

SHOW CAUSE NOTICE

By Speed Post

No.13016/60/2008-CA-I

Government of India

Ministry of Coal

New Delhi, dated 6th June, 2013

To,

The Managing Director,
M/s Birla Corporation Ltd.,
9/1, R.N. Mukherjee Road,
Kolkata - 700 001

Subject: Show Cause Notice to M/s Birla Corporation Ltd. in respect of Bikram Coal block.

Sir,

I am directed to refer to this Ministry's letter No. 38011/2/2007-CA-I dated 12.08.2008 conveying allocation of **Bikram** 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 the 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 preparation of GR. The end-use project schedule and the coal mine development schedule were to be modified accordingly and submitted to the Ministry within 6 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 **Bikram** 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 constituted an Inter-Ministerial Group (IMG) on 21.06.2012 under the chairpersonship 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 18th meeting held on 01.05.2013 *inter alia* considered the status of the development of the **Bikram** Coal Block prepared by the Coal Controller's Organisation (CCO) as on 31st 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 Observati on
Purchase of GR	17.9.2008 (45 days)	20.3.2010	1Yr 6 months		
Submission of Bank Guarantee	2.11.2008 (3 months)	26.11.2008	-	BG introduced in March.05	
Mining Lease Application	2.11.2008 (3 months)	19.1.2009	2Months		
Submission of Mining Plan	2.2.2009 (6 months)	18.8.2009	6 Months		
Approval of Mining Plan	2.4.2009 (8 months)	16.7.2010	1Yr 3 months		
Application of Previous approval	2.6.2009 (10 months)	24.9.2011	2yrs 3 months		
Granting of Previous approval	2.7.2009 (11 months)	26.3.2012	2Yr 8 Months		
Application of Forest clearance	2.8.2009 (12 months)	7.1.2010	5 Months		
Grant of Forest Clearance	2.2.2010 (18 months)	Pending	2Yrs 10 Months		Forest clearance is the main hurdle.
Application EMP Clearance	2.8.2009 (12 months)	3.9.2009	1Months		
Grant of EMP Clearance	12.2.2010 (18 months)	Pending	2Yrs 10 months		
Grant of Mining Lease	2.8.2010 (24 Months)	Pending	2Yrs 4 Months		
Application of Land Acquisition	2.3.2010 (19 Months)	1.3.2011	1yr		
Completion of Land Acquisition	12.8.2011 (36 months)	Pending	1 yr 4 Months		

Application for opening permission	2.12.2011 (40 Months)	Pending	1 Yr		
Grant of Opening permission	2.1.2012 (41 months)	Pending	11 months		
Coal Production	2.2.2012 42 months from DOA)	Pending	10 months		

Observation of Field Office of CCO during inspection of the block	
Date of Inspection	28.11.2012
Infrastructure development	As per site inspection carried out by OSD office at Bilaspur & Ranchi , 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	Selection of tender documents for MDO is under preparation

Keeping in view the unsatisfactory progress, IMG recommended issuing 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 Bikram 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, Kolkata.

(ii) NIC, M/o Coal for uploading the letter on Ministry's website.