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## Coal Mines (Special Provisions) Rules, 2014

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# MINISTRY OF COAL

## NOTIFICATION

New Delhi, the 11th December, 2014

**GS.R. 883(E).**—WHEREAS a draft of the Coal Mines (Special Provisions) Rules, 2014 which the Central Government proposes to make under the Coal Mines (Special Provisions) Ordinance, 2014 was placed in the website of the Government of India, Ministry of Coal requesting the members of public and all the persons likely to be affected thereby to submit their objections and suggestions, if any, to the Government of India, Ministry of Coal;

AND WHEREAS in response to such public notice the Ministry of Coal received objections and suggestions from the members of public and the persons likely to be affected thereby;

AND WHEREAS the Coal Mines (Special Provisions) Rules, 2014 were finalised after considering the objections and suggestions;

AND WHEREAS if any further objections and suggestions are received on the said rules from the members of public and the persons likely to be affected thereby, the same shall be considered and the rules shall be suitable amended;

NOW, THEREFORE, in exercise of the powers conferred by section 29 of the Coal Mines (Special Provisions) Ordinance, 2014 (Ord. 5 of 2014), the Central Government hereby makes the following rules, namely:—

### CHAPTER I: SHORT TITLE AND COMMENCEMENT

1. **Short title and commencement.-** (1) These rules may be called the Coal Mines (Special Provisions) Rules, 2014.  
(2) They shall come into force on the date of their publication in the Official Gazette.
2. **Definitions.-** (1) In these rules, unless the context otherwise requires,-
  - (a) “additional levy” has the same meaning as assigned to it in clause (a) of sub-section (1) Section 3 of the Coal Mines (Special Provisions) Ordinance, 2014 (Ord. 5 of 2014);
  - (b) “allotment document” means the document referred to in sub-rule (4) of rule 11;

- (c) “allotment order” means the allotment order as referred to in clause (b) of sub-section (1) of Section 3 of the Coal Mines (Special Provisions) Ordinance, 2014 (Ord. 5 of 2014);
  - (d) “business day” means a day which is not a Saturday or Sunday or any other day declared as a public holiday by the Central Government;
  - (e) “designated custodian” means a person appointed as a designated custodian by the Central Government under section 18 of the Coal Mines (Special Provisions) Ordinance, 2014 (Ord. 5 of 2014);
  - (f) “floor price” means the price fixed by the Central Government for a Schedule I coal mine allocated by way of auction;
  - (g) “mine dossier” means the mine dossier as referred to in sub-rule (6) of rule 9;
  - (h) “nominated authority” means a person appointed as a nominated authority by the Central Government under section 6 of the Coal Mines (Special Provisions) Ordinance, 2014 (Ord. 5 of 2014);
  - (i) “operation and management plan” means the plan as referred to in sub-rule (1) of rule 28;
  - (j) “Ordinance” means the Coal Mines (Special Provisions) Ordinance, 2014 (Ord. 5 of 2014);
  - (k) “reserve price” means the price fixed by the Central Government for a Schedule I coal mine allocated by way of allotment;
  - (l) “rules” means the Coal Mines (Special Provisions) Rules, 2014;
  - (m) “successful allocatee” means the successful allocatee as referred to in sub-rule (1) of rule 13;
  - (n) “tender document” means the tender document as referred to in sub-rule (2) of rule 10;
  - (o) “vesting order” means the vesting order as referred to in clause (w) of sub-section (1) of Section 3 of the Ordinance.
- (2) Words and expressions used herein but not defined and defined in the Ordinance shall have the meaning respectively assigned to them in the Ordinance.

## CHAPTER II: THE NOMINATED AUTHORITY

**3. Appointment of the nominated authority.-** (1) The Central Government shall appoint a nominated authority in accordance with the provisions of sub-section (1) of Section 6 of the Ordinance.

(2) The nominated authority may be a full time authority or be designated as an additional charge, as determined by the Central Government.

**4. Office of the nominated authority.-** (1) The Central Government may specify-

- (a) the number, designation, role and function of the officers and staff to assist the nominated authority in accordance with the provision of sub-section (5) of Section 6 of the Ordinance; and
- (b) the manner of appointment of the officers and staff through direct recruitment, deputation, contract, or assignment from other departments or organisations.

(2) The Central Government may make such budgetary allocation as it may deem fit, for discharge of functions by the nominated authority and the office of the nominated authority.

(3) The nominated authority shall exercise powers as Head of the Department in accordance with the General Financial Rules and Delegation of Financial Power Rules and the nominated authority may designate one of the officers working under him as Head of Office.

