

**GOVERNMENT OF INDIA
COAL
LOK SABHA**

STARRED QUESTION NO:348

ANSWERED ON:18.02.2014

ALLOTMENT OF COAL BLOCKS

Patel Shri Kishanbhai Vestabhai;Semmalai Shri S.

Will the Minister of COAL be pleased to state:

- (a) the criteria followed by the Government for allocation of coal blocks to the private and public sector companies in the country;
- (b) whether the Government has recently extended the date of receipt of application for allocation of coal blocks to such companies;
- (c) if so, the details thereof and the reasons therefor ;
- (d) whether the above allocations were made according to the amended provisions of the Mines and Minerals (Development and Regulations) Act; and
- (e) if so, the details thereof and if not, the reasons therefor?

Answer

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

- (a) to (e) A statement is laid on the Table of the House.

Statement referred to in reply to parts (a) to (e) in respect of Lok Sabha Starred Question No.348 for reply on 18.02.2014 asked by Shri Kishanbhai V.Patel and Shri S.Semmalai regarding Allotment of Coal Blocks.

- (a) to (e) Coal blocks were earlier allocated to government and private 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. Allocations were decided by the Govt. on the recommendations of the Screening Committee taking 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.

(ii) Under Government Company dispensation: Under the Govt. Company dispensation route, the list of blocks identified were invariably circulated to all the Central Ministries/ State Governments inviting applications. Under this route, only Government companies are allocated coal blocks both for specified end use and for commercial mining by the government companies where there is no restriction of captive use.

(iii) Tariff based bidding route: Coal blocks were earmarked for the power projects/Ultra Mega Power Projects (UMPP) to be set up on the basis of tariff based competitive bidding system. Under Tariff Based Bidding route, identified coal blocks were 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.

As such 218 coal blocks with geological reserves of about 50 billion tonnes have been allocated to eligible public and private companies in pursuance of the Coal Mines (Nationalisation) Act, 1973. Out of that, as on 14.02.2014, 47 coal blocks have been de-allocated. As such, the net allocated blocks are 171 coal blocks with geological reserves of about 41.27 billion tonnes.

The MMDR Act was amended on 09.09.2010 and 'the Auction by Competitive Bidding of Coal Mines Rules, 2012' were notified on 02.02.2012, to authorize Government of India to select for the purpose of grant of mining rights in respect of area containing coal:

(i) through auction by competitive bidding to a company engaged in permitted end use activities: The Ministry of Coal has engaged M/s CRISIL Infrastructure Advisory (CRISIL) as consultant through Central Mine Planning & Design Institute Ltd. to suggest methodology for fixing floor price/reserve price, to draft model tender document and draft agreement to be entered into with the successful bidders. Draft Request For Proposal (RFP) and Coal Mine Development and Production Agreement (CMDPA) submitted by M/s CRISIL were circulated seeking the comments of various stakeholders. The same has been received and is under process for finalization.

(ii) for allocation to Government Company: Notice Inviting Applications (NIA) dated 31-12-2012 was issued for 17 coal blocks (14 coal blocks for Power and 3 coal blocks for mining) for allocation of coal blocks to Government Companies/Corporations. Due

deliberations were held at every stage including the evaluation criterion and comments received from various agencies including applicant State Government, host states of the coal blocks placed for allocation and the concerned administrative Ministries i.e. Ministry of Power/Central Electricity Authority and Ministry of Steel/Department of Industrial Policy & Promotion. The Inter-Ministerial Technical Committee (IMTC) was also constituted and after discussing the status of exercise carried out for evaluating terms and conditions of allocation and criteria for allocation in various deliberations of IMTC, an Inter-Ministerial Committee (IMC) finalised recommendations for the allocation of 14 coal blocks for Power end use and 03 coal blocks for mining end-use to Government Companies / Corporations during the current year i.e. 2013-14.

(iii) to a company that has been awarded a power project on the basis of competitive bids for tariff: 04 coal blocks were offered for allocation to companies awarded a power project on the basis of competitive bids for tariff for which a Notice Inviting Applications was issued on 20th December, 2013. The last date of receipt of applications was extended from 10th January, 2014 to 25th January, 2014 and again up to 27th January, 2014 due to inadequate response.