



AUCTION OF COAL BLOCKS FOR COMMERCIAL MINING

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1. Allocation Status (mines allocated under CMSP Act, 2015)

The allocation of 204 coal mines de-allocated by Hon'ble Supreme Court is now made under the provisions of the Coal Mines (special Provisions) Act, 2015. Under the provisions of the Act, a total of 128 coal mines have been allocated till date. Out of

Status of coal mines is as under:-

Status of the Coal Mines allocated under CM(SP) Act, 2015								
S. No.	Mode of Allocation	End Use "Power"	End Use "NRS"	Sale of Coal	Total	Mines having mine opening permission	Non-operational mines	Mines under production
1	Auction	5	20	28	53	19	34	17
2	Allotment	38	2	13	53	31	22	22
	Sub-total	43	22	41	106	50	56	39
Status of the Coal Mines allocated under MMDR Act								
1	Auction	0	0	17	17	0	17	0
2	Allotment	5	0	1	6	0	6	0
	Total	5	0	18	23	0	23	0
	Grand Total	48	22	59	129	50	79	38

Out of the 106 allocated coal mines 50 mines have got mine opening permission and 39 mines have started producing coal.

The total revenue generated till November, 2022 from the Coal blocks allocated by Nominated authority is ₹ 13098.17 crore (excluding Royalty, taxes, cess etc.).

Total coal production from allocated captive/commercial blocks till March, 2022 is 356.41 MT and in 2022-23 till November, 2022 is 67.16 MT.

this, allocation of 22 coal mines have been cancelled. Out of remaining 106 coal mines, 53 coal mines have been allocated through Auction whereas 53 have been allocated through Allotment. Out of 53 auctioned mines, 19 mines have got mine opening permission (17 under production). Out of 53 allotted mines, 31 mines have got mine opening permission (22 under production).

2. Allocation of MMDR Mines by Nominated Authority

Total of 17 coal mines have been successfully auctioned and vested under MMDR Act, 1957 by O/o Nominated Authority.

3. Operational Manual of National Coal Index and Representative Prices

The Commercial Mining of Coal Blocks has been approved by the Cabinet Committee of Economic Affairs. In the auction process, the National Coal

Index (NCI) and Representative Prices (RP) would play very important role. The concept and design of the Index as well as the Representative Prices have been developed by the Indian Statistical Institute, Kolkata. The present guidelines give the technical details which are to be followed at different stages of compilation of NCI and RP in conformity with the Standard Operating Procedure (SOP) issued by the M/o Coal.

3a. Brief Ingredients of NCI and RP: NCI is a price index combining the prices of coal from all the sales channels- Notified Prices, Auction Prices and Import Prices.

Majority of coal is sold through the Notified Prices. For Non-Coking Coal, CIL fixes notified prices for each grade. There is price discrimination as to the Regulated Sector and Non- Regulated Sector (NRS). Again, due to cost considerations, different Notified Price dispensation has been made for WCL coal. Similarly, SCCL also notifies prices for different grades of coal- with price differentiation between Regulated and Non- Regulated Sectors. In respect of Coking Coal, only certain Subsidiaries of CIL are producing. The power of notifying the prices of Coking Coal has been delegated to the Subsidiaries. The Notified Prices of each grade of coal for Regulated and NRS and for CIL (Except WCL), WCL and SCCL for Non-Coking Coal and Notified Prices for Coking Coal of different Subsidiaries of different grades-for Regulated Sector as well as NRS would be taken for the purpose of NCI as well as the RP.

Apart from sales at Notified Prices, CIL and SCCL undertake e-Auction of Coal on different platforms- MSTC and Junction. For this purpose, a set of schemes are there meant for a particular type of customer. The auction is conducted each month. Also, CIL undertakes Linkage Auction for NRS. For the purpose of NCI and RP, the Unit Value of Coal of different Grades from auction (of CIL only) would be taken into account. **The auction, for this purpose, means both e-auction and Linkage Auction.**

The third component of the NCI and RP is the Import Prices. For compilation of both, only imports of specific types of coal from specified countries would be taken into consideration. For each month, the quantity of import and its value would be collected from DGCIS and from these two values, Unit Value of Coal would be computed for its use in NCI as well as RP.

3.b Data Collection: Duty of collection of different types of price data rests completely on the DDG Office. For this purpose, one letter was sent to Director (Marketing), CIL and DGCIS to send the data on a regular basis. DDG has to pursue with the Officers of Marketing Division, CIL and DGCIS to make best efforts to collect the data within the expressed time limits. In order to get the Notified Prices of Coking Coal, regular interaction is done by the DDG with CIL for the coking coal prices of BCCL, CCL, ECL and WCL, whose data are relevant for the purpose.

