

**GOVERNMENT OF INDIA
COAL
LOK SABHA**

UNSTARRED QUESTION NO:2169

ANSWERED ON:09.03.2011

ACQUISITION OF COAL MINES IN FOREIGN COUNTRIES

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Will the Minister of COAL be pleased to state:

- (a) whether the Government proposes to acquire Coal Mines in different foreign countries including in South Africa to enable Indian companies to acquire coal assets there and also help them develop clean coal technologies;
- (b) if so, the names of the countries with whom discussion was held in this regard and the response of these countries in this regard;
- (c) whether the Union Government seeks clean coal technology from South Africa for captive coal mines in the country;
- (d) if so, the details thereof;
- (e) whether India and Malawi have explored possibility of entering into a MoU on development of southern African nations mineral resources, particularly coal; and
- (f) if so, the details thereof?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF COAL (SHRI PRATIK PRAKASHBAPU PATIL)

(a) & (b): Coal India Ltd (CIL) had floated a global Expression of Interest (EOI) in July 2009 for selecting a Strategic Partner(s) in preferred destinations like Australia, USA, South Africa and Indonesia to acquire stakes in existing or Greenfield coal resources under the following deal structures:

- a. Equity investment by CIL with a long-term off-take contract at a price less than the prevailing import price.
- b. Only long-term off-take contract on cost plus basis at a price less than prevailing import price, with financial assistance (if required) by way of loan from CIL for augmentation of production.
- c. Formation of JV for exploration, development and operation of coal assets in any of the destination countries.

Through the above deal structures, CIL proposes to import coal with the dual objective of ensuring security of supply and insulation from the volatility of global prices. However, presently no acquisition proposal from South Africa is under consideration by CIL.

(c): No, Sir.

(d): Does not arise in view of the reply to part (c) above.

(e) & (f): A team from Coal India had visited Malawi in May 2008. The visit had revealed that the coalfields in Malawi are not fully explored with even the geological prospecting undertaken not of the required precision and that re-mapping of the potential coal bearing areas in Malawi might be essential to identify suitable coal blocks for acquisition. However, it was felt that there was potential for co-operation in the coal sector.