

CHAPTER-III

COAL COMPANIES AND NEW MINING POLICY

3.1 The Coking Coal Mines (Emergency Provisions) Ordinance was promulgated by the Government of India on 16.10.1971 under which except the captive mines of TISCO and IISCO, the management of all coking coal mines was taken over by the Government. A new company called Bharat Coking Coal Limited was formed as a subsidiary company of Steel Authority of India Limited to manage the taken over mines. These mines were subsequently nationalised w.e.f. 1.5.1972. Later on, the management of 711 coal mines was also taken over by the Government with effect from 31.1.1973 and they were nationalised w.e.f. 1.5.1973 and a new Government Company namely, Coal Mines Authority Limited (CMAL) with headquarters at Calcutta, was set up by the Government in May, 1973 to manage non-coking coal mines. The CMAL was organised as a unitary structure on divisional pattern with four Divisions, the Central Division, the Eastern Division, the Western Division and the CMPDIL. The mines of erstwhile National Coal Development Corporation were brought under the Central Division of the CMAL. In September, 1975 CIL was formed as a Holding Company with five subsidiaries namely Bharat Coking Coal Limited (BCCL), Central Coalfields Limited (CCL), Eastern Coalfields Limited (ECL), Western Coalfields Limited (WCL) and Central Mine Planning and Design Institute Limited (CMPDIL).

3.2 In view of the projected increase in production and investment contemplated for CCL and WCL group of coal mines and in view of their extensive geographical spread resulting in day to day administrative, technical and communication problems etc. two more coal companies, namely, Northern Coalfields Limited and South Eastern Coalfields Limited were formed w.e.f. 28.11.1985.

3.3 Considering the prospects of Orissa Coalfields, being the growth centre for the VIII and IX Plan periods, a new coal company was formed bifurcating South Eastern Coalfields Limited (SECL). The new company Mahanadi Coalfields Limited was incorporated on 3rd April, 1992 with its headquarters at Sambalpur (Orissa) as fully owned subsidiary of Coal India Limited to manage the Talcher and IB-Valley Coalfields in Orissa.

3.4 CIL now has 8 subsidiaries viz. Bharat Coking Coal Limited (BCCL), Central Coalfields Limited (CCL), Eastern Coalfields Limited (ECL), Western Coalfields Limited (WCL), South Eastern Coalfields Limited (SECL), Northern Coalfields Limited (NCL), Mahanadi Coalfields Limited (MCL) and Central Mine Planning and Design Institute Limited (CMPDIL). The coal mines in Assam and its neighbouring areas are controlled directly by CIL under the unit, North Eastern Coalfields. The CMPDIL is an engineering, design and exploration company set up for preparing perspective plan(s), rendering consultancy services and undertaking exploration and drilling work to establish

coal reserves in the country and for collection of detailed data for preparation of projects for mining. The other seven subsidiaries of CIL are coal producing companies.

3.5 CIL and its subsidiaries are incorporated under the Companies Act, 1956 and are wholly owned by the Central Government. The coal mines in Assam and its neighbouring areas are controlled directly by CIL under the unit North Eastern Coalfields.

3.6 In addition to CIL and its subsidiaries there is another coal company in Public Sector namely Singareni Collieries Company Limited (SCCL), which is a joint venture of Government of Andhra Pradesh and Government of India, with equity capital in the ratio of 51:49 respectively.

COAL INDIA LIMITED AND ITS SUBSIDIARIES

3.7 CIL the holding Company with headquarters at Calcutta, is headed by a Chairman-cum-Managing Director in schedule 'A' scale of pay who is assisted by four Functional Directors, namely Director (Technical), Director (Personnel & Industrial Relations), Director (Marketing) and Director (Finance) who are all in Schedule 'B' scale of pay. Each Subsidiary Company has its own Board of Directors headed by a Chairman-cum-Managing Director in schedule 'B' scale of pay. In addition, there are four functional Directors (in schedule 'C' scale of pay) in each of the six production companies of BCCL, ECL, CCL, NCL, SECL and WCL viz. Director(Personnel), Director(Finance), Director(Planning and Projects) and Director (Technical). In MCL there are at present three posts of functional Directors, namely Director (Technical), Director (Personnel) and Director (Finance). CMPDIL also has four functional Directors on its Board of Directors who are designated as Director (Technical), Director (Coal Production & Utilisation), Director (Planning & Design) and Director (Research, Development & Technology). In addition, there are part-time or nominee Directors on the Board of CIL and its subsidiaries who are appointed in accordance with the Articles of Association of the Company and Government guidelines prescribed in this behalf from time to time.

