

F.No. NA-110/6/2017-NA

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Government of India

Ministry of Coal

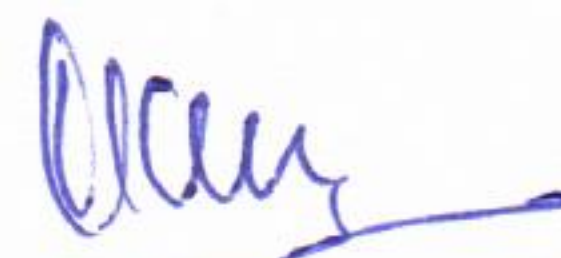
O/o Nominated Authority

131, Ground Floor, World Trade Centre, Babar Road,
New Delhi, dated the 27th November' 2017
28th

OFFICE MEMORANDUM

Subject: 3rd meeting of Scrutiny Committee to consider/examine the submissions/replies made by Successful Bidders/Allottees of the coal mines in respect of deviation from the scheduled production mentioned in the Mine Plan.

The undersigned is to refer to subject mentioned above and to forward herewith minutes (**Annexure-A**) of 3rd meeting of Scrutiny Committee held on 23.10.2017 at Shastri Bhawan, New Delhi for information and further necessary action, if any.



[N.K.Singh]

Deputy Secretary to the Government of India

Encl: As above.

To,

All the participants

Minutes of the 3rd meeting of the Scrutiny Committee, held on 23.10.2017 at Shastri Bhawan, New Delhi

The Deputy Secretary (NA) and Member Convener welcomed the members of the Scrutiny Committee and apprised the members that this meeting has been convened to consider/examine the cases involving deviation from scheduled production of coal as per Mine Plan in respect of 11 coal mines which are under production/have obtained mine opening permission. These 11 coal mines are Chotia, Gare Palma IV/4, Gare Palma IV/5, Kathautia, Parsa East &Kanta Basan, Sial Ghoghri, Belgaon, Marki Mangli-I, Talabira-I and Sarisatolli.

Show Cause Notices (SCNs) and replies received from the Successful Bidders/ Allottees (SB) were presented before the committee by M/s SBI Capital Markets Limited (Transaction Advisor) on a mine by mine basis and the representatives of the SB were requested to present their case before the Committee. Mine-wise discussions held are as under:-

I. Chotia Coal Mine, Chhattisgarh

Vesting Date: 01.04.2015

Successful Bidder: Bharat Aluminium Company Ltd. (BALCO)

Prior Allottee:Prakash Industries Ltd.

Issue	Scheduled Production	Actual Production	SB’s Representation																		
Deviation from Coal Production Schedule (SCN dated 03.07.2017)	FY16 – 1 MT FY17 – 1 MT	FY16 – 0.12 MT FY17 – 0.18 MT	1. Conflict between Mining Plan (MP) and Environmental Clearance (EC)																		
			Chotia comprises of two coal mines, Chotia I and Chotia II, which would be in their 10 th year of operation in FY16, as per the Mining Plan (2 nd Revision).																		
			<table><tr><th rowspan="2">Method</th><th colspan="2">Chotia-I</th><th colspan="2">Chotia-II</th></tr><tr><th>Mine Plan (2nd Revision)- 10thYr</th><th>EC</th><th>Mine Plan (2nd Revision)- 10thYr</th><th>EC</th></tr><tr><td>OC</td><td>0.12 MT</td><td rowspan="2">0.75 MT</td><td>0.5 MT</td><td>-</td></tr><tr><td>UG</td><td>0.38 MT</td><td>-</td><td>0.25 MT</td></tr></table>	Method	Chotia-I		Chotia-II		Mine Plan (2 nd Revision)- 10 th Yr	EC	Mine Plan (2 nd Revision)- 10 th Yr	EC	OC	0.12 MT	0.75 MT	0.5 MT	-	UG	0.38 MT	-	0.25 MT
			Method		Chotia-I		Chotia-II														
				Mine Plan (2 nd Revision)- 10 th Yr	EC	Mine Plan (2 nd Revision)- 10 th Yr	EC														
OC	0.12 MT	0.75 MT	0.5 MT	-																	
UG	0.38 MT		-	0.25 MT																	
As per the production schedule in the Mining Plan (2 nd Revision), 0.5 MT of coal reserves were to be extracted from Chotia-I (0.12 OC and 0.38 UG) in FY16. It was assessed by SB that 0.3 MT OC reserves are remaining in Chotial. SB had extracted 0.12 MT and 0.18 MT of these OC reserves in FY 16 and FY 17 respectively.																					
Lack of UG mine infrastructure by prior allottee: It was represented by SB that the prior allottee had not developed any mine infrastructure for underground mining and in absence of the same, underground																					

