

SPEED POST

No.47011/1(1)/2001-CPAM/ CA
Government of India
Ministry of Coal

Shastri Bhawan, New Delhi
Dated the 27th June, 2011

To,
Sir,

The Managing Director,
M/s Orissa Mining Development Corporation,
Bhubaneswar, Orissa- 751 001.

Subject: Warning for inordinate delay in development of Utkal-D coal block allocated to M/s Orissa Mining Corporation Limited - Regarding.

Sir,

I am directed to refer to this Ministry's letter No. 47011/1(1)/2001-CPAM/CA dated 19.12.2003 conveying 'in principle' consent of the Government of India to the working of Utkal-D coal block by Govt. of Orissa through the Orissa Mining Corporation Limited. One of the conditions of allocation was that violation of any of the conditions would render the allocation liable for cancellation of the block from the allocatee..

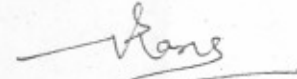
2. In order to expedite the development of the coal block, various review meetings were held from time to time with the representatives of M/s Orissa Mining Development Corporation. In the review meeting held on 22nd and 23rd June, 2009 the company assured that after settling share issue, mining activity will start at an early date. A show cause notice was issued by this Ministry on 03.09.2009 wherein it was again reiterated that the issues raised by the Company regarding the shareholding of the Govt. company in the JV company formed for mining the coal block has already been clarified by the Ministry of Coal vide its letter No. 38039/40/2007-CA-I dated 01.04.2009 on request of the State Government of Orissa. It was again clarified and communicated on 09.07.2010. However, as reported by the M/s OMC vide letter dated 18.08.2010, the formation of JV has not yet been finalized.

3. 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 period and some of the critical milestones such as EMP/ Forest Clearance and land acquisition are still pending. It is also noted that commencement of production is affected for non-finalization of JV notification. It has been 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.

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4. Based on the recommendation in the Review Meeting held on 20/21.07.2010, a show cause notice was issued vide letter dated 29th September, 2010. M/s Orissa Mining Development Corporation vide its letter No. 20524/OMC/PROJ/10 dated 23rd/25th October, 2010 had replied to the show cause notice. The reply was considered by the Review Committee and the reasons given for the delay were not found convincing. Therefore, with the approval of Hon'ble Minister it has been decided to issue warning to M/s Orissa Mining Development Corporation in respect of Utkal-D coal block. The allocatee 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 Govt. of India

Copy to :-The Coal Controller's Organisation, 1, Council House Street, Kolkata

MC
M/O Coal
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