

F.No 13016/15/2008- CA-I
Government of India
Ministry of Coal

New Delhi, dated 20th February, 2014

To

The Chairman & Managing Director,
M/s Steel Authority of India Ltd.,
Ispat Bhawan, Lodi Road,
New Delhi 110 003

Sub: Deduction and encashment of proportionate amount of Bank Guarantee of Sitanala coal block allocated to M/s Steel Authority of India Limited- Regarding.

Sir,

I am directed to refer to this Ministry's allocation letter No. 38011/4/2006-CA-I dated 11th April, 2007 (**Annexure -I**) and to this Ministry's show cause notice of even no. dated 10th June, 2013 (**Annexure- II**) and your reply to the show cause notice and the Presentation made/ documents submitted by you on 24th **October, 2013** before the Inter Ministerial Group (IMG) on the above subject.

2. Sitanala Coking coal block was allocated to Steel Authority of India on 11th October, 2007 in pursuance of the provisions contained in Section 3(3)(a)(iii) of the Coal Mines (Nationalisation) Act, 1973 subject to certain conditions. Condition No. 2 of allocation letter is reproduced below in this regard:-

" 2. Allocation/ mining lease of the coal block may be canceled, inter-alia, on the following grounds:-

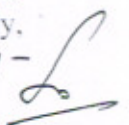
- a. Unsatisfactory progress of implementation of their end use sponge iron plant/power plant.
- b. Unsatisfactory progress in the development of coal mining project.
- c. For breach of any of the conditions of allocation mentioned above.

The allocation/ cancellation of mining lease shall be without any liability to the Government or its agencies, whatsoever. Any expenses incurred by the allocatee or any right or liability arising on the allocatee out of the measures taken by him shall solely be to his account and in no way be transferred to or borne by the Government or its agencies."

3. The progress of the allocated coal block as well as linked/associated end use project has been reviewed by the Ministry through an Inter-Ministerial Review Committee from time to time wherein the allocatee company give presentation in respect of the development made by the company with reference to the milestones prescribed in the allocation letter during which it was noted as following:-

i) In the Review Meeting held on 20/21.07.2010 the Committee noted that EMP, ML and LA are pending. No forest land was involved. EMP was expected by August, 2010. Mining Lease has been submitted to DMO, Bokaro. MDO to be finalized by October, 2010. 35 Ha land is to be transferred from BCCL to SAIL.

ii) In the Review Committed meeting held on 11/12.01.2012 the Committee noticed that the progress of the coal block was not satisfactory. The Committee expressed concern over the unsatisfactory progress and advised to expedite the development of the coal block. Accordingly,

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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.

4. 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 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 **18th meeting held on 01.05.2013** inter alia considered the status of the development of **the Sitanala 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 coal block. It has been noticed that a number of important/critical milestones are pending. Keeping in view the unsatisfactory progress, IMG recommended issuing show cause notice for delay in development of coal block. The recommendation of IMG has since been considered and accepted by the Government. A show cause notice was issued on **10th June, 2013**.

5. The case of the allocatee company was referred to IMG. Accordingly, the IMG gave opportunity to the allocatees company to make the Presentation before it on the progress of development of allocated coal bloc and associated end use project. The representatives of the allocatees company gave presentation on **24th October, 2013** before the IMG. The IMG considered the presentation and associated EUP prepared by Ministry of Coal and Coal Controller's Organisation (June, 2013) (**Annexure -III**). The progress of development of the block with reference to the milestones and their achievement is as under:-

Mile Stones	Schedule date of Completion	Actual date of Completion	Slippage in YY/MM (as on June '13)	Remarks	Special Observation
Purchase of GR	26.5.2007 (45 days)	31.5.2007	-		
Submission of Bank Guarantee	11.7.2007 (3 months)	19.6.2007	-	As BG introduced in 2007	
Mining Lease Application	11.7.2007 (3 months)	29.6.2007	-		
Submission of Mining Plan	11.10.2007 (6 months)	25.2.2008	4 months		
Approval of Mining Plan	11.12.2007 (8 months)	19.1.2009	1yr 1 months		
Application of Previous approval	11.2.2008 (10 months)	NA	-		
Granting of Previous approval	11.3.2008 (11 months)	NA	-		
Application of Forest clearance	11.4.2008 (12 months)	No Forest	-		
Grant of Forest Clearance	11.10.2008 (18 months)		-		
Application EMP Clearance	11.4.2008 (12 months)	15.4.2009	1yr		
Grant of EMP Clearance	11.10.2008 (18 months)	20.12.2010	2yr 2 months		
Grant of Mining Lease	11.4.2009 (24 months)	Pending	3yrs 8 months	Under Process	
Application of Land	11.1.2008	Y	-	Matter is being pursued with	

