

SHOW CAUSE NOTICE
BY SPEED POST

No. 13016/74/2008-CA-I(PART)
Government of India
Ministry of Coal

New Delhi, dated 22nd July, 2013

To,

(I) The Managing Director,
M/s Jindal Steel and Power Ltd.
Jindal Centre, 12- Bikaji Cama Place,
New Delhi - 110 066

(II) The Managing Director,
M/s Gagan Sponge Iron Pvt. Ltd.,
28, Najafgarh Road,
New Delhi - 110 015.

Subject: Show cause notice in respect of Amarkonda Murgadandal coal block.

Sir,

I am directed to refer to this Ministry's letter No. 38011/1/2007-CA dated 17th January, 2008 conveying allocation of **Amarkonda Murgadandal 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 6 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 **Amarkonda Murgadandal 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.

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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 **Amarkonda Murgadandal 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. 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
Purchase of GR	17.4.2010 (27 months)	Pending	2Yrs 8 months	PL granted on 29.6.09. But Drilling is not yet completed due to local problem.
Submission of Bank Guarantee	17.4.2008 (3 months from DOA)	16.4.2008	-	BG introduced in March.05
Mining Lease Application	17.7.2010 (3 months)	Pending	2Yr 5Months	
Submission of Mining Plan	17.10.2010 (6 months)	Pending	2Yr 2 Months	
Approval of Mining Plan	17.12.2010 (8 Months)	Pending	2Yr	
Application of Previous approval	17.2.2011 (10 months)	Pending	1Yrs 10 Months	
Granting of Previous approval	17.3.2011 (11 months)	Pending	1Yr 9 months	
Application of Forest clearance	17.4.2011 (12 months)	Pending	1Yr 8 months	

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Grant of Forest Clearance	17.10.2011 (18 months)	Pending	1Yr 2 Months	
Application EMP Clearance	17.4.2011 (12 months)	Pending	1Yr 8 months	
Grant of EMP Clearance	17.10.2011 (18 months)	Pending	1Yr 2 Months	
Grant of Mining Lease	17.4.2012 (24 months)	Pending	8 months	
Application of Land Acquisition	17.11.2011 (19 months)	Pending	1Yr 1 Months	
Completion of Land Acquisition	17.4.2013 (24 months)	Pending	-	
Application for opening permission	17.8.2013 (40 Months)	Pending	-	
Grant of Opening permission	17.9.2013 (41 months)	Pending	-	
Coal Production	17.10.2013(42 Months)	Pending	-	OC mine with Forest land.

Observation of Field Office of CCO during inspection of the block	
Date of Inspection	3.12.2012
Infrastructure development	As per site inspection carried out by OSD office at Bilaspur & Ranchi, it was reported that sites of the proposed prospecting boreholes were marked on the ground by concrete pillars, one office in Dumka, and one site office at Barmasia and one camp office at Telangapara one guest house in Dumka.
Activities related to coal transportation	• No
Presence of mining equipment such.	• No
Any sign of mining activities.	• No
Escrow A/c for mine closure	• No
Other activities	Some CSR activities have been carried out by the company.
Engagement of MDO	• No information

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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 **Amarkonda Murgadandal 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 .