**5. Conditions of service of the nominated authority and the officers and staff.-** (1) The conditions of service of the nominated authority and the officers and staff of the nominated authority, shall be regulated in accordance with such terms of employment, including the laws, rules, regulations, and contracts, as are applicable to officers and employees of the Central Government belonging to the corresponding category and pay band, grade pay or scale of pay.

(2) Officers assigned from other departments or organisations and posted with the nominated authority shall be governed by the terms of employment and the rules applicable to them in their respective departments or organisations belonging to the corresponding category and pay band, grade pay or scale of pay.

(3) Persons appointed on contractual basis in the office of the nominated authority shall be governed by their respective terms of contract with respect to their appointment.

**6. Experts.-** (1) The nominated authority may appoint experts who are already on the panel of the following with respect to similar expert advisory as required by the nominated authority, namely:-

- (a) any ministry or department of the Central Government; or
- (b) any Central Government public sector enterprise or any statutory or autonomous organisation of the Central Government.

(2) The nominated authority may also appoint experts who are not on any panel after following the procedure specified by the Central Government.

(3) The nominated authority may in its discretion use quality based selection or selection by direct negotiations for appointment of experts, as specified in the Manual of Policies and Procedure of Employment of Consultants, dated the 31st August, 2006, issued by the Government of India, Ministry of Finance, Department of Expenditure.

**7. Powers and duties of the nominated authority.-** (1) The nominated authority shall exercise such powers as specified in the Ordinance and these rules.

(2) Without prejudice to the generality of the foregoing powers and duties specified under section 6 of the Ordinance, the nominated authority shall have the power or the duty, as the case may be, to-

- (a) call for all information necessary from any prior allottee in relation to any Schedule I coal mine, including records in relation to the coal reserves, production, costs of production, mine infrastructure and contracts entered into by any prior allottee;
- (b) execute the vesting order in such form as may be specified by the Central Government;
- (c) execute the allotment order in such form as may be specified by the Central Government;
- (d) inform the relevant Central authorities and State authorities to record and mutate incorporeal rights of whatsoever nature including, of consents, permissions, permits, approvals, grants, registrations;
- (e) take requisite steps for the collection of auction proceeds and the amounts realised from allotment;
- (f) seek the details of taxes, levies or cess;
- (g) direct the secured creditors in relation to a Schedule I coal mine to provide details of any secured debt, loans or other credit facilities, including security interest created by any prior allottee;
- (h) ensure collection of bank guarantee in relation to a vesting order or an allotment order, as the case may be;
- (i) keep records of any movable property of the prior allottee;
- (j) keep records of the intimation of any charge in relation to a Schedule I coal mine provided by any prior allottee;
- (k) call for information from the relevant statutory authorities under the Mines and Minerals (Development and Regulation) Act, 1957 (67 of 1957) and any rules and regulations made thereunder;
- (l) adjust the preferential payments and transfer of amount to the Commissioner of Payments for disbursement to any prior allottee;
- (m) transfer of residual amount to the respective State Governments where the Schedule I coal mine is located;
- (n) open, operate and maintain one or more bank accounts for discharge of its functions;
- (o) make payment to any person other than the prior allottee in accordance with the priority of payments specified in accordance with the provisions of section 9 of the Ordinance and in the manner as specified in rule 15;
- (p) specify the manner of disposal of coal stock on the appointed date with the prior allottee of Schedule II coal mine; and
- (q) the nominated authority may take into consideration such recommendations, findings or reports, including that of any committee of the Central Government, and any order issued by the Central Government as it may deem expedient.

(3) The nominated authority shall also have any other powers which may be consequential or incidental to the functions of the nominated authority specified in the Ordinance and these rules.

### CHAPTER III: AUCTION AND ALLOTMENT PROCESS

**8. Allocation process.-** (1) In connection with the allocation of Schedule I coal mines-

- (a) the nominated authority shall finalise a mine dossier in the manner specified in rule 9;
- (b) the Central Government shall issue an order to the nominated authority as provided in sub-rule (2) of rule 8;

