

BY SPEED POST

No.13016/24/2011-CA-I[Part]
Government of India
Ministry of Coal

New Delhi, dated : 29th April, 2016

OFFICE MEMORANDUM

Subject : Invocation of Bank Guarantee in respect of **Bicharpur** coal block earlier allocated to M/s. Madhya Pradesh State Mining Corp. Ltd.

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M/s Madhya Pradesh State Mining Corporation Limited were allocated Bicharpur coal block for proposed power projects in the State of Madhya Pradesh 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 allottee, M/s MPSMCL 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 M/s MPSMCL 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 milestones chart prescribed for the block development. M/s MPSMCL submitted their representation vide letter No.Geol/Bicharpur/SCN/2014-15/343 dated 05.02.2015. Their reply was considered in the 34th IMG meeting held on 08.01.2016. It was observed that in case of Bicharpur coal block, 50% BG was linked to milestones and 50% BG was linked to production and CCO has granted the mine opening permission. The uniform principle adopted for determination of BG amount to be deducted for any lag in production is as follows:

"In the BG amount determined to be deducted for lag in production, the financial year in which mine opening permission was granted by CCO, will be considered as the first year and targeted production for that year may be calculated on pro-rata basis of production schedule mentioned in the approved mining plan. The BG determined to be deducted for lag in production in subsequent year may be calculated as per schedule of production given in mining plan for each year of production vis-à-vis actual coal production. If the coal produced by the prior allottee(s) in some specific year is more than the PRC of that particular year, the same may be adjusted to compensate the prior allottee(s) for any lag in production in previous or subsequent year(s) of production."

2. The BG calculation details/sheet as per the above principle in respect of Bicharpur is enclosed at **Annexure**. The BG deduction amount accordingly comes to **Rs.0.048 Crores**.

3. Accordingly, CCO is directed to invoke **Rs.0.048 Crores** from the Bank Guarantee furnished by prior allottees of **Bicharpur** 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 Ryntathieng]

Under Secretary to the Government of India

Shri Anjani Kumar, Coal Controller,
Coal Controller Organisation,
1, Council House Street,
Kolkata -700 001.

Copy to :-

1. The Managing Director, M/s Madhya Pradesh State Mining Corporation, Prayavas Bhavan, Block No.1(A), Second Floor, Jail Road, Arera Hills, Bhopal-462001.

2. Nominated Authority, Ministry of Coal, World Trade Tower, Barakhamba Road, New Delhi [with the direction to adjust the amount of BG from the compensation to be paid to the prior allottees as per provisions of CM(SP) Act, 2015 and Rules made thereunder, in case of non-validity/lapse of BG].

3. The Director (Technical), NIC, Ministry of Coal for uploading this order in the Website of Ministry of Coal.

BG deduction Calculation
Updated Status of Coal Block as on Sept 2014

1. Name of the Company:- Madhya Pradesh State Mineral Dev Corporation Ltd
2. Name of Coal Block:- Bicharpur (RE)/Govt.
3. Name of the Owner/Address:- Vice Chairman & Managing Director, Suliyari Coal Block, Singrauli Coal fields, Singrauli, Dist. Madhya Pradesh
4. Date of Allocation:- 25.7.2007
5. Location:- Singrauli, MP
6. Project Cost:- Rs. 720 Cr.
7. Total investment made Cr (As per CA report):- Rs.12.73 Cr.(till June.13)
8. Reserve (mill tones):- 56MT (Geological)
9. Mineable Reserve:- 29.12 MT
10. Yearly rated capacity (MTPA):- 0.75
11. Grade of Coal:- C-D
12. Cost of GR:- Rs. 3.84 Cr for regional GR
13. BG Amount:- 2.4 Cr. Validity 06.12.2015
14. Type of EUP:- Commercial
15. Location of Project:- Captive uses for cement and power plant of M/s ACC Ltd. at Bargarh (Orissa), Gagah (HP) and Lakheri (Rajasthan)
16. Capacity of Project:-
17. Explored/Un explored:- Regionally Explored (Now Explored)
18. Type of Mine:- UG Mine (As per exploration, coal block to be mined by UG method)

Mile Stones	Schedule date of Completion	Actual date of Completion	Slippage in YY/MM (as on Sep'14)	Remarks	Special Observation (As per SCN reply)
Purchase of GR	25.10.2009 (27 Months from DOA)	31.3.2011	1 Yrs 5 Months		Delayed due to granting of PL
Submission of Bank Guarantee	25.10.2007 (3 Months)	28.11.2008	1 Yrs 1 Month	40% deduction	
Mining Lease Application	25.01.2010 (3 Months from schedule date of GR)	28.1.2011	1 Year	No deduction	Delayed due to granting of PL
Submission of Mining Plan	25.04.2010 (6 Months from schedule date of GR)	26.8.2011	1 Yrs 4 Months	No deduction	Delayed due to granting of PL

