

**MINUTES OF THE 36<sup>TH</sup> MEETING OF THE SCREENING COMMITTEE HELD ON 7<sup>TH</sup>-8<sup>TH</sup> December, 2007, 7<sup>TH</sup>-8<sup>TH</sup> February, 2008 and 3<sup>RD</sup> JULY, 2008 IN NEW DELHI TO CONSIDER ALLOCATION OF 23 COAL BLOCKS EARMARKED FOR NON-POWER SECTOR**

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The 36<sup>th</sup> meeting of the Screening Committee for screening applications submitted by the applicants for allocation of coal blocks earmarked for allocation to specified end-uses other than power was held on the 7<sup>th</sup>-8<sup>th</sup> December, 2007 and 7<sup>th</sup> February, 2008. The Secretary (Coal) gave the background relating to advertisement issued and applications received for allocation of these blocks. It was informed to the members that in response to advertisement, total 674 applications were submitted by 184 companies for allocation of coal blocks earmarked for non-power sector. Some companies had applied for more than one block and some had submitted more than one application for a single block for different end-use plants located at different locations. The applications of the companies were sent to the Central Ministries of Steel, Commerce and Industry (Department of Industrial Policy and Promotion) etc. and the concerned States where the blocks are located and also to the States where the proposed end use projects are located, for their comments. He pointed out that in view of the large number of applications, it would be a strenuous exercise to screen the proposals and advised the members to take note of minute details of each application, for taking collective decision. He further drew the attention of the Committee members to the guidelines (which are displayed on the website of

the Ministry) on the matter of allocation of coal blocks notified along with the offer notice. It was also explained that the inter-se priority among the applicants for allocation of coal blocks is to be determined on the basis of the criteria of suitability of the block to the requirement of the end use plant, techno-economic viability of the project, level of progress in setting up of the end-use project by the applicants, track record and financial strength of the company, recommendations of the Administrative Ministry and the State Governments concerned etc. It was decided that all the applicants would be given an opportunity to present their case one by one and thereafter the Committee would discuss and make its recommendation in respect of each block. In case an applicant has applied for more than one block, he would make his presentation for all the applied blocks together.

2. Accordingly, the Committee screened the proposals of the applicants on three days i.e. on **7<sup>th</sup> and 8<sup>th</sup> December, 2007 and 7<sup>th</sup> February, 2008**. The applicant companies were invited in the alphabetical order to make their presentation with regards to information given in the application form and to clarify points, if any, raised by the members. The list of members of the Screening Committee that attended the meeting is placed at ***Annexure-I***. The list of the representatives of the applicant, companies that appeared before the Committee is given at ***Annexure-II***.

3. The Committee met again on **8th February, 2008** to finalise its recommendation. However, there were some differences of opinion among the Committee members with regard to accommodation of prospective allocatees in coal blocks based on mine capacity or minable reserves. Accordingly, a decision was

taken to get the mine capacity and reserves reassessed by CMPDIL. The report received from CMPDIL was circulated to the Members of the Committee for their comments. The members had taken note of the revised details of reserves etc. for giving their views.

4. The 23 coal blocks (4 coking and 19 non-coking) under consideration were – Urtan, Beharaband North Extn., Tandsi-III & Tandsi-III extn., Urtan North (coking blocks), Macherkunds, Rajhara North (Central & Eastern), Moira-Madhujoire (North & South), Datima, Bhaskarpara, Kudari, Bikram, Vijay Central, Rajgamar Dipside (South of Phulakdih Nala), Kesla North, Gondkhari, Kappa & Extn. Dahegaon-Makardhokra-IV, Bander, Hurilong, Hutar sector C, Rajgamar Dispside (Deavnara), Tehsgora-B/Rudrapuri and Andal East (Non coking blocks). The status of geological reserves of 23 blocks is given at **Annexure – III**. The mine capacities and extractable reserves of blocks are only tentative. Some blocks are either partially explored or only regionally explored. The share of quantities among the joint allocatees shall remain in the same proportion subsequent to exploration, formulation of GR and approval of mining plan.

5. The details of each applicant company in respect of core business, proposed capacity of end-use plant, location etc. as per the application forms are given at **Annexure - IV**.

6. Some of the companies did not appear for presentation despite the notices issued to them through individual letters, as well as through the Ministry's web-site. However, their

applications were also considered by the Screening Committee as per the information submitted by them in their application forms.

