

**No. 11022/01/2015-CA-III**  
**Government of India**  
**Ministry of Coal**

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Shastri Bhawan, New Delhi  
20.01.2017

**OFFICE MEMORANDUM**

**Subject: Public Notice Seeking Comments on Draft Coal Blocks Allocation Rules Proposed to be Notified under the Mines and Minerals (Development and Regulation) Act, 1957 ['MMDR Act'].**

The Central Government had notified the Auction by Competitive Bidding of Coal Mines Rules, 2012 on 2<sup>nd</sup> February, 2012 ['2012 Rules'] in exercise of power conferred by Section 13(2)(d) of the MMDR Act for selection of a company under Section 11A of the MMDR Act and related matters thereto. The 2012 Rules have been amended from time to time.

2. Section 11A and Section 13(2)(d) of the MMDR Act have been amended by the Schedule IV of the Coal Mines (Special Provisions) Act, 2015 ['CMSP Act'] which necessitates amendments in the 2012 Rules;

3. Accordingly, in exercise of the powers conferred under Section 13(1) and 13(2)(d) of the MMDR Act, draft Coal Blocks Allocation Rules have been framed for replacing the 2012 Rules. The draft Rules have been framed to bring the provisions in line with the provisions of Coal Mines (Special Provisions) Rules, 2014 to bring uniformity in the processes.

4. The draft Coal Blocks Allocation Rules is hereby placed in the website of the Ministry of Coal ([www.coal.nic.in](http://www.coal.nic.in)). The members of the public and stakeholders concerned are requested to submit their comments and suggestions on the draft Rules to the email id: **ca1.moc@nic.in** upto **16:00 hours** of **20.02.2017**.

*Encl.: Draft Coal Blocks Allocation Rules.*

  
(Rishan Rynthathiang)  
Under Secretary to the Government of India

Copy to:  
TD (NIC) - with the request to upload this Notice in the website of MoC.

[To be published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i)]

**GOVERNMENT OF INDIA  
MINISTRY OF COAL  
NOTIFICATION**

**New Delhi, the                      , 2017**

**G.S.R. (E).** – WHEREAS the Central Government had notified the Auction by Competitive Bidding of Coal Mines Rules, 2012 on 2<sup>nd</sup> February, 2012 in exercise of power conferred by clause (d) of sub-section (2) of Section 13 of the Mines and Minerals (Development and Regulation) Act, 1957 (67 of 1957), as amended from time to time, for specifying the terms and conditions of auction by competitive bidding for selection of the company under Section 11A the Mines and Minerals (Development and Regulation) Act, 1957 (67 of 1957) and related matters thereto;

AND WHEREAS Section 11A and clause (d) of sub-section (2) of Section 13 of the Mines and Minerals (Development and Regulation) Act, 1957 (67 of 1957) have been amended by the Part B of Schedule IV of the Coal Mines (Special Provisions) Act, 2015 (11 of 2015) which necessitated amendments in the Auction by Competitive Bidding of Coal Mines Rules, 2012;

NOW, THEREFORE, in exercise of the powers conferred by sub-section (1) of Section 13 and clause (d) of sub-section (2) of Section 13 of the Mines and Minerals (Development and Regulation) Act, 1957 (67 of 1957) and in supersession of the Auction by Competitive Bidding of Coal Mines Rules, 2012, the Central Government hereby makes the following rules, namely:-

**CHAPTER I: SHORT TITLE AND COMMENCEMENT**

**1. Short title and commencement.-** (1) These rules may be called the Coal Blocks Allocation Rules, 2016<sup>1</sup>.

(2) They shall come into force on the date of their publication in the Official Gazette.

**2. Definitions.-** (1) In these rules, unless the context otherwise requires,-

(i) “Act” means the Mines and Minerals (Development and Regulation) Act, 1957 (67 of 1957);

(ii) “affiliate” with respect to any person shall mean any other person which, directly or indirectly: (1) controls such person; or (2) is controlled by such person; or (3) is controlled by the same person who, directly or indirectly, controls such person; or (4) is an associate company of such Person. In such context, "associate company", in relation to another company, means a company in which that other company has a significant

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<sup>1</sup> Title shortened. OR ‘Allocation of Coal Blocks Rules’ may be considered.

influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company. For the purposes of this clause, "significant influence" means control of at least twenty per cent of total share capital, or of business decisions under an agreement.

