

**GOVERNMENT OF INDIA
ENVIRONMENT AND FORESTS
LOK SABHA**

UNSTARRED QUESTION NO:4167
ANSWERED ON:16.12.2009
CANCELLATION OF MOU
Singh Shri Yashvir

Will the Minister of ENVIRONMENT AND FORESTS be pleased to state:

- (a) whether the Government has taken a decision to cancel the MoU reached between the private parties and State Mining Corporation of Madhya Pradesh and Orissa regarding allocation of Coal blocks at Amelia and Utkal; and
- (b) if so, the details thereof; and
- (c) the reasons therefor?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) FOR ENVIRONMENT AND FORESTS (SHRI JAIRAM RAMESH)

(a)&(b) The Central Government has informed the State Government of Madhya Pradesh to direct Madhya Pradesh Mining Corporation Ltd to cancel the Memorandum of Understanding (MoU) entered with the M/s Sainik Mining and Allied Services Ltd. in the diversion proposal of 1283.570 ha. for coal mining in Amelia block in Sidhi district of Madhya Pradesh. In another similar case, the Central Government has also informed the State Government of Orissa to direct Orissa Mining Corporation Ltd to cancel the Memorandum of Understanding (MoU) entered with the M/s Sainik Mining and Allied Services Ltd. in the diversion proposal of 137.02 ha. of forest land for coal mining in Utkal block in Angul district of Orissa.

(c) These decisions were taken in pursuance to the Supreme Court's order dated 20th February, 2009 wherein the Court has directed the Ministry to take appropriate decision in the light of the Central Empowered Committee (CEC)'s observations and objections regarding the abovementioned proposals. The CEC has observed that the legality, validity and the public interest involved in development and operation of the coal block through a joint venture company wherein the Government is only a minority shareholder and the day to day operation are to be managed by the private sector company, should be carefully examined particularly with reference to (a) revised coal mining policy dated 12.12.2001; (b) though OMC will be the lease holding company, substantial profit will be accruing to a private company, substantial profit will be accruing to a private party; (c) the OMC will have no control in the day to day management; (d) checks and balances put in place to ensure that undervaluation and unaccounted removal of coal does not take place; and (e) public interest involved in the project.