3.8. The authorised share capital of CIL as on 31.3.2001 was Rs. 8,904.18 crores divided into-

i)	90,41,800 Non-cumulative 10% redeemable preference shares of Rs. 1000/- each	Rs.904.18 crores
ii)	8,00,00,000 Equity Shares of Rs. 1000/- each	Rs. 8000.00 crores
	Total	Rs.8904.18 crores

The paid-up capital of CIL as on 31.3.2001 was Rs. 7220.54 crores comprising Rs.904.18 crores of Non-cumulative 10% redeemable preference share capital and Rs.6316.36 crores of Equity Capital issued to the Government of India, including Rs.

256.93 crores worth of Equity Shares issued to the Government of India towards the value of land acquired.

The authorised share capital of the subsidiary companies of CIL as on 31.3.2001 is given below:-

Subsidiary Company	Authorised Share Capital (Rs in crores)
Bharat Coking Coal Limited	2500.00
Western Coalfields Limited	800.00
Central Coalfields Limited	1100.00
Eastern Coalfields Limited	2500.00
Northern Coalfields Limited	1400.00
South Eastern Coalfields Limited	1300.00
Mahanadi Coalfields Limited	500.00
Central Mine Planning & Design Institute Limited	50.00

3.9 CIL is mainly responsible for laying down corporate objectives, approving and monitoring performance of subsidiary companies in the fields of long-term planning, conservation, research and development, production, sales, finances, recruitment, training, safety, industrial relations, wages, material for all operational matters, commissioning and execution of new as well as on-going projects, man management, production, consumer satisfaction etc. In addition, subsidiary companies perform related functions, such as maintaining liaison with concerned State Governments, acquisition of land, execution of welfare programmes, maintenance of safety standards, improvement of industrial relation etc.

In addition to the above functions, CIL directly controls the development and exploitation of the coal mines in the North-Eastern States, and the coal marketing network spread throughout the country.

WORKING RESULTS OF COAL INDIA LTD.

3.10 CIL and its Subsidiaries collectively incurred a loss of Rs. 1414.47 crores in the year 2000-2001 against a profit of Rs. 693.87 crores for the year 1999-2000.

Company-wise position is shown below:

(Rs. in crores)

Company	1999-2000 Profit(+)/Loss (-)	2000-01	2001-02 upto Dec. (Prov.) Profit/Loss
ECL	(-) 728.23	(-)917.19	-355.03
BCCL	(-) 692.32	(-)1276.70	-654.19
CCL	(-) 121.24	(-)792.91	-184.75
NCL	(+) 936.87	(+) 1025.05	(+)905.93
WCL	(+) 405.86	(+)28.23	(+)319.88
SECL	(+) 455.34	(+) 116.92	(+)457.58
MCL	(+) 607.65	(+)641.35	(+)494.18
CMPDIL	(+) 0.71	(-)3.81	(-)1.65
CIL (NEC)	(+) 581.18	(+)280.21	(-)42.99
Sub-total	1,445.82	(-)898.85	938.96
Less: Dividend from subsidiaries	751.95	515.62	
Total	693.87	(-)1414.47	938.96

3.11 The company wise dividend provided by subsidiaries for the year 2000-2001 are given below:

Company	Rs. in Crores
NCL	305.39
SECL	39.37
MCL	170.86
Total	515.62

CENTRAL MINE PLANNING AND DESIGN INSTITUTE LIMITED (CMPDIL)

3.12 Central Mine Planning and Design Institute Limited, a subsidiary of Coal India Limited is engaged in the work of exploration, project planning, detailed designing of system and sub-systems, co-ordination and integration of applied research and development, absorption of new techniques of coal mining, beneficiation and utilisation of coal, perspective planning & demand assessment, environment related services and caters to the total planning and designing needs of new coal projects and re-organisation of existing mines for optimal production of coal. The company headquarters is located at Ranchi. It has its Regional Institutes located at Asansol, Dhanbad, Ranchi, Nagpur,

Bilaspur, Singrauli, and Bhubaneswar to render doorstep services to the coal producing companies located in these areas.

3.13 In addition to satisfying the planning requirement of CIL and its subsidiary companies, CMPDIL is also offering expert consultancy services to CIL as well as outside organizations.

