

BY SPEED POST/E-MAIL

No.13016/34/2004-CA/CA-I [Vol.II]

Government of India

Ministry of Coal

Shastri Bhawan, New Delhi

Dated : the 3rd May, 2016

OFFICE MEMORANDUM

Subject : Invocation of Bank Guarantee in respect of Parbatpur coal block earlier allocated to M/s Electrosteel Castings Limited.

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M/s. Electrosteel Castings Limited were allocated Parbatpur coal block for proposed power projects in the State of West Bengal and Andhra Pradesh vide allocation letter No.13016/34/2004-CA-I dated 7th July, 2005 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. Electrosteel Castings Limited 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 16th January, 2015 to M/s. Electrosteel Castings Limited 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 milestone chart prescribed for the block development. M/s. Electrosteel Castings Limited submitted their representation vide letter No.ECL/MINES/P2(D)/625/14-15 dated 19.01.2015. Their reply was considered in the 34th IMG meeting held on 08.01.2016. It was observed that in case of Parbatpur (Central) coal block, 100% BG was linked to production and the mine opening permission was granted by CCO and hence, BG amount must be deducted for any lag in production. 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."

2. The BG calculation details/sheet as per the above principle in respect of Parbatpur coal block is enclosed at **Annexure**. The BG deduction amount accordingly comes to Rs.9.2 Crores.

3. Accordingly, CCO is directed to invoke Rs.9.2 Crores from the Bank Guarantee furnished by prior allottees of Parbatpur coal block and deposit the same in the relevant Government Account. The remaining BG, if any, be returned to prior allottee(s). Action taken report may be furnished to this Ministry at the earliest.

Encl: as above



[RISHAN RYNTATHIANG]

Under Secretary to the Government of India

Tel : 23073936

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

Copy to :-

1. The Secretary, Ministry of Steel, Udyog Bhawan, New Delhi.
2. The Chariman-cum-Managing Director, M/s. Electrosteel Castings Limited, G.K.Tower, 19, Camac Street, Kolkata 700 017.
3. The Nominated Authority, Ministry of Coal, World Trade Tower, Barakhamba Road, New Delhi [with the request to adjust the amount of BG from the compensation to be paid to the prior allottees as per CM(SP) Act, 2015 and Rules framed thereunder, in case of non-validity/lapse of Bank Guarantee.]
4. The Director [Technical], NIC, Ministry of Coal for uploading this letter on the web-site of Ministry of Coal.

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

BG deduction calculation in respect of Parbatpur Central coal block

1. Normative date of production: 07.07.2009
2. Date of granting opening permission: 28.02.2008
3. Date of commencement of production : Dec,2008
4. Amount of BG: Rs.23 crore
5. **BG condition: 100% linked to production**

YEAR	TARGET(in MT) 1=T	ACHIEVMENT(in MT) 2=A	PRC(in MT) 3=P	(%) BG deduction 4=(T-A)/P*100	Original BG amount(in crore) 5=B	Deductable amount(in crore) 6=5x4/100
2008-09	0	0.013	1.24	-1.048387097	23	-0.241129032
2009-10	0.05	0.055	1.24	-0.403225806	23	-0.092741935
2010-11	0.15	0.034	1.24	9.35483871	23	2.151612903
2011-12	0.24	0.106	1.24	10.80645161	23	2.485483871
2012-13	0.25	0.099	1.24	12.17741935	23	2.800806452
2013-14	0.27	0.461	1.24	-15.40322581	23	-3.542741935
2014-15	0.74	0.436	1.24	24.51612903	23	5.638709677
Total						9.2

Amount of BG deduction may be Rs. 9.2 crore



(RISHAN RYNTATHIANG)

Under Secretary to the Government of India