- (c) pursuant to the order issued by the Central Government under sub-rule (2) of rule 8, the nominated authority shall conduct the auction process in accordance with the provisions of rule 10 or the allotment process in accordance with rule 11 and rule 12, as the case may be.
- (2) The Central Government shall issue an order to the nominated authority regarding the following, namely:-
- (a) the manner of allocation of the Schedule I coal mine through –
    - (i) public auction in accordance with the provisions of section 4 of the Ordinance; or
    - (ii) allotment under section 5 of the Ordinance;
  - (b) the specified end use in case of any Schedule II coal mine or Schedule III coal mine;
  - (c) broad parameters for conducting auction or allotment; and
  - (d) any other matter that the Central Government may deem expedient in accordance with the Ordinance or these rules.
- (3) The Central Government may recommend the methodology for determination of the Floor Price or Reserve Price, as the case may be, to the nominated authority which shall make the determination of the same in accordance with the Ordinance and these rules.
- (4) The sum for auction or allotment shall, *inter-alia*, include-
- (a) a fixed amount for the value of land and mine infrastructure,
  - (b) the floor price or reserve price, as the case may be,
  - (c) a variable amount of bid, in case of auction,
- to be paid in such manner as may be specified by the Central Government.
- 9. Mine Dossier.**—(1) The nominated authority may notify any prior allottee of the Schedule I coal mine under sub-section (1) of section 8 of the Ordinance to provide such information and documents regarding the Schedule I coal mine earlier allotted to such prior allottee, as the nominated authority may feel expedient.
- (2) Upon receipt of such notice, in accordance with the provisions of sub-section (2) of Section 8 of the Ordinance, the prior allottee shall provide the information requested by the nominated authority within a period of fifteen days starting from the date of receipt of the notice referred in sub-rule (1) of rule 9.
- (3) Without prejudice to the generality of sub-rule (1) of rule 9, the nominated authority may, at any time, seek any information from a prior allottee including-
- (a) particulars of Schedule I coal mine, including the geographical area, coal reserves and other geological information;
  - (b) particulars of the mine infrastructure;
  - (c) particulars of mining operations conducted by the prior allottee, if any, including details of the personnel engaged;
  - (d) particulars of the secured creditors, along with details of dues towards secured creditors as on the date of receipt of the notification referred in sub-rule (1) of rule 9;
  - (e) particulars of all contracts relevant to the mining operations;
  - (f) particulars of any entitlement to mining lease, all statutory licenses, permits, permissions, approvals or consents relevant to the mining operations;
  - (g) balance sheet and profit and loss accounts, auditor's reports and other financial information;
  - (h) particulars of movable property used in connection with the mining operations.
- (4) The nominated authority may seek information regarding any Schedule I coal mine from any person other than the prior allottee, including secured creditors, auditors, counterparties to contracts and the designated custodian and such person shall provide such information sought within the period as specified by the nominated authority and such person shall be under an obligation to provide the information as required by the nominated authority.
- (5) The person who fails to provide information requested by the nominated authority under this rule shall be liable for penalties under section 24 of the Ordinance.
- (6) The nominated authority shall finalise a written dossier that is, the mine dossier for each Schedule I coal mines, based on the information received from prior allottee under sub-rule (1) of rule 9 or information received from persons other than the prior allottee under sub-rule (4) of rule 9.

(7) The nominated authority may update the mine dossier from time to time, on its own accord or upon receiving a direction from the Central Government in this regard.

**10. Auction.**—(1) The nominated authority shall conduct the auction of Schedule I coal mines in the manner specified in the Ordinance, these rules, and any other order issued by the Central Government in this regard.

(2) In respect of Schedule I coal mines, for which the Central Government has specified auction under clause (a) of sub-rule (2) of rule 8, the nominated authority shall prepare a document for the tendering process, that is, the tender document.

(3) Each tender document may include such information as the nominated authority may consider expedient for the purposes of auction including –

- (a) the particulars of specified end use, if any;
- (b) the mine dossier containing particulars of the Schedule I coal mine;
- (c) the terms and conditions associated with the public auction, including the floor price, eligibility conditions, the process of conduct of auction and other related information;
- (d) the request for proposal;
- (e) agreements proposed to be entered into with the successful bidder.

(4) The nominated authority shall comply with the following procedure while conducting auction, namely:-

- (a) **Electronic auction.**—The process of auction of Schedule I coal mines shall be conducted through electronic auction, in accordance with the Ordinance, these rules, the tender document and orders issued by the Central Government, if any.
- (b) **Tender process.**—(A) The tender process shall be a two stage process comprising of-
  - (i) technical bid; and
  - (ii) financial bid.

(B) The technical bid shall be for the purpose of qualification and the financial bid shall be for the purpose of determination of the successful bidder.

