

No. 13016/7/2008-CA-I  
Government of India  
Ministry of Coal

.....

New Delhi, the <sup>16th</sup> December, 2013

To,

**M/s. Essar Power Limited**

Prakash Deep  
10<sup>th</sup> Floor,  
7, Tolstoy Marg  
NEW DELHI -110001

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

Sir,

I am directed to refer to this Ministry's letter No. **38011/1/2007-CA-I dated 6<sup>th</sup> November, 2007** conveying allocation of **Ashok Karkata Central 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 **Ashok Karkata Central 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 26<sup>th</sup> 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 19<sup>th</sup> Meeting held on 25.06.2013 *inter alia* considered the status of the development of the Ashok Karkata Central 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 :

<b>Mile Stones</b>	<b>Schedule date of Completion</b>	<b>Actual date of Completion</b>	<b>Slippage in YY/MM (as on Mar.13)</b>	<b>Remarks</b>	<b>Special Observation</b>
Purchase of GR	6.2.2010 (27 Months)	13.10.2010	8 Months	DC (Chatra & Latehar) forwarded PL application to Director (Mines)/JH.	Part GR purchased from CMPDI. Exploration is pending.
Submission of Bank Guarantee	6.2.2008 (3 months from DOA)	18.2.2008	-		
Mining Lease Application	6.5.2010 (3 months from Completion of GR)	Pending	2Yrs 10 Months	ML area:- 500 Ha (mostly forest and revenue)	
Submission of Mining Plan	6.8.2010 (6 months)	Pending	2Yrs 7 Months		
Approval of Mining Plan	6.10.2010 (8 Months)	Pending	2Yrs 5 Months		
Application of Previous approval	6.12.2010 (10 months)	Pending	2Yrs 3 Months		
Granting of Previous approval	6.1.2011 (11 months)	Pending	2Yrs 2 Months		
Application of Forest clearance	6.2.2011 (12 months)	Pending	2Yrs 1 Months		
Grant of Forest Clearance	6.8.2011 (18 months)	Pending	1Yrs 7 Months		
Application EMP Clearance	6.2.2011 (12 months)	Pending	2Yrs 1 Months		

Grant of EMP Clearance	6.8.2011 (18 months)	Pending	1Yrs 7 Months		
Grant of Mining Lease	6.2.2012 (24 months)	Pending	1Yrs 1 Months		
Application of Land Acquisition	6.9.2011 (19 months)	Pending	1Yr 6 Months		Total Land: 500 ha
Completion of Land Acquisition	6.2.2013 (36 months)	Pending	1 Months		
Application for opening permission	6.6.2013 (40 Months)	Pending	-		
Grant of Opening permission	6.7.2013 (41 months)	Pending	-		
Coal Production	6.8.2013 (42 Months)	Pending	-	OC mine with Forest land involved	Delay due to reallocation of block boundary.

Keeping in view the 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 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 **Ashok Karkata Central 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.