

**MOST IMMEDIATE
BY SPL. MESSENGER/SPEED POST**

No.13016/17/2014-CA-I
Government of India
Ministry of Coal

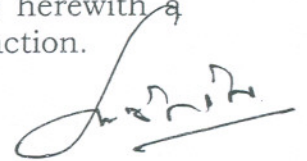
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Shastri Bhawan, New Delhi
Dated : the 13th October, 2014

MEETING NOTICE

Sub: Minutes of 27th Meeting of the Inter-Ministerial Group (IMG) held on 26.06.2014 under the Chairmanship of Additional Secretary (Coal) to undertake review on the issue of Bank Guarantee of the Coal Blocks which were reviewed in 24th IMG – reg.

The undersigned is directed to refer to the 27th meeting of Inter-Ministerial Group (IMG) held on 26.06.2014 under the Chairmanship of Additional Secretary (Coal) on the above subject and to circulate herewith a copy of the minutes of said meeting for information and necessary action.



[S.K. SHAHI]

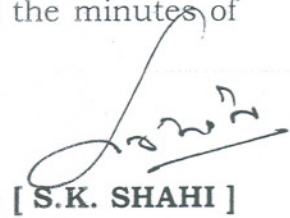
Director & Member-Convener
Telefax: 23382807

To,

1. Ms. Sharmila Chavly, Joint Secretary, Deptt. of Economic Affairs, North Block, New Delhi.
2. Shri B.N. Sharma, Joint Secretary, Ministry of Power, Shram Shakti Bhawan, New Delhi
3. Shri Shailendra Singh, Joint Secretary, Dept. of Industrial Policy & Promotion, Udyog Bhawan, New Delhi
4. Shri Syedain Abbasi, Joint Secretary, Ministry of Steel, Udyog Bhawan, New Delhi.
5. Shri S.K. Mohapatra, Joint Secretary, Deptt. of Legal Affairs, Shastri Bhawan, New Delhi.
6. Ms. Sujata Prasad, JS&FA, Ministry of Coal
7. Shri A.K. Bhalla, Joint Secretary, Ministry of Coal
8. Shri Vivek Bharadawaj, Joint Secretary, Ministry of Coal
9. Shri D.N. Prasad, Advisor (Projects), Ministry of Coal
10. Shri A.K. Debnath, CMD, CMPDIL, Gondwana Place, Kanke Road, Ranchi.
11. Shri Amrit Acharya, Coal Controller, 1, Council House Street, Kolkata-1.

Copy also to:

1. PS to Minister of State (I/C) for Coal, Power & NRE
2. Sr. PPS to Secretary (Coal)
3. PPS to AS (Coal)
4. AD(Legal), Ministry of Coal
5. Director (Technical), NIC Cell, Ministry of Coal to upload the minutes of 27th IMG on the Website of Ministry.



[S.K. SHAHI]

Director & Member-Convener

MINUTES OF THE 27TH MEETING OF INTER-MINISTERIAL GROUP (IMG) HELD ON 26TH JUNE, 2014 UNDER THE CHAIRMANSHIP OF ADDITIONAL SECRETARY (COAL) TO CONSIDER THE ISSUE OF IMPOSITION/DEDUCTION/FORFEITURE OF BANK GUARANTEE [BG] OF THE COAL BLOCKS WHICH WERE REVIEWED IN 24TH IMG.

A list of participants is enclosed at Annexure.

2. Welcoming the participants, Additional Secretary (Coal) informed that this meeting had been convened to take a decision on the issue of deduction/forfeiture of Bank Guarantee (BG) of the coal blocks which were reviewed in the 24th IMG held on **07-08.02.2014** based on the decision of the Cabinet Committee on Economic Affairs [CCEA] dated **13.01.2014** and the 'Statement' made by the then Ld. Attorney General for India before the Hon'ble Supreme Court on **15.01.2014** regarding review of the 61 coal blocks allocated to private companies. The 24th IMG recommended de-allocation of 31 coal blocks, which was accepted by the Government and accordingly, necessary orders for de-allocation were issued (in certain cases subject to interim orders/orders of the Court). Subsequently, in the 26th IMG meeting held on **25.02.2014**, 10 coal blocks were reviewed wherein two blocks met the prescribed criteria of obtaining EC/FC and remaining eight coal block allocatees were directed to obtain Forest Stage-II Clearance by **30.11.2014** and to produce evidence for the same by 01.12.2014 failing which, their block would be de-allocated. In the minutes of the 24th IMG meeting, it was mentioned that the decision of the IMG with respect to imposition/deduction of BG would be taken separately. Hence this meeting.

