

**GOVERNMENT OF NAGALAND
DEPARTMENT OF GEOLOGY AND MINING**

NO: _____

Dated _____

RESOLUTION

Whereas the State of Nagaland has considerable reserves of coal, which are very important for industries; and

Whereas, the State Government is concerned about systematic development of coal resources, available in the State, and their optimum utilization in industries and for other purposes; and

Whereas the State Government considers it necessary to formulate a coal policy for this purpose;

Now, therefore, the Governor is pleased to formulate the Nagaland Coal Policy, 2005 and to publish the same for general information.

This policy shall come into force from the date of publication in the Official Gazette.

(Lalthara, IAS)
Additional Chief Secretary to the Govt. of Nagaland

ORDER

Ordered that the resolution along with the Nagaland Coal Policy, 2005 be published in the Nagaland Gazette and copies thereof be forwarded to all concerned.

By order of the Governor

(Lalthara, IAS)
Additional Chief Secretary to the Govt. of Nagaland

**GOVERNMENT OF NAGALAND
DIRECTORATE OF GEOLOGY AND MINING
NAGALAND : KOHIMA**

NAGALAND COAL POLICY, 2005

COAL POLICY

1. INTRODUCTION

1.1 Coal being a mineral resource is finite and non-renewable. It constitutes a vital fuel and raw materials for many basic industries. Management of coal resources has, therefore, to be closely integrated with the overall strategy of development; and exploitation of coal is to be guided by long-term State goals and perspective. In this context the Department of Geology & Mining accordingly bring out this coal policy to achieve the best use of available coal resources through scientific methods of mining, beneficiation and economic utilization, keeping in view the constitutional safeguard provided to the State under article 371 A of the constitution with regard to **land and its resources**.

2. PRESENT STATUS OF EXTRACTION OF COAL:

2.1 Un-planned extractions of coal are being carried out by private parties at a number of places, especially in Mokokchung, Wokha, Dimapur, Mon, Peren and Kohima districts. These rampant and unplanned mining activities have resulted in various types of accidents, health hazards, ecological and environmental degradation besides loss of coal reserves and State revenue.

2.2 The issue of permit for coal transportation and collection of royalty is being done by the State Forest Department till date. However, in order to achieve the best use of available coal resources through scientific methods of mining, beneficiation and economic utilization, and also to ensure safety of the mines, the department of Geology and Mining shall take over the responsibilities for administration and management of coal mining activities in the State.

3. RESERVES OF COAL:

3.1 The total coal reserve in Nagaland is yet to be fully proved. However, prognosticated reserve of coal in the State is about 150 million tonnes. Out of these so far, the following coal reserves has been proved:-

Sl.No.	Location of deposit	Total proved reserve
	Mon district:	
1.	Borjan	6.00 MMT
2	Tiru Valley	2.00 MMT
	Tuensang district	
3	Konya	1.00 MMT
	Mokokchung district.	
4	Changki-Merakeyong	2.00 MMT
	Total	11.00 MMT

Besides, numerous small isolated pockets of coal deposits are available in the foothills of Peren, Dimapur, Kohima, Wokha, Mokokchung and Mon districts.

4. DEMAND AND PROSPECTS OF COAL MINING:

4.1 There are good prospects of mineral based industries in the State, using coal as either raw materials or fuel. The pocket deposits of coal located in various parts of the State could be judiciously exploited for catering to the needs of brick plants, tea gardens, domestic consumption and other upcoming industries within the State and other adjoining States, like Assam, Manipur etc. Some of the prospective coal deposits in the State for development are as follows:-

- (i) Borjan Kongon Coal Mine, in Mon district.
- (ii). Small-scale coal mines at Merakeyong, in Mokokchung district.
- (iii). Setting up of small scale/Cottage coal mining/open cast mines in various parts of the State.

5. OBJECTIVES AND STRATEGIES:

5.1 The basic objectives of the overall State Coal Policy would be the followings:-

- (i). to search and prove commercial reserves of coal wealth in the State.
- (ii). to develop and exploit coal resources keeping in view the interest of the people and state as a whole.
- (iii). to encourage and facilitate private investors/entrepreneurs both from outside as well as within the State, for exploration and exploitation of coal.
- (iv). to increase State revenues and local employment through improved exploitation and flow of funds into the minerals sectors.
- (v). to promote Research and Development activities in the mineral sector.
- (vi). to establish training facilities and to impart appropriate training to meet the manpower requirements.
- (vii). to minimize adverse effect of coal development on the forest, environment and ecology through protective measures.
- (viii). to ensure conduct of coal mining operations with due regard to safety and health of all concerned.
- (ix). to ensure greater and scientific utilization and conservation of coal resources by preventing illegal mining, transportation and storage of coal.
- (x). to create a data base on coal resources of the State.
- (xi). to ensure proper vigilance and supervision of coal mining activities with particular emphasis on simplification of procedures and greater generation of revenues from coal.
- (xii). to promote necessary linkages for smooth and uninterrupted development of mineral based industries in the State.

