17

STANDING COMMITTEE ON ENERGY (1996-97)

ELEVENTH LOK SABHA

MINISTRY OF COAL

DEMANDS FOR GRANTS (1997-98)

SEVENTEENTH REPORT

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

April, 1997/Vaisakha, 1919 (Saka)

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STANDING COMMITTEE ON ENERGY
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(ELEVENTH LOK SABHA)

DEMANDS FOR GRANTS (1997-98)

MINISTRY OF COAL

Presented to Lok Sabha on ....

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LOK SABHA SECRETARIAT
NEW DELHI

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INTRODUCTION

I, the Chairman, Standing Committee on Energy, having been authorised by the Committee to present the Report on their behalf, present this Seventeenth Report on the Demands for Grants (1997-98) relating to the Ministry of Coal.

2. The Committee took evidence of the representatives of the Ministry of Coal on 9th April, 1997.

3. The Committee wish to thank the representatives of the Ministry of Coal who appeared before the Committee and placed their considered views. They also wish to thank the Ministry for furnishing the replies on the points raised by the Committee.

4. The Report was considered and adopted by the Committee at their sitting held on 19th April, 1996.

NEW DELHI;
April 25, 1997
Vaisakha 5, 1919 *(Saka)*

JAGMOHAN,
Chairman,
Standing Committee on Energy.

PART I

REPORT

Analysis of Demands for Grants 1997-98 of Ministry of Coal

Ministry of Coal have presented Demands for Grants of Rs. 495.62 crores for the year 1997-98 against Rs. 474.30 crores (actual) in 1995-96 and Rs. 400.45 crores (revised) in 1996-97. The break-up of Demands for Grants in respect of these three years are given below:

(Rs. in crore)

	1995-96 Actual			1996-97 Budget Estimates			1996-97 Revised Estimates			1997-98 Budget Estimates		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
Revenue	15.63	119.85	135.48	32.80	133.06	185.96	28.11	133.00	161.11	34.99	135.78	170.77
Capital	333.08	5.74	338.82	345.00	10.02	355.02	229.32	10.02	239.34	314.85	10.00	324.85
Total :	348.71	125.59	474.30	397.80	143.08	540.98	257.43	143.02	400.45	349.84	145.78	495.62

2. The details of the Ministry's Demands for Grants under Revenue Section and details relating to Capital Section with reference to public enterprises are shown in Appendix-I. The various points arising out of the scrutiny of Demands for Grants of the Ministry are discussed in the succeeding paragraphs.

A. Environmental Measures and Subsidence Control Major Head 2803 :

3. The total Budget allocation for the Eighth Five Year Plan for environmental measures and subsidence control was Rs. 75 crore. The funds earmarked for environmental 'measures in the budget for the last two years and for 1997-98 are given below:—

(Rs. in crore)

1995-96		1996-97		1997-98
B.E.	Actual	B.E.	R.E.	B.E.
5.52	0.00	26.10	5.00	5.00

4. The Budget Estimates for the Eighth Plan period were kept at Rs. 46.62 crore against budget allocation of Rs. 75.00 crore which were further revised to Rs. 22 crore.

5. Regarding schemes/projects to be implemented under the proposed demand of Rs. 26.10 Crore during 1996-97, it has been stated in the Performance Budget of 1996-97 of Ministry of Coal that the schemes envisaged to be covered under these provisions include the establishing a suitable technology of stabilisation of underground voids in Raniganj Coalfields and rehabilitation/reclamation of degraded land due to past mining.

6. The project-wise break-up of the budgetted amount for 1996-97 is given below:—

(Rs. in crore)

Stablisation of underground void in Raniganj coalfields	06.65
Rehabilitation/reclamation of degraded land area due to mined out subsidence and fire—	

(a) ECL	3.55
(b) BCCL	9.00
(c) CCL	6.90
Total :	26.10

7. During the years 1992-93 and 1993-94, a token provision of Rs. 5 crore was made for each of the financial year. Since the institutional arrangements could not be firmed up for taking up above work with the State Government, the money could not be utilised. Consequently, no money was released in 1994-95. It is also observed that the budget estimates for the year 1995-96 have been revised from Rs. 5.52 crore to Rs. 2 crore which were not utilised. During 1996-97 the budget estimates of Rs. 26.10 crore were revised to Rs. 5 crore. Proposed budget allocations for environmental measures and subsidised control for the Ninth Plan period are Rs. 79.03 crore.

8. Regarding low utilisation of Budget allocation during 1996-97 for environmental measures and subsidence control, the Ministry of Coal in a written reply furnished to the Committee stated as under:

"In order to mitigate the impact of mining on the environment, Eighth Plan placed a major thrust on environmental measures and subsidence control in old abandoned areas of Raniganj and underground fires in Jharia Coalfields. To deal with the problems of subsidence, active association of State Governments/District authorities is needed for dealing, *inter-alia*, with the problem of shifting, relocation of population living in unsafe areas. It was suggested to the Government of West Bengal that the existing Asansol-Durgapur Development Authority (ADDA), which was set up under Town and Country (Planning and Development) Act, 1979 of West Bengal, could be strengthened and authorised as the executing agency for restoration. It was also suggested that the technical inputs for survey, planning and designing and preparation of schemes can be provided by the coal companies".

9. It further states:—

"Anticipating the approval of the projects on environment and subsidence control, a budget provision of Rs. 26.10 crore was made during the year 1996-97. Since there was no established mechanism of approving such projects which were being taken up for the first time, the four projects for rehabilitation/reclamation of degraded land areas due to subsidence and fire from ECL and CCL for an estimated cost of Rs. 22 crore were approved by Standing Scientific Research Committee (SSRC) and financially concurred by Standing Finance Committee/Expenditure Finance Committee in the later half of 1996-97."

10. Keeping in view the urgent need to step up the environmental and subsidence control measures and low utilisation of Budget allocation during Eight Plan period, when asked to justify the propose Budget allocation of Rs. 79.03 crore during the Ninth Plan period, the Ministry of Coal in a written reply *inter-alia* stated as under :—

"In view of the mechanism of approving projects for environment and subsidence control being in place, the environmental and subsidence control projects would be approved and executed during the Ninth Plan. Seized of the problem of subsidence and fire in ECL and BCCL, it has been proposed in consultation with Planning Commission to keep an outlay of Rs. 79.03 crore during the Ninth Plan for carrying out environmental measures and subsidence control schemes. The major portion has been kept for carrying out reclamation/ rehabilitation of fire area/mined out area in BCCL and stabilisation of underground voids in ECL. The details are given below :

Environmental Measures :

(Rs. in crore)

Company	Scheme	Outlay 1997-98	Outlay IX Plan
CCL	Rehabilitation of mined out area	1.000	5.090
	Rehabilitation of fire area	—	3.000
BCCL	Reclamation/rehabilitation of fire area/mined out area	2.880	22.380
ECL	Reclamation of mined out area	4.400	17.700
SECL	Reclamation of mined out area	0.660	3.300
WCL	Reclamation of mined out area	0.340	6.510
Subsidence Control :			
ECL	Stabilisation of underground voids	3.000	21.050
	Total	12.280	79.030

11. The Ministry further clarified,

"Due to non-approval of projects pertaining to environmental and subsidence control at the time of review of RE 1996-97 and formulation of BE 1997-98 with the Planning Commission in January, 1997 and no utilisation of these funds in the earlier years, it was agreed with the Planning Commission to keep Rs. 5 crore in RE 1996-97 and provide Rs. 5 crore in BE 1997-98. Four projects of about Rs. 22 crore which have been sanctioned in the later half of 1996-97 will have a spill-over in the year 1997-98 and in the event of Government sanction of further projects, the budget provision at the RE stage will be considered for suitable enhancement".

12. When the Committee enquired about the steps that have been taken to reduce the problem of subsidence; the Ministry of Coal stated as under :

"A Committee under the Chairmanship of Shri H.B. Ghosh, ex-Director General of Mines Safety, was constituted under instructions from Director General Mines Safety to ascertain the reasons for development of cracks in some of the houses of the locality in Jharia coalfield in the recent past.

The relevant findings of the Committee are:—

(a) The development of cracks is due to movement in the old goaves. Spreading of fire underground and collapse of hanging roof standing in old goaf since 1954-56 are the main reasons for movement in the old goaf.

(b) The magnitude of vibration caused by the blasting process adopted in the mine can not cause such damage."

13. In view of the above, the Ministry of coal conclude that the measures to tackle problems due to subsidence lie in tackling the fire problem and rehablitation of the affected people as indicated in the report of the Jharia Mine Fire Control Technical Assistance Project."

14. The Ministry in a note furnished. to the Committee have further stated that in order to solve the problem of subsidence and fire in Raniganj and Jharia coalfields in a comprehensive manner, a Committee has been constituted on 19.12.1996 with Secretary (Coal) as the Chairman and representatives of Planning Commission, Ministry of

Labour, Govt. of West Bengal and Bihar, DGMS, CIL, CMPDIL, ECL and BCCL as members.

15. It further states :

"The two meetings of the Committee were held on 6-2-1997 and 7/8/3-1997 at New Delhi and Dhanbad respectively. The next meeting/site inspection is scheduled to be held on 26 and 27 April, 1997 in the Raniganj coalfield of ECL. The Committee is expected to submit its report by June, 1997.

