

**GOVERNMENT OF INDIA
COAL
LOK SABHA**

UNSTARRED QUESTION NO:404
ANSWERED ON:26.02.2013
IRREGULARITIES IN ALLOCATION OF COAL BLOCKS
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Will the Minister of COAL be pleased to state:

- (a) whether the Government has reviewed its policy on coal block allocation in view of the irregularities noticed in the allocation of coal blocks in the recent past;
- (b) if so, the outcome thereof;
- (c) the deficiencies identified in the allocation of coal blocks to private companies; and
- (d) the remedial measures taken/proposed to be taken by the Government in this regard?

Answer

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

(a) to (d): The guidelines for allocations went through a process of continuous evolution over more than a decade on the basis of the various factors which came up for consideration in the specific cases that needed to be addressed. The Screening Committee followed a broad set of guidelines and made recommendations. The recommendations were made by the Screening Committee keeping in view the guidelines and other details placed before the Committee. To make the process demonstrably transparent, the Mines and Minerals (Development and Regulation) Amendment Act, 2010 provides 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 and the notification on the commencement of the said Amendment Act, 2010 has also been notified by the Ministry of Mines on 13th February, 2012.

Further the Government has notified the "Auction by Competitive Bidding of Coal Mines (Amendment) Rules, 2012" on 27th December, 2012 regarding the allocation of coal blocks to the Government Companies. It contains detailed terms and conditions for selection of Govt. company for allocation on the basis of pre-determined criteria and for utilization of coal.

With regard to allocation of coal blocks through auction, M/s CRISIL Infrastructure Advisory has been appointed as consultant to suggest methodology for fixing floor price/ reserve price, model tender document and draft agreement to be entered into with the successful bidders. The Ministry is consulting various stakeholders including Finance Ministry in the matter.