

**GOVERNMENT OF INDIA
COAL
LOK SABHA**

UNSTARRED QUESTION NO:5643
ANSWERED ON:30.04.2013
ALLOCATION OF COAL MINES BLOCKS
Swamygowda Shri N Cheluvarya Swamy

Will the Minister of COAL be pleased to state:

- (a) whether the Government has allocated coal mines/blocks without auctioning to private power, steel and cement companies during the last decade;
- (b) if so, the details of the private companies to whom coal mines/blocks have been allocated without auction;
- (c) whether the Government has conducted any study to ascertain the losses suffered by the Government on account of allocation of coal mines/blocks without any auction; and
- (d) if so, the details and the outcome thereof?

Answer

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

(a) & (b): In the past coal blocks were allocated to private companies 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 Commerce and Industry, 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 were 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. A total of 103 coal blocks were allocated to various private companies under this route. In addition, 2 Coal blocks were also allocated for coal to liquid projects based on the recommendations of an Inter-Ministerial Group headed by Member (Energy), Planning Commission.

(c) & (d): The Government has not conducted any such study. In this connection, it may be noted that the Statement of Objects and Reasons to introduce Bill in 1993 to amend the Coal Mines (Nationalisation) Act, 1973 stated that:

"Considering the need to augment power generation and to create additional capacity during the eight plan, the Government have taken decision to allow private sector participation in the power sector. Consequently, it has become necessary to provide for coal linkages to power generating units coming up in the private sector. Coal India Limited and Neyveli Lignite Corporation Limited, the major producers of coal and lignite in the public sector, are experiencing resource constraints. A number of projects cannot be taken up in a short span of time. As an alternative it is proposed to offer new coal and lignite mines to the proposed power stations in the private sector for the purpose captive end use. The same arrangement is also considered necessary for other industries who would be handed over coal mines for captive end use. Washerries have to be encouraged in the private sector also to augment the availability of washed coal for supply to steel plants, power houses, etc. Under the Coal Mines (Nationalization) Act, 1973, coal mining is exclusively reserved for the public sector, except in case of companies engaged in the production of iron and steel and mining in isolated small pockets not amenable to economic development and not requiring rail transport. In order to allow private sector participation in coal mining for captive use for purpose of power generation as well as for other captive end uses to be notified from time to time and to allow the private sector to set up coal washerries, it is considered necessary to amend the Coal Mines (Nationalization) Act, 1973."