16. The Committee regret to note that despite Committee's repeated recommendations for urgent action to step-up the environment and subsidence control measures and to effectively utilise the funds allocated; the Government have failed to take any concrete steps. Out of Rs. 75 crore allocated during Eighth Plan, the actual utilisation is only Rs. 22 crore. The Budget Estimate for 1996-97 has also been drastically brought down from Rs. 26.10 crore to Rs. 5 crore. The delay in approval and subsequent delay in sanctioning of projects by the Government has resulted in the lower utilisation during 1996-97 and also Budget Estimates for 1997-98 have been kept low. The Committee expect that the four projects for rehabilitation/reclamation of degraded land areas due to subsidence and fire from ECL and CCL for an estimated cost of Rs. 22 crore will be taken up expeditiously. The Committee desire that the Ministry should give priority to the programme of subsidence control in Jharia & Raniganj. In this regard the Committee would like the Ministry to draw up a specific time bound programme of implementation of these projects and intimate the same urgently. The Committee also observe that against the budgetary allocation of Rs. 9 crore for BCCL during 1996-97 for rehabilitation/reclamation of degraded land area due to be mined out for subsidence and fire; the plan outlay for BCCL during 1997-98 is Rs. 2.880 crore only. The Committee desire to know the reasons for reduced allocation for BCCL during 1997-98. Further, the Committee note with dismay that various Committees have been consituted to solve the problems of subsidence and fire including the one with the World Bank Loan Assistance but no concrete steps have been taken to implement their recommendations. The Committee would like to know the progress of implementation of the recommendations of the expert group which submitted its report in November, 1996.

B. Science and Technology Schemes/Projects

Major Head : 2803

17. The Eighth Plan allocation for Science & Technology Projects was Rs. 87.00 crore. Against this provision of Plan allocation only Rs. 21.19 crore were utilised under this head (including Rs. 6 crore R.E. for the year 1996-97). The Budget allocation for the Ninth Plan as proposed by the Ministry of Coal is Rs. 80.00 crore. While examining the Demands for Grants (1996-97) by the Committee, the Ministry of Coal had stated that efforts were underway to fully utilise the B.E. during the year 1996-97.

18. The budgetary provisions for science and technology during 1997-98 and the last two years have been as under :—

(Rs. in crore)

1995-96		1996-97		1997-98
R.E.	Actuals	B.E.	R.E.	B.E.
10.00	2.70	14.60	6.00	9.87

19. The reasons for reduction in Budget allocation for R&D Projects from Rs. 20.00 crore during 1995-96 to Rs. 10.00 crore and then actual utilisation further reduced to Rs. 2.70 crore are stated to be due to schemes to the extent provided for did not materialise and in some schemes procedural requirement for approval could not be completed.

20. While examining Demands for Grants (1996-97), the Secretary, Ministry of Coal had informed the Committee as under :—

> "The projects are taken up by different institutions like CFRI, CMRI, IITs etc. So they have to interact with the coal company where the operational part of the project or the field work relating to the projects is done. So there is definitely a coordination problem. But it does not take place satisfactorily is what that we are just mentioning candidly before the Committee. I would also admit that, we have said it in our written reply that R&D has not received the necessary focus by the coal companies. This is at the base. This is the crux of the fact that expenditures have been low and the progress has not been satisfactory. It is in realisation of the factor that the coal companies have now set up R&D Board involving the coal companies and we are hopeful that this will help focus attention on the importance that R&D should get."

21. Enquired about the reasons for lesser utilisation of budgeted grant under this head during 1996-97 and also during the Eighth Plan period, the Ministry of Coal informed the Committee in a written reply as under :—

"In the Eighth Plan, approach adopted was to take up projects which will have direct and immediate commercial application and benefit to the Coal Industry rather than earlier approach of combined basic and commercial S&T projects. In view of the changed approach there was a delay in appropriate projects coming up from project proponents who were primarily C.S.I.R. laboratories and technical and scientific institutions. In this changed approach projects were to come from Research Organisations and coal companies jointly or if by research institutions alone with mental acceptance of coal companies for suitability to Industry. As earlier, many basic S&T projects had been completed by various institutions, utilisation of these funds in new projects was also required. Therefore, in projects of Eighth Plan intra institution co-ordination was also called for. All this led to slow progress."

22. The main reasons for the sanction of limited projects and their slow progress during Eighth Plan as reported by the Ministry of Coal are as under :—

(i) Submission of limited number of appropriate quality research projects which would be cleared.

(ii) Slow progress of approved projects by various projects proponents.

(iii) Delay due to multi-institution coordination in certain projects.

23. Regarding optimism for fixing Rs. 80.00 crore for the S&T Projects during the Ninth Five Year Plan, the Ministry of Coal informeed the Committee in a note as under :—

"In the 8th Plan the utilisation of plan allocation has been low i.e. about 20%. Total Industry orientation approach with immediate commercial application initiated in Eighth Plan took time to be absorbed by various research institutions and coal companies. Further, in these Industry oriented research projects, many issues like sanction for capital equipment, whether certain items should be funded by S&T funds or by research institutions, coal companies, etc. came up for consideration and decision and so also the procurement approach etc. also took time. Over a period of time these new issues arising out of changed orientation of R&D work have been sorted out. Now a more clear understanding exists between Ministry of Coal, research institutions and Coal Companies. Inter Institution coordination and cooperation between research institutions and coal companies has also set in. With apparent commercial benefits of R&D work coal companies are giving much higher priority to R&D work in operating units/mines. Besides, many new innovative projects to give a thrust to higher productivity by R&D of modern technology in mines, environment friendly coal beneficiation, coal utilisation, environment improvement itself e.g. Coal Bed Methane degassification in operating mines are the Ninth Plan Thrust Areas. The research project proposals are also of high value. Therefore, the provisions of Ninth plan of Rs. 80.00 crore is justified and will be spent."

24. It further states :—

"During the year 1996-97, five projects for a sum of about Rs. 18 crores having S&T component of Rs. 13.50 crores have been approved by Standing Scientific Research Committee and Government sanctions have been issued."

25. The Committee find that the Eighth Plan allocation for Science and Technology Projects was Rs. 87.00 crore and against this provision of Plan allocation only Rs. 21.19 crore were utilised under this Head (including Rs. 6 crore R.E. for the year 1996-97). The Budget allocation for the Ninth Plan as proposed by the Ministry of Coal is Rs. 80.00 crore. While examining the Demands for Grants (1996-97) by the Committee, the Ministry of Coal had stated that efforts were underway to fully utilise the Budget Estimate during the year 1996-97. The Committee are of the opinion that inspite of the Eighth Plan provision to take up R&D projects which will have direct and immediate commercial application, no concrete steps have been taken by the Government for R&D projects. Inspite of Committee's earlier recommeendations to step up the R&D activities and the Government's submission that they have now set up a R&D Board including the coal companies and that they are hopeful this will focus the attention on the importance that R&D should get; the Committee are constrained to note that budget estimates for 1996-97 have been revised from Rs. 14.60 crore to Rs. 6.00 crore. The Committee note that R&D Board set up to effectively coordinate with the various organisations/Institutions to achieve the targeted

level of implementation of R&D project have not met with the desired success.

26. The Committee would like the Ministry to also clarify that although during the year 1996-97, five projects for a sum of about Rs. 18 crore having S&T component of Rs. 13.50 crore have been approved by Standing Scientific Research Committee and Government sanctions have been issued, why the Budget Estimates for S&T project during 1997-98 have been kept at Rs. 9.87 crore which is even below the proportionate requirement during Ninth Plan period. Although, the Committee are not satisfied with the present level of R&D activities; the Committee expect that R&D for thrust area during the Ninth Plan would be met with proper coordination and cooperation between research institutes and the coal companies under the close monitoring by the Ministry of Coal so that delay attributable to factors like lack of procedural requirements, lack of focus, lack of coordinated approach is obviated.

C. Plan Outlay and Performance

27. The Annual Plan for 1996-97 and 1997-98 for three Public Sector Undertakings *viz.* Coal India Ltd., Singareni Collieries Company Ltd. and Neyveli Lignite Corporation Ltd. which is entirely in the Capital Section is given below :—

(Rs. in crores)

Name of the Enterprise	1996-97 (B.E.)		1996-97 (R.E)		1997-98 (B.E.)	
	Plan Outlay	Budget Support	Plan Outlay	Budget Support	Plan Outlay	Budget Support
Coal India Limited	2143.00	100.00	1310.83	50.00	2269.95	—
Singareni Collieries Company Limited	538.97	118.90	325.00	113.22	502.75	178.50
Neyveli Lignite Corporation Limited	559.13	126.10	467.23	66.10	548.77	136.35

Details regarding sector-wise/Company-wise financing pattern is at Appendix-II.

28. When enquired about the reasons for the decrease in plan outlay of Coal India Limited (CIL), Singareni Collieries Company Limited (SCCL) and Neyveli Lignite Corporation Ltd. (NCL) during

1996-97; in a post-evidence reply furnished to the Committee, the Ministry of Coal have stated as under :—

The annual plan outlay of CIL has declined during RE 1996-97 as compared to BE 1996-97 primarily due to the following reasons :

(i) Enhanced outgo on account of arrears pertaining to the National Coal Wage Agreement-V (NCWA-V),

(ii) Loan from IBRD for Coal Sector Rehabilitation Project did not materialise as anticipated,

(iii) Administered prices of regulated grades of coal were not revised as anticipated.

