

MOST IMMEDIATE/BY SPEED POST

F.No.13016/26/2004-CA-I (Part)
Government of India
Ministry of Coal

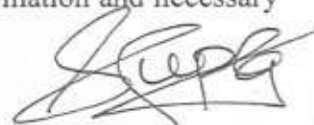
New Delhi, dated 4th June, 2012

To
All the Chief Secretaries,
State Governments/Union Territories
(As per list attached)

Subject: Record Note of Discussion of the Meeting held on 11th May, 2012 at 11:30 AM to discuss the draft terms and conditions for allocation of coal blocks to Government Companies under Rule 4 of the 'Auction by Competitive Bidding of Coal Mines Rules, 2012'—Regarding.

Sir,

I am directed to refer to this Ministry's letter of even number dated 4th May, 2012 on the above subject and to **enclose** herewith the **Record Note of Discussion** of the Meeting held on 11th May, 2012 at 11:30 AM under the Chairmanship of Secretary (Coal) to discuss the draft terms and conditions for allocation of coal blocks to Government Companies under Rule 4 of the 'Auction by Competitive Bidding of Coal Mines Rules, 2012' for information and necessary action.



(Sandeep Gupta)

Under Secretary to the Govt. of India

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Copy to the following for information:-

1. Sr.PPS to Secretary (Coal)
2. PPS to AS(Coal)
3. JS(Coal)
4. JS(FA)
5. JS(LA)
6. Advisor (Projects)
7. Director (CA-I)
8. The CMD, Coal India Limited, 10, Netaji Subash Road, Kolkata-1.
9. The CMD, CMPDIL, Gondwana Place, Kanke Road, Ranchi.
- ✓ 10. Director (Technical), NIC, Ministry of Coal with the request to upload it on the Website of Ministry of Coal.

Record Note of Discussion of the meeting held on 11th May, 2012 at 11.30 AM in New Delhi under the Chairmanship of Secretary (Coal) with all the State Governments/UTs on finalization of Draft Guidelines framed under Rule 4 of the Auction by Competitive Bidding of Coal Mines Rules, 2012 for allocation of coal blocks to Government Companies.

The list of participants is at Annexure.

2. Secretary (Coal) welcomed the participants. He broadly outlined the purpose of the meeting regarding allocation of coal blocks subsequent to the enactment of the Mines and Minerals (Development and Regulation) Amendment Act, 2010 and notification of the Auction by Competitive Bidding of Coal Mines Rules, 2012. He informed all the participants that after the above changes in the statutes for allocation of coal blocks, there shall be three categories/models for allocation as under:-

- a) Allocation of coal blocks to companies for specified end uses other than power shall be done by auction through competitive bidding process of Ministry of Coal. Government Companies can also participate in the bidding process, though allotment to Government companies for end use can also be made under Government dispensation route.
- b) Allocation of coal/lignite blocks for generation of power based on the tariff based competitive bidding. There shall be no bidding for coal blocks meant for power separately. The identified blocks earmarked for allocation to power sector would be further earmarked to Ministry of Power/State Governments for carrying out the tariff based bidding.
- c) Allotment of coal blocks to State Mining/Mineral Development Corporations for commercial mining for supplying to the consumers in the State on FSA/coal linkage basis.

3. Secretary (Coal) informed that the discussion would be limited to the category/model (c) above. He then requested Joint Secretary (Coal) to make the presentation on behalf of Ministry of Coal.

4. Joint Secretary (Coal) while making the presentation, drew the attention of all the participants to new provisions in the Statues and Rules

and the changes effected in procedure for all future allocation of coal/lignite blocks. Joint Secretary (Coal) clarified that the Mine Developer & Operator (MDO) selected through a transparent manner by the allocatee company can only carry out mining of the coal and the propriety rights of the mined out coal and coal products shall be with the Government allocatee company. Secretary (Coal) informed that mining of the coal is to be done only by the Government companies. Secretary (Coal) then invited the participants/representatives of State Governments/UTs to give their views.

