

**GOVERNMENT OF INDIA  
MINISTRY OF COAL  
RAJYA SABHA  
UNSTARRED QUESTION NO.369  
TO BE ANSWERED ON 24.07.2023**

**Business groups deploying shell companies to corner coal reserves**

**369. SHRI MOHAMMED NADIMUL HAQUE:**

Will the Minister of *COAL* be pleased to state

- (a) whether Government has taken cognizance of the irregularities in the bidding process for the Sarisatolli coal mine in eastern West Bengal during the year 2015;
- (b) whether it is a fact that the winning bid maker conglomerate used its shell companies to undercut the competition in the auction; and
- (c) the steps taken by Government to stop the illegal bidding practices?

**ANSWER**

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

(a) & (b) No irregularity was observed in the bidding process for Sarisatolli coal mine located in West Bengal in 2015. In the e-auction of Sarisatolli coal mine in 2015, five companies were declared as Qualified Bidders, namely, Adani Power Ltd., CESC Ltd., GMR Chhattisgarh Energy Ltd., Haldia Energy Ltd., Sheesham Commercial Private Ltd. CESC Ltd. submitted the highest bid and was declared as successful bidder. Three bidders were from the same group including CESC Ltd. However, there is no deviation from any of the tender conditions.

The Tender Document clauses provided that a Joint Venture (JV) company formed by two or more companies having a common specified end use and which were independently eligible to bid in accordance with the Coal Mines (Special Provisions) Act, 2015 (CMSP Act) would be eligible to participate in the e-auction. These provisions enabled the Government in securing the best value for auctioned coal mine.

(c) In the present regime of e-auction of coal mines for commercial mining, where there are no restrictions on allocattee of coal mine to supply coal to its specified end use plants, following clauses have been incorporated in the tender document to limit the possibility of cartelization and to stop the illegal bidding practices :-

- Limitations on total number of Bids : 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.
- Nominated Authority under the Ministry of Coal has been authorised in the tender document that in the event of Bidder, directly or indirectly or through its agent engages in

the restrictive practices including formation of cartel, Nominated Authority may reject a Bid, withdraw the Vesting Order, or terminate the Agreement, as the case may be, without being liable in any manner whatsoever and shall be entitled to forfeit and appropriate the Bid Security or Performance Security, as the case may be.

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