Issue	Scheduled Production	Actual Production	SB's Representation
			<p>production did not take place.</p> <p>Further, since the EC for Chotia II is for UG method whereas the mine plan is for extraction of coal by OC method, there is a conflict in the EC and mine plan and thus, SB could not produce coal from Chotia II.</p> <p>2. Third revision of mine plan SB had submitted the 3rd revision in mine plan to MoC on July 17, 2015 and the same was approved on March 11, 2016 wherein for the next 5 years production would mainly come from Chotia II OC mine (1 MT).</p> <p>3. Modification in EC SB had informed NA vide its letter dated Jan 21, 2016 about the conflict between EC and approved MP. It was clarified by NA vide its letter dated March 15, 2016 that EC shall prevail over MP. This meant that no mining could be done till amendment in the EC. SB had approached the MOEF&CC for amendment and expansion in EC of Chotia II from UG to OC cum UG vide its application dated August 12, 2015. Vide minutes of the meeting of EAC-thermal and coal mining projects dated October 8/9, 2015, SB was asked to approach MoEF&CC after approval of mining plan.</p> <p>EAC issued TOR for EC on 06.06.2016 and draft EIA/EMP report was submitted to Chhattisgarh Environment Conservation Board (CECB) on 09.02.2017. SB is awaiting EC from MOEF&CC. Production of coal can be resumed only after EC is received.</p> <p>Post receipt of EC, SB proposes to produce coal as per the revised Mine Plan, wherein 1MT coal would be extracted from Chotia-II mine per year for the next four years through OC method, till the time UG mining infrastructure is set up.</p> <p>Upon enquiry by the Scrutiny Committee about delay in submission of EIA/EMP report to CECB, it was stated by the SB that since the TOR was received in June, they could not collect data during the monsoon period and the same was collected October 2016 onwards, post which EIA/EMP was submitted in Feb 2017.</p> <p>4. Study on Fly Ash Dumping in the coal mine It was informed by the SB to the Scrutiny Committee members that SPCB had advised them to dump fly</p>

Issue	Scheduled Production	Actual Production	SB's Representation
			<p>ash in the coal mine. However, in April 2017, DGMS had directed the SB to stop dumping the fly ash in the mine and conduct a study for the same. Dumping could continue after such study.</p> <p>On account of this, SB had requested to withhold the public hearing till such time this study is completed. The results from the study, which was commissioned in March 2017 to NIT Raipur, would be available in a month's time.</p> <p>Upon enquiry by the Committee, it was informed by SB that dumping of fly ash in the mine was not stipulated in the earlier EC. However, the same was proposed by the SB in its revised mine plan and EC application.</p> <p>5. Delay in obtaining clearances</p> <p>It has been stated by SB that transfer of statutory license, permission etc by Central/ State Govt took more than 3 months and this delay was beyond the control of SB. All permissions were transferred by November 2015 and production commenced from November 23, 2015.</p>

Observations & Recommendations of the Scrutiny Committee:

- Committee observed that SB failed to achieve Production Rated Capacity(PRC) as per Mining Plan and as per Environment Clearance(EC) in FY16 & FY17.
- Committee further observed that the mines were auctioned on "As is where is" basis. Successful Bidder(SB) should have developed the Underground infrastructure concurrently with commencement of production from Open cast mine.
- It was further observed that since dumping of flyash was a part of revised mine plan and the proposed amendment in EC, SB should not have withheld the Public Hearing for EIA/EMP and rather should have obtained the modification in EC as per Mine Plan from MoEF&CC after expeditious public hearing. Delay in the same has resulted in loss of Coal Production from the block.
- SB was asked to submit documentary evidence in regard to revision of mining plan in the office of NA to substantiate its claim on this account.

II. Gare Palma IV/4, Chhattisgarh

Vesting Date: 01.04.2015

Successful Bidder:Hindalco Industries Ltd.

Prior Allottee:JayaswalNeco Industries

Issue	Scheduled Production	Actual Production	SB's Representation
Deviation	FY16 – 1MT	FY16 – 0.069MT	1. Delay in execution of Mining Lease

Issue	Scheduled Production	Actual Production	SB's Representation
from Coal Production Schedule (SCN dated 03.07.2017)			SB stated that the Mining Lease was applied for on 04.04.2015, the execution of the same was delayed. The mining lease was executed on 16.10.2015. Delay in execution of mining lease by the State Govt led to delay in grant of other clearances such as DGMS and CCO which had affected the timely production from the coal mine. SB commenced coal production on 03.12.2015 and the mine attained the PRC in FY17.

Observations & Recommendations of the Scrutiny Committee:

- i. Committee observed that SB failed to achieve Production Rated Capacity (PRC) as per Mining Plan and as per Environment Clearance (EC) in FY 2015-16.
- ii. It was stated by representative of Chhattisgarh Govt. that there was delay in execution of mining lease on account of stamp duty issue which were rectified post amendment in the Act.
- iii. SB was asked to submit documentary evidence in the office of NA to substantiate its claim in regard to delay in execution of mining lease on account of stamp duty issue to take further view based on merit of the case. However, further delay in obtaining clearance from DGMS & CCO cannot be considered and ~~would~~ **may** be attributed to SB only.

III. Gare Palma IV/5, Chhattisgarh

Vesting Date: 01.04.2015

Successful Bidder: Hindalco Industries Ltd.

Prior Allottee: Monnet Ispat & Energy Ltd.