Decline in the plan outlay of SCCL between BE 1996-97 and RE 1996-97 is on account of lower generation of internal resources by the company than envisaged earlier. This lower generation of internal resources is attributable to the following two reasons :

(i) Non-revision of administered prices of regulated grades of coal,

(ii) Higher payment on account of NCWA-V arrears.

Decline in the plan outlay of NLC between BE 1996-97 and RE 1996-97 is due to the delay in sanctioning of loan by the KFW of Germany and thereby the delay in procurement of mining and power station equipment for the Mine-I Expansion and Thermal Power Station-I Expansion projects."

29. About the decrease in Plan Outlay for 1996-97 of the coal companies, Secretary, Ministry of Coal stated during evidence :—

"I admit that this has gone down very substantially in 1996-97. That was mainly due to resources constraint of coal companies. There is a substantial outgo on various items of works particularly in 1996-97. They had to pay arrears of wages of Rs. 1,000 crore. As far as SCCL is concerned, it is a sick company though they did have a big plan. But this is a company which is going between the BIFR and coming out. In the case of our Coal India Ltd., you will notice that for B.E. 1996-97, the budgetary support was Rs. 100 crores and it come down to Rs. 50 crores in RE 1996-97. I can give you the detailed item which has gone down. Internal resources came down. The only item that is redeeming is that the

Coal India Ltd. went to market to raise bonds. That was fully subscribed".

30. Asked about why wage revision, for which the agreement was likely to be settled, was not included in plan formulation for 1996-97 resulting in diversion of funds to the tune of Rs. 1,000 crores, the Secretary, Ministry of Coal stated during evidence:

"At that time when the plan was formulated we were not aware that Rs. 1,000 crores would be required on account of arrears."

He further stated:

"The second issue was that we had given a proposal".

31. Enquired about the impact of reduced investment in coal projects on the production of coal as also on the implementation of ongoing and new projects which are beleagured by time and cost overruns, the Ministry of Coal stated as under:—

"As a result of reduced investment in CIL and its subsidiaries during 1996-97 compared to the Budget Estimate, there has been major shortfall in the investment in the following projects:—

Sl. No.	Name of Project
	ECL
1.	Jhanjra UG
2.	Sonepur Bazari OC
3.	Satgram UG
	CCL
4.	Parej East OC
5.	K.D. Hesalong OC
	NCL
6.	Dhudhichua Expn. OC
7.	Khadia OC
	SECL
8.	Dipka Expn. OC
	MCL
9.	Lingraj OC
10.	Kalinga OC

Of the above 10 projects the completion of three projects *viz.*, Parej East OC and KD Hesalong OC of CCL and Khadia OC of NCL would get extended due to lower investment in 1996-97. However, it is expected that the contribution of these projects to Ninth Plan production would be maintained at target level by augmenting resources for these projects from the year 1997-98 once the IBRD loan materialises".

32. The scheme-wise mining allocation of Plan funds for Coal India Ltd. during 1995-96, 1996-97 and 1997-98 are as under:—

(Rs. in crore)

	1995-96 Actual	1996-97 B.E.	1996-97 R.E.	1997-98 B.E.
I. Existing Mines	624.37	757.44	529.00	787.27
II. Ongoing Projects	735.97	993.58	567.53	1010.43
III. New Projects	1.0	54.71	14.80	172.56
IV. Total Mining	1361.34	1805.73	1111.33	1970.26

33. Enquired about the reasons for low utilisation of funds by Coal India Ltd., during 1996-97 for new mining projects, the Ministry of Coal informed that in respect of the year 1996-97, there has been major variation between Budget Estimate (BE) and Revised Estimate (RE) in case of only Dipka Expansion Project of SECL for which a provision of Rs. 35.90 crores out of total BE of Rs. 54.71 crores was made. At the time of preparation of RE as this project could not get the approval, the budget provision was reduced.

34. The Committee desired to know about the new projects for which investment of Rs. 172.56 crores was to be made during 1997-98. From the reply of the Ministry of Coal, the Committee find that for SECL the new project allocation during 1997-98 is Rs. 0.62 crores which includes Rs. 0.10 crore for the projects formulated and awaiting approval and Rs. 0.52 crore for projects yet to be formulated.

35. The Committee, are constrained to note that the total outlay of Coal India Ltd. during 1996-97 has been revised from Rs. 2143.00 crore to Rs. 1310.83 crore. The decrease in Plan outlay is about

45 per cent of budget estimates for Coal India Ltd. during 1996-97. The net budgetary support has also been reduced from Rs. 100 crore to Rs. 50 crore during 1996-97. Coal India Ltd. has also failed to raise the Internal and Extra Budgetary Resources as budgeted and there is no budgetary support for Coal India Ltd. during 1997-98. Against the Budget Estimate of Rs. 2063 crore for CIL during 1994-95, the actuals were Rs. 1604.56 crore and against Budget Estimate of Rs. 2260 crore during 1995-96, the Actuals (P) were Rs. 1503.83 crore. The Committee take a serious note of the fact that inspite of their recommendation last year that the Government and the coal companies should draw an action plan to step up the ongoing and future projects with the inflow of such funds as are required to update the project implementation, the Coal Companies failed to invest in the coal projects as envisaged in the plan outlay for 1996-97. The Committee are also constrained to note that no serious exercise has been done for plan formulation as is evident from the fact that expenditure relating to payments of wage arrears was not taken into account while formulating plan for 1996-97 resulting in diversion of funds of Rs. 1000 crore. This expenditure on account of arrears of wages ought to have been forecast as the wage agreement was expiring.

36. The Committee are distressed to note that against the Budget Estimate of Rs. 1805.73 crore for mining, the Revised Estimate have been reduced to Rs. 1111.33 crore during 1996-97. The actuals of 1995-96 for mining purposes were Rs. 1361.34 crore. The Committee desire that the Budget Estimate for 1997-98 should be spent and expect that the contribution of those 10 projects affected due to funds constraint to the Ninth Plan production would be maintained. The Committee would also like to know the steps taken to augment resources including IBRD loan. The Committee find that only Rs. 0.10 crore has been sanctioned during 1997-98 for projects formulated but awaiting approval in case of SECL whereas Rs. 35.90 crore were sanctioned during 1996-97 which though were not utilised. Hence the Committee would like to be informed about the present status of approval of Dipka Expansion Project of SECL.

D. Plan proposals for the Ninth Plan by the Working Group for Coal.

37. A Plan outlay of Rs. 22,543.13 crore has been projected as per details given below:—

(Rupees in Crore)

		9th Plan	1997-98
(i)	Coal India Ltd.	13,700.00	2, 269.95
(ii)	Singareni Collieries Company Limited	3,196.00	502.75
(iii)	Neyveli Lignite Corp. Ltd. (Mines)	3, 021.00	334.96
(iv)	Research & Development	80.00	10.00
(v)	Regional Exploration	178.10	20.00
(vi)	Environmental Measures & Subsidence Control	79.03	5.00
	Total (Coal & Lignite)	20, 254.13	3, 142.66
(vii)	NLC Power	2,289.00	249.81
	Grand Total	22,543.13	3,392.47

38. The coal production in the year 2001-02 is projected at 359.60 MT as shown below :

(in million tonnes)

Company	Existing	Completed	Ongoing	New	Total
CIL	31.64	118.57	108.08	14.71	303.00
SCCL	4.15	19.15	8.37	4.33	36.00
TISCO/IISCO	5.00	2.20	—	—	7.20
DVC/CAPTIVE	0.40	—	—	13.00	13.40
Total	40.79	140.28	116.45	49.04	359.60

39. Enquired about the gap in the demand and supply of coal production, the Ministry of Coal informed the Committee in a post evidence reply as under :—

"The demand and supply position at the terminal year of the Ninth Plan is summarised in the table below.

(Million tonnes)

		Coking	Non-coking	Total
Demand	Power		254.80 (5.0)	254.80* (5.0)
	Steel & Metalurgical	51.60	NIL	51.60**
	All others	NIL	98.60	98.60** (2.70)
	Total	51.60	353.40	405.00 (7.70)
Production :	CIL	27.55	275.45	303.00
	SCCL	Nil	36.00	36.00
	TISCO/SAIL	7.20	Nil	7.20
	DVC/Captive	Nil	13.40	13.40
		34.75	324.85	359.60
	Imports	15.00	4.80	19.80
Total Availability of Coals.		49.75	329.65	379.40
Demand-Supply Gap				
		1.85	23.75	25.60

* Source : Planning Commission

** Source : Presentation to working group for coal by concerned Ministries.

40. In a note furnished to the Committee the Ministry of Coal have stated that as per the Ninth Plan projections, it would be possible to meet the demands for power utilities which are firm i.e. to an extent of about 14000 MW. This will be possible provided the demands arising from other sectors namely cement, captive power and general industry are not increased beyond the current levels. If, however, the power stations, which now have infirm coal linkages are to be considered, incremental production would have to be thought of in

different coalfields. If the demand from non-power sector is also to be met, the increase needs to be even higher. About the possible additional production potentialities located, the Committee were informed that working group on coal have identified the following additional potentialities :—

Additional Production Potentialities

Company	98-99	99-00	00-02	01-02
ECL	—	—	1.0	2.5
CCL	—	—	1.0	2.0
WCL	0.1	0.3	0.7	3.4
SECL	1.0	7.0	13.8	17.5
MCL	3.2	7.6	11.3	15.9
Total	4.3	14.9	27.8	41.3

41. In a post-evidence reply, the Ministry of Coal have stated that the following important issues are required to be addressed as recommended by the working group :

"(i) Need to ensure clearance of forest lands for mining projects without which the increase in production will not be possible. It has been estimated that stage I clearance takes on an average 5 years and stage II clearance takes 10 years. An analysis of the Ninth Plan projects proposed in the coal sector shows that the total extent of forest land required is 10,570 hectares in the CIL area and 2,521 hectares in the SCCL area. The maximum extent of land required is in Bihar, Madhya Pradesh and Andhra Pradesh. The greatest delay in according forest clearances is land for compensatory afforestation. Due to various social pressures vacant Govt. land is not available and consequently the process gets delayed.

