

**SHOW CAUSE NOTICE**

**By Speed Post**

No.13016/48/2007-CA-I  
Government of India  
Ministry of Coal  
\*\*\*\*

New Delhi, dated 6<sup>th</sup> June, 2013

To,  
The Managing Director,  
M/s Chaman Metalics Ltd.,  
A-26, M.I.D.C. Tadali Growth Centre,  
Tadali, Chandrapur, Maharashtra – 442406.

**, Subject: Show Cause Notice to M/s Chaman Metalics Ltd. in respect of Kosar Dongargaon Coal block.**

Sir,

I am directed to refer to this Ministry's letter No. 38011/11/2006-CA-I (Part) dated 20.02.2007 conveying allocation of **Kosar Dongargaon** 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. 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. 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 **Kosar Dongargaon** block allocated to the company is not satisfactory. The Committee expressed concern over unsatisfactory progress and advised to expedite the development of the coal block. Accordingly, a caution letter dated 26.04.2012 was issued to the company with the direction to expedite the development of the coal block and be careful in future with respect to the milestones stipulated.

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 18<sup>th</sup> meeting held on 01.05.2013 *inter alia* considered the status of the development of the **Kosar Dongargaon** Coal Block prepared by the Coal Controller's Organisation (CCO) as on 31<sup>st</sup> December, 2012 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 Dec.12)	Remarks	Special Observation
Purchase of GR	6.4.2007 (45 days)	7.5.2007	1 months	Delay in release of GR by DGM, Maharashtra.	
Submission of Bank Guarantee	20.5.2007 (3 months)	25.7.2007	2 months	BG introduced in March.2005	
Mining Lease Application	20.5.2007 (3 months)	22.8.2007	3 months	ML area:- 450 Ha	
Submission of Mining Plan	20.8.2007 (6 months)	20.11.2007	3 months		
Approval of Mining Plan	20.10.2007 (8 Months)	21.5.2008	7 months		
Application of Previous approval	20.12.2007 (10 Months)	8.8.12	4 yrs 8 months	State Govt. sent proposal to MOC.	
Granting of Previous approval	20.1.2008 (11 months)	20.2.2013	5Yr 1 Month		
Application of Forest clearance	20.2.2008 (12 months)	No forest			
Grant of Forest Clearance	20.8.2008 (18 months)				
Application EMP Clearance	20.2.2008 (12 months)	24.4.2008	2 months		
Grant of EMP Clearance	20.8.2008 (18 months)	11.7.2011	3yrs		
Grant of Mining Lease	20.2.2009 (24 months)	Pending	3yrs 10 months		
Application of Land Acquisition	20.1.2007 (9 months)	Not required.	-	Land will be purchased by direct purchase.	
Completion of Land Acquisition	20.2.2010 (30 months)	Not required.	-		
Application for opening permission	20.12.2010 (46 months)	Pending	2 yr		
Grant of Opening permission	20.1.2011 (47 months)	Pending	1Yr 11 months		
Coal Production	20.2.2011 (48 Months)	Pending	1Yr 10 months	UG mine without forest land.	

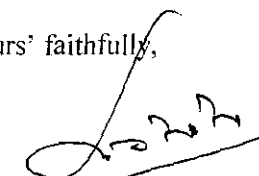
Observation of Field Office of CCO during inspection of the block	
Date of Inspection	20.11.2012
Infrastructure development	As per site inspection carried out by OSD office at Nagpur , it was reported that no infrastructure has been developed.
Activities related to coal transportation	• No
Presence of mining equipment.	• No
Any sign of mining activities.	• No
Escrow A/c for mine closure	• No
Other activities	• No
Engagement of MDO	• MDO selection is under process.

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 **Kosar Dongargaon** coal block, 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.