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Immediate

No. 13016/29/2003-CA-I
Government of India
Ministry of Coal

.....
New Delhi, the 14th June, 2011

To

The Chairman-cum-Managing Director,
M/s National Thermal Power Corporation,
NTPC Bhawan, Scope Complex,
7 Institutional Area, Lodhi Road,
New Delhi.

Subject: De-allocation of Chatibariatu and Kerandari coal blocks allocated to M/s National Thermal Power Corporation (NTPC)- Regarding.

Sir,

I am directed to refer to this Ministry's letter No. 13016/29/2000-CA-I dated 25th January, 2006 conveying allocation of Chatti Bariatu and Kerandari coal block in North Karanpura coalfields in Jharkhand to M/s National Thermal Power Corporation (NTPC) for captive use in their own specified end use projects i.e power generation, subject to certain conditions. The allocation was in pursuance of the provisions contained in Section 3(3)(a)(iii) of the Coal Mines (Nationalisation) Act, 1973. One of the conditions of allocation was that the coal production from the captive blocks shall commence within 36 months (42 months in case the area is in forest land from the date of this letter in OC mine and in 48 months (54 months in case the area fall under forest land) from the date of this letter in UG mine. The power projects based on coal from these blocks shall commence generation latest by the end of the 11th Five Year Plan. The end use project schedule and the coal mine development schedule should be submitted to this Ministry within 3 months from the date of allocation letter. The allocation letter also stipulated that the allocation of coal block may be cancelled, interalia, on the ground of unsatisfactory progress in the development of coal mining project.

2. In order to expedite the development of the coal block, various review meetings were held from time to time with the representatives of M/s National Thermal Power Corporation. During the Review Meeting held on 19th January 2007 and 29th January, 2007, it was noticed by the Review Committee that "there is no progress during the last one year except purchase of GR in respect of Chattibaritu block. Early resolution of dispute was required regarding overlapping of the mine boundary of coal blocks that of CBM block allocated to ONGC so that further activities could be started. Further in the review meeting held on 27th and 28th September, 2007, the Review Committee noted that no significant progress had been made and the Mine Plan should have been submitted by now which had been assured by NTPC earlier. In the review meeting held on 25/26.03.2008, it was noted that the company assured the date of production of the coal block by August, 2009 whereas the targeted date of production was

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in July, 2009 and in review meeting held on 15/16.10.2008, the committee noted that there had been no progress during the last one year except purchase of GR. In the review meeting held on 22nd and 23rd June, 2009, no assurance was given for coal production. The Committee observed that due to failure of NTPC to develop the block in time, the production targets are in jeopardy. NTPC was advised to take appropriate action to expedite the development of blocks as per their commitment. Again in the review meeting held on 20th and 21st July, 2010, the company assured that the date of production will be March, 2012. The Committee expressed concern over the development of coal block. It was again noted that due to failure of NTPC to develop blocks in time, the production targets of MOC could not be achieved. It was noticed that no serious efforts had been made by the company to develop the coal blocks even after repeated assurances tendered by the company on earlier occasions. It is also noted that the important/critical milestones such as forest clearance, EMP and land acquisition are pending. The company is non-serious about timely development of the block. The details of milestones to be achieved and the time lapsed against each milestone are given in the table below:-

Chhattibariatu coal block

Mile Stones	Schedule date of Completion	Actual date of Completion	Slippage in YY/MM
Purchase of GR	8.3.2006	18.3.2006	Pending
Submission of Bank Guarantee	NA	NA	NA
Mining Lease Application	25.4.2006	NA	Pending
Submission of Mining Plan	25.7.2006	6.11.2007	3 Months
Approval of Mining Plan	25.9.2006	27.6.2008	1 Yr 9 Months
Application of Previous approval	25.11.2006		Pending
Granting of Previous approval	25.12.2006		Pending
Application of Forest clearance	25.1.2006	27.12.2007	2 Yrs
Grant of Forest Clearance	25.7.2006		Pending
Application EMP Clearance	25.1.2006	27.12.2007	2 Yrs
Grant of EMP Clearance	25.7.2006	19.4.2010	3 Yrs 9 Months
Grant of Mining Lease	25.1.2007		Pending
Application of Land Acquisition	25.8.2006	14.7.2006	Advance
Completion of Land Acquisition	25.1.2008		Pending
Application for opening permission	25.5.2009		Pending
Grant of Opening permission	25.6.2009		Pending
Coal Production	25.7.2009		Pending

Kerandari coal block

Mile Stones	Schedule date of Completion	Actual date of Completion	Slippage in YY/MM
Purchase of GR	8.3.2006	10.1.2007	10 Months
Submission of Bank Guarantee	NA	-	
Mining Lease Application	25.4.2006		Pending
Submission of Mining Plan	25.7.2006	27.11.2007	1 Yr 4 Months
Approval of Mining Plan	25.9.2006	4.8.2008	2 Yrs
Application of Previous approval	25.11.2006		Pending
Granting of Previous approval	25.12.2006		Pending
Application of Forest clearance	25.1.2006	27.12.2007	2 Yrs
Grant of Forest Clearance	25.7.2006		Pending
Application EMP Clearance	25.1.2006	26.3.2007	1Yr 2 Months
Grant of EMP Clearance	25.7.2006	31.3.2010	3 Yrs 8 Months
Grant of Mining Lease	25.1.2007		Pending
Application of Land Acquisition	25.8.2006	14.7.2006	Advance
Completion of Land Acquisition	25.1.2008		Pending
Application for opening permission	25.5.2009		Pending
Grant of Opening permission	25.6.2009		Pending
Coal Production	25.7.2009		Pending

3. As recommended by the Review Committee in its meeting held in July, 2010, the company was called upon to show cause on each milestone separately to this Ministry within a period of 30 days from the date of issue of the show cause notice vide this Ministry's letter of even number dated 8th October, 2010 as to why the delay in the development of coal block should not be held as violation of the terms and conditions of the allotment of Chatibariatu and Kerandari coal blocks.

4. M/s NTPC vide its letter No. FS/CM/MOC/03 dated 02.011.2010 has replied to the show cause notice. The same has been examined in the Ministry of Coal. The Review Committee after considering the reply has recommended for de-allocation of the Chattibariatu and Kerandari coal blocks. Keeping in view the facts mentioned above, the competent authority in the Ministry of Coal is of the view that allocatee company is not serious about development of

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coal blocks and has therefore decided to **de-allocate** Chatti Bariatu and Kerandari coal blocks allocated to M/s National Thermal Power Corporation Limited (NTPC) under Section 3(3)(a)(iii) of the Coal Mines (Nationalisation) Act, 1973. The company shall not be eligible for allocation of any alternative coal block in lieu of the de-allocated coal blocks.

Yours faithfully,


(V.S.Rana)

Under Secretary to the Govt. of India

Copy to :-

- (i) The Chief Secretary, Government of Jharkhand, Ranchi for information and necessary action at his end.
- (ii) The Secretary, Ministry of Power, Sharam Shakti Bhawan, New Delhi.
- (iii) The Coal Controller's Organisation, 1, Council House Street, Kolkata with the direction to return the bank guarantee, if any, to the allocatee company immediately under intimation to Ministry of Coal.
- (iv) The Chairman, Coal India Limited, 10- Netaji Subhash Road, Kolkata.
- (v) CPAM Section, Ministry of Coal.
- (vi) NIC Cell, Ministry of Coal.