

BY SPEED POST

No.13016/21/2008-CA-I  
Government of India  
Ministry of Coal

New Delhi, dated : 3<sup>rd</sup> May, 2016

**OFFICE MEMORANDUM**

Subject : Return of Bank Guarantee in respect of **Mandla North** coal block earlier allocated to M/s. Jaiprakash Associates Ltd.

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M/s Jaiprakash Associates Limited (JAL) were allocated Mandla North coal block for cements plants in the State of Madhya Pradesh & Himachal Pradesh vide allocation letter No.13011/11/2006-CA.I dated 17.9.2007 and a Performance Bank Guarantee was submitted in terms of the allocation letter for timely development and production of coal from the block. However, it was noticed that prior allottee, M/s JAL did not develop the block as per the timelines in terms of the allocation letter. Accordingly, a show cause notice was issued vide this Ministry's letter No.13016/17/2014-CA-I dated 16<sup>th</sup> January, 2015 to M/s JAL as to why the BG submitted with the Government should not be deducted for delay in development of coal block until the block was held by the company and for not adhering to the milestones chart prescribed for the block development. M/s JAL submitted their representation vide letter No.JAL/MN/2015 dated 04.02.2015. Their reply was considered in the 34<sup>th</sup> IMG meeting held on 08.01.2016. It was observed that in case of Mandla North coal block, 100% BG was linked to production and CCO has given the mine opening permission. The uniform principle adopted for determination of BG amount to be deducted for any lag in production is as follows:

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

*compensate the prior allottee(s) for any lag in production in previous or subsequent year(s) of production."*

2. The BG calculation details/sheet as per the above principle in respect of Mandla North coal block is enclosed at **Annexure**. The BG deduction amount accordingly comes to **NIL**.

3. Accordingly, CCO is directed to return the Bank Guarantee furnished by prior allottees of **Mandla North** coal block to prior allottee(s). Action taken report may be furnished to this Ministry at the earliest.

Encl: as above.



**[Rishan Ryntathieng]**

Under Secretary to the Government of India

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

Copy to :-

1. The Managing Director, M/s Jaiprakash Associates Ltd., JA House, 63, Basant Lok, Vasant Vihar, New Delhi-110057.
2. Nominated Authority, Ministry of Coal, World Trade Tower, Barakhamba Road, New Delhi.
3. The Director (Technical), NIC, Ministry of Coal for uploading this order in the Website of Ministry of Coal.

ANNEXURE

**BG Deduction Calculation**  
**Updated Status of Coal Block as on Sept 2014**

BG deduction calculation in respect of Mandla North coal block

1. Normative date of production: 17.03.2012
2. Date of granting opening permission: 30.08.2013
3. Date of commencement of production : Mining activities has been started on 20.04.2013
4. Amount of BG: Rs.2.98 crore

**5. BG condition: 100% linked to production**

As opening permission was granted on 30.08.2013, 2013-14 is considered as 1st year of production

YEAR	TARGET(in MT) as per MP	ACHIEVMENT(in MT)	PRC(in MT)	(%) BG deduction	Original BG amount(in crore)	Deductable amount(in crore)
	1=T	2=A	3=P	4=(T-A)/P*100	5=B	6=5x4/100
2013-14	0	0	1.5	0	2.98	0
2014-15	0	0	1.5	0	2.98	0
Total						0

Amount of BG deduction on production may be Nil



(RISHAN RYNTATHIANG)

Under Secretary to the Government of India