

No. 43022/1/2020-LAIR
Government of India
Ministry of Coal

Shastri Bhawan, New Delhi – 110001.
Dated: 22nd April, 2022

OFFICE MEMORANDUM

Sub. Policy Guidelines for use of land acquired under the Coal Bearing Areas (Acquisition & Development) Act, 1957.

Ministry of Coal have been receiving requests for leasing of land acquired under the Coal Bearing Areas (Acquisition & Development) Act, 1957 ('the CBA Act') for multiple purposes that are ancillary to coal mining. Many activities in coal mines are performed by the private sector under different models of development and financing as per the decisions of the Board of the Government Coal Companies. It is felt expedient to formulate a policy to provide land on lease to other CPSUs, State Governments (including its PSUs) and private entities to set up coal related infrastructure development on CBA acquired land.

2. Accordingly, with the approval of the Union Cabinet dated 13th April, 2022, it has been decided that lands acquired under the CBA Act may be considered for granting on lease by the land owning Public Sector Undertakings ('PSUs')/ coal company to other CPSUs, State Governments (including its PSUs) and private entities for development of coal infrastructure and other development activities without change in ownership of the lands.

3. Leasing of the land for the purpose of setting up of infrastructure relating to coal and other development infrastructure shall ensure use of de-coaled/idle land for the welfare of the project affected persons, energy sector and environmental upgradation. Such use of these lands will boost industrial activity in the nearby areas and generate employment.

4. The leasing of lands shall be in accordance with the following Policy Guidelines and Terms and Conditions:

(1) Only the following types of lands will be considered:

(a) Lands which are no longer suitable or economically viable for coal mining activities; or

(b) Lands from which coal has been mined out / de-coaled and such land has been reclaimed.

(2) Before considering the land for leasing out, a certificate from Central Mine Planning and Design Institute Limited (CMPDIL) shall be obtained stating that the land which is being considered for leasing fulfills the conditions mentioned in clause (1) above.

(3) Board of the land-owning coal company shall also record how the land which is being considered for leasing fulfill the conditions mentioned in clause (1) above and reasons for considering such land for leasing out.



- (4) The Board of the Company shall be the competent authority to approve all land lease proposals as per this Policy.
- (5) The lands will be considered for the following coal infrastructure development activities and for such period of lease as mentioned against each activity:
- (a) to set up Coal Washeries (maximum lease period 30 years);
 - (b) to set up Conveyor Systems (maximum lease period 30 years);
 - (c) to establish Coal Handling Plants (maximum lease period 30 years);
 - (d) to construct Railway Sidings (maximum lease period 30 years);
 - (e) Rehabilitation and Resettlement of Project Affected Families due to acquisition of land under the CBA (A&D) Act, 1957 or other land acquisition laws (maximum lease period 99 years);
 - (f) to set up thermal and renewable power projects (maximum lease period 35 years);
 - (g) to set up or provide for coal development related infrastructure including afforestation (maximum lease period 99 years), hospitals (maximum lease period 99 years), project office (maximum lease period 30 years), etc.
 - (h) to provide Right of Way (in case of railway line and highways 99 years, and in other cases maximum lease period 30 years or life of infrastructure whichever is lower);
 - (i) Coal gasification and coal to chemical plants (maximum lease period 35 years);
 - (j) Coal bed methane (CBM) extraction (maximum lease period 30 years or as may be allowed by the Government to the CBM concession holder); and
 - (k) to set up or provide for energy related infrastructure.
- (6) Ministry of Coal can issue directions to reduce or increase the lease period depending upon necessity, ground realities and specific nature of the project.
- (7) Leasing out of the land to private entities for above proposed activity shall be through a transparent, fair and competitive bid process and mechanism in order to achieve optimal value.
- (8) A Memorandum of Understanding (MoU) / agreement will be signed between beneficiary organization/ lessee and concerned land owning PSU (Government company).
- (9) Beneficiary organization / lessee will ensure that land is used for the purpose for which it was provided to them. Utilization of land for any other purpose shall lead to cancellation.
- (10) Coal company shall be empowered to impose penalty on beneficiary organization/ lessee as may be specified in the MoU/ lease agreement.
- (11) Board of concerned coal company will fix lease rent as per prevalent rules and regulations. The revenue from the proposed activity (s) on lease of land by a Coal Company shall accrue to concerned Coal Company.