5. The representative of Government of Goa enquired whether the proposed terms and conditions for allocation of a coal block to a Govt. company would have prospective effect. The representative also sought to know the modalities for price fixation by M/s GIDC for the coal extracted in tie-up with NMDC. It was also mentioned that a representative of the State Government may be included as a member of the Committee for allocation of coal block.

6. Secretary (Coal) clarified that the proposed terms and conditions would be effective prospectively. He further stated that Government companies should ensure that while selecting the MDO, the bidding criteria should not be linked to the notified price of CIL. He also clarified that Government Companies being the intended beneficiaries of coal blocks cannot be a part of the Committee deciding allocation of blocks.

7. The representative of Govt. of West Bengal enquired about the status of fixation of reserve price of coal blocks.

8. The representative was informed that the methodology for fixing reserve price was being worked out by a consultant and the same would be available soon.

9. The representative of Govt. of Nagaland said that they had requested for allocation of coal blocks for generation of power and intends to set up a power plant to meet the power demand. The State Govt. indicated a block from Talcher coalfield since they have not been considered for any block earlier.

10. The representative was informed that coal block for power generation would be only for the new power plants and the State Govt. would have to apply for blocks earmarked for power sector for which tariff based bidding will have to be carried out for award of power project.

11. The representative of Govt. of Karnataka informed that the State has two companies namely M/s Mysore Minerals Ltd. and M/s Karnataka Power Corporation Ltd. which could be considered for allocation. He also sought to know the difference between the reserve price and the floor price.

12. It was clarified that Power Generation companies are not being considered for allocation of blocks under Rule 4 of the Auction by Competitive Bidding of Coal Mines Rules, 2012 and only State Mining Corporations are being considered for allotment of blocks for commercial mining and the State governments can draw coal from the Mining Corporations for use. MDO can only mine the coal and the Govt. company would have to fix the price of the coal to be disposed off. It was clarified that floor price is for coal blocks which will be auctioned. For all other blocks a reserve price is payable to the State Govt. where the coal block is located.

13. The representative of Govt. of Rajasthan enquired about the process of selection of MDO for development of the coal block. He also informed that they have formed a new company (Rajasthan State Coal Mining Company Limited) which is a JV company where RVUNL is 74% stake holder and the coal mined for the allotted coal block will be assigned to RVUNL for utilization in its Power Plants at the price payable to MDO selected through competitive bidding process.

14. It was clarified that it is advisable to start the process for selection of MDO after the allocation of the coal block.

15. The representative of Govt. of Uttarakhand requested for allocation of coal block for generation of power from special dispensation to the state since the state has not been allocated coal block so far and no reserves of coal are available in the State.

16. The representative of Govt. of Manipur requested for allocation of coal block from some special quota.

17. It was informed to the State representatives that there is no quota or provision for such states where coal reserves are not available. All States are considered for allocation of coal blocks and the Govt. ensures equitable distribution of blocks among States and other criteria prescribed for this purpose.

18. The representative of Govt. of Punjab sought allocation of coal block for generation of power.

19. It was informed that coal block for power generation would be only for the new power plants and the State Govt. would have to apply for blocks earmarked for power sector for which tariff based bidding will have to be carried out for award of power project.

20. The representative of Govt. of Maharashtra desired that the States may be consulted before earmarking the coal blocks and the States to be represented in Selection Committee. He also informed that they have done prospecting in some areas for coal reserves within the State and requested for allocation of such areas to the State.

21. The representative of Govt. of Chhattisgarh stated that States may be consulted before earmarking of coal blocks and States must be represented in the Selection Committee.

22. The Chair reiterated that prospective allocatees cannot be a part of Selection Committee as there could be conflict of interest. On prospected coal properties, CMD, CMPDIL informed that they have not done the prospecting of such reserves. GSI may have done the same. Allocations would be made only after identification and earmarking of the coal blocks.

