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Government of India

Ministry of Coal

New Delhi, dated 30th July, 2015

OFFICE MEMORANDUM

Sub: 31st Meeting of the Inter-Ministerial Group (IMG) under the Chairmanship of Additional Secretary (Coal) to review the issue of Bank Guarantees of prior allocatees where court cases have been filed- reg.

In continuation of Ministry of Coal's OM of even number dated 24th June, 2015 on the above subject, the undersigned is directed to forward herewith the minutes of **31st** IMG meeting held on 7th July, 2015 for information and necessary action.


(Anurag Kapil)

Director & Member-Convener
Telefax: 23384594

To

1. **Ms. Sharmila Chavly**, Joint Secretary, Deptt. of 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, Deptt. of 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(VB), 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 R.K. Sinha**, Coal Controller, 1, Council House Street, Kolkata-700001
12. AM (Legal), Legal Cell, Ministry of Coal.

Copy to PS to Hon'ble MoS(I/C) for Power, Coal & NRE, OSD to MoS(I/C), Sr.PPS to Secretary(Coal)/Sr.PPS to AS(Coal)/Chairman, IMG, for information.

✓ Copy also to Director (T), NIC Cell, Ministry of Coal for uploading on the Website of MoC.

31st MEETING OF THE INTER-MINISTERIAL GROUP (IMG) UNDER THE CHAIRMANSHIP OF ADDITIONAL SECRETARY (COAL) ON 07.07.2015 AT 11.00 HRS. TO REVIEW THE ISSUE OF BANK GUARANTEES OF PRIOR ALLOTTEE(S) WHERE COURT CASES HAVE BEEN FILED, AT CIL OFFICE, CORE 6, 6TH FLOOR, SCOPE COMPLEX, LODHI ROAD, NEW DELHI-110003.

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A list of participants is enclosed at Annexure-I.

2. Welcoming the participants, Additional Secretary (Coal) & Chairman, IMG informed that in the 30th meeting of IMG it was noticed that there were 55 court cases in various High Courts which will have to be decided at priority as they are governed by the time limit given by the High Courts. Accordingly, CCO was directed to prepare the details for 55 cases on first priority.
3. The following position was placed before the IMG :-
 - (a) In its 30th meeting, IMG also noted that there were 31 cases out of total 127 cases where either no condition of BG was there in the allocation letter or BG matter was already reviewed earlier by the Government. Hence, IMG noted that these 31 cases could be dropped from the total cases of 127 coal blocks which were earlier issued show cause notice. In the 30th IMG meeting, it was also *inter alia* decided that in respect of 55 court cases, CCO would calculate the BG amount to be deducted, maintaining a uniform principle and the views of the State Governments wherever available would be taken as final. Accordingly, details of BG calculation in respect of the above-mentioned 55 cases were furnished by the CCO. To examine the BG details submitted by the CCO, an internal meeting in MoC was held on 01.06.2015 where it was observed that in respect of the BG details of 55 cases submitted by the CCO, the number of blocks involved were 39. Out of these 39 coal blocks, prior allottees of 3 coal blocks, viz. Shankarpur Bhatgaon II & Extn., Naini and North of Arkhapal, were not issued with show cause notices since BG in respect of these coal

blocks were already invoked by CCO and the amount had been deposited in Government Account. In case of 2 other coal blocks, viz. Badam and Rajbar E&D, the same were covered in the list of 31 coal blocks in which the IMG in its 30th meeting noted that the same could be dropped from the list of 127 coal blocks which were issued show cause notice. It was noted that out of the above-mentioned 31 coal blocks, there was 1 coal block, viz. Warora, where MoC issued only order of de-allocation and deduction of BG amount was not mentioned in the said order. CCO did not return the BG of Warora coal block since there was no mention for return of BG in the de-allocation letter of the said coal block. Hence, a formal direction of MoC for return of BG is required in case of Warora coal block.

- (b) It was decided in the 30th IMG meeting to decide the cases on priority where court cases had been filed by the prior allottees, later on a supplementary list of court cases pertaining to 15 coal blocks was provided by the Legal Cell of MoC where orders regarding only de-allocation were issued by MoC and the prior allottees challenged the same before Hon'ble Delhi High Court. Since the said 15 coal blocks were among the 204 coal blocks cancelled by the Hon'ble Supreme Court, the issue of challenge of de-allocation order of MoC by prior allottees has now become redundant and the issue of review of BG decision only remains.
- (c) Therefore, as detailed in paras (a) and (b) above, there remain cases of 49 coal blocks – 34 coal blocks where de-allocation and/or BG deduction orders issued by MoC have been challenged by the prior allottees and 15 coal blocks where only de-allocation orders of MoC were challenged before the High Courts. Out of the above-mentioned 34 coal blocks, in 3 cases i.e. Khappa & Extn., Urtan North and Bikram, de-allocation orders were issued and in the said order it was mentioned that amount of BG deduction will be communicated subsequently. In these 3 cases the prior allottees challenged de-allocation orders before MoC could issue orders conveying BG deduction amount to them.

