

**GOVERNMENT OF INDIA  
COAL  
LOK SABHA**

UNSTARRED QUESTION NO:6759  
ANSWERED ON:07.05.2015  
ALLOTMENT OF COAL BLOCKS  
Singh Shri Raj Kumar

**Will the Minister of COAL be pleased to state:**

(a) the mechanism for determining the input price of coal and ensuring that the resultant lower price of coal translates into lower power tariff for the consumers; and

(b) the steps taken by the Government for allotment of coal blocks to end-users like private power companies in a preferential manner by means of limited auction to ensure that the price of power is kept reasonable for the consumers?

**Answer**

MINISTER OF STATE (IC) IN THE MINISTRY OF COAL, LOWER AND NEW & RENEWABLE ENERGY (SHRI PIYUSH GOYAL)

(a & b): Under the Provisions of Coal Mines (Special Provisions) Act, 2015 and the Rules made thereunder, coal blocks are earmarked for Power and Non-regulated Sector (Iron, Steel, Cement and Captive Power Plant). For Power Sector a methodology has been approved for fixing floor price/ reserve price for auction and allotment of Coal Mines. Further, in order to ensure that there is no rise in power tariffs, reverse bidding mechanism was adopted in the auction of coal mines earmarked for power sector. As power is a regulated sector, reverse bidding methodology was adopted where bidders had to submit bids below the Coal India notified price which was the applicable ceiling price. This is taken as fuel cost in determination of power tariff. In case, the bid price reaches to zero in reverse bidding, the bidding changes to a forward one. This additional premium, over and above the fixed reserved price of Rs. 100/- per tonne, is payable to the State Government concerned. So far 46 coal mines have been auctioned/ allotted for Power Sector.