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**STANDING COMMITTEE
ON ENERGY
(1996-97)**

ELEVENTH LOK SABHA

MINISTRY OF COAL

DEMANDS FOR GRANTS (1996-97)

SECOND REPORT

AUTHENTICATED COPY



CHAIRMAN COMMITTEE ON ENERGY

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**LOK SABHA SECRETARIAT
NEW DELHI**

August, 1996/Bhadra, 1918 (Saka)

SECOND REPORT
STANDING COMMITTEE ON ENERGY
(1996-97)

(ELEVENTH LOK SABHA)

MINISTRY OF COAL

DEMANDS FOR GRANTS (1996-97)

*Presented to Lok Sabha on 3 September, 1996
Laid in Rajya Sabha on 3 September, 1996*



LOK SABHA SECRETARIAT
NEW DELHI

August, 1996/Bhadra, 1918 (Saka)

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CORRIGENDA TO THE SECOND REPORT OF THE
STANDING COMMITTEE ON ENERGY ON DEMANDS
FOR GRANTS(1996-97) OF MINISTRY OF COAL

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ON ENERGY
(1996-97)

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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 Second Report on the Demands for Grants (1996-97) relating to the Ministry of Coal.

2. The Committee took evidence of the representatives of the Ministry of Coal on 14th August, 1996.

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 22nd August, 1996.

NEW DELHI;
August 27, 1996
Bhadra 5, 1918 (Saka)


JAGMOHAN,
Chairman,
Standing Committee on Energy.

PART I

REPORT

Analysis of Demands for Grants 1996-97

The Ministry of Coal have presented Demands for Grants of Rs. 530.88 Crores for the year 1996-97 against Rs. 519.24 Crores (Actual) in 1994-95 and Rs. 539.69 Crores (revised) in 1995-96. The break-up of Demands for Grants of the Ministry of respect of these three years are given below :-

(Rs. in Crores)

	B.E. 1994-95		Actual 1994-95		B.E. 1995-96		R.E. 1995-96		B.E. 1996-97	
	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
Revenue Section	23.50	170.95	4.84	106.97	43.82	131.42	25.10	128.32	52.80	133.06
Capital Section	563.48	NIL	402.16	5.36	431.18	0.01	386.26	0.01	345.00	0.02
Total (Revenue & Capital Section)	586.95	170.95	407	112.33	475.00	131.43	411.36	128.33	397.80	133.08

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

A. Environmental Measures and Subsidence Control

Major Head 2803

3. The Eighth Plan had envisaged a major thrust in environmental management in the following two areas:-

- (a) Control of Mine fires in Jharia Coalfields.
- (b) Control of subsidence in the old abandoned area of Raniganj Coalfields.

4. A total provision of Rs. 75 Crores had been made as the Eighth Plan Outlay under this Head. The funds earmarked for Environmental

measures in the Budget during each of last two years and for 1996-97 are given below :-

(Rs. in Crores)					
1993-94	1994-95		1995-96		1996-97
Actual	B.E.	Actual	B.E.	R.E.	
5.00	5.00	—	5.52	2.00	26.10

5. In a note furnished to the Committee, the Ministry of Coal have stated that the funds could not be utilised under this Head for want of any viable scheme or project.

6. The Ministry was asked about the rationale behind allocating Rs. 5.52 crores under the Plan head for a scheme which was not with the Ministry. The Committee were *inter-alia* informed in a written reply as under :—

“During the years 1992-93 and 1993-94, a seed money of Rs. 5 crores for each financial year was made available to Coal India Limited for dealing with the problems arising out of old abandoned mine workings. Since the institutional arrangements with the State Government of West Bengal could not be finalised, the money could not be utilised by CIL. Hence no amount was released to CIL for the financial year 1994-95.”

7. During the year 1995-96, a few schemes were formulated by CIL and a budget provision of Rs. 5.52 crores was earmarked which was revised to Rs. 2.00 Crores.

8. The Ministry have further stated, that :—

“Formulation of projects for dealing with stabilisation of underground voids and rehabilitation/reclamation of degraded land area due to subsidence and fire is a technically demanding exercise. No established technology for these purposes is available. Degradation of land, subsidence and coal fires are the result of coal mining carried out in the past. Detailed accurate plans and exact delineation of the effected areas are not available. As such, fresh surveys have to be undertaken. Owing to the above, a limited number of projects could be formulated by the coal companies for Government approval. These were examined but could not be approved in 1995-96”.

9. On an enquiry made by the Committee about the present status of projects submitted by the Coal Companies to the Government for

approval, the Ministry of Coal stated in a post evidence reply as under :—

“The recast/modified Environmental and Subsidence Control projects were placed before the Standing Scientific Research Committee (SSRC), a high level body to approve Research and Development projects, in its 23rd meeting. The projects, (8/96) are now being processed for financial approval.”

10. Regarding schemes/projects to be implemented under the proposed demand of Rs. 26.10 Crores 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.

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

	(Rs. in crores)
Stabilisation of underground voids 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

12. The Standing Committee on Energy (1995-96) in their 31st Report (10th Lok Sabha) on Action Taken on the Recommendations contained in the 21st Report of the Committee on Demands for Grants of the Ministry of Coal, had noted that it should be the sole responsibility of coal companies to take appropriate-remedial and preventive measures in areas which fall within the leasehold of coal companies even though occurrence of subsidence is due to pre-nationalisation mining activities and illegal mining operations. It had also recommended that the funds available under the Coal Mines Safety and Conservation Act should be fully utilised by coal companies for this purpose. The Committee note

with dismay that despite the earlier recommendations of the Committee and the gravity of the problem of subsidence, no urgent action has been taken to finalise the institutional arrangements with the concerned State Governments. The Committee emphasise the need of setting up of institutional arrangements with the State Governments at the earliest. They desire that the plan allocation for 1996-97 should be effectively utilised to control subsidence in old worked-out mines. The Committee are surprised to note that the Ministry have stated that the detailed accurate plans and exact delineation of the affected areas are not available and have therefore sought for fresh surveys. The Committee would like the Ministry of Coal to ensure that there is no further delay in the aproval of Environmental and Subsidence Control projects and expect the Ministry to complete the work in a time-bound manner.

8. Research and Development

Major Head 2803

13. The Research Development activities in coal sector are administered through an apex body namely Standing Scientific Research Committee (SSRC) with Secretary (Coal) as its Chairman. The functions of SSRC are to plan programme, budget and oversee the implementation of research projects and seek application of the findings of the R&D work done. The SSRC is being assisted by four Standing Sub-Committees, each dealing with one of the four relevant major areas of research, viz. (i) Production, Productivity and Safety, (ii) Coal Beneficiation, (iii) Coal Utilisation, and (iv) Environment and Ecology.

