

By Speed Post

F.No 13016/46/2009-CA-I

Government of India

Ministry of Coal

....

New Delhi, dated 21st November, 2012

To

1. M/s Arcelor Mittal India Limited
IFCI Tower, 11th Floor,
A-Wing, 61, Nehru Place,
New Delhi- 110 019
2. GVK Power (Govindwal Sahib) Limited
Kohinoor, Road No.1 Banjara Hills,
Hyderabad- 500 034.

Sub: Deduction of Bank Guarantee in respect of Seregarha Coal block allocated to M/s Arcelor Mittal India Limited and M/s GVK Power (Govindwal Sahib) Limited as per Option-I.

Sir,

I am directed to refer to Ministry of Coal's allocation letter No 38011/1/2007-CA-I dated 9th January, 2008 (Annexure-I) and to this Ministry's show cause notice No. 13011/10/2012-CA-I dated 2nd May, 2012 (Annexure-II) and to your reply to the show cause notice before the Inter Ministerial Group (IMG) on the above subject.

2. Seregarha coal block was allocated on 9th January, 2008 under Section 3(3)(a)(iii) of the Coal Mines (Nationalisation) Act, 1973 to M/s Arcelor Mittal India Limited and M/s GVK Power (Govindwal Sahib) Limited to meet the coal requirement of 103.50 for 750 MW Power Plant at Saraikela, Jharkhand and 82.80 for 600 MW Power Plant at Goindwal Sahib, Distt. Punjab, respectively subject to the terms and conditions of the said allocation letter. In the allocation letter it has been mentioned that:-

Allocation/mining lease of the coal block may be cancelled, inter-alia, on the following grounds:-

- (a) Unsatisfactory progress of implementation of their end use sponge iron plant/power plant.
- (b) Unsatisfactory progress in the development of coal mining projects.
- (c) For breach of any of the conditions of allocation.

the De-allocation/ cancellation of mining lease shall be without any liability to the Govt. or its agencies, whatsoever. Any expenses incurred by the allocatee or any right or liability arising on the allocatee out of the measures taken by him shall solely be to his account and in no way be transferred to or borne by the Govt. or its agencies.

3. In respect of Bank Guarantee, the allocation has clearly mentioned that The company shall submit a bank guarantee for Rs. 32.40 crores (equal to one year's royalty amount based on mine capacity of 4 mtpa assessed by CMPDIL, grade of coal of from E grades and the weighted average royalty @ Rs. 81 per tonne) within three months from the date of issue of this letter. Subsequently, upon approval of mining plan, the Bank Guarantee amount will be modified based on the final peak/rated capacity of the mine.

- (a) 50% of the bank guarantee shall be linked to the milestones (time schedule) set for development of captive block, and the remaining 50% to the guaranteed production. The bank guarantee shall be liable to be encashed in the following eventuality.
- (b) There shall be an annual review of progress achieved by an allocatee company. In the event of lapses, if any, in the achievements vis-à-vis the milestones set for that year, a proportionate amount shall be encashed and deducted from the bank guarantee.
- (c) Once production commences, in case of any lag in the production of coal, a percentage of the bank guarantee amount will be deducted for the year. This percentage will be equal to the percentage of deficit in production for the year with respect to the rated/peak capacity of the mine, e.g., if rated/peak capacity is 100, production as per the approved mining plan for the relevant year is 50 and actual production is 35, then $(50-35)/100 \times 100 = 15\%$ will lead to deduction of 15% of the original bank guarantee amount for that year. Upon exhaustion of the bank guarantee amount, the block shall be liable for de-allocation/cancellation of mining lease.
- (d) The allocatee shall ensure that the bank guarantee remains valid at all times till the mine reaches its rated capacity or till the bank guarantee is exhausted. Any lapses on this count shall lead to de-allocation/cancellation of mining lease.

