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No.CA-13016/6/2015-CA-I
Government of India
Ministry of Coal

New Delhi, dated 1st January, 2016

OFFICE MEMORANDUM

Sub: Minutes of 33rd Meeting of the Inter-Ministerial Group (IMG) under the Chairmanship of Additional Secretary (Coal) to review the issue of Bank Guarantee of prior allocatees of coal blocks - reg.

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In continuation to this Ministry's meeting notice of even number dated 16th November, 2015 on the above subject, the undersigned is directed to forward herewith the minutes of 33rd IMG meeting held on 03.12.2015 for information and necessary action.


11/1/2016

[**M. Rajkumar**]

Director & Member-Convener
Tele: 011-23384631

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, (**Attn: Dr. R.S. Shrinet, DLA**) Shastri Bhawan, New Delhi.
6. **Shri R.P. Gupta**, Joint Secretary, Ministry of Coal
7. **Shri Vivek Bharadwaj**, Joint Secretary, Ministry of Coal
8. **Shri Anjani Kumar**, Coal Controller, 1, Council House Street, Kolkata
9. **Ms. Sujata Prasad**, JS&FA, Ministry of Coal
10. **Shri D.N. Prasad**, Advisor (Projects), Ministry of Coal
11. **Shri A.K. Debnath**, CMD, CMPDIL, Gondwana Place, Kanke Road, Ranchi.
12. AM (Legal), Legal Cell, Ministry of Coal.

Copy to (for information):-

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

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

33rd MEETING OF THE INTER-MINISTERIAL GROUP (IMG) UNDER THE CHAIRMANSHIP OF ADDITIONAL SECRETARY (COAL) ON 03.12.2015 AT 11.00 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, Additional 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 gave its recommendation to the Government. The Government had accepted the said recommendations of IMG and accordingly orders had been issued. BG issue of remaining 50 coal blocks was to be reviewed in the present meeting. These 50 coal blocks included 2 coal blocks, viz. Kesla North and Warora, which were decided in the 30th IMG meeting to be dropped from the review but later on, it was decided by the Government that since there was no recommendation in respect of BG deduction by the IMG in its 23rd meeting, BG in respect of these 2 coal blocks would have to be reviewed by the IMG. These 50 cases have no court cases filed by the prior allottees against the Government. BG calculation details prepared by the CCO had been received which was placed before the IMG for its consideration. BG had been 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) has been proportionately calculated i.e. 10% deduction for delay of every 3 months against the weightage/marks given for the respective milestone.

2. The IMG considered the BG calculation details prepared by CCO. The IMG observed that there were 16 coal blocks where 100% of BG was linked to production.

- (a) Out of these 16 coal blocks, in case of 11 coal blocks, since the said blocks could not commence production before their cancellation by the Hon'ble Supreme Court, no BG amount was needed to be deducted. In this regard, the IMG perused the condition of BG mentioned in the allocation letters of the above-mentioned 11 coal blocks which is also enumerated below :-

“The progress of the mine will be monitored annually with respect to the approved mining plan, which will mention the zero date. In case of any lag in the production of coal, a percentage of the bank guarantee amount will be deduction for the year. This percentage will be equal to the percentage of deficit in production for the year with respect to the rated/peak capacity of the mine, e.g. , if rated/peak capacity is 100, production as per the approved mining plan for the relevant year is 50 and actual production is 35, then $(50 - 35)/100 \times 100 = 15\%$ will lead to deduction of 15% of the original bank guarantee amount for that year. Upon exhaustion of the Bank Guarantee amount, the block shall be liable for de-allocation/ cancellation of mining lease. M/s. [Allocatee(s)] shall ensure that the Bank Guarantee remains valid at all times till the mine reaches its rated capacity or till the Bank Guarantee is exhausted.”

In view of the above, the IMG recommended that BG determined to be deducted in respect of the above-mentioned 11 coal blocks [as given in **Annexure-II**] is NIL and hence the same be returned to respective prior allottee(s).

(b) 5 other coal blocks where production had started, would be dealt with in next meeting after calculations were done as per guidelines being prescribed for producing blocks in this meeting.

