

# Coal Mines (Special Provisions) Act, 2015

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In news

Coal Mines (Special Provisions) Act, 2015 has been amended recently

The Mineral Laws (Amendment) Act, 2020

It was enacted to amend the Coal Mines (Special Provisions) Act, 2015 [CMSP Act] and the Mines and Minerals (Development and Regulation) Act, 1957 [MMDR Act]. The amendments in the Acts enabled the following:

- **Allocation of coal blocks for composite prospecting license-cum-mining lease** which will help in increasing the inventory of coal, lignite blocks for allocation.
- The repetitive and redundant provision requiring previous approval of the Central Government in cases where the allocation or reservation of coal/lignite block has been made by the Central Govt. itself has been done away with.
- The new provisions will also augment the exploration of the deep seated minerals and minerals of national interest by allowing Non Exclusive Reconnaissance Permit (NERP) holders to apply for composite licence or Mining Lease (PL-cum-ML).
- **Provided flexibility to the Central Govt.** in deciding the end use of Schedule II and III coal mines under the CMSP Act.
- **Companies that do not possess any prior coal mining experience in India can now participate in an auction of coal blocks.**
- Methodology for auction of coal and lignite mines/blocks for sale of coal/lignite on revenue sharing basis under

the CMSP Act and the MMDR Act was approved by CCEA on 20th June 2020. **Salient features of the methodology are as under:**

- Bidders would be required to bid for a percentage share of revenue which would be payable to the State Government.
- Applicable to fully explored as well as partially explored coal blocks under the CMSP Act and MMDR Act. The upfront amount is based on the value of estimated geological reserves.
- The successful bidder shall be provided incentives for early production and for gasification or liquefaction of coal. The exploitation of Coal Bed Methane (CBM) is allowed.
- There shall be no restriction on the sale and/or utilization of coal from the coal mine.
- Provides for relinquishment of coal block by the successful bidder of a partially explored coal mine.
- Directions of the Central Government were issued to the Nominated Authority for conducting the auction of 38 coal mines for sale of coal under the provisions of the CMSP Act and the MMDR Act.
- After completion of all the necessary processes, Commercial Mining was launched on 18.06.2020

### **Coal Mines (Special Provisions) Act, 2015**

The Act provides for the allocation of coal mines and vesting of the right, title, and interest in and over the land and mine infrastructure together with mining leases to successful bidders and allottees with a view to ensure continuity in coal mining operations and production of coal, and for promoting optimum utilization of coal resources consistent with the requirement of the country in the national interest

### **Important provisions of the act**

Following are the provisions of the act:

- It mentions eligibility criteria to participate in an auction and payment of fees.
- Allotment of mines to Government companies or corporations.
- **Central Government will act through nominated authority:**  
The Central Government shall appoint an officer, not below the rank of a Joint Secretary to the Government of India as the nominated authority who shall act for and on behalf of the Central Government for the purposes of this Act and shall exercise such powers as may be prescribed
- It gives the central government the power to classify certain Schedule I coal mines
- As per the act nominated authority would issue vesting order or allotment order
- **Utilization of movable property used in coal mining operations:** As per the act, a successful bidder or allottee in respect of Schedule I coal mines, may negotiate with prior allottee to own or utilize such movable property used in coal mining operations on such terms and conditions as may be mutually agreed to by them
- It also highlights discharge or adoption of third party contracts with prior allottees and Liabilities of prior allottees.
- **Commissioner of payments to be appointed and his powers:**  
For the purposes of disbursing the amounts payable to the prior allottees of Schedule I coal mines, the Central Government shall appoint an officer not below the rank of Joint Secretary to the Government of India, to be the Commissioner of payments
- It also provides for a provision for the appointment of a designated custodian by the Central Government
- It also provides for a penalty for failure to comply with directions of the Central Government which is cognizable in nature.