Acquisition	(9 months)			BCCI. for transfer of land.
Completion of Land Acquisition	11.10.2009 (30 months)	Pending	3yrs 8 months	Transfer of BCCI. land needs to be expedited for coal production.
Application for opening permission	11.2.2011 (46 months)	Pending	2yrs 4 months	
Grant of Opening permission	11.3.2011 (47 months)	Pending	2yrs 3 months	
Coal Production	11.4.2011 (48 months)	Pending	2yrs 2 months	UG mine without forest land.

6. After detailed deliberations, the IMG made its recommendation for **deduction and encashment of proportionate Bank Guarantee as per the terms and conditions of the allocation from Sitanala Coking coal block** which was allocated to M/s Steel Authority of India Limited in its meeting held on 24 & 25th October, 2013. The recommendations made by the IMG are as follows:-

“Sitanla Coal Block was allocated to M/s Steel Authority of India Ltd. (SAIL) on 11.04.2007. The normative date of production as per Coal Controller’s Organisation (CCO) report was 11.04.2011. The progress of block development was reviewed by the IMG in its 18th meeting held on 01.05.2013 and as per the recommendations of the IMG, the allocatee company was issued a show cause notice(SCN) vide MoC’s letter dated 10th June, 2013. The reply of the allocatee company to the SCN dated 21.06.2013 was sent to the State Govt. for comments. However comments of the State Govt. were not received.

The IMG considered the terms and conditions of allocation, the show cause notice issued, the reply of the block allocatee to the show cause notice issued, status report of CCO, presentation made by the allocatee company on 24.10.2013 along with the status paper presented to the IMG.


IMG noted that as per CCO’s status report, GR has been purchased, BG submitted, mining plan approved, EC obtained. Majority of land for the block is with BCCL and its transfer to SAIL is pending. A small amount of private land is to be acquired. There have been delays in achieving milestones.

The IMG considered the reply of the allocatee to the show cause notice wherein the allocatee has submitted that due to delay in grant of Mining Lease and difficult geo-mining conditions due to high gassiness of the coal seams, there is a delay in start of production. SAIL has submitted that soon after mining lease is granted, they would be in a position to operate the mine. As regards EUP, the block was to meet the requirement of coking coal for SAIL’s various steel plants located in Rourkela, Bokaro, Bhilai, Durgapur and Burnpur.

IMG noted that though EC was granted on 20.12.2010 and no FC was involved, the delay appears to have been caused due to the fact that it is a gassy mine and degasification plans were to be devised first before mining. The allocatee has assured that the production from the block will start from April, 2015.

As per CA certificate submitted by the company, expenditure towards development of captive coal block is Rs.15.44 crores.

Recommendation: Taking into account the facts brought before it including the fact that EC has been granted and Mining Lease is pending for opening of mine as well as the fact that as

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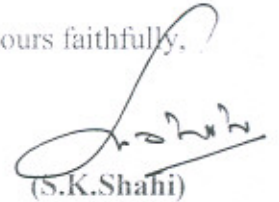
against scheduled date of production of 11.04.2011, the mine is not yet operational, IMG recommends deduction and encashment of proportionate Bank Guarantee (BG) as per the terms and conditions of allocation."

7. The recommendation of the IMG has since been considered and accepted by the Government.

8. Accordingly, the Bank Guarantee (BG) to the extent of Rs. 0.57 Crore (Rupees Fifty Seven lakhs only) be invoked and deposited with the Government in the relevant Head of Account. (The calculation of BG to be encashed is given in Annexure -IV).

Encls: As above.

Yours faithfully,



(S.K. Shahi)

Director

Tel. 23382807

Copy to:-

1. The Chief Secretary, Government of Jharkhand, Ranchi.
2. The Secretary, Ministry of Steel, Udyog Bhawan, New Delhi.
3. The CMD, CMDPIL, Ranchi.
4. The CMD, Bharat Coking Coal Limited, Koyla Bhawan, Koyla Nagar, Dhanbad.
5. The Coal Controller's Organisation, 1, Council House Street, Kolkata with the direction to take necessary steps to **deduct** the Bank Guarantee and deposit the same with the Govt.
6. The Chairman, Coal India Limited, 10- Netaji Subhash Road, Kolkata.
7. ✓ NIC Cell, Ministry of Coal for placing the letter on the Website of Ministry of Coal.

