

**GOVERNMENT OF INDIA
COAL
LOK SABHA**

UNSTARRED QUESTION NO:1252

ANSWERED ON:13.08.2013

COAL PRODUCTION IN CAPTIVE COAL BLOCKS .

Joshi Dr. Murli Manohar;Yadav Shri Dinesh Chandra

Will the Minister of COAL be pleased to state:

- (a) whether coal blocks are being allotted to the coal consuming entrepreneur institution terming it as captive mines during the last few years;
- (b) if so, whether the production capacity of such coal blocks is more than the requirement of such consuming institutions;
- (c) if so, the excess quantity of production of these captive coal blocks as compared to the demand; and
- (d) the gap between demand and supply likely to be reduced in the country due to the said excess production?

Answer

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

(a): Under the Coal Mines (Nationalisation) Act, 1973, coal mining was reserved for the public sector. By an amendment to the Act in 1976, two exceptions to the policy were introduced viz,

(i) captive mining by private companies engaged in production of iron and steel, and
(ii) sub-lease for coal mining to private parties in isolated small pockets not amenable to economic development and not requiring rail transport. The Coal Mines (Nationalisation) Act, 1973 was amended from time to time. After the amendment in 1993, mining for captive consumption was permitted for generation of power, washing of coal obtained from a mine and other end uses to be notified by Government from time to time, in addition to the existing provision for captive coal mining for production of iron and steel. Under the powers conferred on the Central Government by Section 3 (3) (a)

(iii) (4) of the Act, another Gazette Notification was issued on 15.03.1996 to allow captive mining of coal for production of cement. Production of syn-gas obtained through coal gasification (underground and surface) and coal liquefaction was notified as an end use for coal mining on 12.07.2007. Thus as per the provision of Section 3 (3) (a)

(iii) of the Coal Mines (Nationalisation) Act, 1973, a company engaged in production of iron and steel, generation of power, production of cement, and Production of syn-gas obtained through coal gasification (underground and surface) and coal liquefaction, can do coal mining in India for captive consumption only.

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. 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 coal/lignite blocks can only be allocated under the amended Act and above mentioned Rules.

(b) to (d): Geological reserves in the coal blocks have been allocated as per requirement of end use plants of coal block allocatees. As per one of the conditions of allocation, the modalities for disposal of surplus coal/middlings/rejects, if any, would be as per the prevailing policy/instruction of the Government at the relevant point in time and could also include handing over such surplus coal/middling/rejects to the local Coal India Ltd. (CIL) subsidiary or to any person designated by it at a transfer price to be determined by the Government.