

No. 13016/84/2006 -CA-I
Government of India
Ministry of Coal

.....
New Delhi, the 5th October, 2009

To,

- (i) The Managing Director,
M/s Maharashtra State Mining Corporation Limited,
Udyog Bhawan, 3rd Floor, Civil Lines,
Nagpur 440 001
Maharashtra.
- (ii) The Chairman,
M/s Tamil Nadu State Electricity Board,
Chennai, N.P.K.R.R.
Maaligai, Electricity Avenue,
144 Anna Salai, Chennai- 600 002.

Subject: Review Meeting held on 22nd and 23rd June, 2009 to review the progress of coal blocks- Show-cause notice for delay in development of the Gare Pelma Sector II coal block.

Sir,

I am directed to refer to this Ministry's letter number 13016/23/2006-CA-I dated 2.8.2006 conveying allocation of Gare Pelma Sector II coal block to M/s Maharashtra State Mining Corporation Limited (MSMCL) and M/s Tamil Nadu State Electricity Board (TNEB), under the Government Company Dispensation in pursuance of Section 3(3) (a)(i) of the Coal Mines (Nationalization) Act, 1973.

2. In order to expedite the development of the coal block, review meetings were held from time to time with the representatives of the M/s Maharashtra State Mining Corporation Limited and M/s Tamil Nadu State Electricity Board. In this regard, show cause notice was issued after the review meeting of 25/26.03.2008 as all the milestones were pending including application for PL and formation of JV. Further, in the meeting taken by MOS(Coal) on 13.06.2008 and 11.08.2008 with joint allocatees of the block, it was observed that hardly any progress had been recorded.

3. In order to facilitate expeditious development of the coal block, it was suggested that the joint allocatees should consider forming a JV company to develop the block as a single mine. A show cause notice was issued accordingly on 15.07.2008 to the allocatees. In the reply for the show cause notice, the company did not indicate any schedule for development of the mine. The companies were asked to confirm their commitment to develop the block in terms of specific milestones with time lines vide Ministry's letter dated,

31st October, 2008. The same has not been submitted so far. In this regard, you had also informed that TNEB was preparing tender specifications to be invited from Government agencies only for carrying out detailed exploration of Gere Pelma Sector II coal block as agreed in the MOU. Further it was stated that the tender for exploration of Gare Pelma Sector II block is expected in the first fortnight of August, 2008.

3. In the review meeting held on 22/23.06.2009, it was observed that you have not yet obtained PL for exploration inspite of the passage of almost three years .As per the specified milestones, the exploration should have been completed and the GR should have been ready by now. The Review Meeting had directed that the JV should be formed by 15th July, 2009 which you have not yet adhered to and no compliance report has been sent to this Ministry. It seems that no serious effort has been made by the company to develop the coal block as per chart appended to the allotment letter. Consequently, the development of the coal block has been inordinately delayed. Para (vi) of the allocation letter clearly stipulates that the milestone chart appended shall be adhered to. Any slippage would render this allocation liable for cancellation, and withdrawal of the block from the allocatee.

4. Under the above circumstances, you are hereby called upon to show cause to this Ministry as to why delay in the development of the coal block should not be held as violation of the terms and conditions of the allotment of block, within a period of 15 days from the date of issue of the notice failing which it will be presumed that the your company has no explanation to offer and action as appropriate including de allocation of block will be taken.

Yours faithfully,



(V.S. Rana)

Under Secretary to the Government of India

Copy to:

The Chief Secretary, Govt. of Maharashtra, for information and necessary action at his end.

MHC. Mb coal


(V.S. Rana)

Under Secretary to the Government of India