(ii) About the second issue the Ministry of Coal have stated to overcome certain specific constraints in the rail network such as :—

(a) For movement of coal to the northern Indian power stations requirement of additional rakes to be moved per day from Mugalsarai.

(b) A direct rail link must be established between Korba coalfield and Korba-Rewa coalfields as a largest expansion is possible with the least investment in Korba.

(c) In the MCL area certain important links have been conceived in the Master Plan and these would have to be completed.

(d) The Tori Dhonia link is to be completed for CCL coal field.

(e) In the ECL area Rajmahal coalfield must be establish link Southwards."

42. **The Committee observe that against the projected demand of 405 MT of coal during 2001-02; the production of coal by domestic coal industry is 359.60 MT leaving a demand supply gap of 46.40 MT. The Committee are constrained to note that no concrete efforts have been taken to meet the coal demand as envisaged during the Ninth Plan. Further the coal companies are reported to meet the demands of only those power utilities which are firm i.e. to an extent of about 14,000 MW and that to only if the demands from the other sectors namely cement, captive power and other general industries are kept at current levels. The Committee are of the view that the reasons behind not meeting the demand by the domestic coal industry is lack of proper planning with low infusion of funds during the past 3-4 years in the new projects. The Committee desire that the issues like forestry clearance, coal movement by rail as suggested by the working group should be taken on priority basis as the new projects will realise benefits during the Ninth Plan. The Committee also feel that unless steps are taken expeditiously to start these projects the production will not only suffer during Ninth Plan but will also restrict the coal production in the Tenth and Eleventh Plan. The Committee recommend that an action plan should be prepared to ensure that projects should not be affected due to non-availability of forest land and due to funds constraint. The Committee would like to be informed of the steps taken in this regard. The Committee also feel that suitable measures should be taken to raise and also fully utilise the plan outlay of Rs. 22,543.13 crore in the Coal Industry during the Ninth Plan to recover from the losses suffered due to less investments during Eighth Plan. The Committee would like to be apprised of the action taken in this regard.**

E. Reduction in Import Duty on Coal

43. The import duty on coal has been reduced from 85% to 35% during 1994-95. The import of coal under open general licence policy is being allowed. The import tariff on coking coal ash content of which is below 12 per cent has been further reduced to 5 per cent in April, 1993 and again from 5 per cent, to 3 per cent in 1997-98 whereas the import tariff on non-coking coal has been reduced from 35 per cent to 20 per cent in 1996-97. The import duty on non-coking coal, coking coal of ash content above 12 per cent has been further reduced from 20 per cent to 10 per cent in 1997-98.

44. Keeping in view that the reduction in import tariff will cause drain of foreign exchange and render the investment made in Coal India Ltd. infructuous; the Committee enquired about the comparative price of coal of Indian and imported coal. In this connection, the Ministry of Coal in a written reply furnished to the Committee stated as under :—

> "The National Coal Companies are presently meeting the entire coal demand of thermal power stations. The coal requirement of cement plants in the country are also being by and large met to the required level. Coal is being sent from Bengal-Bihar Coalfields to the distant power stations of Tamil Nadu Electricity Board, Gujarat State Electricity Board and in the State of Maharashtra. All the power stations of TNEB and GEB and some of the power houses in Maharashtra are located near the east and west coasts. The price of coal being supplied to these power houses are lower at pithead than the FOB price of imported coal even in terms of energy unit i.e. after taking into account the low quality of Indian coal. However, incidence of royalty which is estimated to be 16.58%. (average) of the pithead price plus other levies such as sales tax, excise duty etc. (most of there levies go to the State Governments) and higher freight rates make the domestic coal uncompetitive as compared to the imported coal in the coastal areas.

45. A comparative statement showing the destination price of Indian and imported coal is given below :

Landed cost—Rupees/million K.cal.

Destination	Indian Coal (Source) (As on 01.04.97)	Imported Coal (Source) (as recieved in February, 97)	Remarks
Ennore (T.N.)	383.92 (Talcher)	284.46 (Indonesia) 275.74 (Australia)	: Based on : imported : coal
Muddanur (AP)	418.43 (Talcher)	305.38 (Indonesia) 297.36 (Austrilia)	: received at : Madras port in
Raichur (K.N.)	462.55 (Talcher)	332.14 (Indonesia) 324.99 (Australia)	: February, 97
Gandhinagar	392.55 (Ib) 351.69 (Korba)	403.23 (South Africa)	: Based on : imported coal
Sikka (Gujarat)	337.53 (Korea-Rewa)	356.46 (South Africa)	: received at : Okha Porbandar
Nasik (Maharashtra)	250.12 (Umerer)	380.69 (South Africa)	: and Muldwarka : in February, 97
Dahanu (Maharashtra)	324.06 (Korba)	356.46 -do-	

46. While examining the Demands for Grants 1994-95 of Ministry of Coal the Committee had pointed out that since import of coal is not attracting royalty and cess payable and unless some taxes of the like amount are levied on imported coal, it would adversely affect the marketability of indigenous coal. The Ministry of Coal in their reply have stated that the point made regarding the applicability of royalty on imported coal is well taken, they would examine the issue and take suitable action. Enquired about the issue examined by Ministry of Coal in detail, the Ministry in a post evidence reply furnished to the Committee stated as under:

> "As per the provision in sub-sections (1) and (2) of section 9 of the Mines and Minerals (Regulation and Development) Act, 1957 royalty on coal is payable by the holder of a mining lease, in respect of a coal removed or consumed by him or by his agent, manager, employee, contractor or sub-leassee from the leased area, section 5 (1) of the MMRD Act, 1957 provides that no mining lease can be granted to any persons unless such person is an

Indian national or a company defined under section 3 (1) of the Companies Act, 1956. The question of an Indian National or a company defined under section 3 (1) of the Indian Companies Act holding a mine lease in respect of imported coal does not arise. It is, therefore, not possible to impose any royalty on imported coal."

47. It further states :

"Under Section 6 of the Coal Mines (Conservation and Development) Act, 1974 excise duties are levied on all coal raised and despatched from the collieries in the country. Section 7 of the same Act empowers the Central Government to impose, by notification, a duty of customs on all imported coal, in addition to any duty of customs levied under any other law, at the rates equivalent to the rates of excise duty levied under section 6 of the Act. Whereas collection of excise duty under section 6 of the Act is the responsibility of the Coal Controller's Organisation under the administrative control of the Ministry of Coal, there is no specific mention of the agencies for and the manner of collection of additional duty of custom in the aforesaid Act. Since custom duty leviable under other laws are being collected by the Central Board of Excise & Customs, the Ministry of Finance (Department of Revenue) was requested by the Ministry of Coal in July, 1996 to evolve a mechanism with regard to section 7 of the Act. Department of Revenue has replied that it will not be possible for the customs authorities to collect the additional customs duty leviable under section 7 of the Act. The mechanism for collection of the additional customs duty has not yet been finalised in the Ministry of Coal."

48. The Committee desired to know whether the Ministry of Coal have taken up the matter with the Ministry of Finance about the possible adverse impact on the growth of public sector coal industry by reduction of import duty on coal. The Ministry of Coal in a post evidence reply furnished to the Committee stated as under :—

"On 06.01.97, Ministry of Coal requested the Ministry of Finance to consider the customs duty on import coal in the context of sharp increase in the rates of domestic levies and royalty on Indian coal in recent years. However, in the Union Budget (1997-98) presented to the Parliament on 28.02.1997, the duty on import of imported coal (of ash content below 12%) is proposed to be reduced from 5% to 3% and on coking coal of higher ash content, as well as coke and non-coking coal, import duty is proposed to be reduced from 20% to 10%. This reduction in duty on import of coal will make the imported coal more cost competitive, *vis-a-vis* domestic coal especially at the coastal locations in the country. Domestic coal industry will now face a serious challenge from imported coal. On 03.04.1997, the Minister of State for Coal has written to the Finance Minister proposing that the domestic coal industry may be given some relief by fixing tariff on imported coal at a rate not less than average incidence of royalty on domestic coal in percentage terms. In the same letter the Minister of State for Coal has also requested the Finance Minister to consider imposition of excise duty on imported coal under the provisions of the Coal Mines (Conservation and Development) Act, 1974. Response from the Ministry of Finance to these proposals is awaited."

49. The Secretary, Ministry of Coal stated in this connection during evidence :—

"Even before the Budget was presented, the Finance Ministry had elicited views from the Ministries regarding their requirements in the change in tax structure and we did make a statement to the Revenue Department that the existing level of import duty on coal should not be decreased."

50. Enquired about how the public sector coal Industry is going to meet the challenge in view of the changing tax structure, the Secretary, Ministry of Coal stated during evidence.