No 38011/4/2006-CA-I
Government of India
Ministry of Coal

New Delhi, the 9th April, 2007.
11th

To
13/4/07
M/s. Steel Authority of India Ltd.
1st Floor, Jeevan Vihar,
3, Parliament Street,
New Delhi - 110 001.

M/s. Steel Authority of India Ltd.,
1st Floor, Jeevan Vihar,
3, Parliament Street,
New Delhi - 110 001.

Subject: Allocation of Sitala coking coal block in the State of Jharkhand for captive mining of coal by M/s Steel Authority of India Ltd. for their integrated steel plants located in Orissa, Jharkhand, Chattisgarh and West Bengal.

Sir,

I am directed to refer to the request of M/s. Steel Authority of India Ltd., for allocation of coal block in the State of Jharkhand and to state that the request of the company has been considered by the Central Government and it has been decided to allot Sitala coking coal block in BCCL command area to M/s. Steel Authority of India Ltd., to meet the coal requirements for their integrated steel plants located in Orissa, Jharkhand, Chattisgarh and West Bengal. This allocation is in pursuance of the provisions contained in Section 3(3)(a)(iii) of the Coal Mines (Nationalization) Act, 1973 and subject to the following conditions :-

- i) The allocation of the Sitala coking coal block to M/s Steel Authority of India Ltd. has been made to meet the coal requirement of their integrated steel plants located in Rourkela, (Orissa), Bokaro, (Jharkhand), Bhilai, (Chattisgarh), Durgapur and Burdampur, West Bengal.
- ii) The block is meant for captive use in their own specified end use project i.e. steel production. The coal produced from the block shall not replace any coal linkages given to M/s. Steel Authority of India Ltd., by the Coal India Ltd./ its subsidiary and/or by the Singareni Collieries Company Ltd., without prior permission of this Ministry.
- iii) Middlings generated in the process of washing the coal shall be used for power generation in their own power plant i.e., the useable middlings/rejects generated during beneficiation shall be used captively by the allocatee. The modalities of disposal of surplus coal/middlings/rejects, if any, would be as per the prevailing policy/instruction of the government at the relevant point in time and could also include handing over such surplus coal/middling/rejects to the local CIL subsidiary or to any person designated by it at a transfer price to be determined by the Government.
- iv) 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) from the date of this letter in case of UG 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 this letter. A copy of the indicative milestone chart is enclosed.

- v) The company shall buy geological report from CMPDIL within six weeks from the date of this letter.
- vi) The company shall submit a bank guarantee for Rs. 4.75 crores (equal to one year's royalty amount based on mine capacity of 0.3 mtpa assessed by CMPDIL, grades of coal from S-II to W-IV grades and the weighted average royalty @ Rs. 158.34 per tonne) within three months from the date of this letter. Subsequently upon approval of mining plan the Bank Guarantee amount will be modified based on the final peak/rated capacity of the mine.
- vii) The company shall submit a mining plan for approval by the competent authority under the Central Government within six months from the date of this letter.
- viii) The progress of the mine will be monitored annually with respect to the approved mining plan, which will mention the zero date. In case of any lag in the production of coal, a percentage of the bank guarantee amount will be deducted for the year. This percentage will be equal to the percentage of deficit in production for the year with respect to the rated/peak capacity of the mine, e.g., if rated/peak capacity is 100, production as per the approved mining plan for the relevant year is 50 and actual production is 35, then $(50-35)/100 \times 100 = 15\%$ will lead to deduction of 15% of the original bank guarantee amount for that year. Upon exhaustion of the Bank Guarantee amount the block shall be liable for de-allocation/cancellation of mining lease. M/s. Steel Authority of India Ltd. shall ensure that the Bank Guarantee remains valid at all times till the mine reaches its rated capacity or till the Bank Guarantee is exhausted.
- ix) No coal shall be sold, delivered, transferred or disposed of except for the stated captive mining purposes, and except with the previous approval of the Central Government.
- x) Mining of coal from the allocated captive coal block shall be carried out in accordance with the applicable Statutes/Rules/Orders/Directions governing the mining of coal in the country.
- xi) Those of the above conditions relevant at the time of grant of mining lease shall be included as additional conditions in the mining lease in addition to any further conditions imposed by or agreed to by the Central Government.
- xii) The State Government at the time of seeking previous approval for the grant of mining lease shall submit a draft of the mining lease containing the above relevant conditions for vetting by the Central Government. The final mining lease shall be as vetted/modified by the Central Government. Any deviation from the vetted/modified draft shall render the mining lease deed *ab-initio* null and void and without effect.
2. Allocation / mining lease of the coal block may be cancelled, inter-alia, on the following grounds :-
- Unsatisfactory progress of implementation of their end use sponge iron plant / power plant.
 - Unsatisfactory progress in the development of coal mining project.
 - For breach of any of the conditions of allocation mentioned above.

