

Brief on CCI-Status update

The Cabinet in its meeting held on 13.12.2012 approved the proposal of D/o Economic Affairs for constituting a new Cabinet committee on Investment. Accordingly, the Cabinet Committee on Investment was constituted by the Cabinet Secretariat letter no 1/11/3/2012-Cab dated 02.01.2013. The functions of the Committee are as under:

- (i) to identify key projects required to be implemented on a time-bound basis, involving investment of Rs 1000 cr or more , or any other critical projects , as may be specified by the Committee, in sectors such as infrastructure, manufacturing, etc.;
- (ii) to prescribe time limits for issue of requisite approvals and clearances by the Ministries/Departments concerned in respect of projects in identified sectors;
- (iii) to monitor the progress of identified projects including the time prescribed/taken to obtain each approval each approval/clearance and delays, if any;
- (iv) to review implementation of projects, that have been delayed beyond the stipulated timeframe, including issues causing delay in grant of clearance/approvals;
- (v) to review the procedures followed by Ministries/Departments to grant/refuse approvals and clearances;
- (vi) to take decision regarding grant/refusal of approval/clearance of specific projects that are unduly delayed , if deemed necessary;
- (vii) to consider and decide measures required for expeditiously granting/refusing approvals/clearances in identified sectors including simplification of rules/procedures followed by the respective Ministries/Departments for decision making; and
- (viii) to require statutory authorities to discharge functions and exercise powers under the relevant law/regulation within the prescribed time frames for promoting investment and economic growth.

2. Accordingly, all the concerned Miniseries/Departments have been requested to review projects, both in public and private sectors, having investment of Rs 1000 cr or more that are pending on account of delay in according clearances/approvals and to formulate and circulate the proposals for the consideration of the CCI, after due inter-ministerial consultations, in respect of such delayed projects. If the Administrative Ministry/ Department feels that a proposal needs to be considered by the Committee of Secretaries first, it should send a note/proposal for consideration by the Committee of Secretaries to the Cabinet Secretariat.

3. Security Clearance for Exploration and Production activities in NELP Blocks

3.1 In the first meeting of the CCI held on 30.1.2013, the proposal of M/o Petroleum and Natural Gas regarding “Clearance for Carrying Out Exploration and Production Activities in NELP Oil & Gas Blocks” was considered. The contracts for 40 blocks under consideration were awarded between April 2000 and June 2010. However, security clearance was withdrawn between February 2010 and May 2012. The issue was pending since then. According to the Ministry of Petroleum & Natural Gas, an investment of US\$ 13.42 billion has already been made in these 40 blocks and an investment of US\$ 2.542 billion is envisaged in the next 3-4 years. The Committee noted that exploration and production activities have been allowed by Ministry of Commerce in respect of one block. The CCI directed M/o Petroleum & Natural Gas and M/o Defence to evolve workable solution in respect of seven blocks within 30 days and to examine the conditions attached by the M/o Defence in respect of 32 blocks in terms of their essentiality and/or feasibility within 3 months.

3.2 The CCI in its meeting held on 20.3.2013 considered the proposal of the M/o Petroleum and Natural Gas and approved the conditional clearance given in respect of 5 blocks. **Total investment made in these blocks is US\$ 10.546 billion (about ₹ 56,921 cr) and investment envisaged is US\$ 0.29 billion (about ₹ 1,566 cr).** The bottlenecks in respect of other 31 other blocks are in advanced stage of resolution. The CCI has directed that outstanding issues be resolved within a week.

4. Pooling of Price of Imported Coal with Domestic Coal

Investment made in a number of thermal power projects are not being optimally utilized at present due to shortage of domestic coal. This situation could be remedied by plugging the gap between demand and supply through import of coal. However, the price of imported coal is higher than the price of domestic coal. In view of this, on 5.2.2013, the Cabinet Committee on Economic Affairs considered the proposal of the Ministry of Coal regarding “Pooling of Price of Imported Coal with Domestic Coal” and approved the broad guidelines for the pricing and pass through of higher cost of the imported coal. The Committee also directed that the proposal based on the approved guidelines be placed within 5 weeks.

5. Location of North Karanpura Super Thermal Power Project of NTPC

In the second meeting of the CCI held on 20.02.2013, two proposals, one each of the M/o Coal and M/o Power regarding North Karanpura Super Thermal Power Project (NKSTPP)(3*660 MW) by NTPC. The project location falls in a potential coal bearing area containing coal reserve of about 6 billion tonne. The project has been pending

since March 2000 on the issue of the location of the project. The CCI decided that the power plant be constructed at the present site with some specific conditions. The Committee also decided, in principle, to restore the original coal linkage granted to the plant with certain stipulations. **According to the Ministry of Power, this project would lead to an investment of about Rs 14000 cr and generation of 1980 MW of power.**

6. **Environment and Forest Clearance to Coal Mining projects**

The CCI, in its meeting held on 20.02.2013, considered the proposal of the Ministry of Coal regarding fast tracking of the approvals for the Environment and Forest Clearances in respect of 12 coal mining projects. **According to the Ministry of Coal, these 12 projects would lead to annual coal production of 36.97 Million Tonne and an investment of Rs 1347.63 cr.** The Committee noted that in respect of six coal mines, environment clearance has been accorded and directed that in respect of remaining cases relating to environment/forest clearances, Secretary, Ministry of Environment & Forests and Secretary, Ministry of Coal will hold mutual discussions and finalize within one month, the time-frame for processing such cases.

