

No. 13016/94/2006 -CA-I
Government of India
Ministry of Coal

.....

New Delhi, the 25th September, 2009

To

The Managing Director,
M/s MMTC Ltd.,
Core-1, Scope Complex, 7 Institutional Area,
Lodhi Road, New Delhi-110003.

Subject: Review Meeting held on 22nd and 23rd June, 2009 to review the progress of coal blocks- Show-cause notice for delay in implementation of the Gomia coal block.

Sir,

I am directed to refer to this Ministry's letter number 13016/23/2006-CA I dated 02.08.2006 conveying the allocation of Gomia coal block to M/s MMTC, under Government Company Dispensation in pursuance of Section 3(3) (a)(i) of the Coal Mines (Nationalization) Act, 1973.

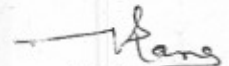
2. In order to expedite the development of the coal block, review meetings were held from time to time with the representatives of the M/s MMTC. In this regard, in the review meeting held on 25/26/03.2008, it was noticed that no progress had been made and the detailed exploration of the block had not been started. A show cause notice was issued on 27.06.2008 due to unsatisfactory progress in the development of the Gomia coal block. The company had submitted the revised milestones considering September, 2007 as the zero date since the revised guidelines were issued by the Ministry on 29.08.2007 and the revised milestone chart as September, 2007 as the zero date was approved by the Government on 01.01.2009. As per the revised milestones, the production from the coal mines shall commence from August, 2011 instead of August, 2010. In the review meeting held on 15/16.10.2008, it was noticed that the time frame for completing their exploration and GR was 2 years. MMTC informed that this block being a difficult underground block, they have awarded the work to TATA Steel for pre-feasibility report of the block. But Tata Steel failed to do the job due to local problems.

3. The Review Committee had advised MMTC to take expeditious action to complete all the milestones to enable start of mining operations as scheduled. In the review meeting held on 22/23.06.2009, it was noticed that no serious efforts were made by the company to develop the coal block. The progress was not even as per the revised milestone chart submitted by the company. Para (v) of the allocation letter clearly stipulates that the milestone chart appended shall be adhered to. Any slippage would render this allocation liable for cancellation, and withdrawal of the block from the allocatee.

Inspite of passage of almost 3 years, no serious effort has been made by your company to obtain the PL for exploration or to develop the coal block. The Company should have completed the exploration and the GR should have been ready by now. Consequently, the development of the coal block has been inordinately delayed.

3. Under the above circumstances, you are hereby called upon to show cause to this Ministry within a period of 15 days from the date of issue of this notice as to why delay in the development of the coal block should not be held as violation of the terms and conditions of the allotment of block, failing which it will be presumed that the your company has no explanation to offer and action as appropriate, including de-allocation of the block will be taken without serving any further notice. While tendering the explanation, adequate justification alongwith necessary documentary proof supporting the justification may also be furnished.

Yours faithfully,

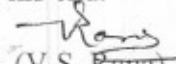

(V.S. Rana)

Under Secretary to the Government of India

Copy to :

(i) The Chief Secretary, Govt. of Jharkhand for information and necessary action at his end.

(ii) D/C, m/c Coal.


(V.S. Rana)

Under Secretary to the Government of India