

F.No.13011/3/2007-CA-I (Vol.-III)
Government of India
Ministry of Coal

Shastri Bhawan, New Delhi,
Dated : the 31st August, 2016

NOTICE

Subject : Policy formulation on disposal of washery rejects/ middlings/
surplus coal - regarding

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A consultation meeting for finalization of policy on disposal of washery rejects, middling, surplus coal under the chairmanship of Special Secretary (Coal) was held with stakeholders viz. private washery operators and linkage holders on 30.08.2016 at 03.00 PM at Tagore Chamber, SCOPE Convention Centre, Scope Complex, CGO Complex, Lodhi Road, New Delhi. List of participating members is enclosed as Annexure-I and list of participating stakeholders is enclosed as Annexure-II.

2. After hearing the suggestions of various stakeholders present in the meeting, it was decided that minutes of meeting dated 08.06.2016 and presentation given by CMPDIL in the meeting held on 30.08.2016 be uploaded on the website of Ministry of Coal. Within a week of uploading of the same on website of Ministry of Coal, Stakeholders may furnish their written comments, suggestions and observations to Ministry of Coal for further examination and necessary action.

3. In view of the above, presentation given by CMPDIL in the meeting held on 30.08.2016 (Annexure-III) and minutes of meeting dated 08.06.2016 (Annexure-IV) are hereby uploaded on the website of MoC.



[**RISHAN RYNTATHIANG**]

Under Secretary to the Government of India
Tel : 23073936

To,

✓ Technical Director (NIC) with the request to upload this Notice on the website of MoC.

ANNEXURE-I

MEETING FOR FORMULATION OF POLICY ON DISPOSAL OF WASHERY REJECTS, MIDDLING, SURPLUS COAL UNDER THE CHAIRMANSHIP OF SPECIAL SECRETARY (COAL) ON 30.08.2016 AT 03.00 PM AT TAGORE CHAMBER, SCOPE CONVENTION CENTRE, SCOPE COMPLEX, CGO COMPLEX, LODHI ROAD, NEW DELHI.

LIST OF PARTICIPATING MEMBERS

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 Anurag Kapil, Director	Ministry of Coal
4	Shri Peeyush Kumar, Director (Tech.)	Ministry of Coal
5	Shri Madanpal Singh, Joint Director	Ministry of Coal
6	Shri Harpreet Singh Pruthi, Director	Ministry of Power
7	Shri Anjani Kumar, Coal Controller	Coal Controller Organisation, Kolkata
8	Shri Shekhar Saran, CMD	CMPDIL, Ranchi
9	Shri S.N. Prasad, Director (M)	Coal India Limited
10	Shri G.K. Vashishtha, GM (S&M)	Coal India Limited
11	Dr. R.S. Shrinet, ALA	M/o. Law & Justice, D/o. Legal Affairs
12	Shri Shiraz Daneshyar, Assistant Secretary	Ministry of Coal
13	Shri Purushottom Sakhare, Scientist 'C'	Ministry of Environment Forest and Climate Change
14	Dr. Sujoy Majumder, OSD(Mining)	Coal Controller Office, Kolkata
15	Shri P.K. Baranwal	CMPDIL, Ranchi

