

Year End Review 2017 In Respect of Ministry of Coal

Production of raw coal touched 396.53 MT. (April-November, 2017-18) compared to 388.68 MT during corresponding period 2016-17. Coal production and coal off take of Coal India Limited was 329.30 MT and 367.90 MT respectively during April-November, 2017-18 period.

Transparent coal allocation policy for power sector - SHAKTI issued in May, 2017.

Third party sampling procedure put in place to address concerns of Grade slippage and other quality issues of coal consumers.

Flexibility provided in utilization of coal for optimum utilization of coal mines under Coal Mines (Special Provisions) Act, 2015.

Coal Block Allocation Rules, 2017 notified repealing Auction by Competitive Bidding of Coal Mines Rules, 2012.

Inter-company Safety audit of all 366 operative mines of Coal India Limited completed.

8.21 lakh metres of drilling for exploration carried out against the target of 7.38 lakh metres.

Coal Block allocation:

Under the provisions of the Coal Mines (Special Provisions) Act, 2015 and Rules made thereunder, so far 84 coal mines (53-Allotment, 31-Auction) have been successfully allocated. Out of which, allotment order/vesting order has been issued so far in respect of 80 coal mines including Allotment order that is issued w.r.t. Amelia coal mine in the year 2017.

Details of 84 coal mines/blocks is given as under-

S. No.	Mode of Allocation	Schedule	End-use 'Power'	End-use 'NRS'	Sale of Coal	Total	Operational* coal mines/blocks
1.	Auction	II	5	12	0	17	12
		III	4	10	0	14	01
	Sub-total		9	22	0	31	13
2.	Allotment	II	17	1	0	18	03
		III	21	3	1	25	02
		I	3	0	7	10	00
	Sub-total		41	4	8	53	05
Total (S. No.1+2)			50	26	8	84	18

* Operational coal mines also includes those coal mines for which mine opening permission has been granted by CCO but production is yet to be started.

Operationalization status of 31 Auctioned Coal Mines/Mines: Out of the 17 (Schedule II) coal mines under the provisions of the Coal Mines (Special Provisions) Act, 2015, 12 coal mines are operational and remaining Schedule II coal mines are awaiting various clearances for operationalization. Further, out of the 14 (Schedule III) coal mines, 1 coal mine has been granted Mining Opening Permission and remaining Schedule III coal mine are scheduled to be operational from 2018 onwards as they were not operational at the time of their allocation.

Operationalization status of 53 Allotted Coal Mines/Mines: Out of the 18 (Schedule II) coal mines allotted to Public Sector Undertakings (PSUs)/GENCOS, 3 coal mines are operational and remaining Schedule II coal mines are awaiting various clearances/judgment for operationalization. Further, out of 35 (Schedule III-25 + Schedule I-10) coal mines, 2 coal mines of schedule III have been granted Mining Opening Permission. Remaining Schedule III & I coal mines are scheduled to be operational from 2018 onwards as they were not operational at the time of their allocation.

Status of Production of coal and revenue generated: Since allotment, a total of 36.25 MT coal has been produced till October, 2017 from the operational coal mines allocated under the Coal Mines (Special Provisions) Act' 2015 and rules made thereunder. Further, a total revenue of Rs. 4109.31crores (excluding royalty, cess, taxes etc.) has been generated till November, 2017 from the above said coal mines."

A High Power Expert Committee has been constituted on 18.12.2017 to examine efficacy and challenges of the current bidding system to suggest changes for conducting future auction of coal mines.

