

F. No. 23025/2/2013 -CPD
Government of India
Ministry of Coal

New Delhi, Dated the 10th June, 2013

Office Memorandum

Subject: Minutes of the second meeting of the "Inter-Ministerial Committee" to make recommendation on the issues related to supply of coal to certain end-use-plants (EUPs) linked to coal blocks.

The undersigned is directed to forward herewith the minutes of the second meeting of the "Inter-Ministerial Committee" held on 3rd June, 2013 to make recommendation on the issues related to supply of coal to certain end-use-plants (EUPs) linked to coal blocks for further necessary action.

Encl: as above



(S. Ashraf)

Deputy Secretary to the Government of India

1. Secretary, Ministry of Power, Shram Shakti Bhawan, New Delhi
2. Secretary, Ministry of Environment & Forest, New Delhi
3. Secretary, Ministry of Finance, Department of Economic Affairs, North Block, New Delhi.
4. Secretary, Ministry of Finance, Department of Financial Services, North Block, New Delhi.
5. Secretary, Ministry of Steel, Udyog Bhawan, New Delhi
6. Secretary, Department of Industrial Policy and Promotion, Udyog Bhawan, New Delhi
7. Secretary, Ministry of Law & Justice, Department of Legal Affairs, Shastri Bhawan, New Delhi.
8. Secretary, Planning Commission, Yojana Bhawan, New Delhi
9. CMD, Coal India Limited, Kolkata
10. Coal Controller, Coal Controller Organization, 1 Council House Street, Kolkata

Copies also to

1. PS to Minister of Coal
2. Sr. PPS to Secretary, Ministry of Coal
3. Sr. PPS to Additional Secretary, Ministry of Coal
4. PS to Joint Secretary(C), Ministry of Coal
5. PS to Joint Secretary (LA), Ministry of Coal
6. PA to Deputy Secretary(CPD).
7. Consultant(CPD)



(S. Ashraf)

Deputy Secretary to the Government of India

Copy to : NIC, MoC for placing the same on the website of this Ministry.

Minutes of the 2nd Meeting of the Inter-Ministerial Committee to consider issues related to supply of coal to certain end use plants linked to coal blocks

2nd meeting of the IMC was held on 03.06.2013 to consider the issues related to supply of coal to certain 'end use plants' covered within the terms of reference. Additional secretary (Coal) chaired the meeting. List of participants is at "**Annexure-I**".

2. Chairman drew the attention of the participants to the discussion paper circulated prior to the meeting. A copy of the same is attached at "**Annexure-II**". He requested the participants to consider various categories of cases which could be covered and also the implications on recommending linkages to these categories. He also requested the participants to give their views on the issues highlighted in the discussion paper.

3. Representative of the Ministry of Steel stated that he reiterated that Ministry's earlier view that priority should be given to those running plants which had linkages but the linkages were converted to tapering linkages on allotment of blocks although development of these blocks was delayed or the blocks were de-allocated. Chairman pointed out that it had to be kept in consideration that most of the cases of de-allocation had become sub-judice and the Government could not proceed in the matter further with action such as re-allocation of the blocks etc. JS (Coal) stated that in such a backdrop, the advice of the Ministry of Law was required to be obtained on further course of action, before a final view was taken.

4. Representative of DIPP stated that the case of running plants needed to be considered and after the court's final decision, the matter could be reviewed.

5. Representative of MoP stated that the issues mentioned in para 3(2) & 3(3) of the discussion paper should not be considered at this stage. He stated that plants of most of the LOA holders of 30,000 MW capacity mentioned in

para 3(2) were not likely to be commissioned during the remaining part of 12th Plan Period. Some of these proposed plants could even be delayed upto 14th Plan Period. Therefore, it would not be necessary to arrange coal supplies to these projects immediately. Similarly, not much progress was made in respect of the proposed plants which were covered within para 3(3).

6. JS, DOFS stated that plants which were commissioned or were at advanced stage should have priority over those which were not likely to come up immediately.

7. Representative of the Ministry of Law pointed out that if the Court had ordered not to proceed further, we could not proceed in the matter. MoP representative stated that the Court order might not have any impact on the linkages. JS, DOFS stated that in the interest of the economy and keeping in view the exposure of banks, projects which were commissioned or were ready to be commissioned and had made substantial investments, should be considered for coal supplies. He also stated that when the development of coal blocks was delayed or stopped due to reasons beyond the control of developers, their cases deserved to be considered.

