

SHOW CAUSE NOTICE
By Speed Post

No. 13016/86/2006-CA-I
Government of India
Ministry of Coal

New Delhi, dated 14th December, 2013

To,
The CMD,
M/s Madhya Pradesh State Mining Corporation Ltd.,
Paryavas Bhawan, Block No. 1(A), Second Floor,
Jail Road, Arera Hills, Bhopal-462011.

Subject: Show Cause Notice to M/s Madhya Pradesh State Mining Corporation Ltd. in respect of Dongri Tal-II coal block – regarding.

Sir,

I am directed to refer to this Ministry's letter No. 13016/23/2006-CA-I dated 02.08.2006 conveying allocation of **Dongri Tal-II Coal block** in pursuance of the provisions contained in Section 3(3)(a)(i) of the Coal Mines (Nationalisation) Act, 1973, subject to certain conditions. One of the conditions of allocation was that the prospecting license shall be applied for within three months of date of allotment and the detailed exploration shall be completed at the earliest. After the detailed exploration is completed the allocatee shall proceed for ensuring earliest commencement of production. The milestone chart appended shall be adhered to. Any slippage would render the allocation liable for cancellation and withdrawal of block from the allocatee.

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 **Dongri Tal-II Coal block** allocated to the company is not satisfactory. The Committee expressed concern over unsatisfactory progress and advised to expedite the development of the coal block. Accordingly, an advisory letter No. 13011/2/2012-CA-I dated 26.04.2012 was issued to the companies stating that the progress would be monitored regularly and if the development of the coal block and associated end use plant is not as per the schedule furnished and if any willful delay is noticed, appropriate action including deduction of bank guarantee/de-allocation of said **Dongri Tal II** block would be considered.

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 19th meeting held on 25.06.2013 *inter alia* considered the status of the development of the **Dongri Tal-II Coal block** prepared by the Coal Controller's Organisation (CCO) as on 31st March, 2013 and noted that no significant progress has been made by the



company 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 Mar.13)	Remarks	Special Observation
Purchase of GR	2.11.2008 (27 MOnths)	20.9.2010	1Yr 10 Month		Drilling completed in 5.4.10 and GR completed in 20.9.10.
Submission of Bank Guarantee	2.11.2006 (3 months from DOA)	Not applicable	-	BG introduced in June 2007 for Govt. block.	
Mining Lease Application	20.12.2010 (3 months)	1.7.2010	-	1392 Ha	
Submission of Mining Plan	20.3.2011 (6 months)	15.6.2010	-		
Approval of Mining Plan	20.5.2011 (8 Months)	14.7.2011	2 months	Mine closure plan approved.	
Application of Previous approval	20.7.2011 (10 months)	3.7.2010	-		
Granting of Previous approval	20.8.2011 (11 months)	13.8.2012	1Yr		
Application of Forest clearance	20.9.2011 (12 months)	No forest land is involved in	-		
Grant of Forest Clearance	20.3.2012 (18 months)	Phase-I mining			
Application EMP Clearance	20.9.2011 (12 months)	8.2.2010	-		
Grant of EMP Clearance	20.3.2012 (18 months)	22.2.2012	-		
Grant of Mining Lease	20.9.2012 (24 months)	28.12.2012	3 Months	Execution order of ML deed issued by MRD, Govt. of MP.	
Application of Land Acquisition	20.6.2011 (9 months)	31.8.2010	-	Land acquisition is	Total Land: 1392Ha.

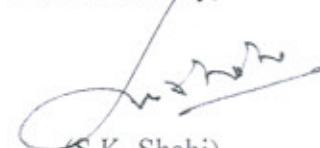
				pending.	Pvt. Land: 424.24 Ha. Govt. land: 968.26 Ha. Forest Land:- Nil
Completion of Land Acquisition	20.3.2013 (30 months)		-		
Application for opening permission	20.7.2013 (40 Months)		-		
Grant of Opening permission	20.8.2013 (41 months)		-		
Coal Production	20.9.2013 (42 Months) Phase-I	Pending	-	OC mine with without forest land in Phase-I.	

Keeping in view the 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 **Dongri Tal-II Coal block** and why the block should not be de-allocated, 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) NIC, Ministry of Coal for uploading the letter on Ministry's website.