- (c) **Eligibility.**—The nominated authority shall specify the applicable eligibility conditions for participation in auction in the tender document and the same may include –
  - (i) technical and financial qualifications of the participants in the auction;
  - (ii) compliance with the procedure specified for the auction process; and
  - (iii) requirement to provide security, guarantee.
- (d) A person who is eligible under sub-section (3) of section 4 of the Ordinance shall also meet the following eligibility criteria, namely:-

- (i) a company eligible to bid for any Schedule II coal mine under sub-section (3) of Section 4 of the Ordinance shall have incurred an expenditure of not less than eighty per cent of the total project cost of the unit or phase of the specified end use plant for which the company is bidding,

*Explanation.*— For the purposes of this sub-clause in case the end use project is being commissioned in units or phases and one or more units or phases are eligible under the provisions of this sub-clause, the other unit or phase shall also be eligible provided that not less than forty per cent expenditure of the cost has been incurred for such other unit or phase;

- (ii) a company eligible to bid for any Schedule III coal mine under sub-section (3) of Section 4 of the Ordinance shall have incurred an expenditure of not less than sixty per cent of the total project cost of the unit or phase of the specified end use plant for which the company is bidding,

*Explanation.*— For the purposes of this sub-clause in case the end use project is being commissioned in units or phases and one or more units or phases are eligible under the provisions of this sub-clause, the other unit or phase shall also be eligible provided that not less than thirty per cent expenditure of the cost has been incurred for such other unit or phase;

- (iii) capacity of the specified end use project shall be in proportion to the capacity of the Schedule II coal mine or Schedule III coal mine, as the case may be, for which a company is bidding;

- (iv) in case a company is the successful bidder, then the entitlement to receive coal pursuant to such coal linkage shall stand proportionately reduced on the basis of the requirement of coal being met from the mine allocated to such company;
  - (v) for the purposes of sub-clauses (i) and (ii), the total project cost and expenditure incurred shall be determined on the basis of a certificate issued by the relevant company, duly certified by the statutory auditors and/ or secured creditors, if any, of the relevant company.
- (5) The nominated authority may also specify the maximum number of mines or coal reserves or both that may be allocated to a company or its subsidiary or associate companies based on the criteria specified by the Central Government.
- (6) The nominated authority may take into consideration such recommendations, findings or reports, including that of any committee of the Central Government, and any order issued by the Central Government as it may deem expedient in determining the floor price, pursuant to sub-section (5) of section 8 of the Ordinance.
- (7) The nominated authority shall issue a public notice for the auction in at least one Hindi and one English language national newspaper and such public notice shall specify the manner in which the tender document shall be obtained.
- (8) The participants in the tender process shall be required to make payment of non-refundable fee of five lakh rupees for each Schedule I coal mine.
- (9) Upon completion of the public auction process, the nominated authority shall forward its recommendations to the Central Government with regard to the selection of successful bidder.
- (10) Upon receipt of such recommendation the Central Government may direct the nominated authority to issue a vesting order in favour of the successful bidder or may provide such other binding directions to the nominated authority as may be deemed appropriate.
- 11. Allotment.**—(1) The nominated authority shall conduct the allotment of Schedule I coal mine in the manner specified in the Ordinance, these rules, and any other order issued by the Central Government in this regard.
- (2) The nominated authority shall specify the maximum number of mines or coal reserves or both that may be allotted to a Government company or corporation of a State based on the criteria specified by the Central Government.
- (3) In respect of Schedule I coal mines for which the Central Government has specified allotment under clause (a) of sub-rule (2) of rule 8, the nominated authority shall prepare an allotment document that is, the allotment document.
- (4) Each allotment document shall include such information as the nominated authority may consider expedient for the purposes of allotment and may include—
- (a) the particulars of specified end use, if any;
  - (b) the mine dossier containing particulars of the Schedule I coal mine;
  - (c) the terms and conditions associated with the allotment, including the reserve price, eligibility conditions, the process of conduct of allotment and other related information;
  - (d) agreements proposed to be entered into with the successful allottee.
- (5) The nominated authority shall issue a public notice inviting applications from a Government company or corporation eligible under section 5 of the Ordinance in at least one Hindi and one English language national newspaper and the nominated authority may make arrangements for wide dissemination of the allotment document to the prospective applicants.
- (6) The allotment document shall specify the norms for allotment and such norms may include the following, namely:—
- (a) progress of development of coal blocks by the applicant in the past;
  - (b) financial details of the applicant, including the net-worth and turnover;
  - (c) technical capabilities of the applicant and the technology proposed to be used for mining;
  - (d) the end-use towards which the coal is proposed to be utilised;
  - (e) demand-supply gap;
  - (f) assessment of requirements of the State;
  - (g) in case of utilisation of the coal towards any specified end use—

- (i) state of preparedness of the end use facility;
- (ii) proximity of the end use facility to the relevant coal mine;
- (iii) in case of generation of power being the specified end-use, the per-capita power availability in the State of the applicant company.

(7) The nominated authority may take into consideration such recommendations, findings or reports, including that of any committee of the Central Government, and any order issued by the Central Government as it may deem expedient in determining the reserve price, pursuant to sub-section (5) of section 8 of the Ordinance.

(8) The nominated authority shall forward its recommendations to the Central Government with regard to the selection of the allottee.

