

**GOVERNMENT OF INDIA  
COAL  
LOK SABHA**

UNSTARRED QUESTION NO:2983  
ANSWERED ON:13.12.2006  
COAL MINES ACT  
Kalmadi Shri Suresh;Yadav Shri Baleshwar

**Will the Minister of COAL be pleased to state:**

- (a) whether the Coal Mines (Nationalisation) Act was amended to include certain captive industries like steel, power and cement;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the Government proposes to expand the scope of this amendment by including independent miners having supply contracts will users who are allowed to mine coal for captive consumption;
- (d) if so, the reasons therefor;
- (e) whether the Government intends to improve coal mining by granting liberalization of captive mining; and
- (f) if so, the details thereof?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF COAL (DR. DASARI NARAYANA RAO)

(a) & (b) : The coal mines in the country were nationalized during 1971-73 in two phases. The private coal mining leases that existed after such nationalization were terminated in 1976 allowing only the iron and steel producers in the private sector to mine coal only for captive use for production of iron and steel. The Coal Mines (Nationalisation) Act, 1973 was amended in 1993 in order to allow private sector participation in coal mining for captive use for purpose of power generation as well as for other captive end uses to be notified from time to time. Subsequently captive coal mining was also allowed for production of cement, by a notification issued in 1996.

(c) to (f): The Government, after taking into account the legal opinion received from the learned Attorney General of India, through the Ministry of Law have decided to allow coal mining by an independent mining company on the condition of issuing a Notification under Section 3(3) (a) (iii) (4) of the Coal Mines (Nationalisation) Act, 1973 that the entire mined coal would be transferred to the end user company/companies for the specific end uses. Accordingly, the guidelines for allocation of coal blocks have been amended and placed on the web site of the Ministry.

Some of the 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 difficulty experienced by such companies, the decision to offer coal blocks to independent mining companies also was taken.