4. The progress of allocated coal block as well as linked/associated end use project has been reviewed by the Ministry through a Inter-Ministerial Review Committee from time to time wherein the allocatee company give presentation in respect of the development made by the company with reference to the milestones prescribed in the allocation letter during which it was noted as following:-

i) In the Review Meeting held on 22/23 June, 2009, the Committee noted that all milestones were pending except formation of JVC, submission of Bank Guarantee and application for PL, Mining Plan has not been submitted. The progress is not satisfactory.

ii) In the Review Meeting held on 20/21.07.2010, the Committee noted that the block is Regionally Explored. JVC has been formed. Grant of PL is pending for forest clearance, proposal is processed with DFO. No progress since last meeting. The committee was dissatisfied with the development of mine.

iii) The Committee examined the replies on 28th January, 2011 and 4th February, 2011, submitted by the allocatees against the show cause notice issue to the allocatees vide letter dated 03.11.2010 and recommended warning to the company. Warning was issued vide this Ministry's letter dated 28.06.2011.

vi) In the Review Meeting held on 11/12.01.2012, the Committee noted that the Block was regionally explored. Company informed that 50% drilling is completed. M/s Naresh Kr & Co is the drilling agency. PL signed in March 2011. Difficult in setting up of steel plant. Show cause was issued vide letter No. 13011/10/2012-CA-I dated 2nd May, 2012.

5. In the meantime, the Government has set up an Inter-Ministerial Group (IMG) under the Chairpersonship of Additional Secretary (Coal), Ministry of Coal having members from Ministry of Power, Ministry of Steel, Ministry of Commerce & Industry, Department of IPP, Ministry of Law and Justice, Department of Legal Affairs, Department of Economic Affairs. The IMG has been given the mandate to review the progress of development of allocated coal blocks and associated end use projects and to recommend action including de-allocation, if required. The case of the allocatee company was referred to the IMG. Accordingly, the IMG asked the allocatee companies to make the presentation before it on the progress of development of allocated coal blocks and associated end use project. The representatives of the allocatee company gave presentation **on 7th September, 2012 before the IMG. The IMG considered the presentation, the status note of the Seregarha coal block** and associated EUP prepared by Ministry of Coal and Coal Controller's Organization (Annexure-III). The progress of development of the block with reference to the milestones and their achievement is as under:-

Mile Stones	Schedule date of Completion	Actual date of Completion	Slippage in YY/MM	Remarks
Purchase of GR	09.04.10 (27 Months)	18.5.2012	2 Yrs 1 months	Government of Jharkhand granted PL under Section 5(1) of MMDR Act 1957 in Sep 2010 and signed PL deed on 3 rd March 2011 which caused the abnormal slippage of 2 yrs and 11 months in project execution. The coal block is in Latehar district of Jharkhand. Latehar is one of the worst affected districts on account of extremist activities.
Submission of Bank Guarantee	09.04.08	08.04.08	-	
Mining Lease Application	09.07.10	20.6.12	2 Yrs	Company deposited 112.25 Lakhs to CCL. Till CCL is yet to take decision.
Submission of Mining Plan	9.10.2010	Pending	1Yr 8 Months	-
Approval of Mining Plan	9.12.2010	Pending	1Yr 6 Months	-
Application of Previous approval	9.2.2011	Pending	1Yr 4 Months	-
Granting of Previous	9.3.2011	Pending	1Yr. 3M	-

approval				
Application of Forest clearance	9.4.2011	Pending	1Yr. 1 Month	-
Grant of Forest Clearance	9.10.2011	Pending	1yr.3 Months	-
Application EMP Clearance	9.4.2011	Pending	1yr.3months	-
Grant of EMP Clearance	9.10.2011	Pending	8 months	-
Grant of Mining Lease	9.4.2012	Pending		-
Application of Land Acquisition	9.11.2011	Pending	8 Months	-
Completion of Land Acquisition	9.4.2013	Pending		

Application for opening permission	9.8.2013	Pending	-	-
Grant of Opening permission	9.9.2013	Pending	-	-
Coal Production	9.10.2013 (42 Months)	Pending	-	Expected to start production by Oct. 2015 as per company report.

