

GOVERNMENT OF INDIA
MINISTRY OF COAL
LOK SABHA
UNSTARRED QUESTION NO - 1824
TO BE ANSWERED ON 21.09.2020

Commercial Coal Mining

1824. SHRI JOHN BARLA:
SHRI RAVI KISHAN:
SHRI RAVINDRA KUSHWAHA:
SHRI ARUN SAO:
SHRI SANGAM LAL GUPTA:

Will the Minister of COAL be pleased to state:

- (a) whether the Government has decided to open the coal sector for private domestic and international commercial mining and if so, the details thereof;
- (b) whether the right of State owned Coal India Limited are not likely to be violated as a result of the said decision and if so, the reaction of the Government thereto;
- (c) the benefit likely to be accrued to Coal sector as a result of this decision;
- (d) whether the said decision of the Government is likely to reduce the import of expensive coal and if so, the details thereof; and
- (e) the details of number of coal blocks auctioned under South Eastern Coalfields Limited (SFCL)?

ANSWER

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

(a): Yes, please. Methodology for auction of coal and lignite mines / blocks for sale of coal / lignite on revenue sharing basis has been approved and order issued on 28.05.2020. Salient features of the methodology are as under:

- Bidders would be required to bid for a percentage share of revenue which would be payable to the State Government.
- Applicable to fully explored as well as partially explored coal blocks under the CMSP Act and MMDR Act.
- Upfront amount is based on value of estimated geological reserves.
- Successful bidder shall be provided incentives for early production and for gasification or liquefaction of coal.
- Exploitation of Coal Bed Methane (CBM) is allowed.
- There shall be no restriction on the sale and/or utilisation of coal from the coal mine.
- Provides for relinquishment of coal block by the successful bidder of partially explored coal mine.

Further, Government reviewed the Foreign Direct Investment (FDI) policy in the coal mining on 18.09.2019 allowing 100% FDI under automatic route for sale of coal, coal mining activities including associated processing infrastructure subject to the provisions of the CMSP Act and the MMDR Act as amended from time to time and other relevant Acts on the subject. Associated Processing Infrastructure includes coal washery, coal handling and separation (magnetic and non-magnetic).

Auction process for commercial coal mining has already started. Directions of the Central Government were issued to the Nominated Authority for conducting auction of 38 coal mines for sale of coal under the provisions of the CMSP Act and the MMDR Act. After completion of all the necessary processes, Commercial Mining was launched on 18.06.2020.

(b): Coal Blocks, whose allotments were canceled by Hon Supreme Court in year 2014 (Blocks under CMSP Acts) and new blocks identified under MMDR Act and CBA Rules 2017 are proposed to be allocated for the commercial mining hence CIL is not to be affected.

(c): Auction of coal mines for sale of coal would create a market place for coal with multiple producers to drive competition and adopt best practices in mining as well as environment management. The auction of coal mines for sale of coal in a transparent manner is expected to encourage transparent pricing of coal, based on the market forces. It would make maximum coal available in the market at the earliest. Auction of coal mines for sale of coal is expected to bring efficiency in the coal sector due to increased competition and deployment of best possible technology including by Coal India Limited (CIL) and its subsidiaries.

(d): Auction of coal mines for sale of coal would make maximum coal available in the market at the earliest. It is expected that availability of more coal in the market would reduce import of coal.

(e): As replied in part (b) of the question above, none of the Coal blocks of South Eastern Coalfields Limited are being auctioned.