Issue	Scheduled Production	Actual Production	SB's Representation
Deviation from Coal Production Schedule (SCN dated	FY16 – 1.1MT FY17 – 1.1MT	FY16 – Nil FY17 – 1.0MT	1. Delay in execution of Mining Lease SB stated that the Mining Lease was applied for on 04.04.2015, and the lease was executed on 20.10.2015. Delay in execution of mining lease by the State Govt led to delay in grant of other clearances such as DGMS and CCO which had affected the timely production from the coal

Issue	Scheduled Production	Actual Production	SB's Representation
03.07.2017)			<p>mine.</p> <p>2. Other Delays Approval for Disposal of Hazardous Waste received on 09.12.2015. Clearance from State Forest Department received on 17.02.2016. Working permission from Deputy Director, Mining Administration of the State Govt. was obtained on 21.03.2016. Mine commenced operations on 04.04.2016.</p> <p>3. Mismatch between EC and PRC as per Mine Plan It has been represented by SB that while EC for the mine is for 1MTPA, the PRC as per approved MP is 1.1MTPA. SB has adhered to the EC for coal production in FY17, producing 1MT coal and SB cannot exceed the coal production more than 1 MTPA due to statutory EC clearance.</p>

Observations & Recommendations of the Scrutiny Committee:

- I. Committee observed that for FY 2015-16, SB failed to achieve Production Rated Capacity (PRC) as per Mining Plan and as per Environment Clearance and 2016-17 in SB failed to achieve Production Rated Capacity (PRC) as per Mining Plan. SB claim for achieving PRC in FY 2016-2017 will be reviewed as per point no. III.
- II. The Scrutiny Committee observed that SB has failed to obtain EC from MoEF&CC as per mining plan. SB should consider ramping up the production of the mine to 1.1 MTPA as per the MP and to apply for a revision in EC for the same without further loss of time.
- III. SB was asked to submit documentary evidence in regard to disparity in mining plan and EC in the office of NA to substantiate its claim, if any, to take a further view on merit. However, further delay in obtaining disposal of hazardous waste, forestry clearance from State Forest Department and working permission from the state authority cannot be considered as these are the primary responsibility of SB and, hence, may be attributed to SB.

IV. Kathautia, Jharkhand

Vesting Date: 01.04.2015

Successful Bidder: Hindalco Industries Ltd.

Prior Allottee: Usha Martin Ltd.

Issue	Scheduled Production	Actual Production	SB's Representation
Deviation from Coal Production Schedule (SCN dated 03.07.2017)	FY16 – 0.8MT FY17 – 0.8MT	FY16 – Nil FY17 – Nil	<p>1. Delay in grant of Mining Lease It has been stated by SB that the Mining Lease was applied for on 16.04.2015 and granted on 27.07.2015. However, due to lack of clarity of the land schedule, financial assurance and other issues, there was a delay in execution of mining lease. Delay in execution of mining lease by the State Govt led to delay in grant of other clearances such as DGMS which had affected the timely production from the coal mine.</p> <p>2. Alleged discovery of Jungle Jhari Land It has been represented by SB that it received a letter dated 29.08.2015 from Deputy Commissioner, Palamau, stating that some land within the mining lease area is Jungle Jhari (Deemed Forest) Land. This was the first time that the issue relating to the Jungle Jhari came to light and was not there in the mine dossier or EC. SB followed up the issue with various bodies in the State and Central Governments. In its letter dated 19.10.2015 to Secretary, Revenue and Land Dept, GoJ, DC Palamu gave summary of deemed forest land. However, plot-wise details were not available without which further action could not be initiated. Upon receipt of plot-wise data, SB had submitted its observations on Nov 18, 2015 to DC Palamu and requested for correction in the data. The company received details regarding land schedule on 13.01.2016 and found that the same was incomplete. During the meeting dated Feb 3, 2016 chaired by Chief Secy, GoJ, it was informed that the revision survey and settlement is on verge of completion and shall be notified within two months. Revision Survey and Settlement Records - conducted by the Department of Registration, Revenue and Land Records, Jharkhand - notified on 04.07.2016, did not indicate any Jungle Jhari area in the mining land. Minor corrections were needed in a few areas indicated in the revised records. SB submitted Revised Land Schedule to the Divisional Forest Officer on 01.08.2016. Revised demand note for execution of mining lease was issued on 26.08.2016. However, the mining lease registration was delayed as the process for uploading plot</p>

Issue	Scheduled Production	Actual Production	SB's Representation
			<p>details was very slow and problems cropped up at sub-registrar's office. Mining Lease deed registered on 07.10.2016.</p> <p>3. Delay in issuance of Consent to Operate (CtO) Application to Jharkhand State Pollution Control Board (JSPCB) for transfer of Consent to Operate (CtO) was made on 13.04.2015. JSPCB conducted a site inspection on 06.06.2015, but no transfer of consent was made. The CtO expired on 31.12.2015. Subsequently JSPCB advised SB to file a fresh application, which was submitted on 23.08.2016. CtO was received on 18.10.2016.</p> <p>4. DGMS Permission Change of ownership notice form was submitted on 04.04.2015. Required other notices were submitted to DGMS during April-August 2015. On Oct 12, 2016, SB had applied to DGMS for transfer of earlier permissions and relaxations. However, after reviewing the status of the mine and application, DGMS decided to issue fresh permissions. As instructed by DGMS, an application for fresh permission was submitted in November 2016. Fresh application and thereafter permissions took time due to several queries raised by DGMS. It was obtained on Jan 30, 2017.</p> <p>CCO's permission for mine opening was granted on Feb 24, 2017 and coal production commenced on 25.02.2017. SB targets to attain the PRC in FY18.</p>

Observations & Recommendations of the Scrutiny Committee:

- i. Committee observed that SB failed to achieve Production Rated Capacity (PRC) as per Mining Plan and as per Environment Clearance (EC) in FY 2015-16 & 2016-17.
- ii. SB was asked to submit documentary evidence to substantiate its claim in regard to alleged discovery of *jungle jhari (deemed forest) land* and subsequent exemption from the same. However, further delay in obtaining clearance either from DGMS or CCO cannot be considered as these were the routine activities of SB and ~~would~~ **may** be attributed to SB only.

