

SHOW CAUSE NOTICE
By Speed Post

No.13016/8/2007-CA-I (Part)
Government of India
Ministry of Coal

New Delhi, dated 14th June, 2013

To,
The Managing Director,
M/s Chhattisgarh Mineral Development Corporation Ltd.,
Sona Khan Bhawan, Ring Road 1,
Village Purena, P.O. Ravigram, Raipur, Chhattisgarh.

Subject: Show Cause Notice to M/s Chhattisgarh Mineral Development Corporation Ltd. in respect of Sondiha Coal block – regarding.

Sir,

I am directed to refer to this Ministry's letter No. 13016/8/2007-CA-I dated 25.07.2007 conveying allocation of **Sondiha** coal block in pursuance of the provisions contained in Section 3(3)(a)(i) of the Coal Mines (Nationalisation) Act, 1973, subject to certain conditions. One of the conditions of allocation was that in respect of an unexplored block, the allocatee company had to apply for a prospecting license within three months of the date of allocation. The exploration was to be completed and geological report prepared within two years from the date of issue of prospecting license. After the detailed exploration was completed the allocatee of the block had to proceed for ensuring earliest commencement of production. The milestone chart appended to the allocation letter was to be adhered to.

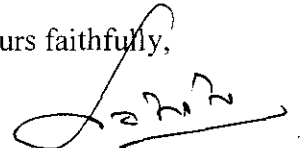
2. In order to expedite the development of the coal blocks, review meetings were held from time to time. In the review meeting held on 11/12.01.2012, it was noticed that the progress of the **Sondiha** block allocated to the company is not satisfactory. The Committee expressed concern over unsatisfactory progress and advised to expedite the development of the coal block. Accordingly, a caution letter dated 26.04.2012 was issued to the company with the direction to expedite the development of the coal block and be careful in future with respect to the milestones stipulated.

3. In the meantime, the Government constituted an Inter-Ministerial Group (IMG) on 21.06.2012 under the chairpersonship of Additional Secretary, Ministry of Coal having members from Ministry/Department of Power, Steel, Industrial Policy & Promotion, Legal Affairs and Economic Affairs. IMG has been given mandate to review the progress of development of allocated coal/lignite blocks and associated end use projects and to recommend action including de-allocation, if required. IMG in its 18th meeting held on 01.05.2013 *inter alia* considered the status of

the development of the Coal Block prepared by the Coal Controller's Organisation (CCO) as on 31st December, 2012 and noted that no significant progress has been made by your company towards development of the **Sondiha** coal block. The IMG noted that grant of forest clearance, EMP clearance & grant of mining lease are still pending in your case. Keeping in view unsatisfactory progress, IMG recommended to issue show cause notice for delay in development of coal block. The recommendation of IMG has since been considered and accepted by the Government.

4. Under the above circumstances, you are hereby called upon to show cause, on various stages for development of coal block, to this Ministry within a period of **20 days** from the date of issue of this show cause notice as to why the delay in the development of the coal block should not be held as violation of the terms and conditions of the allotment of **Sondiha coal block** failing which it would be presumed that your company has no explanation to offer and action as appropriate would be taken for de-allocation of **Sondiha coal block**.

Yours faithfully,



(S.K. Shahi)

Director

Tel: 23382807

Copy to:

(i) The Coal Controller, Coal Controller Organisation, 1- Council House Street, Kolkata.

✓ (ii) NIC, Ministry of Coal for uploading the letter on Ministry's website.