

GOVERNMENT OF INDIA
MINISTRY OF COAL
LOK SABHA
STARRED QUESTION NO - 149
TO BE ANSWERED ON 08.12.2021

AUCTION OF COAL BLOCKS

*149. SHRIMATI SARMISTHA SETHI:

Will the Minister of COAL be pleased to state:

- (a) whether the Government has recently devised an action plan to auction coal blocks to address the requirements of dry fuel in downstream sectors;
- (b) if so, the details thereof;
- (c) the details of its impact on the mine bearing States;
- (d) whether the Government is working on a plan for privatizing coal mining in the country; and
- (e) if so, the details thereof and the reasons therefor?

ANSWER

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

(a) to (e): A statement is laid on the Table of the House.

Statement referred to in reply to parts (a) to (e) of Lok Sabha Starred Question No. 149 for answer on 08.12.2021 asked by Shrimati Sarmistha Sethi regarding Auction of Coal Blocks.

(a) and (b): Methodology for auction of coal and lignite mines/blocks for sale of coal/lignite on revenue sharing basis was issued on 28.05.2020 and modified vide order dated 24.11.2021. Salient features of the Methodology are as under:

- Based on Revenue sharing mechanism. Floor percentage at 4%.
- Applicable to fully explored as well as partially explored coal blocks.
- Upfront amount is based on value of estimated geological reserves.
- Successful Bidder to pay monthly revenue share based on percentage of revenue share quoted, total quantity of coal and notional or actual price whichever is higher.
- Incentives for early production, gasification and liquefaction of coal.
- Exploitation of CBM is allowed.
- No restriction on the sale and/ or utilisation of coal. More flexibility in coal production schedule.

Auction for coal blocks for sale of coal would make maximum coal available in the market at the earliest which will also help in meeting the requirement of coal in downstream sectors.

(c): Entire revenue regenerated from allocation of coal mines would accrue to the coal bearing states which can be utilised for the growth and development of those states.

(d) & (e): Methodology for auction of coal and lignite mines / blocks for sale of coal / lignite on revenue sharing basis was issued on 28.05.2020 and modified vide order dated 24.11.2021. There is no plan to privatize existing coal mines. However, in the auction of new coal mines, both Government and Private Companies are eligible to participate in their auction of coal mines for sale and/or consumption of coal. So far, 28 coal mines have been successfully auctioned for sale of coal. Out of these 28 coal mines, 27 coal mines have been auctioned to private companies. Auction process for 88 coal mines is underway.

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. Auction of coal mines for sale of coal in a transparent manner is expected to encourage transparent pricing of coal, based on market forces.