6. EXISTING RULES/ACT GOVERNING THE POLICY:

- 6.1 The State Govt. has already taken a legal stand that the Acts viz; Nagaland (Ownership and Transfer of land and Its Resources) Act,1990 has already come into force and is applicable in the State of Nagaland in view of the special protection under Article 371-A of the Constitution.
- 6.2 Even otherwise, the State Govt. and Public undertaking can undertake development and mining of small pocket deposits of coal even under the National Coal Policy.

7. ASSESSMENT AND COLLECTION OF ROYALTY

- 7.1 The Director of Geology & Mining or any other official whom he may authorize, shall visit every intended mining area and make assessment, based on the area of operation, machineries, manpower, etc. and such other parameters as may be necessary for operating the mine and make assessment of the possible coal production per annum or period, or coal produced and stocked, and submit report to the competent authority.
- 7.2 The Director of Geology & Mining or any other official whom he has authorized shall review the report and direct the permit/License holder to deposit required amount of royalty in advance before the transportation challan is issued.
- 7.3 The transportation challan shall be issued as per the assessed quantity of expected production and shall bear the name of the permit holder and shall indicate the authorized quantity of coal each challan can carry.
- 7.4 The Department of Geology & Mining shall erect check gates or barricades at such places as may be considered necessary in any part of the State to regulate and control transportation of coal within and outside the State. Proposed numbers of check gates to be set up are given in **appendix-V**.
- 7.5 The department may have an option to adopt an alternative system of collection of royalty on contract basis as is being practiced by some other States.

8. REVENUE FROM EXTRACTION OF COAL.

- 8.1 The rate of royalty on coal shall be fixed and revised from time to time by the State Government. The prevailing rate of royalty on coal is @ Rs. 165 per tonne, which shall be realized by the State Government till further orders. With the implementation of this coal policy generation of revenue shall be improved. The projected Revenue from extraction of coal for five years period is indicated in **appendix-VI**.
- 8.2 In the event of the Lessee or permit holder failing to pay the royalty assessed or trying to evade royalty or trying to carry more than the quantity prescribed in the Transport Permit/Challan he shall pay a fine @50% of royalty rate per tonne over and above the actual rate of royalty, in the event of failure to pay the imposed fine the material along with the vehicle shall be confiscated, and the permit holder shall be given a time of 24 hours to pay the aforesaid amount and in the event of failure to do so, the material so confiscated shall be disposed off by public auction by any officer authorized by the Director.

8.3 The Directorate of Geology and Mining shall need to be strengthened to implement this policy over coal mining activities in the State effectively. Accordingly the organization set up and manpower requirement are enclosed as Appendix-I and II.

9. MANPOWER DEVELOPMENT.

9.1 Facilities for basic and special training shall be constantly reviewed and upgraded from time to time by the Government to ensure that adequately trained manpower at all level are available.

10. COAL DEVELOPMENT AND PROTECTION OF ENVIRONMENT.

10.1 Development and Extraction of Coal are closely interlinked with development and protection of other natural resources like land, water, air and forest. The areas in which coal occurs often have other resources, presenting a choice of utilization of the resources. Some such areas in the State are ecologically fragile and some are biologically rich. Both aspects have to be properly coordinated to facilitate and ensure a sustainable development of coal resources in harmony with development of other resources.

11.2 Therefore, environment management plan shall adequately provide for controlling the environmental damage, restoration of mine areas.

11. ORGANISATIONAL SET-UP TO ADMINISTER AND MANAGE COAL MINES:

11.1 The Directorate has about 100 nos. of field personnel mostly technical officials in the various Wings of the Directorate, who were primarily engaged in mineral exploration for the last 30 years; and since now that the initial phase of mineral exploration is more or less nearing completion, the Directorate shall re-deploy these manpower towards the 2nd phase i.e. control and management of the already explored mineral besides continuing with the next phase of mineral, explorations and R&D works.

