

No. 13016/26/2004-CA-I(Pt.VI)
Government of India
Ministry of Coal
<<>

Shastri Bhawan, New Delhi,
Dated the 26th June, 2013

To

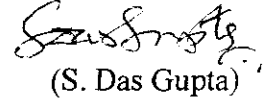
1. Chief Secretary, Government of Rajasthan Secretariat, Jaipur - 302001.
2. Chief Secretary, Government of Gujarat, Gandhinagar-382010.
3. CMD, NLC, Neyveli, Tamil Nadu.
4. CMD, CMPDIL, Kanke Road, Ranchi.

Subject:- *Record note of discussion of the Meeting on Earmarking of Lignite Blocks-reg.*

Sir,

I am directed to forward herewith the Record Note of discussions of the Meeting held under the Chairmanship of Secretary (Coal) on 25-6-2013 to discuss on the above mentioned subject for information and necessary action.

Yours faithfully,



(S. Das Gupta)

Section Officer (CA-III)
Tel. No.23382269

Copy for information to:

- i. Sr. PPS to Secretary (Coal).
- ii. PS to Addl. Secretary (Coal).
- iii. PS to JS(C), MoC
- iv. PS to Advisor (P), MoC
- v. Director (CA-III), MoC

Copy also to:

TD, NIC, MoC – with the request to upload on the website of this Ministry.

Record Note of Discussions taken by Secretary (Coal) on Earmarking of Lignite Blocks on 25/6/2013

List of participants is enclosed at **Annexure-I**.

2. Initiating the discussions, Secretary (Coal) welcomed the participants and mentioned that MoC has identified eight lignite blocks for offer under the competitive bidding process. The list of these 8 blocks has been circulated in the meeting along with the basic details of each Blocks and the proposed end use as suggested by the Technical Committee of the Ministry of Coal. It was informed that these lignite blocks need to be earmarked in today's meeting in consultation with the State Government of Gujarat and Rajasthan on the basis of the comments received from them earlier. He requested the representative of State Govt. of Gujarat to offer their views on the 5 blocks falling in the State of Gujarat.

3. The representative of Govt. of Gujarat mentioned that the Panandhro Extension Block in Kutch District may be considered for allocation to power sector as the reserves in the existing Panandhro Mine have almost been depleted and only 9 million tonnes balance reserves are available, which may last for next three years. Allocation of Panandhro Extension Block would help in supplementing the declining production from the existing Panandhro Mine to the power sector. Adviser (Projects) mentioned that earlier the capacity of Madhnomadh Lignite Block was enhanced from 0.6 MTPA to 2.5 MTPA to supplement the decline in production of Panandhro Mine. Representative of Gujarat mentioned that the production from Panandhro Mine is being supplied to power sector and small industries and decline in the production from the mine is adversely affecting supply to industry sector. Therefore, it was concluded that this Panandhrao Extension may be earmarked for power sector.

4. Regarding Bharkandam Lignite Block in Kutch District, Gujarat, the representative of Gujarat mentioned that it may be earmarked for commercial mining to meet the requirement of various small scale industry consumers. The same was agreed to.

5. Regarding South of Rajpardi Lignite Block in Bharuch District, the representative of Gujarat mentioned that it may be earmarked for commercial mining. However, considering the availability of large scale reserve of 80 milion

tonnes, it was proposed that the Block may be identified for tariff based bidding for power. However, the representative of Gujarat mentioned that basically GIPCL is the main power developer in the Govt. sector and it has adequate number of lignite blocks linked to their power plants in South Gujarat region. However, the demand for lignite from other industry consumers needs to be met from additional blocks for which South of Rajpardi would be desirable. Secretary (Coal) however mentioned that as the potential of the block is ideal to support about 250 MW power generation, it would be desirable to earmark the same for tariff based bidding and the same was agreed to.

6. Regarding Ghala Lignite Block in Surat District, the representative of Gujarat Govt. mentioned that MoC may consider earmarking the block for commercial mining in view of small quantity of reserves in the block. The same was agreed to.

7. Regarding the Vastan Lignite Block in Surat District, the representative of Gujarat mentioned that they have not offered any comments as GIPCL has already proposed for taking up UCG in this block. It was decided to earmark the same for UCG under Government dispensation.

