

SHOW CAUSE NOTICE
By Speed Post

No. 13016/34/2005-CA-I (PART-I)
Government of India
Ministry of Coal

New Delhi, dated 19th December, 2013

To,
The CMD,
M/s Jayaswal Neco Industries Ltd.,
F-8, MIDC Industrial Area, Hingna Road,
Nagpur-440016.

Subject: Show Cause Notice to M/s Jayaswal Neco Industries Ltd. in respect of Gare Palma IV/8 Coal block - regarding.

Sir,

I am directed to refer to this Ministry's letter No. 13016/34/2005-CA-I dated 13.01.2006 conveying allocation of **Gare Palma IV/8 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 from the date of allocation. The end- use project schedule and the coal mine development schedule were to be modified accordingly and submitted to the Ministry within 3 months from the date of allocation.

2. Allocation letter also stipulates 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 project.
- c. For breach of any of the conditions of allocation.

3. In order to expedite the development of the coal block, 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 **Gare Palma IV/8 Coal block** allocated to the company is not satisfactory. The Committee expressed concern over unsatisfactory progress and advised the allocattee



to pursue their forest diversion proposals since 'Go/No-Go' concept has been done away with. The Committee advised the allocattee to pursue forest clearance proposal with the concerned authorities. Accordingly, an advisory letter was issued to the allocattee company on 26.04.2012.

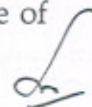
4. In the meantime, the Government has constituted an Inter-Ministerial Group (IMG) on 21.06.2012 under the Chairmanship of Additional Secretary, Ministry of Coal having members from Ministry/Department of Power, Steel, Industrial Policy & Promotion, Legal Affairs and Economic Affairs. IMG has the mandate 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 **Gare Palma IV/8 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 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	27.2.2006 (45 days)	5.9.2006	7 Months		
Submission of Bank Guarantee	13.4.2006 (3 months from DOA)	29.8.2006	4 Months		
Mining Lease Application	13.4.2006 (3 months)	Yes	-	ML area:- 491 Ha Forest Area:- 224.22 Ha Revenue Area:- 266.78 Ha	
Submission of Mining Plan	13.7.2006 (6 months)	20.3.2006	-		
Approval of Mining Plan	13.9.2006 (8 Months)	3.10.2006	1 Months		
Application of Previous approval	13.11.2006 (10 months)	Yes	-		

Granting of Previous approval	13.12.2006 (11 months)	Yes	-		
Application of Forest clearance	13.1.2007 (12 months)	Yes	-		
Grant of Forest Clearance	13.7.2007 (18 months)	5.2.2013	5Yrs 7 Months	Stage-II FC obtained.	
Application EMP Clearance	13.1.2007 (12 months)	5.11.2006	-		
Grant of EMP Clearance	13.7.2007 (18 months)	22.12.2008	1Yr 5 months		
Grant of Mining Lease	13.1.2008 (24 months)	Pending	5Yrs 2 Months	Mining Lease is pending with Govt of CG	
Application of Land Acquisition	13.8.2007 (19 months)	10.8.2011	4 Yrs		Total Land: 209.355 Ha. Pvt. Land: 117.446 Ha. Govt. land: 35.019 Ha. Forest Land: 167.33 Ha (for UG) & 56.89 Ha(for OC).
Completion of Land Acquisition	13.1.2009 (36 months)	Pending	4 Yrs 2 months	30 acres land purchased through direct negotiation	Notification for LA is pending with Govt of CG.
Application for opening permission	13.5.2010 (52 Months)	Pending	2Yrs 10 Months		
Grant of Opening permission	13.6.2010 (53 months)	Pending	2Yrs 9 Months		
Coal Production	13.7.2010 (54 Months)	Pending	2Yrs 8 Months	UG mine with forest land involved.	

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.

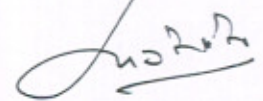
5. Under the above circumstances, you are hereby called upon to show cause, on each milestone separately to this Ministry within a period of 20 days from the date of issue of



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 **Gare Palma IV/8 Coal block** and why the block should not be de-allocated, failing which it would be presumed that the company has no explanation to offer and action as appropriate would be taken against your company for de-allocation of said coal block.

6. 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.