

## **PRESS RELEASE**

### **Allotment of Coal Blocks**

Certain issues have been raised by Hon'ble MPs in Parliament with regard to the allotment of coal blocks by this Government. These were fully responded to by the Minister of Coal. Nevertheless, these issues are being raked up again. The factual position in this regard is indicated below.

2. Long before the UPA Government came to office in 2004, coal blocks were being allotted under the prevailing law that is the Coal Mines (Nationalisation) Act, 1973. The allotment of coal blocks was only through a mechanism whereby applications were received and scrutinized by an inter-ministerial Screening Committee, which included representatives of the State Governments, where the coal block was situated. The same system was followed by the UPA Government since 2004. The process of inviting applications and their processing was done in a completely transparent manner involving the relevant stakeholders/ Governments. Most importantly, not a single coal block was allotted without the consent of the State Government concerned. It may be noted that coal blocks are by and large situated in Orissa, Jharkhand, Chhattisgarh, Madhya Pradesh and Rajasthan and these State Governments were fully involved in the allotment process and consented to the allotments made. It is also relevant to note that 63% of the coal reserves allotted since 2004 have gone to public sector undertakings, whereas the majority of coal reserves allotted in the preceding five years went to the private sector.

3. The UPA Government has been of the view that given the increasing demand for coal blocks, a more objective system for allotting coal blocks needed to be put in place. As the existing law did not permit

auction of coal blocks, efforts were initiated in early 2005 itself to make necessary amendments to the law. One of the major reasons for the delay in finalization of a draft bill in this regard was the objection of the trade unions and Governments of coal bearing States. Eventually, it was agreed that the entire proceeds from the auction would accrue to the relevant State Government and the draft bill was moved in Parliament in 2008. No fresh coal blocks have been offered for allocation under the existing system since the introduction of the draft bill as the intent of the Government was to get the amendment to the law passed speedily and allot coal blocks, through the auction route. In spite of the best efforts of government, the amendments could be passed only in 2010. Necessary mechanisms are being put in place in order to operationalise the new procedure.

4. The suggestion that there was any “rush” in coal allotments, prior to the auction route being enacted, is completely untrue. Coal blocks have been allotted by this Government, as well as by the earlier Government. In view of the acute need to augment coal supplies, especially for purposes of power generation. The Government had undertaken an ambitious programme of capacity addition in power generation, which was impossible to achieve without adequate coal availability. All the coal blocks were allocated after thorough verification of the coal requirements of the applicant, and the status of project preparedness. All allotments were done in the national interest in a fair manner. The Ministry of Coal has been monitoring strictly the progress made by companies in developing the allotted coal blocks. Wherever the performance was found to be unsatisfactory, suitable action was initiated against the allottees. 24 coal blocks have in fact, been de-allocated based on such reviews.

5. The wild and baseless allegations in this regard being made by some people are rejected as totally unfounded and baseless.