- (iii) “allocation” means allotment and auction referred together;
- (iv) “allotment” means allotment of coal blocks under clause (a) and (b) of the proviso to Section 11A of the Act;
- (v) “allocation order” means the allocation order referred to in sub-rule (5) of rule 8;
- (vi) “allotment document” means the document referred to in sub-rule (1) of rule 6;
- (vii) “auction” means public auction of coal blocks under sub-section (1) of Section 11A of the Act;
- (viii) “bidder” means a company or corporation which participate in auction of coal blocks;
- (ix) “block dossier” means the block dossier as referred to in sub-rule (1) of rule 4;
- (x) “ceiling price” means the price fixed by the Central Government for a coal block which is to be allocated by way of reverse auction;
- (xi) “coal” includes anthracite, bituminous, lignite, peat, coking coal, coke and any other form of carbonaceous matter sold or marketed as coal;
- (xii) “coal block” means an area containing coal which has been identified in accordance with clause (a) of sub-rule (1) of rule 3;
- (xiii) “coal linkage” includes a fuel supply agreement or letter of assurance for supply of coal entered with or granted to a company or corporation from the coal producing Government company or corporation including Coal India Limited and Singareni Collieries Company Limited;
- (xiv) “control” shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.
- (xv) “floor price” means the price fixed by the Central Government for a coal block which is to be allocated by way of forward auction;
- (xvi) “forward auction” means the method of auction where the bidders shall be required to successively quote the bid higher than the floor price, subject to such conditions as may be specified in the tender document;

- (xvii) “group” shall mean two or more group companies.
- (xviii) “group company” means a company which is an affiliate of another company.
- (xix) “infrastructure special purpose vehicle” means an entity incorporated by the nodal agency designated by the Central Government for the purposes of Ultra Mega Power Projects. The infrastructure special purpose vehicle shall:
  - i) hold the land required for the construction of the Ultra Mega Power Project and grant the said land under lease or licence to the operating special purpose vehicle;
  - ii) hold the allocation of the domestic captive coal block and grant the mining, development and operation rights of the said domestic captive coal block to the operating special purpose vehicle.
- (xx) “operating special purpose vehicle” means an entity incorporated by the nodal agency designated by the Central Government for the purpose of an Ultra Mega Power Project. The operating special purpose vehicle shall:
  - i) be transferred to the awardee of an Ultra Mega Power Project on the basis of competitive bids for tariff for the execution of the Ultra Mega Power Projects;
  - ii) execute the power purchase agreement with the distribution licensee(s) for execution of the Ultra Mega Power Project;
  - iii) hold the land required for the construction of the Ultra Mega Power Project on lease basis acquired in the name of infrastructure special purpose vehicle; act as a mine development operator of the captive coal mine allocated to the infrastructure special purpose vehicle.
- (xxi) “person” shall include any company or association or body of individuals, whether incorporated or not;
- (xxii) “preferred allottee” means the preferred allottee as referred to in sub-rule (8) of rule 6;
- (xxiii) “preferred bidder” means the preferred bidder as referred to in sub-rule (6) of rule 5;
- (xxiv) “reverse auction” means the method of auction where the bidders shall be required to successively quote the bid lower than the ceiling price, , subject to such conditions as may be specified in the tender document;
- (xxv) “reserve price” means the price fixed by the Central Government for a coal block allocated by way of allotment or by way of reverse auction;
- (xxvi) “rules” means the Coal Blocks Allocation Rules, 2016;
- (xxvii) “successful allocatee” means successful bidder and successful allottee referred together;
- (xxviii) “successful allottee” means the successful allottee as referred to in sub-rule (9) of rule 6;

- (xxix) “successful bidder” means the successful bidder as referred to in sub-rule (8) of rule 5;
  - (xxx) “tender document” means the tender document as referred to in sub-rule (1) of rule 5;
  - (xxxi) “Ultra Mega Power Project” shall mean a power project based on supercritical coal thermal technology or more efficient technology, with installed capacity of 3960 Mega Watt (MW) or above or such other capacity as may be stipulated by the Central Government, from which power procurement is tied up by procurers in more than one State or Union Territory, through tariff based competitive bidding initiated through a Central Government initiative under the Guidelines for Determination of Tariff Through Transparent Process of Bidding for Procurement of Power from Ultra Mega power Projects notified by Central Government under section 63 of the Electricity Act, 2003(No. 36 of 2003); and
  - (xxxii) the expressions “generating station” and “captive generating plant” shall have the meanings assigned to them in the Electricity Act, 2003 (No. 36 of 2003).
- (2) Words and expressions used herein but not defined and defined in the Act shall have the meaning respectively assigned to them in the Act.