Mile Stones	Schedule date of Completion	Actual date of Completion	Slippage in YY/MM (as on Sep'14)	Remarks	Special Observation (As per SCN reply)
Approval of Mining Plan	25.06.2010 (8 Months)	2.8.2012	2 Yrs 1 Month		Delay at Govt. level
Application of Previous approval	25.08.2010 (10 Months)	28.01.2011	5 Months		
Granting of Previous approval	25.09.2010 (11 Months)	8.5.2013	2 Yrs 7 Months		Delay at Govt. level
Application of Forest clearance	25.10.2010 (12 Months)	17.2.2011	4 months	10% deduction	
Grant of Forest Clearance	25.04.2011 mining) (18 Months)	Stage-II pending	3 Yrs 5 Months	Stage-I granted on 14.05.2013	Delay at Govt. level
Application EMP Clearance	25.10.2010) (12 Months)	24.9.2010	Advance		
Grant of EMP Clearance	25.04.2011 mining) (18 Months)	16.07.2013	2 Yrs 3 Months		Delay at Govt. level
Grant of Mining Lease	25.10.2011 (24 Months)	17.09.2013	1 Yr 11 Months		Delay at Govt. level
Application of Land Acquisition	25.05.2011 (19 Months) from GR	14.12.2010	Advance	Total Land:- 10Ha, Pvt. Land 10Ha, Govt. land- Nil	
Completion of Land Acquisition	25.10.2012 (36 Months)	30.12.2013	1 Yr 2 Months		Delay in getting ML
Application for opening permission	25.02.2014 (52 Months)	28.11.2013	Advance		
Grant of opening permission	25.03.2014 (53 months)	24.04.2014	1 month		
Coal Production	25.04.2014 (54 months)	Not started	5 months		Delay in getting ML



[RISHAN RYNTATHIANG]

Under Secretary to the Government of India

Calculation of Deduction of BG

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|-------------------------|--|
| 1. Name of Company:- | Madhya Pradesh State Mineral Dev Corporation Ltd |
| 2. Name of Coal Block:- | Bicharpur (RE)/Govt. |
| 3. Date of Allocation:- | 25.7.2007 |
| 4. BG Amount:- | Rs. 2.4 Cr (valid up to 06.12.2015) |

As per condition of the allocation letter 50% BG is linked to the milestones (time schedule) set for development of captive block and the remaining 50% to the guaranteed production.

(a) 50% BG related to lagging of production. i.e, 50% of Rs. 2.4 Cr=1.2 Cr.

As opening permission was granted on 24.04.2014, 2014-15 is considered as 1st year of production

YEAR	Target (in MT) as per MP	ACHIEVEMENT (in MT)	PRC(in MT)	(%) BG Deduction	Original BG amount (in crore) (50% of Total BG)	Deductable amount (in crore)
	1=T	2=A	3=P	4=(T-A)/P*100	5=B	6=5x4/100
2014-15	0	0	0.75	0	1.2	0
Total						0

Amount of BG deduction on production may be Nil

(b) BG deduction on the basis of achievement of Mile stone

SI No.	Mile Stones	Weight (in %)	Actual Status	Marks obtained	Remarks
1	Purchase of GR	5	Completed	5	Delayed due to granting of PL
2	Submission of Bank Guarantee	8	Completed	4.8	
3	Mining Lease application	7	Completed	7	
4	Submission of Mining Plan	10	Completed	10	
5	Approval of Mining Plan	10	Completed	10	
6	Application of Previous approval	6	Completed	6	
7	Grant of Previous approval	5	Completed	5	Delay at state level
8	Application of Forest clearance	8	Completed	7.2	
9	Grant of Forest clearance	5	Not Completed	5	Delay at MOEF level

10	Application EMP Clearance	8	Completed	8	
11	Grant of EMP Clearance	5	Completed	5	
12	Grant of Mining Lease	5	Completed	5	
13	Application of Land Acquisition	8	Completed	8	Delay at for grant of FC
14	Completion of Land Acquisition	4	Completed	4	
15	Application for opening permission	2	Completed	2	Delay at State Govt.
16	Grant of opening permission	2	Completed	2	
17	Production	2	Schedule date not reached	2	
	TOTAL	100		96	

Total Bank Guarantee amount: 2.4 Cr.

A=50% of BG=1.2 Cr

Score obtained for achieving of mile stone=96.8%

B=Score obtained for not achieving of milestone= (100-96)=4%

BG to be deducted for not achieving Milestones= A x B= Rs.1.2 cr. X 4%=Rs. 0.048 Cr.

Total amount of BG to be deducted on (production lagging + Milestones slippage)= Rs. 0.048 Cr.



[RISHAN RYNTATHIANG]

Under Secretary to the Government of India