(9) Upon receipt of such recommendation, the Central Government may direct the nominated authority to issue an allotment order in favour of the successful allottee or may provide such other binding directions to the nominated authority as may be deemed appropriate.

**12. Allotment on the basis of tariff based competitive bidding for power projects.-** Notwithstanding anything contained in rules 8, 10 or 11, the Central Government may in accordance with the provisions of sub-section (1) of section 5 of the Ordinance, allot any Schedule I coal mine to any company recommended for such allotment by the Government of India in the Ministry of Power, which henceforth may be awarded a power project based on competitive bid for tariff, on such terms and conditions as the Central Government may deem expedient.

(2) The Central Government shall notify a list of such Schedule I coal mines which would be available for allotment under this rule and may also specify the terms and conditions for such allotment.

**13. Transition through vesting and allotment.-** (1) The successful bidder in accordance with the provisions of rule 10 or the allottee in accordance with the provision of rule 11 or rule 12, that is, the successful allocatee shall be entitled to receive a vesting order or an allotment order, as the case may be.

(2) In the event that the successful allocatee is the same as the prior allottee, then-

- (a) the successful allocatee shall be entitled to receive a vesting order or an allotment order, as the case may be, only after it has made payment of the applicable additional levy within the due date;
- (b) the successful allocatee shall immediately inform its secured creditors in writing, who may elect to continue with the facility agreement in accordance with the provisions of clause (a) of sub-section (1) of section 12 of the Ordinance;
- (c) The successful allocatee shall continue the mining operations in the manner specified in sub-section (10) of section 8 and sub-section (11) of section 8 of the Ordinance, as applicable.

(3) In case the successful allocatee is not the same as the prior allottee then-

- (a) the prior allottee shall be entitled to receive the proceeds in the manner provided in rule 15;
- (b) the successful allocatee shall-
  - (i) inform the prior allottee in writing to commence negotiations to own or utilise any movable property used in coal mining operations on such terms and conditions as may be mutually agreed to by them in accordance with the provisions of section 10 of the Ordinance;
  - (ii) inform the nominated authority in writing, prior to issuance of the vesting order or allotment order, as the case may be, regarding its intention to continue and adopt any contract which may be existing with any prior allottee;
  - (iii) on receipt of such information from the successful allocatee, the nominated authority shall include the vesting of such contracts in the vesting order or the allotment order, as the case may be, in accordance with the provisions of section 11 of the Ordinance.

(4) In accordance with the provisions of sub-section (6) of section 8 of the Ordinance, the successful bidder or allottee shall be required to provide a performance bank guarantee for such amount as may be specified by the Central Government or the nominated authority and such performance bank guarantee may, *inter alia*, provide for the following, namely:-

- (i) it shall be unconditional and irrevocable;
- (ii) it shall be linked with the milestones for the development of the coal mine till it reaches its peak rated capacity as specified in the approved mine plan as may be specified by the Central Government; and
- (iii) upon invocation of the performance bank guarantee, the payment should be made immediately without any demur, reservation, caveat, protest or recourse.

(5) The successful allocatee shall enter into an agreement with the nominated authority wherein the terms and conditions of the allocation shall be specified.

(6) The vesting order or allotment order shall be cancelled by the nominated authority in case of breach of terms of the agreement entered under the provisions of sub-rule (5) of rule 13, misrepresentation of facts, violation of the provisions of the Ordinance and these rules, or in the event of cancellation of mining lease under any other law in force.

(7) Successful allocatee shall be entitled to take possession of the relevant Schedule I coal mine and commence mining operations in the manner specified in sub-section (7) of section 8 of the Ordinance and the vesting order or the allotment order, as the case may be.

**14. Manner of determination of compensation to the prior allottee and lodging of the registered sale deeds.-**

(1) The compensation payable to the prior allottee shall be determined by the nominated authority in accordance with the provisions of section 16 of the Ordinance and for the said purpose the nominated authority may –

- (a) seek information regarding the written down value of the mine infrastructure as reflected in the statutorily audited balance sheet in accordance with the provisions of sub-section (1) of section 8 and sub-section (2) of section 16 of the Ordinance; and
- (b) seek assistance from the Central Government or experts regarding determination of compensation payable to the prior allottee in terms of sub-section (2) of section 6 of the Ordinance.

(2) The prior allottee shall lodge the registered sale deeds or its certified copy or both with respect to the Schedule I coal mines with the nominated authority in accordance with the provisions of sub-section (1) of section 16 of the Ordinance, within the time specified by the nominated authority in this regard.