6. After detailed deliberations, the IMG observed as under:

M/s Arcelor Mittal India Ltd. & GVK Power Ltd. (Seregarha)

The IMG considered the terms and conditions of allocation, the show cause notice issued, the reply and the presentation made by the company along with the latest status paper presented to the IMG. The IMG noted that 4 years and 6 months have elapsed from the date of allotment i.e. 9.1.2008. IMG also noted that the Seregarha block is a regionally explored block. The time allowed for exploration i.e. 27 months has been factored into the scheduled date of completion i.e. 9.4.2010. However, actual date of completion was 4.6.2012. The allocatee informed the IMG that they applied for Prospecting Licence(PL) on 8.5.2008 and could obtain the PL from the State Govt. in September, 2010. The allocatee further stated that no other milestones could be consequently completed as yet. IMG noted that submission of mining plan applications for EC, FC and land acquisition are all pending. Investment made in the coal block as reported by the company is Rs. 8 crore mainly on prospecting. There are 2 end-use plants linked with the coal block. M/s Arcelor Mittal India Ltd. informed that 270 acres land has been purchased and Rs. 50 crores including Rs. 12.39 crore on land has been spent. M/s GVK Power Ltd. already has an existing TPP in which an investment of Rs. 2360 crore has been made. The allocatee informed that he would be in a position to open the mine by September, 2015. IMG noted that the normative date for start of production is 9.10.2013.

IMG noted that this is a regionally explored block and the allocatee has completed exploration and preparation of GR within 18 months from the date of obtaining PL, whereas prospecting/exploration activities and preparation of GR have to be completed within 27 months from the date of allocation. Taking into account all factors, the IMG did not consider it appropriate to recommend de-allocation of the coal block at this stage. IMG noted that in this case as per terms and conditions of allotment, 50% of the BG is linked to

noted that in this case as per terms and conditions of allotment, 50% of the BG is linked to the milestone set for the development of captive block and the remaining 50% to guaranteed production. In the event of lapses in the achievement vis-à-vis the milestones set, the allotment letter provides that a proportionate amount shall be encashed and deducted from the BG. As per guidelines framed by IMG for proportionate deduction of BG related to non-achievement of milestones, the IMG recommends that out of the 50% BG related to achievement of milestones, deduction may be made on the basis of milestones not achieved in terms of weightages assigned to each of the milestones in the guidelines.

Out of 50% BG related to shortfall in production, the IMG noted that due date for start of production has still not commenced. The IMG does not therefore, recommend any deduction in BG for shortfall in production.

7. The recommendation of the IMG has since been considered and accepted by the Government.

8. It has been decided to deduct the Bank to the extent of **Rs 11.34 crore (Rupees Eleven crores and thirty four lakh only)** be deducted and deposited with the Government. (The calculation of deduction of BG is as per Annexure-IV). This order is without prejudice to any other action which the Ministry of Coal may takes/consider appropriate.

Yours faithfully,


(V.S. Rana)

Under Secretary to the Govt. of India

Copy to:-

1. The Chief Secretary, Government of Jharkhand
2. The Secretary, Ministry of Steel, UdyogBhavan, New Delhi.
3. The Coal Controller's Organisation, 1, Council House Street, Kolkata.
4. The Chairman, Coal India Limited, 10- Netaji Subhash Road, Kolkata.
5. NIC Cell, Ministry of Coal for placing the letter on the Website of Ministry of Coal.

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No 38011/1/2007-CA-I
Government of India
Ministry of Coal

New Delhi, dated the 9th January, 2008.

To

- (1) M/s. Arcelor Mittal India Ltd.
IFCI Tower, 11th Floor,
A-Wing, 61,
Nehru Place,
New Delhi - 110 019.
- (2) GVK Power (Govindwal Sahib) Ltd.
Pevigah House, 156-159,
Sardar Patel Road,
Secundrabad - 500 003.

