 3A.

Declaration as to expediency of Union control for the purposes of section 3A.

(2) The declaration contained in sub-section (1) is in addition to, and not in derogation of, the declarations contained in section 2 of the Mines and Minerals (Regulation and Development) Act, 1957 and in section 1A of this Act.”

Insertion of
new section
3A.

Mining
operation by
company and
others.

3. After section 3 of the principal Act, the following section shall be inserted, namely:—

3A. (1) Notwithstanding anything contained in section 3 and on and from the commencement of the Coal Mines (Nationalisation) Amendment Act, 2000, any person being—

(a) the Central Government or a Government company or a corporation owned, managed or controlled by the Central Government, or a State Government or any corporation owned, managed or controlled by the Central Government and a State Government; or

(b) a person to whom a sub-lease, referred to in the proviso of clause (c) of sub-section (3) of section 3 has been granted by any such Government, Government company or corporation; or

(c) a company,

may carry on coal mining operations in India, in any form either for own consumption, sale or for any other purpose in accordance with the prospecting licence or mining lease or sub-lease, as the case may be.

(2) The Central Government may, with a view to re-organising and restructuring such coal mines as to ensure the rational, co-ordinated and scientific development and utilisation of coal resources consistent with the growing requirements of the country, prescribe—

(i) the location of the coal mines;

(ii) the minimum size of the coal mine;

(iii) such other conditions,

which may be necessary for the purpose of coal mining operations by a company.

Explanation.—For the purposes of this sub-section, "company" means a company as defined in sub-section (1) of section 3 of the Companies Act, 1956 and does not include a foreign company within the meaning of section 591 of that Act'.

1 of 1956

Amendment of
section 34.

4. In section 34 of the principal Act, in sub-section (2), after clause (a), the following clause shall be inserted, namely:—

"(aa) the location of the coal mines, the minimum size of the coal mine and such other conditions which may be necessary for the purpose of coal mining operations by a company;"

STATEMENT OF OBJECTS AND REASONS

About sixty per cent. of the country's total energy requirement is met by coal. The coal-based power generation accounts for around seventy per cent. of the total power generation in India. The coal demand in the country is expected to increase several fold within the next few years on account of the burgeoning demand from the power, steel and cement sectors. The principal component of the demand for coal is the demand from the power sector and this depends upon the improvement in generation from existing thermal power stations and the new coal based thermal capacity which will be established. Keeping in view the estimated addition of the coal based thermal capacity in the country by the end of Tenth Plan, it is assessed that the demand supply gap of coal by the end of Tenth Plan would be around 235 million tonnes. It will not be possible for the nationalised coal companies and captive coal mining companies to bridge this huge gap. Import of coal to meet the emerging shortage is not a sound step in the interest of national economy. As coal mining is a long-gestation activity, it would be necessary to ensure that the energy security of the country is not jeopardised.

2. The Committee on Integrated Coal Policy set up by the Planning Commission in April, 1995 to assess the demand of coal in the Ninth and Tenth Plan period concluded that the supply-demand mismatch for coal in the country will become very serious unless measures for supply augmentation are vigorously pursued.

3. The nationalisation of the coal mines took place during the period from 1971 to 1973. Section 3 of the Coal Mines (Nationalisation) Act, 1973 as amended from time to time lays down the categories of entities eligible to mine coal in the country. As per the provisions of section 3 of the Act, while the Government coal companies can do non-captive coal mining, the companies engaged in iron and steel production, power generation and such other end-uses of coal as may be notified by the Central Government from time to time can mine coal only for captive consumption. Under the powers conferred on the Central Government by section 3 of the Act, a Gazette notification was issued in March, 1996 permitting the cement producing companies also to mine coal for captive consumption. However, in order to bridge the increasing gap between demand and supply of coal, it is necessary to increase investments in coal production and make coal available to meet the needs of the economy. For this purpose it is proposed to amend the Coal Mines (Nationalisation) Act, 1973.

4. The need to provide adequate investments in coal mines, conserve coal resources, ensure mines safety and environmental protection and to assure decent living standards for the coal labour was the basic reason for nationalisation of coal mines during 1971 to 1973. Therefore, it is necessary to ensure that the same situation which prevailed in the private coal mines in the pre-nationalisation era does not re-occur. As such, the proposed Bill seeks to enable the Central Government to prescribe the conditions for private mining in terms of location and minimum size of the coal mines having regard to the rational, coordinated and scientific development and utilisation of coal resources consistent with the growing requirements of the country.

5. The Bill seeks to achieve the aforesaid objectives.

New Delhi;

P. R. KUMARAMANGALAM.

The 10th April, 2000.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 3 of the Bill seeks to insert a new section 3A. Sub-section (2) of the said section empowers the Central Government to prescribe the location of the coal mines, minimum size of the coal mines and such other conditions which may be necessary for the purpose of the coal mining operations by a company.

2. These matters relate to matters of procedure and administrative details and it is not practicable to provide for them in the Bill itself. The delegation of legislative power is therefore, of a normal character.

ANNEXURE

EXTRACT FROM THE COAL MINES (NATIONALISATION) ACT, 1973

(26 OF 1973)

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34. (1) * * * * * Power to make rules.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

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further to amend the Coal Mines (Nationalisation) Act, 1973.

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(Shri P. R. Kumaramangalam, Minister of Mines and Minerals and Power)