CONSULTANCY SERVICE WITHIN CIL

3.14 During the year 2001-2002 (April 2001- December 2001), CMPDI prepared 163 reports, which include 10 Project Reports / Revised Project Reports/ Revised Cost Estimates, 6 Geological Reports, 28 Operation Plans, 9 Environmental Management Plans & 110 Special Reports/ Other studies. Expert consultancy services were also provided to CIL and its subsidiary companies in the field of Environmental Management and Monitoring, Remote Sensing, Energy Audit, Physico-mechanical Test of Rock and Coal Samples, Rock Mass Rating (RMR), Non-Destructive Testing (NDT), Controlled Blasting, Vibration Studies and Explosives Utilization, Mining Electronics etc.

CONSULTANCY SERVICE OUTSIDE CIL

3.15 During the year 2001-2002 (April 2001- December 2001), 11 outside jobs were completed for 11 organisations. Some of the important clients/organisations to whom services were provided are NTPC, Special Blasts Pvt. Ltd., RECL, Solar Explosives Ltd., Uranium Corporation of India Limited, BSMDC, Singareni Collieries Co. Ltd., PSEB, etc.

BHARAT COKING COAL LIMITED (BCCL)

3.16 Bharat Coking Coal Limited is one of the consistently loss-making subsidiary company of Coal India Limited. The losses incurred by the company during the last two years are Rs. 692.32 crores and Rs. 1276.70 crores. The paid up share capital of the company as on 31.3.2001 is Rs. 2118.00 crores. The company has an accumulated loss of Rs. 4065.85 crores as on 31.3.2001. Thus the net-worth of the company as on 31.3.2001 has become negative and it has been referred to BIFR under the Sick Industrial Companies (Special Provisions) Act, 1985. Form AA has been filed by BCCL on 13.1.2001 and company has been registered sick.

3.17 Since the company continued to incur losses year after year and its performance showed no improvement, Coal India Limited decided to engage ICICI to study the problems of BCCL and suggest measures for improvement in its performances. The report of ICICI is yet to be received in this Department.

3.18 The Company has its headquarters at Dhanbad in Jharkhand. It had under its charge nationalised Coking Coal Mines and two mines namely Moonidih and Sudamdih transferred to it from the erstwhile National Coal Development Corporation Ltd. All these mines were re-organised into units/areas for administrative and operational

convenience. BCCL is the major producer of prime coking coal (raw and washed). Medium coking coal is also produced in its mines in Mohuda and Barakar areas. In addition to production of hard coke and soft coke, BCCL operates a number of sand gathering plants, a network of aerial ropeways for transport of sand and, nine Coal Washeries, namely Dugda - I, Dugda - II, Bhojudih, Patherdih, Lodna, Sudamdih, Bakora, Moonidih and Rohula.

SOUTH EASTERN COALFIELDS LIMITED (SECL)

3.19. South Eastern Coalfields Ltd. with headquarters at Bilaspur (MP) was incorporated on 28.11.1985 but for accounting purposes, it started functioning independently from 1.4.86. The Company covers Korba (East), Korba (west), Baikunthpur, Chirimiri, Hasdeo, Sohagpur, Jamuna-Kotma and Johilla areas in Madhya Pradesh. Despite separation of coalfields in Orissa from its jurisdiction, SECL continues to be one of the leading coal producers among the subsidiaries of CIL. The Company achieved a record turnover (Gross) of Rs. 4170.13 crores during the year 2000-2001, an impressive growth of 7.19% over the previous year. The performance of the Company during the same year in other parameters of efficiency was no less significant considering the growth in production, productivity and dispatch of Coal. The company could not translate these achievements into additional profit primarily on account of liability of Rs. 58247.72 lakhs incurred toward revision of salary of non-executives for the period 1.7.1996 to 31.3.2001 and of executives for the period 1.1.1997 to 31.3.2001. Thus, the Company posted a net profit of Rs. 11691.57 lakhs before tax during the 2000-2001, as against the net profit of Rs. 45534.00 lakhs before tax in the previous year.

WESTERN COALFIELDS LIMITED.(WCL)

3.20 This company has its headquarters at Nagpur (Maharashtra). It covers coalfields in Maharashtra and the three coalfields namely Kanhan, Pench and Patharkheda in Madhya Pradesh. WCL meets to a large extent the requirement of industries and power stations in western region of the country. The Company recorded excellent performance during the year 2000-2001 in respect of major physical parameters viz. production, productivity and off-take. The company not only exceeded the Annual Action Plan targets of these parameters but also registered growth over there of previous year. However, the Company slipped in respect of washed coal production due to less availability of medium coking coal.