- A Technical Committee has been constituted on 29-11-2017 to operationalize the methodology for flexibility in utilization of coal extracted from the coal mines allotted under the CMSP Act, 2015 for optimum utilization of coal mine for the same end uses in the public interest and to achieve cost efficiencies. So far, two meetings have been held by the said Committee.
- Two-level Monitoring Committee (level-1 under chairmanship of Hon'ble Minister of Coal and level-2 under chairmanship of Secretary (Coal) has been constituted for review of development/operationalization of coal blocks with Ministry of Environment, Forest & Climate Change and Chief Ministers of concerned States alongwith concerned officials on quarterly basis. The said committee will meet once a month to review the operationalization of allocated coal blocks.
- A Scrutiny Committee has been constituted to consider/examine the submissions/replies made by Successful Bidders/Allottees of the coal mines in respect of deviation from the Efficiency Parameter as mentioned in the CMDPA/Allotment Agreement. So far, four meetings have been held by the said Committee.
- Directions have been issued by the Central Government to Nominated Authority vide O.M. dated 27.09.17 for allotment of 50% of North of Arkhapal Srirampur (Northern Part) under Rule 8(2)(a)(ii) and Rule 11(1) of the Coal Mines (Special Provisions) Rules, 2014 for specified end use 'Production of fertilizer'.
- Also, directions have been issued by the Central Government to Nominated Authority vide O.M. dated 24.04.2017 for allotment of Kotre Basantpur and Pachmo, Schedule-I coal mines located in the State of Jharkhand to Coal India Limited in accordance with the provisions of Section 5(1) of the Coal Mine (Special Provisions) Act, 2015 read with Rule 11(10) of the Coal Mine (Special Provisions) Rules, 2014.
- Further, vide O.M. dated 30.03.2017 directions have also been issued by the Central Government to Nominated Authority for allocation of 13 (Schedule II and Schedule III) coal mines / blocks through e-auction under Section 4 or allotment under Section 5 of the CM(SP) Act, 2015 for the end-use 'Iron & Steel, Cement and Captive Power Plants [excluding steel (coking)]'.
- In addition, vide O.M. dated 30.03.2017, directions have also been issued by the Central Government to Nominated Authority for allocation of 06 Schedule III coal mines through e-auction under Section 4 or allotment under Section 5 of the CM(SP) Act, 2015 for the end-use 'Production of Iron and Steel'.
- Under the provisions of the Coal Mines (Special Provisions) Act, 2015 and Rules made thereunder, auction of coal mines for sale of coal will be undertaken. Accordingly, CCEA Note on the methodology for auction of Coal Mines / Blocks for sale of coal under the Coal mines (Special Provisions) Act, 2015 and the Mines and Minerals (Development & Regulation) Act, 1957 has been sent to Cabinet Secretariat on 26th / 27th Oct'17 for consideration by the CCEA. Post approval of the methodology by the CCEA, auction of coal mines for sale of coal will be undertaken.
- The Ministry has formulated a methodology to provide the coal block allottee PSU's with some flexibility in utilization of coal extracted from the coal mines allotted under the Coal Mines (Special Provisions) Act, 2015 for optimum utilization of coal mine for the same end uses in the public interest and to achieve cost efficiencies.
 - Coal Blocks Development & Production Agreements for 3 coal blocks, viz. Pachwara South, Kerwa and Brahmani have been signed on 22.02.2017, 18.08.2017 and 04.09.2017 respectively.
 - The Coal Blocks Allocation Rules, 2017 [CBA Rules] have been notified on 13.07.2017 have repealed the Auction by Competitive Bidding of Coal Mines Rules, 2012 [ACBCM Rules]. However, the allocations already made under ACBCM Rules, 2012 has been maintained under the CBA Rules. Rule 17 of the CBA Rules states that any action taken under the ACBCM Rules shall be deemed to have been done or taken under the corresponding provisions of these rules and any process of allocation pending under the ACBCM Rules, 2012 shall continue and after the final allocation of the coal block the remaining procedure and conditions under the corresponding provisions of CBA Rules shall be applicable.
 - A Committee has been constituted under the Chairmanship of Additional Secretary, Ministry of Coal to identify additional coal / lignite blocks for allocation under Rule 3(2) of the CBA Rules.
- Previous approval of the Central Government under Sections 5(1) of the MMDR Act, 1957 for grant of prospecting licence in favour of Gujarat Mineral Development Corporation Ltd. in respect of Panandhro Extension lignite block has been granted on 24.02.2017.
- Previous approval of the Central Government under Sections 5(1) and 6 (1)(b) of the MMDR Act, 1957 for grant of prospecting licence in favour of Rajasthan Rajya Vidyut Utpadan Nigam (RRVUNL) in respect of Kente Extension coal block has been granted on 16.03.2017.
- In-principle allotment of Vastan coal block in favour of M/s. Gujarat Industries Power Company Limited (GIPCL) has been cancelled on 04.09.2017.
- Gondbahera Ujheni coal block allotted to Madhya Pradesh Power Generating Company Ltd. under the provisions

of MMDR Act and ACBCM Rules, 2012 has been de-allocated on 25.09.2017. The same was done on the basis of request received from Government of Madhya Pradesh since the cost of coal extraction from the said block was envisaged to be too high than the CIL's notified price.

