

SPEED POST

**No. 13016/32/2007-CA-I
Government of India
Ministry of Coal**

.....
New Delhi, the 16th December, 2013

To,

M/s. Essar Power Limited
Prakash Deep
10th Floor,
7, Tolstoy Marg
NEW DELHI -110001

Subject : Show Cause Notice to M/s Essar Power Limited in respect of Chakla coal block- regarding.

Sir,

I am directed to refer to this Ministry's letter No. **13011/11/2006-CA-I (Part)** dated **20th February, 2007** conveying allocation of **Chakla coal block** in pursuance of 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 fall under forest land) in case of Underground mine. 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 **Chakla coal** block allocated to the company is not satisfactory. Committee expressed concern over unsatisfactory progress and advised M/s Essar Power Limited to expedite the development of the coal block. Accordingly, an advisory letter dated 26th April, 2012 was issued to the company with the direction to expedite the development of the coal block and development of end use plant so as to ensure expeditious production of coal from the allotted coal block 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 (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 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 **19th** Meeting held on **25.06.2013** *inter alia* considered the status of the development of the **Chakla coal block** prepared by the Coal Controller's Organisation (CCO) as on March, 2013 and noted that no significant progress has been made by your company towards development of 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 Mar 13)	Remarks	Special Observation
Purchase of GR	6.4.2007 (45 days)	4.4.2007	-		
Submission of Bank Guarantee	20.5.2007 (3 months)	18.5.2007	-		
Mining Lease Application	20.5.2007 (3 months)	18.5.2007	-	ML area:- 856.99 Ha	Mining lease application is presently with Director (Mines), GOJH.
Submission of Mining Plan	20.8.2007 (6 months)	20.8.2007	-		
Approval of Mining Plan	20.10.2007 (8 Months)	June,2008	8 Months		
Application of Previous approval	20.12.2007 (10 Months)	Pending	5Yrs 3 Months		
Granting of Previous approval	20.1.2008 (11 months)	Pending	5 Yrs 2 Months		
Application of Forest clearance	20.2.2008 (12 months)	11.12.2008	10 Months		FDP has to be revised as per new guidelines of MOEF.
Grant of Forest Clearance	20.8.2008 (18 months)	Pending	4Yrs 7 Months		

Application EMP Clearance	20.2.2008 (12 months)	23.12.2008	10 Months		
Grant of EMP Clearance	20.8.2008 (18 months)	Pending	4Yrs 7 Months	EAC recommended for EC but kept on hold for FC.	
Grant of Mining Lease	20.2.2009 (24 months)	Pending	4Yrs 1 Months		
Application of Land Acquisition	20.9.2008 (19 months)	2.5.2012	3Yrs 7 Months	Surface rights for Pvt land transferred to company . 1033 acres of land purchased for CA scheme.	Total Land: 856.99Ha. Pvt. Land: 267.73Ha. Govt. land: 187.48Ha. Forest Land: 401.78 Ha.
Completion of Land Acquisition	20.2.2010 (36 months)	Pending	3Yrs 1 Months	Minerals rights surrendered by CCL in July,2009.	
Application for opening permission	20.6.2010 (40 months)	Pending	2Yrs 9 Months		
Grant of Opening permission	20.7.2010 (41 months)	Pending	2Yrs 8 Months		
Coal Production	20.8.2010 (42 Months)	Pending	2Yrs 7 Months	OC mine with forest land involved.	

Keeping in view the unsatisfactory progress, IMG recommended issue of 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 this 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 Chakla coal block and why the block should not be de-allocated failing which it would be presumed that the your company has no explanation to offer and action as appropriate would be taken against your company for de-allocation of the 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.