

F. No. 203/11/2023-NA
Government of India/भारत सरकार
Ministry of Coal/कोयला मंत्रालय
Nominated Authority / नामनिर्दिष्ट प्राधिकारी

120- 1st Floor, F-Wing Shastri Bhawan, New Delhi,
Dated: 2nd Jan,2024

OFFICE MEMORANDUM

Subject: - Principles for Compensation Determination under Section 16 of CMSP Act, 2015 for Coal blocks which undergone Modifications/Split or Revision.

The Coal Mines (Special Provision) Act, 2015 was enacted for allocation of coal mines and vesting of the right, title and interest in and over the land and mine infrastructure together with mining leases to successful bidders and allottees through a transparent bidding process with a view to ensure continuity in coal mining operations and production of coal, and for promoting optimum utilization of coal resources consistent with the requirement of the country in national interest. Section 16 of the CMSP Act, 2015 deals with the matter of compensation payable to prior allottees of coal blocks who have lost their allocation rights due to the provisions of the Act.

2. In the past, there have been instances where some coal blocks were subjected to modifications like splitting or revision (by removing un-viable portion) of block boundaries where bidder participation was scarce or absent. This measure was envisaged to enhance the interest of bidders for these coal blocks in future auctions. However, such modifications raised issues regarding the determination of compensation for the prior allottees of these blocks. To deal with such compensation cases where a coal block has been divided/splitted or where some part of block has been excluded, it was felt that a guidance for assessment of compensation required.

3. **Principles for Compensation to Prior Allottees of Modified Coal Blocks**

A: Compensation for divided/splitted blocks:

The compensation for Land and Mine Infrastructure shall be determined by the Nominated Authority only for the actual amount claimed for Land, Lease-hold Land and Mine Infrastructure by prior allottee in the divided/splitted blocks vested to the respective successful allottees.

B: Compensation for Revised block

For coal blocks where coal block area has been revised due to removal of a portion of an area (e.g., forest area or non-coal-bearing area), the compensation for the entire block, including the removed area, shall be borne by the successful allottee of such coal block if the prior allottee has claimed for the entire block.

The successful allottee may be granted land-use rights for the removed part if the prior allottee has claimed compensation for land and infrastructure for that removed part, especially when immovable mine infrastructure is located wholly or partly in the removed area. The ownership or interest in those removed parts shall not remain with the prior allottee.

C: Compensation for revised & divided/splitted blocks

For a coal block which has been divided/splitted as well as revised (some portion of the original area has been removed), the compensation to be paid by the successful allottees of the resulting smaller blocks shall be only for the actual compensation amount claimed for Land and Mine Infrastructure by the prior allottee in the divided/splitted block vested to the respective successful allottees. Further, for removed area, the cost shall be borne by the successful allottees on the basis of proportionate area of the removed part lying in the divided/splitted blocks. The ownership or interest in those removed part(s) shall not remain with the prior allottee.

D: Compensation for Geological Report (GR)

- i. Since the same Geological Report will be used by successful allottees for divided/splitted blocks to develop their own geological models, Compensation for the Geological Report (GR) shall be divided among successful allottees based on the drilled meterage falling within their respective blocks in case of divided/splitted blocks.
- ii. In the case of revision, the cost of the GR shall be borne entirely by the successful allottee of revised block.
- iii. For a coal block which has been divided as well as revised (some portion of the original area has been removed), the compensation for GR to be paid by the successful allottees of the resulting smaller blocks shall be based on actual meterage falling within the divided/splitted block vested to successful bidder. Further, for removed area, the compensation for GR shall be borne by the successful allottees on the basis of proportionate meterage of drilling lying in their respective blocks.

E: Compensation for Consents

Forest Clearance: Prior allottee shall be reimbursed by the successful allottees based on pro-rata area of land/forest land

falling in the divided block. For other Cost of Consents, prior allottee shall be reimbursed by the successful allottees based on proportionate area of the their respective block vis-à-vis total block area.

F: Communication to Bidders

All details of the compensation policy, including land, mine infrastructure, GR, and consent costs, shall be clearly and unambiguously communicated to the bidders at the time of the auction through specific inclusion in the mine specific tender documents/Mine Dossiers.

4. This issues with the approval of Competent Authority.



(Alok Verma)

Under Secretary to Government of India

To,

1. PS Hon'ble Minister of Coal
2. PS to Hon'ble Minister of State for Coal
3. Advisor to Secretary (Coal)
4. PPS to AS(MN) & Nominated Authority
5. Director (Tech) & Director (NA)
6. MSTC for uploading to website of MSTC ecommerce
7. Senior(TD): for uploading to MoC Website