

GOVERNMENT OF INDIA
MINISTRY OF COAL
RAJYA SABHA
UNSTARRED QUESTION NO - 2113
TO BE ANSWERED ON 20.03.2023

CAG's CONCERNS ON COAL AUCTION

2113. SHRI MALLIKARJUN KHARGE:

Will the Minister of Coal be pleased to state:

- (a) whether it is a fact that the Comptroller and Auditor General (CAG) raised concerns about business groups deploying shell companies and colluding to corner the country's coal reserves, if so, the details thereof;
- (b) whether it is also a fact that in the auction of the Sarisatolli coal mine in the State of West Bengal, three of the five bidders, including the winner, belonged to the same conglomerate; and
- (c) if so, the remedial steps Government has taken in this regard?

ANSWER

MINISTER OF PARLIAMENTARY AFFAIRS, COAL AND MINES
(SHRI PRALHAD JOSHI)

(a): The Director General of Audit forwarded copy of the Audit Report No. 20 of 2016 of the Comptroller and Auditor General of India – Union Government (C&AG) on “e-Auction of Coal Mines”- Ministry of Coal which was laid on the table of both Houses of Parliament on 26.07.2016 wherein C&AG has mentioned that “Audit could not draw an assurance that the potential level of competition was achieved during the Stage II bidding of 11 coal mines auctioned in the first two tranches. This was due to the provision of allowing the same company/parent-subsidiary company coalition/JV coalition to independently participate in e-auction of a particular coal mine, when there was a cap on the number of technically qualified bidders being allowed participation during the Stage II bidding.”

(b): As per the tender conditions of Tranche-I auction of coal mines for power sector, including Sarisatolli coal mine, a company or Government company or Corporation or a joint venture company was allowed to bid. Further, as per one of the eligibility conditions, capacity of the specified end use project (EUP) shall be in proportion to the capacity of the coal mine for which a company is bidding. The object behind allowing multiple end-use plants of a single company to bid for the same mine was that the coal requirement has to be assessed on the basis of the requirement of an EUP. Coal Mines (Special Provisions) Act, 2015 [CMSP Act] prescribed that auction should be end-use specific and, therefore, the bids were entertained on the basis of EUP. The natural corollary to the same is that each EUP shall be allowed to participate to meet its

specific requirement of coal. Five Bidders participated in auction of Sarisatolli coal mine. CESC Limited was recommended by Nominated Authority as Successful Bidder.

(c): In the new regime of e-auction of coal mines for commercial mining, one of the eligibility conditions is that a Bidder shall submit only 1 (one) bid for a particular Coal Mine. No Affiliate(s) of such Bidder shall submit a bid for the said Coal Mine. In case an Affiliate(s) of a Bidder also submits a bid for the said Coal Mine, the bids submitted by both the Bidder and its Affiliate(s) shall be rejected.
