

Progressive Policies of Coal Ministry Result in Faster Allocation of Mines to Private Sector

91 mines auctioned in 3 years under commercial coal mine auctions

Posted On: 20 OCT 2023 2:57PM by PIB Delhi

After cancellation of 204 coal mines in 2014, coal mines are being auctioned through a transparent mechanism and for various end uses – power and non-regulated sectors.

With the maturing of auction-based regime for captive coal mines, and with an aim of boosting the country's coal production and reducing dependence imports, a well-considered and forward looking policy was brought for commercial mining in 2020. Under the policy, for successful implementation of commercial coal mining and to bring quick decision making, an Empowered Committee of Secretaries (ECoS) comprising Secretary (Department of External Affairs), Secretary (Department of Legal Affairs), Secretary (Ministry of Petroleum and Natural gas) and Secretary (Coal) as members was constituted.

The Government has mandated this group to take decisions on the following matters:

- i. Purpose for which a mine can be auctioned under CMSP Act (Schedule-II and Schedule-III mines).
- ii. Review & determine the incentives allowed for early production & coal gasification or liquefaction.
- iii. Determine the limit of maximum number of coal mines or reserves or any other parameter regarding production of coal
- iv. Issues relating to operationalization of National Coal Index
- v. To make changes in efficiency parameters including flexibility given in production
- vi. Review the two stage bidding process
- vii. In case mine/mines remains unallocated in the auction tranches, the same would be placed before ECoS for appropriate reduction in the floor percentage of revenue share and other terms and conditions
- viii. In case of single bid after successive rounds of auction for a coal mine, appropriate decision regarding allocation of mine;
- ix. To revise ceiling of Upfront Amount for future tranches of auction in case there is substantial upward/downward change in market conditions;
- x. such other matters that may be referred to this committee including but not limited to viz. auction methodology and matters associated with it, issues in operationalization of blocks allocated for sale of coal etc.

Nine meetings of ECoS have been held so far and 27 important decisions have been taken. In furtherance of the decisions taken by ECoS, these decisions have been implemented with the approval of Competent Authority. This mechanism has helped in faster and well considered decision making on issues which could have otherwise taken longer time.

Commercial coal mine auctions are a tremendous success. Since, first auction of commercial mining in 2020, a total of 91 coal mines have been successfully auctioned during a short period of three years in seven tranches under the commercial coal mining. Out of these 91 coal mines, nine mines have received all the

permissions and five coal mines have started production. Production during FY 23 from commercial mines was 7.2 million tonne (MT).

As per methodology for commercial coal mines' auctions, in case of less than two Technically Qualified Bidders, for a mine, the first attempt of auction for that mine shall be annulled and the second attempt of auction may be initiated with the approval of the Competent Authority. However, in case of only one bidder again in the second attempt, the matter will be referred to the ECoS for appropriate decision with respect to allocation of mine. Till date, 11 coal mines have been allocated to different bidders with the approval of ECoS based on single bid after 2nd attempt of auction, on the basis of transparency in auction, reasonability of offer and number of rounds the mines have been offered. It may be noted that a large number of mines offered received no bid despite repeated offering during last seven rounds.

The objective of launching the commercial coal mines' auction was to increase coal production in the country to meet coal requirement of industries and not revenue maximization, thereby making India *Aatmanirbhar* in coal. Further, in case of a bidder being declared as the Successful Bidder for a particular coal mine, it has to pay the royalty (@14%), DMF, NMET, GST and GST compensation cess (@ Rs 400) etc. to the respective State Governments in addition to revenue share. Also, coal mining is a high capital intensive industry and huge amount is expended on operationalization of the coal mines which subsequently results in the funds being utilized for development and employment generation in the country.

BY/RKP

(Release ID: 1969366)