

No. 13016/24/2009 -CA-I
Government of India
Ministry of Coal

New Delhi, the 14th October, 2009

To

The Managing Director,
M/s Gujarat Mineral Development Corporation, (M/s GMDC)
Khanij Bhawan, Manav Mandir Char Rasta,
Ringh Road,
Vastrapur,
Ahmedabad- 380 052.

The Managing Director
M/s Pondicherry Industrial Promotion Development and Investment Corp. Ltd. (M/s
PIPDICL)
60, Romain Rolland Street,
Pondicherry.

Subject: Review Meeting held on 22nd and 23rd June, 2009 to review the progress of coal blocks- Show-cause notice for delay in implementation of the Naini coal block.

Sir,

I am directed to refer to this Ministry's letter No. 13016/8/2007-CA-I dated 25.07.2007 conveying the allocation of Naini coal blocks to M/s GMDC & PIPDICL under the Government Company Dispensation in pursuance of Section 3(3) (a)(i) of the Coal Mines (Nationalization) Act, 1973.

2. In order to expedite the development of the coal block, review meetings were held from time to time with the representatives of the M/s GMDC & PIPDICL. In the meeting taken by MOS(Coal) on 12.06.2008, the following observations were recorded:


- (a) The Joint allocatees informed that they have not yet formed the JVC but draft MoU has been prepared and sent to PIPDCIL for their approval, which has been returned back with certain modifications. PIPDCIL wanted that the mining be carried out separately by GMDC as well as PIPDCIL.
- (b) It was again clarified to the joint allocatees that the block has been jointly allocated to them and the mining has to be undertaken by a company formed by the two joint allocatees. In no case, the mining can be taken up individually.
- (c) MOS (Coal) asked the representatives of both the PSUs to hold a meeting for signing of MoU within next 7 days and the JVC should be formed within July, 2008.

3. In the review meeting held on 15/16.10.2008, it was recorded that you had procured GR from GSI and all other activities in respect to milestone chart were pending. However, in the review meeting held on 22/23.06.2009, it was recorded that you have not yet purchased the GR, and have decided to purchase GR copy on nominal cost. Further, the Review Committee had expressed dissatisfaction over not having the JVC formed even after the assurance given in the

previous meetings. You were supposed to form the JVC by 31.07.2009 and till date no communication has been received from your company regarding JV formation. All the milestones are still pending. In para 2(x) of the allocation letter dated 25.07.2007, it is clearly mentioned that the milestone chart appended shall be adhered to. Any slippage would render this allocation liable for cancellation, and withdrawal of block from the allocatee. In spite of a passage of almost 2 years, no serious effort has been made by your company to obtain the PL for exploration, whereas the exploration should have been nearing completion and the GR should have been ready by now. Consequently the development of the coal block has been inordinately delayed.

3. Under the above circumstances, you are hereby called upon to show cause to this Ministry as to why delay in the development of the coal block should not be held as violation of the terms and conditions of the allotment of block, within a period of 15 days from the date of issue of the show cause notice, failing which it will be presumed that the your company has no explanation to offer and action as appropriate including de allocation of block will be taken.


Yours faithfully,


(V.S. Rana)

Under Secretary to the Government of India

Copy to :

- (i) The Chief Secretary, Govt. of Gujarat, Gandhinagar for information and necessary action at his end.
- (ii) The Chief Secretary, Govt. of Pudduchery for information and necessary action at his end.


(V.S. Rana)

Under Secretary to the Government of India

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