"The consumer price of coal is loaded with the price of coal, the transport cost and also different levies. On an average, almost 45 per cent of the price of coal at a power plant, say about 700 Km. or about 1000 Km. from the pithead, relate to price of coal and the balance 55 per cent relate to railway freight price of coal and levies. Therefore, the imported coal has an inherent advantage because in their country it is not subject to direct taxes, as is being levied in this country. However, the levies on coal constitute a very important component on the State Government's own resources. So, it has a very vital function to play as far as the State Government is concerned. It is true that coal which is carried from distant countries, like Austrialia, South Africa and perhaps Indonesia, the carrying cost of coal is quite substantial but the price of coal in that country is much lower. Secondly, our coal inherently is not of very superior quality, Therefore, ... imported coal were being used for some years now to blend our inferior

Indian coal for the purpose of using in blast furnace or for the manufacture of steel. It is true that the decrease in import duty, which was recently announced in the Budget, will increase the pressure on our national coal companies to perform better......For power stations along the coast lines on the Western and Eastern India for imported coal would perhaps work out to be cheaper, Power stations on the coast line would not be affected by the congestion in the railway movement but they will also be at a disadvantage, as I understand that our ports are not strong enough to receive the huge quantities of coal which they require may come by ship to this country. Our national Coal Company is faced with a challenge. They will have to react to this challenge and become competitive, *vis-a-vis* the foreign coal......that the Board of Coal India Ltd. has recently commissioned a study through the Indian Institute of Management, Calcutta, to advise as to how they should go about to meet the challenge."

51. The Committee find that with the reduced import duty on coal from 85 per cent in 1994-95 to 20 per cent in 1996-97, the Indian Coal is almost out of competition in the Eastern Coast and is very near to getting out priced in the Western Region also. The Committee feel that further reduction of Import duty by 10 per cent during 1997-98 will adversely affect the domestic coal industry because the imported coal is not subject to direct taxes in other countries. The point favoured by the Ministry of Coal that power stations on the coastline would be at a disadventage as our ports are not strong enough to receive the huge quantity of coal only indicates that our coal industry is not prepared to meet the challenges posed by imported coal. The Committee feel that these developments will have a significant impact on the competitiveness of the Indian Coal in the market itself, especially, in the coastal regions from where consumers are in a position to import directly and recommend that with the increasing competition pressure, the domestic coal industry should address itself to the need of satisfaction by the consumer in regard to quality of coal supplied. The Committee recommend that the Finance Ministry should strengthen the domestic coal industry and the import duty on coal should be maintained at 1996-97 level and a mechanism should be evolved for imposition and collection of excise duty on imported coal as suggested by the Ministry of Coal. In view of the fact that levies on coal such as royalty constitute an important component of State Governments resources which is very vital for the development of States, the Committee expect the

Ministry of Coal to take up the issue with the Ministry of Finance to ensure that the domestic coal industry should not be adversely affected due to the impact of reduced import duty on coal.

52. The Committee express the need for ensuring that captive mines earmarked for specific purposes *viz.* thermal power stations, steel industry etc. should be treated as assets and solely be used for the designated purposes. Further, adequate safeguards need to be evolved to ensure that captive mines are used for the designated purposes and not misused/diverted for any other purpose. The Committee also feel that there is a need for stepping up of quality control measures so as to ensure production of high quality coal with low ash content. This is essential to make the coal industry more competitive so that indigenous coal is more in demand in the market.

F. Coal Sale Dues

53. Coal India Ltd. is required to meet the coal needs of all consumers including power, steel, cement plants, etc. It has been stated in the Performance Budget (1997-98) of the Ministry of Coal that as a matter of commercial prudence, coal should be supplied after payment has been made but this principle has not been made applicable in the case of bulk consumers, like power houses, steel plants, etc. with the result that the total sector-wise outstanding dues to Coal India Limited as on 31.03.1996 and 31.12.1996 are Rs. 2962.26 crore and Rs. 3325.28 crore respectively. These dues are as follows :

(Rs. in crore)

	AS ON 31.03.1996			AS ON 31.12.1996		
Sector	Undisputed	Disputed	Total	Undisputed	Disputed	Total
Loco	9.49	49.59	59.08	10.24	48.86	59.10
Power Station	1147.32	1208.17	2355.49	1248.07	1404.23	2652.30
Steel Plants	33.45	393.33	426.78	39.33	434.18	473.51
Other Govt. Agencies	23.13	46.80	69.93	31.78	30.77	62.55
Others	(-) 25.38	76.36	50.98	1.12	76.70	77.82
Total	1188.01	1774.25	2962.26	1330.54	1994.74	3325.28

54. The total outstanding coal sale dues had increased by Rs. 363.02 crore from 31.03.1996 to 31.12.1996. Out of this increase of Rs. 363.02 crore, the increase of coal sale dues from Power sector alone works out to Rs. 296.81 crore. Further the increase in the amount disputed by the power and steel sector is Rs. 196.06 crore and 40.85 crore respectively.

55. While examining Demands for Grants (1996-97) of the Ministry of Coal, the Committee desired to know the outcome of the steps taken to recover outstanding dues by the coal companies. The Ministry of Coal *inter-alia* informed the Committee that as a result of various measures taken to recover the outstanding dues from consumers, particularly the power sector consumers, there has been significant reduction in the outstanding dues. The total outstading dues as on 31.07.1995 were Rs. 3733.70 crore and these have come down to Rs. 2962.26 crore as on 31.03.1996. Of this, the total dues from power sector which were Rs. 2975.31 crore on 31.07.1995 had come down to the level of Rs. 2355.49 crore as on 31.03.1996."

56. The Ministry of Coal now have stated that the disputed dues are mounting up because of disputes over the venue of joint sampling of coal supplies to the thermal power stations. Enquired about the steps taken to recover the outstanding dues, the Ministry of Coal have *inter-alia* stated in a written reply as under :—

> "In the meeting held between the Secretaries of the Ministry of Power and Ministry of Coal on 24.04.96, it was decided that to enable full coverage of sampling and analysis of coal at the loading end by the Coal Controller's Organisation (CCO), the manpower required by CCO would be provided by the Coal Companies and the SEBs/CEA in equal numbers. Accordingly, Secretary, Ministry of Power *vide* his D.O. letter No. 19/13/92-OM (Vol. V) dated 18th July, 1996 addressed to the Chairmen of SEBs, have advised the SEBs to provide manpower required by CCO for carrying out the joint sampling arrangements.While coal companies have provided 269 men to CCO, the SEBs and CEA had not provided any person so far. Presently, CCO is doing sampling and analysis of the coal at the loading end with the manpower available with them and also provided by the coal company. However, SEBs have not extended their cooperation to this arrangement."

57. It has further been stated by the Ministry of Coal that the following steps have been taken by the Government/Coal India Limited to recover the outstanding dues from State Electricity Boards :—

(i) Cash and Carry Scheme has been implemented with greater rigour since 01.01.97.

(ii) Recovery of dues by way of adjustment against energy bills is also being done in respect of certain Power Utilities.

(iii) State Governments have been requested to persuade/enable SEBs to clear their outstanding dues at the earliest.

(iv) Recovery from Plan Assistance to National Capital Territory, Delhi towards dues to CIL and the Railways against coal supplies to Badarpur Thermal Power Station was made in 1995-96. This was continued for 1996-97.

(v) Umpires have been appointed for resolving the disputed dues between coal companies and State Electricity Boards. Umpires have completed the hearings in respect of dues concerning BTPS, RSEB, MSEB and TNEB and awards are awaited. Hearings are continuing in respect of dues concerning PSEB, KPCL and GEB.

(vi) Government have also approved the proposal regarding deduction of outstanding dues of Public Sector Undertakings as on 31.12.1996 under the Ministries of Power/Railways/Coal and Atomic Energy through Central Appropriation with the stipulation that the appropriation be restricted annually to a maximum of 15% of the Central Plan Assistance for the concerned State irrespective of the number of years that it may take for the outstanding dues to be cleared. Details of recovery schedules are yet to be intimated by the Ministry of Finance (Department of Expenditure).

58. The Committee are constrained to note that both the disputed and undisputed dues have increased on 31.12.1996 as compared to 31.3.1996 although there was significant reduction from Rs. 3733.70 crore as on 31.7.1995 to Rs. 2962.26 crore on 31.3.1996. The total outstanding dues have increased by Rs. 363.02 crore from 31.3.1996 to 31.12.96 and the increase from Power Sector alone works out to Rs. 296.81 crore. The Committee would like the Ministry of Coal to

explain that despite the reported concrete steps such as recovery of dues by way of adjustment against bills, recovery from plan assistances, appointments of umpires for resolving desputed dues and deduction through central appropriation; why the coal sale dues have increased considerably as on 31.12.1996 as compared to 31.3.96. The Committee also desire to know the amount of disputed dues that have been placed before the umpires and the resultant settlement.

59. On being asked that whether the Coal India Limited/Ministry of Coal has any self-checking mechanism of Coal quality, Chairman, Coal India Ltd. stated during evidence

> "We are doing that. Before despatch, it is being done. We are doing that at loading point before despatch."