3. It was also submitted before the IMG that a substantial number of allocatees of the coal blocks which were recommended for de-allocation by the 24th IMG approached various High Courts of the country and got an interim order directing the Government to maintain status quo / not to take any coercive action / not to create any third party interest. The Chairman asked the representative of Department of Legal Affairs (DLA) as to whether the present IMG meeting convened to decide and make recommendations on the issue of imposition / deduction/

forfeiture of BG in respect of those de-allocated blocks where court cases had been filed would be violative of the interim directions of the Hon'ble Courts. Representative of DLA clarified that mere recommendation of the IMG on the issue of imposition/deduction/forfeiture of BG would not interfere in the orders given by different Hon'ble Courts. But the recommendations of the IMG in the above respect should not be given effect to until the outcome of the court cases. IMG noted this legal position.

4. It was also discussed that some coal block allocatees whose blocks had been de-allocated and the same had been challenged before a court of law, were not renewing their BG amount which was a matter of concern. IMG was aware of the fact that when Hon'ble Courts gave their interim orders, the BG was in force. Allowing BG to lapse by not renewing it would be tantamount to materially changing the status at the time of order. Hence, the IMG was unanimous that where the block allocatees had filed court cases challenging de-allocation and got a favourable interim order/interim relief in favour of petitioner, the pre de-allocation status had to continue in such cases without effecting any clause by any party and the consequent formalities thereto such as submission of BG had to be kept alive/renewed.

5. Thereafter, the issue of deduction/forfeiture of BG was deliberated upon. It was observed that there were a number of cases where delay/slippage of milestones was attributable to various factors beyond the control of block allocatees such as block falling in 'No-go/inviolate area', 'Wildlife sanctuaries/ Tiger reserves', 'Wildlife Corridors' etc. It was felt that in such cases, it would not be appropriate to penalize the block allocatees and deduct/forfeit BG submitted by them. It was also noted that in some cases, the condition of 'No-go area' was lifted after some time period. Hence, it was felt that in such cases, due concession of the time period in achieving the set milestones should be allowed for the period for which 'No-go' concept was in vogue.

6. After deliberation, IMG opined that deduction of BG linked to the development of block should be imposed on all blocks allocatees whose blocks had

been de-allocated in accordance with the principles for such deduction as decided in the 3rd IMG meeting. However, while calculating the slippage, delay caused due to factors indicated at para 5 above should be discounted. It was decided that the Coal Controller Organisation (CCO) would prepare a detailed chart in respect of all the 61 coal blocks considered in 24th IMG, indicating the slippage of time vis-à-vis prescribed milestones and the period which should be discounted on account of factors in para 5 above. The chart so prepared shall be placed before the IMG in its next meeting. In the next meeting, the IMG would take appropriate decision based on the details/chart prepared by the CCO.

7. The meeting ended with a vote of thanks to the Chair.

8. Department of Economic Affairs subsequently vide its OM dated 08.07.2014 *inter alia* advised that *sub-judice* cases may not be considered by the IMG until a final verdict was heard from the court and any recommendation by the IMG would be subject to final hearing by the court. Department of Industrial Policy & Promotion vide its OM dated 03.07.2014 advised to obtain opinion of Ministry of Law before final decision on BG deduction was taken.

ANNEXURE**LIST OF PARTICIPANTS**

27TH MEETING OF THE INTER-MINISTERIAL GROUP (IMG) HELD ON 26TH JUNE, 2014 UNDER THE CHAIRMANSHIP OF ADDITIONAL SECRETARY (COAL) TO CONSIDER THE ISSUE OF IMPOSITION/DEDUCTION/FORFEITURE OF BANK GUARANTEE (BG) OF THE COAL BLOCKS WHICH WERE REVIEWED IN 24TH IMG.

S. NO.	NAME AND DESIGNATION [S/SHRI]	MINISTRY / DEPARTMENT / ORGANISATION
1.	Addl. Secretary (Coal)	In the Chair
2.	A.K. Bhalla, JS	MoC
3.	Vivek Bharadwaj, JS	MoC
4.	D.N. Prasad, Adviser (P)	MoC
5.	S.K. Shahi, Director	MoC
6.	A. Acharya, Coal Controller	CCO [MoC]
7.	Shekhar Saran	CMPDI, Ranchi [MoC]
8.	P.D. Siwal, Director	Ministry of Power
9.	D.B. Singh, Director	M/o. Steel
10.	Shri Abhijit Phukon, Joint Director	Department of Economic Affairs
11.	Dr. R.S. Shrinet	M/o. Law & Justice, D/o. Legal Affairs
12.	Nand Lal, Sr. Dev. Officer	DIPP, M/o. Commerce & Industry

Officers / officials of MoC in attendance

1.	Ram Naresh, Section Officer
2.	Manish Uniyal, Section Officer
3.	Kamal Kishore, AD (Legal)
4.	Sambhav Jain, AM (Legal)
5.	Hrishikesh K.S., MT (Legal)
6.	Sewak Paul, Assistant
7.	Smt. Mahashree Sarkar, UDC