

No.47011/7(64)/93-CPAM/CA-I
Government of India
Ministry of Coal

Shastri Bhawan, New Delhi
Dated the 21st September, 2010

To

M/s Monnet Ispat Limited,
Mohta Building, 3rd Floor,
4, Bhikaji Cama Place,
New Delhi-110066.

Subject- Show cause notice for inordinate delay in development of Utkal B2 coal block.

Sir,

I am directed to refer to this Ministry's letter No. 47011/13/99-CPAM dated 16.08.1999 conveying allocation of Utkal-B2 coal block, subject to certain conditions, for supply of coal for their proposed sponge iron plant of 1.2 mt capacity.

2. The progress of the block was earlier reviewed in the 19th Meeting of the Screening Committee held on 26.05.2003 and **the Company was directed categorically to expedite the project failing which the captive block would be considered for deallocation.** Subsequently, review meetings were held from time to time with the representatives of the allocattee company to expedite the development of the coal block. 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 for timely development of the block. It is also noted that some of the important/critical milestones such as forest clearance, mining lease execution, land acquisition etc. are still pending in spite of passage of 11 years from the date of allocation. It is seen that the company has repeatedly failed to keep its promises made on earlier occasions to the Ministry and it appears to be not serious about timely development of the block. The details of the milestones to be achieved and the time lapsed against each milestone are given in the table below:-

Milestones	Schedule date of completion	Actual date of completion	Slippage in YY/MM
Purchase of GR	30.09.1999	16.01.2001	1Year 3 Months
Submission of Bank Guarantee	NA	NA	
Mining Lease Application	16.11.1999	15.2.2002	2Years3 Months
Submission of Mining Plan	16.2.2000	31.8.2001	1Year5 Months
Approval of Mining Plan	16.4.2000	25.10.2001	1Years 6 months
Application of Previous approval	16.6.2000	20.9.2007	7Years 3 Months
Granting of Previous approval	16.7.2000	15.2.2008	7Years 6 months
Application of Forest clearance	16.8.2000	24.4.2003	2 Years 8 months
Grant of Forest Clearance	16.2.2001		Pending
Application EMP Clearance	16.8.2000	27.5.2002	1 Year 9 months
Grant of EMP Clearance	16.2.2001	28.7.2006	5Years 5 Months
Grant of Mining Lease	16.8.2001		
Application of Land Acquisition	16.3.2001	26.11.2001	8 Months
Completion of Land Acquisition	16.8.2002		Pending
Application for opening permission	16.12.2002		Pending
Grant of Opening permission	16.1.2003		Pending
Coal Production	16.2.2003		Pending

3. Under the above circumstances, you are hereby 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 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 allotment of Utkal-B2 coal block, 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 deallocation of Utkal-B2 coal block.

Yours faithfully,


(V. S. Rana)

Under Secretary to the Government of India

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