60. In this connection, the Secretary, Ministry of Coal stated as under :

> "It has been agreed upon between the Steel Authority and the Coal India that the Central Fuel Research Institute would be verifying the coal stock both for quality and quantity. The present arrangement generally is that the Coal Controller is the authority to verify the quality. Unfortunately, our Coal controller does not have that kind of manpower. When it was verifying stock of 75 million tonnes, it was one thing. Today, with almost 300 million tonnes, they do not have it. Therefore, they have taken the manpower from Coal India who are supplementing them. A few State Electricity Boards—I do not want to name them—have taken umbrage. And they say that these people are representatives of Coal India Ltd. Therefore, their view is weighed in favour of Coal India. They are supplying us with dust and other foreign material for which we are not paying. Now the Board of Coal India has recently taken a decision that apart from Coal Controller, they should have some independent agency whom the buyer can select to have it verified. Now, in the Ministry of Commerce, they have chartered or authorised valuers who have a laboratory to test it. They will be doing it on behalf of the Power Energy if they so wish. If they wish the existing system where a representative of the SEB can also be posted, it is good enough for them. It is all right. But should they have any objection, they can get an independent third party who is going to verify just as CFRI is doing it between the steel company and the coal company."

61. In view of the various user industries pleading that the coal companies should ensure proper grade and quality of coal and the fact that the coal sale dues have been continuously increasing despite several steps taken by the Ministry of Coal, the Committee desire that the public sector coal companies should have an effective self-checking mechanism to evaluate their own coal supply. The Committee expect the coal companies to address themselves to the need of self-satisfaction of the quality of coal supplied and recommend that concrete steps should be taken by the coal companies to avoid complaints from the consumers regarding quality of coal.

G. Coal Production and Pithead Stocks

62. The coal production by Coal India Ltd. subsidiaries and pithead stocks are given below :

(In million tonnes)

	Coal Production				Coal Stocks Vendible Stocks	
	1995-96	1996-97	1996-97	1997-98	As on	As on
	Actual	B.E.	R.E.	B.E.	31.3.95	31.3.96
ECL	27.80	31.00	31.50	32.50	2.23	3.23
BCCL	27.81	29.30	29.50	30.70	3.46	3.78
CCL	30.76	35.20	32.80	34.00	4.95	4.44
NCL	35.20	37.00	37.00	37.00	1.48	1.61
WCL	29.01	29.50	29.70	30.50	3.15	1.44
SECL	53.17	53.00	53.70	55.50	8.73	9.15
MCL	32.70	36.00	37.00	39.50	5.14	3.41
NEC	00.82	1.00	00.80	00.80	1.16	0.92
CIL	237.27	252.00	252.00	260.50	30.30	27.98

The Coal offtake from CIL subsidiaries for 1996-97 as budgeted was 254 MT which was revised to 250 MT. The target for coal offtake during 1997-98 is 262.70 MT.

63. Even after substantial reduction in the level of stock, the stock of ECL, BCCL and CCL is of the order of 1.3 months production. The Ministry of Coal have stated that the liquidation of stock below this level has not been possible mainly because of the shortfall in supply of wagons from the Railways which has been of the order of 111 wagons, 245 wagons and 250 wagons per day in ECL, BCCL and CCL respectively, during the period April, 1996 to February, 1997 compared to the target.

64. In North Eastern Coalfields (NEC), in order to liquidate stock, production plan for 1996-97 was scaled down from 1 million tonne to 0.8 million tonne. However, due to conversion of Railway line from meter-gauge to broad-gauge in the section from Ledo to Lumding, there was practically no rail despatch from NEC during the last 3-4 months. Now that the conversion is likely to be completed soon, it is expected that the despatches from NEC would pick up and it would be possible to bring down stock.

65. Enquired about the reasons for subsequent increase in targeted production of SECL during 1996-97; the Ministry of Coal have stated in a written reply as under :

> "In SECL there was a major increase in offtake during the first six months of the year 1996-97. The offtake in the first 6 months of the year 1996-97 was 14% more than the offtake during the same period in previous year. Consequently the level of stock came down from 9.15 million tonnes at the beginning of the year to 6 million tonnes at the end of September, 1996. At that point of time when the revised estimates were being considered the possibility of further major increase in offtake during the subsequent months of the year appeared to be bright and hence the decision to increase the production programme marginally by a 0.7 million tonnes was taken."

66. Although the Committee appreciate the steps taken to reduce pithead stock by Coal companies, yet the committee are surprised to note that inspite of increase in production as per revised estimate for 1996-97 over Coal offtake during the period by CIL subsidiaries by 2 MT (the revised production of coal during 1996-97 is 252 MT whereas revised offtake is 250 MT) the vendible stock of CIL CIL has been ought down by 4.38 MT during March, 1996 and Feb., 1997. The Committee would like the Ministry of Coal to clarify the position and inform the Committee within one month. The

Committee also desire that the figures relating to targeted decrease in pithead-stocks should be included in the Performance Budget of the Ministry. The Committee also recommend that the coal-stocks be brought to normative level during the current year by all Coal companies. The Committee further note that information base relating to pit-head stocks is inadequate. There is no source of information with the Ministry of Coal regarding stocks except furnished by the Coal India Ltd. The Committee therefore, stress the need for evolving appropriate mechanism for having a clear data on pit-head stock of all the coal fields.

NEW DELHI;
April 25, 1997
Vaisakha 5, 1919 *(Saka)*

JAGMOHAN,
Chairman,
Standing Committee on Energy.

STATEMENT OF CONCLUSIONS/RECOMMENDATIONS CONTAINED IN THE REPORT

Sl. No.	Reference Para No. of the Report	Conclusions/Recommendations
1	2	3
1.	16	The Committee regret to note that despite Committee's repeated recommendations for urgent action to step-up the environment and subsidence control measures and to effectively utilise the funds allocated; the Government have failed to take any concrete steps. Out of Rs. 75 crore allocated during Eighth Plan, the actual utilisation is only Rs. 22 crore. The Budget Estimate for 1996-97 has also been drastically brought down from Rs. 26.10 crore to Rs. 5 crore. The delay in approval and subsequent delay in sanctioning of projects by the Government has resulted in the lower utilisation during 1996-97 and also Budget Estimate for 1997-98 have been kept low. The Committee expect that the four projects for rehabilitation/ reclamation of degraded land areas due to subsidence and fire from ECL and CCL for an estimated cost of Rs. 22 crore will be taken up expeditiously. The Committee desire that the Ministry should give priority to the programme of subsidence control in Jharia & Raniganj. In this regard the Committee would like the Ministry to draw up a specific time bound programme of implementation of these projects and intimate the same urgently. The Committee also observe that against the

1	2	3
		budgetary allocation of Rs. 9 crore for BCCL during 1996-97 for rehabilitation/ reclamation of degraded land area due to be mined out for subsidence and fire; the plan outlay for BCCL during 1997-98 is Rs. 2.880 crore only. The Committee desire to know the reasons for reduced allocation for BCCL during 1997-98. Further, the Committee note with dismay that various Committees have been consituted to solve the problems of subsidence and fire including the one with the World Bank Loan Assistance; but no concrete steps have been taken to implement their recommendations. The Committee would like to know the status of implementation of the recommendations of the expert group which submitted its report in November, 1996.
2.	25	The Committee find that the Eighth Plan allocation for Science and Technology Projects was Rs. 87.00 crore and against this provision of Plan allocation only Rs. 21.19 crore were utilised under this Head (including Rs. 6 crore R.E. for the year 1996-97). The Budget allocation for the Ninth Plan as proposed by the Ministry of Coal is Rs. 80.00 crore. While examining the Demands for Grants (1996-97) by the Committee, the Ministry of Coal had stated that efforts were underway to fully utilise the Budget Estimate during the year 1996-97. The Committee are of the opinion that inspite of the Eighth Plan provision to take up R&D projects which will have direct and

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		immediate commercial application, no concrete steps have been taken by the Government for R&D projects. Inspite of Committee's earlier recommendations to step up the R&D activities and the Government's submission that they have now set up a R&D Board including the coal companies and that they are hopeful this will focus the attention on the importance the R&D should get; the Committee are constrained to note that budget estimates for 1996-97 have been revised from Rs. 14.60 crore to Rs. 6.00 crore. The Committee note that R&D Board set up to effectively coordinate with the various organisations/Institutions to achieve the targeted level of implementation of R&D project have not met with the desired success.
3.	26	The Committee would like the Ministry to also clarify that although during the year 1996-97, five projects for a sum of about Rs. 18 crore having S&T component of Rs. 13.50 crore have been approved by Standing Scientific Research Committee and Government sanctions have been issued, why the Budget Estimates for S&T project during 1997-98 have been kept at Rs. 9.87 crore which is even below the proportionate requirement during Ninth Plan period. Although, the Committee are not satisfied with the present level of R&D activities; the Committee expect that R&D for thrust area during the Ninth Plan would be met with proper coordination and cooperation between

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		research institutes and the coal companies under the close monitoring by the Ministry of Coal so that delay attributable to factors like lack of procedural requirements, lack of focus, lack of coordinated approach is obviated.
4.	35.	The Committee, are constrained to note that the total outlay of Coal India Ltd. during 1996-97 has been revised from Rs. 2143.00 crore to Rs. 1310.83 crore. The decrease in Plan outlay is about 45 percent of budget estimates for Coal India Ltd. during 1996-97. The net budgetary support has also been reduced from Rs. 100 crore to Rs. 50 crore during 1996-97. Coal India Ltd. has also failed to raise the Internal and Extra Budgetary Resources as budgeted and there is no budgetary support for Coal India Ltd. during 1997-98. Against the Budget Estimate of Rs. 2063 crore for CIL during 1994-95, the actuals were Rs. 1604.56 crore and against Budget Estimate of Rs. 2260 crore during 1995-96, the Actuals (P) were Rs. 1503.83 crore. The Committee take a serious note of the fact that inspite of their recommendation last year that the Government and the coal companies should draw an action plan to step up the on-going and future projects with the inflow of such funds as are required to update the project implementation, the Coal Companies failed to invest in the coal projects as envisaged in the plan outlay for 1996-97. The Committee are also

