



# Bill Summary

## The Coal Mines (Special Provisions) Bill, 2014

- The Coal Mines (Special Provisions) Bill, 2014 was introduced in Lok Sabha on December 10, 2014 by the Minister of Coal, Mr. Piyush Goyal. It seeks to amend the Coal Mines (Nationalisation) Act, 1973 and the Mines and Minerals (Development and Regulation) Act, 1957. The Bill replaces the Coal Mines (Special Provisions) Ordinance, 2014 that was promulgated on October 21, 2014.
- Under the Coal Mines (Nationalisation) Act, 1973, coal mining was allowed for (i) government companies, (ii) companies that the government had sub-leased the mines to, and (iii) private companies engaged in a specified end-use such as power, iron and steel, cement and coal washing. The Bill seeks to enable private companies to mine coal for sale in the open market.
- **Categories of mines:** The Bill creates three categories of mines: (i) Schedule I, (ii) Schedule II, and (iii) Schedule III. Schedule I mines includes (i) all the 204 coal mines cancelled by the Supreme Court in August 2014, (ii) any land acquired by the prior allottee in or around the coal mines, and (iii) mine infrastructure. Schedule II includes 42 Schedule I mines that are currently under production or about to start production. Schedule III mines includes the 32 Schedule I mines that have been earmarked for a specified end-use.
- **Method of allocation:** Schedule I mines can be allocated by way of either public auction or government allotment. Schedule II and III mines will be allocated by way of public auction. Public auction will be conducted by way of e-auction on a payment of maximum fee of Rs five crore.
- **Eligibility:** For the auction of Schedule I mines, any government, private or joint venture company is eligible to bid. For the government allotment process, only government companies and companies that have been awarded power projects on the basis of competitive bidding for tariff are eligible. For Schedule II and III mines, government, private and joint venture companies with a specified end-use are eligible to bid.
- **Purpose of mining:** Coal mined from Schedule I mines can be used by companies for their own consumption, sale or any other purpose as specified in their mining lease.
- **Prior allottees:** A prior allottee shall not be eligible to participate in the auction process (i) if he has not paid the additional levy imposed by the Supreme Court, or (ii) if he is convicted of an offence related to coal block allocation and sentenced to imprisonment for more than three years.
- **Nominated Authority:** The central government shall appoint a nominated authority who will be an officer of the rank of a joint secretary in the government. Functions of the nominated authority include: (i) conducting the process of auction and allotment, (ii) executing the vesting and allotment orders, (iii) collecting the auction proceeds and transferring them to the respective state governments.
- **Vesting order:** The vesting order shall transfer and vest upon the successful bidder, rights and licenses which include: (i) all the rights, title and interest of the prior allottee, in Schedule I coal mines, (ii) a mining lease that will be granted by the state government, and (iii) any statutory licences, approval or consent required to undertake coal mining operations in Schedule I coal mines, if already issued to the prior allottee.
- **Responsibility of the central government:** The government may appoint a designated custodian to operate and manage the mine, on behalf of the central government, till the completion of auction or allotment.
- **Compensation for prior allottees:** Prior allottees shall be compensated for land and mine infrastructure. For the purpose of such compensation, land shall be valued as per the registered sales deed together with 12% simple interest from the date of purchase or acquisition, till the date of the execution of the vesting order. Mine infrastructure shall be valued as per the audited balance sheet of the previous financial year. Prior allottees shall not be entitled to compensation till the additional levy has been paid.

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