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STANDING COMMITTEE ON ENERGY (1998-99)

TWELFTH LOK SABHA

MINISTRY OF COAL

DEMANDS FOR GRANTS (1998-99)

SECOND REPORT

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

July, 1998/Asadha, 1920 (Saka)

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STANDING COMMITTEE ON ENERGY
(1998-99)

(TWELFTH LOK SABHA)

MINISTRY OF COAL

DEMANDS FOR GRANTS (1998–99)

Presented to Lok Sabha on........[illegible] JUL 1998
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LOK SABHA SECRETARIAT
NEW DELHI

July, 1998/Asadha, 1920 (Saka)

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CORRIGENDA TO THE SECOND REPORT OF
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2. Shri John Joseph	—	*Joint Secretary*
3. Shri P.K. Bhandari	—	*Deputy Secretary*
4. Shri R.K. Bajaj	—	*Under Secretary*
5. Shri Arvind Sharma	—	*Reporting Officer*

*Ceased to be a member of the Committee *w.e.f.* 29.6.98 consequent upon him retirement from Rajya Sabha.

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 (1998-99) relating to the Ministry of Coal.

2. The Committee took evidence of the representatives of the Ministry of Coal on 17th June, 1998.

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 26th June, 1998.

NEW DELHI;
1 July, 1998
10 Asadha, 1920 *(Saka)*

K. KARUNAKARAN,
Chairman,
Standing Committee on Energy.

PART I

REPORT

Analysis of Demands for Grants 1998-99 of Ministry of Coal

The Ministry of Coal have presented Demands for Grants of Rs. 788.71 crore for the year 1998-99 against Rs. 325.50 crore (actual) in 1996-97 and Rs. 502.16 crore (Revised) in 1997-98. The break up of Demands for Grants in respect of these three years are given below:—

(Rs. in crores)

	1996-97 Budget Estimates			1996-97 Revised Estimates			1996-97 Actual		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
Revenue	52.80	133.06	185.86	28.12	133.00	161.12	28.08	125.52	153.60
Capital	345.00	10.02	355.02	229.32	10.02	239.34	170.58	1.29	171.87
Total	397.80	143.08	540.88	257.44	143.02	400.46	198.66	126.81	325.47

(Rs. in crores)

	1997-98 Budget Estimates			1997-98 Revised Estimates			1998-99 Actual		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
Revenue	35.00	135.78	170.78	114.70	130.44	245.14	252.13	171.61	423.74
Capital	314.85	10.00	324.85	248.02	9.50	257.52	354.97	10.00	364.97
Total	349.85	145.78	495.63	362.72	139.94	502.66	607.10	181.61	788.71

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. Research and Development

3. The Eighth Plan allocation for R&D activities was Rs. 87 crore and he budget allocation as proposed by Ministry of Coal for the Ninth Plan is Rs. 80 crore. The budgetary provision and utilisation for the Eighth Plan for R&D activities in Coal and Lignite Sector are as under: —

(Rs. in lakhs)

Year	B.E. Provision	R.E. Provision	Utilisation Actual	As % of RE provision
1992-93	790	790	370.53	46.9
1993-94	691	391	351.82	136.0
1994-95	740	740	384.37	51.9
1995-96	2020	1000	232.04	23.2
1996-97	1460	600	1165.00	194.1
1997-98	987	938	850.00	—

The corresponding physical targets and achievement for 96-97, 97-98 and targets for 98-99 are as below:—

Year	Target	No. of Projects Achievement	%Achievement
Spill-over projects (upto 1994-95)	24	14	58.3
New Projects/1994-95	05	04	80.00
1995-96	05	05	100.0
1996-97	15	08	53.3
1997-98	07	11	157.1
1998-99	15	—	—

4. Asked about the reasons that Budget Estimates and Revised Estimates for 1995-96 were fixed higher even when the targets fixed for R&D activities were completed with utilisation of 16.65% of funds only, the Ministry of Coal in a written reply informed the Committee as under:—

"Because of the poor achievement of completion of projects against targets before 1994-95, some of the projects expected to have been completed in earlier years were completed in 1995-96 indicating 100% achievement. Number of projects completed is not directly related to utilisation of fund in a particular year because the cost of projects vary widely ranging between below Rs. 5 lakh to as much as Rs. 10 crore."

5. It further states:—

"The new projects which were envisaged to be taken up during the year 1995-96 did not materialise. That is why the physical target of completion was met even with low utilisation of financial target."

6. Enquired about the R&D projects targeted to be completed during 1995-96 and actually completed, the Committee have been informed by the Ministry of Coal that the following projects (5 Nos.) targeted to be completed during 1995-96 have actually been completed during the period:—

(i) "Mechanised depillaring of 6m thick Seam III of Chirimiri with cable bolted supports.

