

Seeking of Explanation
Speed Post

No. 47011/4/2003-CPAM/CA-I
Government of India
Ministry of Coal

..... New Delhi, the ^{2nd} January, 2014

To,

M/s Damodar Valley Corporation,
DVC Tower, VIP Road,
Kolkata-700054

Subject : Seeking of Explanation from M/s. Damodar Valley Corporation, in respect of Khagra Joydev Coal Block.

Sir,

I am directed to refer to this Ministry's letter No.47011/4/2003-CPAM/CA dated 03.03.2005 conveying inter alia allocation of Khagra Joydev coal block in pursuance of provisions contained in Section 3(3)(a)(iii) of the Coal Mines (Nationalization) Act, 1973, subject to certain conditions.

2. In order to expedite the development of the coal blocks, various review meetings were held from time to time with the representatives of M/s Damodar Valley Corporation. In the review meeting held on 20/21.07.2010, 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 has also been noted that some of the important/critical milestones such as Land acquisition are pending for Khagra Joydev coal block. It has been seen that the company has repeatedly failed to keep its promises made on earlier occasions to this Ministry and thus non-serious about timely development of the block. Based on the recommendations of aforesaid meeting of the Review Committee, a show cause notice was issued vide letter of even No. dated 29.09.2010. M/s Damodar Valley Corporation vide letter dated 28.10.2010 replied to the show cause notice which was found un-convincing. Therefore, a warning dated 6th June, 2011 was issued to M/s Damodar Valley Corporation based on the recommendation of Review Committee meeting held on 28.01.2011 & 04.02.2011. In the review meeting held on 11/12.01.2012, the

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Committee recommended that the allocatees of coal blocks, production from which will be started in the year 2011-2012 or the near future, be advised to start mining/coal production in 2011-12 or as per the indicated schedule of production failing which appropriate action will be initiated.

3. In the meantime, the Government constituted an Inter-Ministerial Group (IMG) on 21.06.2012 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 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 IMG in its 22nd Meeting held on 23.10.2013 inter alia considered the status of the development of the Khagra Joydev coal block prepared by the Coal Controller's Organisation (CCO) as on June, 2013 and noted that there has been slow progress towards development of coal block and no sincere efforts have been made by your company. It has been noticed that a number of important/critical milestones are pending. The details of milestones to be achieved and the time lapsed against each milestone, as reported by the Office of Coal Controller, are given in the table below :

Mile Stones	Schedule date of Completion	Actual date of Completion	Slippage in YY/MM (as on June.13)	Remarks	Special Observation
Purchase of GR	17.4.2005 (45 days)	8.9.2005	5 Months		
Submission of Bank Guarantee	Not applicable	NA			
Mining Lease Application	3.6.2005 (3 month)	24.11.2006	1Yr 5 Months	Mining Lease area: 663 Ha	
Submission of Mining Plan	3.9.2005 (6 months)	13.4.2006	7 Months		
Approval of Mining Plan	3.11.2005 (8 months)	3.10.2006	1Yr		
Application of Previous	3.1.2006 (10 months)	Yes	-		

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approval					
Granting of Previous approval	3.2.2006 (11 months)	18.8.2010	4Yrs 6 Months		
Application of Forest clearance	3.3.2006 (12 month)	No forest land involved	-		
Grant of Forest Clearance	3.9.2006 (18 moths)		-		
Application EMP Clearance	3.3.2006 (12 month)	15.12.2008	2Yrs 9 Months		
Grant of EMP Clearance	3.9.2006 (18 moths)	22.6.2009	2Yrs 9 Months		
Grant of Mining Lease	3.3.2007 (24 months)	22.9.2010	3Yrs 6 Months		
Application of Land Acquisition	3.12.2005 (9 months)	18.8.2010	4Yrs 8 Months	Tot land: 1391.11 Hec. Pvt land: 699.86 Hec. Govt land: 203.75 Hec.	
Completion of Land Acquisition	3.9.2007 (30 months)	Still continued	-	728 Acres land has been purchased through direct negotiation.	Pvt. Land directly purchased .
Application for opening permission	3.1.2008 (34months)	18.8.2011	3Yrs 7 Months		
Grant of Opening permission	3.2.2008 (35 months)	28.3.2013	5Yrs 1 Month		
Coal Production	3.3.2008 (36 months)	Pending	3 yrs 3 Months	OC mine including without forest land.	Coal Production was expected to start Sept. 2013



Keeping in view the slow progress in the development of coal block, IMG recommended to seek explanation for slow progress 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 explain, on each milestone separately to this Ministry within a period of **20 days** from the date of issue of this letter, the reasons for slow progress as well as the efforts made by you in development of the coal block, failing which it would be presumed that your company has no explanation to offer and action as appropriate would be taken.

5. You are also requested to furnish a detailed status note on the progress of end use plant(s) (EUPs) for which the above mentioned coal block was allocated to you.

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.