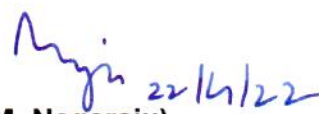


- (12) On completion of work or on expiry of lease, the CBA lands would be returned to the land-owning PSU/ Central Government without any claim and free from all encumbrances without the infrastructure built thereon by the lessee/ beneficiary organization.
- (13) Existing washeries, if any, which were established by the PSUs and private entities on allotment/ auction basis and have not completed the maximum lease period are also included in the instant policy regarding land use.
- (14) Right of Way permission shall include non-coal uses such as laying pipelines/ conveyors and other miscellaneous public utility uses such as gas pipelines, drinking water pipelines, railway lines, telephone lines, transmission lines, roads and highways, etc. on rent basis to other PSUs, State Governments (including its PSUs) and private entities.
- (15) All the applicable terms and conditions mentioned in the instant Policy Guidelines shall be necessarily included in the MoU/ agreement.
- (16) Right of Way shall not be transferable or inheritable right. It shall not constitute any right or title in favour of beneficiary organization/ lessee, except as specified in the MoU.
- (17) In case, a land owning PSU (Government company) invites investment in related infrastructure for providing services to the coal company itself, a lease rent may be charged for allowing use of land from the lessee. In such case, the coal company may allow some flexibility to the lessee for providing surplus services to entities other than the land owning coal company.
- (18) In those cases where the infrastructure is not being created at the instance/ invitation of the coal company but sought to be created by a coal consumer, then annual rent for the 'Right of Way' may be decided by the Board of the concerned coal company keeping in mind the commercial advantage of such arrangements. It shall not constitute or create any right of easement.
- (19) The lease may include mortgageable rights for the PSU/ State Governments/ private entities only over the assets of the lessee and rights, title or interest created in favour of the lessee under the MoU/ agreement in order to make the project viable. The basis for lease rental may be clearly provided by the PSU in the bidding document. The financial decisions with regard the PSU shall be taken by the Board of the PSU, which shall take into consideration above mentioned conditions and guidelines issued by the Central Government.
- (20) The Memorandum of Understanding (MoU)/ agreement signed between beneficiary organization/ lessee and concerned land owning PSU shall clearly specify the following:
 - (a) Ownership of the land shall always remain vested with the land owning PSU and any creation of charge or mortgage over the assets of the lessee and on the lease rights shall not affect the ownership of the land owning PSU over such land.
 - (b) The MoU/ agreement or rights, title or interest created in favour of the lessee under the MoU/ agreement shall not be assigned by the lessee to any person save and except with the prior consent in writing of the land owning PSU, which



consent the land owning PSU shall be entitled to decline without assigning any reason.