3.21 The Company has made a net profit of Rs. 32.08 crores before tax during the year as against Rs. 405.86 crores in the previous year. The drop in profit by Rs. 373.78 crores is mainly on account of the following factors :

i) Provision for revision of wage from July' 96 to Dec., 2000 under NCWA VI and Executive Salary revision from January, 1997 to September, 2000 (in additional to the provision of Rs. 80 crores made in 1999-2000)

ii) Additional liability on account of revised wages paid under NCWA VI from January, 2001 to March, 2001 and to executive from October, 2000 to March, 2001.

EASTERN COALFIELDS LIMITED (ECL)

3.22 The company has its headquarters at Sanctoria in West Bengal. It covers the Raniganj coalfield in West Bengal and Mugma and Rajmahal coalfields in Bihar. This company produces coal to meet requirements of loco and other industries which require relatively higher grades of coal. ECL was referred to the BIFR on 23.11.95 under section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 as more than 50% of its net worth was eroded. However, it was not registered as a sick company by the BIFR. ECL was again referred to BIFR on 27.11.97 u/s 15(1) of SICA as its net worth became negative as on 1.4.97. As a result of the internal capital restructuring among the CIL subsidiaries, an amount of Rs.1179.45 crores of ECL's debt to CIL was converted to equity and therefore ECL's equity increased from Rs.1039 crores to Rs.2218.45 crores. The BIFR in its hearing on 1.6.98 noted that the net worth of ECL became positive and the company was no longer a sick industrial company as per provision of the Act. However subsequently because of increase in accumulated losses of ECL the Company's networth as on 1.4.2000 has again become negative to the extent of (-) Rs.739.14 crores. Vide Order No. 501/2000 dated 27.2.2001, BIFR declared ECL as a sick company U/S 3(1)(0) of SICA and appointed SBI as agency to prepare revival scheme. The company has submitted a revival plan to the operating agency in consultation with CIL.

CENTRAL COALFIELDS LIMITED (CCL)

3.23 This company has its headquarters at Ranchi in Jharkhand and covers Bokaro, Ramgarh, Giridih, North and South Karanpura coalfields of Bihar. Apart from several nationalised mines, it owns most of the mines of former National Coal Development Corporation Ltd. The company produces medium coking coal (raw and washed), non-coking coal, soft coke and hard coke.

3.24 Central Coalfields Limited is one of the loss-making Public Sector Undertakings in the Coal Sector. The updated financial results and other necessary details in respect of the company are under:-

(Figure in Rs. crores)

	1997-98	1998-99	1999-2000	2000-01
Paid up capital	940.00	940.00	940.00	940.00
Annual Profit(+)/loss(-)	-85.57	-149.35	-121.24	-792.91
Dividend declared	Not declared	Not declared	Not declared	Not declared
Net Sales	1962.12	1951.03	2028.84	2119.55
Net-worth	970.16	841.86	741.69	- 51.21
Accumulated profits (+)/losses(-)	53.73	- 95.62	- 198.78	- 991.21

3.25 As on 15.2.2001, CCL had a total of 63 working mines of which 34 mines were opencast, 21 mines were underground and 8 mines were mixed. CCL produced 31.75 million tonnes of coal during the year 2000-01. Production of coal from the underground mine was to the tune of 2.88 million tonnes, whereas production from the opencast mines was to the tune of 28.87 million tonnes. During the years 1998-99 and 1999-2000, the company produced 32.18 million tonnes and 32.40 million tonnes of coal respectively.

3.26 As is evident from above, the Central Coalfields Limited has begun to have accumulated losses since 1998-99 and the accumulated losses as on 31.3.2001 stand at Rs. 991.21 crores because the company has been incurring losses. The company produces 12.34% of total coal production of CIL whereas, it employs 14.40% of the total manpower of CIL as on 31.3.2000.

3.27 The Board of Directors of the Company at its 297th meeting held on 29.3.01 were of opinion that the Company with its negative networth has become sick within the meaning of Sick Industrial Companies (Special provision) Act (SICA), 1985. Accordingly, under the relevant provision in SICA, a reference was made to BIFR. However, BIFR vide its communication dated 6.8.2001, declined to accept the reference on the ground that the same was not supported by the latest audited and approved Annual Accounts of the Company for the year 2000-01, which was then under finalisation and audit.

