

AUCTION OF COAL MINES FOR SALE OF COAL

(18TH TRANCHE OF AUCTION UNDER THE COAL MINES (SPECIAL PROVISIONS) ACT, 2015)

(8th TRANCHE OF AUCTION UNDER THE MINES AND MINERAL (DEVELOPMENT AND REGULATIONS) ACT,
1957)

Suggestions

Pursuant to Standard Tender Document dated November 15, 2023

January 03, 2024

Nominated Authority

Ministry of Coal, Government of India

A. Suggestions

Sl. No.	Query	Response
1.	<p>Clause 3.2 – Tender Document</p> <p>a. Tender fee charges should not be levied for the coal blocks which prospective bidders have already purchased at the time of auction process under rolling auction or under second attempt of coal blocks auction process.</p>	<p>a. A non-refundable fee of Rs. 5 Lakh has been kept for participation in the tender process so as to ensure only serious bidders participate in the tender process and submit their bids. Therefore, the same may be retained.</p>
2.	<p>Clause 3.3.2 (b) – Ranking and Qualification</p> <p>a. In case of single bids, the auction process should be concluded in the 1st attempt itself at the revenue share of Initial Offer + 0.5%.</p> <p>b. Coal blocks which receive single bid should be allotted in 1st round only & process of 2nd round of auction should be abolished (as there is no Qualification Criteria for bidding i.e., prior experience in mining or any financial credentials)</p> <p>c. The provision should be deleted and all the parties should be allowed to participate in electronic auction</p>	<p>a & b. As per the approved methodology for auction of coal mines, in case of less than 2 Technically Qualified Bidders, the auction process for the coal mines shall be annulled and the second attempt of auction of coal mines will be launched with the same set of terms and conditions. In case the Ministry of Coal decide to permit the same, the approval of the cabinet shall be required.</p> <p>c. The ranking and elimination process for bidders in the auction process has been kept so as to ensure competition and that the bidders submit the high Initial Offers and mine can fetch fair % of revenue share in the auctions. Hence, the same may be retained.</p>
3.	<p>Clause 3.3.2 (f) - Issue of order providing exception to Section 6(1)(b) of the MMDR Act</p>	<p>Noted. The matter will be examined.</p>

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	MoC should give upfront relaxation under Section 6 (1) (b) of MMDR Act of 1957, if the vested mining area exceeds 10SqKM in one state for one mining company.	
4.	<p>Clause 3.12 - Incentive for Coal Gasification or Coal Liquefaction</p> <p>We request you to kindly review the above process for accounting the quantity of coal allocated for the process of coal gasification and also consider coal requirement to support ancillary units like Coal Washeries, Process Boiler, Oxygen Plant, Power Generation for captive use etc, without which the gasification plant cannot function. As Gasification plant will not function without the ancilliaries units.</p>	As per Clause 3.12 of the Tender Document.
5.	<p>Clause 5.2 - Change in control and transfer</p> <p>a. MoC should allow transfer of coal block within same group companies even within the lock-in period as same is not impacting overall ownership of the coal block</p>	Noted. Ministry may explore such change in control and transfer under the relevant provisions of law.
6.	<p>Clause 7 - Performance Security</p> <p>a. MoC has provided relaxation in submission of performance guarantee for coal block allottees of 5th/6th round of commercial coal block auctions and upcoming coal block auctions. This provision of submission of revised Performance Security should be provided to all commercial coal block allottees of previous tranches also.</p> <p>b. Performance Security (PS) should be capped similar to Upfront Amount. For Fully Explored Mine, the Performance Security shall be an amount which is 65% of aggregate of: (a) one year royalty computed on the basis of peak rated capacity of the Coal Mine as per the approved Mining Plan and (b) one year revenue (in accordance with Clause 9.1.1) subject to a maximum capping of INR 250 Crore, ...</p>	<p>a. The relaxation in submission of revised Performance Security shall not be allowed to the successful bidders of the earlier tranches.</p> <p>b. Performance Security shall be as per clause 7 of the Standard Tender Document.</p>
7.	Auction Process:	

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	<p>a. The bidders should be allowed to do Proxy bidding, in which automatic bidding for the online auction process can be done where bidder could set the maximum bid for himself and allowing himself to further increase/give up once that % is reached. Provision for Proxy bidding will help bidders in mitigating issues like hanging of server / system, error in number / password entering etc.</p> <p>b. In the auction process instead of entering the revenue share %, a drop-down menu of % increment on the current bid can be provided. This will help to minimize the chance of error inputs as bid %.</p>	<p>Noted. The proxy bidding may be permitted by the competent authority.</p> <p>However, the drop-down menu for % increment is not required since it will limit the increment values only to the increments provided in the drop-down whereas, as per the current auction process, the bidder can quote any % revenue share during the e-auctions.</p>
8.	<p>GST Cess:</p> <p>a. GST Compensation Cess of Rs 400/T applicable on coal sale shall be waived for the coal quantity used for coal gasification or coal liquefaction.</p>	<p>Noted. Ministry may explore the waiving of GST compensation cess under the relevant provisions of law.</p>
9.	<p>National Coal Index:</p> <p>Abnormal price of G-16 grade as per the NCI data released by MoC. The NCI price of G16 grade has not changed since Aug'2022 because of its zero production. Therefore the price of G16 is stagnant since then at INR 4591 although the prices of other grades have changed.</p> <p>The price does not reflect the rationale value of the Coal as it more than present price of G-7 grade. There should not be a variation of more than 5% preceding and subsequent grades.</p>	<p>The prices of all the grades of coal shall be as per the National Coal Index.</p>
10.	<p>Stamp Duty:</p> <p>a. Government should take initiative for Rationalization of Stamp Duty which ultimately will benefit various stakeholders. Further in case current allocattee exit the coal blocks by transferring to new allocattee after signing of mining lease, new allocattee should not be levied with stamp duty of mining lease once again as already stamp duty on mining lease has been paid. Or simply mine lease should be transferred without paying the stamp duty again in case lease period has not ended.</p>	<p>a. Standardising Stamp duty is a policy level issue and is being governed as per the Indian Stamps Act. However, Ministry of Coal may explore the possibilities in consultation with the states.</p>

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11.	Surface Features: Request for removal/diversion of GAIL Gas Pipeline from Talcher Coal field area Coal Mines.	The matter will be taken up with GAIL for diversion of pipeline to have minimum disturbance to the coal mining.