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		constrained to note that no serious exercise has been done for plan formulation as is evident from the fact that expenditure relating to payments of wage arrears was not taken into account while formulating plan for 1996-97 resulting in diversion of funds of Rs. 1000 crore. This expenditure on account of arrears of wages ought to have been forecast as the wage agreement was expiring.
5.	36	The Committee are distressed to note that against the Budget Estimate of Rs. 1805.73 crore for mining, the Revised Estimate have been reduced to Rs. 1111.33 crore during 1996-97. The actuals of 1995-96 for mining purposes were Rs. 1361.34 crore. The Committee desire that the Budget Estimate for 1997-98 should be spent and expect that the contribution of those 10 projects affected due to funds constraint to the Ninth Plan production would be maintained. The Committee would also like to know the steps taken to augment resources including IBRD loan. The Committee find that only Rs. 0.10 crore has been sanctioned during 1997-98 for projects formulated but awaiting approval in case of SECL whereas Rs. 35.90 crore were sanctioned during 1996-97 which though were not utilised. Hence the Committee would like to be informed about the present status of approval of Dipka Expansion of project of SECL.
6.	42	The Committee observe that against the projected demand of 405 MT of coal

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		during 2001-02; the production of coal by domestic coal industry is 359.60 MT leaving a demand supply gap of 46.40 MT. The Committee are constrained to note that no concrete efforts have been taken to meet the coal demand as envisaged during the Ninth Plan. Further the coal companies are reported to meet the demands of only those power utilities which are firm i.e. to an extent of about 14,000 MW and that to only if the demands from the other sectors namely cement, captive power and other general industries are kept at current levels. The Committee are of the view that the reasons behind not meeting the demand by the domestic coal industry is lack of proper planning with low infusion of funds during the past 3-4 years in the new projects. The Committee desire that the issues like forestry clearance, coal movement by rail as suggested by the working group should be taken on priority basis as the new projects will realise benefits during the Ninth Plan. The Committee also feel that unless steps are taken expeditiously to start these projects the production will not only suffer during Ninth Plan but will also restrict the coal production in the Tenth and Eleventh Plan. The Committee recommend that an action plan should be prepared to ensure that projects should not be affected due to non-availability of forest land and due to funds constraint. The Committee would like to be informed of the steps taken in this regard. The Committee

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		also feel that suitable measures should be taken to raise and also fully utilise the plan outlay of Rs. 22543.13 crore in the Coal Industry during the Ninth Plan to recover from the losses suffered due to less investments during Eighth Plan. The Committee would like to be apprised of the action taken in this regard.
7.	51.	The Committee find that with the reduced import duty on coal from 85 percent in 1994-95 to 20 percent in 1996-97 the Indian Coal is almost out of competition in the Eastern Coast and is very near to getting out priced in the Western Region also. The Committee feel that further reduction of Import duty by 10 per cent during 1997-98 will adversely affect the domestic coal industry because the imported coal is not subject to direct taxes in other countries. The point favoured by the Ministry of Coal that power stations on the coastline would be at a disadvantage as our ports are not strong enough to receive the huge quantity of coal only indicates that our coal industry is not prepared to meet the challenges posed by imported coal. The Committee feel that these developments will have a significant impact on the competitiveness of the Indian Coal in the market itself, especially, in the costal regions from where consumers are in a position to import directly and recommend that with the incresing competition pressure, the domestic coal industry should

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		address itself to the need of satisfaction by the consumer in regard to quality of coal supplied. The Committee recommend that the Finance Ministry should strengthen the domestic coal industry and the import duty on coal should be maintained at 1996-97 level and a mechanism should be evolved for imposition and collection of excise duty on imported coal as suggested by the Ministry of Coal. In view of the fact that levies on coal such as royalty constitute an important component of State Governments resources which is very vital for the development of States. The Committee expect the Ministry of Coal to take up the issue with the Ministry of Finance, to ensure that the domestic coal industry should not be adversely affected due to the impact of reduced import duty on coal.
8.	52.	The Committee express the need for ensuring that captive mines earmarked for specific purposes *viz.* thermal power stations, steel industry etc. should be treated as assets and solely be used for the designated purposes. Further, adequate safeguards need to be evolved to ensure that captive mines are used for the designated purposes and not misused/diverted for any other purpose. The Committee also feel that there is a need for stepping up of quality control measures so as to ensure production of high quality coal with low ash content. This is essential to make the coal industry more competitive so that indigenous coal is more in demand in the market.

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9.	58.	The Committee are constrained to note that both the disputed and undisputed dues have increased on 31.12.1996 as compared to 31.3.1996 although there was significant reduction from Rs. 3733.70 crore as on 31.7.1995 to Rs. 2962.26 crore on 31.3.1996. The total outstanding dues have increased by Rs. 363.02 crore from 31.3.1996 to 31.12.96 and the increase from Power Sector alone works out to Rs. 296.81 crore. The Committee would like the Ministry of Coal to explain that despite the reported concrete steps such as recovery of dues by way of adjustment against bills, recovery from plan assistances, appointments of umpires for resolving disputed dues and deduction through Central appropriation; why the coal sale dues have increased considerably as on 31.12.1996 as compared to 31.3.96. The Committee also desire to know the amount of disputed dues that have been placed before the umpires and the resultant settlement.
10.	61.	In view of the various user industries pleading that the coal companies should ensure proper grade and quality of coal and the fact that the coal sale dues have been continuously increasing despite several steps taken by the Ministry of Coal, the Committee desire that the public sector coal companies should have an effective self-checking mechanism to evaluate their own coal supply. The Committee expect the coal companies to address themselves to the need of self-satisfaction of the quality of coal supplied and recommend that concrete steps should be taken by the

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		coal companies to avoid complaints from the consumers regarding quality of coal.
11.	66.	Although the Committee appreciate the steps taken to reduce pithead stock by coal companies, yet the Committee are surprised to note that inspite of increase in production as per revised estimate for 1996-97 over load offtake during the period by CIL subsidiaries by 2 MT (the revised production of coal during 1996-97 is 252 MT whereas revised offtake is 250 MT) the vendible stock of CIL has been brought down by 4.38 MT during March, 1996 and Feb., 1997. The Committee would like the Ministry of Coal to clarify the position and inform the Committee within one month. The Committee also desire that the figures relating to targetted decrease in pithead-stocks should be included in the Performance Budget of the Ministry. The Committee also recommend that the coal-stocks be brought to normative level during the current year by all Coal companies. The Committee further note that information base relating to pit-head stocks is inadequate. There is no source of information with the Ministry of Coal regarding stocks except furnished by the Coal India Ltd. The Committee, therefore, stress the need for evolving appropriate mechanism for having a clear data on pithead stock of all the coal-fields.

APPENDIX–I

DETAILED DEMANDS FOR GRANTS (1997-98) OF MINISTRY OF COAL

(Rs. in crores)

		Major Head	1996-97 (BE)			1996-97 (RE)			1997-98 (BE)		
			Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
REVENUE SECTION											
1.	SECRETARIAT-ECONOMIC SERVICES	3451	0.00	2.58	2.58	0.00	2.58	2.58	0.00	2.88	2.88
2.	LABOUR & EMPLOYMENT										
	COAL MINES LABOUR WELFARE	2230	0.00	28.81	28.81	0.00	28.81	28.81	0.00	26.32	26.32
3.	COAL AND LIGNITE	2803									
(a)	Conservation and safety in coal mines		0.00	50.00	50.00	0.00	50.00	50.00	0.00	52.50	52.50
(b)	Dev. of transportation infrastructure in coal field areas		0.00	50.00	50.00	0.00	50.00	50.00	0.00	52.50	52.50
(c)	Subsidy for transport of coal by rail-cum-sea route		0.00	0.05	0.05	0.00	0.00	0.00	0.00	0.00	0.00
(d)	Other expenditure (Coal Controller, C.O.P., N.C.D.C.)		0.10	1.62	1.72	0.12	1.61	1.73	0.13	1.58	1.71
(e)	Regional Exploration		12.00	0.00	12.00	17.00	0.00	17.00	20.00	0.00	20.00
(f)	Environmental measures and subsidence control		26.10	0.00	26.10	5.00	0.00	5.00	5.00	0.00	5.00
(g)	Research & Development Programme		14.60	0.00	14.60	6.00	0.00	6.00	9.87	0.00	9.87
	Total (Coal & Lignite)		52.80	101.67	154.47	28.12	101.61	129.73	35.00	106.58	141.58
	Total (Revenue Section)		**52.80**	**133.06**	**185.86**	**28.12**	**133.00**	**161.12**	**35.00**	**135.78**	**170.78**
CAPITAL SECTION											
1.	COAL INDIA LTD INVESTMENT	4803	0.00	0.01	0.01	0.00	0.01	0.01	0.00	0.00	0.00
	LOANS AND ADVANCES	6803	100.00	0.00	100.00	50.00	0.00	50.00	0.00	0.00	0.00
2	SINGARENI COLLIERIES CO LTD INVESTMENT	4803	0.00	0.01	0.01	0.00	0.01	0.01	0.00	0.00	0.00
	LOANS AND ADVANCES	6803	118.90	0.00	118.90	113.22	0.00	113.22	178.50	0.00	178.50
3.	NEYVELI LIGNITE CORPN. LTD										
	a) Mining LOANS AND ADVANCES	6803	126.10	0.00	126.10	66.10	0.00	66.10	136.35	0.00	136.35
	b) Power LOANS AND ADVANCES	6801	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.	ACQUISITION OF COAL BEARING AREAS	4803	0.00	10.00	10.00	0.00	10.00	10.00	0.00	10.00	10.00
	RECOVERIES/REDUCTION OF EXPENDITURE										
1.	ACQUISITION OF COAL BEARING AREAS	4803	0.00	-10.00	-10.00	0.00	-10.00	-10.00	0.00	-10.00	-10.00
	Total Capital Section		**345.00**	**0.02**	**345.02**	**229.32**	**0.02**	**229.34**	**314.85**	**0.00**	**314.85**
	GRAND TOTAL (CAPITAL & REVENUE SECTION) (NET OF RECOVERIES)		**397.80**	**133.08**	**530.88**	**257.44**	**133.02**	**390.46**	**349.85**	**135.78**	**485.63**

