

BY SPEED POST/E-MAIL

No.13016/38/2009-CA-I [Part]
Government of India
Ministry of Coal

Shastri Bhawan, New Delhi
Dated : the 3rd May, 2016

OFFICE MEMORANDUM

Subject : Invocation of Bank Guarantee in respect of Urma Paharitola coal block earlier allocated to Jharkhand State Electricity Board [JSEB] and Bihar State Mineral Development Corporation [BSMDCL].

Jharkhand State Electricity Board [JSEB] and Bihar State Mineral Development Corporation [BSMDCL] were allocated Urma Paharitola coal block for proposed power projects in the State of Jharkhand vide allocation letter No. 13016/8/2007-CA-I dated 25th July, 2007 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 allottees, JSEB and BSMDCL 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 16th January, 2015 to JSEB and BSMDCL 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. JSEB and BSMDCL submitted their representation vide letter No.10/ File No.C.E (UPTCB)/IBCL/38/2013-14 dated 05.02.2015. The reply was considered in the 33rd and 34th meetings of IMG. The IMG in its 33rd meeting held on 03.12.2015 observed that in case of Urma Paharitola coal block, 50% of BG was linked to milestones and 50% BG was linked to production. The IMG in its 34th meeting held on 08.01.2016 observed that CMPDIL could not carry out exploration work in the said block and the Governments of Bihar and Jharkhand could not finalize appointment of MDO for exploration of the block. Since the block was allocated to PSUs of Jharkhand and Bihar States and the block could not be developed due to lapse on the part of State Governments themselves, proportionate BG amount must be invoked for such lapse. There was delay attributable on the part of the State Governments in compliance of milestones stipulated for development of Urma Paharitola coal block. However, Urma Paharitola coal block could not commence production till its cancellation by the Hon'ble Supreme Court and hence the BG determined to be deducted in respect of lag in production is determined to be NIL. Accordingly, the IMG had recommended to invoke an amount of **Rs.3.2928 crores** from the BG submitted by prior allottees in respect of Urma Paharitola coal block. The said recommendation of the IMG has been accepted by the Government. The BG calculation details/sheet as per the above principle in respect of Urma Paharitola coal block is enclosed as **Annexure**.

2. Accordingly, CCO is directed to invoke **Rs. 3.2928 Crores** from the Bank Guarantee furnished by prior allottees of **Urma Paharitola** 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.

Encl: as above.



[RISHAN RYNTATHIANG]

Under Secretary to the Government of India

Tel : 23073936

Shri Anjani Kumar, Coal Controller,

Coal Controller Organisation,

1, Council House Street,

Kolkata -700 001.

Copy to :-

1. The Chief Secretary, Government of Jharkhand,
2. The Chief Secretary, Government of Bihar.
3. The Secretary, Ministry of Power, Shram Shakti Bhawan, New Delhi.
4. The Managing Director, Jharbihar Colliery Limited, [A Joint Venture Company of JSEB and BSMDC], IN JSEB [HQ] Campus, Engineering Building, H.E.C. Dhurwa, Ranchi- 834 004.
5. The Chairman, Jharhand State Electricity Board, HEC, Dhurva, Ranchi-
6. The Managing Director, Bihar State Mineral Development Corporation Ltd., Patna.
7. 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.]
8. 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

1. Name of Company:- Jharkhand State Electricity Board & BSMDC Ltd
2. Name of Coal Block:- Urma Paharitola (RE)
3. Date of Allocation:- 25.7.2007
4. Location: Rajmahal Group of Coalfield/JH
5. Total investment :- Not available
6. Investment Made (3/12):- Not available
7. Reserve (Mill tones):- 700
8. Yearly rated capacity (MTPA):- 8-10
9. Cost of GR:- NA
10. BG Amount :- Rs.19.2 cr. (valid up to 30.11.2016)
11. Type of EUP:- Power & Commercial
12. Location of Project:- Coal supply to the project within the state.
13. Capacity of Project:- Not applicable
14. Explored/Un explored:- Regionally explored
15. Zero Date:- 25.7.07 (As per allocation letter).

Details of milestone to be achieved and time lapsed against each milestone are as under:-

Mile Stones	Schedule date of Completion as per allocation date	Schedule date of Completion granting further 36 months as per MOC	Actual date of Completion	Slippage in YY/MM considering 36 months grace period from actual zero date	Remarks	Special observation (As per SCN reply)
Purchase of GR	25.10.2009 (27 Months)	25.10.2012	Pending	1 Yr 11 Months	70% deduction	CMPDIL did not fulfill its obligation. Also Govt of JH and Bihar could not finalize appointment of MDO for exploration of the block.
Submission of	25.10.2007	25.10.2007	16.10.2009	1 Year 11 months	70% deduction	Original date of allocation

