

**SHOW CAUSE NOTICE**  
**By Speed Post**

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

\*\*\*\*

New Delhi, dated 20<sup>th</sup> December, 2013

To,

1. M/s Hindustan Zinc Ltd., Yashad Bhavan, Udaipur-313004, Rajasthan	2. M/s Akshay Investment (Pvt.) Ltd., A-3, Farista Complex, Rajbandha Maidan, GE Road, Raipur, Chhattisgarh
3. M/s Chhattisgarh Steel & Power Ltd. 142, Shaheed Smarak Complex, GE Road, Raipur-492001, Chhattisgarh	4. M/s Chhattisgarh Electricity Company Ltd., 122-B King, Mittal Court, Nariman Point, Mumbai-400021.
5. M/s MSP Steel & Power Ltd. 16/5, Block-A, New Alipore, Kolkata-700053, West Bengal	6. Consortium of M/s Ispat Godavari Ltd, Vandana Global Ltd., Ind-Agro Synergy Ltd, Bajrang Power & Ispat Ltd, and Nakoda Ispat, G-9, Hira Arcade, New Bus Stand, Pandri, Raipur, Chhattisgarh

**Subject: Show Cause Notice to joint allocatees of Madanpur (South) 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 **Madanpur (South) 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:-



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- 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 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 **Madanpur (South)** coal block allocated to the company is not satisfactory. The Committee expressed concern over unsatisfactory progress and advised the allocattees whose blocks were held up due to location in No-Go area to pursue their forest diversion proposals since Go/No-Go concept has been done away with. Accordingly, the Joint Venture company of the joint allocattees was issued an advisory letter vide this Ministry's letter No.13011/2/2012-CA-I dated 26.04.2012.

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 19<sup>th</sup> meeting held on 25.06.2013 *inter alia* considered the status of the development of the **Madanpur (South) coal block** prepared by the Coal Controller's Organisation (CCO) as on 31<sup>st</sup> March, 2013 and noted that no significant progress has been made by your 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	27.2.2006 (45 days)	12.8.06	6 Months		
Submission of Bank Guarantee	13.4.2006 (3 months from DOA)	6.1.07	9 Months		
Mining Lease Application	13.4.2006 (3 months)	19.2.07	10 Months	ML area:- 713.952 Ha	

*[Handwritten signature]*



Submission of Mining Plan	13.7.2006 (6 months)	25.7.07	1Yr		
Approval of Mining Plan	13.9.2006 (8 Months)	16.6.08	1Yr 9 Months		
Application of Previous approval	13.11.2006 (10 months)	20.2.09	2Yrs 3 Months		
Granting of Previous approval	13.12.2006 (11 months)	31.7.09	2Yrs 7 Months		
Application of Forest clearance	13.1.2007 (12 months)	12.10.07	9 Months	Fresh FDP application submitted to State Govt.	Forest land:- 660.28 Ha
Grant of Forest Clearance	13.7.2007 (18 months)	Pending	5Yrs 8 Months	FAC, MOEF did not clear the project due to high density of forest.	
Application EMP Clearance	13.1.2007 (12 months)	16.11.07	10 Months		
Grant of EMP Clearance	13.7.2007 (18 months)	Pending	5 Yrs 8 Months	EC will be granted after FC	
Grant of Mining Lease	13.1.2008 (24 months)	Pending	5 Yrs 2 Months		
Application of Land Acquisition	13.8.2007 (19 months)	16.11.07	-		Total Land: 713.95 Ha. Pvt. Land: 53.408 Ha. Govt. land: 0.284 Ha. Forest Land: 660.28 Ha.
Completion of Land Acquisition	13.1.2009 (36 months)	Pending	4Yrs 2 Months	Land acquisition will be started after grant of ML.	
Application for opening permission	13.5.2009 (40 Months)	Pending	3Yrs 10 Months		
Grant of Opening	13.6.2009 (41	Pending	3Yrs 9 Months		

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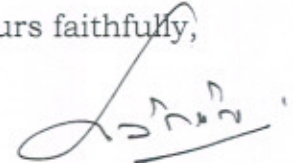
permission	months)				
Coal Production	13.7.2009 (42 Months)	Pending	3Yrs 8 Months		Delay due to imposition of NO GO Forest area by MOEF.

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 **Madanpur (South) 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.