

SHOW CAUSE NOTICE
By Speed Post

No.13016/41/2009-CA-I (Part)
Government of India
Ministry of Coal

New Delhi, dated 18th June, 2013

To,
The Managing Director,
M/s Andhra Pradesh Mineral Development Corporation Ltd.,
Pancom Business Centre, 2nd & 3rd Floor,
8-3-945, Aameepet, Hyderabad – 500073.

Subject: Show Cause Notice to M/s Andhra Pradesh Mineral Development Corporation Ltd. in respect of Suliyari Coal block – regarding.

Sir,

I am directed to refer to this Ministry's letter No. 13016/8/2007-CA-I dated 25.07.2007 conveying allocation of **Suliyari** coal block in the State of Madhya Pradesh in pursuance of the provisions contained in Section 3(3)(a)(i) of the Coal Mines (Nationalisation) Act, 1973, subject to certain conditions. One of the conditions of allocation was that there shall be annual review of progress achieved by an allocattee company. In the event of lapses, if any, in the achievements vis-à-vis the milestones set for that year, a proportionate amount shall be encashed and deducted from the bank guarantee. One of the conditions also stipulates that any violation of the conditions imposed in the allocation letter in mining of coal from the **Suliyari** coal block will render the mining lease liable for cancellation and withdrawal 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 **Suliyari** Coal 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 mandate to review the progress of development of allocated coal/lignite 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 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 **Suliyari** 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 Observation
Purchase of GR	25.10.2009 (27 Months from DOA)	31.10.2011	2 Yrs	Delay in awarding the work.	
Submission of Bank Guarantee	25.10.2007 (3 Months)	25.10.09	2 Yrs		
Mining Lease Application	31.1.2012 (3 Months from GR preparation)	28.10.2012	9 Months		Zero date taken from date of GR preparation ie. 31.10.11
Submission of Mining Plan	31.4.2012 (6 Months) from GR preparation	8.10.2012	6 months		
Approval of Mining Plan	31.6.2012 (8 Months)	Pending	6 months		
Application of Previous approval	31.8.2012 (10 Months)	Pending	4 Months		
Granting of Previous approval	31.9.2012 (11 Months)	Pending	3 Months		
Application of Forest clearance	31.10.2012 (For Phase-II) (12 Months)	Pending	2 months	234 Hec forest land within ML hold area.	Phase_I does not have any forest land.
Grant of Forest Clearance	31.4.2013 (For Phase-II mining) (18 Months)	Pending	-	Phase-I without forest land.	
Application EMP Clearance	31.10.2012 (12 Months)	30.4.2012	6 months		
Grant of EMP Clearance	31.4.2013 (18 Months)	Pending	-		
Grant of Mining Lease	31.10.2013 (24 Months)	Pending	-		
Application of Land Acquisition	31.7.2012 (Phase-I) 9 months from GR	10.12.1011	-	704 Hec Pvt land.	

[Handwritten signature]

	31.5.2013 (phase-II) (19 months) from GR				
Completion of Land Acquisition	31.4.2014 (Phase-I) 30 months 31.10.2014 (Phase-II) 36 Months)	Pending	-		
Application for opening permission	31.8.2014 (Phase-I) 34 months 31.2.2015 (Ph-II) (40 Months)	Pending	-		
Grant of Opening permission	31.8.2014 (Ph-I) 35 months 31.3.2015 (Ph-II) (41 Months)	Pending	-		
Coal Production	31.9.2014 (Ph-I) 36 months from GR completion. 31.4.2015 (Phase-II) (42 Months from GR completion)	Pending	-	Phase-I is OC mining without forest land and Phase-II is OC mining with forest land.	

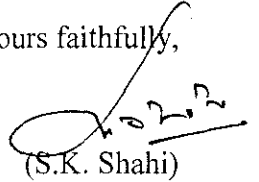
Observation of Field Office of CCO during inspection of the block	
Date of Inspection	1.12.2012
Infrastructure development	As per site inspection carried out by OSD Office, Ranchi, Bilaspur it was reported that no Infrastructure has been developed.
Activities related to coal transportations	• No
Presence 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

[Handwritten Signature]

Keeping in view 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 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 **Suliyari** 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.

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.