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F. CA1-13018/3/2016-CA1 (FTS-332020)

Government of India  
Ministry of Coal  
CBA-I Section  
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Shastri Bhawan New Delhi,  
Dated 16<sup>th</sup> August, 2018

**OFFICE MEMORANDUM**

**Sub:** Minutes of 38<sup>th</sup> Meeting of the Inter-Ministerial Group (IMG) held on 10.08.2018 under the Chairmanship of Additional Secretary (Coal) to review the issue of Bank Guarantee - reg.

The undersigned is directed to refer to the subject mentioned above and to forward herewith Minutes of 38<sup>th</sup> Meeting of the Inter-Ministerial Group (IMG) under the chairmanship of Additional Secretary (Coal) held on 10-08-2018 at 3.30 PM at Conference Room No.307, A wing, Shastri Bhawan, New Delhi to undertake review on the issue of Bank Guarantee of prior allottee of Kerandari B&C coal block, for information and necessary action.

Encl: As above

  
16/8/2018  
(Ajay Kumar)

Section Officer (CBA-I)  
Ph:23073936/23073921

To:

1. Joint Secretary (I E), Deptt. of Economic Affairs, Room No .67B, North Block, New Delhi.
2. Joint Secretary (Thermal), Ministry of Power, Shram Shakti Bhawan, New Delhi.
3. Joint Secretary, Dept. of Industrial Policy & Promotion, Room No.259, Udyog Bhawan, New Delhi.
4. Joint Secretary, Ministry of Steel, Udyog Bhawan, New Delhi.
5. Joint Secretary, Deptt. of Legal Affairs , Shastri Bhawan, New Delhi.
6. Shri R.K. Sinha, Joint Secretary, Ministry of Coal
7. Smt. Reena Sinha Puri, JS&FA, Ministry of Coal
8. Shri Anindya Sinha, Advisor (Projects), Ministry of Coal
9. Shri Shekar Saran, CMD, CMPDIL, Gondwana Place, Kanke Road, Ranchi.
10. Shri Anjani Kumar, Coal Controller, 1, Council House Street, Kolkata-700001
11. Shri J.S.Bindra, Director (CBA-I), Ministry of Coal
12. DM (Legal), Legal Cell, Ministry of Coal
13. Chief Secretary, Govt. of Jharkhand (or his representative), Ranchi (Special invitee)
14. CMD, Jharkhand Urja Vikas Nigan Ltd. (JUVNL), Engineering Building, HEC, Dhurva, Ranchi -834004 (Special invitee).
15. CMD, M/s Reliance Power Ltd (Erstwhile Developer), Dhirubhai Ambani Knowledge City, 1-Block 2nd Floor, North Wing, Thane Belapur Road, Koparkhairane, Navi Mumbai (Maharashtra)-400710.

**Copy to:**

1. PS to Hon'ble Minister for Railways and Coal
2. PS to Hon'ble Minister of State for Coal and Mines
3. PSO to Secretary (Coal)
4. St.PPS to Additional Secretary (Coal) & Chairman, IMG.
5. ✓ TD (NIC) with request to upload on the website of MoC.

**Minutes of 38<sup>th</sup> Meeting of the Inter-Ministerial Group (IMG) under the chairmanship of Additional Secretary (Coal) held on 10-08-2018 at 3.30 PM at Conference Room No.307, A wing, Shastri Bhawan, New Delhi to undertake review on the issue of Bank Guarantee of prior allottee of Kerandari B&C coal block.**

List of participants is placed at **Annexure**.

1. Welcoming the participants, Additional Secretary (Coal) & Chairman, IMG informed the participants that the present IMG meeting has been convened to deliberate upon the issue of deduction/release or otherwise of Bank Guarantee of Kerandari B&C coal block submitted by Reliance Power Ltd. The crux of the issue lies in determining responsibility for delay in development of Kerandari B&C coal block linked to Tilaiya UMPP, which will result in decision on the issue.