## **CHAPTER II: AUCTION AND ALLOTMENT PROCESS**

**3. Allocation process.-** (1) In connection with the allocation of coal blocks the Central Government shall –

- (a) identify the coal blocks for allocation as per the standard technical parameters;
- (b) specify the manner of allocation through –
  - (i) auction; or
  - (ii) allotment to Government Company or corporation under clause (a) of the proviso to Section 11A of the Act; or
  - (iii) allotment to a company or corporation under clause (b) of the proviso to Section 11A of the Act;
- (c) specify purpose of allocation of the coal blocks including, but not limited to, own consumption or for sale;

Explanation.- Own consumption may include consumption of coal in the end uses such as production of iron and steel; generation of electricity through generating station; generation of electricity through captive generating plant; production of cement; production of fertilizers; production of syn-gas through coal gasification; or any other end use as the Central Government may, by notification in the Official Gazette, specify;

Provided that in case the coal block is to be allocated for the purpose of own consumption, the Central Government may combine one or more end uses as specified under this sub-rule.

- (d) specify broad parameters for conducting allotment or auction including by way of forward auction or reverse auction;
- (e) prepare block dossier for each coal block as specified in rule 4; and
- (f) any other matter that the Central Government may deem expedient in accordance with the Act or these rules;

(2) The Central Government may constitute one or more committees consisting of members from the Ministry of Coal, other ministries or departments of Central Government and such experts as may be deemed expedient for making recommendations to the Central Government for the purposes of sub-rule (1) of rule 3.

(3) Pursuant to process undertaken in accordance with sub-rule (1) of rule 3, the Central Government shall conduct the auction process in accordance with the provisions of rule 5 or the allotment process in accordance with rule 6 or rule 7, as the case may be.

**4. Block Dossier.-** (1) The Central Government shall prepare a written dossier that is, the block dossier for each coal block, based on the information available with the Central Government, which may include –

- (a) particulars of the coal block, including the geographical area, coal reserves and other geological information, as available;
- (b) particulars of reconnaissance operations, prospecting operations or mining operations, as may be applicable, conducted earlier by any person in reference to the coal block.

(2) The Central Government may update the block dossier based on additional information, if any.

**5. Auction.-** (1) In respect of coal blocks, for which the Central Government has specified auction under clause (b) of sub-rule (1) of rule 3, the Central Government shall prepare a document for the auction process, that is, the tender document.

(2) Each tender document may include such information as the Central Government may consider expedient for the purposes of auction including –

- (a) the block dossier containing particulars of the coal block;
- (b) purpose of allocation of the coal blocks including, but not limited to, own consumption or for sale;
- (c) the terms and conditions associated with the public auction, including the floor price in case of forward auction or the ceiling price in case of reverse auction, reserve

price in case of reverse auction, eligibility conditions, the process of conduct of auction and other related information;

- (d) the request for proposal;
- (e) specimen of agreements proposed to be entered into with the successful bidder as specified in sub-rule (1) of rule 8.

(3) The participants in the auction process shall be required to make payment of non-refundable fee of five lakh rupees for each coal block.

(4) The Central Government shall issue a public notice for the auction in at least one Hindi and one English language national newspaper and such public notice shall specify the manner in which the tender document shall be obtained.

(5) The Central Government shall comply with the following procedure while conducting auction, namely:-

(a) **Electronic auction.-** The process of auction of coal blocks shall be conducted through electronic auction, in accordance with the Act, these rules, the tender document and orders issued by the Central Government, if any.

(b) **Auction process.-** (A) The auction process shall be a two stage process comprising of-

- (i) technical bid; and
- (ii) financial bid.

(B) The technical bid shall be for the purpose of qualification and the financial bid shall be for the purpose of determination of the successful bidder.

