

**GOVERNMENT OF INDIA
COAL
LOK SABHA**

STARRED QUESTION NO:626
ANSWERED ON:06.05.2003
COAL MINING ON CAPTIVE BASIS
NARESH KUMAR PUGLIA;SHYAMA SINGH

Will the Minister of COAL be pleased to state:

- (a) whether it is a fact that the Union Government have decided to permit the State Government to undertake coal mining on captive basis while allowing the coal subsidiaries to enter into market arrangements with the consumers;
- (b) if so, the details in this regard;
- (c) whether such agreements with State Governments may affect the gap between the demand and supply of coal; and
- (d) if so, the details in this regard ?

Answer

MINISTER OF COAL (SHRI KARIYA MUNDA)

(a) to (d) : A statement is laid on the Table of the House.

Statement referred to parts (a) to (d) of Lok Sabha Starred Question No. 626 for 6.5.2003.

(a) & (b): The Coal Mines (Nationalisation) Act, 1973 allows a Government company, including State Government companies, to carry on coal mining in India. However, in 1979, the Central Government restricted the State Government companies/ undertakings, inter alia, to take up coal mining of non-coking coal through open cast method in small and isolated pockets only. In 1993, through an amendment to the Coal Mines (Nationalisation) Act, 1973, captive mining was allowed to a company, including a State Government company, engaged in generation of power, washing of coal obtained from a mine and such other end use as the Central Government may by notification specify from time to time, in addition to a company engaged in production of iron and steel. In 1996, a notification was issued to permit a company engaged in production of cement to undertake coal mining. In December, 2001 the Central Government, through its revised policy on coal, allowed State Government companies/ undertakings to carry on coal mining without the earlier restrictions imposed in 1979 although subject to their meeting with certain conditions and abiding by certain stipulations. As such, State Government companies were allowed to take up coal mining on captive basis since 1993. Subsidiaries of Coal India Limited (CIL) are allowed to enter into market arrangements with non-core consumers. Coal is being supplied to the core sector which includes power, iron and steel, fertilizer, defence, etc. through the mechanism of the Standing Linkage Committee Long-Term and Standing Linkage Committee Short-Term, which are inter-ministerial groups functioning in the Ministry of Coal. With regard to marketing of coal to the non-core sector, new coal sales policy allows Coal India Limited and its subsidiary coal companies to frame their own policies in related areas like pricing, marketing arrangements, etc. Since December 2001, the State Government companies/undertakings can also market coal as per their respective policies.

(c) & (d): Production of coal by State Government companies and undertakings would contribute to the overall supply of coal in the country and to that extent reduce the demand supply gap.