

GOVERNMENT OF INDIA
MINISTRY OF COAL
LOK SABHA

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ANSWERED ON: 27.11.2012

POLICY FOR ALLOTMENT OF COAL BLOCKS

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Will the Minister of

COAL

be pleased to state:-

- (a) the policy adopted by the Government for allotment of coal blocks to State run or private companies in the country along with the time frame for development and production of coal by such blocks;
- (b) whether the production has started in each of the coal blocks allocated since 2005;
- (c) if so, the details thereof including the current level of production and if not, the reasons therefor, company-wise and State-wise;
- (d) the action taken against the companies which have not started coal production after the expiry of the gestation period;
- (e) whether the Government has any plan to set up a monitoring mechanism/panel to check the progress of work in the coal mines/blocks and for raising of royalty; and
- (f) if so, the details thereof?

ANSWER

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

(a) The coal blocks were allocated to private companies and government companies under the following 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. The Screening Committee was chaired by the Secretary (Coal) and had representation from Ministry of Steel, Ministry of Power,

Ministry of Industry and Commerce, Ministry of Environment and Forest, Ministry of Railways, Coal India Limited, and its Subsidiaries, CMPDIL, NLC and the concerned State Governments. 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. Allocation is decided by the Govt. in pursuance of Section 3(3)(a)(iii) of the Coal Mines (Nationalisation) Act, 1973.

(ii) Under Government Company dispensation: Under the Govt. Company dispensation route, the list of blocks identified was circulated to all the Central Ministries/ State Governments applications are invited from the State Governments/Central Govt. for Government companies. 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. Regarding coal produced from commercial mining, the use of mined coal is upto discretion of the allocate company. Further, the coal produced from such blocks could be supplied to any consumer by the allocatee company at the price determined by them. Under this arrangement, allocations were determined on the basis of, inter-alia, preference to the States which have not been allocated any coal blocks earlier, priority to the host States in order to encourage value addition within the coal bearing State, past performance of applicants in developing coal blocks, proximity of coal blocks to the proposed end use projects, recommendation/support of State Government concerned etc. Allocation is decided by the Govt. without referring it to the Screening Committee based on Revised Coal Mining Policy 2001 in pursuance of Section 3(3)(a)(i) of the Coal Mines (Nationalisation) Act, 1973.

(iii) Tariff based bidding route: Coal blocks have been earmarked for the power projects to be set up on the basis of tariff based competitive bidding system. Under Tariff Based Bidding route, identified coal blocks are 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 Ultra Mega Power Project (UMPP) is awarded to the successful bidder. For power projects to be selected through tariff based bidding, coal blocks are allotted based on the recommendations of the Ministry of Power in pursuance of Section 3(3)(a)(iii) of the Coal Mines(Nationalisation) Act, 1973. The terms and conditions are same as applicable for blocks allocated under the Captive dispensation through Screening Committee route.

(iv): Captive dispensation through Inter-Ministrial Group (IMG): Two coal blocks were allocated in pursuance of Section 3(3)(a)(iii) of the Coal Mines (Nationalisation) Act, 1973 for Coal to Liquid Project(CTL). In these cases the recommendation was made by the Inter-Ministerial Group (IMG) under the chairmanship of Member (Energy), Planning Commission.

As per the guidelines, coal production from captive coal block should commence within 36 months (42 months in case the area falls in forest land) in case of open cast mines and in 48 months (54 months in case the area falls in forest land) in case of under ground mine, from the date of allocation. If the coal block is not explored, additional two years are allowed for detailed exploration and three months for preparation of geological report.

(b) & (c) The details of coal blocks allocated since 2005 and come into production are given below:

Sl. No.	Name of the Company	Date of allocation	Name of State Block	Private(P) /Govt.(G)	GR In Million Tonnes	Production for (as on August 2012) In Million Tonnes

1	West Bengal Mineral Development Trading Corp.	14.01.2005	Trans Damodar	West Bengal	G	103.15	0.085
2	Damodar Valley Corporation	03.03.2005	Barjora (North)	West Bengal	G	85.49	0.691
3	Sunflag Iron Steel Ltd	28.03.2005	Belgaon	Maharashtra	P	15.3	0.1
4	Electrosteel Castings Ltd	07.07.2005	Parbat Central	Jharkhand	P	231.22	0.003
5	Veerangana Steel Limited.	06.09.2005	Marki Mangli -III	Maharashtra	P	19.0	0.151

The allocatees of coal blocks, who have not started production so far, are in various stages of obtaining statutory clearances including mining lease, preparing mining plan, acquisition of land, procuring machinery and equipment etc. for both mining as well as end-use project.

(d) to (f) Monitoring of progress of allocated coal blocks is done through a Committee under the Chairmanship of Additional Secretary (Coal). The review is undertaken periodically with all the coal block allocatees to assess the development/progress achieved by them. Action is taken against the companies where delay is found on their part by issuing necessary advisory and show cause notices. In case of delays on the part of allocatees, appropriate action is initiated for de-allocation of the block. Further, an Inter-Ministerial Group (IMG) under the Chairmanship of Additional Secretary (Coal) with representatives from the Ministries of Power, Steel, Law & Justice and Departments of Economic Affairs and Industrial Policy and Promotion has been constituted on 21.06.2012 which inter-alia would undertake periodic review and monitor the progress of allocated coal/lignite blocks and make recommendations on action to be taken including de-allocation, if required. Based on the recommendations, the Government takes action from time to time as deemed fit.