

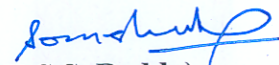
IMMEDIATE/PRIORITY

**F.No.13016/53/2006-CA-I
Ministry of Coal
Government of India**

New Delhi, dated 26th April, 2011

Subject: Policy guidelines for allocation of isolated small coal pockets-Regarding.

Please find enclosed herewith the policy guidelines for allocation of isolated small coal pockets. The same is uploaded in the Website of Ministry of Coal. All stakeholders/general public may take note of the policy and may furnish their comments, if any, to Shri A.K. Bhalla, Joint Secretary (Coal), Ministry of Coal, Shastri Bhavan, New Delhi-110115 within a fortnight from date of issue of this notice. The comments can also be sent via e-mail at usca.moc@nic.in.


(P.S.S. Reddy)
Director

To
The Technical Director, NIC, Ministry of Coal with the request to place the policy on the Website of Ministry of Coal.

POLICY GUIDELINES FOR ALLOCATION OF ISOLATED SMALL COAL POCKETS

After nationalization, it was envisaged that all the coal bearing areas would be taken under the control of Government coal companies and a systematic survey of reserves would be made so that mining could be done in a scientific and integrated manner. The Coal Mines (Nationalisation) Act, 1973 restricts the mining of coal only to entities owned or controlled by the Government. By the amendment carried out in 1976, two exceptions to the policy were introduced viz. (i) captive mining by private companies engaged in production of iron and steel and (ii) sub-lease for coal mining in isolated small pockets not amenable to economic development and not requiring rail transport and all coal mining leases were extinguished. Further, by the amendment carried out in 1993, exceptions were made whereby companies engaged in certain specified end uses were allowed to carry on coal mining for their own use i.e. captive mining.

2. Once the mining leases held by private entities were extinguished in 1976, mining in the private sector, except for captive use in the production of iron and steel, was not permitted. However, there remained the possibility of coal deposits occurring in isolated small pockets where mining in a scientific and integrated manner may not be possible. Such deposits are likely to have limited reserves and would thus not be amenable to the application of modern mining methods. Further, the lessee Government Company might not find it viable to mine these and may instead concentrate on better endowed areas. Such isolated small pockets, where mining in a scientific and integrated manner was not possible, were contemplated to be sub-leased "to any person" on such terms and conditions as the lease holder "Government Company" may find appropriate.

3. A number of applications for exploiting isolated small pockets have been received in the Ministry from time to time. Hitherto, the same were being allocated under the policy guidelines issued by the Ministry in 1979 as revised in the year 2001.

4. Section 3 (3) (a) of the Coal Mines (Nationalisation) Act, 1973 as amended provides who can do coal mining and Section 3 (3) (c) provides that no lease for winning or mining coal shall be granted in favour of any person other than the Government, company or corporation, referred to in clause (a) of Section 3 (3). However, the proviso to clause (c) of Section 3 (3) states that the Government, company or corporation to whom a lease for winning or mining coal has been granted may grant a sub-lease to any person in any area on such terms and conditions as may be specified in the instrument granting the sub-lease, if the Government, company or corporation is satisfied that --

- (i) the reserves of coal in the area are in isolated small pockets or are not sufficient for scientific and economical development in a coordinated and integrated manner, and
- (ii) the coal produced by the sub-lessee will not be required to be transported by rail.

5. It implies that coal reserves including those in the isolated small pockets can initially be allocated as per section 3 (3) (a) and mining lease granted accordingly.

6. In view of the above, it has been decided that the isolated small coal/lignite pockets shall be allotted to the State Mining Corporations of the States where such pockets are located, under Section 3(3)(a)(i) of the Coal Mines (Nationalisation) Act, 1973 and the State Mining Corporations may develop these blocks under the existing guidelines of Government dispensation route.