V. Parsa East & Kanta Basan, Chhattisgarh

Vesting Date: 01.04.2015

Successful Bidder: Rajasthan Rajya Vidyut Utpadan Nigam Limited (RRVUNL)

Prior Allottee: Rajasthan Rajya Vidyut Utpadan Nigam Limited (RRVUNL)

Issue	Scheduled Production	Actual Production	SB's Representation
Deviation from Coal Production Schedule (SCN dated 03.07.2017)	FY16 – 15MT FY17 – 15MT	FY16 – 6.21MT FY17 – 8.266MT	<p>1. Scheduled Production as per Mine Plan It has been submitted by SB that as per the MP, the scheduled production for FY16 is 10MT and not 15MT as communicated in the SCN.</p> <p>2. Lack of Railway Infrastructure SB has cited the lack of railway infrastructure at the mining site as the chief bottleneck for coal evacuation and in turn production of coal from the said mine. SB is setting up a 75km railway line to Surajpur for transfer of coal from the coal mine. By October 2015, 33 km of the line has been laid and the entire line will be completed by mid 2018. Upon enquiry by the Scrutiny Committee, it was informed by the SB that as per the original EC, the deadline for construction of railway siding was 2015 and the construction work commenced in FY12. However, this being a greenfield project, they were not aware of the topography and the construction schedule has been delayed on account of difficult topography.</p> <p>3. No-Entry Time on Roads In the absence of pit head railway siding, coal is being transported through trucks to the nearest railway sidings of Kamalpur (85 km) and Ramanujnagar (62 km) via local/village roads. No-Entry time has been imposed on these roads for 15 hours and 5.5 hours per day respectively by Collector, Surjuga and Collector, Surajpur, impacting the transfer of coal. Collector, Surguja has limited movement of coal to 550 trucks. It has also been represented by the SB that the road leading to Kamalpur and Ramanujnagar railway siding is deteriorating. While RRVUNL has been doing repair and maintenance work, the road had been damaged beyond repair and requires urgent upgradation and BT renewal work.</p> <p>4. Other Reasons SB additionally cited that a one month ban by the NGT on 23.04.2014 led the company to demobilize resources and manpower from the coal block, and re-mobilization of resources was slow, bringing down production. De-allocation of coal blocks by the Supreme Court led the company to ramp down production and stop fresh investments into the project.</p> <p>SB stated that the mine would achieve 10MT in FY17 and 15MT in FY18.</p>

Observations & Recommendations of the Scrutiny Committee:

- i. Committee observed that SB failed to achieve Production Rated Capacity (PRC) as per Mining Plan and as per Environment Clearance (EC) in FY 2015-16 and 2016-17.
- ii. It was observed by the Committee members that since RRVUNL is the prior allottee of the coal mine and the production plan was prepared by RRVUNL despite being aware of coal evacuation issues. The committee was of the view that setting up of evacuation infrastructure could have been started well in advance and should have been expedited avoiding delay. Hence, delay on account of setting up of evacuation information either through rail or road cannot be considered by the committee and should be attributed to the Allottee.
- iii. It was observed by the committee members that Allottee should pursue with the concerned authorities and may consider the construction of a new road on its own or undertake major repairs of existing roads.
- iv. The Allottee was asked to submit the documentary evidence in regard to NGT order and subsequent resumption of mining activity in the office of NA for consideration on Merit.

VI. SialGhoghri, Madhya Pradesh

Vesting Date: 01.04.2015

Successful Bidder: Reliance Cement Company Pvt. Ltd.

Prior Allottee: Prism Cement

Issue	Scheduled Production	Actual Production	SB's Representation
Deviation from Coal Production Schedule (SCN dated 03.07.2017)	FY16 – 0.3MT FY17 – 0.3MT	FY16 – Nil FY17 – 0.02479MT	1. Mine closure due to non-compliance of CMR 1957 by Prior Allottee It has been represented by SB that production was hampered due to contraventions of Coal Mines Regulations, 1957 by Prior Allottee, as a result of which DGMS, on 27.03.2015, had prohibited employment of persons in the mine due to safety reasons. The contraventions were rectified by SB and the prohibition was vacated by DGMS on 04.08.2016, after scrutiny and inspection of the mine. Due to prohibition order, no mining could take place in FY16 and the mining operations were withheld for the maximum period in the year FY17 due to prohibition order. 2. Non-systematic mine development by prior allottee

