

No. 47011/1(6)/2002-CPAM/CA-I
Government of India
Ministry of Coal

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Shastri Bhawan, New Delhi
Dated the 29th September, 2010

To

M/s Usha Martin Limited,
701, "Surya Kiran" Building,
19, Kasturba Gandhi Marg,
New Delhi- 110 001.

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

Sir,

I am directed to refer to this Ministry's letter of even no. dated 24th August, 2005 conveying allocation of Lohari coal block in the state of Jharkhand for captive mining of coal to M/s Usha Martin Limited for coal requirement of about 5.04 MT for DRI plant at Gamhari, Jharkhand 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, various review meetings were held from time to time with the representatives of M/s Usha Martin Limited. On request of the allocate Company for amending the date of commencement of production, this Ministry agreed to extend time for commencement of production from July, 2007 to July, 2008 subject to condition that no further request for extension of time shall be entertained by the Government. In the review meeting 22nd and 23rd June, 2009, the company representatives informed that State Government wanted the mineral rights to be transferred by CCL to State Government. CCL has surrendered the mineral rights, but the conveyance deed has not yet been finalized.

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 some of the important/critical milestones such as Mining Lease and Land acquisition are pending for Lohari coal block. It is seen that the company has repeatedly failed to keep its promises made on earlier occasions to this Ministry and 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:-

Mile Stones	Schedule date of Completion	Actual date of Completion	Slippage in YY/MM
Purchase of GR	8.10.2005	3.10.2005	N
Submission of Bank Guarantee	24.11.2005	28.12.2005	1 Month
Mining Lease Application	24.11.2005	January,2008	2Yrs 2 Months
Submission of Mining Plan	24.2.2006	4.6.2006	4 Months
Approval of Mining Plan	24.4.2006	25.9.2007	1Yr 5 Months
Application of Previous approval	24.6.2006		Pending
Granting of Previous approval	24.7.2006		Pending
Application of Forest clearance	NA	No forest land	
Grant of Forest Clearance	NA		
Application EMP Clearance	24.8.2006	12.6.2007	10 Months
Grant of EMP Clearance	24.2.2007	13.3.2008	1 Yr
Grant of Mining Lease	24.8.2007		Pending
Application of Land Acquisition	24.3.2007	January,2008	10 Months
Completion of Land Acquisition	24.2.2008		Pending
Application for opening permission	24.6.2008		Pending
Grant of Opening permission	24.7.2008		Pending
Coal Production	24.8.2008		Pending

4. Under the above circumstances, you are hereby called upon to show cause, on each milestone separately, 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 violation of the terms and conditions of the allotment Lohari coal block failing which it would be presumed that your company has no explanation to offer and action as appropriate would be taken against your company for deallocation of Lohari coal block.

Yours faithfully,


(V. S. Rana)

Under Secretary to the Government of India

NIC M/o. Coal