

**GOVERNMENT OF INDIA
COAL
LOK SABHA**

UNSTARRED QUESTION NO:6584

ANSWERED ON:16.05.2012

CHANGE IN COAL BLOCKS ALLOCATION POLICY

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Will the Minister of COAL be pleased to state:

- (a) whether the Government proposes to make any change in the captive coal blocks allocation policy and if so, the details thereof and the reasons therefor;
- (b) whether the Government is also considering any scheme to re-allocate coal blocks after cancelling previously allotted coal blocks and if so, the details thereof;
- (c) whether his Ministry is aware of the coal blocks being investigated by the Central Bureau of Investigation (CBI);
- (d) if so, the details thereof and the reasons therefor alongwith the reaction of the Government thereto; and
- (e) the criteria adopted in coal blocks allocation from the year 2004 to 2009?

Answer

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

(a) 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 enacted and notified in Gazette of India (Extraordinary) on 9th September, 2010. The Amended 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' in the Gazette of India on 02.02.2012. Further, allocation of coal blocks would be made as per the amended provisions of the Act and the rules framed thereunder.

(b) No such scheme is under consideration of the Government.

(c)&(d) The Central Bureau of Investigation (CBI) has registered a case with regard to allocation of Chotia coal block located in the State of Chattisgarh against M/s Prakash Industries Limited and the required documents have been made available to CBI in the matter.

(e) The coal blocks so far were allocated under the following dispensations:

(i) Captive dispensation route through Screening Committee

The allocation of coal blocks to public/ private companies 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 inviting applications from the State Government/Central Government companies. Under this route, only Government companies are allocated coal blocks both for specified end use as well as 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 allocatee company. Further, the coal produced from such blocks can be supplied to any consumer by the allocatee 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.