ANNEXURE-II**LIST OF STAKEHOLDER PARTICIPANTS**

S. No.	Name & Designation	Name of the Company
1	Shri Partha Mazumder, GM (Coal Mining)	M/s NTPC Ltd.
2	Shri S.D. Prasad, GM (Corp. Fuel Mgmt)	M/s NTPC Ltd.
3	Shri A.R. Mohanty, AGM (Commercial)	M/s NTPC Ltd.
4	Shri P. Kumar, ED (Fuel)	M/s Damodar Valley Corporation.
5	Shri Jagesh Kumar Mandiye, Superintending Engineer (Mining)	M/s Damodar Valley Corporation.
6	Shri Y. Sai Satya Prasad, Chief Engineer (FAC)	M/s Andhra Pradesh Power Generation Corporation Ltd. (APGENCO)
7	Shri D. Murali Krishna, Asst. Divisional Engineer	M/s Andhra Pradesh Power Generation Corporation Ltd. (APGENCO)
8	Shri Manish Kumar Dahiya, Executive Engineer (FM)	M/s Madhya Pradesh Power Generating Company.
9	Shri Pushpendra Patel, A ssistant Engineer (FM)	M/s Madhya Pradesh Power Generating Company.
10	Shri B.H. Patel, Dy. Engineer	M/s Gujarat State Electricity Corporation Ltd.
39	Shri B.P. Pakrashi, Dy. Engineer	M/s Gujarat State Electricity Corporation Ltd.
11	Shri Devendra Arolkar, GM	M/s Nabha Power Ltd. (L&T)
12	Shri Vikas Jain, Director	M/s Mahavir Coal Washeries Pvt. Ltd.
13	Shri Sameer Ganju, Head Norten Region	M/s Adani Power Ltd.
14	Shri Vijay Singh	M/s NKCPL
15	Shri Sourindra Kumar Ghosh	M/s Nabha Power Ltd. (L&T)
16	Shri Saurabh Patel	M/s Nabha Power Ltd. (L&T)
17	Shri L.N. Gupta, V.P	M/s Spectrum Coal & Power Limited
18	Shri P. Darbar, V.P	M/s ACB (India) Limited
19	Shri S. Panda	M/s K.R Enterprises
20	Shri K. Patra, M.D	M/s Global Coal & Mining Pvt. Ltd.
21	Shri Ram Kumar Rai, Director	M/s Global Coal & Mining Pvt. Ltd.
22	Shri Satyendra Singh, Manager(Fuel)	M/s KSK Mahanadi Power Company Limited
23	Shri Pankaj Agrawal	M/s KJSL Coal & Power Pvt. Ltd.

S. No.	Name & Designation	Name of the Company
24	Shri P.S. Saxena, SE (Fuel)	M/s RRVUNL
25	Shri K.L. Meena, ACE (Fuel)	M/s RRVUNL
26	Shri Prafulla Pathak, ED	
27	Shri Vikas Jaidev, ED (Coal)	
28	Shri Prashant Jain, VP (M)	M/s Indo Unique Flame Ltd.
29	Shri Vipul Choudhary, Director	M/s Indo Unique Flame Ltd.
30	Shri Sanjay Prasad, CEO (Coal & Corporate Affairs)	M/s Gupta Global Resources Pvt. Ltd.
31	Shri C.L. Gupta, Dy. Exec. President	M/s Bhatia Coal Washeries Ltd.
32	Shri G.S. Bhatt, CMD	M/s Bhatia Coal Washeries Ltd.
33	Shri Sanjay Agarwal, Director	M/s Hind Energy & Coal Benefication (India) Ltd.
34	Shri D.R Biswas, Consultant	M/s Hind Energy & Coal Benefication (India) Ltd.
35	Shri V.K. Talwar, Advisor Coal	M/s Cement Manufacturer's Association
36	Shri Jacob B, V.P	M/s Sical KR Washery
37	Shri H.S. Chugh	M/s PSPCL
38	Shri K.S. Rao, GM (Washery)	M/s MDCWL

**Policy on Disposal of Washery Rejects, Middlings and
Surplus Coal**

Need for Policy on Disposal of Washery Rejects, Middlings & Surplus Coal

- Two meetings were held on 22.02.2016 and 08.06.2016 under the chairmanship of Special Secretary (Coal) on formulation of Policy on Disposal of Washery Rejects, Middlings and Surplus Coal
- In view of Hon'ble Supreme Court judgement dated 25.08.2014 and order dated 24.09.2014 disallowing diversion of coal from the un-cancelled 14 captive coal blocks (12 UMPP and 2 others), ***there is no need for separate policy on disposal of surplus coal in respect of these blocks.***