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The allocation/cancellation of mining lease shall be without any liability to the Government or its agencies, whatsoever. Any expenses incurred by the allocatee or any right or liability arising on the allocatee out of the measures taken by him shall solely be to his account and in no way be transferred to or borne by the Government or its agencies.

3. The company may approach CMPDIL for the geological report and contact the State Government authorities concerned for the necessary permissions/clearances etc. for attaining mining rights and related matters. The arrangement of transport of coal will have to be worked out by the company in consultation with the Ministry of Railways / Ministry of Surface Transport depending on the mode of transport.

Yours faithfully,

(V.S. Rana)
Under Secretary to the Govt. of India.

Encls. As above.

To

1. The Chairman, Coal India Ltd., 10 Netaji Subash Marg, Kolkatta-700001
2. Chairman-cum-Mng.-Director, Central Mine Planning and Design Institute Ltd., Gondwana Place, Kanke Road, Ranchi, Jharkhand.
3. Chairman-cum-Mng.-Director, Bharat Coking Coal Ltd., Koyla Bhawan, Koyla Nagar, Dhanbad.
4. Ministry of Steel (Shri Kumar Arvind Singh Deo, Joint Secretary), Udyog Bhawan, New Delhi.
5. The Chief Secretary, Government of Jharkhand, Secretariat, Ranchi.
6. The Coal Controller, Office of the Coal Controller, 1 Council Street, Kolkatta-700001
7. CPAM Section.


(V.S. Rana)
Under Secretary to the Govt. of India.

o/c

No. 13016/15/2008-CA-I
Government of India
Ministry of Coal

New Delhi, dated 10th June, 2013

To,

The Chairman & Managing Director,
M/s Steel Authority of India Ltd.,
Ispat Bhawan, Lodi Road,
New Delhi 110 003

*10/6/13
S.158*

Subject: Show cause notice in respect of Sitanala coal block.

Sir,

I am directed to refer to this Ministry's letter No. 38011/4/2008-CA-I dated 11th April, 2007 conveying allocation of **Sitanala Coking coal block** in pursuance of the provisions contained in 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 falls under forest land) in case of UG mine from the date of allocation letter. 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 **Sitanala Coking coal block** allocated to company was 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 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 18th meeting held on 01.05.2013 inter alia considered the status of the development of the **Sitanala Coking 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 coal block. It has been noticed that a number of

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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 Observatio n
Purchase of GR	26.5.2007 (45 days)	31.5.2007	-		
Submission of Bank Guarantee	11.7.2007 (3 months)	19.6.2007	-	BG introduced in 2007	
Mining Lease Application	11.7.2007 (3 months)	29.6.2007	-		
Submission of Mining Plan	11.10.2007 (6 months)	25.2.2008	4 months		
Approval of Mining Plan	11.12.2007 (8 months)	19.1.2009	1yr 1 months		
Application of Previous approval	11.2.2008 (10 months)	NA	-		
Granting of Previous approval	11.3.2008 (11 months)	NA	-		
Application of Forest clearance	11.4.2008 (12 months)	No Forest	-		
Grant of Forest Clearance	11.10.2008 (18 months)		-		
Application EMP Clearance	11.4.2008 (12 months)	15.4.2009	1yr		

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Grant of EMP Clearance	11.10.2008 (18 months)	20.12.2010	2yr 2 months		
Grant of Mining Lease	11.4.2009 (24 months)	Pending	3yrs 8 months	Under Process	
Application of Land Acquisition	11.1.2008 (9 months)	Y	-	Matter is being pursued with BCCL for transfer of land.	
Completion of Land Acquisition	11.10.2009 (30 months)	Pending	3yrs 2 months		Transfer of BCCL land needs to be expedited for coal production.
Application for opening permission	11.2.2011 (46 months)	Pending	1yrs 10 months		
Grant of Opening permission	11.3.2011 (47 months)	Pending	1yrs 9 months		
Coal Production	11.4.2011 (48 months)	Pending	1yrs 8 months	UG mine without forest land.	

