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Government of India

Ministry of Coal

Shastri Bhawan, New Delhi

Dated : the January, 2016

OFFICE MEMORANDUM

Subject : Minutes of 34th meeting of the Inter-Ministerial Group (IMG) under the Chairmanship of Special Secretary (Coal) to review the issue of Bank Guarantees of prior allottees of coal blocks - reg.

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In continuation of this Ministry's meeting notice of even number dated 04.01.2016 on the above-mentioned subject, the undersigned is directed to forward herewith the minutes of 34th meeting of IMG held on 08.01.2015 for information and necessary action.



[M. RAJKUMAR]

Director & Member-Convener

Tele: 23384631

To,

1. **Ms. Sharmila Chavly**, Joint Secretary, D/o. Economic Affairs, North Block, New Delhi.
2. **Shri A.K. Singh**, Joint Secretary (Thermal), 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. **Joint Secretary**, D/o. Legal Affairs, Shastri Bhawan, New Delhi.
6. **Shri R.P. Gupta**, Joint Secretary, Ministry of Coal
7. **Ms. Sujata Prasad**, JS&FA, Ministry of Coal
8. **Shri Vivek Bhardawaj**, 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 Anjani Kumar**, Coal Controller, 1, Council House Street, Kolkata-700001.

Copy to :-

1. PS to Hon'ble MoS(I/C) for Power, Coal & NRE, OSD to MoS (I/c), PSO to Secretary (Coal)/Sr.PPS to Special Secretary (Coal)/Chairman, IMG, for information.
2. Director (T), NIC Cell, Ministry of Coal for uploading on the Website of MoC.
3. AM (Legal), Legal Cell, Ministry of Coal

34th MEETING OF THE INTER-MINISTERIAL GROUP (IMG) UNDER THE CHAIRMANSHIP OF SPECIAL SECRETARY (COAL) ON 08.01.2016 AT 15.30 HRS. TO REVIEW THE ISSUE OF BANK GUARANTEES OF PRIOR ALLOTTEES OF COAL BLOCKS AT ROOM NO.330, A-WING, SHASTRI BHAVAN, NEW DELHI-110001.

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A list of participants is enclosed at **Annexure-I**.

2. Welcoming the participants, Special Secretary (Coal) & Chairman, IMG informed that the issue of invocation/release of bank guarantees (BG) submitted by prior allottees of cancelled coal blocks was under review by the IMG. The IMG in its 30th and 31st meetings had already decided the BG issue of 77 coal blocks and given its recommendation to the Government. The Government had accepted the said recommendations of IMG and accordingly orders were issued. BG issue of remaining 50 coal blocks was reviewed in the 33rd IMG meeting wherein after detailed deliberation, the BG issue of 38 coal blocks was decided. In respect of the remaining 12 coal blocks, the IMG in its 33rd meeting recommended that CCO should make re-calculations for which certain guidelines were also framed. The said guidelines were re-capitulated which were as under :-

3. In case of 9 coal blocks viz. Belgaon, Pachwara North, Parbatpur, Sial Ghogri, Parsa East & Kanta Basan, Bicharpur, Mandla North and Ardhamgram, mine opening permission was granted by CCO and hence, BG amount must be deducted if there was any delay on the part of prior allottee(s) in achievement of milestones stipulated for development of coal block and/or for lag in production, as the case may be as per BG conditions of the allocation letter of respective coal block. IMG observed that the BG deductible for delay in achievement of milestones would be calculated as had been calculated in the case of other coal blocks. However, in case of BG amount determined to be deducted for any lag in production, the financial year in which mine opening permission was granted by CCO, would be considered as the first year of production and the peak rated capacity (PRC) as per approved mining plan of the respective coal block may be calculated

on pro rata basis for each year of production vis-à-vis production schedule mentioned in the approved mining plan. The BG determined to be deducted for lag in production must be calculated on the PRC derived on pro rata basis for each year of production vis-à-vis actual coal production in that particular year from the respective coal block. If the coal produced by the prior allottee(s) in some specific year was more than the PRC of that particular year, the same could be adjusted to compensate the prior allottee(s) for any lag in production in previous or subsequent year(s) of production. This uniform principle must be adopted for determination of BG amount to be deducted for lag in production.

4. In case of 1 coal block, viz. Urma Paharitola, the block was allocated to Jharkhand State Electricity Board and Bihar State Mineral Development Corporation. 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.

5. In case of 2 coal blocks, viz. Morga III and Morga IV, the blocks could not be developed due to "Go/No Go" categorization of Ministry of Environment & Forests. However, the IMG observed that the said Go/No Go concept was in vogue for a particular time period and hence delay on part of prior allottee(s) for the period prior to and after the Go/No Go categorization period must be taken into consideration for determining the BG deduction amount, if any.

6. BG calculations were done by the CCO based on the above-mentioned guidelines framed by the IMG. The same were placed before the IMG. The IMG carefully considered the same and recommended that BG determined to be deducted, as calculated by the CCO as per the table given below, be invoked in respect of the 12 coal blocks mentioned herein.

S. No	Name of the Coal Block	Name of Prior Allocatee Company(ies) (M/s.)	BG to be deducted as per CCO's recommendation (in crores)
1	Belgaon	Sunflag Iron & Steel Ltd.	0.8143037
2	Pachwara North	WBPDCL	19.799514
3	Parbatpur	Electrosteel Castings Ltd.	9.2
4	Sial Ghogri	Prism Cement	1.395
5-6	Parsa East & Kanta Basan	Rajasthan Rajya Vidyut Utpadan Nigam Ltd.	16.48452
7	Bicharpur	Madhya Pradesh State Mineral Development Corporation Ltd.	0.048
8	Mandla North	Jaiprakash Associate	NIL
9	Ardhagram	Sova Ispat Ltd & Jai Balaji Sponge Ltd.	NIL
10	Urma Paharitola	Jharkhand State Electricity Board and Bihar State Mineral Development Corporation	3.2928
11	Morga-III	Madhya Pradesh State Mining Corporation Ltd.	0.0464
12	Morga-IV	Madhya Pradesh State Mining Corporation Ltd.	0.0464

8. After invocation, the remaining BG, if any, submitted by the prior allottee(s) of the above-mentioned coal blocks be returned by the CCO to respective prior allottee(s).

7. The Coal Controller apprised the IMG that several prior allottees had not renewed BG amount despite several reminders sent to them by CCO and hence it may not be possible to invoke the BG amount determined to be deducted from those prior allottee(s). The IMG observed that Nominated Authority is empowered for recovery of any dues of the prior allottee(s)

towards Central Government from the compensation to be paid for mine infrastructure. If occasion arises, Nominated Authority will take appropriate action.

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

ANNEXURE-I**LIST OF PARTICIPANTS**

S. No.	Name & Designation	Ministry / Department / Organization / Company
1.	Dr. A.K. Dubey, Special Secretary (Coal)	In the Chair
2.	Shri R.P. Gupta, Joint Secretary	Ministry of Coal
3.	Shri Anjani Kumar, Coal Controller	Ministry of Coal
4.	Shri M. Rajkumar, Director (CA-I), Member-Convener, IMG	Ministry of Coal
5.	Shri B.N. Shukla, Director, CMPDIL	Ministry of Coal
6.	Dr. R.S. Shrinet, Assistant Legal Adviser,	M/o. Law & Justice, D/o. Legal Affairs
7.	Shri Sunil Agarwal, Under Secretary	D/o. Industrial Policy & Promotion
8.	Shri Kingshuk Mukhopadhyay, OSD (Project), CCO, Kolkata	Coal Controller Organisation, Ministry of Coal