Need for Policy on Disposal of Washery Rejects, Middlings & Surplus Coal

- The 204 cancelled coal blocks are being auctioned/allotted as per provisions of Coal Mines (Special Provisions) Act, 2015 and rules framed thereunder.
- Some blocks have also been allotted to Govt. Organizations/companies under Rule 7 of the 'Auction by Competitive Bidding of Coal Mine Rules,2012'
- The Successful Bidder/ allottees have to execute Standard Allotment Agreement/ Standard Coal Mines Development and Production Agreement (CMPDA) with the Government.
- There are sector specific provisions for disposal/utilization of surplus coal/washery rejects/middlings in the CMPDA / Standard Agreement
- ***Hence, as of now, there is no requirement for a separate policy for disposal of surplus coal, washery rejects, middlings etc. in respect of these coal blocks.***

Washery Rejects: Definitions

- Rejects is a by-product generated when coal is beneficiated.
- Washery product having GCV < 2200 kcal/kg is washery reject. GCV is determined on air-dried basis and reported on 40° C and 60% RH in accordance with IS – 1350 (Part-II), 1970.
- Equivalent Ash + Moisture percentage for washery rejects may be around 65%. Generally, inferior grade non-coking coals in Indian conditions contain less than 2% moisture.

Draft Policy: Ambit of Coverage

- i. This policy would apply to coal sold by CIL / its Subsidiaries to all linkages at notified price (for regulated as well as non-regulated sector) and for linkage through e-auctioned at price below market/ discovered price.**
- ii. The policy covers the washery rejects/ middlings generated by a washery run by the linkage-holder/ successful bidder as owner or through an Operator on the coal supplied by CIL / its Subsidiaries.**

Performance Guarantee Test

1. **Performance Guarantee Test (PGT)** would be carried out on the Coal supplied by CIL in presence of representatives of CIL and CCO and appropriate norms for appropriate grade of coal would be determined.
2. **PGT** will be done before actual start of operation of a washery to ensure that it delivers the desired % of ash, moisture and yield of washed coal and determines the % of rejects to be generated during washing.

Performance Guarantee Test

1. PGT shall be conducted at least for one month (30days) duration for verification of the following:
 - Throughput Capacity of the washery in tph
 - Guaranteed performance figure of the equipment installed.
 - Product Quality
2. Tests for the RoM coal samples and the products samples generated during PGT shall be done by NABL accredited/ CSIR labs to avoid any dispute.
3. All on-line monitoring systems such as belt-weighers, ash-analyser, moisture-analyser etc. may be installed, calibrated and sealed by authenticating agencies in presence of the committee members before starting of the PGT.
4. Based on the findings of the PGT, **Norms** for that particular washery may be fixed by the committee.

Draft Policy: Monitoring of Rejects

3. Obligation of the Successful Bidder / Linkage Holder:

- i. The **norms set through washability test and PGT** would have to be followed by the linkage holder. The % of rejects should not exceed and conversely % of washed coal should not be less than the value determined during the PGT.
- ii. The linkage holder/ successful bidder and washery operator will submit a monthly as well as annual returns pertaining to quantum of raw coal washed, quantum of % of washed coal generated, quantum of washery rejects / middlings produced to CCO and CIL.

4 Right to Sell Washery Rejects / Middlings

- i. In case the washery rejects are within the normative limits, the linkage holder/ successful bidder can dispose of the same in any manner and for any purpose.
- ii. However, such disposal shall strictly comply the rules and regulations framed by MoEF & CC.

Draft Policy: Monitoring of Rejects

5. Penalty for Non-Adherence:

- i. If the successful bidder/ linkage holder intimates generation of washery rejects in higher quantity than the fixed normative limits, disposal of washery rejects will not be allowed.
- ii. In case of non-adherence, enquiry will be conducted and if found that linkage holder / successful bidder has done some manipulation, penalty would be imposed on successful bidder and in case of linkage, the same will be cancelled.

6. Review of Performance of Washery:

- i. If over a period of time, performance of washery deteriorates and % of washery rejects increases, the washery operator and successful bidder/ linkage holder can request for a revised washability test/ performance guarantee test to reset the norm.

However, these tests can not be carried out before a period of 5 years.

Draft Policy: Issues needs to be Addressed

For greater acceptability, these tests can be conducted in presence of independent third party such as CSIR labs, in addition to CIL and CCO and may be called as PGT Committee.