14. The 8th plan allocation for Science and Technology which includes R & D activities is stated to be Rs. 87 crores.

15. The Budgetary provisions for Research and Development activities during 1996-97 is Rs. 14.60 crores. The financial achievement in the first four years of Eighth Plan has been as under:

(Rs. in lakhs)

Year	B.E. Provision	R.E. Provision	Utilisation	
			Actual	As % of RE provision
1993-94	790	790	370.53	46.90
1993-95	691	391	531.82	136.02
1994-95	740	740	384.37	51.94
1995-96	2020	1000	232.04	23.20

16. Enquired about non-utilisation of funds during 1994-95, the Ministry of Coal stated that:

“Though no funds were released during 1994-95 out of the provision of Rs. 7.41 crores, an expenditure of Rs. 3.84 crores was, nevertheless, incurred on research and development activities during the year by CMPDIL out of funds available with it from releases in earlier years.”

17. Asked as to why the funds released earlier but not utilised has not been surrendered, the Ministry of Coal informed the Committee in a post evidence reply that the funds were not surrendered by CMPDI in order not to impede the progress of work. CMPDI releases funds to not various institutions for the on-going research and development projects on which the expenditure is regularly being incurred. It was further stated that the surrender of unutilised funds by CMPDI may impede the flow of funds to the implementing institutions which may delay the implementation of on-going projects.

18. The Committee are of the opinion that the practice followed by Ministry of Coal is in deviation of the normal principle, as the funds not utilised during a financial year are required to be surrendered and accounted for. The Committee expect that in future the Ministry will take care of this and the funds provided separately for R&D activities would be utilised and the targets achieved.

19. Against the outlay of Rs. 87 crores approved for the 8th Five Year Plan for S&T Schemes, the provision made during the first three years of the Plan i.e. 1992-93 to 1994-95 was Rs. 26.50 crores against which actual expenditure incurred was Rs. 9.15 crores. For 1995-96, against the approved outlay of Rs. 21.30 crores, the actual expenditure (provisional) was Rs. 3.5 crores. For 1996-97, the budget outlay for this purpose has been kept at Rs. 14.7 crores. The Ministry of Coal have stated that efforts are under way to fully utilise this outlay during the year 1996-97.

20. When enquired as to why the Budget Estimates for R&D activities are low as compared to the yearwise proportionate requirements as per the 8th Plan outlay, the Ministry of Coal informed the Committee in a written reply as under:

“The main reasons for low Budget Estimates on R&D activities as compared to the outlay for the 8th Plan period are given below:

- (i) A lot of time is taken in purchase formalities for procurement of imported equipment. The R&D work some time require non-standard equipment for which many vendors are not available.

As acceptance of single quotation has its own ramifications, at times global tendering has to be done for procurement of equipment twice or even thrice.

- (ii) Project involving more than one institution lead to problems of coordination of research activities.
- (iii) Shortage of research personnel specially for projects with educational institutions.
- (iv) Projects with coal companies, in the absence of separate R&D set-up, did not get required priority."

21. Elaborating on these problems the Secretary, Ministry of Coal stated during evidence that:

"We are talking of projects pertaining to R&D. These are unusual out of the normal and, therefore, what we have said is that where such project is taken up by some institutions, it involves the producement of unusual or non-standard equipment and obtaining non-standard equipment is not easy. We do not want the institution to go into the purchase against a single tender because that leads to a lot of problems which I need not go into at this stage. So this is a time consuming process. In certain cases, it is necessary to go in for global tender because the items required may not be forthcoming indigenously. So this is real problem.

So far as the second point is concerned, 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 project 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 crux of the fact that expenditures have been low and the progress has not been satisfactory. It is in realisation of this factor that the coal companies have now set up a 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."

22. The Committee are constrained to note that the R&D activities which are vital for growth of coal industry has been a neglected area. Against the outlay of Rs. 87 crores, the budget provision for the first four years of the Plan was Rs. 47.80 crores and the actual expenditure was about Rs. 12 crores only. The reasons for low utilisation of funds

stated by Ministry of Coal such as problem in procurement of equipment, problem of co-ordination, shortage of research personnel etc. are untenable. The Committee desire that the Ministry should step up the R&D activities to achieve the major thrust areas such as production, safety, coal beneficiation, coal utilisation etc. as identified at the time of formulation of the Eighth Plan. The Committee expect that with the set-up of an R&D Board involving all coal companies, the targets for R & D activities will be achieved. The Committee would also like to know the specific role entrusted to R&D Board *vis-a-vis* Standing Scientific Research Committee in the Ministry of Coal and CMPDIL which at present is engaged in coordination and integration of applied Research and Development etc.

C. Plan Performance and Project Implementation

Major Head 6801 & 6803

23. The plan outlay for the Ministry of Coal is almost entirely limited to meet the financial requirements of there Public Sector Undertakings *viz.* Coal India Limited, Neyveli Lignite Corporation and Singareni Collieries Company Limited for Plan investments in new mining and power projects. The plan outlay and actual expenditure of the three companies during the last three years are given below:

	(Rs. in Crores)							
	1993-94		1994-95		1995-96		1996-97	
	B.E.	Actual	B.E.	Actual	B.E.	Actual (P)	B.E.	
CIL	1901	1688	2063	1604.56	2260.00	1580.29	2143.00	
NLC	395	137.49	329	180.40	566.38	176.50	559.13	
SCCL	642.40	545	483	516.58	516.00	259.35	538.97	

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

24. Enquired about the reasons for shortfall in investment in CIL and SCCL during 1995-96 as compared to that in 1994-95, the Ministry of Coal stated in a written reply as under:

"The main reasons for shortfall in plan expenditure have been inability to raise targetted level of bonds and additional resources, as well as the shortfall in generation of internal resources. Source of

funding and actual availability of funds for the year 1995-96 for CIL and SCCL are given below:

	1995-96 BE		1995-96 Actual	
	CIL	SCCL	CIL	SCCL
Internal Resources	912.02	394.00	1105.12	96.44
Bonds	400.00		—	—
Inter-corporate loan	—	—	150.00	—
Suppliers' Credit	56.94	—	36.45	18.55
Other Additional	650.00	100.00	—	100.00
Resource Mobilisation				
Total IEBR	2019.00	494.00	1291.57	214.99
Gross Budgetary Support	241.00	22.00	288.72	44.36
External Aid through Budget	41.00	22.00	41.00	44.36
Net Budget Support	200.00	—	247.72	—
Total Outlay	2260.00	516.00	1580.29	259.35

25. Regarding major shortfall in plan investment in CIL, Secretary, Ministry of Coal stated during evidence:

“.....it occurred mainly on two grounds at the beginning of the year, the expectation was that CIL will be able to raise bonds from the market amounting to Rs.400 crore. This did not materialise. Similarly, CIL was to get additional resource mobilisation of the order of Rs. 650 crores. This really was a loan expected from the World Bank. This did not materialise. So this led to a drop of about Rs. 1,050 crores.”

26. In case of Singareni Collieries Company Limited, the Ministry of Coal, informed the Committee in a written reply that the company could not raise the targetted level of internal resources.