APPENDIX-II

SOURCE WISE/COMPANIES WISE FINANCING PATTERN

(Rs. in crores)

Name of the Company	IR	Bonds	Suppliers' Credit	Others ARM	Total IEBR	Gross Budget Support	Total Outlay	External aid through Budget	Net Budget
COAL INDIA LTD									
1993-94 (Actuals)	700.57	200.00	117.67	332.68	1350.92	337.00	1687.92	204.00	133.00
1994-95 (Actuals)	806.03	300.00	59.81	119.10	1285.04	319.52	1604.56	108.00	211.52
1995-96 (Actuals)	975.64	0.00	89.27	150.00	1214.91	288.72	1503.83	41.00	247.72
1996-97 (B.E)	712.00	400.00	431.00	500.00	2043.00	100.00	2143.00	0.00	100.00
1996-97 (R.E)	685.83	400.00	175.00	0.00	1260.83	50.00	1310.83	0.00	50.00
1997-98 (B.E)	1154.78	100.00	0.00	1015.17	2269.95	0.00	2269.95	0.00	0.00
S.C.C.L.									
1993-94 (Actuals)	133.27	0.00	14.71	212.00	359.98	185.00	544.98	185.00	0.00
1994-95 (Actuals)	335.19	0.00	98.75	0.00	433.94	82.64	516.58	9.24	73.40
1995-96 (Actuals)	122.00	0.00	0.00	127.55	249.55	44.36	293.91	44.36	0.00
1996-97 (B.E))	215.32	0.00	35.00	169.75	420.07	118.90	538.97	42.78	76.12
1996-97 (R.E)	76.78	0.00	35.00	100.00	211.78	113.22	325.00	37.10	76.12
1997-98 (B.E)	-191.61	0.00	35.00	480.86	324.25	178.50	502.75	18.50	160.00
N.L.C (Coal)									
1993-94 (Actuals)	0.00	2.18	0.00	0.00	2.18	41.06	43.24	13.75	27.31
1994-95 (Actuals)	19.84	87.84	0.00	0.00	107.68	5.14	112.82	5.14	0.00
1995-96 (Actuals)	134.60	1.43	0.00	0.00	136.03	0.00	136.03	0.00	0.00
1996-97 (B.E)	41.55	85.74	58.16	0.00	185.45	126.10	311.55	21.10	105.00
1996-97 (R.E)	53.43	80.51	68.09	0.00	202.03	66.10	268.13	21.10	45.00
1997-98 (B.E)	0.00	26.61	72.00	100.00	198.61	136.35	334.96	0.35	136.00
N.L.C. (Power)									
1993-94 (Actuals)	0.00	55.50	0.00	0.00	55.50	38.75	94.25	12.96	25.79
1994-95 (Actuals)	10.16	44.96	0.00	0.00	55.12	12.46	67.58	12.46	0.00
1995-96 (Actuals)	14.72	30.63	0.00	0.00	45.35	0.00	45.35	0.00	0.00
1996-97 (B.E)	179.31	28.99	39.28	0.00	247.58	0.00	247.58	0.00	0.00
1996-97(R.E)	83.77	42.36	72.97	0.00	199.10	0.00	199.10	0.00	0.00
1997-98 (B.E)	0.00	96.81	28.00	125.00	249.81	0.00	249.81	0.00	0.00
TOTAL									
1993-94 (Actuals)	833.84	257.68	132.38	544.68	1768.58	601.81	2370.39	415.71	186.10
1994-95 (Actuals)	1171.22	432.80	158.56	119.10	1881.78	419.76	2301.54	134.84	284.92
1995-96 (Actuals)	1246.96	32.06	89.27	277.55	1645.84	333.08	1978.92	85.36	247.72
1996-97 (B.E)	1148.18	514.73	563.44	669.75	2896.10	345.00	3241.10	63.88	281.12
1996-97 (R.E)	899.81	522.87	351.06	100.00	1873.74	229.32	2103.06	58.20	171.12
1997-98 (B.E)	963.17	223.42	135.00	1721.03	3042.62	314.85	3357.47	18.85	296.00

PART II

MINUTES OF THE FOURTEENTH SITTING OF THE STANDING COMMITTEE ON ENERGY HELD ON 9TH APRIL, 1997

The Committee sat from 15.00 to 17.30 hours.

PRESENT

Prof. (Smt.) Rita Verma — *In the Chair*

MEMBERS

2. Shri Karia Munda
3. Shri Ravindra Kumar Pandey
4. Shri Muni Lal
5. Shri Sriram Chauhan
6. Shri Sriballav Panigrahi
7. Shri P. Kodanda Ramaiah
8. Shri Haradhan Roy
9. Shri Ramendra Kumar
10. Shri Ramji Lal
11. Shri Ved Prakash Goyal
12. Shri Lakhiram Agarwal
13. Shri Dipankar Mukherjee
14. Shri Gaya Singh
15. Shri V.P. Duraisamy
16. Shri Rajendra Prasad Mody
17. Shri Rajnath Singh 'Surya'

SECRETARIAT

1. Shri G.R. Juneja — *Deputy Secretary*
2. Shri A.S. Chera — *Under Secretary*

WITNESSES

Ministry of Coal

1.	Shri N.P. Bagchee	—	Secretary
2.	Shri P.K. Banerjee	—	Additional Secretary
3.	Shri Vivek Mehrotra	—	Joint Secretary
4.	Shri J. Harinarayan	—	Joint Secretary
5.	Shri G.B. Mukherji	—	Joint Secretary

Public Sector Undertakings

6.	Shri P.K. Sengupta	—	Chairman, Coal India Limited
7.	Shri P.V. Bhoopathy	—	CMD, Neyveli Lignite Corporation Limited.

In the absence of the Chairman, the Committee chose Prof. (Smt.) Rita Verma to act as Chairperson for the sitting under Rule 258 (3) of Rules of Procedure and Conduct of Business in Lok Sabha.

2. The Committee took oral evidence of the representatives of Ministry of Coal in connection with the examination of Demands for Grants (1997-98) of the Ministry of Coal.

3. The important points discussed by the Committee are as follows :—

(i) The impact of reduced import duty on coal on the public sector coal industry;

(ii) Plan investment in coal projects during 9th Plan to meet the coal demand;

(iii) Low utilisation of Budgeted allocation by Coal Companies;

(iv) Steps taken to make the 9th Plan investments in coal sector realistic;

(v) Coal supply self-satisfaction about quality of Coal supplied; and

(vi) Low utilisation of funds for environmental measures, subsidence control and Research & Development Schemes during 8th Plan period.

4. A copy of the verbatim proceedings of the sitting of the Committee has been kept on record.

The Committee then adjourned.

EXTRACTS OF MINUTES OF THE FIFTEENTH SITTING OF THE STANDING COMMITTEE ON ENERGY HELD ON 19TH APRIL, 1997

The Committee sat from 11.00 to 11.45 hours.

PRESENT

Shri Jagmohan — *Chairman*

MEMBERS

2. Prof. (Smt.) Rita Verma
3. Shri Sriram Chauhan
4. Shri Sriballav Panigrahi
5. Shri Tariq Anwar
6. Shri Iswar Prasanna Hazarika
7. Shri P. Kodanda Ramaiah
8. Shri Ram Kirpal Yadav
9. Shri Anand Mohan
10. Shri Prem Singh Chandumajra
11. Shri Chitta Basu
12. Shri Madhavsinh Solanki
13. Shri M. Rajasekara Murthy
14. Shri Ramji Lal
15. Shri Ved Prakash Goyal
16. Shri Rajnath Singh 'Surya'

SECRETARIAT

1. Shri G.R. Juneja — *Deputy Secretary*
2. Shri A.S. Chera — *Under Secretary*

2. The Committee considered and adopted the following Draft Reports :

(i) ** ** **

(ii) ** ** **

(iii) Draft Report on Demands for Grants (1997-98) relating to Ministry of Coal.

(iv) ** ** **

3. The Committee also authorised the Chairman to finalise the above mentioned Reports and present the same to Parliament.

The Committee then adjourned.

** Paras 2 (i), (ii) & (iv) of the Minutes relating to consideration of three other Draft Reports on Demands for Grants (1997-98) have not been included.