

**GOVERNMENT OF INDIA  
COAL  
LOK SABHA**

UNSTARRED QUESTION NO:842

ANSWERED ON:27.11.2014

AUCTION OF COAL BLOCKS

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

- (a) whether the Government is planning to carry out e-auction for allocation of coal blocks in the country and if so, the total number of coal blocks likely to be allocated State-wise;
- (b) whether this decision nullifies the Coal Mines (Nationalisation) Act, 1973 and if so, the details thereof;
- (c) whether the value of these coal blocks are to be valued by any independent authority and if so, the details thereof;
- (d) whether the proceeds from e-auctioning of coal will entirely go to the concerned State and if so, the details thereof; and
- (e) the total quantity of coal in tonnes estimated to be produced after allocation of new coal blocks and the percentage of import estimated to come down after the production of coal in the country?

**Answer**

MINISTER OF STATE (INDEPENDENT CHARGE) FOR POWER, COAL AND NEW & RENEWABLE ENERGY (SHRI PIYUSH GOYAL)

(a)& (b): Hon'ble Supreme Court of India in its judgment dated 25.08.2014 and order dated 24.09.2014 passed in W.P.(Criminal) No.120 of 2012 and other connected matters has declared all allocations of the coal blocks made through Screening Committee and through Government Dispensation route since 1993 as illegal and has cancelled the allocation of 204 coal blocks out of 218 coal blocks (i.e. except, Tasra coal block allocated to Steel Authority of India Ltd. and Pakri Barwadih coal block allocated to National Thermal Power Corporation and 12 coal blocks allocated for Ultra Mega Power Projects). In case of 42 coal blocks (37 producing and 05 likely to come under production), cancellation shall take effect from 31.03.2015.

For management and reallocation of cancelled coal blocks, Government has promulgated 'the Coal Mines (Special Provisions) Ordinance, 2014' on 21.10.2014 to ensure smooth transfer of rights, title and interest in the mines along with its land and other associated mining infrastructure to the new allottees to be selected through an auction or allotment to government company, as the case may be. In order to provide sufficient coal to small consumers, medium and small enterprises, cottage industries, house hold consumers and to overcome the acute shortage of the country and augment its production; the Ordinance has amended the Coal Mines (Nationalization) Act, 1973 to insert section 3(A) and the Mines and Minerals (Development and Regulation) Act, 1957 to insert section 11(A) through the Ordinance, thereby removing the restriction of end use from the eligibility to undertake coal mining, in the national interest. The auction of coal block is decided to be carried out in e-auction mode. The decision regarding allotment of coal blocks to public sector companies and allocation by auction to private and public sector companies as well as earmarking of blocks for various eligible sectors is made keeping in view the contemporary requirement of the sector at the time of earmarking.

(c): The Ordinance provides for allocation of coal mines and vesting of the right, title and interest in and over the land and mine infrastructure together with mining leases to successful bidders and allottees by the Nominated Authority with a view to ensure continuity in coal mining operations and production of coal, and for promoting optimum utilization of coal resources consistent with the requirement of the country in national interest. Further, the Government has constituted a Committee for valuation of 42 producing and ready to produce coal mines out of coal blocks cancelled by the Hon'ble Supreme Court in accordance with the relevant provisions of the Ordinance.

(d): As per the Ordinance, the proceeds from e-auctioning of coal block is required to be transferred to the respective State Government where the coal block is located after adjustment of preferential payments, if any.

(e): The quantity of coal to be produced after allocation of coal blocks and its impact on the import of coal can be assessed once the production from the e-auctioned/allotted coal blocks has commenced.