27. In reply to a query regarding the reasons for such optimism for raising of funds under these Heads during 1996-97 as CIL had been unable to raise the Bonds during 1995-96 and also it had also failed to

raise any other Additional Resources during 1995-96 against targetted sum of Rs. 650 Crores, the Coal Secretary, stated as under:

"In the current year, we hope that when we go to the market, we will be able to raise the money. There is a reasons for that. With the financial restructuring which the Government decided in respect of CIL a few months ago has improved the financial health of the Coal India considerably. Its balance-sheet now looks much healthier. They have also approached the credit rating agencies. They hope to get a good credit rating from them so that it should be possible for them to raise bonds. It would be observed that even in the earlier years, Coal India had gone to the market. It had raised bonds. So, in the changed situation, owing to the factors I have mentioned, we are quite confident that in the current year, it should not be difficult to raise this money."

28. Regarding the impact of non-availability of funds, the Chairman, Coal India Limited stated during evidence:

"Coming to the projects which suffered, the effect was on the new open cast mines which we had planned. In Raniganj, we had two new projects—Kottadih open cast mines and Jambad open cast mines. We could not start these in time because of shortage of funds. In BCCL, it was a little bit of washery modification and new washery construction. The effect was on that. About CCL, we had planned a few mines in North Karanpura area, although there are land problem and forest land problem, if we had money, probably, we could have provided equipment to some of these projects. In Northern Coalfieldss, a major project, which has been approved quite sometime back, was the Dudhichua expansion project which is linked with the NTPC's Vindhyachal Power Station. It is supposed to produce 5 million tonnes. It has virtually become a non-starter because money was not available. We now go to South Eastern Coalfields. There are one or two new mines Dipka expansion and there is one more mine where we supposed to order equipment. So far, we have not been able to do so. In WCL, two or three underground mines have suffered."

29. It was further stated that mobilisation of additional resources. of Rs. 500 crores envisaged during 1996-97 it relates arose out of the expectation of revision of administered prices of coal which was long overdue. Therefore the achievement of this measure for additional resources mobilisation was attainable.

30. The Committee observe that in case of CIL the Budget Support for 1995-96 has been raised from Rs. 241 Crores to Rs. 288 Crores in whereas IEBR has come down from the target of Rs. 2019 Crores to Rs. 1291.57 Crores during 1995-96. The major constraints in implementing the projects and achieving the desirable growth has been stated to be non-availability of sufficient funds. The actual expenditure has been decreasing in case of CIL, SCCL during the past 3 years as compared to the plan budgetary outlays. The Ministry of Coal have stated that it has been decided in February, 1996 to restructure the capital of CIL in order to improve the financial health of the Company which will enable it to raise the necessary resources for investment in coal projects. The Committee observe that since the coal companies failed to invest in the coal projects as budgeted during the last three years, the impact of this on coal production is likely to be adverse in the next few years. The Committee, therefore, desire the Government and coal companies to draw-up a time bound action plan to speed-up the on-going and future projects with the inflow of such funds as are required to update the project implementation as per the Eighth Plan outlays.

31. It has been stated in the Economic Survey, 1995-96 that as on September 30, 1995, out of 76 projects under implementation in the coal sector, 22 projects under implementation in the coal sector, 22 projects are bedevilled by time and cost overruns. On an average, the cost overrun per project is about Rs. 65 Crores and the time overrun per project is about 35 months.

32. However in case of Samleshwari, Opencast mine of Mahandi Coalfield Limited., Sambalpur, Orissa it was that the project with a capacity of 2.46 MT and an anticipated cost of Rs. 126.85 crores had been completed in March, 1996 with an investment of Rs. 66.96 crores only.

33. Enquired about this huge variation between the project report provision and the actual expenditure in case of this project, the Ministry of Coal in a post evidence reply furnished to the Committee stated as under:—

“Projects are declared completed as per the guidelines laid down by the BPE which stipulate, *inter-alia*, that a project would be deemed completed with the achievement of 80% of the rated capacity and completion of construction activities to sustain this level of production. There is generally a spill-over of outlays to be made on balance jobs after declaring a project completed. Also, there is a gap in the period of physical progress made and accounting of expenditure incurred

thereon and the finalised figures are available only after auditing of expenditures made after closure of the financial year.

In Samleshwari Project of MCL, expenditure (prov.) incurred till March, 1996 had been Rs. 66.96 crores. About Rs. 22 Crores would have to be spent in later years for acquiring land (land is acquired in phases as the mining progresses), construction of the balance residential/service buildings and procurement of the balance HEMM. As per experience gained in other mines, the requirements of P&M have been rationalised. Further, coal despatches through coal handling plant in Samleshwari Opencast project has been substituted by the more cost effective system of wharf-wall loading of wagons by pay loaders. These changes have effected a saving of about Rs. 33.0 Crores in the project cost. The proceeds of coal sales before the mine was brought to revenue account were more than planned and effected a saving of about Rs. 8.0 Crores."

34. The Committee note, that as per the experience gained in other mines, there was a deviation from the original plan and the more cost effective system of wharf-wall loading of wagons by pay loaders was introduced in Samleshwari Opencast project resulting in a saving of about Rs. 30 crores. The Committee appreciate the coal company's efforts to reduce project cost. They are of the opinion that project implementation is required to be stepped-up. The Committee stress that a plan should be drawn-up expeditiously to complete the 76 projects which are bedevilled by time and cost-overruns in a time bound framework and funds be separately earmarked for them.

D. Coal Sale Dues

35. Coal India Limited is required to meet the coal needs of all consumers including power, steel, cement plants etc. As a matter of commercial prudence, coal has to be supplied after payment has been made, but this principle had not been made applicable in the case of bulk consumers like power houses, steel plants etc. till June, 1995 with the result that an amount of Rs. 2962.26 Crores (provisional) was outstanding as on 31.3.96. Dues from power houses accounted for nearly 80% of the total dues.

36. Some consumers like Badarpur Thermal Power Station and UPSEB are reported to be not paying even the undisputed dues. In their reply dated 31.7.95 to the Committee's recommendation contained in the 21st Report (Tenth Lok Sabha) of the Committee, the Government have *inter-alia* stated that the coal companies are holding periodical discussions with State Electricity Boards to reconcile the outstanding dues and to persuade them to make payments.

37. It has further been stated that for resolution, of disputes umpires have been appointed on 17.5.95 who would take up the disputes of the SEBs that might remain unresolved even after discussion between the coal companies and concerned SEBs. Proceedings before the umpires have been reported to commence shortly.

38. The Committee desired to know the outcome of the steps taken to recover outstanding dues of the coal companies. The Ministry of Coal *inter-alia* informed the Committee in a post-evidence reply as under:

“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 outstanding dues as on 31.7.95 were Rs. 3733.70 crores and these have come down to Rs. 2962.26 crores as on 31.3.96. Of this the total dues from power sector which were Rs. 2975.31 crores on 31.7.95 had come down to the level of Rs. 2355.49 crores as on 31.3.96.”

The details regarding SEB-wise dues as on 31.7.95 and as on 31.3.96 are given in Appendix-III.