8. Secretary (Coal) requested representative of Gujarat to send further comments, if any, on the proposed earmarking of the lignite blocks including Vastan Lignite Block as well. He further mentioned that in view of a number of overlap areas with CBM/Gas/Oil areas, MoC is constrained in putting more lignite blocks on offer. However, the matter will be taken up with MoPNG shortly for sorting out the issue to release more lignite blocks for offer subsequently.

9. Regarding the Lignite blocks in Rajasthan, the representative of State Govt. of Rajasthan mentioned that the Nagurda Block in Barmer District listed in the MoC's list was earlier identified for UCG and involves a large area. As against this, the now proposed Nagurda-Joranda block is very small. Secretary (Coal) requested CMD, NLC to clarify the issue. CMD, NLC mentioned that the Nagurda-Joranda Block is a part of Nagurda Main Block covering shallow and lignite deposits and the balance area has been considered for UCG, jointly by NLC and RSPCL. Thus, NLC has not put this block in the list of blocks to be offered. Joint Secretary (Coal) enquired as to whom the block will be allotted for taking up UCG. It was clarified that the block needs to be allotted to NLC.

Accordingly, it was agreed to earmark the Nagurda-Joranda block for commercial mining.

10. Regarding Bithnok Extension block and Bapaue Lignite Block in Bikaner District of Rajasthan, it was agreed to earmark both the blocks for tariff based power plants.

11. Representative of Govt. of Rajasthan requested Secretary (Coal) to consider sharing of exploration data of lignite blocks generated by MECL and NLC with the State Govt. of Rajasthan without asking for financial exploration cost as the same would be collected from the block allocattee whenever the block is allotted. Secretary (Coal) agreed to consider the request of Govt. of Rajasthan and requested them to send a proposal to this effect and the same will be examined in the Ministry for further course of action.

12. CMD, NLC raised about the pending issues of NLC with state Govt such as transfer of mining lease of Palana Lignite block, other mining lease applications of NLC and permission to sell the lignite stocks from Barsingsar mine. Secretary requested representative of State Govt. of Rajasthan for sorting out the issues raised by NLC at the earliest.

13. To a query from representative of Government of Rajasthan, Joint Secretary, Ministry of Coal mentioned that a Government Company should have a valid PPA on or before 5th January, 2011 for applying for the proposed lignite blocks for power.

14. The letters of the Gujarat & Rajasthan Government indicating their comments on all the cases is enclosed at **Annexure II and III**.

15. In conclusion, it was proposed to earmark the 08 Lignite blocks in the following manner:

- i. **Panandhro Extension Block** in Kutch District, Gujarat to be earmarked for power by Govt. companies.
- ii. **Bharkandam Lignite Block** in Kutch District and **Ghala Lignite Block** in Surat District, Gujarat for commercial mining by Govt. companies.

- iii. **South of Rajpardi Lignite Block** in Bharuch District, Gujarat for power sector on tariff based bidding.
- iv. **Vastan Lignite Block** in Surat District, Gujarat for UCG by Govt. Company.
- v. **Nagurda-Joranda Block** in Barmer District, Rajasthan for commercial mining by Govt. Company.
- vi. **Bithnok Extension block** and **Bapaue Lignite Block** in Bikaner District, Rajasthan for power sector on tariff based bidding.

The meeting ended with vote of thanks to the Chair.

Annexure-I

List of Participants

1. Shri S.K. Srivastava, Secretary, Ministry of Coal - In Chair
2. Dr. A.K. Dubey, Additional Secretary Ministry of Coal
3. Shri A.K. Bhalla, Joint Secretary, Ministry of Coal
4. Shri D.N. Prasad, Adviser (Projects), Ministry of Coal
5. Shri B. Surendra Mohan, CMD, NLC
6. Shri M. Krishnan, CM/Geology, NLC
7. Shri R.K. Chopra, Director T/RD&T, CMPDIL, Ranchi.
8. Shri Nagrajan, IAS, CGM, Govt. of Gujarat
9. Shri Piyush Shah, GMDC, Ahmadabad
10. Shri J.P. Sharma, Additional Chief Engineer, RVUN, Jaipur.
11. Dr. S.S. Jamrani, Suptd. Geologist, Nodal Officer, Mines & Geology, Rajasthan, Bikaner.
12. Shri Harsha Vardhan, Adviser, RSMML
13. Shri K.C. Sharma, Manager (Geology), ~~RSMML~~
RSMML



M. Sahu, IAS
Principal Secretary
Industries & Mines Department
Government of Gujarat

D.O. No. GMD/102010/GOI/09/CHH-1

4 MAY 2013

Dear Mr. Singh

In reference to your letter no. 13016/26/2001-CA-1/1910 (Vol. VI) dated 15th March, 2013 addressed to the Chief Secretary regarding identification of Lignite blocks for offer under 'Auction by Competitive Bidding of Coal Mine Rules, 2012, the current status of lignite blocks offered under auction by competitive bidding of coal mine rules - 2012 are as under.