3. In respect of the remaining 34 coal blocks, 50% of BG was related to achievement of milestones stipulated for development of coal block and the rest 50% was related to production.

(a) The IMG observed that in case of 18 coal blocks [as given in **Annexure-III**], there was no delay attributable to the prior allottees in compliance of milestones stipulated for development of coal blocks; these were pending with Government agencies (Central or State Government). Hence in case of these 18 coal blocks, no BG amount was deductible. Accordingly, the IMG recommended that since the BG determined to be deducted in respect of the above-mentioned 18 coal blocks was NIL (as calculated by the CCO), the same be returned to respective prior allottee(s).

(b) In case of 9 coal blocks [as given in **Annexure-IV**], there was delay attributable to the prior allottees in compliance of milestones stipulated for development of coal blocks. The said coal blocks could not commence production till their cancellation and hence the BG determined to be deducted in respect of lag in production came to be NIL. However, in respect of delay in the achievement of milestones stipulated for development of coal block, 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. The IMG recommended that BG amount calculated by CCO in respect of these 9 coal blocks be invoked and the remaining BG, if any, be returned to prior allottee(s).

(c) Out of 7 remaining blocks, 4 blocks were under production and 3 blocks namely Urma Paharitola, Morga-III and Morga-IV are to be dealt with in the manner indicated in the next para.

4. In the light of the above, the IMG observed that 12 coal blocks remained : 5 coal blocks where 100% BG was production linked and 7 other coal blocks where 50% BG was milestones linked and 50% linked to production.

(a) The IMG further observed that out of the above-mentioned 12 coal blocks, there were 9 coal blocks from which production had already commenced, i.e. 5 coal blocks where 100% BG was linked to production [viz. Belgaon, Pachwara North, Parbatpur, Mandla North and Sial Ghogri] and 4 coal blocks where 50% BG was milestones linked and 50% production linked [viz. Parsa East, Kanta Basan, Bicharpur, and Ardhagram]. IMG recommended that in respect of the above-mentioned 9 coal blocks, 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 condition of the allocation letter of respective coal block. IMG also observed that the BG deductible for delay in achievement of milestones would be calculated as was 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, will 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 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.

CCO will adopt this uniform principle for determination of BG amount to be deducted for any lag in production.

(b) In respect of the remaining 3 cases of coal blocks out of the 12, the IMG observed as under :-

(i) Urma Paharitola coal 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; Governments of Bihar and Jharkhand could not finalize appointment of MDO for exploration of the block. IMG observed that it was not mandatory for the CMPDIL to carry out the exploration work in the said coal block and in spite of the fact that the block was allocated to PSUs of Jharkhand and Bihar States, but it could not be developed by the State Governments. This renders the proportionate BG amount to deduction. CCO will have to calculate BG as in other similar cases mentioned above.

(ii) In case of the other 2 coal blocks, viz. Morga III and Morga IV, IMG observed that the blocks could not be developed due to Go/No Go categorization by 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. Accordingly, CCO has to calculate BG in respect of these 2 coal blocks.

5. 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), if any. Chairman, IMG clarified that

any dues of prior allottees(s) towards Government may be recovered from the compensation to be paid for mine infrastructure.

6. CCO was directed to send calculation of BG deduction amount for the remaining 12 blocks as per guidelines of para 4 at the earliest so that these may be put up in the next and final IMG for the purpose.

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

LIST OF PARTICIPANTS

S. No.	Name & Designation	Ministry / Department / Organization / Company
1.	Dr. A.K. Dubey, Addl. Secretary (Coal)	In the Chair
2.	Shri R.P. Gupta, Joint Secretary	Ministry of Coal
3.	Shri Vivek Bharadwaj, Joint Secretary	Ministry of Coal
4.	Shri D.N. Prasad, Adviser (P)	Ministry of Coal
5.	Shri Anjani Kumar, Coal Controller	Ministry of Coal
6.	Shri M. Rajkumar, Director (CA-I), MoC	Member-Convener, IMG
7.	Shri Manvendra Goyal, Director	Ministry of Steel
8.	Shri Sunil Agarwal, Under Secretary	D/o. Industrial Policy & Promotion
9.	Shri Kingshuk Mukhopadhyay, OSD (Project), CCO, Kolkata	Coal Controller Organisation, Ministry of Coal

