

COAL MINE AUCTIONS – A TRANSPARENT AUCTION PROCESS WITNESSED HUGE PARTICIPATION FROM PRIVATE SECTOR

Posted On: 05 MAR 2024 3:24PM by PIB Delhi

In a significant stride towards fostering transparency and inclusivity in the coal sector, the Ministry of Coal has introduced reforms aimed at broadening private sector participation in coal block auctions. These measures are designed to enhance efficiency, accountability, and sustainability in the allocation of coal resources, aligning with the government's vision of Aatmanirbhar Bharat and economic self-reliance. Since the cancellation of 204 coal blocks in 2014 by the Supreme Court of India, the Ministry of Coal has been dedicated to fostering economic growth and energy security, leading to transformative reforms in the coal sector. To meet coal demand and to reallocate these coal blocks through fair and transparent process, the Coal Mines (Special Provisions) Act, 2015 was enacted for auctioning the coal blocks to private sector and allotting the coal blocks to PSUs for specified end-use plants.

The auction regime has not only unlocked vast opportunities within the coal industry but has also spurred sustainable development across various sectors. Through this groundbreaking policy, companies have been empowered to actively participate in coal block auctions, fostering competition and efficiency. These reforms have yielded promising results, with notable increase in the number of private sector entities participating in coal block auctions, promoting healthy competition and injecting fresh investments and innovative technologies into the coal sector, thereby driving growth and development across the value chain.

To ensure transparency and prevent cartel formation, a two-stage auction mechanism was adopted. Under the end-use specific regime, 24 coal mines were auctioned to the private sector and 53 coal mines were allotted to PSUs with specified end-use plants. Subsequently, in June 2020, the government has launched auctions of coal mines without end-use restrictions, enhancing transparency and flexibility in the auction methodology, tender conditions, and auction process.

The commercial coal auctions witnessed participation from both the private and public sectors for the first time in history, with no technical or financial eligibility criteria, leading to wider participation from existing players as well as players who did not have any prior experience in mining sector. As a result, numerous first-time bidders with no prior experience in coal mining have emerged as successful bidders. Additionally, several public sector companies have also participated and secured coal mines.

A total of 91 coal mines have been auctioned under commercial auctions, with expected annual revenue of more than Rs. 33,000 crores and employment opportunities for over 3 lakh people once operationalized. The transparent and fair auction process has been well-received by the industry, with no complaints received since its inception.

From FY 2015 to FY 2020, a total of 24 coal mines were auctioned under captive auctions, while since FY 2020 till date, a total of 91 coal mines have been successfully auctioned, showcasing the industry's trust in the auction process.

By upholding transparency in the auction process, the Ministry of Coal has catalysed greater private sector participation, propelling economic growth, strengthening energy security, and nurturing sustainable development within the coal industry.

BY/AG

(Release ID: 2011583)