(d) In view of the above, cases of 49 coal blocks where court cases have been filed by the prior allottees can be categorized into the following three categories which needs consideration by the IMG :-

- (i) 31 cases where de-allocation and/or BG deduction orders have already been issued by MoC and the same have been challenged by the prior allottees (Annexure-II).
- (ii) 3 cases where de-allocation orders were issued and in the said order it was mentioned that amount of BG deduction would be communicated subsequently but before the BG deduction amount could be conveyed, prior allottees moved High Courts for quashing MoC's orders (Annexure-III).
- (iii) 15 cases where only de-allocation orders of MoC were challenged before the High Courts (Annexure-IV).

4. IMG decided to consider the above-mentioned three categories in *seriatim*.

5. In respect of the first category of cases, the IMG noticed that the extent of breach of timelines by the prior allottees in respect of these 31 coal blocks until the blocks were held by them had already been evaluated by the Government and accordingly orders regarding de-allocation and/or BG deduction had already been issued. Hence, these are distinct from the rest of the cases where no orders regarding BG deduction have so far been issued by MoC. Inadvertently, it was decided in the 28th IMG meeting to issue show cause notices to the prior allottees of these 31 coal blocks as this issue was not put up to IMG earlier. The Hon'ble Delhi Court, in its common order dated 30.10.2014 *inter alia* directed Union of India to take a decision in respect of each individual case whether the BG ought to be invoked or released. The IMG felt that it would not be appropriate to *suo motu* review the issue of BG afresh when a decision has already been taken by the Government particularly when there is no direction from the High Court to review the BG deduction orders already issued by MoC and no fresh facts have been brought up. Therefore, IMG recommended that since the orders regarding invocation of BG had already been issued by the Government in respect of these 31 coal blocks and the decision had been

taken after following due procedure, the same would stand and the inadvertently issued show cause notices to the prior allottees of the 31 coal blocks should be withdrawn clearly informing this.

6. In respect of the second category of cases, the IMG observed that court case in respect of Khappa & Extn. coal block was before the Nagpur Bench of Bombay High Court wherein the High Court had ordered not to take any coercive action against the prior allottees. Court cases in respect of Urtan North and Bikram are before the Madhya Pradesh High Court where the Hon'ble Court has disposed of the cases *inter alia* directing Government of India to take a decision one way or the other. The IMG observed that extent of breach of timelines by the prior allottees in respect of these 3 coal blocks had already been evaluated by the Government and accordingly, BG amount had already been calculated by the CCO. But, before the BG amount to be deducted could be conveyed, the prior allottees moved High Courts. The IMG recommended that BG deduction, which had previously been calculated, be conveyed in respect of the above-mentioned 3 coal blocks and the invocation/realization of BG shall be done only after bringing it to Hon'ble High Court notice and obtaining its direction.

7. In respect of the third category of cases (15 coal blocks), IMG decided to invoke BG. BG was calculated by the CCO by taking the following factors into consideration :

- (a) Conditions of allocation letter.
- (b) Delay attributable to Government or Government agencies (whether Centre or State) and delay on the part of prior allottee(s).
- (c) Delay attributable to prior allottee(s) was proportionately calculated i.e. 10% deduction for delay of every 3 months against the weightage/marks given for the respective milestone.

Calculation of BG details by CCO in respect of the above-mentioned 15 coal blocks was placed before the IMG. The IMG observed that out of the 15 coal blocks, there were 4 coal blocks viz. Rajgamar Dipside (South of Phulkadih Nala), Fatehpur, Rohne and Thesgora-B/Rudrapuri, in respect of which BG ought to be deducted for delay on the part prior allottee(s). In

respect of Rohne coal block, IMG observed that since mining lease could not be granted in this case due to delay at State Government level, the prior allottees could not apply for Opening permission and consequential milestones i.e. grant of opening permission and production remain unachieved. Marks for application for opening permission and consequential activities have been deducted which needs to be rectified. Accordingly, CCO will make fresh calculation in respect of Rohne coal block. In case of rest of the coal blocks, BG amount calculated by CCO was NIL since either 100% BG was linked to production or the delay was on the part of the Central/State Government and its agencies. In case of 1 coal block viz. New Patrapara, IMG observed that block was de-allocated on 23.11.2012 and in the de-allocation letter, it was mentioned to return the full BG amount. The prior allottees of New Patrapara coal block challenged de-allocation and the matter became sub-judice due to which the CCO did not return the BG to prior allottees. Now, consequent to de-allocation of 204 coal blocks including New Patrapara coal block by Hon'ble Supreme Court, the issue of challenge of de-allocation order of MoC by prior allottees has become redundant and CCO may return the BG of New Patrapara coal block to the party(ies) concerned.

