

SHOW CAUSE NOTICE
BY SPEED POST

No. 13016/15/2008-CA-I
Government of India
Ministry of Coal

New Delhi, dated 10th June, 2013

To,

The Chairman & Managing Director,
M/s Steel Authority of India Ltd.,
Ispat Bhawan, Lodi Road,
New Delhi 110 003

Subject: Show cause notice in respect of Sitanala coal block.

Sir,

I am directed to refer to this Ministry's letter No. 38011/4/2008-CA-I dated 11th April, 2007 conveying allocation of **Sitanala Coking coal block** in pursuance of the provisions contained in Section 3(3)(a)(iii) of the Coal Mines (Nationalization) 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 from the date of allocation letter. The end- use project schedule and the coal mine development schedule should 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 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 **Sitanala Coking coal block** allocated to company was 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 **Sitanala Coking 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

...2..



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 Observatio n
Purchase of GR	26.5.2007 (45 days)	31.5.2007	-		
Submission of Bank Guarantee	11.7.2007 (3 months)	19.6.2007	-	BG introduced in 2007	
Mining Lease Application	11.7.2007 (3 months)	29.6.2007	-		
Submission of Mining Plan	11.10.2007 (6 months)	25.2.2008	4 months		
Approval of Mining Plan	11.12.2007 (8 months)	19.1.2009	1 yr 1 months		
Application of Previous approval	11.2.2008 (10 months)	NA	-		
Granting of Previous approval	11.3.2008 (11 months)	NA	-		
Application of Forest clearance	11.4.2008 (12 months)	No Forest	-		
Grant of Forest Clearance	11.10.2008 (18 months)		-		
Application EMP Clearance	11.4.2008 (12 months)	15.4.2009	1 yr		

...3....

Grant of EMP Clearance	11.10.2008 (18 months)	20.12.2010	2yr 2 months		
Grant of Mining Lease	11.4.2009 (24 months)	Pending	3yrs 8 months	Under Process	
Application of Land Acquisition	11.1.2008 (9 months)	Y	-	Matter is being pursued with BCCL for transfer of land.	
Completion of Land Acquisition	11.10.2009 (30 months)	Pending	3yrs 2 months		Transfer of BCCL land needs to be expedited for coal production.
Application for opening permission	11.2.2011 (46 months)	Pending	1yrs 10 months		
Grant of Opening permission	11.3.2011 (47 months)	Pending	1yrs 9 months		
Coal Production	11.4.2011 (48 months)	Pending	1yrs 8 months	UG mine without forest land.	

Observation of Field Office of CCO during inspection of the block	
Date of Inspection	4.12.2012
Infrastructure development	As per site inspection carried out by OSD office at Dhanbad & Ranchi , it was reported that the coal block is adjacent to Chasnalla colliery of SAIL and same is being used for Sitanala block.
Activities related to coal transportation	• No
Presence of mining equipment.	• No
Any sign of mining activities.	• No

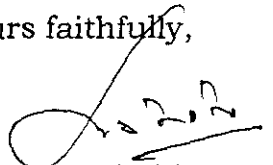
Escrow A/c for mine closure	• No
Other activities	• No
Engagement of MDO	• No information

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 the 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 allotment of **Sitanala Coking 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