

SHOW CAUSE NOTICE

By Speed Post

No. 47011/1(17)/2001-CPAM/CA-I (Vol.V)

Government of India

Ministry of Coal

New Delhi, dated ^{20th} December, 2013

To,

1. M/s Jindal Steel & Power Ltd.,
12, Jindal Centre, Bhikaji Cama Place,
New Delhi-110066.

2. M/s Nalwa Sponge Iron Ltd.,
P.B. No. 7, Raigarh - 496001, Chhattisgarh.

Subject: Show Cause Notice to M/s Jindal Steel & Power Ltd. and M/s Nalwa Sponge Iron Ltd. in respect of Gare Pelma IV/6 Coal block - regarding.

Sir,

I am directed to refer to this Ministry's letter No. 13016/34/2005-CA-I dated 13.01.2006 conveying allocation of **Gare Pelma IV/6 Coal block** 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 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 falls under forest land) in case of UG mine from the date of allocation. The end- use project schedule and the coal mine development schedule were to be modified accordingly and submitted to the Ministry within 3 months from the date of allocation.

2. Allocation letter also stipulates that allocation/mining lease of the coal block may be cancelled, inter-alia, on the following grounds:-

- a. Unsatisfactory progress of implementation of their end use sponge iron plant/power plant.
- b. Unsatisfactory progress in the development of coal mining project.
- c. For breach of any of the conditions of allocation.

3. 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 **Gare Pelma IV/6 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, an advisory letter No. 13011/2/2012-CA-I dated 26.04.2012 was issued to the companies stating 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 willful delay is noticed, appropriate action including deduction of bank guarantee/de-allocation of said **Gare Pelma IV/6** coal block would be considered.

4. 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 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 **Gare Pelma IV/6 coal block** 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.13) | Remarks | Special Observation |
|----------------------------------|----------------------------------|---------------------------|----------------------------------|--|---------------------|
| Purchase of GR | 27.2.2006 (45 days) | Mar.2006 | 1 Month | | |
| Submission of Bank Guarantee | 13.4.2006 (3 months from DOA) | Apr.2006 | - | | |
| Mining Lease Application | 13.4.2006 (3 months) | June.2008 | 2Yrs 2 Month | ML area:- 381.42 Ha | |
| Submission of Mining Plan | 13.7.2006 (6 months) | Sept. 2006 | 2 Months | | |
| Approval of Mining Plan | 13.9.2006 (8 Months) | June.2008 | 1Yr 9 Months | | |
| Application of Previous approval | 13.11.2006 (10 months) | June.2009 | 2Yrs 7 Months | | |
| Granting of Previous approval | 13.12.2006 (11 months) | Pending | 6 Yrs 3 Months | State Govt forwarded ML application to | Pending at MOC. |

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|------------------------------------|-----------------------|------------|----------------|--|--|
| | | | | MOC in June.09 subject to settlement of boundary dispute with SEML. | |
| Application of Forest clearance | 13.1.2007 (12 months) | April 2007 | 3 Months | | Stg-I FC granted on 30.12.10. |
| Grant of Forest Clearance | 13.7.2007 (18 months) | Pending | 5 Yrs 8 Months | Quarry raised by MOEF regarding compliance, which is under progress. | |
| Application EMP Clearance | 13.1.2007 (12 months) | 22.6.2012 | 5Yrs 5 Months | | |
| Grant of EMP Clearance | 13.7.2007 (18 months) | Pending | 5Yrs 8 Months | EC granted on 18.5.09 has been set aside by NGT on 20.4.12. | EIA studies completed on 20.1.13. |
| Grant of Mining Lease | 13.1.2008 (24 months) | Pending | 5Yrs 2 Months | | |
| Application of Land Acquisition | 13.8.2007 (19 months) | July, 2008 | 11 Months | 58 Ha Pvt land procured. | Total Land: 381.42 Ha. Pvt. Land: 254.34Ha. Govt. land: 33.51Ha. Forest Land: 93.56 Ha. |
| Completion of Land Acquisition | 13.1.2009 (36 months) | Pending | 4Yrs 2 Months | Delayed due to grant of ML. | |
| Application for opening permission | 13.5.2009 (40 Months) | Pending | 3Yrs 10 Months | | |
| Grant of Opening permission | 13.6.2009 (41 months) | Pending | 3Yrs 9 Months | | |
| Coal Production | 13.7.2009 (42 Months) | Pending | 3Yrs 8 Months | OC mine with forest land involved. | |

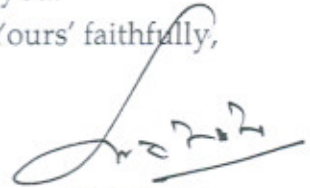
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Keeping in view the unsatisfactory progress, IMG recommended to issue show cause notice for delay in development of coal block. The recommendation of IMG has since been considered and accepted by the Government.

5. 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 **Gare Pelma IV/6 Coal block** 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.

6. 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.