2. Director (CBA-I) informed the IMG that upon directions of the Hon'ble High Court of Delhi, a copy of the legal opinion obtained by M/s PFC from the Ld. Attorney General of India has been obtained through Ministry of Power. Ld. AGI in opinion dated 07.03.2018 has made observations wherein it is stated that-

*"... An extant of 470 acre of private land, 1220 acres of forest land and 855 acres of Government land was to be handed over by 7<sup>th</sup> February 2010. However, as stated in the brief for opinion, as on the date of termination, only 470 acres of private land was handed over to JIPL and the remaining land has not yet been handed over. Further, the report dated 17.04.2015 of the Joint Monitoring Committee (constituted to monitor the progress of Tilaiya UMPP) has considered the statement of JIPL that even after five years of transfer of SPV, no land for the power plant has been transferred and that the process for land acquisition is yet to be started. It is for this reason that JIPL has issued a termination dated 28<sup>th</sup> April 2015."*

Director (CBA-I) inquired whether the facts and figures as mentioned above can be confirmed by representatives of Power Finance Corporation (PFC), being the querist who provided the above brief and/or Jharkhand Urja Vikas Nigam Ltd. (JUVNL). PFC and JUVNL both confirmed that the above said facts and figures are correct.

3. Representatives of RPL made a detailed presentation. It was noted by IMG members that as per Article 3.1.2.A of the Power Purchase Agreement (PPA) signed on 10.09.2008 between Jharkhand Integrated Power Ltd. (JIPL-a wholly owned subsidiary of PFC) and 18 Procurers led by JUVNL, the procurers were responsible to ensure that following activities are completed within the time period mentioned below-

Activity	Timeline to completion
1. Ensure the completion of the following tasks:	Within six (6) months from the Effective date
i. Handing over the possession of the land for the Power Station and water intake pipeline.	(07.08.09) or eight (8) months from the date of issue of Letter of Intent (12.02.09), whichever is later, i.e. 7-Feb-2010
ii. Issuance of notice under Section 9 of Land Acquisition Act in respect of land for coal mines and fuel transportation system.	
iii. Site clearance from Ministry of Environment and Forests ("MOEF") for the coal mines.	

Further, Article 3.3.3A of PPA allows maximum additional time of 6 months for procurers to perform the above activities i.e. latest by 7-Aug-2010. According to RPL, Procurers were unable to fulfill any obligations under Article 3.1.2.A of PPA even by 28-Apr-2015 (date of notice of PPA termination) i.e. 5½ years from SPV transfer. This led to the PPA being terminated and coal block could not be developed.

Director (CBA-I) requested the representatives of Govt. of Jharkhand and JUVNL to categorically answer the following queries:

(i). How much land was required to be acquired by the procurers for the coal block and to be handed over to the seller (RPL).

(ii) As on 28.04.2015, how much land for coal block was acquired and possession handed over to RPL.

(iii) Whether any notice under section 9 of Land Acquisition Act was issued in respect of land for coal mines as per terms of PPA? If yes, the date thereof.

(iv) Whether site clearance from MoEF for the coal block was obtained? If so, the date thereof.

Representatives of JUVNL and Govt. of Jharkhand assured that relevant information, supported with documents will be submitted during the next IMG meeting.

4. JS (RKS) inquired from PFC and RPL as to whether any milestones were formulated in consultation with PFC as stipulated in clause (v) of the allocation letter dated 20.07.2007. PFC has categorically stated that no such milestones were formulated, however, they submitted that standard milestones chart would automatically become applicable in this situation. RPL stated that standard milestones are not applicable in this case due to condition no. (v) of allocation letter which states that coal block has to be developed in synchronization with power project. RPL further stated that if it is assumed that standard milestones are applicable, then the coal block would have become ready for production 2 years before the commissioning of the 1st unit of power plant. The first unit was to be commissioned within 69 months and entire power project within 93 months from 07.08.2009 (date of transfer of JIPL to RPL by PFC) as per the terms of PPA. It was not logical that the coal block would be ready within 42 months of 07.08.2009.