THANKS

ANNEXURE-IV

MINUTES OF THE MEETING FOR FORMULATION OF POLICY ON DISPOSAL OF WASHERY REJECTS, MIDDLING, SURPLUS COAL UNDER THE CHAIRMANSHIP OF SPECIAL SECRETARY (COAL) ON 08.06.2016 AT 11.00 HRS. IN ROOM NO.330, A-WING, 3RD FLOOR, SHASTRI BHAWAN, NEW DELHI-110001.

A list of participants is enclosed as Annexure.

2. Welcoming the participants, Special Secretary (Coal) informed that in the last meeting held on 22.02.2016, it was decided that there was no requirement for finalization of a separate policy in respect of captive coal blocks as there was no surplus coal from the coal blocks which had not been cancelled by Supreme Court and also in view of the fact of judgement of Hon'ble Supreme Court disallowing the diversion of coal from UMPPs for which the coal blocks were allocated. Hence, this meeting had to confine to the subject of washery rejects. Further, there are already provisions in Standard CMDPA/Standard Allotment Agreement which provide for disposal of surplus coal, washery rejects, middlings, etc. by the successful bidder/allottee of the captive coal blocks allocated through CM (SP) Act, 2015 and the amended provisions of MMDR Act, 1957.

3. On the issues, the following views emerged :-

- (i) As far as coal sold through e-auction to non-regulated sector (Iron & Steel, Cement, etc.) was concerned, the coal purchased by the consumer was at market/discovered price and therefore, there was no requirement of any separate policy in respect of this coal and any rejects/middlings generated through washery.
- (ii) In respect of coal being sold by CIL/its subsidiaries as part of linkages to regulated sector (power), it was considered that the linkage holder should provide data to the respective power regulator relating to quantity of raw

and washed coal, quantity of washery rejects generated, cost of washing, value of washery rejects got by the linkage holder, etc. The data so received by the power regulator may be made a factor in determining the tariff of power. Hence, it was decided to consult Ministry of Power on this issue. Accordingly, Ministry of Power was requested to furnish comments in the matter but no comments have been received so far. Hence, it was decided to explore option foregoing the option of Power Regulatory Commission taking it as a factor in tariff determination.

4. It was observed that policy is only required in respect of coal being sold by CIL/its subsidiaries as part of linkages at the notified price which is perceived as less than the market/discovered price. It was also clarified that the policy in respect of coal coming from CIL consisted of only washery rejects/middlings. It was noted that there appeared to be no legal impediment regarding ownership and disposal of washery rejects, middlings, etc. by the successful bidder for coal sold through e-auction. However, apprehensions were raised that the successful bidders in e-auction might sell coal under the garb of washery rejects in order to achieve higher returns over and above the successfully quoted price during bidding process. In respect of coal given to regulated sector (i.e. power) in the form of linkages, the price of coal will be lower than the market/discovered price, and hence there is always the possibility of disposal of some coal showing it as washery rejects, middlings, etc. by the linkage holder. Therefore, the purpose of e-auctioning of coal and granting linkages for regulated sector at a price below market/discovered price will get defeated.

5. The issue was deliberated upon in great detail. During the discussion, it was observed that washery reject was the product of washing the raw of mine (ROM) coal. It would be called washery reject only when its Gross Calorific Value (GCV) is less than the GCV value of lowest grade of coal determined from time to time [currently it is 2200 Kcal/Kg].

6. The question arose as to how to monitor the quantity of washery rejects generated by a washery. It was explained and discussed that there were certain parameters which could be kept in mind while selecting a technology for washing coal such as desired ash percentage, moisture percentage, yield percentage etc. These data would be specific to a particular coal quality. As per the extant practice, washability test is done before designing a washery to develop a "washability curve" for that quality of coal. The washability curve gives an idea assuming 100% efficiency of operation of washery which is never achieved in practice. Thus, a performance guarantee test is done before the actual start of operation of a washery to ensure that washery when it runs, delivers the desired percentage of ash, moisture and yield of washed coal and also determines percentage of rejects to be generated during washing. The results of performance guarantee test can be considered as a parameter for fixing a particular yield, ash and moisture percentage for a particular washery for a particular grade of coal which can be converted into targets for minimum percentage of washed coal to be produced of desired ash percentage, the quality and quantity of rejects produced keeping the mass balance. Once the parameters are fixed, it can be considered as a parameter for monitoring.

