

No.13016/17/2007-CA-I  
Government of India  
Ministry of Coal

Shastri Bhawan, New Delhi

Dated the 28<sup>th</sup> October, 2010

To

The Managing Director,  
Gujrat Mineral Development Corporation (GMDC),  
Khanij Bhawan, 132,  
Ring Road, Ahmedabad.

Subject- Show cause notice for inordinate delay in development of Morga-II coal block.

Sir,

I am directed to refer to this Ministry's letter No. 13016/23/2006-CA-I dated 02.08.2006 conveying allocation of Morga-II coal block to M/s GMDC under government company dispensation in pursuance of Section 3(3)(a)(i) of the Coal Mines (Nationalisation) Act, 1973, subject to certain conditions. One of the conditions of the allocation was that the development of the block shall be made strictly as per the milestone chart appended with the allocation letter and any slippage would render the allocation liable for cancellation and withdrawal 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 GMDC. In the review meeting held on 25/26.03.2008, it was noticed that the company had not yet obtained the prospecting licence. Further, in the review meeting held on 22/23.06.2009, it was noted that the Company is lagging behind as they have not made serious efforts to develop the coal block within the normative milestones. The allocatee company 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 is also noted that all the important/critical milestones are still pending. It is seen that the company has repeatedly failed to keep its promises made to this 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	2.11.2008		Pending
Submission of Bank Guarantee	NA		
Mining Lease Application	2.2.2009		Pending
Submission of Mining Plan	2.5.2009		Pending
Approval of Mining Plan	2.7.2009		Pending
Application of Previous approval	2.9.2009		Pending
Granting of Previous approval	2.10.2009		Pending
Application of Forest clearance	2.11.2009		Pending
Grant of Forest Clearance	2.5.2009		Pending
Application EMP Clearance	2.11.2009		Pending
Grant of EMP Clearance	2.5.2009		Pending
Grant of Mining Lease	2.11.2010		Pending
Application of Land Acquisition	2.6.2009		Pending
Completion of Land Acquisition	2.11.2011		Pending
Application for opening permission	2.3.2012		Pending
Grant of Opening permission	2.4.2012		Pending
Coal Production	2.5.2012		Pending

4. 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 Morga-II 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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