

**GOVERNMENT OF INDIA
COAL AND MINES
LOK SABHA**

UNSTARRED QUESTION NO:3569

ANSWERED ON:20.08.2004

PRIVATISATION OF MINES

Patle Shri Shishupal Natthu

Will the Minister of COAL AND MINES be pleased to state:

- (a) whether the Government is considering to allow private players including foreign companies in the field of mining in the country;
- (b) whether the Government has allowed mining operations in the States also;
- (c) if so, the names of the States in which these mining operations are likely to be done prominently;
- (d) whether mining operations are likely to be allowed in Maharashtra State also; and
- (e) if so, the time by which this scheme is likely to come into force?

Answer

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

(a): As per the National Mineral Policy (NMP), 1993, the non-fuel and non-atomic mineral sector has been thrown open for private investment including Foreign Direct Investment.

As far as coal mining is concerned, the Department of Coal has introduced a Bill, namely the Coal Mines (Nationalisation) Amendment Bill, 2000 in the Rajya Sabha on 24.4.2004 to amend the Coal Mines (Nationalisation) Act, 1973. This Bill seeks to allow commercial mining of coal to any Indian company both in public sector and private sector. At present coal mining in India is allowed to the Indian companies under the existing provisions of law. However, foreign companies can make foreign direct investment to the extent of 100% in an Indian company engaged in generation of power and which is producing coal for exclusive supply to its power plant for captive consumption. In case of other end uses for which captive mining of coal is permitted by an Indian company viz., production of iron and steel and manufacture of cement, 74% foreign equity is permitted. In case of processing of coal (beneficiation and washery) 100% foreign equity participation in an Indian company or in an Indian subsidiary of a foreign company is permitted.

(b) to (e): For non-fuel and non-atomic minerals, the above mentioned National Mineral Policy is equally applicable to all States including Maharashtra in the country. All mineral concessions are granted by the State Governments including Maharashtra under the Mines and Minerals (Development & Regulation) Act, 1957 and Rules made thereunder. Only in respect of coal and lignite, atomic minerals and 10 other minerals, the State Governments are required to obtain prior approval of the Central Government before grant of mineral concession under the Mines and Minerals (Development and Regulation) Act, 1957. Mining operations in a State whether Maharashtra or any other State depend on the availability of the minerals and economic viability of their exploration and exploitation.

In so far as coal is concerned, the State Governments are allowed commercial mining of coal through their undertaking which are authorized by their Articles of Association to do mining of coal and lignite. Any Indian company can apply for working of coal reserve in any State including Maharashtra for captive mining of coal for power generation, iron and steel production and cement production keeping into account the quality and quantity of coal reserve available in the State.