(C) The financial bid may be divided into such sub-stages or rounds as may be deemed expedient by the Central Government.

(c) **Eligibility.-** The Central Government shall specify the applicable eligibility conditions for participation in auction in the tender document and the same may include –

- (i) technical and financial qualifications of the participants in the auction;
- (ii) compliance with the procedure specified for the auction process; and
- (iii) requirement to provide bid security in the form of bank guarantee.

(d) The Central Government may constitute a committee consisting of members from the Ministry of Coal, other ministries or departments of Central Government and such technical experts from various fields as may be deemed expedient for making recommendations to the Central Government for the purposes of determining technical and financial eligibility of the bidders.

- (e) In case the coal block is specified for auction for the purpose of own consumption, then the capacity of the end use project for which a bidder is bidding shall be in such proportion to the capacity of coal block as may be specified;
- (f) In case the coal block is specified for auction for the purpose of own consumption and a bidder having a coal linkage becomes the successful bidder, then the entitlement to receive coal pursuant to such coal linkage for the end use plant on the basis of which it became a successful bidder shall stand proportionately reduced on the basis of the requirement of coal being met from the coal block allocated to such company as per schedule of production specified in the approved mining plan;
- (g) The Central Government may also specify the maximum number of coal blocks or amount of coal reserves or both that may be allocated to a company or corporation or its subsidiary or parent company or associate companies or group.

(6) Upon completion of the auction process, the preferred bidder shall be declared on the basis of the result of auction.

(7) The Central Government may, after such scrutiny of the auction conducted as may be deemed expedient, declare the preferred bidder to be the successful bidder for the coal block or may cancel the auction process of the coal block.

**6. Allotment.-** (1) In respect of coal blocks, for which the Central Government has specified allotment to Government Company or corporation under sub-clause (ii) of clause (b) of sub-rule (1) of rule 3, the Central Government shall prepare a document for the allotment process, that is, the allotment document.

(2) Each allotment document may include such information as the Central Government may consider expedient for the purposes of allotment including –

- (a) the block dossier containing particulars of the coal block;
- (b) purpose of allotment of the coal blocks including, but not limited to, own consumption or for sale;
- (c) the terms and conditions associated with the allotment, including the reserve price, eligibility conditions, procedure for making application for allotment, the process of conduct of allotment and other related information;

Provided that in case coal block whose mining plan has not been prepared, the Central Government may specify the reserve price after the allotment of coal block and preparation of mining plan for such mine; and the successful allottee shall furnish an undertaking as a part of the agreement, as specified in sub-rule (1) of rule 8, to pay the reserve price within the specified time, as may be specified by the Central Government.

- (d) specimen of agreements proposed to be entered into with the successful allottee as specified in sub-rule (1) of rule 8.



(3) The Central Government shall issue a public notice for the allotment in at least one Hindi and one English language national newspaper and such public notice shall specify the manner in which the allotment document shall be obtained on the basis of which an applicant will submit the application for allotment.

(4) The allotment document shall specify the norms for allotment and such norms may include the following, namely:-

- (a) progress of development of coal blocks by the applicant in the past, if any;
- (b) financial details of the applicant, including the net-worth and turnover;
- (c) technical capabilities of the applicant and the technology proposed to be used for mining;
- (d) demand-supply gap;
- (e) assessment of requirements of the State;
- (f) in case of utilisation of the coal for own consumption-
  - (i) state of preparedness of the end use facility;
  - (ii) proximity of the end use facility to the relevant coal block;
  - (iii) in case the purpose of auction of coal block is specified as consumption of coal in generation of electricity through generating station, the per-capita power availability in the State of the applicant company.
- (g) The Central Government may also specify the maximum number of coal blocks or amount of coal reserves or both that may be allocated to a company or corporation or its subsidiary or associate companies.

(5) In case the coal block is specified for allotment for the purpose of own consumption and an applicant having a coal linkage becomes the successful allottee, then the entitlement to receive coal pursuant to such coal linkage for the end use plant on the basis of which it became a successful allottee shall stand proportionately reduced on the basis of the requirement of coal being met from the coal block allocated to such applicant as per schedule of production specified in the approved mining plan.

