Coal Blocks Cases

What is the issue?

The Supreme Court has asked the Enforcement Directorate to file a status report on the over 50 cases of money laundering it is probing in connection with the coal blocks allocation scam.

What the coal blocks cases are about?

- In the early 1990s, the government decided to allocate to private companies coal blocks and a list of companies was prepared.
- In March 2012, a leaked draft report of the Comptroller and Auditor General (CAG) revealed irregularities in the allocation and pegged the loss to the exchequer at Rs 10.76 lakh crore.
- The CAG's final report (2012), however, reduced down the loss to Rs 1.8 lakh crore which was still the biggest scam India had seen.
- The CAG argued that the government had the authority to auction the coal blocks but it wasn't done and so the allottees received a windfall gain.
- A Parliamentary Standing Committee report said coal blocks distributed between 1993-2008 were done in unauthorized manner.
- The Supreme Court took cognisance of the case and directed the CBI to directly report to it and cancelled allocation of 214 coal blocks in 2014.

Why has the court sought a report?

- The CBI and ED are the two agencies probing the coal scam cases.
- According to SC directions, officers associated with the coal blocks cases cannot be transferred without its permission and so agencies approach it whenever an officer has to be relieved.
- There has been an issue of cases pending investigation for over a decade and even the SC had expressed concern over delay in investigation in 2017.
- **Reasons for the delay-** Various reasons have been cited by the CBI such as the
    - Enormity of the cases
    - Influence of corporates delaying the court proceedings
    - Limited resources of the CBI
    - Tracing cases as far back as 1993

What is the status of the cases?

- In the 12 cases where trial has been completed, conviction has been achieved in 10.
- Around 45 chargesheets have been filed.
- The only cases pending are the ones in which either prosecution sanction from the Centre has

not been received or three-four cases involving investigations in foreign countries.

How coal blocks are allocated?

- Ministry of Coal has comprehensively taken the responsibility for determination of various policies and strategies which are used to explore and develop coal.
- **Before 1993**- No specific criteria about allocation of captive coal blocks were enforced till 1993.
- However certain amendments were introduced in the Coal Mines (Nationalisation) Act, 1973 after which captive coal mining was allowed.
- To private companies, the allocations of coal blocks was by or through the screening committee.
- In case of government companies, Ministry directly were to make allocations of coal blocks.
- **2015 bill**- The 2015 Bill provides details for the auction process, compensation for the prior allottees, the process for transfer of mines and details of authorities that would conduct the auction.
- In December 2014, the ministry notified the Coal Mines (Special Provisions) Rules, 2014.
- The Bill creates three categories of mines, Schedule I, II and III.
- **Schedule I mines** can be allocated by way of either public auction or allocation and they can use the coal for their own consumption, sale or for any other purpose as specified in their mining lease.
- **Schedule II and III mines** are to be allocated by way of public auction, and the auctions have to be completed by March 31, 2015.
- Any government company, private company or a joint venture with a specified end-use is eligible to bid for these mines.

References

1. https://indianexpress.com/article/explained/supreme-court-enforcement-directorate-coal-blocks-allocation-case-7922550/
2. https://www.livelaw.in/top-stories/supreme-court-coal-block-allocation-scam-cases-investigation-stages-198973
3. https://prsindia.org/theprsblog/coal-block-allocations-and-the-2015-bill#:~:text=For%20government%20companies%2C%20allocations%20for,at%20which%20power%20is%20sold).



IAS PARLIAMENT
Information is Empowering
A Shankar IAS Academy Initiative