

**No. 13016/62/2013-CA-I
Government of India
Ministry of Coal**

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New Delhi, the 24th December, 2013

To,

**M/s. Power Finance Corporation Limited
Urja Nidhi Building, 1- Barakhamba Lane,
Connaught Place, New Delhi - 110001.**

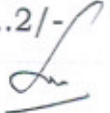
Subject : Seeking of explanation from M/s Power Finance Corporation Limited for slow progress in respect of Meenakshi , Meenakshi and Dipside Meenakshi coal blocks - regarding.

Sir,

I am directed to refer to this Ministry's letter No. 13016/4/2006-CA-I dated 13th September, 2006 conveying allocation of Meenakshi, Meenakshi -B and Dipside of Meenakshi coal blocks by Orissa Integrated Power Limited (a wholly owned subsidiary of the Power Finance Corporation), which is a SPV created for development of Ultra Mega Power Project (UMPP) in Orissa subject to certain conditions.

2. 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 Meenakshi, Meenakshi -B and Dipside of Meenakshi coal block allocated to the company is not satisfactory. Committee expressed concern over unsatisfactory progress and advised M/s Orissa Integrated Power Limited to expedite the development of the coal block. Accordingly, an advisory letter dated **26th April, 2012** was issued to the company with the direction to expedite the development of the coal block and development of end use plant so as to ensure expeditious production of coal from the allotted coal block with respect to the milestones stipulated.

3. In the meantime, the Government constituted an Inter-Ministerial Group (IMG) on 21.06.2012 under the Chairpersonship of Additional Secretary (Coal), Ministry of Coal having members from Ministry of Power, Ministry of Steel, Ministry of Commerce & Industry, Department of IPP, Ministry of Law and Justice, Department of Legal Affairs, Department of Economic Affairs. The 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 Meenakshi, Meenakshi -B and Dipside of Meenakshi coal blocks prepared by the Coal Controller's Organisation (CCO) as on March, 2013 and noted that no significant progress

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has been made by your company towards development of 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	28.10.2006 (45 days)	Pending	6Yrs 5 Months	Meenakshi is explored block.	Selection of mine developer through competitive bidding is pending.
Submission of Bank Guarantee	13.12.2006 (3 months from DOA)	Not applicable		BG introduced in June 2007	
Mining Lease Application	13.12.2006 (3 months)	Pending	6Yrs 3 Months		
Submission of Mining Plan	13.3.2007 (6 months)	Pending	6 Yrs		
Approval of Mining Plan	13.5.2007 (8 Months)	Pending	5Yrs 10 Months		
Application of Previous approval	13.7.2007 (10 months)	Pending	5 Yrs 8 Months		
Granting of Previous approval	13.8.2007 (11 months)	Pending	5Yrs 7 Months		
Application of Forest clearance	13.9.2007 (12 months)	Pending	5 Yrs. 6 Months		
Grant of Forest Clearance	13.3.2008 (18 months)	Pending	5Yrs		
Application EMP Clearance	13.9.2007 (12 months)	Pending	5Yrs 6 Months		
Grant of EMP Clearance	13.3.2008 (18 months)	Pending	5 Yrs		
Grant of Mining Lease	13.9.2008 (24 months)	Pending	4 Yrs 6 Months		
Application of Land Acquisition	13.4.2008 (19 months)	Pending	4 Yrs 11 Months		

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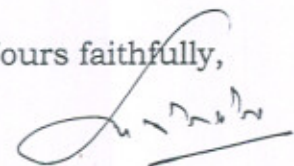
Completion of Land Acquisition	13.9.2009 (36 months)	Pending	3Yrs 6 Months		
Application for opening permission	13.1.2010 (40 Months)	Pending	3Yrs 2 Months		
Grant of Opening permission	13.2.2010 (41 months)	Pending	3Yrs 1 Months		
Coal Production	13.3.2010 (42 Months)	Pending	3Yrs	MOP needs to expedite the selection of developer.	Selected developer will establish UMPP also.

Keeping in view the **slow progress**, IMG recommended to seek **explanation for slow progress** in development of coal blocks. The recommendation of IMG has since been considered and accepted by the Government.

4. Under the above circumstances, you are hereby called upon to **explain**, on each milestone separately to this Ministry within a period of **20 days** from the date of issue, the reasons for slow progress as well as the efforts made by you in development of the coal block, failing which it would be presumed that your company has no explanation to offer and action as appropriate would be taken.

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.