(ii) Identification and delineation of abandoned and unsurveyed underground colliery workings in Raniganj Coalfields.

(iii) Pilot plants to stimulate different dewatering systems at Rajrappa Washery.

(iv) Restoration and reclamation of abandoned Tikak Opencast Mine.

(v) Environmental Impact assessment and management in and around opencast coal mining complex."

7. The Committee desired to know the reasons for non-utilisation of Rs. 8.60 crore under the Head R & D during 1996-97. In their reply the Ministry of Coal have stated that the funds could not be utilised due to non-materialisation of schemes to the extent expected.

8. In this regard, a representative of Ministry of Coal informed the Committee during evidence on 17.6.98 as under:—

"The projections for R & D schemes are not on defined schemes in advance. Certain schemes are expected on the thrust areas which have been defined for R & D in the Eighth Plan. While making the budget for these schemes which are based on the thrust areas of the Planning Commission and agreed thrust areas, we assume that some schemes would come from the Research Institutes, Academic Institutions and also from the operating coal companies. So, we had perceived that some schemes would come from the Research Institutes; some schemes would come from the Academic institutions and some schemes would come from the coal companies. In that particular year, the schemes of low value came from the Research Institutes and from the academic institutions but the schemes which were expected to come from the coal companies did not come. This was the reason why this fund could not be realised. However, for future, the issue has been taken up with the coal companies and we had a protracted discussion with them. After identifying their requirement, we expect that we would be in a better position to utilise these funds. Apart from S&T, there are also big schemes for improvement of technology/method of mining in some of the areas like North-East and in Eastern Coalfields Ltd. where the coal is locked up in pillars; they require the fund. Further a few R & D schemes of high values have started to come in."

9. The witness further stated:—

"The budget is provided on two accounts. There are some on-going S&T schemes. For that, we can Budget very firmly. But we also expect that during the year based on the defined areas which have been agreed for the Plan, the proposals would come. This is an assessment."

10. Enquired about how much time is taken between submission of a proposal by a particular agency for Research & Development and

its actual sanction by the Ministry, the Secretary, Ministry of Coal *inter-alia* stated during evidence as under:—

"......Up to now, the R&D proposals are not coming from the coal companies at all. They were coming from laboratories of the CSIR, CFRI, CMRI, regional institutes, etc. So, we had to depend on these laboratories to send us the proposal. We would examine and sanction it. Then we have to go back and monitor it. This system was leading to a lot of delays because those laboratories, after taking money from us, would be actually slipping in their performance. So, apart from this, we have entered into a proposal by which the coal companies, the subsidiaries themselves would sponsor the proposal and they would also monitor it closely. The expenditure on R&D is poor. It has not been utilised actually. It is about 10% per cent. It is not only that we have increased the allocation this year but also we have changed the system totally. That means, we are now having enough projects on hand. We are meeting regularly to clear the projects. The clearance procedure is also a little bit complicated. Firstly, it is considered at the sub-Committee. Secondly, it is considered by another group at the Ministry level. In bigger cases, it has to go right up to the Cabinet, and then come back. So, it is a little bit of time consuming procedure."

11. **The Committee are distressed to note that the R&D projects which do have a direct and immediate impact on the growth of Coal industry has been a neglected area. The Committee find that although the budget allocations for R&D activities is very low as compared to the total turnover of the Coal industry, yet the same has not been utilised during the 8th Plan. It has also been observed by the Committee that with as little as 23.20% of the budget allocations during 1995-96, the targeted projects have been completed and the remaining Budget Estimates could not be utilised due to non-materialisation of projects/schemes as anticipated. The reason for non-utilisation of funds as stated by the Government is that the schemes did not come from CSIR, Central Fuel Research Institute, Central Mine Research Institute, Coal Companies and other institutions as anticipated. Moreover, the clearance procedure is also complicated and even takes a year to get the schemes cleared. In view of the inadequate number of quality R & D projects with the Ministry, the Committee recommend that the Ministry should set up its own in-house R & D organisation along with CMPDIL to achieve the major thrust in areas such as coal production, safety etc. The**

Committee also express that there is a need for adequate control and proper co-ordination with the various organisations/institutions so that the Ninth Plan target could be achieved. The Government should identify the suitable R&D projects based on the requirements of the Coal industry and on the experiences of various Coal companies working under the Ministry.

B. Environmental Measures and Subsidence Control

12. The Eighth Plan laid stress on an action plan to control subsidence in old and abandoned mining areas in the Raniganj Coalfields and control of underground fire in the Jharia Coalfield. A separate Plan Head had been created in the 8th Plan for Environmental Measures and Subsidence Control in old worked out areas and a provision of Rs. 75 crore was proposed in the 8th Plan out of which only a sum of Rs. 15 crore was utilised. Rs. 79 crore have been proposed as the 9th Plan outlay under this head.