Observation of Field Office of CCO during inspection of the block	
Date of Inspection	4.12.2012
Infrastructure development	As per site inspection carried out by OSD office at Dhanbad & Ranchi, it was reported that the coal block is adjacent to Chasnalla colliery of SAIL and same is being used for Sitanala block.
Activities related to coal transportation	• No
Presence of mining equipment.	• No
Any sign of mining activities.	• No

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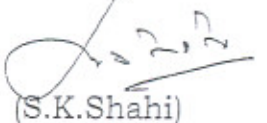
Escrow A/c for mine closure	• No
Other activities	• No
Engagement of MDO	• No information

Keeping in view the unsatisfactory progress, IMG recommended issuing 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 the 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 allotment of **Sitanala Coking 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.

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, Kolkata.
- (ii) NIC, M/o Coal for uploading the letter on Ministry's website

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Annexure - III
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SITANALA COKING COAL BLOCK, JHARKHAND

SL NO	ITEMS	REMARKS
1	Name Of the Block	Sitanala Coking Coal Block
2	Name Of the allocatee	M/s. Steel Authority of India Ltd.
3	Date Of allocation	17.04.1996 9/11.04.2002
4	End -use Plant	Captive development to meet the coking coal requirements of SAIL's Steel Plants.
5	Important terms and conditions of allocation	As per Allocation letter enclosed as Annexure-I
6	Milestones of allocation /Slippages against Milestones as stated in the SCN	Status of CCO, Kolkata is enclosed (Annexure-II)
7	History Previous review / action	<p>A Review Meeting was held on 20.07.2010 & 21.07.2010 under the Chairmanship of AS (Coal) to review the progress of captive coal blocks and the associated End Use Projects wherein the Committee noted that EMP, ML & LA are pending. No forest land involved. EMP is expected by August 2010. ML submitted to DMO, Bokaro, MDO to be finalized by October 10, 2010. 35 Ha land is to be transferred from BCCL to SAIL. The committee decided to ask company representative to follow up EMP and ML for early disposal.</p> <p>In the Review Meeting held on 11.01.2012 & 12.01.2012, chaired by AS (Coal) to review the progress of captive blocks and the associated End Use Projects, the Committee noted that ML & LA are pending. JVC formed with Tata Steel and SAIL (50:50 sharing basis). Assigned job to MDO for coal mine development and supply of coal steel plant. UG mine and incline drivage. Degasification is required first to develop seam. R/R issue is the major problem to be sorted out. Accordingly, a Caution Letter dated 26.04.2012 was issued to SAIL with the direction to expedite the development of the coal block and be careful in future with respect to the milestones stipulated.</p> <p>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 the mandate to review the progress of development of allocated coal blocks</p>

		and associated end use projects and to recommend action including de-allocation, if required. IMG in its 18 th 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 30.12. 2012 and noted that no significant progress has been made by the allocatee company towards development of the Sitanala Coking coal block. The IMG noted that land acquisition is still pending. Keeping in view the unsatisfactory progress, IMG recommended issuing show cause notice for delay in development of coal block. The recommendation of IMG has since been considered and accepted by the Government. The company was issued show cause notice on 10.06.2013.
8	Condonation of delay or extension of Zero date granted if any and permissible grace period if any whether any request for Condonation is pending with the Ministry	
9	Litigation any orders of the court , if any	
10	Summary of reply of the company including reasons for delay	In reply to the Show Cause Notice dated 10.06.2013, M/s. SAIL submitted that purchase of GR from CMPDIL was obtained on <u>31.05.2007</u> , well within the stipulated time. <u>BG</u> was submitted on <u>19.06.2007</u> though the time granted to them was upto <u>11.07.2007</u> . Submission of Mining Lease Application to State of Jharkhand was well within the prescribed time limit of 3 months. Immediately after receipt of Allocation Letter, SAIL commissioned <u>M/s. CMPDIL</u> for preparation of the mining plan who could prepare and provide it to SAIL on <u>18.02.2008</u> and the same was submitted for approval to MoC on 25.02.2008 and the same was approved on 19.01.2009. In respect of Environmental Clearance, SAIL submits that they submitted Terms of Reference to MoEF on 20.06.2007 and, as advised, made a presentation on 27.09.2007 wherein they were advised to submit revised TOR along with a copy of approved Mining Plan. After obtaining the approval of Mining Plan on 19.01.2009, SAIL submitted revised ToR and the same were approved on 15.04.2009. After the ToR were approved SAIL went for EIA/EMP as per approval and submitted it to the appropriate authorities on 20.12.2009. EC was finally granted on 20.12.2010 by the MoEF. In respect of grant of Mining Lease, SAIL submitted although the time frame for obtaining the Mining Lease was 2 years, i.e. by 11.04.2009, they submitted the application for the same well in time on