Subject : Allocation of **Seregarha** coal block in the State of Jharkhand for captive mining of coal by M/s Arcelor Mittal India Ltd. and M/s. GVK Power (Govindwal Sahib) Ltd. as per Option-I.

Sir,

I am directed to refer to your application for allocation of coal block in the State of **Jharkhand** and to state that this has been considered by the Central Government and it has been decided to allot **Seregarha** coal block in the command area of CCL to M/s Arcelor Mittal India Ltd. and M/s. GVK Power (Govindwal Sahib) Ltd. to meet the coal requirement as indicated in the table below :-

Geological Reserve (Mt)	Tentative Mine Capacity (Mtpa)	Proposed For Company	Coal Requirement for 30 yrs (Mt)	Proportionate share of reserves of coal (MT)
GR (OC) - 150 MT.	4.0	M/s. Arcelor Mittal India Ltd. (CPP)	3.45 x 30 = 103.50 for 750 MW Power Plant at Saraikela, Jharkhand	83.33
		M/s. GVK Power (Govindwal Sahib) Ltd. (IPP)	2.76 x 30 = 82.80 for 600 MW Power Plant at Goindwal Sahib, Distt. Punjab	66.67
		Total	186.30	

2. This allocation is in pursuance of the provisions contained in Section 3(3)(a)(iii) of the Coal Mines (Nationalization) Act, 1973 and subject to the following conditions :-

- i) A joint venture company shall be formed between M/s Arcelor Mittal India Ltd. and M/s. GVK Power (Govindwal Sahib) Ltd. The equity holding in the joint venture company will be in proportion to the assessed coal requirement of the companies.
- ii) The joint venture company shall be formed and registered by the allocatees within 60 days from the date of allocation of this letter.
- iii) The mining lease shall be obtained in the name of the Joint Venture Company and coal extracted from the mine shall be distributed among the allocatees in the proportion of their assessed requirement.
- iv) The block is meant for captive use in their own specified end use project as shown in the table above. The coal produced from the block shall not replace any coal linkages given to M/s Arcelor Mittal India Ltd. and M/s. GVK Power (Govindwal Sahib) Ltd. by the Coal India Ltd. / its subsidiary and/or by the Singareni Collieries Company Ltd., without prior permission of this Ministry.
- v) Middlings generated in the process of washing the coal shall be used for power generation in their own power plant i.e., the useable middlings/rejects generated during beneficiation shall be used captively by the allocatee. The modalities of disposal of surplus coal/middlings/rejects, if any, would be as per the prevailing policy/instruction of the government at the relevant point in time and could also include handing over such surplus coal/middling/rejects to the local CIL subsidiary or to any person designated by it at a transfer price to be determined by the Government.
- vi) Prospecting/exploration and preparation of GR have to be completed within 27 months from the date of allocation. 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 preparation of GR. The end-use project schedule and the coal mine development schedule should be modified accordingly and submitted to the Ministry within 6 months from the date of this letter. A copy of the indicative milestone chart is enclosed.
- vii) Detailed exploration shall be carried out on their own, subject to guidelines laid down in consultation with the CMPDIL. A copy of guidelines for exploration is enclosed.
- viii) In respect of an unexplored block, the allocatee company shall apply for a prospecting license within three months of the date of issue of allotment letter. The exploration shall be completed and geological report prepared within two years from the date of issue of prospecting license. After the detailed exploration is

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completed the allocatee of the block shall proceed for ensuring earliest commencement of production. The milestone chart appended shall be adhered to. Any slippage would render this allocation liable for cancellation, and withdrawal of block from the allocatee.