11.2 Presently, almost all the coal extraction or coal mines are concentrated in the districts of Dimapur, Mon, Mokokchung, Kohima, Wokha, Peren, Tuensang and Kiphire.

11.3 To administer and manage the immediate development of coal mining activities, the department proposes to set up three (3) Divisional Mineral Offices each headed by a Mining Engineer or a Geologist with the available minimum required supporting staff to monitor coal mining activities in the State (Organizational set-up enclosed as **appendix-I**).

11.4 For basic activities like transportation and movement of personnel and staff, as well as to carry out mobile duty, small Divisional offices would be required to be created. The proposed number of offices is given in **appendix-III**.

11.5 The anticipated financial implication for salary and furnishing of offices are given in **Appendix-IV**.

12. SUPERVISION OF MINING ACTIVITIES:-

- 12.1 For expeditious disposal of mining lease/permit application, the mining section of the Directorate of Geology and Mining shall supervise, monitor and administer all the following activities and shall ensure proper implementation of Acts and rules:-
- (i). Grant of prospecting license
 - (ii). Grant of mining lease/permit.
 - (iii). Monitor the existing mining lease/permit.
 - (iv). Monitor the physical performance and payment of royalty.
 - (v). Review the processing of mining lease/permit application
 - (vi). Examine the problems faced by the lessees or Mining permit holders.
 - (vii). Tender suggestions within the guidelines for their better implementation
 - (viii). Review the prospects of establishment of mineral based industries.

13. COAL DEVELOPMENT BY OVERSEAS INVESTORS:-

- 13.1 In order to facilitate coal development by overseas investors and also to provide help to domestic investors in opening of coal mining and coal based industries for a capital outlay of Rs. 5 crores and above, the State Level Facilitation Group would be set up under the Chairmanship of the Secretary, Department of Geology & Mining which would provide single window clearance. The mining special assistance cell at the Directorate of Geology and Mining shall be set up to provide support services. Efforts will be made to achieve proper coordination with various Central Government agencies engaged in Coal development in the State to avoid duplication of efforts and to ensure optimal use of coal resource.

14. LINKAGES OF COAL DEVELOPMENT WITH COAL-BASED INDUSTRIES:-

Development of coal resources and its utilization in the end products have distinct stages, which are closely interlinked. Failure in the performance at any one stage eventually affects both the coal mining and the industry and the unit dependent on it. The coal-processing unit shall not only get an assured supply of raw material but should also have close links with the production and marketing agencies of the coal based end products.

The following measures would be adopted for development of coal mine and Coal based industries:

- (i). To facilitate the term loan assistance from financial institutions to unit engaged in mining, mining leases area should be allowed to be mortgaged in favour of the financial institutions;
- (ii). Priority will be given for grant of mining lease to such entrepreneurs who are willing to install beneficiation plants;
- (iii). Incentives provided under the Nagaland State Industries policy shall be available for mining industries also.

15. STRATEGY FOR COAL DEVELOPMENT AND EXTRACTION:-

15.1 At present, mining of coal by private companies and entrepreneurs do not follow scientific mining and safety in mines. Unscientific mine planning and extraction of coal lead to wastage of coal reserves and also causes hazards such as landslide and subsidence. The coal deposits have to be scientifically developed and properly extracted, keeping in view the conservation and full safety aspects.

16. CREATION OF DATA BASE ON MINERAL RESOURCES:

16.1 The collection and exchange of data and information on geological prospecting, reserve and quality of mineral resources in the State is of utmost importance. The Directorate of Geology and Mining shall work in coordination with other Central agencies who are also engaged in exploration activities in other States like; Geological Survey of India, Oil and Natural Gas Corporation Ltd, North Eastern Coal Field Ltd etc. The data and information collected by these organizations in addition to the data collected by the Directorate shall be properly catalogued to work as a data bank. The Directorate of Geology and Mining will develop this data bank for which setting up of information and documentation cell at the Headquarter of the Directorate is essential.

17. POLICY IMPLEMENTATION

17.1 An empowered Committee headed by the Director of Geology and Mining, will be constituted to take suitable steps for ensuring compliance of the measures envisaged under this policy guideline. Progress regarding the implementations of the coal policy guideline would also be reviewed at the level of the Secretary, Geology & Mining at-least twice a year.

18. CONCLUSION

Coal is finite and non-renewable. It is one of the economic resources for development. The management of this important resource and its optimal and economical use are matters of National, Regional and State importance. The success of this policy will depend on commitment of all concerned to fulfill its underlying principles and objectives.

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