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		<p>29.06.2007 and in spite of their regular follow up and recommendations of DC (Bokaro), Mining Lease has not been granted as yet. In respect of Land Acquisition, SAIL has submitted that BCCL has assured them that land transfer will be affected in due course of time by the time Mining Lease is granted. In fact, BCCL have already allowed SAIL to use the land for drilling of bore hole for degassing study and drilling by MECL is already going on. Further, SAIL has submitted that due to delay in grant of Mining Lease and safety hazards because of highly gassiness of the seams, there is delay in start of production. SAIL has requested to extend the time frame for development of Sitanala Block to April 2015.</p> <p>Copy of Reply received from the Company is enclosed as Annexure-III</p>
11	Comments of State Govt. on reply of the allocatee on SCN	<p>A copy of the reply of the company was sent to State Govt. of Jharkhand for their comments. Comments of State Govt. have not been received.</p>
12	Comments of MOC with the respect to issue pertaining to delay in purchase of GR, transfer of surface rights by coal companies, sanction of mining plan etc.	<p>Land acquisition and application for opening permission is still pending.</p>

Annexure - III

Coal Controller Office, Kolkata
Updated Status of Coal Block as on June 2013
(As per Status report submitted by the company)

1. Name of Company:- SAIL.
2. Name of Coal Block:- Sitanala (UG)/Govt
3. Name of Owner/Address etc.:- General Manager, SAIL (HISCO Steel Plant), Chasnalla Colliery Complex, P.O. Chasnalla, Dhanbad-828135
4. Date of Allocation:- 11.4.2007
5. Location: Jharia/JH
6. Project cost :- Rs. 202 Cr.
7. Total investment made Cr (As per status report) :- Rs.14.81 Cr. (upto June'13)
8. Reserve (Mill tonnes):- 108.35
9. Mineable Reserve:- 19.92 MT
10. Yearly rated capacity (MTPA):- 0.3
11. Grade of Coal:- Steel Grade & Washery Grade I-IV
12. Cost of GR:- Rs. 11.097 Crs
13. BG Amount :- Rs. 4.75 Crs (BG introduced in 2007)
14. Type of EUP:- Steel
15. Location of Project:- Chasnala
16. Capacity of Project:- Expansion Capacity
17. Explored/Un explored:- Explored
18. Type of mine: UG
19. Zero Date:- 11.4.2007 (As per block allocation letter)
20. Previous Recommendation, if any:- Caution notice issued by MOC as per decision of review meeting dated 11/12.1.2012. Again in 18th IMG held on 01.05.2013 advised to issue show cause notice.

Mile Stones	Schedule date of Completion	Actual date of Completion	Slippage in YY/MM (as on June'13)	Remarks	Special Observation
Purchase of GR	26.5.2007 (45 days)	31.5.2007	-		
Submission of Bank Guarantee	11.7.2007 (3 months)	19.6.2007	-	As BG introduced in 2007	
Mining Lease Application	11.7.2007 (3 months)	29.6.2007	-		
Submission of Mining Plan	11.10.2007 (6 months)	25.2.2008	4 months		
Approval of Mining Plan	11.12.2007 (8 months)	19.1.2009	1yr 1 months		

