

By Speed Post
Immediate

No.13016/44/2008 -CA-I
Government of India
Ministry of Coal

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New Delhi, 30th May, 2011

To

The Managing Director,
M/s.Andhra Pradesh Power Generation Corporation Limited,
Vidyut Soudha, Khairatabad,
Hyderabad, Andhra Pradesh – 500 082.

Subject- De-allocation of Ansettipali, Punukula-Chilka and Penedappa coal blocks allocated to M/s Andhra Pradesh Power Generation Corporation Ltd. (APGENCO)-Regarding.

Sir,

I am directed to refer to this Ministry's allocation letters No. 38011/11/2006-CA-I dated 20.02.2007 and dated 29.05.2007 conveying allocation of Ansettipalli, Punukula-Chilka and Penedappa coal blocks to M/s Andhra Pradesh Power Generation Corporation Limited (APGENCO) for supply of coal to meet their coal requirement for captive use in their own specified end use projects, subject to certain conditions. One of the conditions of allocation was that coal production from the captive block shall commence within 36 months (42 months in case the area is in forest land) in case of open cast mine and in 48 months (54 months in case the area falls under forest land) from the date of allocation in case of UG mine. The end-use project schedule and the coal mine development schedule should be modified accordingly and submitted to the Ministry within 3 months from the date of the 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.Andhra Pradesh Power Generation Corporation Limited. During the Review Meeting held on 27/28.09.2007 it was noticed that the issues relating to purchase of geological reports from SCCL, submission of bank guarantee and all other activities were pending. The company was asked to show cause for delay in development of the coal blocks. However, no significant progress was made by the allocatee company. Again in the review meeting held on 22nd and 23rd June, 2009 , it was noticed that except for submission of Bank Guarantee all activities were pending as per milestone chart. The company was issued a show cause notice for delay in developing the coal blocks vide this Ministry's letter of even number dated 15th October, 2009. The reply was not found satisfactory and the Review Committee recommended for deduction of proportionate amount from the Bank Guarantee. In the review meeting held on 20/21.07.2010, the Committee noted that the targeted dates of coal production for Ansettipali, Punukula- Chilka and Penedappa coal blocks are 20.08.2010 and 29.11.2010

respectively and there is no significant progress made since the last meeting. It is seen that the company has repeatedly failed to keep its promises made on earlier occasions 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:-

Anesettapalli & Pudukula Chilka coal blocks:

Mile Stones	Schedule date of Completion	Actual date of Completion	Slippage in YY/MM
Purchase of GR	06.04.2007		Pending
Submission of Bank Guarantee	20.05.2007	26.10.2009	2 Yrs 5 Months
Mining Lease Application	20.05.2007		Pending
Submission of Mining Plan	20.08.2007		Pending
Approval of Mining Plan	20.10.2007		Pending
Application of Previous approval	20.12.2007		Pending
Granting of Previous approval	20.01.2008		Pending
Application of Forest clearance	20.02.2008		Pending
Grant of Forest Clearance	20.08.2008		Pending
Application EMP Clearance	20.02.2008		Pending
Grant of EMP Clearance	20.08.2008		Pending
Grant of Mining Lease	20.02.2009		Pending
Application of Land Acquisition	20.09.2008		Pending
Completion of Land Acquisition	20.02.2010		Pending
Application for opening permission	20.06.2010		Pending
Grant of Opening permission	20.07.2010		Pending
Coal Production	20.08.2010		Pending

Pengadappa coal block:-

Mile Stones	Schedule date of Completion	Actual date of Completion	Slippage in YY/MM
Purchase of GR	13.07.2007		Pending
Submission of Bank Guarantee	29.08.2007	26.10.2009	2 Yrs 2 Months
Mining Lease Application	29.08.2007		Pending
Submission of Mining Plan	29.11.2007		Pending
Approval of Mining Plan	29.01.2008		Pending
Application of Previous approval	29.03.2008		Pending
Granting of Previous approval	29.04.2008		Pending
Application of Forest clearance	29.05.2008		Pending
Grant of Forest Clearance	29.11.2008		Pending
Application EMP Clearance	29.05.2008		Pending
Grant of EMP Clearance	29.11.2008		Pending
Grant of Mining Lease	29.05.2009		Pending

Application of Land Acquisition	29.12.2008		Pending
Completion of Land Acquisition	29.05.2010		Pending
Application for opening permission	29.09.2010		Pending
Grant of Opening permission	29.10.2010		Pending
Coal Production	29.11.2010		Pending

3. As recommended by the Review Committee in its meeting held in July, 2010, you were issued a show cause notice vide this Ministry's letter of even number dated 18th November, 2010 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 Ansettipalli, Pudukula-Chilka and Penedappa coal blocks.

4. M/s APGENCO vide its letter No.MD/CEG-II/Coal Blocks/660/2010 dated 7th December, 2010 has replied to the show cause notice of the Ministry of Coal. The same has been examined in the Ministry of Coal and the competent authority of the Central Government have decided to **de-allocate** Ansettipalli, Pudukula- Chilka and Penedappa coal blocks of M/s Andhra Pradesh Power Generation Corporation Limited (APGENCO).

Yours faithfully


(V. S. Rana)

Under Secretary to the Govt. of India

Copy to:-

1. The Chief Secretary, Government of Andhra Pradesh, Secretariat, Hyderabad.
2. The Secretary, Ministry of Power, Shram Shakti Bhavan, New Delhi.
3. The Coal Controller's Organisation, 1, Council House Street, Kolkata with the direction to **return** the bank guarantees, if any, to the allocatee company immediately under intimation to the Ministry of Coal.
4. The Chairman, Coal India Limited, 10, Netaji Subash Road, Kolkata.
5. The CMD, CMDPIL, Gondwana Place, Kanke Road, Ranchi.
6. CPAM Section, Ministry of Coal.
- ✓ 7. NIC Cell, Ministry of Coal for placing the letter on the Website of Ministry of Coal.