

BY SPEED POST

No.13016/74/2006-CA-I[Vol.II]
Government of India
Ministry of Coal

New Delhi, dated : 3rd May, 2016

OFFICE MEMORANDUM

Subject : Invocation of Bank Guarantee in respect of **Parsa East & Kanta Basan** coal blocks earlier allocated to M/s Rajasthan Rajya Vidyut Utpadan Nigam Ltd.

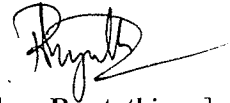
M/s Rajasthan Rajya Vidyut Utpadan Nigam Limited (RRVUNL) were allocated Parsa East and Kanta Basan coal blocks for power projects in the State of Rajasthan vide allocation letter No.13016/74/2006-CA.I dated 25th June, 2007 and a Performance Bank Guarantee was submitted in terms of the allocation letter for timely development and production of coal from the block. However, it was noticed that prior allottee, M/s RRVUNL 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 RRVUNL 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 RRVUNL submitted their representation vide letter No.RVUN/CE(Fuel)/SE(Fuel-II)/D.171 dated 05.02.2015. Their reply was considered in the 34th IMG meeting held on 08.01.2016. It was observed that in case of Parsa East and Kanta Basan coal blocks, 50% BG was linked to milestones and 50% BG was linked to production and CCO has granted 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 Parsa East and Kanta Basan coal blocks is enclosed at **Annexure**. The BG deduction amount accordingly comes to **Rs.16.48452 Crores** .

3. Accordingly, CCO is directed to invoke **Rs.16.48452 Crores** from the Bank Guarantee furnished by prior allottees of **Parsa East and Kanta Basan** coal blocks 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 Ryntathi]

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 Rajasthan Rajya Vidyut Utpadan Nigam Ltd., Vidyut Bhavan, Janpath, Jyoti Nagar, Jaipur-302005.

2. Nominated Authority, Ministry of Coal, World Trade Tower, Barakhamba Road, New Delhi [with the direction to adjust the amount of BG from the compensation to be paid to the prior allottees as per provisions of CM(SP) Act, 2015 and Rules made thereunder, in case of non-validity/lapse of BG].

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

1. Name of Company :- M/s Rajasthan Rajya Vidyut Utpadan Nigam Ltd
2. Name of Coal Block :- Parsa East & Kanta Basan (Regionally Explored)
3. Date of Allocation :- 25.6.2007
4. Location :- Mand Raigarh
5. Total investment(Project cost) :- Not available
6. Investment Made : (3/2013) :- Rs.520 Cr. (as per status report)
7. Reserve (Mill tonnes) :- Geological:-532.86 MT
8. Grade of coal :- F
9. Yearly rated capacity (MTPA) :- 10 MTPA
10. Cost of GR :- Self Explored
11. BG Amount :- Rs.46.8 Cr. valid up to 30.12.2015
12. Explored/Un explored :- Explored
13. Zero Date :- 25.9.2009 (Date of GR completion)
14. Types of mine (OC/UG/MIX) :- Open cast
15. Type of EUP :- Power Utility
16. Location of Project :- Rajasthan
17. Capacity of Project :- Chabra Phase-II 500 MW and 1000 MW Kalisind TPP at Jhalawar

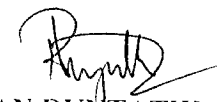
1. **Previous Recommendation, if any-** In the review meeting held on 11/12.1.2012 at MOC under the Chairmanship of Additional Secretary (Coal), it was decided that production from the few coal blocks will be started in the year 2011-12 or the near future as per the indicated schedule. It is the recommendation of the committee that the allocates of these coal be advised to start mining/coal production in 2011-12 or as per the indicated schedule of production failing which appropriate action will be initiated.

