

Coal Ministry's Response to Allegations Raised Against Coal Auctions held in 2015

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Recently, an article has been published in a section of media alleging that Union Government illegally barred West Bengal from coal auctions, benefiting a corporate. It is alleged that Coal Ministry disqualified West Bengal Power Development Corporation Limited (WBPDCCL) from participating in auction of West Bengal based coal mines considering WBPDCCL as a prior allottee and has not paid additional levy within the prescribed time. Allegations made in article are incorrect and baseless. It appears lack of understanding of provisions of coal block allocations and Coal Mines (Special Provision) Act, 2015.

Coal mines are allocated through auction to Government and Private companies and through allotment only to Govt. companies. As per Sec 4(4) of Coal Mines (Special Provision) Act, if the prior allottee has not paid additional levy, then the prior allottee, its promoter or any of its company of such prior allottee shall not be eligible to bid either by itself or by way of a joint venture. Accordingly, WBPDCCL being one of the promoters of Bengal Emta Coal Mines Ltd, (a prior allottee as per CMSP Act) was disqualified from participating in the auctions.

Provision for allotment of coal mines to Govt. Companies or Corporations was also given in section-5 of second ordinance as well as CMSP Act. As per Sec 5(2) of second ordinance as well as CMSP Act, no allotment shall be made to a prior allottee, if that allottee has not made the payment of the additional levy within the specified period. Since, WBPDCCL was not a prior allottee, WBPDCCL was eligible to get mines through allotment as per section 5(2) of CMSP Act. Accordingly mines were allotted to WBPDCCL.

It has also been alleged that firms of one group had colluded while bidding for the Sarisatolli mine auction and the Union Government had cut down potential competition for the private company by illegally preventing the West Bengal government from bidding for the block.

Allegations of collusion and less competition for private company are baseless. As per bidding document, a joint Venture (JV) company formed by two or more companies having a common Specific End Use (SEU) were independently eligible to bid in the e-auction. This provision was kept to promote bidders to bid aggressively from initial stage and to restrict bidders from same company to form cartel, thus reducing competition. Auction methodology was further upheld by Hon'ble High Court of Delhi. In case of Sarisatolli coal mine, 5 bidders were technically qualified for participation in e-auction (FPO) and total 167 quotes bids were received during auction which is a clear indication of strong competition.

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