Issue	Scheduled Production	Actual Production	SB's Representation
			<p>It has been represented by the SB that the mine was not developed in a systemic manner by the prior allottee. 3rd mine entry was not commenced. Thus, production level proposed in the approved mine plan could never be achieved even by the prior allottee.</p> <p>Upon enquiry by the Committee members, it was informed by SB that the inclines developed by the prior allottee are neither in alignment nor proper gradient. Coal production is currently through LHF and due to haulage capacity constraints, they are unable to increase the number of rakes for tub mining.</p> <p>3. Revised Mine Plan</p> <p>SB proposed to revise the mine plan for certain deviations in the approved mine plan, primarily for the proposed production level. Revised mine plan cum mine closure plan was submitted to MoC on 16.12.2015. MoC did not process the application for approval of revised mine plan due to mismatch of block coordinates as given in the Vesting Order.</p> <p>Corrigendum to the vesting order was issued by NA on 20.02.2017. Upon receipt of bounding co-ordinates from CMPDIL, revised mine plan and mine closure plan shall be submitted to MoC. It has been mentioned by SB that delay in process of coal production is mainly on account of reasons beyond the control of SB.</p>

Observations & Recommendations of the Scrutiny Committee:

- i. Committee observed that SB failed to achieve Production Rated Capacity(PRC) as per Mining Plan and as per Environment Clearance(EC) in FY 2015-16 and 2016-17.
- ii. It was observed by the committee members that the SB is not facing any statutory bottleneck. The committee opined that there has been poor planning on the part of the SB to develop the mine and no investment has been made by the SB to improve the infrastructure and or for ramping up production. The SB could either set up a belt conveyor in the 2nd incline to ramp up production or increase the number of tubs at the mining site.
- iii. SB was asked to submit documentary evidence in regard to imposition of prohibitory order and its subsequent withdrawal by DGMS, as well as related to vesting order(s), in the office of NA to take a view on merit.

VII. Belgaon Coal Mine, Maharashtra

Vesting Date: 01.04.2015

Successful Bidder: Sunflag Iron & Steel Ltd

Prior Allottee: Sunflag Iron & Steel Ltd

Issue	Scheduled Production	Actual Production	SB's Representation
Deviation from Coal Production Schedule (SCN dated 03.07.2017)	FY16 – 0.27 MT FY17 – 0.27 MT	FY16 – 0.165 MT FY17 – 0.154 MT	<p>The SB is also the prior allottee of Belgaon coal mine.</p> <p>1. Lower production in FY 2010-11 mainly on account of geological disturbances It has been represented by SB that in 2009, it came across various acute geological disturbances in the southern part of the mine as well as shrinkage of the block boundary which had hampered coal production. Several geological faults were not mentioned in the geological report submitted by CMPDIL. As a result, the SB anticipated that it would not be able to achieve the production target and thus approached MoC for reduction in annual production target for FY 2010-11. MoC had reduced the production target from 0.19 MTPA to 0.13 MTPA for FY 2010-11.</p> <p>2. Lower production in FY 2013-14 In FY 2013-14, SB faced closure of mines by DGMS in order to obtain rescue cover stalling production for 45 days. Production was also hampered on account of illegal strikes.</p> <p>3. Submission of revised production schedule by SB to NA upon execution of CMDPA It has been represented by the SB that upon publication of Efficiency Parameters on Feb 18, 2015, SB had submitted a letter to NA expressing its concern regarding achievement of PRC in FY 2015. Further, after execution of CMDPA, SB vide its letter dated March 2, 2015 had reiterated its concern highlighting the issues faced by it in developing the mine due to prevailing geo-mining conditions and stated that SISL could not achieve the PRC during the period of previous allotment w.r.t approved mine plan, which were beyond its control. In the Commencement Plan, SB had submitted a revised production schedule for first 5 years i.e. FY 2015-16 to FY 2019-20. However, no response was received from MoC.</p> <p>4. Other issues faced after allocation of coal mine</p> <ul style="list-style-type: none"> Various faults have not been projected in the GR resulting in the SB facing unforeseen difficulties in excavating the mine. SB anticipates that such disturbances would continue for a long time in the coal mine. Since the production target stipulated in the MP was based on the CMPDIL GR, the same needs to be revised. In the past, south side panel were left out or were partially developed due to

Issue	Scheduled Production	Actual Production	SB's Representation
			<p>bad roof conditions. Accordingly, production could only be made with the development of north side panels where the conditions were not so adverse.</p> <ul style="list-style-type: none"> • As considerable development had already taken place on the northern side, leaving the southern side disproportionately undeveloped, DGMS was insisting for development of south side panels. SB had started concentrating on the same and have encountered adverse conditions as mentioned above. • Heavy inflow of water was encountered while working near the faults. In Feb 2015, two big roof falls were encountered in the mine resulting in heavy inrush of water with the dewatering process consuming 5 months till July 2015. • Monsoon caused approach roads to the mine to be flooded rendering the mine inaccessible and resulting in a dip in production. SB has stated that all these events were beyond its control and are force majeure in nature. <p>5. Submission of revised mine plan</p> <ul style="list-style-type: none"> • SB was required to submit a Mine Closure Plan to MoC in line with the approved Mine Plan. However, vide its letter dated May 23, 2016, it was highlighted by SB that it would not be possible to prepare a Mine Closure Plan without addressing the necessary deviations in the mine plan. SB had submitted a revised mine plan (1st revision) to MoC on May 23, 2016. • Vide its observation dated August 17, 2016, the Standing Committee had asked SB to seek clarification from NA in view of the fact that the scheduled production in the revised mine plan was lower than the approved mine plan. • SB had submitted a letter dated 20/28.09.2016 to NA apprising the issues faced in production of coal and reasons for lag in production in FY 2015-16 and requested NA to communicate its views to Standing Committee so that approval of revised mine plan may be expedited. • Vide its letter dated October 10, 2016, SB had requested the Standing Committee that till such time the views of NA are not received, it may be allowed to submit the revised mine plan and mine closure plan so that it may adhere to the timeline stipulated in Efficiency Parameters. • During the review meeting held on Dec 26, 2016, it was indicated by NA that this matter shall be examined in consultation with CMPDIL. • It has been represented by SB that the said issue continues to remain pending till date.