(6) The Central Government shall constitute a Committee consisting of the an officer not below the rank of Joint Secretary to the Government of India in the Ministry of Coal as chairperson, such other members from various Ministries and departments of the Central Government and such technical experts from various fields as it may deem fit for considering the applications received and assessing the eligibility of the applicants based on the criteria specified in the allotment document.

(7) The Committee may, if considered necessary for the purpose of sub-rule (6), invite representative of the State Government where the coal block is located;

(8) The Committee after considering the applications received and assessing the eligibility of the applicants based on the criteria specified in the allotment document shall submit its recommendation to the Central Government specifying the name of preferred allottee selected by it from amongst the applicants alongwith the reasons for such selection.

(9) The Central Government may, after such scrutiny of the allotment conducted, as may be deemed expedient, declare the preferred allottee to be the successful allottee for the coal block or may cancel the allotment process of the coal block.

(10) The Central Government may in public interest and for the reasons to be recorded in writing, relax any of the provisions of this rule for the allotment of a coal block to:

(i) a Government company or corporation owned, managed or controlled by the Central Government, or

(ii) a Government company or corporation for utilisation of coal in the linked power project to be awarded on the basis of competitive bid for tariff (including Ultra Mega Power Project):

Provided that in case of allotment of a coal block to a Government company or corporation for utilisation of coal in the linked power project to be awarded on the basis of competitive bid for tariff (including Ultra Mega Power Project), the Central Government shall first issue an in-principle allotment letter for such coal block to such Government company or corporation recommended by the Government of India in the Ministry of Power before the competitive bidding for tariff and thereafter on successful award of power project, the final allotment order shall be issued in accordance with the process specified in the Rule 8.

**7. Allotment on the basis of tariff based competitive bidding for power projects.-**

(1) Notwithstanding anything contained in rules 5 or 6, the Central Government may in accordance with the clause (b) of the proviso to Section 11A of the Act, allot any coal block which has been specified by the Central Government for allotment under sub-clause (iii) of clause (b) of sub-rule (1) of rule 3, to any company or corporation that has been awarded a power project on the basis of competitive bids for tariff (including Ultra Mega Power Projects) and recommended for such allotment by the Government of India in the Ministry of Power, on such terms and conditions as the Central Government may deem expedient.

**8. Procedure after declaration of successful bidder or successful allottee.-** (1) The successful bidder declared in accordance with the provisions of rule 5 or the successful allottee declared in accordance with the provision of rule 6 or rule 7, that is, the successful allocatee shall enter into an agreement with the Central Government wherein the terms and conditions of the allocation shall be specified and which shall be terminated in accordance with sub-rule (6).

(2) In case of allotment under rule 6 or rule 7, the agreement with successful allottee shall contain *inter-alia*, following conditions:-

(i) The successful allottee shall utilise the coal for the specified purpose only for which the coal block has been allocated.

- (ii) In case the coal block is allotted for the purpose of own consumption, if the allottee washes coal obtained from the coal block, then the middlings, rejects, tailings, jhama or any other type of coal obtained on washing, which cannot be utilised for the purpose for which the coal block has been allocated, shall be sold or disposed of by the successful allottee only with the prior approval of the Coal Controller's Organisation.
- (iii) In case coal block is allotted for purpose of sale of coal, then the coal produced from the coal block shall be sold or distributed through a non-discriminatory, reasonable and transparent mechanism.
- (iv) In case the purpose of allotment of coal block is specified as consumption of coal in generation of electricity through generating station, the allottee shall utilize coal for the power plants owned by it for which power purchase agreement had been signed as per the prevailing policy issued by the Central Government from time to time.
- (v) The production of coal shall be as per the approved Mining Plan and the terms and conditions of the Mining Lease.
- (vi) The allocatee Company shall be responsible for development of coal block as per the milestones as specified in the agreement and approved mining plan.
- (vii) No company other than a Government company or corporation shall hold more than twenty-six per cent. of the paid-up share capital in the successful allottee either directly or through any of its subsidiary company or associate company.
- (viii) The allocatee company shall file such periodical return, as may be specified, regarding distribution and utilisation of coal to the Coal Controller and any other agency authorized by the Central Government or the State Government.

