

**GOVERNMENT OF INDIA
COAL
LOK SABHA**

UNSTARRED QUESTION NO:218

ANSWERED ON:08.08.2012

CRITERIA FOR ALLOCATION OF COAL BLOCKS

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Will the Minister of COAL be pleased to state:

- (a) the details of criteria followed in allocation of coal blocks which have been allocated so far particularly from the period 2004 to 2009;
- (b) whether the Comptroller and Auditor-General (C&AG) has reportedly raised objections over the allocation of coal blocks allocated during the period from 2004-2009;
- (c) if so, the details thereof and the reasons therefor;
- (d) whether the then Coal Secretary in 2004 had given some recommendations/ suggestions for allocation of coal blocks and if so, the details thereof;
- (e) whether the said recommendations/suggestions had been followed in allocation of coal blocks; and
- (f) if so, the details thereof and if not, the reasons therefor?

Answer

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

(a) Coal blocks were allocated to private 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 Subsidiaries, CMPDIL, 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 Govt. 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 Govt. 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. Allocation is decided by the Govt. 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 and based on the recommendations of the Ministry of Power allocation is made under Section 3(3)(a)(iii) of the Coal Mines(Nationalisation) Act, 1973.

(b) & (c): No report has been received by the Ministry of Coal from Comptroller and Auditor General (C&AG) raising objection over the allocation of coal blocks.

(d) to (f): The proposal to introduce competitive bidding for allocation of coal blocks was under consideration of the Government since 2004. After multi-layered consultations and detailed examination, a Bill to amend the Mines and Minerals (Development & Regulation) Act, 1957 was introduced in Parliament in 2008. The Mines and Minerals (Development and Regulation) Amendment Act, 2010 was passed by the Parliament and has been notified in Gazette of India (Extraordinary) on 9th September, 2010.

The Government has notified 'the Auction by Competitive Bidding of Coal Mines Rules, 2012' on 2nd February, 2012. Further, the

notification on the commencement of the said Amendment Act, 2010 has also been notified by the Ministry of Mines on 13th February, 2012.