7. In the meeting of the Screening Committee convened on 3<sup>rd</sup> July, 2008, the Secretary (Coal) informed the members that there were a few issues which need to be brought to the notice of the Committee. They were as follows:-

- i) Representations were received from some companies, which were not able to present their case due to delay in receipt of notice. to be considered in the meeting. The following companies have made the representation:
  - o M/s Shanno Business
  - o M/s Shanti GD Ispat
  - o M/s Special Blasts Limited
  - o M/s Eastern Steel and Power Limited

Though the notices were issued individually and was also placed in the Ministry's Website, however, keeping in view the request made by the above companies, the information submitted by them was placed before the Screening Committee for consideration of their cases also, along with the others.

- ii) Modification in the boundaries of Moira Modhujore and Behraband North Extn. coal blocks offered for allocation;
- iii) SECL and CMPDIL have intimated that the reserves in the Kudri block have been exhausted. Therefore, it may not be considered for allocation.

The Screening Committee took note of the information submitted by the above companies for consideration and also change in the status of blocks offered for allocation.

8. (i) The Chairman then invited the Joint Secretary, Ministry of Steel to brief the members about the rationale followed by the Ministry of Steel for evaluating the applications relating to sponge iron, pig iron and steel projects. The Joint Secretary, MoS explained that the present capacity of steel production in the country is around 60 MT and the Ministry of Steel is projecting a capacity expansion of 6% to 7 % in the immediate future. Therefore, the blocks be allocated to those companies which are genuine, technically and financially sound to take up the project and where capacity addition is expected to be accomplished by the year 2010. These companies need to be encouraged with assured supply of coal as raw material and those who are not expected to set up the projected capacities based on their track record etc. should be discouraged. Allocation of coal block to smaller players though desirable, but keeping in view their technical and financial constraints, it would be difficult for them to get the block developed in a time bound manner. He suggested that the requirement of small producers, which are genuine, should be met through linkages granted from CIL subsidiaries. He further stated that priority for allocation of coking coal blocks may be determined in the following order:-

- I. To those companies which have integrated steel plants without any coking coal block;
- II. To those companies which are opting for blast furnace route, and the end use plants are likely to be commissioned by 2010;
- III. To those big companies, which are yet to commission their plants, but are opting for blast furnace route;

IV. Stand-alone pig iron producers supplying foundry grade pig iron may not be considered for coking coal blocks.

(ii) It was further suggested that for coking coal blocks, companies with minimum capacity of 0.5 MTPA and for non-coking coal blocks, DRI plants with minimum capacity of 0.3 mtpa be given priority. In view of scarcity of resource, it was suggested that ceiling of maximum end use plant capacity of 2 MTPA for coking coal blocks (coal requirement 2 MTPA) and 1.2 MTPA for non-coking coal blocks (coal requirement 1.96 MTPA) be imposed to ensure equitable distribution of resources. This has been arrived at by multiplying the minimum capacity by a factor of 4 (four) and keeping in view that maximum applicants have applied for plant capacities in the range of 0.3 – 1.0 MTPA (for DRI route) and 0.5 – 1.5 MTPA (for Blast Furnace route).

9. Representative of DIPP observed that since hardly any blocks were allocated to cement plants in the past this sector should get a higher share in this round, as large number of established companies have applied for coal blocks. He further advised that preference be accorded to cement plants with minimum capacity of 2 MTPA.

10. Chief Secretary Government of Chhattisgarh expressed the view that as per the past trends, major players have been getting the coal blocks but the smaller players are not getting coal blocks for the reason of smaller capacity and weaker financial strength compared to major players. For this reason, they are finding it difficult to compete with those bigger companies which are enjoying assured raw material at a lower cost from captive iron ore

and coal mines. Therefore he suggested that the interest of smaller players may be taken care of by allocating coal blocks to consortium formed by these companies. The representatives from the State Governments reiterated that location of end-use project within the coal bearing State and a Memorandum of Understanding (MOU) with that State Government should be the main consideration for allocation of coal blocks. The Chairman observed that while the views expressed by the State Governments would be given due weightage, these cannot be accepted as the sole basis or a mandatory qualifying prerequisite for allocation of coal blocks. This would not be in conformity with the guidelines laid down for allocation of coal blocks. There are many other factors which would have to be taken into account before the Screening Committee makes its recommendations. Coal is a national resource, and needs to be tapped optimally to sub-serve the economic interests of the whole country. However, he assured the representatives of the State Govts. that the Committee would take into consideration the interests of State Govts. as well.