7. In view of the above, it was decided that for each washery, washability test and performance guarantee test would be carried out in the presence of representatives of CIL and CCO and appropriate norms for appropriate grade of coal would be determined. These norms would have to be followed i.e. the percentage of rejects should not exceed and conversely the percentage of washed coal should not be less than that determined during the performance guarantee test. If the successful bidder/linkage holder intimates generation of quantity of washery rejects higher than the fixed normative limits, it will not be allowed to dispose of washery rejects. Enquiry will be conducted and if it is found that linkage holder / successful bidder has done some manipulation,

penalty would be imposed on successful bidder and in case of linkages, the same will be cancelled.

8. If over a period of time, performance of washery deteriorates and percentage of washery rejects increases, the washery operator and link owner of CIL can request for a revised washability test/performance guarantee test to reset the norms. However, these tests cannot be carried out before a period of 5 years is over.

9. The linkage holder/successful bidder and washery operator will submit a monthly as well as annual returns pertaining to quantum of coal washed, quantum of percentage of washed coal produced as well as quantum of percentage of washery rejects to CCO and CIL. CCO would be responsible for scrutinizing those returns and to check, at any point of time, the percentage of washery rejects if the same exceeds the norms set for the washery. In case the washery rejects are more than normative limits, CCO will intimate CIL for taking necessary action.

10. This policy would apply to all linkages at nominated price (for regulated as well as non-regulated sector) and for linkage auctioned for power sector.

11. In case the washery rejects are within the normative limits, the linkage holder/ successful bidder can dispose of the same in any manner and for any purpose. However, the said disposal shall strictly be subject to the rules and regulations framed by Ministry of Environment, Forest & Climate Change from time to time.

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

ANNEXURE

MEETING FOR POLICY FORMULATION ON DISPOSAL OF WASHERY REJECTS, MIDDLING, SURPLUS COAL UNDER THE CHAIRMANSHIP OF SPECIAL SECRETARY (COAL) ON 08.06.2016 AT 11.00 HRS. AT ROOM NO.330, A-WING, 3RD FLOOR, SHASTRI BHAWAN, NEW DELHI.

LIST OF PARTICIPANTS

S. No.	Name & Designation	Ministry / Department/ Organization/Company	Signature & Telephone No.
1	Dr. A.K. Dubey	In the Chair	-
2	Shri R.P. Gupta, Joint Secretary	Ministry of Coal	-
3	Shri Rajesh Sinha, Joint Secretary	Ministry of Coal	-
4	Shri S.K. Shahi, Joint Secretary	Ministry of Coal	-
5	Shri Aniruddha Kumar, Joint Secretary	Ministry of Power	-
6	Shri Anjani Kumar, Coal Controller	Coal Controller Office, Kolkata	-
7	Shri Shekhar Saran, CMD	CMPDI	7781003083
8	Shri Peeyush Kumar, Director (Technical)	Ministry of Coal	-
9	Shri Harpreet Singh Pruthi, Director	Ministry of Power	-
10	Dr. R.S. Shrinet, Asstt. Legal Adviser	Ministry of Law & Justice, Department of Legal Affairs	-
11	Shri N. Kumar, Director (Technical)	Coal India Limited	9830556002
12	Shri S.N. Prasad, Director (Marketing)	Coal India Limited	-
13	Shri N.S. Mandal, Director	Central Electricity Authority	-
14	Shri P. D. Siwal, Chief Engineer	Central Electricity Authority	-
15	Shri Partha Mazumder, G.M. (Coal Mining)	National Thermal Power Corporation Limited	-

16	Shri Alok Saxena, Consultant (PPPA)	Central Electricity Authority	-
17	Dr. Sujoy Majumdar, OSD/M	Coal Controller Office, Kolkata	-
