

**BY SPEED POST/E-MAIL**

No.47011/7(46)/93-CPA/CPAM/CA-I  
Government of India  
Ministry of Coal  
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Shastri Bhawan, New Delhi  
Dated : the 3<sup>rd</sup> May, 2016

**OFFICE MEMORANDUM**

Subject : Invocation of Bank Guarantee in respect of Pachwara (North) coal block earlier allocated to M/s. West Bengal Power Development Corporation Limited [WBPDC].

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West Bengal Power Development Corporation Limited were allocated Pachwara (North) coal block for proposed power projects in the State of West Bengal vide allocation letter No.47011/7(46)/93-CPA/CPAM/CA dated 26<sup>th</sup> April, 2005 and a Performance Bank Guarantee was submitted in terms of the allocation letter for timely development and production of coal from the block. However, it was noticed that prior allottee M/s. West Bengal Power Development Corporation Limited [WBPDC] did not develop the block as per the timelines in terms of the allocation letter. Accordingly, a show cause notice was issued vide this Ministry's letter No.13016/17/2014-CA-I dated 16<sup>th</sup> January, 2015 to M/s. West Bengal Power Development Corporation Limited [WBPDC] as to why the BG submitted with the Government should not be deducted for delay in development of coal block until the block was held by the company and for not adhering to the milestone chart prescribed for the block development. The company has not submitted its reply to the show cause notice. The 34<sup>th</sup> IMG meeting held on 08.01.2016 observed that in case of Pachwara (North) coal block, 100% BG was linked to production and the mine opening permission was granted by CCO and hence, BG amount must be deducted for any lag in production. The uniform principle adopted for determination of BG amount to be deducted for any lag in production is as follows:

*"In the BG amount determined to be deducted for lag in production, the financial year in which mine opening permission was granted by CCO, will be considered as the first year and targeted production for that year may be calculated on pro-rata basis of production schedule mentioned in the approved mining plan. The BG determined to be deducted for lag in production in subsequent year may be calculated as per schedule of production given in mining plan for each year of production vis-à-vis actual coal production."*

2. The BG calculation details/sheet as per the above principle in respect of Pachwara (North) coal block is enclosed at **Annexure**. The BG deduction amount accordingly comes to Rs.19.799514 Crores.

3. Accordingly, CCO is directed to invoke Rs.19.799514 Crores from the Bank Guarantee furnished by prior allottees of Pachwara [North] coal block and deposit the same in the relevant Government Account. The remaining BG, if any, be returned to prior allottee(s). Action taken report may be furnished to this Ministry at the earliest.



[ RISHAN RYNTATHIANG ]

Under Secretary to the Government of India

Tel : 23073936

Encl: as above

**Shri Anjani Kumar,**  
Coal Controller,  
Coal Controller Organisation,  
1, Council House Street,  
Kolkata -700 001.

Copy to :-

1. The Secretary, Ministry of Steel, Udyog Bhawan, New Delhi.
2. The Managing Director, West Bengal Power Development Corporation Limited, Bidyut Unnayan Bhavan, 3/C, Block -LA, Sector -III, Bidhannager, Kolkata 700098.
3. The Nominated Authority, Ministry of Coal, World Trade Tower, Barakhamba Road, New Delhi [with the request to adjust the amount of BG from the compensation to be paid to the prior allottees as per CM(SP) Act, 2015 and Rules framed thereunder, in case of non-validity/lapse of Bank Guarantee.]
4. The Director [Technical], NIC, Ministry of Coal for uploading this letter on the web-site of Ministry of Coal.

**BG Deduction Calculation**  
**Updated Status of Coal Block as on Sept 2014**

BG deduction calculation in respect of Pachwara North coal block

1. Normative date of production: 26.01.2011
  2. Date of granting opening permission: 28.03.2013
  3. Date of commencement of production : March, 2014
  4. Amount of BG: Rs. 152.07 crore
  5. BG condition: 100% linked to production
- As opening permission was granted on 28.03.2013, 2013-14 is considered as 1st year of production

| YEAR    | TARGET(in MT) | ACHIEVMENT(in MT) | PRC(in MT) | (%) BG deduction | Original BG amount(in crore) | Deductable amount(in crore) |
|---------|---------------|-------------------|------------|------------------|------------------------------|-----------------------------|
|         | 1=T           | 2=A               | 3=P        | $4=(T-A)/P*100$  | 5=B                          | $6=5*4/100$                 |
| 2013-14 | 2             | 0.098             | 15         | 12.68            | 152.07                       | 19.282476                   |
| 2014-15 | 4             | 3.949             | 15         | 0.34             | 152.07                       | 0.517038                    |
| Total   |               |                   |            |                  |                              | 19.799514                   |

Amount of BG deduction may be Rs. 19.799514 crore



(RISHAN RYNTATHIANG)

Under Secretary to the Government of India