

**GOVERNMENT OF INDIA
COAL
LOK SABHA**

UNSTARRED QUESTION NO:717
ANSWERED ON:27.11.2012
DELAY IN ALLOCATION OF COAL BLOCKS
Annayagari Shri Sai Prathap

Will the Minister of COAL be pleased to state:

- (a) whether the Government has kept the coal blocks allocation in abeyance for the last several months;
- (b) if so, the details thereof and the reasons therefor; and
- (c) the extent to which this decision of the Government hamper the interest of the stakeholders connected with the coal industry?

Answer

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

(a) to (c) The Mines and Minerals (Development and Regulation) Amendment Act, 2010 has been notified in Gazette of India (Extraordinary) on 9th September, 2010 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 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.

The Rules lay down the procedure for allotment of blocks under different dispensations i.e. through Auction to the Government Companies and to the companies selected through tariff based bidding in power sector. The Rules provide for notifying the floor price for the mines to be auctioned and fix a reserve price for the blocks to be allotted under other dispensations. The Rules also provide that the Government shall enter into an agreement with the allocatee company.

The Government has decided to appoint a consultant for preparing:

- i) Methodology for calculation of floor price/reserve price tag for the captive coal blocks;
- ii) Preparation of Model Tender Document for selection of successful coal block allocatee;
- iii) Preparation of model agreement between MoC and the successful coal block allocatee.

The Central Mine Planning & Design Institute Ltd. (CMPDIL) was asked to appoint consultant for this purpose through open tender. M/s CRISIL has been appointed as Consultant accordingly. M/s CRISIL has been given 3 months time for the report. M/s CRISIL has submitted an inception report as to their approach towards the allotted work. The progress of the work is being monitored from time to time by Secretary (Coal). As M/s CRISIL was asked to seek views of the stake holders and incorporate the same in the report, time has been extended by 5 weeks. M/s CRISIL has submitted a draft report. An Inter-Ministerial meeting was held on 16.10.2012 to discuss the draft report of CRISIL. M/s CRISIL was further advised to consult Planning Commission and other Ministries for finalizing their report. The matter was discussed again on 09.11.2012 wherein provisions of model tender documents were discussed.

In the meanwhile, the Ministry has been proceeding to finalize the terms and conditions of allotment to the Government companies for the purpose of mining as well as specified end uses. A draft terms conditions were prepared and were circulated to the State Government for their comments. Thereafter a meeting for consultation was held with State Governments on 10.05.2012. After taking into account the views expressed and also to ensure additional safeguards especially with regard to transparency and objectivity to be brought in the linkages, which will be granted by the State Governments from the allocated coal blocks for the purpose of mining, the draft terms and conditions are further modified. The modified terms and conditions have been circulated again to the State Governments and the concerned ministries of Central Government seeking their comments. A meeting with all the stake holders was again held on 15th October 2012 for further consultations in the matter. The terms and conditions have been revised the consultations and the same will be placed on the website inviting comments of the stakeholders. The Government shall be in a position to initiate the

process of allocation of blocks once the terms and conditions are finalized. It is proposed to invite application from the Central Government companies & State Government companies thereafter.

The Government has identified 54 coal blocks with total Geological Reserves of about 18.22 Billion Tonnes (BT) and earmarked for allocation. Out of the above, 16 blocks with 7.27 BT reserves for Government companies, 16 blocks with 8.16 BT for power sector including Government companies and companies selected through tariff based bidding and 22 blocks with 2.79 BT for companies selected through auction. It has been decided to allocate the blocks after detailed exploration through auction and for power sector.