

SHOW CAUSE NOTICE

By Speed Post

No. 13016/36/2010-CA-I
Government of India
Ministry of Coal

New Delhi, dated 30th December, 2013

To,
The Managing Director,
M/s. Maharashtra State Power Generation Corporation (MAHAGENCO),
Prakashgad, Plot No. G-9,
Bandra (E), Mumbai - 400051.

Subject: Show Cause Notice to M/s Maharashtra State Power Generation Corporation (MAHAGENCO) in respect of Bhivkund Coal block - regarding.

Sir,

I am directed to refer to this Ministry's letter No. 13016/19/2007-CA-I dated 17.07.2008 conveying allocation of **Bhivkund Coal block** in pursuance of the provisions contained in Section 3(3)(a) of the Coal Mines (Nationalisation) Act, 1973, subject to certain conditions. One of the conditions of allocation was 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 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 **Bhivkund 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 company 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 **Bhivkund 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 **Bhivkund 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	17.10.2010 (27 months)	30.3.2011	5 Months		
Submission of Bank Guarantee	17.10.2008 (3 months from DOA)	Pending	4Yrs 5 Months	BG to be paid by successful bidder through competitive bidding	
Mining Lease Application	30.6.2011 (3 months)	Pending	1 Yrs 9 Months		
Submission of Mining Plan	30.9.2011 (6 months)	Pending	1Yr 6 Months		
Approval of Mining Plan	30.11.2011 (8 Months)	Pending	1Yr 4 Months		
Application of Previous approval	30.1.2012 (10 months)	Pending	1Yr 2 Months		
Granting of Previous approval	30.2.2012 (11 months)	Pending	1Yr 1 Months		
Application of Forest clearance	30.3.2012 (12 months)	Pending	1Yr		
Grant of Forest Clearance	30.9.2012 (18 months)	Pending	6 months		
Application EMP Clearance	30.3.2012 (12 months)	Yes	-		
Grant of EMP Clearance	30.9.2012 (18 months)	Pending	6 months		
Grant of Mining	30.3.2013	Pending	-		



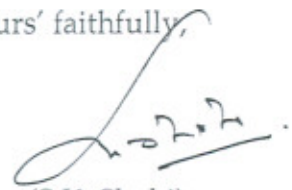
Lease	(24 months)				
Application of Land Acquisition	30.10.2012 (19 months)	Pending	-		
Completion of Land Acquisition	30.3.2014 (36 months)	Pending	-		
Application for opening permission	30.7.2015 (52 Months)	Pending	-		
Grant of Opening permission	30.8.2015 (53 months)	Pending	-		
Coal Production	30.9.2015 (54 Months)	Pending	-	MOP needs to expedite the project.	Selection of bidder through tariff based is pending.

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 **Bhivkund 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.