

SHOW CAUSE NOTICE
By Speed Post

No. 13016/81/2006-CA-I
Government of India
Ministry of Coal

New Delhi, dated 20th December, 2013

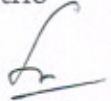
To,
The CMD,
M/s Madhya Pradesh State Mining Corporation Ltd,
Prayavas Bhavan, Block No.1(A),
Second Floor, Jail Raod,
Arera Hills, Bhopal-462001.

Subject: Show Cause Notice to M/s Madhya Pradesh State Mining Corporation Ltd in respect of Morga-I 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 **Morga-I** 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 any slippage would render this allocation liable for cancellation and withdrawal of block from the allocattee. Allocation letter also stipulates that violation of any of the condition imposed in mining and disposing of coal from Morga-I coal block will render the mining lease liable for cancellation.

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 **Morga-I 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, an advisory letter No. 13011/2/2012-CA-I dated 26.04.2012 was issued to the company with the direction to expedite the development of coal block. It was also stated 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 wilful delay is noticed, appropriate action including deduction of bank guarantee/de-allocation of the 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 **Morga-I** prepared by the Coal Controller's Organisation (CCO) as on 31st 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 | 2.11.2008 (27 Months) | Pending | 4 Yrs 4 Months | PL granted on 15.9.2010 | Proposal submitted for 118 boreholes in the area. |
| Submission of Bank Guarantee | 2.11.2006 (3 Months) | Not applicable | - | BG introduced in June 2007 for Govt block | |
| Mining Lease Application | 2.2.2009 (3 months from GR completion) | Pending | 4 Yrs 1 Month | | |
| Submission of Mining Plan | 2.5.2009 (6 months) | Pending | 3Yrs 10 Months | | |
| Approval of Mining Plan | 2.7.2009 (8 months) | Pending | 3Yrs 8 Months | | |
| Application of Previous approval | 2.9.2009 (10 months) | Pending | 3 Yrs 6 Months | | |
| Granting of Previous approval | 2.10.2009 (11 Months) | Pending | 3Yrs 5 Months | | |

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|------------------------------------|--------------------------|---------|----------------|--------------------------|--|
| Application of Forest clearance | 2.11.2009 (12 months) | Pending | 3Yrs 4 Months | | Area considered as Go area from No Go area. |
| Grant of Forest Clearance | 2.5.2010 (18 months) | Pending | 2Yrs 10 Months | | |
| Application EMP Clearance | 2.11.2009 (12 months) | Pending | 3Yrs 4 Months | | |
| Grant of EMP Clearance | 2.5.2010 (18 months) | Pending | 2Yrs 10 Months | | |
| Grant of Mining Lease | 2.11.2010 (24 months) | Pending | 2Yrs 4 Months | | |
| Application of Land Acquisition | 2.6.2010 (19 months) | Pending | 2Yrs 9 Months | | |
| Completion of Land Acquisition | 2.11.2011 (36 months) | Pending | 1Yr 4 Months | | |
| Application for opening permission | 2.3.2012 (40 Months) | Pending | 1Yr | | |
| Grant of Opening permission | 2.4.2012 (41 month) | Pending | 11 Months | | |
| Coal Production | 2.5.2012 (42 Months) | Pending | 10 Months | OC mine with forest land | Delay due to GO/No GO issue and litigation occurred with KSK & IDFC. |

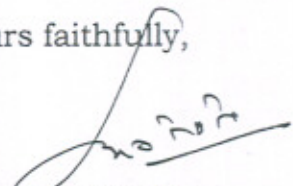
Keeping in view the unsatisfactory progress, IMG recommended to issue show cause notice for delay in development of coal block. The recommendation of IMG has since been considered and accepted by the Government.

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 **Morga-I** and why the coal block should not be de-allocated, failing

[Handwritten signature]

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.

Yours faithfully,



(S.K. Shahi)

Director

Tel: 23382807

Copy to:

(i) The Coal Controller, Coal Controller Organisation, 1- Council House Street, Kolkata-700001.

✓ (ii) NIC, Ministry of Coal for uploading the letter on Ministry's website.