

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

.....
New Delhi, the 15th October, 2009

To,

The Managing Director,
M/s APGENCO
Vidyut Sondha, Khairatabad,
Hyderabad- 500 082.

Subject: Review Meeting held on 22nd and 23rd June, 2009 to review the progress of coal blocks- Show-cause notice for delay in implementation of the Anesattapali, Pudukulla Chilk and Penegadappa coal block.

Sir,

I am directed to refer to this Ministry's letters number 38011/14/2006-CA-I (Part) dated 20.2.2007 conveying allocation of Anesattapali & Pudukulla Chilk and letter dated 29.05.2007 conveying the allocation of Penegadappa coal block to M/s APGENCO under Government Company Dispensation in pursuance of Section 3(3) (a)(iii) 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 APGENCO. After the review meeting held on 25/26.03.2008, M/s APGENCO was issued a show cause notice. The company did not respond in particular to the show cause notice issued to these blocks, However, they mentioned in response to show cause issued in Tadicherla-I coal block vide letter no. MD/AS(Coal)/F.765/160/2008 Dated 08.07.2008 that M/s APGENCO was interested in developing these Anesattapali & Pudukulla Chilk and Penegadappa mine blocks and would submit Bank Guarantees by the end of July, 2008. In this regard, in the review meeting held on 22/23.06.2009, it was again noticed that that except for submission of Bank Guarantee all activities are pending as per milestone chart. APGENCO does not seem to be interested in developing these block. The representative stated that blocks are in 100% forest area and underground mines. They have to see the viability. After detailed examination, if it is found that the blocks are not viable, they would surrender these blocks. Thus MP, ML, EMP clearances, forest clearance and land acquisition were pending. The progress is not satisfactory. Para 2 of the allocation letter stipulates that allocation/mining lease of the coal block may be cancelled, inter-alia, on the following grounds:-

- a. Unsatisfactory progress of implementation of their end-use sponge iron plant/power plant.
- b. Unsatisfactory progress in the development of coal mining project.
- c. For breach of any of the conditions of allocation mentioned above.

3. In spite of a passage of more than 2 years, no serious effort has been made by your company to develop the coal block as per the milestone chart appended to the allotment letter. Consequently, the development of the coal block has been inordinately delayed.

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 show cause 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 :

(i) The Chief Secretary, Govt. of Andhra Pradesh, Hyderabad for information and necessary action.

(ii) *NIC, M/o Coal.*


(V.S. Rana)

Under Secretary to the Government of India