



**Subject: Forest Clearance to Morga-II coal-block in Hasdeo-Arand forest area of Chhattisgarh**

**I**

1. Morga-II coal-block is in the core of the very biodiversity-rich Hasdeo-Arand forest area of Chhattisgarh. It was allocated in August 2006 to the Gujarat Mineral Development Corporation (GMDC). GMDC entered into a coal supply agreement with KSK Energy Ventures Limited, Hyderabad in November 2006 to develop a 1800 MW (3X600) power plant.

2. Morga-II is very clearly in 'no-go' area. On June 23<sup>rd</sup>, 2011, Stage-I approval for opening of Tara, Parsa East and Kante Basan coal-blocks in the fringe of the Hasdeo-Arand region was given. The clearance for the three coal-blocks in the fringe area was given because they are not in the biodiversity-rich region of Hasdeo-Arand forest region. They are separated by a well-defined high hilly-ridge and are in a totally different watershed. While giving this approval, I had observed "*as long as mining is restricted to the fringe area and as long as the state government does not come up with fresh applications for opening up the main Hasdeo-Arand area, I am of the opinion that permission can be accorded for Tara, Parsa East and Kante Basan.*"

**II.**

3. On June 29<sup>th</sup>, 2011, Shri S.Kishore and Shri K.B.Raju, Directors, KSK Energy Ventures Ltd met me and gave a representation. I explained to them that it would be virtually impossible to give forest clearance to Morga-II because it is very clearly in the main Hasdeo-Arand forest region. Moreover, the power plant does **not** use super-critical technology that leads to 5-8% lower emissions of carbon dioxide. I also explained to them that State Government forest officers had expressed their extreme reluctance to open up this block.

4. During this meeting, KSK Energy Ventures Ltd informed me that it has identified an alternative coal-block which is in the 'go' area. This block is the Bhalumuda block in the Mand-Raigarh coalfield of Chhattisgarh. CEA has made a recommendation to the Ministry of Coal supporting this alternative coal-block.

5. In view of the fact that there is a clearly identified coal-block and in view of the fact that KSK Energy Ventures itself sees no great difficulty in using this coal-block as opposed to Morga-II, **I am of the view that forest clearance for Morga-II should not be granted.** In fact, KSK Energy Ventures appeared to appreciate the problems inherent in Hasdeo-Arand and expressed willingness on its own to shift the allocated coal-block to Bhalumuda. It is to be hoped that the Ministry of Coal will make the alternative coal-block allocation given the flexibility that the MoE&F is demonstrating in allowing some coal-blocks allocated 5-6 years ago in forest-rich areas to be mined in view of developmental imperatives.

6. The representation given to me by KSK Energy Ventures Ltd is at Annexure-I. My communication to Principal Secretary to Prime Minister supporting the alternative allocation is at Annexure-II.



Jairam Ramesh

MOS(I/C)E&F

July 5th, 2011

# ANNEXURE-I

Representation of KSK Ventures Limited



29<sup>th</sup> June 2011

**Shri. Jairam Rameshji,**  
Hon. Minister of State (I/C),  
Ministry of Environment & Forests,  
Government of India, New Delhi.

**Respected Sir,**

**Sub: Forest Clearance for Morga II – Regarding .**

Our Company is currently constructing the power project in Chhattisgarh based on an arrangement with GMDC (Gujarat Mineral Development Corporation Limited) for supply from their coal block , namely, Morga II. Based on this commitment, we had agreed to set up a power plant for the state of Gujarat and have since entered into a Power Purchase Agreement with Gujarat Urja Vikas Nigam Limited (GVUNL) for supply of power at a very competitive price of Rs. 1.98 per kwh.

In fulfillment of this commitment, we have proceeded in all earnestness to set up the project through our Company KSK Mahanadi Power Company Limited in the state of Chattisgarh and have made commitments of more than 16,190 cr, since expended over Rs. 5200 crore, having commenced physical construction at the site in August 2009.

In June 2010, your esteemed self had considered the request of GMDC for forest clearance and communicated that this application can not be as it falls in the Hasdeo Arand area but subjected it to an attendant condition that an alternate block be allotted.

GMDC had identified Bhalumuda as the alternate block, immediately after the rejection of the forest clearance and made all submissions thereto. The quality and nature of coal that is available in Bhalumuda block is the same as is available

in Morga block. Our company has designed the construction of the plant specifically for processing the coal of the quality and the nature that will be mined from Morga-II. Hence Bhalumuda block would be the ideal alternative. Further, Bhalumuda block is not in the list of Coal India and hence is available for allotment to State Government Undertaking under the Government Policy.

Based on your order and GMDC's application for Bhalumuda coal block, the Ministry of Coal sought the views of CMPDIL and the Ministry of Power. Both the statutory authorities have endorsed in affirmative to the allotment of Bhalumuda block to GMDC. However, the Ministry of Coal has not issued the formal letter of allotment for Bhalumuda block to GMDC as yet.

Meanwhile, as part of a larger exercise on the No-Go Areas by Prime Minister's Office, through an inter ministerial teams, a detailed exercise was undertaken by a Committee and it was noted that our project had progressed the most and the project is in a state of being irretrievable.

There are totally 4 Government allocations in Hasdeo Arand and we are given to understand that your Honorable self have cleared 3 projects in the Hasdeo Arand very recently along with earlier Tara allocation. At the same time, it has been recorded that no further clearance can be granted.