- ix). The company shall submit a bank guarantee for Rs. 32.40 crore (equal to one year's royalty amount based on mine capacity of 4 mtpa assessed by CMPDIL, grade of coal of E and the weighted average royalty @ Rs. 81 per tonne) within three months from the date of issue of this letter. Subsequently, upon approval of the mining plan, the bank guarantee amount will be modified based on the final peak/rated capacity of the mine.
- (a) 50% of the bank guarantee shall be linked to the milestones (time schedule) set for development of captive block, and the remaining 50% to the guaranteed production. The bank guarantee shall be liable to be encashed in the following eventuality.
 - (b) There shall be an annual review of progress achieved by an allocatee company. In the event of lapses, if any, in the achievements vis-à-vis the milestones set for that year, a proportionate amount shall be encashed and deducted from the bank guarantee.
 - (c) Once production commences, in case of any lag in the production of coal, a percentage of the bank guarantee amount will be deducted for the year. This percentage will be equal to the percentage of deficit in production for the year with respect to the rated/peak capacity of the mine, e.g., if rated/peak capacity is 100, production as per the approved mining plan for the relevant year is 50 and actual production is 35, then $(50-35)/100 \times 100 = 15\%$ will lead to deduction of 15% of the original bank guarantee amount for that year. Upon exhaustion of the bank guarantee amount, the block shall be liable for de-allocation/cancellation of mining lease.
 - (d) The allocatee shall ensure that the bank guarantee remains valid at all times till the mine reaches its rated capacity or till the bank guarantee is exhausted. Any lapses on this count shall lead to de-allocation/cancellation of mining lease.
- x) The allocatee shall be required to comply with the guidelines / rules laid down by the Central Government from time to time relating to mine closure (both progressive and final). The allocatee shall be required to submit mine closure plan alongwith the mining plan as per the guidelines issued in this regard.
- xi) No coal shall be sold, delivered, transferred or disposed of except for the stated captive mining purposes, and except with the previous approval of the Central Government.

- (16)
- xii) Mining of coal from the allocated captive coal block shall be carried out in accordance with the applicable Statutes/Rules/Orders/Directions governing the mining of coal in the country.
- xiii) Those of the above conditions relevant at the time of grant of mining lease shall be included as additional conditions in the mining lease in addition to any further conditions imposed by or agreed to by the Central Government.
- xiv) The State Government at the time of seeking previous approval for the grant of mining lease shall submit a draft of the mining lease containing the above relevant conditions for vetting by the Central Government. The final mining lease shall be as vetted/modified by the Central Government. Any deviation from the vetted/modified draft shall render the mining lease deed ab-initio null and void and without effect.
3. Allocation /-mining lease of the coal block may be cancelled, inter-alia, on the following grounds :-
- a. Unsatisfactory progress of implementation of their end use sponge iron plant / power plant/cement plant.
 - b. Unsatisfactory progress in the development of coal mining project.
 - c. For breach of any of the conditions of allocation mentioned above.
4. The de-allocation/cancellation of mining lease shall be without any liability to the Government or its agencies, whatsoever. Any expenses incurred by the allocatee or any right or liability arising on the allocatee out of the measures taken by him shall solely be to his account and in no way be transferred to or borne by the Government or its agencies.
5. The joint venture company may approach CIL/CMPDIL/GSI to obtain available geological data of the block on the payment necessary exploration cost and contact the State Government authorities concerned for necessary permissions/clearances etc. for attaining mining rights and related matters.
6. The arrangement of transport of coal will have to be worked out by the company in consultation with the Ministry of Railways / Ministry of Surface Transport depending on the mode of transport.

Yours faithfully,

(V.S. Rana)

Under Secretary to the Govt. of India.

Encls. As above.

To

- 1) Secretary, Ministry of Power, Shram Shakti Bhawan, New Delhi.
- 2) The Chief Secretary, Government of Jharkhand, Secretariat, Ranchi.
- 3) The Coal Controller, Office of the Coal Controller, 1 Council Street, Kolkatta-700001.
- 4) The Chairman, Coal India Ltd., 10 Netaji Subash Marg, Kolkatta-700001
- 5) Chairman-cum-Mng.-Director, Central Mine Planning and Design Institute Ltd., Gondwana Place, Kanke Road, Ranchi, Jharkhand.
- 6) Chairman-cum-Mng.-Director, Central Coalfields Limited.
- 7) CPAM Section, Ministry of Coal / Guard File of CA-I Section.