It further stated that:—

“As per decision taken in a meeting of the Committee of Secretaries held on 17th March, 1994, 4 umpires have been appointed in May, 1995 for the purpose of disputes resolution between the States Electricity Boards and Coal India Limited. Such appointment has been made from the names suggested by the Cabinet Secretariat and other sources. All the umpires are eminent persons who had all earlier worked as Secretaries to the Government of India. Both the sides (SEBs and CIL) have been allowed to raise matters which have remained unresolved after mutual discussions before the umpires. Coal India Limited has from its side, placed disputed amounts of around Rs. 600 crores before these umpires. In certain cases the hearings have already been completed, while in others, they are progressing satisfactorily. The awards are expected once all such hearings are concluded and should help in bringing down the disputed amount substantially.”

39. The Committee observe that the disputed dues from power sector consumers have come down from Rs. 1489.62 crores as on 31.7.95 to Rs. 1208.17 crores as on 31.3.96. The undisputed dues have also come down from Rs. 1485.69 in August, 1995 to Rs., 1147.32 crores as on March, 1996. Umpires have been appointed for settlement of disputed dues before whom proceedings are already in progress. Since Coal

India Limited is facing a resource crunch, the Committee fail to understand why Coal India Limited has placed an amount of Rs. 600 Crores only as disputed dues before the umpires for settlement against the actual claim of Rs. 1489.62 crores. The Committee further observe that in case of Bihar State Electricity Board the undisputed amount has risen from 39.74 crores as on 31.7.95 to Rs. 62.24 crores as on 31.3.96 and in case of Gujarat Electricity Board from Rs. 105.27 Crores to Rs. 109.79 Crores during the period. The Committee expect that some concrete steps would be initiated by Coal India Limited to recover these undisputed dues from the power sector consumers at the earliest so that on-going and future projects are not affected by resource crunch. The Committee also observe that the disputed dues from SEBs relate to both the quality and quantity of coal supplied. The dues have gradually increased since 1991, when the Coal India Limited switched over the venue of coal sampling from users' end to loading-points at pit-heads. The Committee recommend that a fair mechanism should be evolved to protect the interests of the producer as well as the consumer so as to avoid disputes of both quality and quantity of coal supplied.

E. Lignite Production

40. The Lignite production for 1996-97 as stated in the Performance Budget 1996-97 of the Ministry of Coal is 16 Million Tonnes against an capital outlay of Rs. 311.55 Crores whereas it was 17.21 MT against Revised Capital outlay of Rs. 288.41 Crores during 1995-96. Similarly, the power generation for 1996-97 is estimated at 10685 Million Unit against an Capital outlay of Rs. 247.5 Crores whereas it was 12268 against Revised Estimates of Rs. 120.78 Crores during 1995-96.

41. On being asked why the Budget Estimates for production of lignite and power generation have been kept low in spite of increase in capital outlay for both the sectors during 1996-97, the Ministry of Coal informed in a written reply as under:

1995-96

LIGNITE:

During the year 1995-96 an estimated outlay of Rs. 288.41 crores was provided in this sector. The major expenses pertain to Float Machine, First Mine Expansion and Life Extension to 4 Nos. Bucket Wheel Excavators (BWEs). These projects have a long gestation period and will not produce any additional lignite either in 1995-96 or in the early 1996-97. Regarding the Float Machine, it is expected to be commissioned in November, 1996 only, and would produce additional lignite only in 1998-99. There is thus no correlation of the capital outlay during 1995-96 to the overall lignite production in that year.

POWER:

Further, during 1995-96, residuary contractual payments in respect of TPS-II have been made. LEP of TPS-I/TPS-I Expn. for which expenditure was incurred in 1995-96 would yield result only from 1998-99 and thereafter.

1996-97**Lignite:**

In 1996-97, Rs. 311.55 crores is provided under coal sector. Part of this is for on-going projects and other residuary contractual payments which again will not have any correlation for estimated production in 1996-97. The targetted increase of production of lignite by 5 lakh tonnes in 1996-97 as compared to 1995-96 is mainly to cater to increased targetted power generation.

Power:

In 1996-97 target of power is higher but cannot be increased further despite an additional capital outlay due to operational constraints in the year (overhauls/life extension programme etc.).

42. The Committee find the information in the Performance Budget, 1996-97 and in the written replay of the Ministry contradictory. The Lignite production in 1996-97 is stated to be 10 MT as against 17.21 MT in 1995-96 in the Performance Budget. However, in the written reply furnished to the Committee, the Ministry of Coal have stated that in 1996-97, the targetted production of lignite is up by 5 lakh tonnes as compared to 1995-96. Similarly, contradictory information has been furnished in regard to power generation by Neyveli Lignite Corporation. Nowhere has the Ministry explained the reasons for these contradictions. In view of this, the Committee are unable to draw any conclusion about the overall production performance of Neyveli Lignite Corporation. The Committee regret that the data has not been compiled carefully by the Ministry.

F. Production of Coking Coal

43. The coking coal to be supplied to the steel plants is required to be washed to ensure better and uniform quality of coal. Towards this purpose, at present 15 washeries are reported to be operating in Coal India Limited. Two more washeries at Madhuband and Kedla are reported to be under construction. The coking coal supplies to the steel plants, which was 10.31 mt. during 1994-95 reached a level of 11.56 mt. (provisional) in 1995-96 and is anticipated to reach a level of 12.25 mt. by 1996.97.

44. On an enquiring made about the shortfall in coking coal supply to the steel plants and how it was proposed to be met the Committee were informed that the Planning Commission has assessed washed coal availability of 11.21 million tonnes from CIL for the steel plants in 1996-97. In addition, about 2.80 million tonnes of washed coal was expected to be made available from the washeries of TISCO and SAIL. Thus the total indigenous availability of washed coking coal for the steel plants during 1996-97 would be 14.01 million tonnes.

45. The Ministry of Steel has assessed a coking coal requirement of 23.25 million tonnes for SAIL, VSP and TISCO plants for the year 1996-97, thus leaving a gap of 9.24 million tonnes which is planned to be bridged by import of low ash coking coal by the steel plants.

46. About the construction of Madhuband and Kedla washeries, the Ministry of Coal informed that Madhuband washery is now scheduled to be completed by January, 1997. The trial run of the Kedla washery was scheduled in June, 1996 but M/s Hindustan Steel Construction Ltd. (HSCL), the principal contractor, could not adhere to this schedule. Efforts are underway to commission this washery at the earliest. Capacity of raw coal through-put for Kedla washery is 2.60 mt. and that for Madhuband washery is 2.50 mt.

47. When asked about the reasons regarding the projected delay by M/s HSCL to adhere to June, 1996 schedule of commissioning of the Kedla washery, the Ministry of Coal in a post evidence reply informed the Committee as under:

"A meeting was held between Managing Director of Hindustan Steel Construction Ltd. (HSCL) and CMD, CCL on 23.4.1996 when MD, HSCL had agreed that all the balance works, namely, construction of slurry pond and erection of pipe and pipe fittings would be completed by 31st May, 1996 so that trial run of the plant could be started from June, 1996, CCL took up the matter with M/s HSCL and their General Manager was called for discussions on 11.6.96. Though HSCL committed that all the jobs pertaining to trial run would be completed by 31.7.1996, this revised commitment could also not be adhered to mainly because of frequent stoppage of work on some or the other grounds by workers belonging to sub-contractors of HSCL and also due to delay in supply of certain materials by vendors of HSCL. Ministry of Coal have taken up the issue of delay by M/s HSCL with the Ministry of Steel for their intervention and directing HSCL to expedite the balance jobs.

