

Captive Mining Policy

- Mother Act- CMN Act 1973
- Specified end uses – power, iron & steel, cement manufacturing; coal gasification including UCG and Coal liquefaction
- Coal and Lignite Blocks to eligible public and private sector companies for approved end use are allotted under the provisions of CMN Act 1973 under two routes:
 - Government Company Dispensation under Section 3(3)(a)(i)
 - Captive Dispensation under Section 3(3)(a)(iii)
 - (i) Screening Committee under Secretary (Coal) is the nodal body
 - (ii) Tariff based bidding for UMPP of MoP
- Allotment of blocks through competitive bidding is on cards

Captive coal mining

- The efforts to increase the number of players in coal production have seen the allocation of a number of blocks to various entrepreneurs in both public and private sector, under the captive mining policy
- Of the 209 blocks allotted thus far, 25 blocks have produced about 30 million tonnes in 2008-09. The contribution from captive blocks is expected to reach 81 million tonnes in 2011-12, the terminal year of the XI Plan

Allotment of captive blocks End use wise

| Power | Iron & Steel | Cement | Govt. & Pvt. Commercial | CTL | Total |
|--|-------------------------|---------------|------------------------------------|------------|--------------|
| 92 | 65 | 8 | 39+2 | 2 | 208 |
| Geological Reserves (billion tonnes) | | | | | |
| 27.67 | 10.40 | 0.67 | 7.33 | 3 | 49.07 |
| Production potential (million tonnes) | | | | | |
| 443 | 102 | 3 | 79 | 30 | 657 |

Trend in Coal Production from Captive blocks

| Year | No. of Blocks | Actual Production (mt) | Remarks |
|----------------------|---------------|------------------------|--|
| 1997-98 | 2 | 0.71 | Both power blocks |
| 2001-02 (IX Plan) | 3 | 4.46 | 2 blocks for power -2.91 mt; 1 block for steel 1.55 mt |
| 2006-07 (X Plan) | 11 | 17.61 | 5 power-10.07; 4 steel-7.32; 2 cement-0.22 |
| 2008-09 | 25 | 30.00 | 14 power-21.24 mt; 8 steel-8.39; 2 cement-0.24; 1 govt.0.14 mt |
| 2011-12 (XI Plan) | 92 | 80.89 | power- 44.30mt;steel-26.79 mt; cement-1 mt; Commercial-8.80mt |

Specified timeframe for block development

- The time frame fixed for block development from the date of allotment:
- Where the block is explored in detail and GR is available (including 6 weeks for GR collection):
 - 36 months for OC block with out FC
 - 42 months for OC blocks with FC
 - 48 months for UG blocks without FC
 - 54 months for UG Blocks with FC
 - Incase of regionally explored blocks two years time is permitted to explore the block after obtaining PL

Steps involved in development of blocks

- Various steps involved in block development on allotment of the block which was explored in detail:
 - Obtaining the GR
 - Obtaining the approval of Mining Plan
 - Obtaining the EC and FC
 - Obtaining Mining Lease
 - Land acquisition
 - In case of regionally explored block, obtaining PL prior to other activities for carrying out exploration

Constraints in development of blocks

- There are hurdles in block development particularly on account of the delays in obtaining environmental and forestry clearances and obtaining the mining lease/PL from State Governments
- Land acquisition and related R&R issues are critical for the timely development of the coal blocks both in the public and private sectors
- The Government of India is seized of the matter and efforts are being made towards expediting pending cases of EC & FC and MoC have suggested certain measures in this regard for consideration of MoE&F for reducing time for processing and streamlining the process

Constraints in development of blocks (contd.)

- For instance, in order to reduce the time period involved in the process of environmental clearance (EC), the issue of a two part model terms of reference (TOR) for opencast and underground mines has been suggested with part (a) consisting of the common project particulars and part (b) with the relevant project specific details
- Further, the State Governments have been requested to expedite the holding of public hearings for expediting EC and reducing the time delay in according consent for forest land diversion

Constraints in development of blocks (contd.)

- Similarly, for expediting forestry clearances, efforts are being made to adhere to the prescribed time schedule of 150 days for new approvals and 120 days for renewals
- Improved coordination with the nodal officers at the State level is also being attempted for expediting forestry clearances and the coal companies have been directed to strengthen the coordination mechanism at their level with the respective State Governments

Constraints in development of blocks (contd.)

- MoC has also impressed upon MoEF for the need for enhanced borehole density of 15-20 boreholes per sq. km for carrying out coal exploration without seeking FC in place of the existing provision of 1.5-2 BH per sq.km and 3 sites have been proposed for the same on trial basis
- MoEF has been suggested to consider deemed approval in case of tribal land clearance if state govts. do not give their consent in specified time frame
- GOI has taken a decisions to grant prior approval for PL in case of un explored blocks at the time of allocation. However, grant of PL by the concerned state govt. takes time mainly because of the delay in FC

Constraints in development of blocks (contd.)

- It has been observed that the blocks allotted through the Government dispensation route in turn, are often proposed to be developed by the concerned State Governments through a Mine Developer and Operator (MDO), with a view to infusing investment and technology support
- Process of selection of the MDO is a long drawn one involving tendering etc. Moreover, as per the extant conditions, the management control has to be with the State Governments concerned and decisions regarding the percentage of stake holding between the joint venture partners is also taking a long time

Constraints in development of blocks (contd.)

- In some of the cases, delays in the development of the end use facility has been cited as the reason for not developing the coal block particularly in the times of recession due to slump in demand for the end use product
- Coal evacuation facilities in the new coal fields also continue to be a major issue coming in the way of development of new blocks. The Ministry of Coal is addressing these issues for working out long term solutions

Constraints in development of blocks (contd.)

- In some cases access to the block is also stated to be an issue due to surrendering of the block by other blocks
- Joint development by a number of parties is delaying the development due to difference in the schedules of end use projects and varied technical and economic interests of the parties
- Shortage of exploration capacities in the market, lab facilities for analysis add to delays in conducting exploration

Constraints in development of blocks (contd.)

- Non availability of skilled manpower, accurate assessment of development costs, financing issues, managing the safety risks etc. are some critical areas adding to delays in block development
- Project preparedness – availability of data for preparation of GR, DPR, Mining Plan, EMP etc.

Conclusion

- Primary objective of allotment of captive blocks to end users is to provide for fuel security, cost competitiveness, and control over production
- Though 208 blocks have been allotted thus far, only 25 blocks have commenced production
- Broad problem areas include obtaining statutory clearances, business structuring, equitable risk sharing, & investment
- Concerted efforts are needed for addressing the issues and rapid development of blocks
- Cooperation of State Governments is critical in this regard

Thank You