

SHOW CAUSE NOTICE

No.13011/32/2012-CA-I
Government of India
Ministry of Coal

New Delhi, dated 4th May, 2012

To

M/s Maharashtra State Electricity Board,
Prakashgand, 3rd Floor, Bandra (East)
Mumbai- 400 051.

M/s Gujarat State Electricity Board,
Vidyut Bhawan, Race Course,
Varoda- 390 007.

Subject: Show cause notice in respect of Mahanadi & Machakata coal block.

Sir,

I am directed to refer to this Ministry's letter No.13016/13/2005-CA-I dated 06.-2.2005 conveying allocation of **Mahanadi & Machakata** coal block in pursuance of the provisions contained in Section 3(3)(a) of the Coal Mines (Nationalization) Act, 1973, subject to certain conditions. One of the conditions of allocation was that coal production from the captive block shall commence within 36 months (42 months in case the area is in forest land) in case of open cast mine and in 48 months (54 months in case the area falls under forest land) in case of UG mine from the date of allocation letter. The end- use project schedule and the coal mine development schedule should be modified accordingly and submitted to the Ministry within 3 months from the date of allocation.

2. In order to expedite the development of the coal block, various review meetings were held from time to time with the representatives of the company. In



the review meeting held on 11/12.01.2012, it was noticed that no serious efforts have been made by the company to develop the coal block, even after repeated assurances tendered by the Company during the period. It is also noted that all the important/critical milestones such as grant of previous approval, EMP, Forest Clearance, Mining Lease and land acquisition are pending for Mahanadi and Machakata coal block. The company has repeatedly failed to keep its promises made to the Ministry and is thus non-serious about timely development of the block. The details of milestones to be achieved and the time lapsed against each milestone are given in the table below:-

Mile Stones	Schedule date of Completion	Actual date of Completion	Slippage in YY/MM
Purchase of GR	23.3.2006	10.6.2008	2Yrs 3 Months
Submission of Bank Guarantee	6.5.2006	NA	
Mining Lease Application	6.5.2006	18.12.2008	2 Yrs 7 Months
Submission of Mining Plan	6.8.2006	30.5.3009	2Yrs 9 Months
Approval of Mining Plan	6.10.2006	24.8.2009	2Yrs 10 Months
Application of Previous approval	6.12.2006	Pending	5Yrs 3 Months (as on 3/2012)
Granting of Previous approval	6.1.2007	Pending	5Yrs 2 Months (as on 3/2012)
Application of Forest clearance	6.2.2007	31.5.2010	3 Yrs 3 Months
Grant of Forest Clearance	6.8.2007	Pending	4Yrs 7 Months (as on 3/2012)
Application EMP Clearance	6.2.2007	31.3.2009	2Yrs 1 Months
Grant of EMP Clearance	6.8.2007	Pending	4Yrs 7 Months (as on 3/2012)
Grant of Mining Lease	6.2.2008	Pending	4Yrs 1 Months (as on 3/2012)
Application of Land Acquisition	6.9.2007	18.6.2009	1Yr 9 Months (as on 3/2012)
Completion of Land Acquisition	6.2.2009	Pending	3 Yrs 1 Months (as on 3/2012)
Application for opening permission	6.6.2009	Pending	2Yrs 9 Months (as on 3/2012)
Grant of Opening permission	6.7.2009	Pending	2 Yrs 8 Months (as on 3/2012)

Coal Production	6.8.2009 (42 Months)	Pending	2Yrs 7 Months (as on 3/2012)
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3. Under the above circumstances, you are hereby called upon to show cause, on each milestone separately, to this Ministry within a period of 20 days from the date of issue of the 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 Mahanadi and Machakata coal block, failing which it would be presumed that your company has no explanation to offer and action as appropriate would be taken against your company for de-allocation of Mahanadi and Machakata coal block.



(Sandeep Gupta)

Under Secretary to the Govt. of India

Copy to The Coal Controller, Coal Controller Organisation, Kolkata..