

SPEED POST

No.13016/46/2009-CA-I
Government of India
Ministry of Coal

Shastri Bhawan, New Delhi
Dated the 28th June, 2011

To

- (1) M/s Arcelor Mittal India Ltd.
IFCI Tower, 11th Floor
A-Wing, 61,
Nehru Place,
New Delhi-110019
- (2) GVK Power (Govindwal Sahib) Ltd.
Pevigah Housh, 156-159,
Sardar Patel Road,
Secundrabad-500 003

Subject: Warning for inordinate delay in development of Seregarha coal block allocated to M/s Arcelor Mittal India Ltd. and M/s GVK Power (Govindwal Sahib) Ltd. - Regarding.

Sir,

I am directed to refer to this Ministry's letter No. 38011/1/2007-CA-I dated 09.01.2008 conveying allocation of Seregarha coal block in the command area of Central Coalfield Ltd. (CCL) to M/s Arcelor Mittal India Ltd. and M/s GVK Power (Govindwal Sahib) Ltd. under the Section 3(3)(a)(iii) of the Coal Mines (Nationalisation) Act, 1973 to meet the coal requirements for their captive power plants, subject to certain conditions. One of the conditions of the allocation was that prospecting/ exploration and preparation of GR have to be completed within 27 months from the date of allocation. Coal production from the captive block shall commence within 36 months (42 months in case the area 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. A copy of the milestones was also enclosed directing that the end use project schedule and the coal mine development schedule should be modified accordingly and submitted to the Ministry within 6 months from the date of the allocation letter. The allocation letter also stipulated that allocation of the coal block may be cancelled on the ground of unsatisfactory progress in the development of coal mining project or implementation of their end use projects.

2. In order to expedite the development of the coal block, review meetings were held periodically with the representatives of M/s Arcelor Mittal India Ltd. and M/s GVK Power (Govindwal Sahib) Ltd. In this regard, in the review meeting held on 15/16.10.2008, it was noticed that the progress was very slow and there seemed to be no intention on the part of the allocatees to develop the block. Further, in the review meeting held on 22/23.06.2009, it was also noted that the

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joint allocatees had not obtained the prospecting licence till date and are lagging behind the normative milestones and appeared that they had not taken serious effort to develop the coal block as per the normative milestones. The allocatee companies 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 period. It was also noted that all the milestones were still pending. 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.

4. Based on the recommendations of the Review Committee in its meeting held on 20/21.07.2010, a show cause notice was issued vide letter dated 3rd November, 2010. M/s Seregarha Mines Limited (SML) vide its letter No. nil dated 1st & 2nd December, 2010 has 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 Seregarha Mines Limited in respect of Seregarha coal block. The allocatee is hereby warned and directed to develop the block without any delay. 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.

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