In the light of the above, we would request the Honorable Minister to

- a. Include and grant Morga II Forest Clearance – as possibly, the last block in the Hasdeo Arand Area.
- b. Or in the alternative, reaffirm the earlier decision of the Government that an alternate coal block (Bhalumuda) be allotted to GMDC.

Yours Sincerely,



**K B Raju**  
**Director**

Encl: A Brief Note on the Background facts

Copy to : The Director, KSK Mahanadi Power Company Limited, Hyderabad.

## **Annexure for the Hon'ble Minister for Environment and Forests**

### **Background**

- Morga-II coal block in Hasdeo Arand coalfield of Chhattisgarh, was allocated to M/s Gujarat Mineral Development Corporation Limited, a Government of Gujarat PSU, in August 2006 under Government Dispensation.
- GMDC entered into a Coal Supply Agreement with KSK Energy Ventures Limited in November 2006.
- KSK commenced development of 1800 MW Power Project based on the Coal Supply Agreement and the same was designed to suit the coal quality of Morga II coal block.
- Construction at the project commenced in August 2009. Power Purchase Agreement signed with GUVNL under competitive bidding. The first unit at the project is scheduled to enter commercial operations in June 2012.
- Over Rs. 5200 Crores have been invested into the power project till date.

### **Forest Clearance Rejection**

- Govt of Chhattisgarh forwarded the application of GMDC for Prior Approval in November 2009.
- Hon'ble Chief Minister of Gujarat requested the Hon'ble Prime Minister for favourable consideration of the Forest Clearance for Morga-II block in February 2010.
- Hon'ble Chief Minister of Chhattisgarh wrote to Hon'ble Minister of E&F, requesting favourable consideration of Forest Clearance for Morga-II block, in February 2010.
- The MOEF refused the Forest Clearance for prospecting at Morga-II coal block (WFC 41.85% and GFC 80.29%) in June 2010 and

recommended allocation of an alternate coal block to the Ministry of Coal.

- The committee constituted by PMO, after visiting various projects to assess actual progress, recommended for favourable consideration of Forest Clearance to Morga-II coal block amongst other 8 coal blocks, based on the progress achieved in the development of the End Use Projects.
- Based on detailed verification, the Committee's recording showed that KSK's EUP (Wardha Power Limited – now demerged as KSK Mahanadi Power Company Limited ) had made the maximum investments amongst all the other projects evaluated .
- Mohar coal block with higher WFC - 42.64% and GFC - 85.96% is being cleared by MOEF, as it has already received Stage I clearance.

### **Alternate Coal Block**

- In line with the decision and recommendation of Hon'ble Minister in respect of Morga-II block, GMDC identified and applied for Bhalumuda coal block in Mand Raigarh Coalfield in 1<sup>st</sup> June 2010 as an alternative to the Morga-II coal block.
- Both Central Mine Planning & Design Institute Limited under Ministry of Coal and Central Electricity Authority under Ministry of Power have endorsed in affirmative to the Bhalumuda allotment
- However, even after 1 year of the application, the Ministry of Coal has not acted on the decision of MOEF.

### **Request to Hon'ble Minister**

- Amongst the 4 coal blocks (out of 8 recommended by PMO) falling in Hasdeo Arand coalfield, Morga-II coal block is the only one that is being left out. Parsa (East), Kante Basin, Parsa along with Tara have been favourably decided in recent decision
- Favourably consider the Forest Clearance for Morga-II coal block allocated to Gujarat Mineral Development Corporation on expedited basis for catch-up with power plant schedule.
- In the alternative, reaffirm the earlier decision that the alternate coal block , namely, Bhalumuda be immediately allotted.

# ANNEXURE-II

Note from MOS(I/C) E&F dated June 30<sup>th</sup>,2011 to Principal Secretary to Prime Minister supporting alternative allocation

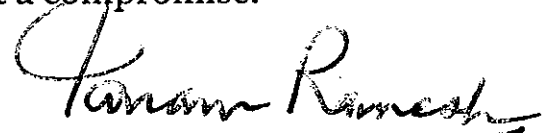
## **Ministry of Environment & Forests**

The Gujarat Mineral Development Corporation (GMDC) has been allotted Morga-II in Hasdeo-Arand coalfield of Chhattisgarh. Coal from this block will feed a 1800 MW(3X600) powerplant being put up by the KSK Mahanadhi Power Company Limited in Jhangir-Champa in Chhattisgarh.

It may be recalled that last week I had cleared 3 coal-blocks in the fringe of the Hasdeo-Arand coalfield. While clearing these coal-blocks, I had explicitly stated that no consideration will be given to clear coal-blocks that fall in the main Hasdeo-Arand forest area which is very biodiversity-rich. The CM of Chhattisgarh told me informally that he agrees with this condition.

I understand that GMDC have now identified an alternative block to Morga-II. This block is the Bhalumuda block in the Mand-Raigarh coalfield in Chhattisgarh. CMPDI has confirmed that this is in 'go' area. I am told that CEA has made this recommendation to the Ministry of Coal. I also understand that Ministry of Coal is not considering the alternative block because it still hopes that Morga-II will be given forest clearance.

I request Principal Secretary to Prime Minister to please intervene in the matter and ensure that Bhalumuda is allotted to GMDC since there is absolutely no way that I will agree to Morga-II. In the last few days, I have shown considerable flexibility and the least that the Ministry of Coal can do is to reciprocate in situations where I cannot work out a compromise.



(Jairam Ramesh) -

MOS(I/C) E&F

30.6.2011

**Principal Secretary to Prime Minister**

Copy to: Power Secretary



(Jairam Ramesh)

MOS(I/C) E&F

30.6.2011