**15. Priority of disbursement of proceeds to persons other than the prior allottee.-** (1) In accordance with the provisions of section 9 of the Ordinance, the proceeds arising out of land and mine infrastructure in relation to a Schedule I coal mine shall be disbursed priority wise in the following order, namely:-

- (a) payment to secured creditors in accordance with the provisions of clause (a) of section 9 of the Ordinance;

*Explanation.-* In case where there are more than one secured creditors and the proceeds arising out of the land and mine infrastructure is not sufficient for full satisfaction of their claims, then the nominated authority shall pay such creditors in proportion to their secured claims.

- (b) all revenues, taxes, cess, additional levy and rates due from the prior allottee to the Central Government or a State Government or to a local authority at the relevant date, and having become due and payable within the twelve months immediately before that date, with respect to the relevant Schedule I coal mine.

(2) **Determination of claims.-** (a) The nominated authority may invite persons other than the prior allottee to submit their claims with proof of their respective claims within a fixed time period to receive payments under this rule, through publication in at least one English and one Hindi language national newspaper.

- (b) every claimant, who fails to file a claim or appropriate proof of the claim within the time specified by the nominated authority, shall not be entitled for the disbursements made by the nominated authority;
- (c) upon receipt of the aforementioned claims, the nominated authority shall arrange the claims in the order of priority specified in sub-rule (1) rule 15 and examine the same in accordance with such order of priorities;
- (d) the nominated authority shall after such investigation as may, in its opinion be necessary, determine the nature and extent of such claims and may by an order in writing, admit or reject the claim in whole or in part;
- (e) in the event of any difference regarding determination of claims in accordance with the order of priority, the matter shall be referred to the Central Government and the decision of the Central Government in this regard shall be binding on the nominated authority.

(3) **Manner of disbursement.-** The payments referred to in this rule shall be made through the bank account specified by the persons entitled to receive such payments upon verification of the identity of such persons and the claims made by such persons, including the secured creditors as the case may be.

**16. Determination of title to movable property.-** (1) The procedure specified in sub-rule (2) of rule 15 shall apply, *mutatis mutandis*, with respect to determination of title to movable property by the nominated authority in pursuance of the provisos to sub-section (5) of section 10 of the Ordinance.

(2) If the movable property is disposed off by the successful bidder or allottee in accordance with the provisions of sub-section (5) of section 10, the owner or lessee of such movable property may establish the title of movable property on the basis of the following documents, namely:-

- (a) original bills, invoices, receipts in favour of such owner;
- (b) any document evidencing such transfer;
- (c) entries in books of accounts of the such owner.

**17. Re-auction and re-allotment.-** (1) In case any Schedule I coal mine is not allocated pursuant to rule 10 or rule 11, as the case may be, on account of any reason whatsoever, the nominated authority shall have the power to re-initiate the auction in accordance with rule 10 or allotment in accordance with rule 11, as the case may be, with respect to such Schedule I coal mine, provided the nominated authority has not received any other order under sub-rule (2) of rule 8 from the Central Government with respect to such Schedule I coal mine.

(2) In case the Central Government has issued a fresh order with respect to any Schedule I coal mine under sub-rule (1), then the nominated authority shall act in accordance with such order and the provisions of rule 10 or rule 11, as the case may be shall apply *mutatis mutandis*.

#### CHAPTER IV: ADDITIONAL LEVY

**18. Additional levy.-** (1) The additional levy with respect to the coal extracted from any Schedule II coal mine till the 24<sup>th</sup> September, 2014 (inclusive of the 24<sup>th</sup> September, 2014), shall be deposited by the prior allottee with the Central Government on or before the 31<sup>st</sup> December, 2014.

(2) The additional levy with respect to the coal extracted from any Schedule II coal mine after the 24<sup>th</sup> September, 2014 till the 31<sup>st</sup> March, 2015 (inclusive of the 31<sup>st</sup> March, 2015), shall be deposited by the prior allottee with the Central Government on or before the 30<sup>th</sup> June, 2015.

(3) The additional levy shall be deposited in an account specified by the Central Government by way of a demand draft, banker's cheque or any other electronic means, including real time gross settlement or national electronic funds transfer.

#### CHAPTER V: CERTAIN ARRANGEMENTS

**19. Arrangements for optimal utilisation of coal mines.-** (1) A successful bidder or allottee or a coal linkage holder proposing to enter into any agreements or arrangements referred to in sub-section (1) section 20 of the Ordinance shall make an application to the Central Government in writing.

(2) The application referred to in sub-rule (1) shall include the complete particulars of the following, namely:-

- (a) parties to the proposed agreements or arrangements;
- (b) the proposed agreements or arrangements; and
- (c) the manner in which such agreements or arrangements would achieve optimal utilisation of coal mines and cost efficiencies.

(3) The Central Government may seek such further information regarding the proposed agreement or arrangements as it may deem fit.