- Deocha-Pachami block was decided to be jointly allocated to the entities of 6 State viz. West Bengal, Karnataka, Bihar, Uttar Pradesh, Punjab and Tamil Nadu. Due to joint allocation, difficulties were being faced in operationalization of the block. On the suggestion of various joint venture partners and in view of request received from West Bengal Government, it was decided with the approval of competent authority to allocate Deocha-Pachami coal block to one State and separate coal blocks to each of the other States in terms of their requirement. Accordingly, Deocha Pachami coal block has been de-allocated on 05.12.2017.

Coal Production

- The production of raw coal in the country during April-November 2017-18 was 396.53 Mte compared to 388.68 Mte during the corresponding period of previous year.
- The overall growth in Coal production during April- November, 2017 was 2 %.

CIL coal production and off-take (during April-November 2017)

- Coal production and coal dispatch/off-take of Coal India Limited (CIL), the state sector coal mining company, during April-November 2017-18 was 329.30 MT and 367.98 MT respectively.
- Production and dispatch growth of CIL was 1.8% and 8.1% respectively during April-November 2017-18.
- Generally, it is observed that coal production slows down considerably between June-September every year.
- This trend is evident this year also and the downswing has been greater than previous years due to excessive rain in coal mining areas.
- The production has picked up from October onwards.

Fact	Apr-Nov. 2017	Apr-Nov 2016	Increase in absolute term	Growth
Production of CIL (in MT)	329.30	323.53	5.77	1.8%
Dispatch of CIL (in MT)	367.98	340.31	27.67	8.1%

All India Month Wise Progressive coal Production (in Million tonnes)

	April	Till May	Till June	Till July	Till August	Till September	Till October	Till November
2017-18 (Till Nov. 2017)	46.38	96.57	145.57	190.45	235.67	282.53	336.46	396.53
2016-17 (Till Nov. 2016)	46.38	99.99	151.77	195.58	234.89	276.87	328.02	388.68

Reasons for low growth in production of coal by CIL:

The reason for the shortfall in achievement of the production target set for the year 2017-18:

- EC & FC problems in some mines

- b) Land acquisition and R&R problem
- c) Excessive rainfall in August and September
- d) Law and order problem mainly in CCL & MCL
- e) Evacuation problem
- f) Accumulation of high stock due to less lifting of coal by consumers upto July 2017

Coal Imports:

Month Wise Import of Coal during 2017-18						
(Quantity in Mte & Value in Crore Rs.)						
Month	2017-18 (Provisional)		2016-17 (Provisional)		Growth%	Growth%
	Quantity	Value	Quantity	Value	in Qty	in Value
April'17	18.59	12076	18.63	6882	-0.21	75.47
May'17	18.33	11930	18.73	7153	-2.14	66.78
June'17	15.56	11282	18.92	7647	-17.76	47.53
July '17	15.00	9907	16.72	6944	-10.29	42.67
August'17	15.80	10132	15.79	6959	0.06	45.60
September'17	16.40	10585	15.05	7065	8.97	49.82
October'17	18.78	13162	15.37	7775	22.19	69.29
November' 17	18.39	12953	13.61	8896	35.12	45.60
Apri-Nov.17	137.25	92122	134.76	60499	1.85	52.27
Source : DGCIS : Provisional and subject to change.						

Power Sector Linkage Policy - SHAKTI

- New More Transparent Coal Allocation Policy for Power Sector, 2017- SHAKTI has been issued on 22.05.2017.
- Clearance has been given to CIL to sign Fuel Supply Agreement (FSA) with 4 Letter of Assurance (LoA) holders having total commissioned capacity of 3570 MW. Coal supply to 19,000 MW (out of 68,000 MW) which could not be commissioned by 31.03.2015 has started for commissioned plants.
- Ministry of Coal has approved linkages for 6 Central PSUs and 4 State PSUs on the recommendations of Ministry of Power.
- Linkage auction for Independent Power Producers (IPPs) having Power Purchase Agreement (PPA) based on domestic coal conducted from 11th to 13th September 2017. Maximum Allocable Quantity was 27.18 MT. Almost all the allocable quantity of 27.18 MT was booked with only 402 tons remaining un-booked.
- Auction process of Linkages for IPPs without PPA has been initiated.
- CIL has requested from CEA for the probable list of participants along with capacity.

