

SPEED POST

No. 38016/59/2008-CA-I
Government of India
Ministry of Coal

.....

New Delhi, dated 15th February, 2010

To
M/s Bihar Sponge Iron Ltd.
Umesh Nagar,
Chandil,
Distt. Saraikela- Kharsawan,
Jharkhand.

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

Sir,

I am directed to refer to this Ministry's letter No. 38011/2/2007-CA-I dated 5th August, 2008 regarding the allocation of Macherkunda coal block in the State of Jharkhand for captive mining of coal by M/s Bihar Sponge Iron Limited in pursuance of the provisions 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 meeting was held on 22/23.06.2009 in which it was noticed that the company had not taken any initiative to develop the block and moreover no representative attended the meeting. Since the allocated block is an explored block, the company should have completed/obtained as per milestone, purchase of GR, submission of Bank Guarantee, submission of ML application, submission of Mine Plan, approval of Mine Plan, application for forest clearance etc. Para 2 of the allocation letter clearly 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.
- b. Unsatisfactory progress in the development of coal mining project.
- c. For breach of any of the conditions of allocation letter dated 5th August, 2008.

In spite of the passage of almost one year since allocation, the company has made no serious efforts 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.

3. Under the above circumstances, you are hereby called upon to show cause to this Ministry as to why non-compliance of above mentioned conditions of the allocation letter, should not be held as violation of the terms and conditions of the allotment of Macherkunda coal block, within a period of 15 days from the date of issue of this letter, failing which it will be presumed that your company has no explanation to furnish and action as appropriate will be taken against your company for de-allocation of Macherkunda coal block.

Yours faithfully,



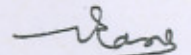
(V.S. Rana)

Under Secretary to the Government of India

Copy to :

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

nic, m/o Coal.



(V.S. Rana)

Under Secretary to the Government of India