

**GOVERNMENT OF INDIA
COAL
LOK SABHA**

UNSTARRED QUESTION NO:4248

ANSWERED ON:02.05.2012

AUCTION OF COAL MINES

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Will the Minister of COAL be pleased to state:

- (a) whether the Government has been allotting the coal mines/blocks without any auction and if so, the details thereof and the reasons therefor;
- (b) whether there was no auction policy even at the time when the coal mines were allotted first time to Coal India Ltd. apart from other companies ahead of 1993;
- (c) if so, the details thereof;
- (d) whether the Government proposes to auction all coal mines in future and if so, the details thereof and the time by which the process is likely to be started;
- (e) the likely impact of it on various industries including power generation;
- (f) the details of closed coal mines in the country, State-wise; and (g) the measures being taken by the Government for the safety of coal mines keeping in view the growing demand of coal?

Answer

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

(a)to(d): The coal blocks were allocated to private companies and government companies under the following three processes:

(i) Captive dispensation route through Screening Committee

The allocation of coal blocks to public/ private parties is done through the mechanism of an inter-Ministerial inter-Governmental body called the Screening Committee. The Screening Committee is chaired by the Secretary (Coal) and has representation from Ministry of Steel, Ministry of Power, Ministry of Industry and Commerce, Ministry of Environment and Forest, Ministry of Railways, Coal India Limited (CIL), CIL Subsidiaries, Coal Mine Planning and Design Institute Limited (CMPDIL), Neyveli Lignite Corporation (NLC) and the concerned State Governments. Allocations are decided by the Govt. on the recommendations of the Screening Committee taking into account, inter-alia, techno-economic viability of end-use project, state of project preparedness, compatibility in terms of quality and quantity of coal in a block with the requirement of end user and track record of applicant company, recommendations of the State Government and Administrative Ministry concerned etc. Allocation is decided by the Government under Section 3(3)(a)

(iii) of the Coal Mines (Nationalisation) Act, 1973.

(ii) Under Government Company dispensation: Under the Govt. Company dispensation route, the list of blocks identified is circulated to all the Central Ministries/ State Governments applications are invited from the State Governments/Central Government. for Government companies. Under this route, only Government companies are allocated coal blocks both for specified end use and for commercial mining by the government companies where there is no restriction of captive use. Regarding coal produced from commercial mining, the use of mined coal is upto discretion of the allocate company. Further, the coal produced from such blocks can be supplied to any consumer by the allocate company at the price determined by them. Allocation is decided by the Government under Section 3(3)(a)(i) of the Coal Mines (Nationalisation) Act, 1973.

(iii) Tariff based bidding route: Coal blocks have been earmarked for the power projects to be set up on the basis of tariff based competitive bidding system. Under Tariff Based Bidding route, identified coal blocks are placed at the disposal of the 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. The Ultra Mega Power Project (UMPP) is awarded to the successful bidder. For power projects to be selected through tariff based bidding, coal blocks are allotted based on the recommendations of the Ministry of Power under Section 3(3)(a)(iii) of the Coal Mines(Nationalisation) Act, 1973. The terms and conditions are same as applicable for blocks allocated under the Captive dispensation through Screening Committee route.

So far 218 coal blocks with geological reserves of about 50 billion tonnes have been allocated to eligible public and private companies under the Coal Mines (Nationalisation) Act, 1973. Out of that, 25 coal blocks have been de-allocated. Out of de-allocated coal blocks, two coal blocks were re-allocated to eligible companies under the said Act. In view of above, the net allocated blocks are 195 with geological reserves of about 44.23 billion tonne.

With a view to bringing in transparency, the Mines and Minerals (Development and Regulation) Amendment Act, 2010 regarding introduction of competitive bidding system for allocation of coal blocks for captive use, has been passed by the both Houses of Parliament and it has been notified in Gazette of India (Extraordinary) on 9th September, 2010. The Amendment Act seeks to provide for grant of reconnaissance permit, prospecting licence or mining lease in respect of an area containing coal and lignite through

auction by competitive bidding, on such terms and conditions as may be prescribed. This, would however, not be applicable in the following cases:-

where such area is considered for allocation to a Government company or corporation for mining or such other specified end use;
where such area is considered for allocation to a company or corporation that has been awarded a power project on the basis of competitive bids for tariff (including Ultra Mega Power Projects).

The Government has notified 'the Auction by Competitive Bidding of Coal Mines Rules, 2012' on 02.02.2012 in the Gazette of India. Future allocation of coal blocks would be made under the amended provisions.

(e): Allocation by auction through competitive bidding has not begun. Hence, no evaluation on impact of it on various industries including power generation is made.

(f): The details of closed coal mines in the country, State-wise is given below:-

State	No. of mines closed/abandoned/ discontinued (Provisional)
West Bengal	54
Jharkhand	26
Madhya Pradesh	53
Maharashtra	19
Chhattisgarh	22
Orissa	01

(g): Coal India Limited follows all the safety measures as applicable in the statutes related to coal mine safety.