

SHOW CAUSE NOTICE

No.13011/50/2012-CA-I
Government of India
Ministry of Coal

New Delhi, dated 4th May, 2012

To

- (i) The Principal Secretary and Chairman,
Uttar Pradesh Rajya Vidyut Utpadan Nigam Ltd.,
201, Bapu Bhawan, Lucknow - 226 001
- (ii) The Managing Director,
Chhattisgarh Mineral Development Corporation,
Sona Khan Bhawan , Ring Road No. 1,
Village Purena, Ravigram ,
Raipur- 482 006
- (iii) The Managing Director,
Maharashtra State Power Generation Corporation Limited,
Prakashgad, Plot No. G-9,
Bandra(E)
Mumbai- 400 051

**Subject: Show cause notice in respect of Chendipada & Chendipada-II
coal block.**

Sir,

I am directed to refer to this Ministry's letter No. 13016/8/2007-CA-I dated 25.07.2007 conveying allocation of Chendipada & Chendipada-II 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 Chendipada & Chendipada-II 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:-

Chendipada I :

| Mile Stones | Schedule date of Completion | Actual date of Completion | Slippage in YY/MM |
|----------------------------------|-----------------------------|---------------------------|---------------------------------|
| Purchase of GR | 8.9.2007 | 15.10.2009 | 2Yrs 1 Months |
| Submission of Bank Guarantee | 25.10.2007 | 11.12.2007 | 2 Months |
| Mining Lease Application | 25.10.2007 | 31.3.2011 | 3Yrs 5 Months |
| Submission of Mining Plan | 25.1.2008 | 31.3.2010 | 2Yrs 2 Months |
| Approval of Mining Plan | 25.3.2008 | 4.7.2011 | 3Yrs 4 Months |
| Application of Previous approval | 25.5.2008 | Pending | 3Yrs 10 Months |
| Granting of Previous approval | 25.6.2008 | Pending | 3Yrs 9 Months |
| Application of Forest clearance | 25.7.2008 | 11.4.2011 | 2Yrs 9 Months |
| Grant of Forest Clearance | 25.1.2009 | Pending | 3Yrs 2 Months (as on 3/2012) |
| Application EMP Clearance | 25.7.2008 | 13.7.2010 | 2Yrs |

| | | | |
|------------------------------------|-----------------------|-----------|---------------------------------|
| Grant of EMP Clearance | 25.1.2009 | Pending | 3Yrs 2 Months (as on 3/2012) |
| Grant of Mining Lease | 25.7.2009 | Pending | 2Yrs 8 Months (as on 3/2012) |
| Application of Land Acquisition | 25.2.2009 | 21.2.2011 | 2Yrs |
| Completion of Land Acquisition | 25.7.2010 | Pending | 1Yr 8 Months (as on 3/2012) |
| Application for opening permission | 25.11.2010 | Pending | 1Yr 4 Months (as on 3/2012) |
| Grant of Opening permission | 25.12.2010 | Pending | 1Yr 3 Months (as on 3/2012) |
| Coal Production | 25.1.2011 (42 Months) | Pending | 1Yr 2 Months (as on 3/2012) |

Chendipada-II:

| Mile Stones | Schedule date of Completion | Actual date of Completion | Slippage in YY/MM |
|----------------------------------|-----------------------------|---------------------------|---------------------------------|
| Purchase of GR | 25.10.2009 (27 Months) | Pending | 2Yrs 5 Months (as on 3/2012) |
| Submission of Bank Guarantee | 25.10.2007 | 23.10.2007 | - |
| Mining Lease Application | 25.01.2010 | Pending | 2Yrs 2 Months (as on 3/2012) |
| Submission of Mining Plan | 25.4.2010 | Pending | 2Yrs (as on 3/2012) |
| Approval of Mining Plan | 25.6.2010 | Pending | 1Yr 9 Months (as on 3/2012) |
| Application of Previous approval | 25.8.2010 | Pending | 1Yr 7 Months (as on 3/2012) |
| Granting of Previous approval | 25.9.2010 | Pending | 1 Yr 6 Months (as on 3/2012) |
| Application of Forest clearance | 25.10.2010 | Pending | 1Yr 5 Months (as on 3/2012) |
| Grant of Forest Clearance | 25.4.2011 | Pending | 1Yr (as on 3/2012) |
| Application EMP Clearance | 25.10.2010 | Pending | 1Yr 5 Months (as on 3/2012) |
| Grant of EMP Clearance | 25.4.2011 | Pending | 1Yr (as on 3/2012) |
| Grant of Mining Lease | 25.10.2011 | Pending | 5 Months (as on 3/2012) |
| Application of Land Acquisition | 25.5.2011 | Pending | 10 Months (as on 3/2012) |
| Completion of Land Acquisition | 25.10.2012 | Pending | - |

| | | | |
|------------------------------------|-----------------------|---------|---|
| Application for opening permission | 25.2.2013 | Pending | - |
| Grant of Opening permission | 25.3.2013 | Pending | - |
| Coal Production | 25.4.2013 (42 Months) | Pending | - |

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 Chendipada & Chendipada-II 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 Chendipada & Chendipada-II coal block.



(Sandeep Gupta)

Under Secretary to the Govt. of India

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