Issue	Scheduled Production	Actual Production	SB's Representation
			<p>6. Strike by Contractual Workmen SB has stated that contractual workmen working in the mine went on strike from 19.08.2016 demanding increase in wages as per the recommendations of High Powered Committee of CIL and the strike could only be called off on 04.11.2016 resulting in hampered production. During the meeting, it was represented by SB that this was an illegal strike and thus, a force majeure event which was beyond its control.</p> <p>7. Production as per Efficiency Parameters</p> <ul style="list-style-type: none"> • It has been stated by SB that in accordance with MoC's OM dated Aug 7, 2016, the rated capacity expected to be achieved has been modified to at least 80% of annual scheduled production. • In FY 2015-16, as per the revised mine plan, SB had proposed production of .17 MTPA. 80% of this is 0.136 MTPA whereas SB had achieved 0.165 MTPA in FY 2015-16. • In FY 2016-17, as per the revised mine plan, scheduled production is 0.19 MTPA. Taking 3 months loss of production and 80% of remaining, SB was required to produce 0.114 MTPA whereas it has produced 0.154 MTPA. <p>It has been submitted by SB that lag in production was on account of force majeure events which were beyond its control.</p>

Observations & Recommendations of the Scrutiny Committee:

- i. Committee observed that SB failed to achieve Production Rated Capacity(PRC) as per Mining Plan and as per Environment Clearance(EC) in FY 2015-16 and 2016-17.
- ii. It was observed by members of the Scrutiny Committee that shrinkage in block boundary does not impact the achievement of Production Rated Capacity.
- iii. Further, it was observed by the committee that as per clause 23.1 of the CMDPA, the workmen strike cannot be considered a force majeure because it solely affected the successful bidder and is attributable to successful bidder's such policies regarding labour, compensation or employment or labour related conditions. In the present instance, it appears that the SB alone was affected by this strike and may not be considered as a force majeure event as per CMDPA.

- iv. Since, SB insisted in revision of mining plan for FY 16 and FY 17, which was not accepted by competent authority, the committee did not find any merit in the reasons cited for non-achievement of production as per approved mining plan & environmental clearance, hence, committee recommends for necessary action as per CMDPA.

VIII. MarkiMangli – I, Maharashtra

Vesting Date: 30.09.2015

Successful Bidder:TopworthUrja& Metals Limited

Prior Allottee: B.S. Ispat Ltd

Issue	Scheduled Production	Actual Production	SB's Representation
Deviation from Coal Production Schedule (SCN dated 03.07.2017)	FY16 – 0.33MT FY17 – 0.33MT	FY16 – Nil FY17 – Nil	<p>Representatives of the SB did not attend the meeting. In its reply to SCN, SB had stated that as only 6 months were left in FY16 after issuance of Vesting Order, no production was envisaged in FY16.</p> <p>1. Delay in Approvals SB in reply to SCN had stated that clearances, permissions, approvals to be accorded by various State/ Central agencies were delayed leading to slippage of milestones and thus, the coal production started from 19.04.2017. Order for mining lease execution was awaited, post which field surveys were conducted to find deviations from Mining Plan. The grant of NOC for Forest Land took more than 8 months from Govt of Maharashtra and another 12 months were spent on NoC from Gram Panchayat. There were further delays in grant of mining lease, grant of CtO from SPCB, and opening permissions. Ground water clearance from CGWA took more than 15 months.NOC of ground water was transferred in name of SB by CGWA on 27.11.2015 which was valid up to 31.03.2016. Renewal application was filed on 14.03.2016 which was rejected by CGWB on account of non-compliance on the part of Prior Allottee. Fresh online application could only be made on 24.12.2016 and NoC was accorded on 05.04.2017. Working Permission from Collector, Yavatmal was applied on 13.02.2017 which was obtained on 18.04.2017 and coal production started from 19.04.2017.</p> <p>2. Actual coal production bypriorallottee It was been represented by SB that the prior allottee had never produced even 50% of the scheduled production and so immediate attainment of rated capacity was not</p>

Issue	Scheduled Production	Actual Production	SB's Representation
			<p>possible in the first year of production. The highest annual production achieved by the prior allottee was 80,700 tonnes.</p> <p>It has been stated by SB that they are trying to reach 0.23 MT of production in FY18 and subsequently attain PRC in FY 19.</p>

Observations & Recommendations of the Scrutiny Committee:

- i. Committee observed that SB failed to achieve Production Rated Capacity(PRC) as per Mining Plan and as per Environment Clearance(EC) in FY 2015-16 and 2016-17.
- ii. As representatives of the SB were not present in the meeting, the committee was of the view that a decision regarding the delay in achieving PRC and subsequent appropriation of Performance Security may be based on the reply to Show Cause Notice, as submitted by the SB.

