

**GOVERNMENT OF INDIA
COAL
LOK SABHA**

UNSTARRED QUESTION NO:3085

ANSWERED ON:11.02.2014

ADEQUATE COAL SUPPLY TO PSUS

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Will the Minister of COAL be pleased to state:

- (a) whether the Government has implemented a policy for allocating coal blocks to steel and power projects for their captive use ;
- (b) if so, the details thereof;
- (c) the number of coal blocks allocated under this scheme during the last three years and the current year;
- (d) the details of coal blocks which have started coal production along with the quantum of coal being produced therefrom; and
- (e) whether the Government proposes to ensure adequate coal reserves to the public sector steel and power companies to meet their growing demands and if so, the details thereof?

Answer

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

(a) & (b) Coal blocks were earlier allocated to government and private companies for specified end use including Steel and Power 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 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.

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.

(c) There are three coal blocks for which allocation letters have been issued during the last three years and the current year under the earlier dispensations, namely, Bankhui, Rajgamar Dipside (Devnara) and Vijay Central. The Bankhui coal block was allocated on 21.06.2010 for UMPP on the recommendations of Ministry of Power. In the case of Rajgamar Dipside coal block, the offer of allocation was issued on 22.02.2010 on the basis of recommendation of 36th Screening Committee held on 3rd July, 2008; however, on account of change in the constituents of M/s CG Sponge Manufacturers Consortium Coalfield Pvt. Ltd., final allocation letter was issued on 14.10.2011. Vijay Central coal block was initially recommended for allotment to M/s Prakash Industries Ltd and M/s SKS Ispat & Power Ltd. by the 36th Screening Committee held on 3rd July, 2008. However, due to litigation in the High Court of Delhi, the

coal block could not be allotted. The coal block was finally allotted on 01.11.2011 to Coal India Limited as leader who would provide the share of coal to M/s SKS Ispat & Power Ltd.

Under the "Auction by Competitive Bidding of Coal Mines Rules, 2012", 17 coal blocks have been decided for allocation to various State Government Companies/Corporations/ Central Public Sector Undertakings.

(d) As per the information available 38 captive coal blocks have under production as on December, 2013. During the current year 2013-2014, the total production from captive coal blocks upto December, 2013, is 28.02 million tonnes (Provisional).

(e) Government strives to meet coal requirement of the entire country including public sector companies in steel and power sector subject to availability.