8. After the discussions the following recommendations were made:-

- (i) Ministry may obtain the advice of the Ministry of Law on the cases covered within Para 2(a) of the discussion paper and the implications of any arrangement for coal linkages to these projects as mentioned in para 3(1).
- (ii) A generic decision may be taken in respect of para 2(a) of the discussion paper on the basis of legal advice to be obtained from the Ministry of Law. Specific cases should be examined on the basis of this generic decision.
- (iii) Cases covered under para 2(b) may be considered later in view of the coal supply constraints.

- (iv) Cases covered within para 2 (c) may not be considered in view of the coal supply constraints.
- (v) Views of the MoP on para 3(2) & (3) have been noted.

Meeting ended with a vote of thanks to the chair.

ANNEXURE-I

LIST OF PARTICIPANTS WHO ATTENDED THE SECOND MEETING OF THE "INTER-MINISTRIAL COMMITTEE" HELD ON 1ST JUNE, 2013 TO MAKE RECOMMENDATION ON THE ISSUES RELATED TO SUPPLY OF COAL TO CERTAIN END-USE-PLANTS (EUPs) LINKED TO COAL BLOCKS.

	<u>Ministry of Coal</u>
1)	Dr. A.K. Dubey, Additional Secretary(Coal)
2)	Sh. A.K. Bhalla, Joint Secretary(Coal)
3)	Sh S.K. Singh, Joint Secretary(LA)
4)	Sh. S. Ashraf, Deputy Secretary(CPD)
5)	Sh. Y.P. Dhingra, Consultant(CPD)
6)	Sh. Deepak Gupta, Section Officer (CPD)
	<u>Ministry of Power</u>
7)	Sh. V. Apparao, Director
	<u>Ministry of Finance, Department of Financial Services</u>
8)	Sh. Anurag Jain, Joint Secretary
	<u>Ministry of Law & Justice, Department of Legal Affairs</u>
9)	Dr. R.S. Shrinet, Assistant Legal Adviser
	<u>Department of Industrial Policy & Promotion</u>
10)	Sh. Nand Lal
	<u>Ministry of Steel</u>
11)	Sh. Anupam Prakash, Director
	<u>Coal Controller Organisation</u>
12)	Sh.B.G. Dutta Dy. Assstt Coal Controller
	Dr. Sanjay Majumdar OSD (HQ)
	<u>Coal India Limited</u>
13)	Sh. L.K. Mishra, G.M. (S&M)
14)	Sh. G.K. Vashishta, CM/S&M)

IMC meeting on 29.05.2013- Discussion Paper

In the first meeting held on 01.05.2013, it was decided that the relevant details relating to the EUPs covered within the Terms of Reference would be furnished by CIL/CCO before the next meeting. These details have been received from CIL and the same have been examined. The following types of cases are to be considered as per the TOR:

- i) Linked coal blocks could not be developed on account of rejection by MOEF for clearances
- ii) The linked coal blocks have been de-allocated
- iii) Development of the linked block is delayed on account of non-availability of Environment/Forest Clearance due to blocks falling in 'no-go areas'/wild life corridors or their buffer zones, Coal Bed Methane areas etc.

2. As far as linkages are concerned, there could be the following sub categories for each of the categories covered in the above TOR:

- (a) There are cases where long term coal linkages were granted for existing projects. Coal blocks were subsequently allocated to such project developers. As per decision taken by SLC(LT) in the meeting of November, 2007 that the linkages granted to the coal block allocatees were to be tapered, coal companies converted the long- term linkages to tapering linkages.
- (b) There are cases where coal blocks were allocated and on that basis, tapering linkage was allowed for the End Use Plants. In the event of de-allocation of the coal block, there is a demand for converting these tapering linkages into normal linkages.

- (c) In some other cases, coal blocks were allocated but no tapering linkage was requested/granted for the EUPs of such block allocatees.

3. In addition to the above, the following issues also need to be considered;

- (1) Coal blocks have been de-allocated on account of the failure on the part of the block allocatees to develop the block within the stipulated time. In most of the cases where the de-allocation order has been issued, the matter has become subjudice on the allocatees challenging the order. The legal implications of any grant of long term linkage to them on the defence of the Govt in such cases will have to be examined in consultation with the Ministry of Law.
- (2) There are power projects of about 30,000MW capacity for whom LOAs have been issued but are not being considered for coal supplies due to the shortage of coal. The legal implications on grant of long term linkages to the projects covered in the TOR on these pending LOAs need to be considered.
- (3) There is a long waiting list of applications for linkages from all Sectors to whom no blocks were allotted. Their cases are not being considered due to the non-availability of sufficient quantities of coal to meet the demands. The implications of grant of long term coal linkages to the categories mentioned in para 1 and subcategories mentioned in para 2 on these pending applications will have to be examined.

4. IMC may deliberate on these issues before deciding on further course of action in the matter.