

**GOVERNMENT OF INDIA  
POWER  
LOK SABHA**

UNSTARRED QUESTION NO:1875  
ANSWERED ON:02.12.2011  
COAL LICENCE NORMS  
Panda Shri Prabodh

**Will the Minister of POWER be pleased to state:**

- (a) whether certain irregularities have been alleged in the Sasan and Tilaiya Ultra Mega Power Projects including changing arbitrarily coal licence norms and allow it to divert the surplus coal to other power projects different from Ultra Mega Power Projects;
- (b) if so, the facts and the details thereof;
- (c) whether undue benefit accrued to the company may likely to result in a loss of crores of rupees to the State exchequer over the next 25 years;
- (d) if so, the details thereof; and
- (e) the corrective measures taken by the Government in this regard?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF POWER (SHRI K.C. VENUGOPAL)

(a)to(e): This Ministry is in receipt of queries and observations on Ultra Mega Power Projects (UMPP) and also a follow up report on Working of Special Purpose Vehicles (SPVs) in Power Finance Corporation (PFC) from Comptroller and Auditor General (CAG) s office. The audit has observed that Empowered Group of Ministers (EGoM) s decision to allow excess coal from the coal blocks of Sasan UMPP to the other projects of the developer has vitiated the key commercial condition for the UMPP. The audit has also quantified the financial benefit passed on to the successful bidder over a period of 25 years. The Ministry has already replied the queries raised by the audit in this regard informing that the clause in the allocation letter of these coal blocks, which reads `No coal can be sold, delivered, transferred or disposed of except for the stated captive mining purposes except with the previous approval of the Central Government` was in the knowledge of each and every bidder and did not amount to vitiation of commercial condition. One of the bidders had filed a case in the Delhi High Court against the above decision of the Government. That writ petition was dismissed by the court. The said bidder thereafter approached the Supreme Court and the matter at present is subjudice. For the use of incremental coal from coal blocks of Tilaiya UMPP, Government has not taken a decision in view of the pendency of case in Supreme Court.