Bank Guarantee	3 months from GR))					considered
Mining Lease Application	25.01.2010 3 months from GR)	25.01.2013	Pending	1 Yr 8 Months	60% Deduction	
Submission of Mining Plan	25.4.2010 6 months from GR)	25.04.2013	Pending	1Yr 5 months	50% Deduction	
Approval of Mining Plan	25.6.2010 8 months from GR)	25.06.2013	Pending	1Year 3 months	50% Deduction	
Application of Previous approval	25.8.2010 10 months from GR)	25.08.2013	Pending	1 Yr 1 Month	40% Deduction	
Granting of Previous approval	25.9.2010 11 months from GR)	25.09.2013	Pending	1Yr	40% Deduction	
Application of Forest clearance	25.10.2010 12 months from GR)	25.10.2013	Pending	11 Months	30% Deduction	
Grant of Forest Clearance	25.4.2011 18 months from GR)	25.04.2014	Pending	5 months	10% Deduction	
Application EMP Clearance	25.10.2010 12 months from GR)	25.10.2013	Pending	11 Months	30% Deduction	
Grant of EMP Clearance	25.4.2011 18 months from GR)	25.04.2014	Pending	5 months	10% Deduction	
Grant of Mining Lease	25.10.2011 24 months from GR)	25.10.2014	Pending	Allocation cancelled on 24.09.2014	No deduction	
Application of Land Acquisition	25.5.2011 19 months from GR)	25.05.2014	Pending	4 months	10% Deduction	
Completion of Land Acquisition	25.10.2012 36 months from GR)	25.10.2015	Pending	Allocation cancelled on 24.09.2014	No deduction	
Application for opening permission	25.2.2013 40 months from GR)	25.02.2016	Pending	Allocation cancelled on 24.09.2014	No deduction	
Grant of Opening permission	25.3.2013 41 months from GR)	25.03.2016	Pending	Allocation cancelled on 24.09.2014	No deduction	

Production	25.4.2013 42 months from GR)	25.04.2016	Pending	Allocation cancelled on 24.09.2014	No deduction	
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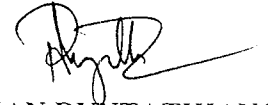
Other details and constraint faced by the block allocates

PL:- Applied for PL for exploratory work on 25.10.2007.

JVC named Jharbihar Colliery Co Ltd registered on 18.06.09.

MOC has granted previous approval for PL on 3.10.09.

PL is likely to be issued by GOJH on the basis of information to be received by DC, Dumka & Pakur. Exploration work requires two years to be completed. Exploration work to be carried out by MDO M/s. JINFRA.



(RISHAN RYNTATHIANG)

Under Secretary to the Government of India

Calculation of Deduction of BG

1. Name of Company:- M/s JSEB +BSMDCL
2. Name of Coal Block:- Urma Paharitola (RE)
3. Date of Allocation:- 25.7.2007
4. Normative date of production:- 12.4.2016 (as per allotment letter)
5. Yearly rated capacity (MTPA):- 8.10(as per mine plan)
6. BG Amount submitted:- Rs. 19.2 cr.

As per condition of the allocation letter, BG deduction is 50% linked to production and 50% linked to milestone achievements.

As the normative date of production 25.04.2016 has not been reached (as per MOC's letter no. 13016/38/2009-CA-I dated 12.04.2013) as on 24.9.14, BG deduction on production linked is NIL.

However, BG deduction on the basis of achievement of Mile stones is calculated as under:-

Sl No.	Mile Stones	Weight (in %)	Actual Status	Marks	Remarks
1	Purchase of GR	5	Not Completed	1.5	
2	Submission of Bank Guarantee	8	Completed	2.4	
3	Mining Lease Application	7	Not Completed	2.8	
4	Submission of Mining Plan	10	Not Completed	5	
5	Approval of Mining Plan	10	Not Completed	5	
6	Application of Previous approval	6	Not Completed	3.6	
7	Granting of Previous approval	5	Not Completed	3	
8	Application of Forest clearance	8	Not Completed	5.6	
9	Grant of Forest Clearance	5	Not Completed	4.5	

10	Application EMP Clearance	8	Not Completed	5.6	
11	Grant of EMP Clearance	5	Not Completed	4.5	
12	Grant of Mining Lease	5	Not Completed	5	Allocation cancelled on 24.09.2014
13	Application of Land Acquisition	8	Not Completed	7.2	
14	Completion of Land Acquisition	4	Not Completed	4	Allocation cancelled on 24.09.2014
15	Application for opening permission	2	Not Completed	2	Allocation cancelled on 24.09.2014
16	Grant of Opening permission	2	Not Completed	2	Allocation cancelled on 24.09.2014
17	Coal Production	2	Not completed	2	Allocation cancelled on 24.09.2014
	TOTAL	100		65.7	

Total Bank Guarantee amount: 19.2 Cr.

A = 50% of BG = 9.6 Crore

Score for not achieving of mile stone = $(100 - 65.7) = 34.3\%$

BG to be deducted for not achieving Milestones = $9.6 \times 34.3\% = 3.2928$ Cr.

Total BG to be deducted on production and milestone basis = Rs. 3.2928 cr.



(RISHAN RYNTATHIANG)

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