13. The funds earmarked for environmental measures in the budget for the last two years and for 1998-99 are given below:—

(Rs. in crores)

1996-97		1997-98		1998-99
B.E.	Actual	B.E.	Actual	B.E.
26.10	5.00	5.00	0.85	20

14. The Committee have been informed by the Ministry of Coal that the funds could not be utilised by the Coal Public Sector Undertakings (PSUs) due to the lack of institutional arrangements with the State Government (West Bengal) and non-materialisation of projects/ schemes of environmental protection measures.

15. To a query as to why Institutional arrangements with the State Government have not been firmed-up for environmental protection measures during the last three years, the Ministry of Coal informed the Committee in a note as under:—

"In order to mitigate the impact of mining on the environment, Eighth Plan placed 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."

In spite of prolonged discussion between the Ministry of Coal and Government of West Bengal, the issue of institutional arrangement could not be resolved. As institutional arrangement was not in place, the funds provided could not be utilised in the first year of the 8th Plan. To utilise the fund provided in the 8th Plan, the Ministry of Coal directed the coal companies to take up the environmental and subsidence control schemes."

16. It further states:—

"As a result, projects for (a) Stabilisation of inaccessible underground workings in ECL at a cost of Rs. 9.69 crore (b) Restoration of abandoned coal mines in ECL for Rs. 8.70 crore and (c) Reclamation of mined out areas of CCL for Rs. 3.92 crore were approved by SSRC and sanctioned by Ministry of Coal in March' 97 for the first time. New schemes under the EMSC are generally technically scrutinised by CMPDIL and are then put up to Sub-Committee of SSRC on Environment & Ecology. Thereafter, the schemes recommended by Sub-Committee are submitted to Standing Scientific and Research Committee for approval. Thereafter, the schemes are sanctioned by Ministry of Coal after being financially concurred by the Finance Committee/Expenditure Finance Committee. The EMSC projects are also approved by the Boards of respective Coal Companies before being sanctioned by the Government. In view of the mechanism of approving projects for Environment and Subsidence Control being now in place, a number of schemes under the head Subsidence Control and Environmental Measures have been sanctioned by Ministry of Coal during 1997-98."

17. The Committee are dismayed to note that despite repeated recommendations made by the Standing Committee on Energy in their earlier Reports that urgent effective measures to control mine fires and subsidence are needed, the schemes/projects for stabilisation/restoration of coal mines have not been geared up to the extent required. The Committee also note that approval/sanction of the scheme under Environmental Measures Subsidence Control gets delayed because of the cumbersome procedure which include technical scrutiny by CMPDIL, approval of Sub-Committee of Standing Scientific Reserch Committee (SSRC) on Environment & Ecology, subsequent approval by SSRC, sanction of Ministry of Coal and financial concurrence by Finance Committee/Expenditure Finance Committee. The Committee feel that such procedures should be simplified and a time frame be drawn-up to stabilise the identified unstable areas. The Committee would also like to know the reasons for low utilisations of funds during 1997-98 even when two schemes worth Rs. 9.69 crore and Rs. 8.70 crore for ECL for stabilisation/ restoration work and one for reclamation of mined out areas of CCL worth Rs. 3.92 crore were approved/sanctioned in March, 1997.

18. The Committee have been informed that the High Power Committee constituted to undertake the Study for tackling the problem of Fire and Subsidence both in Jharia coalfields of BCCL and Raniganj coalfields of ECL, has submitted its report to the Government in December, 1997. It has suggested that the participation and assistance from the State Government and local administration is essential. Any enforcing agency entrusted with the responsibilities of carrying out mitigating measures against fire and subsidence in Raniganj coalfields and Jharia coalfields should be adequately represented by the above authorities.

19. The High Power Committee has also recommended that considering the urgency one scheme each by ECL and BCCL for shifting of the population from the unsafe areas may be taken-up, without waiting for the positioning of the institutional arrangements from Plan funds available with Ministry of Coal. The Ministry of Coal have informed the Committee that to start with, two such schemes, one for ECL and the other for BCCL, have been approved by the Government at an estimated cost of Rs. 32.52 crore and Rs. 33.88 crore respectively.

