

SHOW CAUSE NOTICE
By Speed Post

No. 13016/31/2011-CA-I
Government of India
Ministry of Coal

New Delhi, dated 30th December, 2013

To,

1. M/s SKS Ispat and Power Ltd.,
A/18C, Narayana Industrial Area,
Phase-II, New Delhi.

2. M/s Prakash Industries Ltd.,
Near I.O.C.L. Depot,
Main Najafgarh Road, Bijwasan,
New Delhi-110061.

Subject: Show Cause Notice to M/s SKS Ispat and Power Ltd. and M/s Prakash Industries Ltd. in respect of Fatehpur Coal block - regarding.

Sir,

I am directed to refer to this Ministry's letter No. 38011/1/2007-CA-I dated 06.02.2008 conveying allocation of **Fatehpur 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 prospecting/exploration and preparation of GR have to be completed within 27 months from the date of allocation. 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 6 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/cement 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 **Fatehpur Coal block** allocated to the companies 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 **Fatehpur** 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 **Fatehpur 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 Observati on
Purchase of GR	6.5.2010 (27 Months)	Pending	2Yrs 10 Months	PL application submitted in 19.1.2011	Area was declared as No Go Forest area.
Submission of Bank Guarantee	6.5.2008 (3 months from DOA)	24.12.2010	2Yrs 7 Months		
Mining Lease Application	6.8.2010 (3 months from GR preparation)	Pending	2Yrs 7 Months	ML area:- 719.761 Ha	
Submission of	6.11.2010	Pending	2Yrs 4		

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Mining Plan	(6 months)		Months		
Approval of Mining Plan	6.1.2011 (8 Months)	Pending	3Yrs 2 Months		
Application of Previous approval	6.3.2011 (10 months)	Pending	2Yrs		
Granting of Previous approval	6.4.2011 (11 months)	Pending	1Yrs 11 Months		
Application of Forest clearance	6.5.2011 (12 months)	6.1.2011	1Yrs 10 Months	230 acres land purchased for afforestation.	
Grant of Forest Clearance	6.11.2011 (18 months)	Pending	1Yrs 4Months	Exact co-ordination from CMPDIL received on 10.1.13 which has been submitted to MRD on 22.1.13. 230 acres land purchased for afforestation.	
Application EMP Clearance	6.4.2011 (12 months)	1.12.2011	8 Months	TOR for EMP received 24.4.2012	
Grant of EMP Clearance	6.11.2011 (18 months)	Pending	1Yr 4 Months		
Grant of Mining Lease	6.5.2012 (24 months)	Pending	10 Months		
Application of Land Acquisition	6.12.2011 (19 months)	13.6.2011	-	LA application submitted to Collector	Total land: 719.76 Ha. Protected forest land: 468.63 Ha Revenue Forest: 88.090 Ha Govt land: 43.437 Ha Pvt land:

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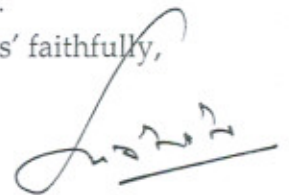
					119.604 Ha
Completion of Land Acquisition	6.5.2013 (36 months)	Pending	-		
Application for opening permission	6.9.2013 (40 Months)	Pending	-		
Grant of Opening permission	6.10.2013 (41 months)	Pending	-		
Coal Production	6.11.2013 (42 Months)	Pending	-	OC mine with forest land involved.	Delay attribute d due to court case filed by PIL.

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 **Fatehpur 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.