

Verdict on Coal scam and challenges in coal sector

Why in news?

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A special court of the CBI has held former Jharkhand chief minister and three others for irregularities in allotting coal blocks.

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What are the allegations of the scam?

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- Former Jharkhand chief minister, former coal secretary, former Jharkhand chief secretary were irregular in allotting a coal block in Jharkhand to Kolkata-based Company VISUL.

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- The alleged irregularities started after the union Ministry of Coal invited applications in 2006 for allocation of 38 coal blocks for captive mining from power, iron and steel, and cement companies.

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- In 2012, a Comptroller and Auditor General (CAG) of India draft report flagged “windfall gains” of Rs.10.7 Lakh crores for the allottees.

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- It was alleged that the blocks had been allotted illegally, to the applicant companies by Coal Ministry officials, and members of the Screening Committee.

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- Following a complaint on the scam the Central Vigilance Commission made a reference to the CBI to investigate coal allocations during the period 2005-09.

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- The apex court then set up a special court to try the cases in the alleged scam.

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What is the verdict on the case?

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- The court is yet to hear the arguments on the quantum of punishment.

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- Depending on the charges, the jail term can vary between one and seven years, say legal sources.

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- With this, four out of 30 cases pertaining to the coal block allotment scam have been resolved.

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What are the practical challenges in coal sector?

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- India was under a Coal mafia, an entity that extended from local contractors to legislators and bureaucrats which actively destroyed the bidding process for allotment of coal mines.

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- Now it was prevented from causing a present and future revenue loss of Rs.1.86 lakh crore, according to the CAG, by introducing e-auctions process.

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- The bidding process marks a huge step forward from the Coal scam years, but a lot of necessary information is not placed in the public domain.

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- For instance, the coal blocks allotted to government companies; end-use plants; and power tariff determination produced from such blocks.

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- The coal sector remains uncompetitive and in the control of Coal India, whose pricing is opaque.

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- Despite coal availability, end-users do not benefit in terms of cheap tariffs due to this commercial mining of coal has not taken off.

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- Apart from this coal is being beaten back by the rise of renewables as the energy of the future.

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Source: Indian Express, Business Line

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