

SHOW CAUSE NOTICE
By Speed Post

No. 13016/28/2010-CA-I
Government of India
Ministry of Coal

New Delhi, dated 1st January, 2014

To,
The CMD,
M/s National Mineral Development Corporation,
Khanij Bhavan, No.10-3-311/A,
Castle Hills, Masab Tank,
Hyderabad-500173.

Subject: Show Cause Notice to M/s National Mineral Development Corporation Ltd in respect of Shahpur West Coal block – regarding.

Sir,

I am directed to refer to this Ministry's letter No. 13016/8/2007-CA-I dated 25.07.2007 conveying allocation of **Shahpur West** coal block in pursuance of the provisions contained in Section 3(3)(a)(i) of the Coal Mines (Nationalisation) Act, 1973, subject to certain conditions. One of the conditions of allocation was that the exploration shall be completed and geological report prepared within two years from the date of issue of prospecting license. After the detailed exploration is completed the allocatee of the block shall proceed for ensuring earliest commencement of production. The milestone chart appended shall be adhered to. Any slippage would render this allocation liable for cancellation and withdrawal of block from the allocatee. Further, the allocation stipulates that any violation of the condition imposed in mining and disposing of coal from Shahpur West coal block will render the mining lease liable for cancellation and withdrawal of allocation.

2. 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 production from **Shahpur West** coal block allocated to the company would be started in the year 2011-2012 or in the near future as per the indicated schedule. It was the recommendation of the Committee that the allocatee of Shahpur West coal block be advised to start mining/coal production in 2011-12 or as per the indicated schedule of production failing which appropriate action would be initiated.



3. 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 22nd meeting held on 23.10.2013 *inter alia* considered the status of the development of the **Shahpur West** coal block prepared by the Coal Controller's Organisation (CCO) as on 30th June, 2013 and noted that the progress of the block is unsatisfactory and recommended to issue show cause notice to the allocattee. 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 June.13)	Remarks	Special Observat ion
Purchase of GR	25.10.2009 (27 Months from DOA)	15.12.2010	1 Yr 2 Months	Exploration completed on 3.4.2009 consisting of 5.87 Sq. Km area.	
Submission of Bank Guarantee	25.10.2007 (3 Months)	23.10.2007	-		
Mining Lease Application	15.3.2011 (3 Months from GR preparation)	23.9.2011	6 Months	ML area:- NA	
Submission of Mining Plan	15.6.2011 (6 Months) from GR preparation	16.12.2011	6 Months		
Approval of Mining Plan	15.8.2011 (8 Months)	27.12.2012	1Yr 4 Months		
Application of Previous approval	15.10.2011 (10 Months)	Yes	-		
Granting of Previous approval	15.11.2011 (11 Months)	22.2.2013	1Yr 3 Months	Earlier it was stated that Mining lease to be executed	Revised administ-rative approval of ML

2

				between CMDC and State Govt.	issued by MOC on 22.2.201 3.
Application of Forest clearance	15.12.2011 (12 Months)	14.10.2010	-		
Grant of Forest Clearance	15.6.2012 (18 Months)	Pending	1Yr	Joint inspection has been completed with forest officials for Protected forest, Reserve forest and Revenue forest.	Stage-I is pending
Application EMP Clearance	15.12.2011 (12 Months)	Yes	-	Public hearing for EC was scheduled for Umaria and Shadol on 16 & 26.4.2013.	
Grant of EMP Clearance	15.6.2012 (18 Months)	Pending	1Yr		
Grant of Mining Lease	15.12.2012 (24 Months)	Pending	6 Months		
Application of Land Acquisition	15.7.2012 (19 months) from GR	20.6.2012	-	Land acquisition application is processed at Collector, Shadol and Umaria.	
Completion of Land Acquisition	15.12.2013 36 Months)	Pending	-		
Application for opening permission	15.4.2015 (52 Months)	Pending	-		
Grant of	15.5.2015	Pending	-		

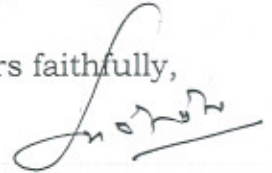
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Opening permission	(53 Months)				
Coal Production	15.6.2015 (54 Months from GR completion)	Pending	-	UG mine with forest area involved.	

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.

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 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 **Shahpur West** 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.

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.