1. District Kutch

Sr. No.	Name of the block as per MOC	GMDC ML/PL application status	GMDC block allotment application status	Remark
1	Panandhro extension	GMDC's application for lignite and limestone mining lease is overlapping with this blocks.	GMDC applied for block allotment in this area vide letter no. GMDC/Geo/block allotment/402/04-05 dtd. 7/2/2005. M/s. N.I.C vide letter no. 105/D(M)/MOC/Captive blocks/2009 dtd. 4/7/2009 submitted their NOC for same block (Kayari lignite block in favor of GMDC)	GMDC considers this block as Kayari lignite block. The part of Panandhro extension lignite block is overlapping with Kayari lignite block. This block is within 10 km. radius of Narayan sarover wildlife sanctuary.
2	Bharkandam	GMDC is planning to apply prospecting license in this area, the application for PL will be submitted to District collector office within one week.		This block is within 10 km. radius of Narayan sarover wildlife sanctuary.

2. Bharuch & Surat district

Sr.No.	Name of the block as per MOC	GMDC ML/PL application status	GMDC block allotment application status	Remark
1	South of Rajpardi, Dist. Bharuch	GMDC has submitted mining lease application in this area in the year 2000 & 2006. The lease application	GMDC had submitted block allotment application to MoC vide letter no. GMDC/Geo/Block allotment/103/2009-10	GMDC's nomenclature for this block is Damlai and Padvania.

To be suitably attached to the minutes
Mr. Singh
25/6
25/6/13
Dsr (CA-1)

KCB
Letter sent to
New Delhi by
Special Post on
25/6/13

		is forwarded by State Govt. to Ministry of Coal vide letter no. MCR/1099/1033 /CHH dtd. 21/1/2007 for prior approval of Central Govt., Ministry of Coal which is pending with MOC.	dtd. 22/6/2009. Matter pending with MoC	
2	Ghala, Distr. Surat	GMDC has submitted mining lease application in this area in the year 2004. The lease application is forwarded by State Govt. to Ministry of Coal vide letter no. MCR/102012/ML-475-chh-1 dtd. 27/12/2012 for prior approval of Central Govt., Ministry of Coal which is pending with MOC.	GMDC has applied for block allotment vide letter no. GMDC/Geo/Block allotment/375/2004-05 dtd. 11/1/2005. Matter pending with MoC	GMDC's nomenclature for this block is Ghala.

Justification for allotment of above lignite blocks to GMDC and necessary comment of the State Government for deletion of these blocks from auction by competitive bidding are as under.

1. As per resolution no. MCR/1091/3821/CHH dtd. 19/11/2009, State Govt. has resolved that

"All additional lignite areas will be kept reserved for State PSUs/IVs with State PSUs for power generation for state utility/underground coal gasification were ever possible".

It is also resolved that "in the area wherever limestone occurs as overburden above lignite, the mineral concession for limestone shall be granted in consonance with the lignite mining plan of state PSUs".

2. Currently there are 295 MW lignite based power plants of State electricity board and a 250 MW lignite based power plant of GMDC under operation in Kutch. Looking to the requirement of Kutch District, GMDC is also planning to expand this power plant to additional 250 MW. Panandhro lignite mine of GMDC is providing lignite to these power plants. The existing Panandhro lignite mine is having balance reserve of only 9 mill. tone as such to fulfill lignite requirement of lignite based power plant in Kutch, additional lignite mines by GMDC is essential and necessary to fulfill lignite supply to existing power plants in operations.