48. Regarding the supply of coal to private enterprenure, who had set-up the coal washeries the Secretary, Ministry of Coal stated as under:

“Coal is essentially linked to an actual user. That actual user can get coal linkage and can give it to a washery which is set up by ‘X’ or ‘Y’ or ‘Z’. It will be only that coal linked to end-user will go through the washery selected by the end user”...

49. The Committee observe that with the completion of Madhuband and Kedla washeries; the indigenous availability of washed coking coal would go up from 14.01 MT to 19.11 MT, leaving a gap of about 4 MT requirements of SAIL, VSP and TISCO during 1996-97. The Committee desire that efforts should be made to complete the Madhuband washery in January, 1997 as rescheduled. The Committee would also like to know the action taken by the Ministry of Steel on the request of Ministry of coal regarding the protracted delay in completion of Kedla washery by HSCL. The Committee are of the opinion that in order to meet the coking coal demand of Steel Sector indigenously; not only the end-users but the private entrepreneurs should also be encouraged to set-up coal washeries and coal linkages should be provided by the coal companies.

G. Production of Soft-Coke

50. Off-take of raw coal from Coal India Limited for manufacture soft coke during the year 1994-95 was 0.33 MT as against the off take of 0.57 MT. during the year 1993-94. Off-take of raw coal for manufacture of soft coke during 1995-96 has been to the order of 0.32 MT.

51. It has been stated in the Performance Budget for 1996-97 that CIL produces soft coke for use as fuel for domestic and non-domestic purposes. For producing one tonne of soft coke, 1.3 tonnes of raw coal is required to be used. Although the average price of raw coal has been revised from time to time by the Government/Coal India Limited, the prevailing price of soft coke is only Rs. 175 per tonne for domestic use and Rs. 300 per tonne for non-domestic use which was fixed in 1982 and 1985 respectively. The cost differential is absorbed by CIL.

52. When enquired as to why the Government have not revised the rates of soft-coke for domestic as well as non-domestic use which where fixed in 1982 and 1986 respectively even though the price of raw coal has been revised from time to time the Ministry stated as under:

“Even though its cost of production is high, the price of soft coke has not been revised during price revisions in the past, primarily to

exclude the users, of this fuel from bearing the impact of price revision."

53. In a post evidence reply furnished to the Committee, the Ministry of Coal have further stated that:

"The capital restructuring of CIL having been decided only recently in February, 1996 and coking coal as well as A, B, & C grades of non-coking coal having been simultaneously deregulated, the implications thereof in respect to the pricing of soft coke will need to be examined for an appropriate decision of the Government."

54. The losses incurred due to production of soft coke during the last three years are indicated below:

	(Rs. in Crores)		
	1993-94	1994-95	1995-96
ECL	4.76	3.62	2.61
BCCL	3.40	2.85	1.38
CCL	12.92	8.41	7.20
CIL	21.08	14.88	11.19

55. The Committee find that production of soft coke has decreased in 1995-96 as compared to the production of soft coke in 1993-94. The losses incurred by CIL during the last three years due to this production of soft coke are about Rs. 47 crores. The Ministry of Coal have stated that it has been decided to deregulate the prices of coking coal as well as A, B & C grades of noncoking coal and that the rates of soft-coke needed to be examined appropriately.

The Committee have noted this and expect that a decision would be reached expeditiously. However, the Committee desire that, keeping in view the demand for this product by the people who use it as a domestic fuel, the production of soft coke should be increased.

H. Coal Off-take and Pit Head Stocks

56. The total Coal off-take has increased from 249.45 Million Tonnes in 1994-95 to 267 Million Tonnes during 1995-96 and the target despatches during 1996-97 are 287.45 Million Tonnes.

57. All india figures of coal stock (vendible) at the end of March, 1994, March 1995 and March 1996 actual (provisional) are shown below:-

(In Million tonnes)

Company	March, 94 Actual	March, 95 Actual	March, 96 Actual (P)
ECL	6.54	2.29	3.34
BCCL	13.29	4.33	4.86
CCL	11.51	4.64	4.28
NCL	1.91	1.48	1.59
WCL	3.52	3.08	1.39
SECL	7.08	8.70	9.13
MCL	4.82	5.14	3.46
NEC	0.82	1.14	0.90
Total (CIL)	49.49	30.80	28.95
SCCL	0.92	1.09	2.52
Others	0.28	—	—
Total (All India)	50.69	—	—

58. Against a targetted decrease in Stock to the extent of 7.50 Mt. during 1995-96 by CIL; the actual (P) decrease during 1995-96 is less than 2 MT.

59. On being asked about the measures taken to bring the level of Coal stocks to a normative level in all the subsidiaries of CIL, the Ministry informed as under:

"Measures taken to reduce the pithead stocks include:

- (i) Increased despatches of coal by rail.
- (ii) For improved evacuation of coal, Liberalised Sales Scheme is being operated wherein sale of coal is allowed without the requirement of sponsorship/linkage etc.
- (iii) Coal despatches are being stepped-up by other modes such as road, MGR etc."

60. It further stated that;

“The pithead stocks in SECL have accumulated mainly in Korba Coalfield. This coalfield suffers from inadequate rail infrastructure to evacuate coal. The matter is being constantly taken up with the Ministry of Railway for strengthening the rail line capacity in Korba Coalfield. Necessary action has also been initiated by the Railways. In the meanwhile, the coal production targets for 1996-97 have been kept at a lower level so that there is no further build up of coal stocks.”

61. The Committee note that the coal stocks in case of ECL, BCCL, and NCL have increased marginally in 1996 as compared to 1995. SECL has failed to bring down the coal stock level of 1994 which is still increasing despite the Committee's recommendation made while examining the Demands for Grants of the Ministry of Coal during 1995-96. Although the Committee appreciate the steps taken by Coal India Limited to reduce pit-head stocks from 49.49 MT as on March, 1994 to 28.95 MT (P) at the end of March, 1996, they are perturbed to note that the targetted decrease in stock by 7.5 MT during 1995-96 has not been achieved by CIL. The Committee expect that the targetted decrease would be achieved by CIL in 1996-97.

NEW DELHI;
27 August, 1996
5 Bhadra, 1918 (Saka)


JAGMOHAN,
Chairman,
Standing Committee on Energy.