- Online public notification for interested bidders has been issued by CIL on 06.10.2017.

Auction of Linkages to Non-regulated Sector.

- Policy for auction of Linkages to Non-regulated Sector was issued on 15.02.2016. All allocations of Linkages/LoAs for non-regulated sector viz. Cement, Steel/Sponge Iron, Aluminium and others (excluding Fertilizer (urea) sector), including their Captive Power Producers (CPPs), shall be auction based.
- Tenure of new Fuel Supply Agreements (FSAs) subject to a maximum of 15 years.
- In tranche I, II & III a total of 40.24 MT was booked. The percentage gain over notified price of non-power is 8.58%. Total numbers of successful bidders were 719.

Third Party Sampling:

- In order to address the concerns of coal consumers regarding the grade slippages and other quality issues, a third party sampling procedure has been put in place wherein a tripartite Memorandum of Understanding (MoU) has been signed by the coal company, the coal consumer and CIMFR for sampling and testing of coal at the loading end.
- Against Tripartite Agreement of about 513 Million Tons signed by CIMFR with Power Sector, sampling has been commenced for about 492 Million tons (96% of the total agreement signed).
- Further, against Tripartite Agreement signed for 20 Million Tons for Special Forward and Linkage Auction schemes, sampling has been commenced for a quantity of about 14 million tons by QCI (70% of the total agreement signed).
- The sampling and testing charges are borne equally by the buyer and the seller. The states/gencos are using this platform of 3rd party sampling for quality assurance.

Rationalization of Linkages:

- Inter-Ministerial Task Force was constituted in June, 2014 for review of existing coal sources as also feasibility for rationalization of these sources with a view to optimize transportation cost.
- Coal Linkage rationalization in Power sector has resulted in decrease in transportation cost of coal from the mines to the power plants leading to more efficient coal based generation of Power.
- Total coal movement rationalization of 54.76 MT has taken place with annual potential savings of Rs.3354 Crore.

BHARAT 22 ETF

- Consequent upon the CCEA's authorisation, the Alternative Mechanism approved the composition of new exchange traded fund namely Bharat 22 ETF with 22 constituent entities including CIL and NLCIL. As directed by DIPAM, 19299613 number of shares of CIL and 3974665 number of Shares of NLCIL were transferred to DIPAM's Pooled Escrow demat account at a total value of Rs 545.91 crores during November, 2017.

OFS of NLCIL

- Alternative Mechanism in its meeting held on 21st March, 2017 approved the proposal to divest 15% paid-up equity capital in NLC India Limited out of Government of India shareholding in NLCIL. Further, DIPAM vide OM dated 24.10.2017 informed that the Alternative Mechanism (AM) has approved the sale of 5% paid up equity capital in NLC India Limited out of 15% approved. Accordingly 76814501 no of shares were transferred for the Offer For Sale including Offer For Sale for employees during October-November, 2017.

Buyback of shares by NLC India Limited

- NLCIL announced the buyback of not exceeding 14,91,41,173 fully paid equity shares with an open date of 06th March 2017 and close dated of 20th March'17.
- MOC has tendered 14,91,41,173 equity shares of NLC India Ltd. for buyback and out of 14,91,41,173 equity shares tendered by MoC, 14,45,46,266 were transferred in buyback and Rs 1429.38 crore were transferred to DIPAM as Buyback proceeds.

Safety Audit

- Inter-Company Safety Audit of all the 366 operative mines of CIL was completed during Jan-April 2017 and Mines were categorized in high, medium and low category. The Mitigation plan along with time line for mines has been identified.

Grading of Quality of Coal

- In order to ensure despatch of quality coal to the consumers, exercise of re-gradation of coal seams of Coal Companies was taken up by Coal Controller organisation (CCO). In respect of CIL, CCO drew samples in respect of 392 mines.

Exploration of Coal

- In respect of exploration of coal, for 2017-18, a target of 12.50 lakh metre of drilling (Departmental: 4.75 lakh metre, Outsourcing: 7.75 lakh metre) was envisaged. As against this, 8.21 lakh metre of drilling has been carried out upto the month of Nov'17 against the target of 7.38 lakh metre.

Research and Development

- In respect of Research and Development, sixteen (16) projects are on going, out of which one project namely CP-49 started during the year 2017.

AKS/MKV

(Release ID: 1514557) Visitor Counter : 3518

