

Speed Post

No.13011/19 /2009-CA-I
Government of India
Ministry of Coal

.....

New Delhi, dated 26th November, 2012

To

M/s HINDALCO Industries Limited
UCO Bank Building
4th Floor, Parliament Street
New Delhi- 110001

M/s TATA Power Company Limited
Jeevan Bharati, 10th Floor,
Tower No. 1,
124, Connaught Circus
New Delhi – 110001

**Subject: Warning for inordinate delay in development of Tubed coal block-
Regarding.**

Sir,

I am directed to refer to Ministry of Coal's allocation letter No. 38011/11/2006-CA-I dated 1st August, 2007 and to this Ministry's show cause notice number 13011/30/2012-CA-I dated 30th April, 2012 and to your reply to the show cause notice, your presentation made/ documents before the Inter-Ministerial Group (IMG) in respect of **Tubed** coal block and the status note on the development of the block prepared by Coal Controller and Ministry of Coal on the above subject.

2. In order to expedite the development of the coal blocks, review meetings are held from time to time with the coal block allocattees. In the Review Meeting held on 11/12.01.2012, it was noted that Previous approval, FC(Stage-I), Mining Lease, Land Acquisition are pending. 206 Ha non forest land is with DFO. Stage -I forest clearance is expected by August, 12. Section 4(1) to be cleared by end of Jan,12. 4-6 months are required for completion of land acquisition. NOC has been given by DC. EUP of Hindalco:- 740 acres Pvt. Land acquired. Govt. land by March, 12. About 1000 acres land to be acquired by May, 12. Construction work has not been started. Accordingly, a show cause notice was issued vide letter No.13016/03/2012-CA-I dated 30th April, 2012. The company furnished their reply to the show cause notice.

3. In the meantime, the Government has set up an Inter-Ministerial Group (IMG) 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 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. The case of the allocatee company was referred to the IMG. Accordingly, the IMG asked the allocatee companies to make the presentation before it on the progress of development of allocated coal blocks and associated end use project. The representatives of the allocatee company gave presentation on 7th September, 2012 before the IMG. The IMG considered the presentation, the status note of the Tubed coal block and associated EUP prepared by Ministry of Coal and Coal Controller's Organization .

4. After detailed deliberations, the IMG observed as under:

M/s Tubed Coal Mines Ltd. (Tubed Coal block)

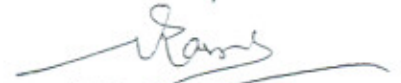
The IMG considered the terms and conditions of allocation, the show cause notice issued, the reply and the presentation made by the company along with the latest status paper presented to the IMG. The IMG noted that 5 years have elapsed from the date of allotment i.e. 1.8.2007. IMG also noted that the company has purchased the GR and the mining plan is approved, EC has been obtained and FC is at Stage-I. 29 acres of land has been purchased directly, 160 ha. for compensatory afforestation have been identified and agreement has been signed for 235 ha. of private land. The company alleged that further action for acquisition is held up pending decision on the show cause notice. IMG noted that the State Govt. has not made any reference in this regard. Investment made in the coal block as per CA certificate submitted by the company is Rs. 44.07 crores (of which 28.4 crores is the BG). There are two end-use plants associated with the block namely Tata Power Co. Ltd. and HINDALCO Industries. Both end use plants are at the stage of land acquisition. As per CA certificate, Rs. 44.73 crores has been invested by Tata Power and M/s HINDALCO Industries has invested Rs. 23.46 crores. The company assured that the mine would be open up in the second half of 2013. IMG noted that the normative date for coal production was 1.2.2011 which has been extended to 10.1.2012 due to litigation in the matter. IMG also noted that the party which went to court is not an allocatee and that the petitioner had gone to court against the government in respect of the allotment itself in which the Hon'ble Kolkata High Court and the MOC had directed the allocatee not to go ahead in the matter.

Taking into account all factors including the fact that development of the block was put on hold for some time by orders of the Court and MOC, the IMG did not consider it appropriate to recommend de-allocation of the coal block at this stage. However, IMG recommends that the BG may be deducted as per the terms and conditions of the allocation letter from the revised normative date of production i.e. 10.1.2012.

5. The above recommendation of the IMG has been considered and accepted by the Government. As per the calculation made by the Coal Controller, the Bank Guarantee to be deducted in this case as per the terms and conditions of the allocation letter is NIL.

6. Hence, with the approval of the competent authority, the allocatees are hereby warned and directed to develop the block without any delay. Any further failure in development of the block would lead to necessary action as per the terms and conditions of allocation including de-allocation of the coal block.

Yours faithfully,



(V.S. Rana)

Under Secretary to the Govt. of India

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