STATEMENT OF CONCLUSIONS/RECOMMENDATIONS
OF THE STANDING COMMITTEE ON ENERGY
CONTAINED IN THE REPORT

Sl. No.	Reference Para No. of the Report	Conclusions/Recommendations
1	2	3
1.	12	<p>The Standing Committee on Energy (1995-96) in their 31st Report (10th Lok Sabha) on Action Taken on the Recommendations, contained in the 21st Report of the Committee on Demands for Grants of Ministry of Coal, had noted that it should be the sole responsibility of coal companies to take appropriate-remedial and preventive measures in areas which fall within the leasehold of coal companies even though occurrence of subsidence is due to pre-nationalisation mining activities and illegal mining operations. It has also recommended that the funds available under the Coal Mines Safety and Conservation Act should be fully utilised by coal companies for this purpose. The Committee note with dismay that despite the earlier recommendations of the Committee and the gravity of the problem of subsidence, no urgent action has been taken to finalise the institutional arrangements with the concerned State Governments. The Committee emphasise the need of setting up of institutional arrangements with the State Governments at the earliest. They desire that the plan allocation for 1996-97 should be effectively utilised to control subsidence in old worked-out mines. The Committee are surprised to note that the Ministry have stated that the detailed accurate plans and exact delineation of the affected areas are not available and have therefore sought for fresh surveys. The Committee would like the Ministry of Coal to ensure that there is no further delay in the approval of Environmental and Subsidence Control projects and expect the Ministry to complete the work in a time-bound manner.</p>

1	2	3
		<p>The Committee are of the opinion that the practice followed by Ministry of Coal is in deviation of the normal principle as the funds not utilised during a financial year are required to be surrendered and accounted for. The Committee expect that in future the Ministry will take care of this and the funds provided separately for R&D activities would be utilised and the targets achieved.</p>
3.	22	<p>The Committee are constrained to note that the R&D activities which are vital for growth of coal industry has been a neglected area. Against the outlay of Rs. 87 crores; the budget provision for the first four years of the Plan was Rs. 47.80 crores and the actual expenditure was about Rs. 12 crores only. The reasons for low utilisation of funds stated by Ministry of Coal such as problem in procurement of equipment, problem of co-ordination, shortage of research personnel etc. are untenable. The Committee desire that the Ministry should step up the R&D activities to achieve the major thrust areas such as production, safety, coal beneficiation, coal utilisation etc. as identified at the time of formulation of the Eighth Plan. The Committee expect that with the set-up of an R&D Board involving all coal companies, the targets for R&D activities will be achieved. The Committee would also like to know the role entrusted to R&D Board <i>vis-a-vis</i> Standing Scientific Research Committee in the Ministry of Coal and CMPDIL which at present is engaged in coordination and integration of applied Research & Development etc.</p>
4.	30	<p>The Committee observe that in case of CIL, the Budget Support for 1995-96 has been raised from Rs. 241 crores to Rs. 288 crore whereas IEBR has come down from the target of Rs. 2019 crores to Rs. 1291.57 crores during 1995-96. The major constraints in implementing the projects and achieving desirable growth has been stated to be non-availability of sufficient funds. The actual expenditure has been decreasing in case of CIL, SCCL during the past 3 years as compared to plan budgetary outlays. The</p>

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Ministry of Coal have stated that it has been decided in February, 1996 to restructure the capital of CIL in order to improve the financial health of the company which will enable it to raise the necessary resources for investment in coal projects. The Committee observe that since the coal companies failed to invest in the coal projects as budgeted during the last three years, the impact of this on coal production is likely to be adverse in the next few years. The Committee, therefore, desire the Government and coal companies to draw-up an action plan to speed-up the on-going and future projects with the inflow of such funds as are required to update the project implementation as per the Eighth Plan outlays.

5. 34

The Committee note that as per the experience gained in other mines, there was a deviation from the original plan and the more cost effective system of wharf-wall loading of wagons by pay loader was introduced in Samleshwari Opencast project resulting in a saving of about Rs. 30 crores. The Committee appreciate the coal company's efforts to reduce project cost. They are of the opinion that project implementation is required to be stepped-up. The Committee stress that a plan should be drawn-up expeditiously to complete the 76 projects which are bedevilled by time and cost-overruns in a time bound frame-work and funds be separately earmarked for them.

6. 39

The Committee observe that the disputed dues from power sector consumers have come down from Rs. 1489.62 crores as on 31.7.95 to Rs. 1208.17 crores as on 31.3.96. The undisputed dues have also come down from Rs. 1485.69 in August, 1995 to Rs., 1147.32 crores as on March, 1996. Umpires have been appointed for settlement of disputed dues before whom proceedings are already in progress. Since Coal India Limited is facing a resource crunch, the Committee fail to understand why Coal India Limited has placed an amount of Rs. 600 crores only as disputed dues before the umpires for settlement

1	2	3
		<p>against the actual claim of Rs. 1489.62 crores. The Committee further observe that in case of Bihar State Electricity Board the undisputed amount has risen from Rs. 39.74 crores as on 31.7.95 to Rs. 62.24 crores as on 31.3.96 and in case of Gujarat Electricity Board from Rs. 105.27 crores to Rs. 109.79 crores during the period. The Committee expect that some concrete steps would be initiated by Coal India Limited to recover these undisputed dues from the power sector consumers at the earliest so that on-going and future projects are not affected by resource crunch. The Committee also observe that the disputed dues from SEBs relate to both the quality and quantity of coal supplied. The dues have gradually increased since 1991, when the Coal India Limited switched over the venue of coal sampling from users' end to loading-points at pit-heads. The Committee recommend that a fair mechanism should be evolved to protect the interests of the producer as well as the consumer so as to avoid disputes of both quality and quantity of coal supplied.</p>
7.	42	<p>The Committee find the information in the Performance Budget, 1996-97 and in the written reply of the Ministry contradictory. The Lignite production in 1996-97 is stated to be 10 MT as against 17.21 MT in 1995-96 in the Performance Budget. However, in the written reply furnished to the Committee, the Ministry of Coal have stated that in 1996-97, the targetted production of lignite is up by 5 lakh tonnes as compared to 1995-96. Similarly contradictory information has been furnished in regard to power generation by Neyveli Lignite Corporation. Nowhere have the Ministry explained the reason for these contradictions. In view of this, the Committee are unable to draw any conclusion about the overall production performance of Neyveli Lignite Corporation. The Committee regret that the data has not been compiled carefully by the Ministry.</p>
8.	49	<p>The Committee observe that with the completion of Madhuband and Kedla washeries; the indigenous availability of washed coking coal would go up from 14.01 MT to 19.11 MT, leaving a gap of about 4 MT</p>

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		<p>requirements of SAIL, VSP and TISCO during 1996-97. The Committee desire that efforts should be taken to complete the Madhuband washery in January, 1997 as rescheduled. The Committee would also like to know the action taken by the Ministry of Steel on the request of Ministry of Coal regarding protracted delay in completion of Kedla washery by HSCL. The Committee are of the opinion that to meet the coking coal demand of Steel Sector indigenously; not only the end-users but the private entrepreneurs should also be encouraged to set-up coal washeries and coal linkages should be provided by the coal companies.</p>
9.	55	<p>The Committee find that production of soft coke has decreased in 1995-96 as compared to the production of soft coke in 1993-94. The losses incurred by CIL during the last three years due to this production of soft coke are about Rs. 47 crores. The Ministry of Coal have stated that it has been decided to deregulate the prices of coking coal as well as A,B&C grades of non-coking coal and that the rates of soft-coke needed to be examined appropriately.</p> <p>The Committee have noted this and expect that a decision would be reached expeditiously. However the Committee desire that, keeping in view the demand for this product by the people who use it as a domestic fuel, the production of soft coke should be increased.</p>
10.	61	<p>The Committee note that the coal stocks in case of ECL, BCCL and NCL have increased marginally in 1996 as compared to 1995. SECL has failed to bring down the coal stock level of 1994 which is still increasing despite the Committee's recommendation made while examining the Demands for Grants of the Ministry of Coal during 1995-96. Although the Committee appreciate the steps taken by Coal India Limited to reduce pit-head stocks from 49.49 MT as on March, 1994 to 28.95 MT (P) at the end of March, 1996, they are perturbed to note that the targetted decrease in stock by 7.5 MT during 1995-96 has not been achieved by CIL. The Committee expect that the targetted decrease would be achieved by CIL in 1996-97.</p>