8. The IMG recapitulated the common order dated 30.10.2014 passed by Hon'ble Delhi High Court wherein it was *inter alia* directed that decision taken by the Government would be communicated to the petitioners within a period of one week and in the event the Government decided to invoke the BG or pursue its encashment, Government would not do so for a further period of two weeks after communicating its decision to the petitioners, to enable the petitioners to take appropriate action in accordance with law. In view of the above, it was felt that the recommendations of IMG will be placed for approval of the Competent Authority, i.e. the Minister of State for Coal (I/c). Petitioners will be communicated the decision of BG deduction within one week after approval and BG shall not be encashed by the CCO for a further period of 2 weeks thereafter.

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

LIST OF PARTICIPANTS

31st MEETING OF THE INTER-MINISTERIAL GROUP (IMG) UNDER THE CHAIRMANSHIP OF ADDITIONAL SECRETARY (COAL) ON 07.07.2015 AT 11.00 HRS. TO REVIEW THE ISSUE OF BANK GUARANTEES OF PRIOR ALLOTTEE(S) WHERE COURT CASES HAVE BEEN FILED AT CIL OFFICE, CORE 6, 6TH FLOOR, SCOPE COMPLEX, LODHI ROAD, NEW DELHI-110003.

S. No.	Name & Designation	Ministry / Department	Contact No. & Email-Id
1.	Dr. A.K. Dubey, Addl. Secretary (Coal)	In the Chair	-
2.	Shri R.P. Gupta, JS	Ministry of Coal	9978406066 gupta102rp@yahoo.com
3.	Shri Vivek Bharadwaj, JS	Ministry of Coal	23383356
4.	Shri Anurag Kapil, Director (CA-I)	Ministry of Coal	23384594
5.	Shri Kingshuk Mukhopadhyay, OSD (Project), Coal Controller Organisation	Ministry of Coal	8420662441
6.	Shri R.K. Chopra, Director T/P&D	CMPDIL	09771474987 dirpandd@cmpdi.co.in
7.	Dr. R.S. Shrinet, Assistant Legal Adviser	M/o. Law & Justice, D/o. Legal Affairs	shrinet.dla@nic.in
8.	Dr. Mohan Chutani, Economic Adviser	D/o. Industrial Policy & Promotion	-
9.	Shri Nand Lal, Consultant	D/o. Industrial Policy & Promotion	23061085 nand.lal@nic.in

ANNEXURE-II

S. No.	Name of the Coal Block	Name of the Prior Allottee(s) (M/s)
1	Lalgarh North	Domco Private Limited
2	North Dhadu	Electrosteel Castings Limited, Pawanjay Steel & Power Limited, Jharkhand Ispat Pvt. Ltd., Adhunik Alloys and Power Ltd.
3	Dumri	Nilachal Iron & Power Generation, Bajrang Ispat Pvt. Ltd.
4	Radhikapur (East)	Tata Sponge Iron Ltd., Scaw Industries Ltd. and SPS Sponge Iron Ltd.
5	Jitpur	Jindal Steel & Power Ltd.
6	Durgapur-II/ Sariya	DB Power Ltd.
7	Seregarha	Arcelor Mittal India Ltd, GVK Power (Govindwal Sahib) Ltd.
8	Choritand Tailaya	Rungta Mines Limited, Sunflag Iron & Steel Ltd.
9	Gondkhari	Maharashtra Seamless Ltd., Dhariwal Infrastructure (P) Ltd., Kesoram Industries Ltd.
10	Bhaskarpara	Electrotherm (India) Limited, Grasim Industries Ltd.
11	Dahegaon Makardhokra IV	IST Steel & Power Ltd, Gujarat Ambuja Cements Ltd., Lafarge India Pvt. Ltd.
12	Gourangdih ABC	Himachal EMTA Power Corp. Ltd., JSW Steel Ltd.
13	Bijahan	Bhushan Ltd. and Shri Mahavir Ferro Alloys Pvt. Ltd.
14	Chitarpur	Corporate Ispat Alloys Ltd.
15	Semaria Piparia	Madhya Pradesh State Mining Corporation Ltd.
16	Baitarni West	Gujarat Power Corp. Ltd, Kerala State Electricity Board & Odisha Hydro Power Corp.
17	Utkal-A and Gopalprasad	Mahanadi Coalfields Ltd., JSW Steels Ltd./ Jindal Thermal Power Ltd., Jindal Stainless Steel Ltd., Shyam DRI Ltd.

