

SHOW CAUSE NOTICE
By Speed Post

No.13016/21/2008-CA-I
Government of India
Ministry of Coal

New Delhi, dated ¹⁵6 June, 2013

To,
The Managing Director,
M/s Jaiprakash Associates Ltd.,
JA House, 63, Basant Lok,
Vasant Vihar, New Delhi-110057.

Subject: Show Cause Notice to M/s Jaiprakash Associates Ltd. in respect of Mandla North Coal block – regarding.

Sir,

I am directed to refer to this Ministry's letter No. 38011/11/2006-CA-I dated 17.09.2007 conveying allocation of **Mandla North** coal block in pursuance of the provisions contained in Section 3(3)(a)(iii) of the Coal Mines (Nationalisation) 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. 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 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 **Mandla North** block allocated to the companies 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 companies 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 has constituted an Inter-Ministerial Group (IMG) on 21.06.2012 under the Chairmanship 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 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. IMG in its 18th meeting held on 01.05.2013 *inter alia* considered the status of the development of the **Mandla North** 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 companies towards development of the coal block. 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 Dec.12)	Remarks	Special Observation
Purchase of GR	1.11.2007 45 days	8.11.2007	--		
Submission of Bank Guarantee	17.12.2007 3 months	21.9.2007	-	BG introduced in March 2005	
Mining Lease Application	17.12.2007 3 months	11.3.2008	3 months	ML area 1041 Hec	
Submission of Mining Plan	17.3.2008 6 months	17.3.2008	-		
Approval of Mining Plan	17.5.2008 8 months	7.1.2009	8 months		Approval of Mine closure plan is awaited at MOC.
Application of Previous approval	17.7.2008 10 months	11.3.08	-		
Granting of Previous approval	17.8.2008 11 months	6.12.2012	4yrs 4 months		
Application of Forest clearance	17.9.2008 12 months	3.4.2008	-		
Grant of Forest Clearance	17.3.2009 18 months	18.10.2012	3yrs 7 months	Stage-II forest clearance obtained.	
Application EMP Clearance	17.9.2008 12 months	24.12.2007	-		
Grant of EMP Clearance	17.3.2009 18 months	15.2.2012	3yrs		
Grant of Mining Lease	17.9.2009 24 months	6.3.2013	3yrs 6 Months		
Application of Land Acquisition	17.4.2009 19 months	3.7.2009	3 months		
Completion of Land Acquisition	17.9.2010 36 months	15.3.2013	2 yrs 6 Months	Land acquired through direct negotiation.	
Application for opening	17.1.2012 52 months	28.3.2013	1Yr 2 months		

permission					
Grant of Opening permission	17.2.2012 53 months	Pending	10 months		
Coal Production	17.3.2012 (54 Months)	Pending	9 months	UG mine with forest area.	

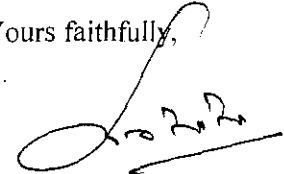
Observation of Field Office of CCO during inspection of the block	
Date of Inspection	3.12.2012
Infrastructure development	As per site inspection carried out by OSD office at Bilaspur & Ranchi, it was reported that no infrastructure has been developed.
Activities related to coal transportation	• No
Presence of mining equipment.	• Yes
Any sign of mining activities.	• No
Escrow A/c for mine closure	• No
Other activities	• No
Engagement of MDO	• No information

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 each milestone separately to this Ministry within a period of **20 days** from the date of issue of 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 allocation of **Mandla North** 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 said coal block.

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) Director, NIC, Ministry of Coal for uploading the letter on Ministry's website.