APPENDIX I **STATEMENT SHOWING DEMANDS FOR GRANTS OF THE MINISTRY OF COAL**

(Rs. in crores)

	Major Head	1995-96 (BE)		1995-96 (RE)		1995-97 (BE)	
		Plan	Non-Plan	Total	Plan	Non-Plan	Total
		Plan	Non-Plan	Total	Plan	Non-Plan	Total
REVENUE SECTION							
1. SECRETARIAT-ECONOMIC SERVICES	3451		2.36	2.36	—	2.36	2.36
2. LABOUR & EMPLOYMENT							
COAL MINES LABOUR WELFARE	2230	—	24.51	24.51	—	24.51	24.51
3. COAL AND LIGNITE	2808						
(a) Conservation and safety in coal mines		—	45.00	45.00	—	45.00	45.00
(b) Development of transport infrastructure in coal field areas		—	55.00	55.00	—	55.00	55.00
(c) Subsidy for transport of coal by rail-cum-sea route		—	0.05	0.05	—	0.05	0.05
(d) Assistance to CIL for import of spares under UK Grant		—	3.00	3.00	—	—	—
(e) Other expenditure (Coal Controller, COP, N.C.D.C.)		0.10	1.50	1.60	0.10	1.40	1.50
(f) Science & Technology Programme (including UNDP)		21.20	—	21.20	11.00	—	11.00
(g) Regional Exploration		17.00	—	17.00	12.00	—	12.00
(h) Environmental measures and subsidence control		5.52	—	5.52	2.00	—	2.00
Total (Coal & Lignite)		43.82	104.55	148.37	25.10	101.45	126.55
Total (Revenue Section)		43.82	131.42	175.24	25.10	128.32	153.42
					52.80	101.67	154.47
					52.80	133.06	185.86

(Rs. in crores)

		1995-96 (BE)			1995-96 (RE)			1996-97 (BE)		
	Major Head	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
CAPITAL SECTION										
1.	Coal India Ltd.									
	Investment	—	—	—	—	—	—	—	0.01	0.01
	Loans and advances	241.00	—	241.00	288.78	—	288.78	100.00	—	100.00
2.	Singareni Collieries Co. Ltd.									
	Investment	—	0.01	0.01	—	0.01	0.01	—	0.01	0.01
	Loans and advances	22.00	—	22.00	58.36	—	58.36	118.90	—	118.90
3.	Neyveli Lignite Corp. Ltd.									
	(a) Mining	153.68	—	153.68	34.71	—	34.71	126.10	—	126.10
	(b) Power	14.50	—	14.50	4.41	—	4.41	—	—	—
4.	Acquisition of coal bearing areas	—	15.00	15.00	—	10.00	10.00	—	10.00	10.00
RECOVERIES/REDUCTION OF EXPENDITURE										
1.	Acquisition of coal bearing areas	—	(-) 15.00	(-) 15.00	—	(-) 10.00	(-) 10.00	—	(-) 10.00	(-) 10.00
Total Capital Section		431.18	0.01	431.19	386.56	0.01	386.27	345.00	0.02	345.02
Grand Total (Capital & Revenue Section) (Net of Recoveries)										
		475.00	131.43	606.43	411.36	124.33	539.69	397.80	133.08	530.88

APPENDIX II SOURCE-WISE/COMPANY-WISE FINANCING PATTERN

(Rs. in crores)

Name of the Company	IR	Bonds	Inter-Corporate Loan	Suppliers' Credit	Others ARM	Total IEER	Gross Budget Support	Total Outlay	External and through Budget	Net Budget
COAL INDIA LTD.										
1993-94 (Actuals)	700.57	200.00	—	117.67	332.64	1350.92	337.00	1687.92	204.00	133.00
1994-95 (Actuals)	806.03	300	—	59.81	119.10	1285.04	319.52	1604.56	108.00	211.52
1995-96 (Actuals) (P)	1105.12	—	150.00	36.45	—	1291.57	288.72	1580.29	41.00	247.72
1996-97 (B.E.)	712.00	400	—	431.00	500.00	2043.00	100.00	2143.00	—	100.00
S.C.C.L.										
1993-94 (Actuals)	133.27	—	—	14.71	212.00	359.98	185.00	544.98	185.00	—
1994-95 (Actuals)	335.19	—	—	98.75	—	433.94	82.64	516.58	9.24	73.40
1995-96 (Actuals) (P)	96.44	—	—	18.55	100.00	214.99	44.36	259.35	44.36	—
1996-97 (B.E.)	215.32	—	—	35.00	169.75	420.07	118.90	538.97	42.78	76.12
N.L.C. (Coal)										
1993-94 (Actuals)	—	2.18	—	—	—	2.18	41.06	43.24	13.75	27.31
1994-95 (Actuals)	19.84	87.84	—	—	—	107.68	5.14	112.82	5.14	—
1995-96 (Actuals) (P)	128.91	1.43	—	—	—	130.34	—	130.34	—	—
1996-97 (B.E.)	41.55	85.74	—	58.16	—	185.45	126.10	311.55	21.10	105.00

Name of the Company	IR	Bonds	Inter- Corporate Loan	Suppliers' Credit	Others ARM	Total IEBR	Gross Budget Support	Total Outlay	External and through Budget	Net Budget
N.L.C. (Power)										
1993-94 (Actuals)	—	55.50	—	—	—	55.50	38.75	94.25	12.96	25.79
1994-95 (Actuals)	10.16	44.96	—	—	—	55.12	12.46	67.58	12.46	—
1995-96 (Actuals) (P)	17.53	30.63	—	—	—	48.16	—	48.16	—	—
1996-97 (B.E.)	179.31	28.99	—	39.28	—	247.58	—	247.58	—	—
TOTAL										
1993-94 (Actuals)	833.84	257.68	—	132.38	544.68	1768.58	601.81	2370.39	415.71	36.10
1994-95 (Actuals)	1171.22	432.80	—	158.56	119.10	1881.78	419.76	2301.54	134.84	284.92
1995-96 (Actuals) (P)	1348.00	32.06	150.00	55.00	100.00	1685.06	333.08	2018.14	85.36	247.72
1996-97 (B.E.)	1148.18	514.73	—	563.44	669.75	2996.10	345.00	3341.10	63.88	281.12

APPENDIX III

DETAILS REGARDING DUES FROM SEBs

(Rs. in crores)

(Data provisional)

