

SEEKING OF EXPLANATION
By Speed Post

No. 13016/30/2005-CA-I
Government of India
Ministry of Coal

New Delhi, dated 30th December, 2013

To,

1. The Managing Director,
M/s Essar Power Limited,
21, Feroze Gandhi Road,
Lajpat Nagar-III, New Delhi-110024.

2. The Managing Director,
M/s HINDALCO Industries Limited,
Aditya Birla Group, B-wing,
3rd Floor, Worli, Mumbai-400025.

Subject: Seeking of explanation from M/s Essar Power Limited and M/s HINDALCO Industries Limited for slow progress in respect of Mahan Coal block - regarding.

Sir,

I am directed to refer to this Ministry's letter No. 13016/30/2005-CA-I dated 12.04.2006 conveying allocation of **Mahan 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 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 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 **Mahan** coal block allocated to the company is not satisfactory. The Committee expressed concern over unsatisfactory progress and advised the allocattees whose blocks were held up due to location in No-Go area to pursue their forest diversion proposals since Go/No-Go concept has been done away with. 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.

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 **Mahan** coal block prepared by the Coal Controller's Organisation (CCO) as on 31st March, 2013 and noted that there has been slow progress towards development of the coal block and no sincere efforts have been made by your company. 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	27.5.2006 (45 days)	2.8.2006	3 Months	Dip side is yet to explore	
Submission of Bank Guarantee	12.7.2006	13.7.2006	-		
Mining Lease Application	12.7.2006 (3 months)	11.9.2006	2 Months	ML area:- 980 Ha 98% Forest area.	Area reduced from 1200 Ha to 1090 Ha during EC

					clearance.
Submission of Mining Plan	12.10.2006 (6 months)	23.2.2007	4 Months		
Approval of Mining Plan	12.12.2006 (8 months)	14.6.2007	6 Months		
Application of Previous approval	12.2.2007 (10 months)	29.7.2008	1Yr 5 months		
Granting of Previous approval	12.3.2007 (11 months)	26.4.2010	3Yr 1 Months		
Application of Forest clearance	12.4.2007 (12 months)	27.7.2007	3 Months		
Grant of Forest Clearance	12.10.2007 (18 months)	Pending	5Yrs 5 Months	Stg-I FC granted on 30.10.12. Stage-I forest clearance further reduced by 104.7 Ha Forest land	Compliance of 36 conditions for Stg-II FC is under process.
Application EMP Clearance	12.4.2007 (12 months)	5.12.2006	-		
Grant of EMP Clearance	12.10.2007 (18 months)	23.12.2008	1Yr 2 months		
Grant of Mining Lease	12.4.2008 (24 months)	Pending	5Yrs	Lease deed is pending for final FC.	
Application of Land Acquisition	12.11.2007 (19 months)	Yes	-		Total Land: 984.30 Ha. Pvt. Land: 8.35 Ha. Govt. land: 8.16 Ha. Forest Land: 967.65 Ha.
Completion of Land Acquisition	12.4.2009 (36 month)	Pending	4 Yrs	Entire Govt land 8.16 Ha acquired. Negotiation for purchase of Pvt land is going on.	

Application for opening permission	12.8.2009 (40 months)	Pending	3Yrs 7 Months		
Grant of Opening permission	12.9.2009 (41 months)	Pending	3 Yrs 6 Months		
Coal Production	12.10.2009 (42 months)	Pending	3 Yrs 5 Months	OC mine with forest area involved.	Delay attributed due to NO Go area declared by MOEF.

Keeping in view the slow progress, IMG recommended to seek explanation for slow progress 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 **explain**, on each milestone separately to this Ministry within a period of **20 days** from the date of issue of this letter, the reasons for the slow progress as well as the efforts made by you in development of the coal block, failing which it would be presumed that your company has no explanation to offer and action as appropriate would be taken.

6. You are also requested to furnish a detailed status note on the progress of end use plants(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.