JS (RKS) inquired from RPL whether any action was taken from their end to get the milestones formulated in consultation with PFC or any communication was made to MoC in this regard. No specific response was provided by RPL. AS (Coal) directed RPL to send any relevant documents before the next meeting of IMG.

5. AS (Coal) inquired from CCO whether any calculation for deduction of BG as per standard milestones was done by them. CCO informed that vide their letter dated 23.06.2016 calculation of BG deduction for non-achievement of milestones set for development of coal block was made based on the status report submitted by JIPL/RPL. As per their calculation, (i) 30% deduction of BG for delay of 9 months w.r.t. submission of BG (8% weightage) (ii) 20% deduction of BG for delay of 6 months w.r.t. mining lease application (7% weightage), and (iii) 10% deduction of BG for delay of 4 months w.r.t. submission of mining plan (10% weightage), was to be done. Thus CCO had calculated a figure of Rs. 4.99584 cr. which was due to the delay attributable to RPL only. As per allocation letter, the BG was to be submitted within 3 months of award of project (07.08.2009) i.e. by 07.11.2009, but it was submitted on 31.07.2010, i.e. after a delay of almost 9 months. RPL submitted that amount of BG is determined

by CMPDIL based on the GR prepared by them. The final amount of BG i.e. Rs. 208.16 crore was communicated to them by MoC vide letter dated 06.07.2010 and BG was duly submitted by them to MoC on 31.07.2010, hence there was no delay in submission of BG. Further, RPL also denied that delay w.r.t. mining lease application and submission of mining plan was on their part. AS (Coal) directed RPL to furnish relevant documents in this regard before next meeting of IMG.

6. AS(Coal) directed all members/participants of the meeting to come prepared with information asked along with all relevant documents in the next meeting to be held on 17.08.2018 at 3.00 p.m. in Ministry of Coal so that IMG may be able to take a decision in the matter.

Meeting ended with thanks to the chair.

## List of Participants

SL. NO.	NAME (SHRI/SMT/MS.)	DESIGNATION	MINISTRY /DEPARTMENT /ORGANIZATION/COMPANY
1.	Suresh Kumar	Additional Secretary (Coal) (Chairman of IMG)	Ministry of Coal
2.	Rajesh Kumar Sinha	Joint Secretary	Ministry of Coal
3.	Archana Agrawal	Joint Secretary (Thermal)	Ministry of Power
4.	Jasmeet Singh Bindra	Director	Ministry of Coal
5.	Harpreet Singh Pruthi	Director	Ministry of Power
6.	Anjani Kumar	Coal Controller	Coal Controller's Organization, Kolkata.
7.	Dr. Sanjay Majumdar	OSD (Mining &QM)	Coal Controller's Organization, Kolkata
8.	Shwetabh Verma	Senior Manager	Power Finance Corporation
9.	Monika Jassi	D.M.	Power Finance Corporation
10.	Abrar Ahmad	Group Head Corporate Affairs	Reliance Power Limited
11.	Shrikant D Kulkarni	President	Reliance Power Limited
12.	Manoj Pradhan	V.P.	Reliance Power Limited
13.	Virendra Shukla	AVP	Reliance Power Limited
14..	Jagannath	Assistant Legal Adviser.	Ministry of Law
15.	Zeeshan Qamer	Director Mines	Government of Jharkhand
16.	Arun Kumar	Asstt. Director (Geology) DHG	Government of Jharkhand
17.	N.K. Gopalakrishnan	Director	Central Electricity Authority
18.	Kamal Sethy	Deputy Director	Central Electricity Authority
19.	Prashant Chaturvedi	Resident Engineer	Jharkhand Urja Vikas Nigam Ltd. (JUVNL)

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