3.28 As per the Annual Accounts of CCL for the year ended 31st March, 2001, that has since been finalised, the networth of the Company has become negative by Rs.51.22 crores. This was considered by the Board of Directors of CCL at its 301st meeting held on 17.9.01 and decided to make a fresh reference to BIFR, which is under submission.

NORTHERN COALFIELDS LIMITED (NCL)

3.29 Northern Coalfields Limited with headquarters at Singrauli (M.P.) covers the entire Singrauli Coalfields situated in the two states of Uttar Pradesh and Madhya Pradesh. The company was incorporated on 28.11.1985; but for accounting purposes, it started functioning independently from 1.4.1986 only. The achievements / performance of the company during 2000-2001 are as under:

- i) A record 41.40 million tones of coal production with a growth of 7.73 percent and 133.783 million cu.m. of overburden removal with a growth of 8.92 percent.
- ii) Output per manshift (OMS) reached a record level of 10.20 tones with an improvement of 9.80 percent over the previous year.
- iii) Despatches at 41.883 million tones too being the highest ever with a growth of 6.89 percent over previous year.

- iv) All time record turnover of Rs. 2739.66 crores up to 9.40 percent over previous year.
- v) Company maintained its position as top profit earning subsidiary of Coal India Limited with a record Profit before Tax of Rs. 1025.05 crores with a growth of 9.41 percent.
- vi) Uninterrupted track record of dividend payment since 1995-96 . Dividend (inclusive) of dividend of Rs. 40 crores on preference share capital) for the year being Rs. 305.39 crores against Rs. 289.29 crores for the previous year.
- vii) Consistent improvement in sales realization- Achievement during 2000-01 being 101.86 percent of billing.
- viii) All disputes with the SEBs against coal supply dues upto 31.3.2001 have been settled.
- ix) Consumer satisfaction continued to be a high priority area; the year 2000-01 was marked as Complaint Free Year.

MAHANADI COALFIELDS LIMITED (MCL)

3.30 Mahanadi Coalfields Limited with its headquarters at Sambalpur, was incorporated as another subsidiary company of CIL on 3.4.1992. Its areas of jurisdiction comprise Talcher and IB valley coalfields in Orissa. The performance / achievements of the company during the year 2000-2001 are as follows :

- i) The Company achieved all time high Gross Sales Turnover of Rs. 2295.64 crores against which Realisation is 95.19%
- ii) Record Overburden Removal of 49.605 million Cu. M. during the year registering growth of 4.51% over the previous year.
- iii) Despatch increased significantly by 12.32% while production increased by 2.87% during the year in spite of reversionary market conditions.
- iv) The productivity in terms of output per man shift (OMS) increased to 9.01 tonnes from previous year's achievement of 8.75 tonnes.
- v) In spite of provision of Rs. 128.41 crores on account of revision of Salaries and Wages, the Profit Before Tax (PBT) increased to Rs. 641.35 crores from Rs. 607.65 crores in the previous year.

vi) The Company has been consistent in payment of dividend for last three years amounting to Rs. 173.64 crores in 1997-98 , Rs. 162.69 crores in 1998-99 and Rs. 173.07 crores in 1999-2000. The dividend proposed for the year is Rs. 170.86 crores Rs. 150.44 crores on Equity Share Capital and Rs. 20.42 crores on Preference Share Capital.

NORTH EASTERN COALFIELDS (NEC)

3.31 North Eastern Coalfields, with its headquarters at Margherita, is a unit directly controlled by CIL and is responsible for development and production of coal in the North Eastern States. The present mining activities are confined to Assam and Meghalaya. The area has large proven reserves of low ash, high calorific value coal but its high sulphur content prevents its coal to be used directly as metallurgical coal.

SINGARENI COLLIERIES COMPANY LIMITED (SCCL)

3.32 SCCL is a joint undertaking of Government of Andhra Pradesh and the Government of India. The equity capital is in the ratio of 51 : 49 between Government of Andhra Pradesh and the Central Government respectively. The Headquarters of the company is at Kothagudem in Andhra Pradesh.

3.33 In 1994, SCCL was under reference to the BIFR as a sick industrial company within the meaning of section 3(1)(0) of the Sick Industrial Companies (Special Provisions) Act, 1985. A turn-around package for rehabilitation of SCCL approved by the Government of India in consultation with Government of Andhra Pradesh and the company, was submitted to the BIFR. Following this, the BIFR vide its order dated 10.1.95 decided that it was no longer necessary to pursue the case of the company under the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985. Under section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985, SCCL became a potentially sick company on finalisation of its 1995-96 accounts. In December 1996 the company was referred to BIFR as a potentially sick company under the above cited provision of the Act. The accumulated losses of SCCL as on 31.3.2001 stand at Rs. 565.94 crores.

