

By Speed Post

No.13016/41/2009-CA-I  
Government of India  
Ministry of Coal

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Shastri Bhawan, New Delhi  
Dated the 16<sup>th</sup> June, 2011

To

The Managing Director,  
Andhra Pradesh Mineral Development Corporation,  
Pancom Business Centre, 2<sup>nd</sup> and 3<sup>rd</sup> Floor,  
8-3-945, Ameerpet,  
Hyderabad-500073.

Subject- Warning for inordinate delay in development of Suliyari 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 Suliyari coal block for commercial mining of coal by M/s Andhra Pradesh Mineral Development Corporation (APMDC) Limited under Government Company Dispensation in pursuance of Section 3 (3)(a)(i) of the Coal Mines (Nationalisation) Act, 1973, subject to certain conditions. One of the conditions of the allocation was that there shall be an annual review of progress achieved by the allocatee company. In the event of lapses, if any, in the achievements vis-a-vis the milestones set for that year, a proportionate amount shall be encashed and deducted from the bank guarantee. It was also stipulated that the milestone chart appended shall be strictly adhered to. Any slippage would render the allocation liable for cancellation and withdrawal of the block from the allocatee.

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 APMDC. In the review meeting held on 15/16.10.2008, it was noticed that except for submission of bank guarantee, no serious effort was made by the company to develop the block. Further, in the review meeting held on 22/23.06.2009, it was noted that the Company is lagging behind the various normative milestones as they have not made serious efforts to develop the coal block. The allocatee company had not even obtained the prospecting licence of the block. Accordingly, a show cause notice was issued to the allocatee company vide this Ministry's letter of even No. dated 23.09.2009. The allocatee company then assured to take steps to develop the block within time frame.

3. However, in the review meeting held on 20/21.07.2010, it was noticed that no serious efforts have been made by the company to develop the coal block even after repeated assurances tendered by the company during the last three years. It was also noted that all the important/critical milestones were still pending. It is seen that the

company has repeatedly failed to keep its promises made on earlier occasions to this Ministry and is thus non-serious about timely development of the block.

4. Based on the review meeting held on 20/21.07.2010 a show cause notice was issued vide letter dated 29.10.2010. Reply furnished in response to show cause notice has been examined keeping in view the various details/aspects. The reply has been considered by the review committee and with the approval of Hon'ble Minister it has been decided to issue a warning for delay in development of Suliyari Coal block. The allocattee is hereby warned and directed to develop the block immediately. Any further failure in development of the block would lead to necessary action as per the terms and conditions of allocation including de-allocation of the coal block.

Yours faithfully,



(V. S. Rana)

Under Secretary to the Government of India

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