S. No.	Name of the Coal Block	Name of the Prior Allottee(s) (M/s)
18	Moitra	Jayaswal Neco Ltd.
19	Patratu	Jharkhand State Mineral Development Corporation Ltd.
20	Rabodh	Jharkhand State Mineral Development Corporation Ltd.
21	Amarkonda Murgadangal	Jindal Steel & Power Ltd. & Gagan Sponge Iron Pvt. Ltd.
22	Kosar Dongergaon	Chaman Metaliks Ltd.
23	Gondulpara	Tenughat Vidyut Nigam Limited, Damodar Valley Corporation
24	Sitanala	Steel Authority of India Ltd.
25	Sitarampur	West Bengal Mineral Development Trading Corp.
26	Ramchandi Promotional	Jindal Steel & Power Limited
27-29	Brinda, Sesai & Meral	Abhijeet Infrastructure P. Ltd.
30-31	Chendipada I & Chendipada II	Uttar Pradesh Rajya Vidyut Utpadan Nigam Ltd., Chhattisgarh Mineral Development Corporation Limited, MAHAGENCO.

ANNEXURE-III

S. No.	Name of the Coal Block	Name of the Prior Allottee (M/s)
1.	Urtan North	Jindal Steel & Power Ltd. & Monnet Ispat & Energy Ltd.
2.	Bikram	Birla Corporation Ltd.
3	Khappa & Extn.	Sunflag Iron & Steel Ltd. & Dalmia Cement (Bharat) Ltd.

ANNEXURE-IV

S. No.	Name of the Coal Block	Name of the Prior Allottee(s) (M/s)
1	Rajgamar Dispside (South of Phulakdih Nala)	Monnet Ispat & Energy and Topworth Steel Ltd.
2	Radhikapur (West)	Rungta Mines Ltd., OCL India Ltd. and Ocean Ispat Ltd.
3	Biharinath	Bankura DRI Mining Manufacturers Co. Pvt. Ltd.
4	Sayang	AES Chhattisgarh Energy Pvt. Ltd.
5	New Patrapara	Bhushan Steel Limited, Adhunik Metaliks Ltd., Deepak Steel & Power Ltd., Adhunik Corporation Ltd., Orissa Sponge Iron Ltd., SMC Power Generation Ltd., Metaliks Ltd. Visa Steel Ltd.
6-7	Rampia & Rampia Dipside	Sterlite Energy Ltd., GMR Energy Ltd., Arcelor Mittal Ltd., Lanco Group Ltd., Navbharat Power Pvt. Ltd. and Reliance Energy Ltd.
8	Gare Palma IV/6	Jindal Steel & Power Ltd. & Nalwa Sponge Iron Ltd.
9	Fatehpur	SKS Ispat & Power Ltd. and Prakash Industries Ltd.
10	Madanpur North	Ultratech Ltd., Singhal Enterprises, Navbharat Coalfields Ltd., Vandana Energy & Steel Pvt. Ltd., Prakash Industries Ltd., Anjani Steel Pvt. Ltd., Sunflag Iron & Steel Ltd and Consortium of M/s. Ispat Godavari Ltd., Vandana Global Ltd., Ind-Agro Synergy Ltd., Bajrang Power & Ispat Ltd. and Nakoda Ispat Ltd.
11-12	Nakia I and Nakia II	Ispat Godavari Ltd., Ind-Agro Synergy Ltd., Nakoda Ispat Ltd., Vandana Global Ltd. & Shree Bajrang Power & Ispat Ltd.
13	Rohne	JSW Steel Ltd., Bhushan Power & Steel Ltd., Jai Balaji Industries Ltd.
14	Thesgora-B /Rudrapuri	Kamal Sponge Steel & Power Ltd. & Revati Cement Pvt. Ltd.
15	Moira Madhujore	Ramswarup Lohh Udyog Ltd., Adhunik Corporation Ltd., Uttam Galva Steels Ltd., Howrah Gases Ltd., Vikash Metals & Power Ltd. and ACC Cement Ltd.