WORKING MINES

3.34 The Company-wise details of working mines in CIL/SCCL and other companies in the country as on 31.12.2000 are given below :

Company	Number of working mines
ECL	111
BCCL	87
CCL	64
NCL	08
WCL	81

SECL	97
MCL	22
NEC	7
CIL	477
SCCL	67
TISC LTD	7
IISCO Ltd.	3
BSMDC Ltd.	1
DVC	1
J&K Minerals Ltd.	3
Bengal Emta Coal Mines Ltd.	1
TOTAL	560

CAPTIVE COAL MINING

3.35 Considering the need to augment thermal power generation and to create additional thermal power capacity during the VIII Plan period, the Government decided to allow private participation in the power sector. The Coal Mines (Nationalisation) Act, 1973 was amended with effect from 9th June, 1993 to allow coal mining to private sector for captive consumption for generation of power, washing of coal obtained from a mine and other end uses to be notified by the Government from time to time in addition to the existing provision for captive coal mining for production of iron and steel. The amendment was carried out in Section 3(3)(a)(iii) of the 1973 Act by a Gazette Notification dated 9.6.93. Under this amendment, another Gazette Notification has been issued on 15.3.96 to allow production of cement as an end use for captive mining of coal. The June, 1993 amendment to the Act as well as the Gazette notification of 15.3.96 apply to both the public sector and private sector companies desiring to mine coal for captive consumption. The restriction of captive mining does not apply to the state-owned coal mineral development Undertakings like CIL, SCCL, Neyveli Lignite Corporation and Mineral Development Corporations of the State Governments.

3.36 Captive Mining Blocks and sub blocks numbering 115, have been identified in the command area of CIL with an estimated reserve of 27304 million tonnes for Captive Mining. Out of these, non-coking coal reserves is 22694 million tonnes and coking coal reserves is 4610 million tonnes. As on date 27 parties in the public and private sector have been offered captive coal blocks for consumption in power generation, Iron & Steel industry and Cement industry. Total geological reserves of allotted blocks/ sub blocks are 4021 million tonnes. Seven (7) geological coal mining blocks have been identified in the command area of SCCL for allotment to private parties for captive consumption.

New Coal Mining Policy

3.37 Coal mining continues in the public sector except for captive mining purposes and a Bill, namely the Coal Mines (Nationalisation) Amendment Bill, 2000 has already been introduced in Parliament to open up the coal sector to private investment. The bill was referred to the Standing Committee on Energy for examination and report. The Standing

Committee has since submitted its report which was tabled on both the Houses of Parliament in August, 2001. The Committee has recommended for adoption of the Bill subject to certain conditions. Meanwhile, a new policy dimension has been added by a policy decision taken by the Government. Under this decision, the State Government companies or undertakings are allowed to do mining of coking and non-coking coal or lignite reserves, either by opencast or underground method, anywhere in the country, subject to the following conditions:

- i) The State Government company or undertaking (referred to as the 'company' hereafter) is authorised to do coal or lignite mining by its Memorandum and Articles of Association.
- ii) The company will do coal or lignite mining in accordance with the provisions of the Coal Mines (Nationalisation) Act, 1973, the Mines & Minerals (Development & Regulation) Act, 1957, the Contract Labour (Regulation & Abolition) Act, 1970, and all other mineral, environmental and labour laws and other regulations governing the Indian coal industry.
- iii) For coal the company shall obtain a certificate from Coal India Limited to the effect that the latter has no plan or willingness to undertake mining operations for coal in the concerned area. For lignite, the company shall obtain a certificate from Neyveli Lignite Corporation.
- iv) The proposed mining area has not been allotted to a captive mining company under the provisions of Section 3(3)(a)(iii) of the Coal Mines (Nationalisation) Act, 1973.
- v) No financial assistance from the Central Government or Coal India Limited or Neyveli Lignite Corporation shall be provided to the company for coal or lignite mining in the concerned area.
- vi) None of the coal or lignite mines operated by the company will be taken over by the Central Government or Coal India Limited or Neyveli Lignite Corporation in the event of closure of such a mine or otherwise.
- vii) No employee of the company, engaged in a coal or lignite mine operated by it, will be absorbed in Coal India Limited or Neyveli Lignite Corporation at any point of time.