Provided that in case the allotment is made under sub-rule (10) of rule 6 to a Government company or corporation for utilisation of coal in the linked power project awarded on the basis of competitive bid for tariff (including Ultra Mega Power Project) or under rule 7, periodical return shall be filed by the operating special purpose vehicle after award of power project on the basis of competitive bidding in accordance with the guidelines issued by the Central Government in the Ministry of Power.

- (ix) In case the coal block is to be developed through a Mine Developer and Operator, the selection of such mine developer and operator shall be through a competitive bidding process and the successful allocatee shall inform the Central Government and the State Government about the engagement of the Mine Developer and Operator and the terms and conditions of such engagement, as soon as it is finalized.
- (x) The successful allottee shall ensure that the criteria of bidding for engagement of mine developer and operator is not linked to the notified price of the Coal India Limited.

- (xi) The mine developer and operator shall maintain all records required to be maintained and shall make available such records for inspection to the successful allottee, the State Government and the Central Government.

(3) The successful allocatee shall be required to provide a performance bank guarantee in favour of the Central Government for such amount and period as may be specified by the Central Government and such performance bank guarantee shall, *inter alia*, provide for the following, namely:-

- (i) it shall be unconditional and irrevocable;
- (ii) it shall be linked with the milestones for the development of the coal block as may be specified by the Central Government; and
- (iii) upon invocation of the performance bank guarantee, the payment should be made immediately without any demur, reservation, caveat, protest or recourse.

Provided that in case the allotment is made under sub-rule (10) of rule 6 to a Government company or corporation for utilisation of coal in the linked power project to be awarded on the basis of competitive bid for tariff (including Ultra Mega Power Project) or under rule 7, the performance Bank Guarantee shall be provided by the operating special purpose vehicle on behalf of the successful allocatee after award of power project on the basis of competitive bidding in accordance with guidelines issued by the Central Government in the Ministry of Power.

(4) Upon entering of the agreement as specified in sub-rule (1) and (2) and providing performance bank guarantee as specified in sub-rule (3), the successful allocatee shall be entitled to receive an allocation order from the Central Government in respect of the coal block for which it was declared successful allocatee.

(5) Issuance of allocation order shall be conclusive evidence that all the requirements of Section 11A of the Act and these rules have been complied with in respect of the selection of successful allocatee and the successful allocatee shall be entitled for grant of prospecting licence or mining lease in respect of the relevant coal block from the State Government in accordance with sub-section (3) of Section 11A of the Act.

(6) The terms and conditions of the agreement as specified in sub-rule (1) and (2) shall be included in terms and conditions of the mining lease for the coal block alongwith any other terms and conditions that the Central Government or the State Government shall deem fit under the mineral concession rules and upon grant of the mining lease, the agreement as specified in sub-rule (1) and (2) shall stand terminated.

(7) The State Government concerned may, after grant of mining lease, require the successful allocatee to provide a performance bank guarantee in its favour for ensuring the production of coal as per the mining plan.

Provided that in case the allotment is made under sub-rule (10) of rule 6 to a Government company or corporation for utilisation of coal in the linked power project to be awarded on the basis of competitive bid for tariff (including Ultra Mega Power

Project) or under rule 7, the performance Bank Guarantee shall be provided by the operating special purpose vehicle on behalf of the successful allocatee after award of power project on the basis of competitive bidding in accordance with guidelines issued by the Central Government in the Ministry of Power.

(8) The allocation order shall be cancelled by the Central Government, inter alia, in the following event:-

- (a) in case of breach of terms of the agreement entered under the provisions of sub-rule (1) and (2);
- (b) misrepresentation of facts by the successful allocatee;
- (c) violation of the provisions of the Act and rules framed under the Act;
- (d) in the event of cancellation of mining lease;
- (e) on recommendation of the State Government concerned in the event of breach of terms and conditions of mining lease; or
- (f) in the opinion of the Central Government, for the reasons to be recorded in writing, it is expedient in public interest to terminate the allocation.

**9. Re-auction and re-allotment.-** (1) On cancellation of auction process or allotment process pursuant to rule 5, rule 6 or rule 7, as the case may be, on account of any reason whatsoever, the Central Government shall have the power to initiate fresh process of auction or allotment of the coal block, or re-initiate entire allocation process as specified in rule 3.