ANNEXURE-II

S. No	Name of the Coal Block	Name of Prior Allocatee Company(ies) (M/s.)
1-2	Kotre Basantpur & Pachmo	Tata Iron & Steel Company Ltd.
3	Lohari	Usha Martin
4	Talabira II & III	Mahanadi Coalfields Ltd., Neyveli Lignite Corporation and Hindalco Industries
5	Madanpur South	Hindustan Zinc Ltd., Akshay Investment (Pvt.) Ltd., Chhattisgarh Steel & Power Ltd., Chhattisgarh Electricity Corp. Ltd., MSP Steel & Power Ltd. and Consortium of M/s. Ispat Godavari Ltd., Vandana Global Ltd., Ind-Agro Synergy Ltd., Bajrang Power & Ispat Ltd. and Nakoda Ispat Ltd.
6	Gare Palma IV/8	Jayaswal Neco Ltd.
7	Mahan	Essar Power Ltd.
8	Bundu	Rungta Mines Ltd.
9	Chakla	Essar Power Generation Ltd.
10	Brahampuri	Pushp Steel & Mining Ltd.
11	Tubeid	Hindalco Industries Ltd. & Tata Power Ltd.

ANNEXURE-III

S. No	Name of the Coal Block	Name of Prior Allocatee Company(ies) (M/s.)
1	Saharpur Jamarpani	Damodar Valley Corporation
2-3	Manoharpur and Dipside of Manoharpur	Orissa Power Generation Corporation
4-5	Jaganathpur A and Jaganathpur B	West Bengal Mineral Development & Trading Corporation Ltd.
6-7	Sahapur East and Sahapur West	National Mineral Development Corporation
8	Ashok Karkatta	Essar Power Ltd.
9	Patal East	Bhushan Power & Steel Ltd.
10	Durgapur-II/Taraimar	BALCO
11	Lohara West & Lohara Extn.	Adani Power Ltd.
12	Mandakini-A	Monet Ispat and Energy Ltd, Jindal Photo Ltd. & Tata Power Company Ltd.
13	Fatehpur East	JLD Yavatmal Energy Ltd., R.K.M. Powergen Pvt. Ltd., Visa Power Ltd., Green Infrastructure Pvt. Ltd. & Vandana Vidyut Ltd.
14	Rajhara North [Central & Eastern]	Mukund Ltd. and Vini Iron & Steel Udyog Ltd.
15	Rajgamar Dipside (Daevanara)	API Ispat & Powertech Pvt. Ltd. and C.G. Sponge Manufacturing Consortium Coalfield Pvt. Ltd.
16	Vijay Central	Coal India Limited & SKS Ispat & Power Ltd.
17	Bander	AMR Iron & Steel Ltd., J.K. Cements Ltd., Century Textile & Industries Ltd.
18	Warora	Maharashtra State Mining Corporation Ltd.

ANNEXURE-IV

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	Sondhia	Chhattisgarh Mineral Development Corporation Ltd.	0.0228
2	Mahuagarhi	CESC Ltd. and JAS Infrastructure Capital Pvt. Ltd.	0.164
3	Jogeshwar & Khas Jogeshwar	Jharkhand State Mineral Development Corporation	0.39196
4	Tandsi-III & Tandsi III Extn.	Mideast Integrated Steels Ltd.	0.105245
5	Gare Palma Sector III	Goa Industrial Development Corporation	0.370855
6	Ganeshpur	Tata Steel Ltd. and Adhunik Thermal Energy Ltd.	0.3534
7	Mednirai	Rungta Mines Ltd. and Kohinoor Steel (P) Ltd.	0.418308
8	Andal East	Bhushan Steel Ltd., Jai Balaji Industries Ltd. & Rashmi Cement Ltd.	0.14112
9	Kesla North	Rathi Udyog Ltd.	0.0174
