

# Cabinet approves granting one-time window to Government Companies to surrender non-operational coal mines without penalty

## Several coal mines with PSUs likely to be released and auctioned as per present auction policy

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The Cabinet Committee on Economic Affairs chaired by the Prime Minister, Shri Narendra Modi, today has approved the Ministry of Coal's proposal for providing a one-time window to the Central and State PSUs to surrender non-operational mines without penalty (forfeiture of bank guarantee) and without citing any reason. This may release several coal mines which the present Government PSU allottees are not in a position to develop or are disinterested and could be auctioned as per the present auction policy. A three months' time will be granted to the allottee Government Companies to surrender the coal mines from the date of publication of the approved surrender policy.

Post cancellation of coal blocks by the Supreme Court in 2014, to prevent immediate disruption of coal supplies to thermal power plants, the government have allotted many cancelled coal blocks to state and central PSUs on allotment route. The allocation route was expeditious and it was expected that the coal requirement of State GENCOs would be met from those blocks. The revenue share payable by State/ Central PSUs is fixed on per tonne basis unlike private sector who have to bid. Given the context of allocation of coal blocks at that point of time, conditions for times lines for operationalization of coal blocks were very stringent and firm leaving no wriggle room either to the successful allottee or the Nominated Authority. Penalization for delay in operationalization of coal mines has resulted in disputes and court cases.

Till December-2021, 45 mines out of 73 coal mines allotted to Government companies, remained non-operational and due date of commencement of mining operations in case of 19 coal mines has already over. Delays were due to reasons beyond the control of allottees, for example, law and order issues; enhancement in the area of forest from what was declared earlier; resistance of land-holders against land acquisition; geological surprises in terms of availability of coal resources.

Coal sector is a key to energy security for the country. In the approval, good quality coal blocks which were allotted early can be quickly recycled back after removing technical difficulties and adjusting boundaries and offered to interested parties under the recently launched commercial coal mines auction policy. Early operationalization of coal blocks will provide employment, boost investment, contribute to economic development of backward areas in the country, reduce litigation and promote ease of doing business leading to reduction in import of coal in the country.

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