

**GOVERNMENT OF INDIA  
STEEL  
LOK SABHA**

UNSTARRED QUESTION NO:3520  
ANSWERED ON:04.08.2014  
RELAXATION TO STEEL COMPANIES  
Adsul Shri Anandrao

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

- (a) whether the steel sector has been given any relaxation/exemption on the intrinsic value of captive coal blocks to steel companies to be auctioned through the impending competitive bidding process;
- (b) if so, the details thereof and the reasons therefor; and
- (c) the mechanism adopted by the Government to ensure that benefit of any relaxation/exemption on allocation of captive coal blocks is passed onto their end users?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF STEEL, MINES AND LABOUR AND EMPLOYMENT (SHRI VISHNU DEO SAI)

(a)to(c): To make the process of allocation of Coal blocks demonstrably transparent and objective, the Mines and Minerals (Development and Regulation) Act, 1957 (67 of 1957) was amended to authorize Central Government, to select through auction by competitive bidding, on such terms and conditions as may be prescribed, a company engaged in specified end use as notified by the Government. A minimum price (floor price) is arrived at for the block to be auctioned as per a well-defined methodology. Since the high reserve price will increase power tariffs, the Ministry of Coal agreed to the suggestion of Ministry of Power that the reserve price of coal blocks to be offered for power sector be limited to 10% of the intrinsic value of the block so as to ensure that power generation costs are kept low and therefore maintaining the larger national interest of keeping power tariffs low.