

**GOVERNMENT OF INDIA  
COAL  
LOK SABHA**

UNSTARRED QUESTION NO:249

ANSWERED ON:26.02.2013

POLICY ON ALLOTMENT OF COAL BLOCKS

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

(a) the policy adopted by the Government for allotment of coal blocks to State-run or private companies in the country along with the time frame for development and production of coal by such companies;

(b) whether the Government has any details of the coal blocks sanctioned to the companies but have neither started coal production nor any work in their plants; and

(c) if so, the details thereof and the action taken so far against each of such coal companies, State/UT-wise?

**Answer**

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

(a): In the past coal blocks were allocated to private companies and government companies under the following three processes:

(i) Captive dispensation route through Screening Committee The allocation of coal blocks to public/ private parties was done through the mechanism of an inter-Ministerial inter-Governmental body called the Screening Committee. The Screening Committee was chaired by the Secretary (Coal) and had 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, Central Mine Planning & Design Institute Limited, Neyveli Lignite Corporation and the concerned State Governments. Allocations are decided by the Govt. on the basis of recommendations of the Screening Committee which takes 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 was decided by the Govt. in pursuance of 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 was circulated to all the Central Ministries/ State Governments applications were invited from the State Governments/Central Govt. for Government companies. Under this route, only Government companies were 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 was decided by the Govt. without referring it to the Screening Committee based on Revised Coal Mining Policy 2001 in pursuance of Section 3(3)(a)

(i) of the Coal Mines (Nationalisation) Act, 1973.

(iii) Tariff based bidding route: Coal blocks were also 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 in pursuance of 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.

Further, 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.

(b) Till date, a total of 218 coal blocks with geological reserves of about 50 billion tonnes have been allocated to eligible public and private companies under the Coal Mines (Nationalisation) Act, 1973, out of which 176 coal blocks stand allocated as on date after de-allocation/reallocation and withdrawal of de-allocations made. Out of the above, 33 coal blocks have come into production.

Development of coal blocks involves a gestation period of 3 to 7 years for reaching the production stage and another two to three years for reaching the optimal production capacity. As per the guidelines, coal production from a captive coal block should commence within 36 months (42 months in case the area falls in forest land) in case of open cast mines and in 48 months (54 months in case the area falls in forest land) in case of underground mine, from the date of allocation. If a coal block is not explored, additional two years are allowed for detailed exploration and three months for preparation of geological report.

The responsibility of developing the coal block as per the prescribed guidelines and milestone chart attached with the allocation letter rests entirely with the allocattee company. The allocattees of coal blocks, who have not started production so far, are in various stages of obtaining statutory clearances and mining lease, preparing mining plan, acquisition of land, procuring machinery and equipment etc. for both mining as well as end-use project.. In the terms and conditions of the allocation letters, it is categorically mentioned that in the event of willful delay in the development of coal blocks and in setting up of the end use project, the Govt. would take appropriate action to de-allocate the said block. Government periodically monitors and reviews the development of allocated blocks as well as end use plants by the allocattee companies in the review meetings. Further, an Inter-Ministerial Group (IMG) has been constituted on 21.06.2012 under the chairmanship of Additional Secretary (Coal) to review the progress of development of allocated coal/lignite blocks and associated end use projects of the allocattees. Wherever delays are noticed, Government issues show cause notices and advisories to such allocattees cautioning them to bring the coal blocks into production as per the guidelines/milestones chart.

(c): Based on the recommendations of the then Review Committee and the IMG, the Government has so far de-allocated 47 coal blocks. State-wise details of de-allocated coal blocks is at Annexure.