

**GOVERNMENT OF INDIA
COAL
LOK SABHA**

STARRED QUESTION NO:215

ANSWERED ON:12.03.2013

PRIVATE PARTICIPATION IN COAL SECTOR

Adhalrao Patil Shri Shivaji; Gaikwad Shri Eknath Mahadeo

Will the Minister of COAL be pleased to state:

(a) whether Coal India Limited alone is not able to meet the total demand of coal from the consumers and the country is facing an annual shortage of about 140 million tones;

(b) if so, the reaction of the Government thereto;

(c) whether privatisation of the coal sector has been advocated to meet the growing coal demand from the industry and if so, the details thereof and the reaction of the Government and the Planning Commission thereto;

(d) whether the 12th Five Year Plan document has strongly advocated amendment to the Coal Mines (Nationalisation) Act, 1973 which restricts private companies to mine coal for sale to the third parties; and

(e) If so, the details of the steps proposed to be taken by the Government in this regard?

Answer

MINISTER OF COAL IN THE MINISTRY OF COAL (SHRI SRIPRAKASH JAISWAL)

(a)to (e): A statement is laid on the table of the House.

STATEMENT AS MENTIONED IN ANSWER TO STARRED QUESTION No. 215 FOR ANSWER ON 12.03.2013 ASKED BY SHRI ADHALRAO PATIL SHIVAJI AND SHRI EKNATH M. GAIKWAD MPs REGARDING PRIVATE PARTICIPATION IN COAL SECTOR.

(a) & (b): In the Annual Plan of Ministry of Coal (MOC) for 2012-13, the All India Coal Demand has been assessed to be 772.84 Million Tonnes for 2012-13 (first year of XII Plan) and 980.50 Million Tonnes for 2016-17 (terminal year of XII Plan). Against this demand, supply from indigenous sources have been planned to be 580.30 MT in 2012-13. Assuming timely clearances for pending projects as well as timely land acquisition and availability of matching evacuation facilities, the supply projection from indigenous sources is envisaged to be at 795 MT (CIL:615 MT; SCCL:57 MT; Others: 123 MT) in 2016-17. The gap between All India Coal Demand and indigenous supply is envisaged to be met through coal imports by consuming sectors due to constraints in availability of indigenous coal and has been assessed to be 192.54 Million Tonnes in 2012-13. In 2016-17, demand-supply gap has been projected in the range of 185.50 MT.

(c)to (e): The 12th plan document has stated that the Coal Mines (Nationalisation) Act, 1973, does not allow private companies to mine coal for sale to third parties though captive mining is allowed for specified end use sectors. Further, the document notes that this is a limited opening which is helpful but unlikely to attract big investment. Unless large investment and technology in the sector comes in, mining coal by a host of small players would not increase production to desired levels. The Plan document states that the development of large coal blocks holds the key to rapid increase in production and has suggested that an amendment to the Coal Mines (Nationalisation) Act is needed to allow private sector mining. A bill to permit participation of private sector in commercial coal mining was introduced by Ministry of Coal in the Parliament in April, 2000. In addition, the 12th Plan document has outlined various other steps for expediting coal availability that include stepping up coal exploration, expediting clearances, enactment of a central legislation to ensure uniform R&R policy, speedy land acquisition, incentivizing coal production from captive coal block and completion of rail projects to facilitate movement of coal. Further in the Finance Minister's Budget speech of 2013 it has been mentioned that a PPP policy framework, with Coal India Ltd. as one of the partners, will be devised in order to increase the production of coal for supply to power producers and other consumers.