(ii) **The block has not been reviewed by the IMG review committee.**

Details of milestone to be achieved and time lapsed against each milestone are as under:-

Mile Stones	Schedule date of Completion	Actual date of Completion	Slippage in YY/MM	Remarks (As per status report)
Purchase of GR	25.9.2009 (27 Months)	24.02.2008	-	Self Explored
Submission of Bank Guarantee	25.9.2007	10.09.2007	-	
Mining Lease Application	25.12.2009 (3 Months)	06.09.2010	8 months 20% deduction	

Submission of Mining Plan	25.3.2010 (6 months)	24.04.2009	-	
Approval of Mining Plan	25.5.2010 (8 Months)	16.07.2009 (10 MTPA) 19.11.2013 (15 MTPA)	-	
Application of Previous approval	25.7.2010 (10Months)	09.12.2010	4 months	Delay at State Govt level
Granting of Previous approval	25.8.2010 (11 Months)	07.04.2011	7 months	Delay at Govt. level
Application of Forest clearance	25.9.2010 (12 Months)	02.03.2011	5 months 10% deduction	
Grant of Forest Clearance	25.3.2011 (18 Months)	15.03.2012	11 months	Delay at Govt. level
Application EMP Clearance	25.9.2010 (12 Months)	29.12.2007	-	
Grant of EMP Clearance	25.3.2011 (18 Months)	21.12.2011	8 months	Delay at Govt. level
Grant of Mining Lease	25.9.2011 (24 Months)	26.05.2012	8 months	Delay at Govt. level
Application of Land Acquisition	25.4.2011 (19 Months)	12.01.2009	-	
Completion of Land Acquisition	25.9.2012 (36 Months)	March, 2012	-	Total land: 2711 Ha. Forestland: 1898.32 Ha Pvt land: 702.16 Ha.
Application for opening permission	25.1.2013 (40 Months)	21.02.2012	-	
Grant of Opening permission	25.2.2013 (41 Months)	05.10.2012	-	
Production	25.3.2013 (42 Months)	28.02.2013	OC mine with Forest land.	Coal Production started since 28.2.2013.



(RISHAN RYNTATHIANG)

Under Secretary to the Government of India

Calculation of Deduction of BG

BG deduction calculation in respect of Parsa East & Kanta Basan coal block

1. Normative date of production: 25.03.2013
2. Date of granting opening permission: 05.10.2012 (Schedule date 25.02.2013)
3. Date of commencement of production : 28.02.2013
4. Amount of BG: Rs.46.8 crore
- 5. BG condition: 50% linked to production & remaining 50% linked to achievement of milestones**
As opening permission was granted on 05.10.2012, 2012-13 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)(50% of Total BG)	Deductable amount(in crore)
	1=T	2=A	3=P	4=(T-A)/P*100	5=B	6=5x4/100
2012-13*	0.167	0.293	15	-0.84	23.4	-0.19656
2013-14	5	1.197	15	25.35333333	23.4	5.93268
2014-15	10	3.44	15	43.73333333	23.4	10.2336
Total						15.96972

* Target of 2012-13 is taken on pro-rata of 2 MTPA (For 1 month only)

Amount of BG deduction on production may be Rs. 15.96972 crore
50% BG related to lagging of achievement of mile stone i.e. 50% of Rs. 46.8 Cr =23.4 Cr.

BG deduction on the basis of achievement of Milestone

Sl No.	Mile Stones	Weight (in %)	Actual Status	Marks obtained	Remarks
1	Purchase of GR	5	Completed	5	
2	Submission of Bank Guarantee	8	Completed	8	
3	Mining Lease Application	7	Completed	5.6	
4	Submission of Mining Plan	10	Completed	10	
5	Approval of Mining Plan	10	Completed	10	
6	Application of Previous approval	6	Completed	6	
7	Granting of Previous approval	5	Completed	5	
8	Application of Forest clearance	8	Completed	7.2	
9	Grant of Forest Clearance	5	Completed	5	
10	Application EMP Clearance	8	Completed	8	
11	Grant of EMP Clearance	5	Completed	5	
12	Grant of Mining Lease	5	Completed	5	
13	Application of Land Acquisition	8	Completed	8	
14	Completion of Land Acquisition	4	Completed	4	
15	Application for opening permission	2	Completed	2	
16	Grant of Opening permission	2	Completed	2	
17	Production	2	Completed	2	
	TOTAL	100		97.8	

Total Bank Guarantee amount: Rs. 46.8 Cr.

A= 50% of BG =23.4 Cr.

Score obtained for achieving of mile stone = 97.8 %

B=Score obtained for not achieving of mile stone = (100-97.8) =2.2%

BG to be deducted for not achieving Milestones = A x B = 23.4 x 2.2%= Rs. 0.5148 Cr.

Total amount of BG to be deducted on (production lagging + Milestones slippage) = (15.96972 + 0.5148) = Rs. 16.48452 Cr.



(RISHAN RYNTATHIANG)

Under Secretary to the Government of India