

Standing Committee Report Summary

The Coal Mines (Conservation and Development) Amendment Bill, 2012

- The Department-Related Parliamentary Standing Committee on Coal and Steel submitted its 37th Report on the Coal Mines (Conservation and Development) Amendment Bill, 2012 on May 7, 2013. The Committee was headed by Mr. Kalyan Banerjee.
- The Bill seeks to amend the Coal Mines (Conservation and Development) Act, 1974. The Act provides for the conservation of coal and development of mines. In addition, the Act provides for imposition of excise duty and customs duty. The Bill increases the maximum excise duty that can be levied on coal. Part of the excise duty funds the implementation of a master plan to deal with fires, subsidence and rehabilitation in the Jharia and Raniganj coalfields. (The Jharia - Raniganj Master Plan addresses the issues of fires and sinking of land in the old mined out areas in Jharia, Jharkhand and Raniganj, West Bengal which were taken over at the time of nationalization.) It also funds the conservation and safety of coal mines and development of transportation infrastructure in coal field areas. The Bill increases the maximum amount of duty that can be imposed from Rs 10 per tonne to Rs 50 per tonne.
- **Fund utilisation and role of CCDAC:** The Committee noted that the Coal Conservation and Development Advisory Committee (CCDAC), constituted to advise the government regarding formulation and implementation of national policy on coal conservation and development activity, has not played an effective role in disbursement of the excise duty proceeds to different coal companies. The Committee recommended that the Ministry of Coal ensure that: (i) meetings of the CCDAC take place at regular intervals, and (ii) funds earmarked are fully utilised for the various schemes under the CCDAC so that the physical targets envisaged are achieved. The Committee was of the view that the Ministry of Coal should ensure full utilization of excise duty collected before enhancing the rate for the same, as proposed in the Bill.
- **Burden of excise duty:** The Committee observed that the burden of the enhancement of excise duty is proposed to be passed on to the electricity consumers. The Committee, however, desired that steps be taken to ensure that the expected increase in excise duty should not be passed on to the consumers of electricity and be absorbed by the coal companies.
- **Implementation of the master plan:** The Committee recommended that the Ministry should ensure that the master plan be implemented on a “war footing”, to avert the possibility of a catastrophe. The Committee suggested that the Ministry should interact with the governments of West Bengal and Jharkhand to expedite the land acquisition process and the settlement of displaced persons from the endangered areas of the Jharia and Raniganj coal fields. The state governments should offer better compensation for acquisition of land and provide employment to the displaced persons.
- The Committee noted that the master plan is to be implemented in 10 years. The Committee felt that the necessity of spending a large portion of the excise duty collection may not arise after the implementation of the master plan. The Committee asked the Ministry to apprise them about the utilisation of the excise duty which will be collected after the implementation of the master plan.

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