

**GOVERNMENT OF INDIA  
COAL  
LOK SABHA**

UNSTARRED QUESTION NO:940

ANSWERED ON:25.11.2009

BIDDING FOR ALLOCATION OF COAL BLOCKS

Acharia Shri Basudeb;Khaira Shri Chandrakant Bhaurao;Patel Shri Devji;Pradhan Shri Nityananda;Rathwa Shri Ramsinhbhai Patalbhai;Singh Dr. Raghuvansh Prasad

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

- (a) whether the Government proposes to allot coal blocks for captive mining through bidding system;
- (b) if so, the details thereof;
- (c) whether certain companies are being kept out of the bidding process;
- (d) if so, the details thereof and the reasons therefor;
- (e) the impact of the proposed system on coal prices;
- (f) whether there is strong opposition to the proposal of the Government to auction coal blocks;
- (g) if so, the reaction of the Government thereto;
- (h) whether the Government also proposes to bring amendment to the existing Mines & Minerals (Development and Regulation) Act to give effect to the proposal;
- (i) if so, the details thereof;
- (j) the action taken/proposed to be taken by the Government in this regard; and
- (k) the benefit likely to accrue to the State-owned companies as a result thereof?

**Answer**

MINISTER OF STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF COAL AND MINISTER OF STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF STATISTICS & PROGRAMME IMPLEMENTATION(SHRI SRIPRAKASH JAISWAL)

(a) & (b): Yes, Sir. To this end the Mines and Minerals (Development and Regulation) Amendment Bill, 2008 was introduced in the Rajya Sabha on 17.10.2008.

(c): Yes, Sir.

(d): The proposed competitive bidding process would not be applicable in the following cases:-

i) where coal/lignite bearing area is considered for allocation to a Government company or corporation for mining or such other specified end use;

ii) where such area is considered for allocation to a company or corporation that has been awarded a power projects on the basis of competitive bids for tariff(including Ultra Mega Power Projects).

The mandate of producing coal through commercial mining to meet the overall demand of the economy rests on the government companies. Therefore, they should have easier access to the mining concessions for coal and lignite. Also, because of the higher overhead costs and social responsibilities, government companies may have a handicap in competing with the private sector players. In the case of power projects awarded through tariff based bidding, coal/lignite block forms a part of bidding package, and hence a separate competitive bidding for the coal/lignite block alone is not called for.

(e): There will be no impact on coal prices since the proposal aims at auctioning of coal blocks for captive purpose only and no commercial sale of coal is permitted from the coal blocks allocated for captive use.

(f) & (g): Comprehensive consultations were held with the stakeholders before the proposal was finalized. Majority of the coal/lignite bearing State Governments and also other stake holders have supported the proposal.

(h)to(j): Yes,Sir.The Mines and Minerals(Development and Regulation) Amendment Bill, 2008 was introduced in the Rajya Sabha on 17.10.2008.

(k): No significant benefit would accrue to the State-owned companies, except that they may continue to get coal/lignite blocks without having to participate in the competitive bidding process.