IX. Talabira – I, Odisha

Vesting Date: 01.04.2015

Successful Bidder: GMR Energy Chhattisgarh Ltd

Prior Allottee: Hindalco Industries Ltd

Issue	Scheduled Production	Actual Production	SB's Representation
Deviation from Coal Production Schedule (SCN dated 03.07.2017)	FY16 – 3MT FY17 – 3MT	FY16 – 0.56MT FY17 – 0.151MT	<p>1. Delay in Forest Clearance SB stated that FC Stage II for 4.16 hectares was applied on 27.03.2015 which was granted on 27.11.2016 only, as the proposal forwarded by DFO Sambalpur was pending at DDM office for the grant of surface rights depriving the SB of 1.5MT of coal.</p> <p>2. Delay in Land Mutation SB raised the issue of mutation of DOWR land of 8 acres which is still pending. During the</p>

Issue	Scheduled Production	Actual Production	SB's Representation
			<p>meeting, it was informed by SB that they had met with Director, Mines & Geology, Govt of Odisha and the matter has been pending with them for 1.5 years. SB submitted that they had held a meeting with the Chief Secy, Govt of Odisha to discuss the issue.</p> <p>Further, it has been stated by the SB that despite repeated follow ups, mutation is pending for 11.47 acres private land (in patches) and transfer of lease for 73.81 acres of government land (in patches).</p> <p>All this has impacted production during FY 15-17 by ~2.76 MT and did not allow continuous mining operations.</p> <p>3.Other Issues</p> <p>SB has stated that during the course of mining operations it was realized that achieving PRC of 3 MTPA as per approved mine plan was not possible due to following reasons:</p> <ul style="list-style-type: none"> • Constricted working space: Pit configuration with steeping slopes limit the working space and deployment of HEMM thereby putting restrictions on the movement of mining equipment to ensure safe approach and mining, which gets compounded as mining is mostly focused on thinner seams. • Restricted dumping space: Unplanned dumping of OB by prior allottee beyond the land parcel of 30 ha earmarked for external dumping. Owing to the excessive land parcel of 40 ha being utilised for external dumping of overburden, SB is required to utilise the limited internal dumping space available thereby restricting the coal production. • Low extractable reserves: Significant quantity of mineable reserves of 0.87 MT which has been considered in the approved mine plan, requires re-handling of overburden dumped by prior allottee at a strip ratio of 1:16. Most of the area of the pit has extractable coal in thin seams as compared to coal from Rampur seam (thickest seam), which constitutes about 42% of extractable coal, has already been extracted by the prior allottee. • Reserves in the 4.16 ha forest land and DOWR land were scheduled to be worked upon as per the approved mine plan from FY16 onwards. The total reserve with low stripping ratio could not be extracted due to non-grant of necessary permission by the Govt and concerned authorities. <p>3. Revision in Mine Plan</p> <p>In view of the abovementioned factors, SB had submitted a revised Mine Plan with PRC of 2 MTPA with increased Mineable Reserve by 0.94 MT along with a Mine Closure Plan in Oct</p>

Issue	Scheduled Production	Actual Production	SB's Representation
			<p>2016. However, the revision was rejected by NA on July 6, 2017. It was represented by SB that as per CMDPA, mine plan may be revised for extraction of more coal as compared to existing mine plan. However, it has not been mentioned that the PRC cannot be revised downwards.</p> <p>It was further stated by the SB that the prior allottee had not achieve the PRC despite mining in the thickest seam.</p>

Observations & Recommendations of the Scrutiny Committee:

- i. Committee observed that SB failed to achieve Production Rated Capacity(PRC) as per Mining Plan and as per Environment Clearance(EC) in FY 2015-16 and 2016-17.
- ii. The committee having gone through the above facts opined that obtaining forestry clearance and mining lease was the prime responsibilities of SB who could not obtain the same in time. As such, delay on this account cannot be considered by this committee.
- iii. Since revised mining plan with downward revision of PRC has already been rejected by NA, the committee did not find any merit in the above case and thus recommends for action as per CMDPA.