The NCI is being compiled by the Ministry every month. The latest NCI was published in the month for December, 2022.

4. Commercial Mining

The auction-based regime introduced in 2014 allowed private sector participation, however, it was limited to captive usage in own end use plants. The sector has been opened up for commercial coal mining by private players in 2020 and first ever successful auction of commercial mining was launched by the Hon'ble Prime Minister on 18.06.2020 and concluded with allocation of 19 coal mines.

Commercial coal block auctions are conducted in a two-stage online bidding process, which involves technical screening and submission of competitive initial price offer in the first stage, and a second and final stage where better price offers are intended to be received.

Commercial coal mining auctions are completely different from the earlier regime of restricted sectors, use and price. Now, there are no such restrictions at all. The auctions have terms and conditions which are very liberal, allowing new companies to participate in the bidding process.

Reduced upfront amount, adjustment of upfront amount against royalty, liberal efficiency parameters to encourage flexibility to operationalize the coal mines, transparent bidding process, 100% FDI through automatic route is allowed and reasonable

financial terms and revenue sharing model based on the National Coal Index.

So far, 64 coal blocks have been auctioned in the States of Arunachal Pradesh, Assam, Chhattisgarh, Jharkhand, Madhya Pradesh, Maharashtra, Odisha, Telangana and West Bengal (details enclosed in Annexure-I). The estimated benefits which would accrue to the coal bearing State Government through the successful auction of above-mentioned 64 coal blocks is as under:-

S. No	State	Number of coal Mines Auctioned	Cumulative PRC of coal mine auctioned (mtpa)*	Annual Revenue generated based on the PRC of mine (₹ crore)*	Capital Investment (₹Crore)*	Total Employment (Direct + Indirect)*
1	Arunachal Pradesh	1	0.20	422.49	30.00	100
2	Assam	2	0.02	38.44	3.60	20
3	Chhattisgarh	8	12.20	2,361.75	1,830.00	16,494
4	Jharkhand	16	32.78	4,272.06	4,917.00	44,319
5	Madhya Pradesh	13	11.85	1,846.50	1,777.50	16,021
6	Maharashtra	8	6.07	899.49	910.35	8,205
7	Odisha	14	82.63	9,457.69	12,394.50	1,11,716
8	Telangana	1	4.80	436.88	720.00	6,490
9	West Bengal	1	1.89	130.08	283.50	2,555
	Grand Total	64	152.44	19,865.37	22,866.45	2,05,920

**Please note that the benefits for only the fully explored mines have been calculated for mines under Tranche 2, 3, 4 and 5 of commercial auctions since the PRC of partially explored mines was not available. However, while calculating the benefits from Tranche 1 coal mines of commercial auctions, benefits from both partially and fully explored mines have been considered as the PRC of both partially and fully explored coal mines was available.*

In 5th round of auction for commercial mining, 8 coal/lignite blocks fetch single bids. Hence, it was decided by the Ministry to go for 2nd attempt of the said 8 coal/Lignite mines. The last date of submission of Technical Bid is January 13, 2022.

Union Minister of Coal, Mines and Parliamentary Affairs Shri Pralhad Joshi launched the sixth and latest tranche of auction of 133 coal mines including 71 new mines on 3rd November, 2022.

After successful auction of 64 coal mines in the five tranches, Ministry of Coal has now launched the auction process of 71 new coal mines (18 new mines under Tranche 16 of CM(SP) Act and 53 new mines under the Tranche 6 of MMDR Act). With coal mines rolling over from 2nd attempt of third tranche of commercial auctions and 2nd attempt of fourth tranche of commercial auctions, there shall be a total of 133 coal mines on offer.

Of these 133 mines on offer, 65 are fully explored mines and 68 are partially explored. These mines are spread across twelve coal bearing states of Andhra Pradesh, Arunachal Pradesh, Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Maharashtra, Odisha, Rajasthan, Tamil Nadu, Telangana and West Bengal. The details of the 8 coal/lignite blocks offered in 2 attempt of 5th Round and 133 coal/lignite blocks

offered in 6th Round of Auction are enclosed as Annexure-II.

The list of mines has been finalized post detailed deliberations and mines falling under protected areas, wildlife sanctuaries, critical habitats, having forest cover greater than 40%, heavily built-up area etc. have been excluded.