



No. CIL/PM:21:9025 A

Date... Oct 28, 93. 19
Nov 1, 93

The Director (Projects),
Western Coalfields Ltd,
Nagpur.

Dear Sir,

Subj: Project Report of Tawa UG (Phase I),
Western Coalfields Limited.

The PR for Tawa UG (0.80 Mty) was approved by CIL on 22.08.91 and discussed in IMG on 30.10.91. As per the minutes of the IMG meeting, the PR would be placed to PIB after the Ministry receives an intimation from WCL that it has entered into a commercial agreement with MPEB regarding sales realisation. As agreement with MPEB has not yet been finalised, the PR has not been placed to PIB. In the meantime, an Advance Action for Rs 1.65 Crores has been sanctioned by Ministry on 18.2.92. Moreover, WCL Board has further approved Rs 41 lakhs in the 114th Meeting held on 27.3.93 for essential development works including incline drivages.

CIL has received a draft PR for Tawa UG (Phase I) recently. Draft PR for Phase I (0.15 mty) shows that the project will incur a loss of Rs 244.12/te and Rs 322.28/te at 100% level and 85% level of production respectively. As the PR (0.80 mty) is pending with Govt. and commercial agreement with MPEB regarding the sale realisation on the basis of cost of production plus proper return on equity capital is yet to be finalised, sanctioning of phase I of the PR which is also incurring heavy losses does not appear to be proper.

I would therefore, request you to look into the matter personally.

Yours faithfully,

(S K Ghosh)
Director (Technical)

Copy to:

The Regional Director, R-IV, Nagpur.