

# GUIDELINES FOR SETTING UP COAL WASHERY ON COAL COMPANY'S LAND

Coal washeries may be set up by coal consumer or by an operator on his behalf for obtaining coal of desired quality to meet the demand-supply gap of washed coal. Possible location of the washeries may be near pithead in general. If the washery is to be set up on coal company's land, coal company shall have to work as a 'Facilitator'. There is a need of policy guidelines to have a systematic growth of coal washeries in the country.

In light of the above, the following guidelines are approved for adherence by the coal companies:

## **1. Entitlement of the Washery Operator (on behalf of coal consumers)**

Any consumer with a Fuel supply agreement (FSA) or long term coal linkage with the coal company may set up a washery for his own consumption of washed coal or any private or public sector enterprise may set up and operate washery on behalf of such consumer on the land of any subsidiary company of CIL, subject to the following:

- i) If the lands acquired under the Coal Bearing Areas (Acquisition & Development) Act, 1957, are vested completely in the Coal Companies, the land can be leased for a maximum period of 30 years;
- ii) if the sought land or rights over it are co-terminus with the mining lease which the coal company holds, then the lease to a washery applicant shall have to be co-terminus with the mining lease, subject, however, to extension, should the mining lease be renewed;
- iii) washery operator shall give an undertaking that in the event of use of the leased land by the washery company for the purpose other than washing of coal, the land will revert back to the concerned coal company.

The lease rent of the land allocated to a washery operator will be fixed by the Board of the Coal Company.

**2. Qualifying Requirements of Washery Operator**

The washery operator should meet the Qualifying Requirements stipulated hereunder:

2.1 Washery operator shall have MOU with the consumer or group of consumers, who has an FSA or long term coal linkage with a coal company, for production of predetermined quantity of washed coal, middling if any and rejects.

2.2 The washery operator shall have an Indicative Financing Plan for setting up of Coal Washery Project, supported with a 'comfort letter' from Banks / Financial Institutions.

However, a 'Firm Financing Plan' substantiating the tie-ups / commitments from Banks / Financial Institutions shall have to be furnished to coal company before physical possession of land is handed over.

**3. Technology**

While selecting technology for the washery, due consideration shall be given to the coal conservation. The technology should be such that the recovery of washed coal and middling, if any, shall be of such optimum level that the reject produced have minimum heat value and dumped or stacked as per approved environment management plan.

**4. Life of washery**

Normally, the life of the washery shall not be less than 20 years.

**5. Optimum Capacity of the washery**

The minimum throughput capacity of a washery should be 2.0 Mty.

**6. Utilities provision**

- a. Water and electricity during construction period shall be provided by respective coal companies at one point on chargeable basis, if available.
- b. Water for operation of the washery shall, in general, be arranged by the washery operators. However, the same may be provided by respective coal company, if available and possible, on chargeable basis.
- c. The washery operator shall arrange electricity for operation of the washery on his own.

**7. Raw Coal Linkage**

In case of the washeries of the consumers with FSA or long term coal linkage with coal company, or their operators, the coal company will supply agreed quality and quantity of raw coal in terms of its long term fuel supply agreement.

In case of the washery of CIL under BOO Scheme, entire raw coal produced from the identified mine will be linked with the proposed washery for supply of washed coal to the consumers as decided by the coal company.

**8. Railway siding**

Railway siding facilities will be provided by the coal companies to the washeries of the consumers or their washery operators on chargeable basis (including maintenance cost) subject to its availability. In case railway siding can not be made available by the coal company; the washery operator will have to develop its own siding for which assistance may be provided by the coal company.

**9. Environment Consideration**

- a. The prospective Washery operator shall prepare EMP in line with the guidelines set by Govt. time-to-time and shall get the same approved by the authority concerned. The washery shall be operated in conformity with the same.
- b. The Washery operator shall ensure close-water-circuit operation so that no effluent is discharged in the natural streams.

**10. Right to Access**

The prospective Washery operator shall provide basic technological features of the washery to coal companies prior to set up. During operation of the plant the coal companies shall have right to access the plant to ascertain the suitability and maintainability of the plant for providing the desired products output.

**11. Safeguard:**

To avoid any chance of malpractice:

- a. monthly returns shall have to be submitted by the washery operator to the coal companies concerned in respect of :
  - i. details of the parties for whom the coal washing was undertaken;
  - ii. quantity & quality of receipt of raw coal;
  - iii. quantity of raw coal processed;

- iv. volume of washed coal and dispatched to consumers;
  - v. quantity of rejects generated, dumped, stacked or disposed off; and
- b. Road for transport of coal from the pithead to the proposed washery shall be different from the normal route of coal transport, and the trucks conveying coal to the washery shall have a separate distinct colour
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