Name of SEBs	Dues on 31.7.95			Dues on 31.3.96		
	Disputed	Undisputed	Total	Disputed	Undisputed	Total
BSEB	16.34	23.40	39.74	22.88	62.24	85.12
UPSEB	131.47	266.21	397.68	80.79	263.45	344.24
PSEB	222.02	22.99	245.01	135.31	31.65	166.96
TNEB	55.12	10.16	44.96	57.33	5.96	63.29
HSEB	125.66	26.06	151.72	61.67	37.55	99.22
RSEB	28.60	14.88	43.48	19.97	17.20	37.17
MSEB	326.86	74.21	401.07	324.94	104.88	429.82
MPEB	21.03	95.41	116.44	15.32	58.40	73.72
GBB	43.12	62.15	105.27	23.79	109.79	133.58
WBSEB	2.15	149.04	151.19	3.55	64.00	67.55
WBPPDC	4.46	195.76	200.22	8.23	56.71	64.94
APSEB	4.44	0.70	5.14	4.44	-2.28	2.16
ASEB	—	1.10	1.10	—	—	—
KPCL	6.19	-1.49	4.70	5.23	-3.75	1.48
DPL	11.22	70.16	81.38	5.97	9.61	15.58
DVC	65.22	141.23	206.45	74.17	85.86	160.03
DESU	26.07	20.07	46.14	32.79	-10.27	22.52
BTSP	231.06	248.86	479.92	153.70	199.97	353.67
NTPC	141.65	83.15	224.80	151.11	46.81	197.92
CESC	1.51	-0.66	0.85	1.65	2.00	3.65
AEC	17.67	-5.58	12.09	17.52	-4.03	13.49
BSES	0.11	-1.12	-1.01	0.24	-0.27	-0.03
Others	7.65	9.32	16.97	7.57	11.84	19.41
Total	1489.62	1485.69	2975.31	1208.17	1147.32	2355.49

PART II

MINUTES OF THE FIFTH SITTING OF THE STANDING COMMITTEE ON ENERGY HELD ON 14TH AUGUST 1996

The Committee sat from 15.00 hours to 18.00 hours.

PRESENT

Shri Jagmohan — *Chairman*

MEMBERS

2. Prof. (Smt.) Rita Verma
3. Shri Sriballav Panigrahi
4. Shri Tariq Anwar
5. Shri Prithviraj D. Chavan
6. Shri Iswar Prasanna Hazarika
7. Shri Ram Kirpal Yadav
8. Shri Haradhan Roy
9. Shri Anand Mohan
10. Shri Ramendra Kumar
11. Shri Ramjilal
12. Shri Vedprakash Goyal
13. Shri Prem Chand Gupta
14. Shri Dipankar Mukherjee

SECRETARIAT

1. Smt. Roli Srivastava — *Joint Secretary*
- 2 Shri G.R. Juneja — *Deputy Secretary*
3. Shri A.S. Chera — *Under Secretary*

WITNESSES

Ministry of Coal

1. Shri Arvind Varma, Secretary.
2. Shri P.K. Banerjee, Additional Secretary.
3. Shri J. Harinarayan, Joint Secretary.
4. Shri G.B. Mukherji, Joint Secretary.
5. Shri Vivek Mehrotra, Joint Secretary and Financial Advisor.

Public Sector Undertakings (PSUs)

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

The Committee took oral evidence of the representatives of Ministry of Coal in connection with the Examination of Demands for Grants (1996-97) of the Ministry of Coal.

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

- (i) Environmental and subsidence control;
- (ii) R & D activities;
- (iii) Investment in Public Sector Undertakings;
- (iv) Coal production and dispatches;
- (v) Coal sale dues; and
- (vi) Coal prices etc.

3. 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 SEVENTH SITTING OF
STANDING COMMITTEE ON ENERGY HELD ON
22ND AUGUST, 1996 IN COMMITTEE ROOM '62',
PARLIAMENT HOUSE, NEW DELHI.

The Committee sat from 1100 hours to 1430 hours.

PRESENT

Shri Jagmohan — *Chairman*

MEMBERS

2. Shri Karia Munda
3. Prof. (Smt.) Rita Verma
4. Prof. Om Pal Singh Nidar
5. Shri Ravindra Kumar Pandey
6. Shri Muni Lal
7. Shri Sriram Chauhan
8. Shri Sriballav Panigrahi
9. Shri G. Venkatswamy
10. Shri Tariq Anwar
11. Shri Prithviraj D. Chavan
12. Shri Iswar Prasanna Hazarika
13. Shri Sandipan Thorat
14. Shri Anil Basu
15. Shri Haradhan Roy
16. Shri P.R.S. Venkatesan
17. Shri N. Ramakrishna Reddy
18. Shri Gawali Pundlikrao Ramji
19. Shri Chitta Basu
20. Shri Ramendra Kumar
21. Shri M. Rajasekara Murthy
22. Shri Ramjilal
23. Shri Vedprakash Goyal
24. Shri Lakhiram Agarwal
25. Shri Prem Chand Gupta
26. Shri Dipankar Mukherjee

SECRETARIAT

1. Smt. Roli Srivastava — *Joint Secretary*
2. Shri G.R. Juneja — *Deputy Secretary*
3. Shri A.S. Chera — *Under Secretary*

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2. The Committee then considered and adopted the draft report on Demands for Grants (1996-97) of Ministry of Coal with certain modifications which are indicated at Annexure-II.

3. The Committee authorised the Chairman to finalise the reports adopted by the Committee and present them to Parliament.

The Committee then adjourned.

*** Para 1 relating to consideration and adoption of Draft Report on Demands for Grants (1996-97) of Ministry of Power is not included.

ANNEXURE II TO THE MINUTES

Modifications in the draft Report on Demnds for Grants (1996-97) of Ministry of Coal

1. *Delete* the following sentence at line 13, para 12, Page 7:

"The Committee note with dismay that although Committee's recommendation earlier and the seriousness of the problem of subsidence, no urgent action has ben taken to finalise the institutional arrangement with the State Government of West Bengal."

Insert The following sentence:

"The Committee note with dismay that despite the earlier recommendation of the Committee and the gravity of the problem of subsidence, no urgent action has been taken to finalise the institutional arrangement with the concerned State Governments."
2. *Insert* The following sentence line in the last line para 12, Page 7:

"and expect the Ministry to complete the work in a time bound manner."
3. *Insert* at the end of Para 39, Page 31:

"The Committee also observe that the disputed dues from SEBs relate to both quality and quantity of Coal supplied and has gradually increased since 1991, when Coal India Limited switched over the venue of coal sampling from users' end to loading-points at pit-heads. The Committee recommend that a fair mechanism should be evolved to protect the interests of the producer as well as the consumer so as to avoid the disputes of both quality and quantity of coal supplied."
4. *Delate* the last sentence, Para 55, Page 42:

"The Committee desire that a decision on the same may be taken early taking into account the interest

of domestic users and the committee be apprised accordingly."

Insert

"The Committee have noted this and expect that a decision would be reached expeditiously. However, the Committee desire that, keeping in mind the demand for this product by the people who use it as a domestic fuel, the production of soft-coke should be increased.