- (c) Mortgages/ pledges/ hypothecation over the goods/ assets or rights, title or interests of the lessee may be created by the lessee in the ordinary course of business and as security for securing Financial Assistance, provided that such charge shall not be effective before Financial Close and shall not continue for a period exceeding the period of lease.
- (21) While setting up of coal washeries, the beneficiary organization/ lessee shall make adequate provision for proper management/ treatment of waste water generated from them and its reuse, wherever possible, should be made. Further, the mechanism for washing of coal should be such that there is no contamination/ pollution of ground water or surface water.
- (22) In the case of Rehabilitation and Resettlement projects for Affected families, provisions of adequate sanitation facilities (including Community Sanitary Complexes) may be essentially made to ensure that such habitations/ colonies are always Open Defecation Free, and that No One is Left Behind in having access to a toilet. Along with sanitation facilities, individual household tap connections may be provided in pursuance of Jal Jeevan Mission objective.
- (23) While finalizing the land use planning, adequate provisions for ensuring drinking water security by way of rainwater harvesting/ groundwater recharge by utilizing existing natural detention basins in the area by executing adequate drainage works shall be ensured by the beneficiary organization/ lessee.
- (24) The area being planned to be leased should not have overlap with any of the existing CBM/ PSC/ DSF/ OALP blocks granted by Ministry of Petroleum & Natural Gas, except in case where lease is being granted for CBM extraction.
- (25) The directions/ conditions contained in the vesting order issued under section 11(1) of the CBA Act will be suitably amended to empower the Government Companies to grant lease for coal and energy related developmental activities in accordance with these Policy Guidelines issued by the Ministry of Coal, Government of India.
5. This is issued with the approval of the Competent Authority.


(M. Nagaraju)

Additional Secretary to the Government of India
Tel: 011-23383356

To,

1. Chairman, Coal India Limited, Coal Bhawan Premise No. 4 MAR, Plot No. AF-III, Action Area – 1A, Newtown, Rajarhat, Kolkata – 700156.
2. Director Technical, Coal India Limited, Coal Bhawan Premise No. 4 MAR, Plot No. AF-III, Action Area – 1A, Newtown, Rajarhat, Kolkata – 700156.
3. Chairman-cum-Managing Director, Bharat Coking Coals Limited, Kolya Bhawan, Koyla Nagar, Dhanbad – 826005.

4. Chairman-cum-Managing Director, Central Coalfields Limited, Darbhanga House, Kutchery Road, Ranchi – 834 029.
5. Chairman-cum-Managing Director, Eastern Coalfields Limited, Sanctoria, P.O. Dishergah – 713 333.
6. Chairman-cum-Managing Director, Mahanadi Coalfields Limited, Jagriti Vihar, Burla, Odisha – 768 020.
7. Chairman-cum-Managing Director, Northern Coalfields Limited, Singrauli, Madhya Pradesh.
8. Chairman-cum-Managing Director, South Eastern Coalfields Limited, Seepat Road, Bilaspur, Chhattisgarh – 495 006.
9. Chairman-cum-Managing Director, Western Coalfields Limited, Coal Estate, Civil Lines, Nagpur – 440 001.
10. Chairman-cum-Managing Director, Central Mine Planning & Design Institute Limited (CMPDIL), Gondwana Place, Kanke Road, Ranchi – 834031.
11. Coal Controller, Coal Controller's Organization, Ministry of Coal, Scope Minar, 5th Floor, Core-II, Laxmi Nagar, Delhi - 110092.
12. CMDs/MDs of all other Central Public Sector Undertakings/ State Public Sector Undertakings who has acquired/ is being acquired land for coal mining purposes under CBA (A&D) Act, 1957.
13. Senior Technical Director (NIC), Ministry of Coal – with request to upload this OM on website of Ministry of Coal.

Copy for information to:

- i. Shri S.G.P. Verghese, Joint Secretary, Cabinet Secretariat, Rashtrapati Bhawan, New Delhi.
- ii. Shri R. Vyasani, Director, Prime Minister's Office, South Block, New Delhi.
- iii. PSO to Secretary (Coal), Ministry of Coal, Shastri Bhawan, New Delhi.
- iv. PPS to Additional Secretary and Nominated Authority, Ministry of Coal, Shastri Bhawan, New Delhi.
- v. Joint Secretary & Financial Adviser, Ministry of Coal, Shastri Bhawan, New Delhi.
- vi. Chief Secretaries of Assam, Arunachal Pradesh, Chhattisgarh, Gujarat, Jharkhand, Meghalaya, Madhya Pradesh, Maharashtra, Nagaland, Odisha, Rajasthan, Uttar Pradesh and West Bengal.

M. Nagaraju 22/4/22

(M. Nagaraju)

Additional Secretary to the Government of India

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