(V.S. Rana)

Under Secretary to the Govt. of India.

Annexure - II

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SHOW CAUSE NOTICE

No.13011/10/2012-CA-I
Government of India
Ministry of Coal

New Delhi, dated 2nd May, 2012

To

- (i) Arcelor Mittal India Ltd.. (CPP).
IFCI Tower, 11th Floor
A-Wing, 61, Nehru Place,
New Delhi -110 019.
- (ii) M/s. GVK Power (Govindwal Sahib) Ltd.
Koh-i-noor, Road No. 1, Banjara Hills,
Hyderabad – 500 034.

Subject: Show cause notice in respect of Seragarha coal block.

Sir,

I am directed to refer to this Ministry's letter No. 38011/1/2007-CA-I dated 09.01.2008 conveying allocation of Seragarha 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, Mining Lease are pending for Seregarha 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	09.04.10 (27 Months)	Pending	2Yrs (as on 3/2012)
Submission of Bank Guarantee	09.04.08	08.04.08	-
Mining Lease Application	09.07.10	Pending	1Yrs 8 Months (as on 3/2012)
Submission of Mining Plan	9.10.2010	Pending	1Yr 5 Months (as on 3/2012)
Approval of Mining Plan	9.12.2010	Pending	1Yr 3 Months (as on 3/2012)
Application of Previous approval	9.2.2011	Pending	1Yr 1 Months (as on 3/2012)
Granting of Previous approval	9.3.2011	Pending	1Yr (as on 3/2012)
Application of Forest clearance	9.4.2011	Pending	11 Month (as on 3/2012)
Grant of Forest Clearance	9.10.2011	Pending	5 Months (as on 3/2012)
Application EMP Clearance	9.4.2011	Pending	11 Month (as on 3/2012)
Grant of EMP Clearance	9.10.2011	Pending	5 Months (as on 3/2012)
Grant of Mining Lease	9.4.2012	Pending	-
Application of Land Acquisition	9.11.2011	Pending	5 Months (as on 3/2012)
Completion of Land Acquisition	9.4.2013	Pending	-

Application for opening permission	9.8.2013	Pending	-
Grant of Opening permission	9.9.2013	Pending	-
Coal Production	9.10.2013 (42 Months)	Pending	-

4.. 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 **Seregarha** 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 **Seregarha** coal block.


(Sandeep Gupta)

Under Secretary to the Govt. of India

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

Annexure-III
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Status Note

Sl. No.	Items	Remarks
1	Name of the Block	Seregarha coal block
2	Name of the allocate	M/s Arcelor Mittal India Ltd. and M/s GVK Power (Govindwal Sahib) Ltd.
3	Date of allocation	09.01.2008
4	Important terms and conditions of allocation	A copy of allocation letter enclosed as Annexure-I
5	Milestones of allocation and slippages against milestone	Copy of status from CCO enclosed as Annexure-II
6	History Previous review / action	<p>In the review meeting held on 22/23.06.2009, it was noticed that the joint allocatees had not obtained the PL and the exploration has not begun. The progress was very slow. The allocatees were served show cause notice.</p> <p>In the review meeting held 20/21.07.2010, it was again noticed that no serious efforts have been made by the company to develop the block even after repeated assurances. It was noted that all the milestones were still pending. The companies were served show cause notice. Reply received from the companies was considered by the Review Committee and the reasons given for delay were not found convincing. With the approval of Hon'ble Minister the allocatees were warned and directed to develop the block without delay. Any further delay in development of the block would lead to necessary action including de-allocation of the coal block.</p> <p>In the review meeting held on 11/12.01.2012 it has been noted that the companies have not made serious efforts to develop the block. All the important/critical milestones such as grant of previous approval, EMP, Mining Lease are pending.</p>
7	Condonation of delay or extension of Zero date granted if any and permissible grace period if any whether any request for Condonation is pending with the Ministry	No
8	Litigation any orders of the court , if any	No