(4) The Central Government may after such investigation as may, in its opinion be necessary, by an order in writing, grant its approval or reject the proposed agreement or arrangements, in whole or in part.

(5) Upon execution of such agreements or arrangements, a certified copy of the same shall be deposited with the Central Government within fifteen business days of such execution.

**20. Utilisation of coal for any other plant of the successful allocatee.-** (1) A successful bidder or allottee proposing to utilise the coal mined from a particular Schedule I coal mine for any of the other plants of such successful bidder or allottee or its subsidiary company for common specified end use in accordance with the provisions of sub-section (2) of section 20 of the Ordinance, shall provide prior intimation to the Central Government in writing.

(2) The intimation referred in sub-rule (1) shall be provided at least thirty business days prior to the intended date of such utilisation.

(3) The Central Government may seek further information regarding such utilisation as it may deem fit and may impose such terms and conditions as may be found necessary.

#### CHAPTER VI: COMMISSIONER OF PAYMENTS

**21. Appointment of the Commissioner of Payments.-** (1) Central Government shall appoint the Commissioner of Payments in accordance with the provisions of section 15 of the Ordinance.

(2) The Commissioner of Payments may be a full time position, a part time position or may be designated as an additional charge, as determined by the Central Government.

**22. Office of the Commissioner of Payments.-** (1) The Central Government may specify—

- (a) the number, designation, roles and functions of the officers and staff to assist the Commissioner of Payments in accordance with the provisions of sub-section (2) of section 15 of the Ordinance; and
- (b) the manner of appointment of the officers and staff through direct recruitment, deputation, contract, or assignment from other departments or organisations.

(2) The Central Government may make such budgetary allocation as it may deem fit, for discharge of the functions by the Commissioner of Payments and the office of the Commissioner of Payments.

(3) The Commissioner of Payments shall exercise powers as Head of the Department in terms of the General Financial rules and Delegation of Financial Power rules and he may designate one of the officers working under him as Head of Office.

**23. Condition of service of the Commissioner of Payments and the Commissioner's Officers and Staff.-** (1) The conditions of service of the Commissioner of Payments and the officers and staff, shall be regulated in accordance with such terms of employment, including the laws, rules, regulations and contracts as are applicable to officers and employees of the Central Government belonging to corresponding category and pay band, grade pay or scale of pay.

(2) Officers assigned from other departments or organisations and posted with the Commissioner of Payments shall be governed by the terms of employment and the rules applicable to them in their respective departments or organisations belonging to corresponding category and pay band, grade pay or scale of pay.

(3) Personnel appointed on contractual basis in the Commissioner of Payments shall be governed by their respective terms of contract with respect to their appointment.

**24. Powers and duties of the Commissioner of Payments.-** (1) The Commissioner of Payments shall have such powers as specified in the Ordinance or these rules.

(2) Without prejudice to the generality of the foregoing, the Commissioner of Payments shall have the power or duty, as the case may be, to—

- (a) make payment to the prior allottee of an amount equal to the compensation determined by the nominated authority;
- (b) open, operate and maintain one or more bank accounts for discharge of its functions; and
- (c) maintain records with respect to the disbursements made by the Commissioner of Payments for each Schedule I coal mine.

(3) The Commissioner of Payments shall also have any other powers which may be consequential or incidental to the functions of the commissioner of payments.

**25. Manner of payment.-** The payments referred to in this rule shall be made through the bank account specified by the persons entitled to receive such payments upon verification of the identity of such persons and the claims made by such persons.

## CHAPTER VII: DESIGNATED CUSTODIAN

**26. Appointment of the designated custodian.-** (1) The Central Government may appoint any person as a designated custodian for any Schedule I coal mine by notification under sub-section (1) section 18 of the Ordinance.

(2) The Central Government may appoint different designated custodians for each Schedule I coal mine.

(3) A designated custodian may appoint, with the prior approval of the Central Government, such other officers, consultants and experts as may be necessary to assist it in the discharge of its functions.

(4) The Central Government may, by an order, specify such matters as may be deemed expedient including the following, namely:—

- (a) the duration of appointment of the designated custodian, which may be extended by the Central Government from time to time, if necessary;
- (b) the specific actions, if any which the designated custodian shall be required to take with respect to each Schedule I mine entrusted with the designated custodian;
- (c) in case the designated custodian undertakes mining operations, the manner of disposal of the coal mined by the designated custodian.

(5) The Central Government may enter into an operations and management agreement with the designated custodian.

**27. Possession by the designated custodian.-** (1) The designated custodian shall be entitled to take control and possession of the relevant Schedule I coal mine through an order to the prior allottee of the relevant coal mine under the Ordinance.