11. The Screening Committee suggested that in case of allocation to consortium companies, it should be ensured that consortium is a well defined entity in terms of equity participation by the member units. It was, therefore, decided that thorough verification be made about the consortium in terms of number of participants, equity participation, end use capacity, coal requirement etc. before the allocation of coal block to a consortium company is made.

12. After detailed deliberations, the parameters suggested by the Ministry of Steel and Department of Industrial Policy and Promotion, were agreed to. It was also accepted that an upper cap on projected capacity should be placed in order to secure more equitable distribution of limited resources. Therefore, ceiling of 1.2 MTPA for DRI, 2 MTPA for steel and 4 MTPA for cement were agreed upon. It was also decided that in case companies have been allocated blocks in the past for the same project, then reserves allocated for such blocks may be adjusted while assessing the total requirement and share of coal of such companies.

13. The Screening Committee, thereafter, deliberated at length over the information furnished by the applicant companies in the application forms, during the presentations and subsequently. The Committee also took into consideration the views/comments of the Ministry of Steel, Department of Industrial Policy and Promotion, State Governments concerned, guidelines laid down for allocation of coal blocks, and other factors as mentioned in paragraphs 8 to 12 above. As regards inter-se distribution of shares among the joint allocattees, it was decided by the Committee that capacity of end-use projects shall be determined as follows:

- i) The capacity indicated in the application form;
- ii) The capacity indicated in the MoU entered into between the applicant company and the State Govt. concerned, wherever applicable;
- iii) The realistic capacity addition likely to materialize by the year 2010, as assessed by the nodal Ministry/Department concerned;

**Whichever is the lowest.**

14. Based on the data furnished by the applicants, and the feedback received from the State Governments, the Ministry of Steel and Department of Industrial Policy and Promotion, the Committee assessed the applications having regard to matters such as techno-economic feasibility of end-use project, status of preparedness to set up the end-use project, past track record in execution of projects, financial and technical capabilities of applicant companies, recommendations of the State Governments and the Administrative Ministries concerned etc. The Screening Committee, accordingly, decided to recommend for allocation of coal blocks in the manner as follows:

S. No	State	Name of the Block	Geological Reserves	Tentative Extractable Reserves	Mine Capacity	Name of Company	End Use Plant Capacity (in MTPA)	Location	Share
1	2	3	4	5	6	7	8	9	10
<b>BLOCKS EARMARKED FOR PIG IRON (Coking Coal )</b>									
1	MP	Urtan	55.391	18.97	0.6	1. Prakash Industries Ltd. 2. Bhushan Steel & Strips Ltd.	0.5 1.23	CH OR	16.01 39.38
2	MP	Beharaband North Extn	174.875	65	2	1. ESSAR Steel Ltd. 2. Ispat Industries Ltd 3. Mukund Ltd.* 4. IND Synergy Ltd.	1.6 3.6 0.47 0.9855	GJ MH KR MP	55.32 69.15 16.25 34.15
3	MP	Tandsi-III& Tandsi-III Extn	17.39	4.78	0.36	MESCO Steel (Mideast Integrated Steels Ltd.	1.42	OR	17.39
4	MP	Urtan North	59.823	17.68	0.6	1. Jindal Steel & Power Ltd. 2. Monnet Ispat & Energy Ltd.	10.55 1	JH,OR,CH CH	46.55 23.27

\* Coal allotted to M/s Mukund Ltd shall be used in their blast furnace at Hospet, which is used jointly with M/s Kalyani Steels Ltd.

