

No.13016/1/2005-CA-I
Government of India
Ministry of Coal

Shastri Bhawan, New Delhi

Dated the 28th October, 2010

To

M/s Jindal Steel and Power Ltd.,
Jindal Centre,
12, Bhikaji Cama Place,
New Delhi-110066.

Subject- Show cause notice for inordinate delay in development of Utkal B-1 coal block.

Sir,

I am directed to refer to this Ministry's letter No. 47011/7(63)/93-CPAM/CA dated 29.09.2003 conveying allocation of Utkal B-1 coal block for supply of coal to the proposed 2 mtpa sponge iron plant & 80000 tonne capacity ferro alloys plant at Deojhar, Distt Keonjar Orissa and proposed two captive power plant each of 100 MW at Niranjapur, Distt. Angul, Orissa and at Deojhar, Distt Keonjar Orissa, subject to certain conditions. One of the conditions of the allocation letter was that the allocation of the coal block may be cancelled in case of unsatisfactory progress of implementation of their proposed captive power plant, the proposed sponge iron project and coal mining development project or any one of them, as the case may be.

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 Jindal Steel and Power Ltd. In the review meeting held on 22/23.06.2009, it was noted that the Company is lagging behind the normative milestones abruptly. However, the allocatee company assured to start production from this block by April, 2010. However, in the review meeting held on 20/21.07.2010, it was noticed that some of the important/critical milestones such as forest clearance, land acquisition, mining lease etc. are still pending in spite of passage of seven years from the date of allocation. It is seen that the company has repeatedly failed to keep its promises made to the Ministry and is thus 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:-

Milestones	Schedule date of completion	Actual date of completion	Slippage in YY/MM
Purchase of GR	13.11.2003	13.01.2004	2 Months
Submission of Bank Guarantee	NA		
Mining Lease Application	29.12.2003	03.11.2003	-
Submission of Mining Plan	29.03.2004	04.01.2005	10 Months
Approval of Mining Plan	29.05.2004	18.11.2005	1Yr 6 Months
Application of Previous approval	29.07.2004		
Granting of Previous approval	29.08.2004	21.10.2006	2Yrs 2 Months
Application of Forest clearance	29.09.2004	03.06.2006	1Yr 9 Months
Grant of Forest Clearance	29.03.2005	01.09.2010	5Yrs6Moths
Application EMP Clearance	29.09.2004	29.04.2006	1Yrs7Months
Grant of EMP Clearance	29.03.2005	09.04.2007	2Yrs
Grant of Mining Lease	29.09.2005		Pending
Application of Land Acquisition	29.4.2005	11.7.2005	2Months
Completion of Land Acquisition	29.9.2006		Pending
Application for opening permission	29.01.2007		pending
Grant of Opening permission	29.02.2007		Pending

Coal Production	29.3.2007		Pending
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3. Under the above circumstances, you are hereby called upon to show cause, on each milestone separately alongwith supporting documents, 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 a violation of the terms and conditions of the allotment of Utkal B-1 coal block, failing which it would be presumed that your company has no explanation to offer and action as appropriate would be taken for deallocation of the said coal block.

Yours faithfully,


(V. S. Rana)

Under Secretary to the Government of India

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