3. Panandhro extension block is in continuation with existing Panandhro lignite mine of GMDC. Currently, well established mining practices with necessary infrastructure are at Panandhro lignite mine. GMDC is planning to divert these manpower and machinery for development of Panandhro extension block so that lignite production can be at competitive rates by utilizations of existing infrastructures and manpower.
4. The lignite/fuel requirement of open market of Kutch, Saurashtra and North Gujarat is about 5mill. tone per year which are being feed from Mata-no-Madh lignite mines of Kutch. This mine is also having a limited balance reserve of 23 mill. tone. To fulfill current and future demand of open market of Kutch, Saurashtra and North Gujarat. Allotment of additional lignite mines to GMDC is essential & necessity.
5. In Kutch, lignite is overlain by limestone, for better mineral conservation systematic and scientific mining for lignite and limestone is essential. GMDC had tied up limestone supply to cement plant to utilized these limestone for 10MTPA cement plant capacity.
6. In South Gujarat (Bharuch & Surat district) because of rapid industrial growth the lignite demand is increasing day by day. The current demand is about 3 mill. tone per annum with incremental 20% rise per year. The existing Amod and Tadkeshwar lignite mine are having limited reserves of only 40 mill. tones. To fulfill existing and future demand of South Gujarat development of Damlai and Ghala lignite mines through GMDC is essential & necessity.
7. Damlai lignite block is an extension of existing Amod lignite mine of GMDC. Balance life of Amod mine is just 5 to 6 years so, the GMDC has planned to divert existing man power, machinery and infrastructure of Amod lignite mine for development of Damlai lignite block. This will help to reduce production cost of lignite.
8. Ghala lignite block is an extension of existing Tadkeshwar lignite mine of GMDC. The GMDC has planned to divert existing man power, machinery and infrastructure of Tadkeshwar lignite mine for development of Damlai lignite block. This will reduce production cost of lignite.
9. In the absence of coal, lignite is the only easily available fuel in the state.
10. GMDC is having an experience of about 40 years of lignite and limestone mining in Kutch district.
11. GMDC is having experienced and qualified group of mining engineers, Geologist and other technical staff to carry out systematic and scientific mining operations.
12. Being State Govt. PSU, GMDC is observing mining and safety norms.
13. Being State Govt. PSU, through corporate social responsibility GMDC is implementing need based socio economic requirement. GMDC is well accepted by local people in Kutch.

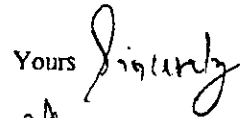
14. Kutch being draught effected area the additional mining activities will provide direct and indirect employment to local people which GMDC is already doing with existing mines.

15. The small and medium scale industries in the state are over 4.53 lakhs versus country's 26.64 lakhs i.e 17%. The growth rate of industries is very high. In the recent Vibrant Gujarat Summit-2013, around 15000 to 16000 small and medium scale industries have filed investment intentions which will require substantial lignite.

You are requested to kindly do the needful in this matter at the earliest.

With regards,

Yours



(M.Sahu)

To,

Shri Hemant Jain

Director ,

Ministry of Coal,

Government of India,

New Delhi.

Copy For information to

Shri B. B. Swain,

M.D. GMDC,

Ahmedabad.

Government of Rajasthan
Mines (Gr.II) Department

417

No. : F.17(222)/Mines/Gr.II/2005

Jaipur, dated : 8 MAY 2013

Secretary,
Ministry of Coal, Govt. of India,
Shastri Bhawan, New Delhi.

Sub.: Identification of Lignite blocks for offer under 'Auction by Competitive Bidding of Coal Mines Rules, 2012'-reg.

Ref.: Your letter no. 13016/26/2004-CA-I(Vol.VI), dated 15th March, 2013

Sir,

I am directed to refer on the subject cited above and to say that three lignite blocks namely Nagaurda - Jorada of Barmer District and Bithnok Extension, Bapaue of Bikaner District are being considered to be offered for auction / allotment under above referred rules. In this regard comments of the State Govt of Rajasthan are as under :-

1. The geological data of these blocks enclosed with the letter indicate that these blocks have been regionally explored. It can be gathered that detailed exploration has not been carried out in these areas.
2. Geological reports of these areas are not available with State Govt. M/s NLC provides the geological reports only after charging the exploration cost. The Ministry of Coal and Neyveli Lignite Corporation (NLC) are requested to provide these geological reports to State Govt.
3. The Nagurda block has been recommended by the State Government for underground coal gasification in favour of RSPCL. The area of this block is 90.71 sq.kms., whereas, the area mentioned in the list attached with above referred letter of Ministry of Coal is 2.25 sq.kms. only. It seems that the area proposed to be offered for auction/allotment is another small area adjoining the Nagurda block recommended by GoR in favour of RSPCL.

Yours faithfully,

Joint Secretary to Govt. a

Copy forwarded to M/s.Neyveli Lignite Corporation for information and necessary action.

Asstt. Secretary to Govt.

8 MAY 2013

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