7. **Decision taken to streamline the processes relating to Environment and Forest Clearances: Meeting of the CCI held on 20 March 2013**

7.1 To help boost investments in the critical sectors of the economy, a number of steps have been taken in the last three months to streamline the process of granting forest and environment clearances. The CCI, in its meeting held on 20.03.2013 reviewed the progress made in this regard so far and set deadlines for the activities that are yet to be completed.

7.2 **Environment Clearance (EC) for mining projects**

7.2.1 For one time **capacity expansion of 25% or less**, coal mining projects have now been **exempted from public hearing** provided that public hearing had taken place at the time of obtaining the existing EC and the mining is confined to the existing lease area. This would help boost production of coal which is in short supply in the country. MoEF informed the CCI that an OM has been issued to this effect on 19.12.2012.

7.2.2 It has also been decided that no fresh EC shall be required for a mining project at the time of renewal of mining lease, if EC was obtained under the EIA Notification of 2006. In this regard, the required Notification has been sent to the printing press for publication. CCI directed MoEF to ensure within a week that similar dispensation is made for projects that had obtained EC under the EIA Notification of 1994.

7.3 Environment Clearance (EC) and Forest Clearance (FC) for linear projects.

7.3.1 In order to protect the rights of STs and Other Forest Dwellers (STOFD) under the Forest Rights Act, the MoEF in its guidelines of 03.08.2009 had made it mandatory to get the consent of all the Gram Sabhas whose lands were involved in a project. Linear projects like roads, transmission lines etc. generally pass through a large number of villages. A number of projects were getting delayed as obtaining consent of each Gram Sabha is time consuming. The CCI was informed that an OM has been issued on 05.02.2013 whereby such projects are now exempt from obtaining the consent of Gram Saha provided that the rights of the Primitive Tribal Groups/Pre-agricultural Communities are not affected and the State Government has certified that all rights under the Forest Rights Act have been recognized and vested. This would help enormously reduce the time taken in obtaining FC and would also ensure that the rights of STOFD are fully protected.

7.3.2 Many a time linear projects involve only small stretches of forest land. Earlier work could not be taken up even on the non-forest portion unless FC was available for the forest land. CCI was informed that this anomaly has been removed through an OM that MoEF issued on 07.01.2013. Now, work on non-forest part can begin (subject to certain conditions) during the pendency of the FC.

7.3.3 Based on the order passed by the Supreme Court in the Lafarge matter, EC for a project is not being granted unless FC has been granted first. Therefore, pending FC work cannot begin in the non-forest portion of a linear

project despite the easing of norms as described in para 7.3.2 above. On being approached by the MoEF, the Supreme Court on 12.03.2013 has allowed delinking of EC and FC in case of linear projects. The CCI directed MoEF that the requisite guidelines to delink the grant of EC and FC for linear projects should be issued expeditiously.

7.3.4 In its judgment dated 27.02.2012, the Supreme Court has made it mandatory (until rules are framed under MMDR Act) to obtain EC even for mining of minor mineral which includes brick/ordinary earth. Therefore, in the States, where relevant rules are yet to be framed, digging of earth for highway projects requires EC. The CCI was informed that an OM has been issued on 18.12.2012 obviating the need for obtaining a separate environment clearance for mining of soil/earth from borrow areas of highway projects. Further, based on experience gained, it is proposed to amend this OM to the effect that broad coordinates of areas from which borrow area may be selected, may be provided by the project proponent at EC stage instead of the TOR stage; and that likely impact on environment due to proposed mining of soil/earth may also be provided at EC stage instead of at the ToR stage. The CCI directed the MoEF to issue the requisite amendment expeditiously.

7.4 Environment Clearance (EC) and Forest Clearance (FC) for other projects

7.4.1 Under MoEF's letter dated 13.05.2011, no FC is required for creation of certain critical infrastructure involving less than 5 Ha forest land in 60 identified districts. The CCI was informed that through OM dated 10.12.2012 this has been extended to 22 more districts and through OM dated 01.02.2013 this exemption has further been extended to all categories of roads and quarrying of materials used in construction of public roads.

7.4.2 The CCI was informed that, through OM dated 01.11.2012 EC procedure for SEZs has been brought in line with the framework prescribed for NIMZs under the National Manufacturing Policy. This would allow the State Govts. to delegate

powers to the State Pollution Control Boards and would exempt individual units from public hearing, if the SEZ, as a whole, has undergone public hearing.

7.4.3 The CCI was informed that a Committee has been constituted under Dr. K. Kasturirangan, Member, Planning Commission, to review the provisions of EIA Notifications, 2006 relating to building, roads and SEZ projects. The Committee is to give its report by 22.03.2013. The CCI directed the MoEF that the decisions on the recommendations of the Committee should be taken expeditiously.

7.4.4 An Expert Committee has been constituted on 30.01.13 to further streamline EC processes. The issue relating to mandatory EC for brick earth and ordinary earth from areas less than 5 Ha has been referred to this Committee. The Committee has given its recommendations which are under examination. The CCI directed MoEF to complete the requisite action within a month.