

No.13016/20/2008-CA-I
Government of India
Ministry of Coal

Shastri Bhawan, New Delhi

Dated the 29th October, 2010

To

The Managing Director,
Jindal Steel & Power Ltd.,
Jindal Centre,
12, Bhikaji Cama Place,
New Delhi-110066.

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

Sir,

I am directed to refer to this Ministry's letter No. 38011/11/2006-CA-I(part) dated 20.02.2007 conveying allocation of Jitpur coal block to M/s Jindal Steel & Power Ltd under the Section 3(3)(a)(iii) of the Coal Mines (Nationalisation) Act, 1973 to meet the coal requirements for their 1000 MW power plant in East Singhbhum, Jharkhand, subject to certain conditions. One of the conditions of the allocation was that coal production from the captive block shall commence within 36 months in case of open cast mine and in 48 months from the date of allocation in case of UG mine. A copy of the indicating milestones was also enclosed directing the allocating company that the end use project schedule and the coal mine development schedule should be modified accordingly and submitted to the Ministry within three 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 JSPL. In the review meeting held on 25/26.03.2008, it was noticed therein that except for

submission of bank guarantee and obtaining GR, other milestones were pending and no serious effort was made by the company to develop the block. Further, in the review meeting held on 22/23.06.2009, it was noted that the Company is lagging behind the normative milestones abruptly as they have not taken serious effort 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 last three years. It was also noted that all the important/critical milestones such as grant of prior approval, forest/EMP clearance, ML and LA etc. were still pending. The Company has even changed the site of end-use plant without informing this Ministry. It is seen that the company has repeatedly failed to keep its promises made on earlier occasions to this Ministry. The details of milestones to be achieved and the time lapsed against each milestone are given in the table below:-

Mile Stones	Schedule date of Completion	Actual date of Completion	Slippage in YY/MM
Purchase of GR	06.04.2007	05.07.2007	3 Months
Submission of Bank Guarantee	20.05.2007	21.07.2007	2 Months
Mining Lease Application	20.05.2007	02.07.2007	1 Months
Submission of Mining Plan	20.08.2007	13.03.2008	7 Months
Approval of Mining Plan	20.10.2007	12.08.2008	10 Months
Application of Previous approval	20.12.2007	14.11.2008	1 Yr
Granting of Previous approval	20.01.2008		Pending
Application of Forest clearance	20.02.2008	07.07.2008	5 Months
Grant of Forest Clearance	20.08.2008		Pending
Application EMP Clearance	20.02.2008	25.03.2008	1 Month
Grant of EMP Clearance	20.08.2008		Pending
Grant of Mining Lease	20.02.2009		Pending
Application of Land Acquisition	20.09.2008	25.04.2008	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

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 Jitpur 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

Dir M/o Coal