X. Sarisatolli, West Bengal

Vesting Date: 01.04.2015

Successful Bidder: CESC Ltd

Prior Allottee: CESC Ltd

Issue	Scheduled Production	Actual Production	SB's Representation
Deviation from Coal Production Schedule (SCN dated 03.07.2017)	FY16 – 3.5MT FY17 – 3.5MT	FY16 – 1.877MT FY17 – 1.743MT	<p>It has been represented by SB that deviation and delay in coal production is on account of Force Majeure events and circumstances beyond the control of the SB. SB is also the prior allottee of the mine. SB had started mining operations and production of coal on April 10, 2015.</p> <p>1. Delay on account of grant of Explosive Licence to SB During 2015-16, the Explosive License in favour of Integrated Coal Mining Limited had expired and so the stock of explosives had to be emptied at the Mine Magazine, until grant of new license in May2016 post which production recommenced on 24.05.2016 causing 4 month delay. These factors coupled with other constraints led to lower production of 18.76 lacs in FY 2015-16.</p>

Issue	Scheduled Production	Actual Production	SB's Representation
			<p>2. Safety constraints on account of fire The incidents of fire were present at the mine since its inception, particularly at the old openings of galleries making the movement of vehicle and man in these areas highly risky (CIMFR had submitted a report in July 2011 highlighting problems faced in mining on account of fire). Previously, CESC had sought permission from Director of Mines Safety to work in the areas where fire existed. The said permission was granted in Oct 2010 and was valid for a period of 5 years. Vide its letter dated 28.08.2015, CESC had sought renewal of the aforesaid permission and it was renewed on Dec 10, 2015. The fire has spread over a bigger area close to the working areas of the coal mine and so working has been limited to prevent spreading of fire and destruction of coal and this has slowed down the operation of the mine.</p> <p>3. Khandeswar temple This temple lies in the mining boundary with constant influx of locals. Additionally, religious festivals also take place at this temple. During the meeting it was informed by SB, that it has constructed a new temple at another site. However, locals have refused to accept the new temple. Till such time the shifting of the temple is completed, SB is disabled from carrying on any mining activities in and around the concerned area.</p> <p>4. Shifting of District Board Road SB has submitted that the coal beneath a portion of the District Board Road passing from Kapista to Rasunur in Barabani Block is under fire and collapse/subsidence has taken place. This road is being used as thoroughfare by the villagers and structures such as water pipeline and HT electric line passing along the road are also in danger. This is creating obstacles for the SB in carrying out mining operations. SB is in process of shifting of power line/ water pipeline situated on the road. However, until the road itself is shifted, SB is disabled from excavating coal in the concerned area. WBSEDC and Office of Public Health Engineering Directorate are being contacted for the same.</p> <p>5. Presence of Jhama Coal Presence of Jhama coal in mine which is of no use in the end use plants of SB has blocked up extraction of coal and SB has regularly sought permissions from appropriate authorities for disposal of the same with the applications still pending.</p>

Observations & Recommendations of the Scrutiny Committee:

1. Committee observed that SB failed to achieve Production Rated Capacity(PRC) as per Mining Plan and as per Environment Clearance(EC) in FY 2015-16 and 2016-17.
2. The scrutiny committee was of the opinion that SB, being the prior allottee, was aware of the circumstances relating to explosive licence, location of the temple or extent & location the fire in the old openings/galleries of the mines before bidding for the mine, hence, non-achievement of PRCon theses accounts should be attributed to SB and, hence, committee recommends for necessary action as per CMDPA.

The meeting ended with vote of thanks to the Chair.

List of Participants is annexed as **Annexure-I**

A. List of participants from Scrutiny Committee

Sl.NO.	Name	Designation
1	Om Prakash	Professor, IIT, ISM, Dhanbad/Chairman
2	N K Singh	Deputy Secretary, Nominated Authority, Convener
3	A. K. Rana	GM, UMD, CMPDIL
4	Dr. Sujay Majumder	OSD, Coal Controller Organisation
5	Anurag Diwan	Joint Director, Government of Chhattishgarh
6	S.I. Minz	Director, Mines, Government of Jharkhand
7	Vineet Austin	DGM, Government of Madhya Pradesh
8	Anoop Mishra	Dy. Director, Government of Madhya Pradesh
9	S.N. Sahoo	Joint Director, Mines, Government of Odisha
11	Susheel Kumar	DGM, Government of Telangana

B. List of participants form Successful Bidders/Allottees/SBI Caps Ltd.

Sl.No.	Name	Designation	Company/organisation
1	Tuktuk Bansal	Associate Vice President	SBI Caps Limited
2	Anshu Kumar	Deputy Manager	SBI Caps Limited
3	S K Jain	AVP	Reliance Cements Corporation Pvt Ltd.
4	Rahul Bhatt	AVP	Reliance Cements Corporation Pvt Ltd.
5	Afroz Ali	Head-Mines	BALCO
6	Syed Md. Rafeek	Mining Engineer	BALCO
7	Pankaj Kapoor	Head Legal	BALCO
8	Vinod K Verma	VP- CA	Hindalco Industries Ltd.
9	P. Samanta	AVP	Hindalco Industries Ltd.
10	K.L. Meena	Addl. CE	RRVUNL
11	Hem Raj	XEN	RRVUNL
12	K. K. Singh	AVP	RRVUNL
13	S. Chaudhury	DGM	RRVNUL
14	S.K. Gupta	Dy. MD	Sunflag Iron & Steel Limited
15	Pawan Kumar	Sr. Manager	Sunflag Iron & Steel Limited
16	BCK Reddy	EVP	GMR Chhattishgarh Energy Limited
17	Karan Yambfm	Head Legal- Thermal	GMR Chhattishgarh Energy Limited
18	S. Ghosh	Vice President	CESC Ltd.
19	D.K. Dey	Sr. Manager (Energy)	CESC Ltd.