## **CHAPTER VIII: MISCELLANEOUS**

**10. Arrangements for optimal utilisation of coal blocks.-** (1) In case the coal block is allocated for the purpose of own consumption, the successful allocatee or coal linkage holder shall, with the prior approval of the Central Government, be entitled to enter into certain agreements or arrangements with other successful allocatee or coal linkage holder, as the case may be, for optimum utilisation of coal block for the same purpose in the public interest and to achieve cost efficiencies.

(2) A successful allocatee or a coal linkage holder proposing to enter into any agreements or arrangements referred to in sub-rule (1) shall make an application to the Central Government in writing.

(3) The application referred to in sub-rule (2) shall include the complete particulars of the following, namely:-

- (a) parties to the proposed agreements or arrangements;
- (b) the proposed agreements or arrangements;

- (c) the manner in which such agreements or arrangements would achieve optimal utilisation of coal blocks and cost efficiencies; and
- (d) details of coal linkages of the parties, if any.

(4) Before applying, parties shall ensure that all parties to the arrangement or agreement are otherwise eligible for the allocation of the coal block or grant of coal linkage, as the case may be, which are subject matter of such agreement or arrangement.

(5) The Central Government may seek such further information regarding the proposed agreement or arrangements as it may deem fit.

(6) The Central Government may after such investigation as may, in its opinion be necessary, by an order in writing, grant its approval or reject the proposed agreement or arrangements, in whole or in part.

(7) The Central Government while granting its approval may impose any condition which shall be binding on the parties to such agreement or arrangement.

(8) Upon execution of such agreement or arrangement, the party carrying out the mining operations in the coal block or receiving coal under coal linkage shall bear the liabilities in relation to such coal block or coal linkage.

(9) Upon execution of such agreements or arrangements, a certified copy of the same shall be deposited with the Central Government or such other agency or department as may be specified by the Central Government, within fifteen business days of such execution.

**11. Utilisation of coal for any other plant of the successful allocatee.**— In case the coal block is allocated for the purpose of own consumption, a successful allocatee may use the coal mined from a particular coal block for the same purpose in any of its plants or plant of its subsidiary or holding company, with a prior intimation to the Central Government in writing.

(2) The intimation referred in sub-rule (1) shall be provided at least thirty business days prior to the intended date of such utilisation.

(3) The Central Government may seek further information regarding such utilisation as it may deem fit and may impose such terms and conditions as may be found necessary.

**12. Proceeds of auction or allotment.**— (1) The proceeds of the auction or allotment, as the case may be, shall be deposited by the successful allocatee to the State Government concerned where the coal block is located in the manner as may be specified by the State Government with intimation to the Central Government.

(2) The constituents of proceeds of auction or allotment shall be specified by the Central Government.

*Explanation.*- (1) It is clarified that proceeds for auction or allotment excludes any royalty, levy, cess, tax, duties, or charges imposed by Central Government, State Government or local Government, as the case may be.

**13. Affidavit to accompany each document.**— If any person submits or produces any document to the Central Government or any authority under the Act or these rules, such document shall be accompanied by an affidavit regarding its genuineness and if it is discovered subsequently that such document is false or incorrect, he shall be liable for penal action under the law for the time being in force.

**14. Central Government may seek assistance.**— The Central Government may, for the purpose of discharging its functions under these rules, seek assistance of any departments, authorities, agencies, technical experts or government companies or corporations and may also constitute committees.

**15. Protection of action taken in good faith.**— No suit, prosecution or other legal proceeding shall lie against the Central Government, or State Government or any person acting on their behalf, in respect of anything which is done or intended to be done in good faith under these rule.

**16. Repeal and savings.**— (1) Subject to sub-section (2), the Auction by Competitive Bidding of Coal Mines Rules, 2012 is hereby repealed.

(2) Notwithstanding such repeal, anything done or any action taken under the Auction by Competitive Bidding of Coal Mines Rules, 2012, shall be deemed to have been done or taken under the corresponding provisions of these rules and any process of allocation pending under the Auction by Competitive Bidding of Coal Mines Rules, 2012 shall continue under the said the Auction by Competitive Bidding of Coal Mines Rules, 2012 and after the final allocation of the coal block the remaining procedure and conditions under the corresponding provisions of these rules shall be applicable.

[F. No. 11022/01/2015-CA-III]

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Joint Secretary to the Government of India