

Brief in respect of CCI and CCEA meetings held on 22.04.2013

1. Clearance in respect of NELP (New Exploration Licensing Policy) Oil and Gas Blocks for exploration and production activities.

The Cabinet Committee on Investment (CCI), in its meeting held on 22.4.2013, cleared 25 NELP blocks for continued exploration of Oil and Gas , out of 31 blocks where work had been stopped on account of security restrictions imposed by the Ministry of Defence. Thus, the investment of **US\$ 2.71billion (Rs 14,766 cr)** already made in these blocks will be put to use and further investment to the extent of **US\$ 1.9 billion (Rs 10,360 cr)** will be made in exploration activities in the next 3-5 years.

In summary, out of total 40 blocks, 31 blocks have been cleared by CCI at its meetings held on 20.03.2013 and 22.04.2013. Such clearances will not only put to use an investment of US\$ 13.42 billion (Rs 73179.26 cr) already made but also will bring in additional investment of about US\$ 2.5 billion (Rs 13632 cr) in the 3-5 years in exploration activities. Further, on discovery of hydrocarbons, huge investment is expected in developing these blocks. Out of 3,32,960 sq. km area covered by these 40 blocks , **2,66,463 sq. km in 31 blocks** would now be available for exploration and production activities.

2. Clearance in respect of Power Sector projects

The Cabinet Committee on Investment, in its meeting held on 22.4.2013, also reviewed the status of 20 projects. Out of 20 projects, 13 projects involving investment of **about Rs 33,000 cr** have now been cleared. This includes North Karanpura Thermal Power Project involving an investment of about Rs 15,000 cr, cleared by CCI in its meeting held on 20.2.2013. The Committee has also directed that Vishnugad Pipalkoti Hydro Electric Project, Chamoli, Uttrakhand should be awarded within two months, the revised cost estimates of Kotibhel Hydo Electric Project, Tehri Garhwal, Uttrakhand and Pakul Dul Hydro Electric project , Doda, J&K should be expedited and the work should be awarded within 4-5 months. The Committee also directed that environmental clearance in respect of Feroze Gandhi Unchahar Stage IV , Rae bareli, UP be issued within a week.

3. Clearance in respect of Gua Iron ore mines in Jahrkhand for increase in crude steel capacity of Steel Authority of India Limited (SAIL)

Steel Authority of India, Limited (SAIL) had applied for Forest Clearance for an area of 635.986 ha. This will enable increasing the iron ore production from these mines from 2.4 MTPA (million tonne per annum) to 10 MTPA through an investment of **Rs**

3000 cr along with installation of beneficiation plant and a pallet plant. This is required for increase in the crude steel capacity of eastern sector steel **plants by 5.44 MTPA at an estimated cost of Rs 43,000 cr out of which an investment of Rs 33,000 cr has already been made.** The Committee has directed that after obtaining the requisite information from the State Government, the clearance(s) be issued by the Ministry of Environment and Forests within one month.

4. Pooling of Price of Imported Coal with that of Domestic Coal

The Cabinet Committee on Economic Affairs had, in its meeting held on 05.02.2013 approved, in principle, broad guidelines and had directed that based on the guidelines , the Ministry of Coal should bring a proposal within 5 weeks.

Accordingly, the Committee, in its meeting held on 22.04.2013, considered the proposal of the Ministry of Coal and decided that the Coal India Limited will continue to supply domestic coal at 90% of the Annual Contracted Quantity (ACQ) for pre 2009 power projects. CIL will supply domestic coal at 65% of the ACQ to such post 2009 power projects that have been / will be commissioned by or before 31.03.2015 and where regular Letters of Assurance have been issued and Power Purchase Agreements (PPAs) concluded on cost plus basis. This arrangement will not cover the projects where tapering linkages have been issued. The Committee further decided that the details of other post 2009 power projects that have been/ will be commissioned by 31.3.2015 where (a) PPAs have been concluded on a competitive bid basis; (b) no PPAs have been signed; (c) projects with tapering linkages; and (d) projects with high bank exposure will be ascertained. The Committed directed that the detailed modalities in this regard be worked out within two weeks.

5. Fast Track Dispute Resolution Mechanism by National Highways Authority of India (NHAI)

Legal disputes and financial claims arise quite often in many highways contracts. Expedited resolution of such disputes and settlement of claims are important from the point of view of timely implementation of the projects. The Ministry of Road Transport and Highways apprised the Cabinet Committee on Economic Affairs of the new three-stage dispute resolution mechanism adopted by the NHAI. The old mechanism was not effective in expeditious resolution of disputes and claims.