

215

23026/  
No. 23026/25/88-15W  
GOVERNMENT OF INDIA  
MINISTRY OF ENERGY  
DEPARTMENT OF COAL

New Delhi, the 12th May, 1989.

To,

The Chairman,  
Coal India Ltd.,  
10-Netaji Subhas Road,  
CALCUTTA - 700001.

**Subject:-** Acquisition of land under the Coal Bearing Areas (Acquisition and Development) Act, 1957 for coal mining purposes - determination of compensation therefor.

Sir,

You are aware that the amount of compensation determined for payment under the Coal Bearing Areas (Acquisition and Development) Act, 1957, does not work out to exactly the same amount as is admissible under the Land Acquisition Act, 1954. In fact, as the things stand today, the amount of compensation payable under the CBA Act is much less as compared to the entitlement under the L.A. Act. The disparities between the two Acts, with regard to payment of compensation, became specially accentuated after the L.A. Act was amended in 1984 providing for payment of -

- (a) solatium at the enhanced rate of 30% of the fair market value of the land to compensate for compulsory nature of the land acquisition,
- (b) higher interest @ 9% per annum for the first year and 15% per annum for the subsequent years on the amount of compensation, including solatium, so determined for payment, and
- (c) an escalation amount, presumably to cover the rise in price of land, @ 12% per annum of the market value of the land for the period commencing on the date of publication of Notification under section 4(1) of the L.A. Act till the date of award of the Collector or the date of taking possession of the land, whichever is earlier. As per scheme of the Act, payment of additional amount under this sub-clause is restricted to a maximum period of three years only.

Contd...2/-

2. The Department of Rural Development (Ministry of Agriculture), Government of India, have been putting pressure on us ever after the aforesaid amendments were carried out in the L.A. Act in 1984 to effect corresponding amendments in the Coal Bearing Areas (Acquisition and Development) Act, 1957 also so that all the disparities between the two Acts, in as much as they relate to payment of compensation, were removed and land losers were not put to any discrimination. The Central Government has since taken a decision, in principle, to amend the CBA Act in line with the L.A. Act and necessary consultation in this regard are already on with the concerned Ministries of the Government of India. It will, however, take some time before the proposed amendments are enacted after completion of all formalities. Till then, decisions already exist to pay:-

- (a) solatium, in addition to market value of the land, @30% of the market value for all acquisitions made under the CBA Act, and
- (b) an interest @9% per annum for the first year and 15% per annum for the subsequent years on the amount of compensation, including solatium, so calculated for payment to the land owner.

3. The question of payment of escalation amount for all land acquisitions under the CBA Act @ 12% per annum of the fair market value of the land was under active consideration of the Central Government for quite some-time. After careful consideration of the matter, it has now been decided that the coal companies will pay an additional amount, to compensate for escalation in cost of the land, @ 12% per annum of the market value of the land in cases of all acquisitions made under the CBA Act where Notification under section 9(1) of the said Act is issued on or after 30.4.82. The amount of additional compensation to be paid under this paragraph will, however, be limited to the period commencing on the date of notification under section 4(1) of the CBA Act till the date of notification under section 9(1) of the same Act or a maximum period of three years, whichever is less. Settled cases will, however, be not re-opened without specific approval of the Central Government.

Yours faithfully,

( V.S. DUBEY )

JOINT SECRETARY TO THE GOVERNMENT OF INDIA

Copy to:

1. Shri J.N. Uppal, Chairman/Managing Director, Eastern Coalfields Limited, Sanctoria, P.O. Dishergarh, Distt. Burdwan.

Contd....3/-

GOVERNMENT OF INDIA  
MINISTRY OF ENERGY  
DEPARTMENT OF COAL

43

No: 43020/11/90-LSW

New Delhi the 18.9.90

To,  
The Chairman,  
Coal India Limited,  
10, Netaji Subhas Road,  
CALCUTTA.

3007  
21/11  
1417  
15-11-90

Sub: Principle of determination of rates of compensation payable for the lands acquired under CBA Act.

Sir,

I am directed to say that as provided for under section 13 (5) of CBA Act, there shall be paid compensation to the persons interested which shall be determined after taking into consideration the market value of land on the date of publication of notification under section 4 (1) of the CBA Act. However as per the instructions issued by this Department, solatium in addition to the market value of land, at the rate 30% of the market and an additional amount at the rate of 12% per annum of the market value for a period commencing on the date of notification under section 4 (1) of the CBA Act till the date of notification under section 9 (1) of the same Act, or for a maximum period of three years whichever is less, are allowed to be included while determining the rate of compensation for the lands acquired under CBA Act.

Instances have however, come to our notice in which coal companies are at times fixing the amount of compensation by agreement after negotiations with land oustees as provided for under section 14 (1) of CBA Act. In this regard it is stated that whenever compensation amount payable to the land owners is determined after negotiations it should be ensured that such negotiated price of land is around the fair market price of the land plus 30% thereof towards compulsory nature of acquisition. No payment towards escalation or interest would be payable as the price being paid is not the market price on the date of notification under section 4 (1) of the CBA Act but the market price on the date of negotiation.

Recd 1935  
6.10.90

(TIPOP)

ACRCG

Accountant  
17/11/90

Don't copy  
sheet  
file

Copy to records of GM (Env & Land) GM (Per  
contd.....2  
CAM (P & T) & all GMs of Areas  
17.11.90

2  
The above instructions may be circulated to all concerned who are engaged in processing land acquisition cases.

Yours faithfully,

*Paul*

( B. B. RAO )

UNDER SECRETARY TO THE GOVERNMENT OF INDIA.

Copy to:-

1. Chairman/Managing Director,  
South Eastern Coalfields Ltd, Seepat Road, Bilaspur (M.P)
2. Chairman/Managing Director,  
Northern Coalfields Ltd, Singrauli, PO Singrauli,  
Distt. Sidhi (M.P)
3. Chairman/Managing Director,  
Bharat Coking Coal Ltd, Koyla Bhavan, Koyla Nagar,  
Dhanbad.
4. Chairman/Managing Director,  
Western Coalfields Ltd, Coal Estate, Civil Lines,  
Nagpur- 440 001
- ✓ 5. Chairman/Managing Director,  
Central Coalfields Ltd, Darbhanga House, Ranchi-4 834001
6. Chairman/Managing Director,  
Eastern Coalfields Ltd, Sanctoria P.O. Dishergarh,  
Distt. Burdwan, (W.B).