

SHOW CAUSE NOTICE
By Speed Post

No. 47011/1(22)/2002-CPAM/CA-I (Pt.)
Government of India
Ministry of Coal

New Delhi, dated 20th December, 2013

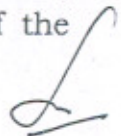
To,
The Secretary,
M/s Chhattisgarh State Electricity Board,
Vidyut Sewa Bhawan, Dangania,
Raipur-492013, Chhattisgarh.

Subject: Show Cause Notice to M/s Chhattisgarh State Electricity Board in respect of Gidhmuri and Patoria Coal blocks – regarding.

Sir,

I am directed to refer to this Ministry's letter No. 47011/1(22)/2002-CPAM/CA dated 23.09.2004 conveying allocation of **Gidhmuri and Patoria Coal blocks** in pursuance of the provisions contained in Section 3(3)(a)(iii) of the Coal Mines (Nationalisation) Act, 1973, subject to certain conditions. One of the conditions of allocation was that the allocation of coal block may be cancelled in case of unsatisfactory progress of implementation of their thermal power plant or coal mining project or both. Allocation letter also stipulates that violation of any of the condition will render the allocation of the block/grant of the lease as the case may be liable for cancellation.

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 **Gidhmuri and Patoria Coal blocks** allocated to the company is not satisfactory. The Committee expressed concern over unsatisfactory progress and advised the allocattees to expedite the development of the coal block. Accordingly, an advisory letter No. 13011/2/2012-CA-I dated 26.04.2012 was issued to the company with the direction to expedite the development of coal block. It was also stated that the progress would be monitored regularly and if the development of the coal block and associated end use plant is not as per the schedule furnished and if any wilful delay is noticed, appropriate action including deduction of bank guarantee/de-allocation of the block would be considered.



3. In the meantime, the Government has constituted an Inter-Ministerial Group (IMG) on 21.06.2012 under the Chairmanship 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 19th meeting held on 25.06.2013 *inter alia* considered the status of the development of the **Gidhmuri and Patoria Coal blocks** prepared by the Coal Controller's Organisation (CCO) as on 31st March, 2013 and noted that no significant progress has been made by the company towards development of the 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.2013) | Remarks | Special observation |
|----------------------------------|-----------------------------|---------------------------|------------------------------------|--|--|
| Purchase of GR | 7.11.2004 (45 days) | 6.5.2005 | 6 Months | Delay for late handing over GR by CMPDIL. | |
| Submission of Bank Guarantee | Not applicable | - | | | |
| Mining Lease Application | 23.12.2004 (3 months) | 25.1.2008 | 3Yrs 1 Months | ML area:- 2346 Ha | |
| Submission of Mining Plan | 23.3.2005 (6 months) | 17.5.2007 | 2Yrs 2 Months | | |
| Approval of Mining Plan | 23.5.2005 (8 months) | 20.9.2007 | 2 Yrs 4 Months | | ✓ |
| Application of Previous approval | 23.7.2005 (10 months) | Yes | - | | |
| Granting of Previous approval | 23.8.2005 (11 months) | 3.11.2009 | 4Yrs 3 Months | | |
| Application of Forest clearance | 23.9.2005 (12 months) | 24.7.2008 | 2Yrs 10 Months | Forest proposal earlier not recommended by FAC/MOEF. | Fresh FDP application submitted to Secy (Forest), Govt of CG for reconside |

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|------------------------------------|--------------------------|-----------|---------------|--|---|
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| Grant of Forest Clearance | 23.3.2006 (18 months) | Pending | 7Yrs | | |
| Application EMP Clearance | 23.9.2005 (12 months) | 29.8.2007 | 2Yrs | Fresh application submitted to MOEF for 5.6 mtpa mine capacity. | |
| Grant of EMP Clearance | 23.3.2006 (18 months) | Pending | 7 Yrs | Proposal for comments of CSECB, Raipur is still pending | Coal block fallen in critically polluted area. |
| Grant of Mining Lease | 23.9.2006 (24 months) | Pending | 6Yrs 6 Months | | Grant after forest clearance |
| Application of Land Acquisition | 23.4.2006 (19 months) | Yes | - | Notification U/s 4 & 6 for Pvt land completed and 80% compensation paid. 89.024 Ha Pvt land in Kruti village awarded by Collector. | Total Land: 2346 Ha. Pvt. Land: 247.193 Ha. Govt. land: 22.871 Ha. Forest Land: 2076.532 Ha. |
| Completion of Land Acquisition | 23.9.2007 (36 months) | Pending | 5Yrs 6 Months | | |
| Application for opening permission | 23.1.2008 (40 Months) | Pending | 5Yrs 2 Months | | |
| Grant of Opening permission | 23.2.2008 (41 months) | Pending | 5Yrs 1 Months | | |
| Coal Production | 23.3.2008 (42 months) | Pending | 5 Yrs | OC mine with forest area involved | Progress delayed due to Hansdeo area declared as No Go area. |

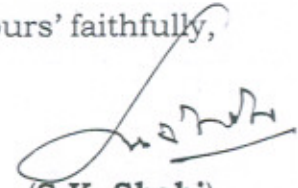
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Keeping in view ^{the} unsatisfactory progress, IMG recommended to issue show cause notice for delay in development of coal block. The recommendation of IMG has since been considered and accepted by the Government.

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 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 **Gidhmuri and Patoria Coal blocks** and why the block should not be de-allocated, 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, 1- Council House Street, Kolkata.

(ii) NIC, Ministry of Coal for uploading the letter on Ministry's website.