Application of Previous approval	11.2.2008 (10 months)	NA	-		
Granting of Previous approval	11.3.2008 (11 months)	NA	-		
Application of Forest clearance	11.4.2008 (12 months)	No Forest	-		
Grant of Forest Clearance	11.10.2008 (18 months)		-		
Application EMP Clearance	11.4.2008 (12 months)	15.4.2009	1yr		
Grant of EMP Clearance	11.10.2008 (18 months)	20.12.2010	2yr 2 months		
Grant of Mining Lease	11.4.2009 (24 months)	Pending	3yrs 8 months	Under Process	
Application of Land Acquisition	11.1.2008 (9 months)	Y	-	Matter is being pursued with BCCI. for transfer of land.	
Completion of Land Acquisition	11.10.2009 (30 months)	Pending	3yrs 8 months		Transfer of BCCI. land needs to be expedited for coal production.
Application for opening permission	11.2.2011 (46 months)	Pending	2yrs 4 months		
Grant of Opening permission	11.3.2011 (47 months)	Pending	2yrs 3 months		
Coal Production	11.4.2011 (48 months)	Pending	2yrs 2 months	UG mine without forest land.	

Observation of Field Office of CCO during inspection of the block

Date of Inspection	4.12.2012
Infrastructure development	As per site inspection carried out by OSD office at Dhanbad & Ranchi, it was reported that the coal block is adjacent to Chasnalla colliery of SAIL, and same is being used for Sitanala block.
Activities related to coal transportation	• 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

Other details and constraint faced by the block allocates

- Mining lease:- Verification of land is being pursued with DMO, Jharkhand.
- Land Acquisition:- Consent for Public hearing obtained. Pursued with BCCL for transfer of land. No displacement of people is involved.
- Tot land: 35.92 Ha. Govt. land: 32.26 Ha (BCCL) Pvt land:- 3.66 Ha. Gram sabha consent obtained.
- Coal production is targeted by 2015..
Expansion of Steel Project of SAIL at Chasnalla.

Annexure - IV
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(Calculation of bank guarantee is done as per previous practice and on basis of information supplied by the company)

1. Name of Company:- M/s Steel Authority of India Ltd.
2. Name of Coal Block:- Sitanala
3. Date of Allocation:- 11.04.2007
4. Normative Date of production:- 11.04.2011
5. Yearly Rated Capacity:- 0.3 MTPA
6. BG Amount:- Rs. 4.75 Crore
7. Recommendation: The IMG recommends for deduction and encashment of proportionate Bank Guarantee as per the terms and conditions allocation.
8. Allocation condition: As per condition the allocation letter, in case of any lag in the production of coal, a percentage of BG amount will be deducted for the year. This percentage will be equal to the percentage of deficit in production for the year with respect to peak rated capacity of the mine.

Therefore, in respect of Sitanala coal block, the amount of BG to be deducted on production basis is made as under:-

Calculation

Deduction for 1st year

A= Production as per the approved mining plan for the 1st year (11.04.2011 to 10.04.2012) = 0.015 MT

B= Actual Production for the 1st year (11.04.2011 to 10.04.2012) = 0

C= Peak Rated Capacity= 0.3 MT

So, D= Percentage of amount of BG to be deducted for the 1st year (11.04.2011 to 10.04.2012) = (A-

B)/CX100 = (0.015-0)/0.3x100 = 5%

X=Amount of BG to be deducted for 1st year = 4.75 CroreX5/100 = 0.2375 Crore

Deduction for 2nd year

A= Production as per the approved mining plan for the 2nd year (11.04.2012 to 10.04.2013) = 0.021 MT

B= Actual Production for the 2nd year (11.04.2012 to 10.04.2013) = 0

C= Peak Rated Capacity= 0.3 MT

So, D= Percentage of amount of BG to be deducted for the 2nd year (11.04.2012 to 10.04.2013) = (A-

B)/CX100 = (0.021-0)/0.3x100 = 7%

Y=Amount of BG to be deducted for 2nd year = 4.75 CroreX7/100 = 0.3325 Crore

Deduction for 3rd year

3rd year (11.04.2013 to 10.04.2014) ends on 10.04.2014 which is not reached as on 24.10.2013 (Date of 23rd IMG Meeting). Hence, deduction of BG amount may not be done for this year.

So, Amount of BG to be deducted for 3rd year will be decided after 10.04.2014

Total amount of BG to be deducted on production basis = X+Y=0.2375+0.3325= Rs.0.57 Crore

Total amount of BG may be deducted linked to production = Rs. 0.57 Crore (Rupees Fifty seven lakhs only)

Difb
13.01.2014

Pz
13/1/14

Joz
13/1/14

Boz
13/1/14

16/1/14