

**GOVERNMENT OF INDIA  
COAL  
LOK SABHA**

UNSTARRED QUESTION NO:1220

ANSWERED ON:21.03.2012

YARDSTICKS FOR ALLOCATION OF COAL BLOCKS

Yadav Shri Arun Subhashchandra

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

- (a) the yardsticks followed to allocate as well as de-allocate coal blocks to companies for their development;
- (b) the number of coal blocks allocated to companies for more than five years and their stage of production; and
- (c) the details of total de-allocated blocks during the last three years and the ground for their de-allocation?

**Answer**

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

(a): The different procedures/criteria followed for allocation of coal blocks are given below:-

(i) Government Company Dispensation Route – Under this arrangement, applications are invited from the State Government/Central Govt. companies/enterprises. Allocation of coal blocks to State/Central Public Sector Enterprises (PSEs) is made under Section 3(3)(a)(i) of the Coal Mines (Nationalisation) Act, 1973. Under this route, only government companies are allocated coal blocks and no private company is eligible for allocation.

(ii) Captive Dispensation Route- Under this dispensation, blocks identified for allocation for approved end-use for generation of power, production of iron & steel, production of cement and production of syn-gas through coal gasification (underground and surface) and coal liquefaction for captive mining are advertised in the major National/Regional newspapers calling applications from both public and private sector companies. The received applications are placed before the Screening Committee for its recommendation. Allocation of coal blocks in favour of public as well as private sector companies under Section 3(3)(a)(iii) of the Coal Mines (Nationalisation) Act, 1973 is done by the Government based on the recommendations of the Screening Committee which is an inter-ministerial and inter-governmental committee headed by Secretary(Coal). This Committee has representatives from Ministry of Power, Steel, Industry, Environment & Forests, Railways, Coal India Limited, Central Mine Planning & Design Institute Limited, Neyveli Lignite Corporation and the concerned State Government where the block is located.

(iii) Allocation of coal blocks under Tariff Based Competitive Bidding: In this case, identified coal blocks are placed at the disposal of Ministry of Power which determines the linkage of coal blocks with the power projects proposed to be awarded on the basis of Tariff Based Competitive Bidding by calling applications from eligible companies. Based on the recommendations of Ministry of Power, coal blocks are allotted by the Ministry of Coal to power projects on the basis of bidding for tariff under Section 3(3)(a)(iii) of the Coal Mines(Nationalisation) Act, 1973. Procedure followed for de-allocation of coal blocks:- The responsibility of developing the coal block as per the prescribed guidelines and milestone chart attached with the allocation letter rests entirely with the allocatee company. In the terms and conditions of the allocation letters, it is categorically mentioned that in the event of willful delay in the development of coal blocks and in setting up of the end use project, the Govt. takes appropriate action to de-allocate the said block. Further, the allocatees have to submit Bank Guarantee which remains valid all the times till the production from the coal block reaches its peak rated capacity. The State Govts. have been requested to form a Monitoring Committee headed by the Chief Secretary to facilitate expeditious development of coal/lignite blocks. The Coal Controller's office monitors on regular basis the achievement of different milestones. Government periodically monitors and reviews the development of allocated blocks as well as end use plants by the allocatee companies in the Review Meetings. Wherever delays are noticed, Government issues show cause notices and advisories to such allocatees cautioning them to bring the coal blocks into production as per the guidelines/ milestones chart. Based on the replies to the show cause notices, the Government takes decision on the de-allocation.

(b): A total of 111 coal blocks have been allocated to various public/private sector companies for more than five years (i.e. since 1993 upto 31.12.2006). Out of 111 coal blocks, 29 coal blocks have started production. The remaining coal blocks which have not started production so far, are in various stages of obtaining statutory clearances and mining lease, preparing mining plan, acquisition of land, procuring machinery and equipment etc. for both mining as well as end-use project.

(c): A total of 18 coal blocks were de-allocated during the last three years. In case of 16 coal blocks no progress was made and the Review committee decided to de-allocate the blocks. In case of remaining two blocks the allocatee company surrendered the blocks due to difficult geo-mining conditions.