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Summary of reply of
the
company
including reasons for
delay

	<p>1) Grant of Prospecting License:</p> <p>Seregarha being a RE block needed detailed prospecting. Allocattees submitted the application to Government of Jharkhand for grant of prospecting license on 8th May 2008 i.e. within 4 months of allocation. Government of Jharkhand did not act on the application despite several reminders/personal meetings.</p> <p>The delay on account of Jharkhand Government was also brought to the notice of Coal Ministry and the Ministry vide their advisory note dated 13th August 2009 advised the Jharkhand Government to expedite the grant of PL. Finally, Government of Jharkhand granted PL under Section 5(1) of MMDR Act 1957 in Sep 2010 and signed PL deed on 3rd March 2011 which caused the abnormal slippage of 2 yrs and 11 months in project execution.</p> <p>2. Prolonged work stoppages due to extremist activities:</p> <p>The coal block is in Latehar district of Jharkhand. Latehar is one of the worst affected districts on account of extremist activities. During the calendar year 2011, allocattees lost 37% of man days on account of violent activities in the region, declaration of Bunds and cordoning of the areas by security forces etc. Allocattees have accomplished the prospecting work and GR within 14 months and, had these man hour losses been avoided, perhaps the work could have been even further fast tracked.</p>
10	<p>Comments of MOC with the respect to issue pertaining to delay in purchase of GR, transfer of surface rights by coal companies, sanction of mining plan etc.</p> <p>To avoid delay previous approval for prospecting license in respect of Seregarha coal block has been conveyed to the Govt. of Jharkhand on 13.08.2009 in consultation with the Ministry of Law & Justice. A copy of said approval has also been conveyed to the allocattee companies.</p>



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Status of Coal Block as on June.2012

(As per report furnished by Block owners)

1. Name of Company:- M/s. Arcelor Mittal India Ltd & GVK Power Ltd.
2. Name of Coal Block:- Seregarha (RE)
3. Date of Allocation:- 09.1.2008 ✓
4. Location: North karanpura, JH
5. Total investment made :- 7.48 Crs (As on 3/12. As per audited report)
6. Reserve (Mill tonnes):- 150
7. Yearly rated capacity (MTPA):- 4
8. Cost of GR:-
9. BG Amount :-32.4 Valid upto 3.4.13
10. Type of EUP: IPP ✓
11. Location of Project: JH & Punjab
12. Capacity of Project:- 750 MW & 600 MW
13. Explored/Un explored:- RE
14. Zero Date:- 9.1.08
15. Previous recommendation: Warning

Mile Stones	Schedule date of Completion	Actual date of Completion	Slippage in YY/MM	Remarks
Purchase of GR	09.04.10 (27 Months)	18.5.2012	2 Yrs 1 months	Government of Jharkhand granted PL under Section 5(1) of MMDR Act 1957 in Sep 2010 and signed PL deed on 3 rd March 2011 which caused the abnormal slippage of 2 yrs and 11 months in project execution. The coal block is in Latehar district of Jharkhand. Latehar is one of the worst affected districts on account of extremist activities.
Submission of Bank Guarantee	09.04.08	08.04.08		
Mining Lease Application	09.07.10	20.6.12	2 Yrs	Company deposited 112.25 Lakhs to CCL. Till CCL is yet to take decision.
Submission of Mining Plan	9.10.2010	Pending	1Yr 8 Months	-
Approval of Mining Plan	9.12.2010	Pending	1Yr 6 Months	-