23. The representative of Govt. of Gujarat requested for allocation of lignite reserves and coal blocks.

24. The representatives of Govt. of Delhi and Haryana informed that they have been jointly allocated Mara II Mahan coal block which has fallen in 'No-Go' area. They requested for allocation of more blocks.

25. The representative of Govt. of Mizoram also requested for allocation of coal blocks.

26. The representatives of the above State Govts. were advised to apply when applications are invited for allocation of coal blocks.

27. The meeting ended with a vote of thanks to and from the Chair.

Annexure

Details of participants who attended the meeting held on 11.05.2012 under the Chairmanship of Secretary (Coal) to discuss the issue of allocation of coal blocks to Government Companies for commercial mining.

Ministry of Coal

1. Shri Alok Perti, Secretary, Ministry of Coal..... In the Chair.
2. Smt. Zohra Chatterji, Additional Secretary, Ministry of Coal.
3. Shri A.K. Bhalla, Joint Secretary, Ministry of Coal.
4. Smt. Anjali Anand Srivastava, Joint Secretary & FA, Ministry of Coal
5. Shri P.P.S. Reddy, Director, Ministry of Coal.
6. Shri Sandeep Gupta, Under Secretary, Ministry of Coal.

Coal India Limited

1. Shri A.K.Singh, CMD, CMPDIL
2. Shri Gautam Dhar, CGM(CP), CIL

Representatives of State Governments/UTs:

1. Shri G.P. Patel , UJVNL, Uttarakhand.
2. Shri Vinay Mishra, Executive Engineer, UJVNL, Uttarakhand.
3. Shri Kh. Dilip Singh, Geologist Sr., Deptt. Of Commerce & Industries, Manipur.
4. Shri Jyoti Kalash, Resident Commissioner, Nagaland House, New Delhi.
5. Shri Pradeep Gupta, NCT of Delhi - Manager(Tech.), IPGCL,
6. Shri M.R. Kamble, MD, KPCL, Karnataka.
7. Shri R. Mutsuddi, Managing Director, West Bengal Development & Trading Corporation Limited.
8. Shri Parimal Rai, Pr. Secy, Govt. of Goa.
9. Shri Mandar Shirodkar, Dy GM(Law), Goa IDC, State of Goa.
10. Shri S.K.Puri, OSD/Coal Management to Director/ G.PSPCL, Punjab.
11. Shri V.S. Sawakhande, Directorate of Geology & Mining, Govt. of Maharashtra.
12. Shri Gurdeep Singh, MD, GSECL.
13. Shri V.S.Gadhvi, MD, Gujarat Mineral Development Corporation.
14. Shri S.K.Trivedi, Joint Director, Geology & Mining, Government of Chhattisgarh.

15. Shri A.C. Agarwal, DGM(Plg.), Delhi Transco Limited (Govt. NCT of Delhi).
16. Shri A.L.Thakor, GM(P, R&D), GMDC LTD. Ahmedabad.
17. Shri H.N.Baxi, CE(Guel), GSECL, Vadodra.
18. Shri Paresh Naubgol, UJVNL, Dehradun.
19. Shri V.K.Vashisht, SE, HPGCL, Haryana
20. Shri N.M.Mathur, Director (Tech), RVUNL, Jaipur Rajasthan.
21. Shri V.K.Awati, Dy. Resident Commissioner, UT of Daman & Diu.
22. Shri D.N.Narasimhan Raju, Principal Secretary, Energy Deptt. Government of Karnataka.
23. Shri Vimal Kuti Singh, Principal Secretary, Energy, Govt. of Jharkhand.
24. Shri A.K.Sarkar, Additional Chief Secretary, Mines, Govt. of Jharkhand
25. Shri R.K.Gaur, Dy.E. (PPC & F), Rajasthan Rajya Vidyut Utpadan Nigam, Jaipur.
26. Shri Sangchhir Chinzah, Dy. Resident Commissioner, Mizoram.
27. Shir V.K.Chanka, HPGCL, Haryana.
28. Shri Shailendra Singh, Secretary, Govt. of Madhya Pradesh.