(2) At the time of taking over the possession of the relevant Schedule I coal mine, the designated custodian shall prepare a list of assets constituting the relevant Schedule I coal mine and such list of assets shall be furnished to the Central Government and the prior allottee.

(3) In case of a Schedule II coal mine, if so directed by the designated custodian, the prior allottee shall hold the relevant Schedule II coal mine in trust for the designated custodian until the designated custodian assumes possession of the relevant Schedule II coal mine.

**28. Operation and management plan.-** (1) The designated custodian shall prepare a detailed operations and management plan for each Schedule I coal mine entrusted with the designated custodian and submit such operations and management plan to the Central Government within such time as may be specified by the Central Government which shall not exceed thirty business days.

(2) The operations and management plan shall contain details regarding-

- (a) the manner in which the designated custodian shall operate and manage the relevant Schedule I coal mine;
- (b) in case of any Schedule I coal mine, the operations and management plan shall also include particulars of any action that the designated custodian may take under sub-section (2) of section 19 of the Ordinance;
- (c) the particulars of total cost that may be spent by the designated custodian in implementing the operations and management plan;
- (d) the number of personnel that the designated custodian employs or hires for implementing the operations and management plan;
- (e) in the event the designated custodian undertakes mining operations and disposes coal in the manner specified by the Central Government, then the amount that may be received by the designated custodian;
- (f) manner of transfer of operation and management of Schedule I coal mines from designated custodian to a third party in accordance with the provisions of sub-section (6) of section 19 of the Ordinance.

(3) The Central Government may make modifications to the operations and management plan and communicate the final operations and management plan to the designated custodian which shall be binding on the designated custodian and the Central Government may at any time require the designated custodian to modify the operations and management plan.

**29. Cost, revenues and fee.-** (1) The cost incurred by the designated custodian in operationalising the relevant coal mines including cost of obtaining statutory clearances shall be reimbursed by the Central Government.

(2) Any revenue which may accrue to the designated custodian shall be deposited with the Central Government.

(3) The designated custodian shall be entitled to a fee to defray his costs as may be specified by the Central Government.

**30. Powers of the designated custodian.-** (1) Without prejudice to the generality of the powers specified under section 19 of the Ordinance the designated custodian shall have the power to-

- (a) carry on coal mining operations in any Schedule II coal mine;
- (b) appoint a manager and other personnel for the carrying out of coal mining operations;
- (c) enter, or authorise any other person to enter any land or premises of Schedule II coal mine entrusted to it;
- (d) take such action as may be necessary for the recovery of any debt due to the Schedule II coal mines, in accordance with the provisions of sub-section (3) of section 19 of the Ordinance;
- (e) in case the designated custodian receives any money due to Schedule II coal mines, in accordance with the provisions of sub-section (3) of section 19 of the Ordinance, which pertains to a transaction made at any time before the appointed date, the designated custodian shall disburse such money to the prior allocatee after making payments in accordance with the provision of section 9 of the Ordinance and such verifications as may be necessary;
- (f) incur any expenditure, including the payment of taxes, duties, cess and rates to the Government or to any local authority, provided such expenditure are not due on account of the prior allottee;

Provided further that in case such expenditure is necessary for operation and management of the mine, the designated custodian may incur the same with the prior approval of the Central Government;

- (g) require any prior allottee of the Schedule II coal mine entrusted with it, or any third party to provide such information and documents (regarding relevant Schedule II coal mine entrusted with it), as it may think expedient;
- (h) any other powers which may be consequential or incidental to the functions of the designated custodian specified in the Ordinance and these rules.

(2) The designated custodian shall have the power to take any action to preserve any Schedule I coal mine entrusted with it, in case of any emergent situation and any such action shall be immediately intimated in writing to the Central Government by the designated custodian.

(3) The Central Government may at any time direct the designated custodian to hand over possession, management and control of any of the mines referred to it to a person selected through the process of auction or allotment as per the provisions of the Ordinance and these rules.

### CHAPTER VIII: MISCELLANEOUS

**31.** If any person submits or produces any document to the Central Government or any authority under the Ordinance or these rules, such document shall be accompanied by an affidavit regarding its genuineness and if it is discovered subsequently that such document is false or incorrect, he shall be liable under the law for the time being in force.

**32. Audit.-** The nominated authority, the Commissioner of Payments and the designated custodian shall be subject to audit by the Comptroller and Auditor General of India.

**33. Conduct and discipline.-** The nominated authority, the Commissioner of Payments the designated custodian and personnel, officers and staff working with the nominated authority, the Commissioner of Payment and the designated custodian shall be subject to conduct and disciplinary rules as may be applicable to them in accordance with the law or rules for the time being in force.

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VIVEK BHARADWAJ, Jt. Secy.