**BLOCKS EARMARKED FOR OTHER END USES – NON COKING COAL**

1	Jharkhand	<u>Macherkunda</u>	23.862	3.26	0.18	Bihar Sponge Iron Ltd.	0.51	JH	23.86
2	Jharkhand	<u>Rajhara North (Central&amp;Eastern)</u>	17.09	14	0.75	1. Mukund Ltd	0.3	JH	10.05
		-				2. Vini Iron & Steel Udyog Ltd	0.21	JH	7.04
3	Jharkhand	<u>Hurilong</u>	84.33	17.48	0.6	1. Rungta Projects Ltd.	0.33	JH	25.77
4	Jharkhand	<u>Hutar sector C</u>				2. Contisteeel Ltd.	0.75	JH	58.56
5	Maharashtra	<u>Gondkhari</u>	98.717	30.02	0.96	1. Maharashtra Seamless Ltd.	0.3	MH	29.91
		-				2. Dariwal Infrastructures (P) Ltd.	0.24	MH	23.93
		-				3. Kesoram Industries Ltd.	9	KR	44.87
6	Maharashtra	<u>Khappa &amp; Extn.</u>	84.718	17.81	0.5	1. Sunflag Iron & Steel Co. Ltd.	1.5	MH	53.60
		-				2. Dalmia Cement (Bharat) Ltd.	15.5	TN, AP, KR	31.12
7	Maharashtra	<u>Dahegaon/Makardhokra-IV</u>	132	46.20	1	1. IST Steel & Power Ltd.	0.63	KR	70.74
		-				2. Gujrat Ambuja Cement Ltd.	2.85	MH	36
		-				3. Lafarge India Pvt. Ltd.	2	KR	25.26
8	Maharashtra	<u>Bander</u>	126.105	24.52	0.6	1. AMR Iron & Steel Pvt. Ltd.	0.3	MH	31.53
		-				2. Century Textiles & Ind. Ltd.	12.7	MH, WB	47.29
		-				3. J. K. Cement Ltd.	7.3	RJ, KR	47.29
9	MP	<u>Kudari</u>			-				
10	MP	<u>Bikram</u>	20.975	8.09	0.36	Birla Crporation Ltd.	11.8	MP, RJ, WB	20.98
11	MP	<u>Thesgora - B/ Rudrapuri</u>	45.04	5.51	0.3	1. Kamal Sponge Steel & Power Ltd.	0.6	MP	30.67
		-				2. Revati Cement Pvt. Ltd.	2.5	MP	14.37
12	Chhattisgarh	<u>Datima</u>	13.3	3.28	0.36	Binani Cement Ltd	4	RJ	13.3
13	Chhattisgarh	<u>Bhaskarpara</u>	46.91	18.74	0.64	1. Electrotherm (India) Ltd.	0.5	GJ	24.69
		-				2. Grasim Industries Ltd.	5.65	CH	22.22
14	Chhattisgarh	<u>Vijay Central</u>	56.751	36	1	1. Prakash Industries Ltd.	1.45	CH	2.7
		-				2. SKS Ispat & Power Ltd	0.585	CH	16.08

15	Chattisgarh	Rajgamar Dipside(South Of Phulakdih Nala)	51.697	11.64	0.3	1. Monnet Ispat & Energy Ltd.	0.7	CH	49.93
		-				2. Topworth Steel Pvt. Ltd.	0.165	CH	11.77
16	Chattisgarh	Kesla North	36.148	7.05	0.3	Rathi Udyog Ltd.	0.75	OR	23.17
17	Chattisgarh	Rajgamar Dipside(Deav nara)	78.463	20.09	0.4 5	1. API Ispat & Powertech Private Ltd. (Action Group)	0.42	CH	20.34
		-				2. C.G. Sponge Manufactures Consortium Coalfield Pvt. Ltd.	1.46	CH	58.12
18	WB	Moira- Madhujore North & South	385.39 4	275	2	1. Ramsarup Lohh Udyog Ltd.	0.15	WB	32.85
		-				2. Adhunik Corporation Ltd.	0.6	WB	131.3 9
		-				3. Uttam Galva Steels Ltd.	0.9	OR	197.0 8
		-				4. Howrah Gases Ltd.	0.3	WB	65.69
		-				5. Vikash Metal & Power Ltd	0.73	BH	159.8 5
		-				6. ACC Ltd.	7.02	KR	98.54
19	WB	*Andal East	700	190	2	1. Bhushan Steel & Strips Ltd.	2	WB	237.2 3
		-				2. Jai Balaji Sponge Ltd.	4.935	WB	229.5 0
		-				3. Rashmi cement Ltd.	1.18	WB	233.2 7

14. A signed copy of the recommendations of the Screening Committee is placed at '**Annexure-V**'.

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