checked by - *[Signature]*

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COAL CONTROLLER

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Application of Previous approval	9.2.2011	Pending	1Yr 4 Months	-
Granting of Previous approval	9.3.2011	Pending	1Yr. 3M	-
Application of Forest clearance	9.4.2011	Pending	1Yr. 1 Month	-
Grant of Forest Clearance	9.10.2011	Pending	1yr.3 Months	-
Application EMP Clearance	9.4.2011	Pending	1yr.3months	-
Grant of EMP Clearance	9.10.2011	Pending	8 months	-
Grant of Mining Lease	9.4.2012	Pending		-
Application of Land Acquisition	9.11.2011	Pending	8 Months	-
Completion of Land Acquisition	9.4.2013	Pending		
Application for opening permission	9.8.2013	Pending	-	-
Grant of Opening permission	9.9.2013	Pending	-	-
Coal Production	9.10.2013 (42 Months)	Pending	-	Expected to start production by Oct. 2015 as per company report.

EUPArcelor Mittal

Proposed:-750 MW CPP for 6 MTPA Steel plant at Peterbar, Kasmar at Jharkhand. Expected date of production in 2015. Financial closure is completed. Land acquisition is under direct negotiation. Railway feasibility report is to be completed.

Checked by - *[Signature]*
[Signature]
 QUAL CONTROLLEN

99

~~76~~

Investment made:- No information available.

Major Constraint faced by the block allocates

As in Aug 2009, MoC is requested to issue a letter to Government of Jharkhand conveying that the allocation letter be treated as approval for grant of Mining Lease under Section 5 (1) of MMDR 1957.

This will help us in expediting grant of ML by GoJ and will enable us to expeditiously moving for EC and FC.

Checked by *[Signature]*



[Signature]
COAL CONTROLLER

20/27

1. Name of Company:- M/s. Arcelor Mittal India Ltd & GVK Power Ltd.
2. Name of Coal Block:- Seregarha (RE)
3. Date of Allocation:- 09.1.2008
4. Normative date of production:-09.10.2013
5. Yearly rated capacity (MTPA):- 4 (as per allocation letter)
6. BG Amount submitted :-32.4 (as per allocation letter)
7. Recommendation: IMG recommends that out of the 50% BG related to achievement of milestones, deduction may be made on the basis of milestone not achieved in terms of weightages assigned to each of the milestones in the guidelines. Out of 50% BG related to shortfall in production the IMG noted that due date for start of production has still not commenced. The IMG does not therefore; recommend any deduction in BG for shortfall in production.

BG deduction on the basis of achievement of Mile stone as on Oct'2012

Sl No.	Mile Stones	Weight (in %)	Actual Status	Marks	Remarks
1	Purchase of GR	5	Completed	5	
2	Submission of Bank Guarantee	8	Completed	8	
3	Mining Lease Application	7	Completed	7	
4	Submission of Mining Plan	10	Not Completed	0	
5	Approval of Mining Plan	10	Not Completed	0	
6	Application of Previous approval	6	Not Completed	0	
7	Granting of Previous approval	5	Not Completed	0	
8	Application of Forest clearance	8	Not Completed	0	
9	Grant of Forest Clearance	5	Not Completed	0	
10	Application EMP Clearance	8	Not Completed	0	
11	Grant of EMP Clearance	5	Not Completed	0	
12	Grant of Mining Lease	5	Not Completed	0	
13	Application of Land Acquisition	8	Not Completed	0	
14	Completion of Land Acquisition	4	Schedule date not reached	4	
15	Application for opening permission	2	Schedule date not reached	2	
16	Grant of Opening permission	2	Schedule date not reached	2	
17	Production	2	Schedule date not reached	2	
	TOTAL	100		30	

Total Bank Guarantee amount : 32.4 Cr.

A= 50% of BG =15.2 Crore

Score obtained for achieving of mile stone = 30%

B=Score obtained for not achieving of mile stone =(100-30)=70%

BG to be deducted for not achieving Milestones = AxB = 15.2x70%=11.34 Crore