20. The Committee desired to know how the Government would ensure utilisation of Rs. 32.52 crore and Rs. 33.88 crore by BCCL and

ECL for these two schemes without waiting for institutional arrangements with the respective State Governments and what would be the time-frame to implement these schemes, the Secretary, Ministry of Coal stated during evidence as under:—

"Now, for the first time it has been possible to persuade the Government to allocate funds from the environmental machinery for tackling this problem. Two projects have now been cleared. These are only the beginning and once these projects get off the ground, then every year we will be able to clear more projects. These projects provide for Rs. 33.88 crore in BCCL and Rs. 32.52 crore in ECL area. This involves shifting of people, providing houses, construction for them and at the same time, the subsidence is to be isolated and fully protected. But the institutional machinery is very important. The institutional machinery must have the State Governments also. In fact, we would like the State Government to head the institutional machinery because the ground activities have be taken by the State Government. We have made a suggestion for creation of an Apex Committee including the State Government, the coal company and the Government of India for implementing this. This money is ready, the projects are sanctioned and we are waiting for the institutional mechanism. We are waiting for the responses from the State Governments of West Bengal and Bihar who were part of the Committee which considered it."

21. In a post evidence reply furnished to the Committee, Ministry of Coal have stated that the institutional arrangement with coal companies and the concerned State Government of West Bengal and Bihar for undertaking the jobs of stabilisation and rehabilitation has been outlined in the Report of the Committee where the representatives of the Government of Bihar and West Bengal as members had confirmed that they would participate in the implementation of these schemes being undertaken by the coal companies. Action has already been taken by concerned agencies to concertise the mechanism for implementation of these schemes. The main objective of taking up a project each in ECL and BCCL to start without waiting for the institutional arrangement is that the time taken to formulate schemes and obtaining approval of the appropriate authority can be taken in advance so that commencement of implementation of schemes can be co-terminus with the institutional arrangement being put in place. The schemes approved by Government on 26.3.98 have durations of four years each.

22. The Committee observe that the funds for the environmental and Subsidence Control measures during the Eighth Plan could not be utilised as the institutional arrangements with the respective State Governments could not be firmed up. The Government have now stated that the two schemes with 4 years durations have been initiated—one for ECL at an estimated cost of Rs. 32.52 crore and another for BCCL at an estimated cost of Rs. 33.88 crore without waiting for the institutional arrangements with the respective State Government of West Bengal and Bihar where these two schemes are to be implemented. The Committee are of the opinion that taking into account the past performance of EMSC schemes, the Government should have acted promptly to finalise the institutional arrangements with the State Governments after accepting the recommendation of High Power Committee in March, 1998. The Committee desire that recommendation of the High Power Committee should be implemented in a time bound manner and this Committee be informed within three months of the action taken in this regard. The Committee would also like to know the targets set to be achieved for 1998-99 for these two schemes and the steps taken to ensure the same.

C. Major Head 2803, Coal and Lignite (Coal Controller)

23. Under the Major Head 2803, Coal and Lignite (Coal Controller), the Budget Estimates, Revised estimates and actuals for 1996-97 and 1997-98 are as under:—

(Rs. in crores)

1996-97			1997-98		
BE	RE	Actual	BE	RE	Actual
1.58	1.60	1.15	2.10	2.05	1.38

The reasons for variations in Budget Estimates and actuals as stated by Ministry of Coal are non-filling up of certain posts and due to control and economy in expenditure.

24. Taking into account the job and responsibility entrusted with the organisation of Coal Controller, the Committee desired to know the reasons for delay in filling-up the post of Coal Controller.

25. In this regard, the Ministry of Coal informed the Committee in a post evidence reply as under:—

> "After receiving applications for the post of Coal Controller on the basis of advertisement and vacancy circulation, scrutiny of these applications and collection of supporting documents including vigilance clearance, Union Public Service Commission was approached on 22.11.95 for selection from among the eligible candidates sponsored."

26. The Ministry of Coal also informed the Committee that the post of Coal Controller was vacant from 1.12.95 to 22.10.97. As the selection procedure involves advertisement, consultation with the Union Public Service Commission, interview by the Union Public Service Committee etc., the filling up got delayed.

27. The office of the Coal Controller has the following main functions:—

(i) Scrutiny of claims for assistance under CCDA Act in respect of Sand Stowing in mines, protective works for conservation of coal, coalfields area road projects and R&D schemes;

(ii) Physical verification through site inspection for verification of claims submitted by coal companies as in item (i);

(iii) Inspection of mines to oversee the coal conservation aspects through verification of the stipulation laid down for mining activities;

(iv) To monitor the quality of coal and settle the complaints against grading and substandard despatches of coal;

(v) To grant permission for opening and reopening of seams and mines;

(vi) To lay down procedure and standard for sampling of coal;

(vii) Apart from the above statutory functions, the Coal Controller has also to discharge the following responsibilities:—

(a) to look after the residual work of the World Bank Loan relating to pre-nationalisation period.

(b) to look after the residual work of the erstwhile Coal Board.

(c) to attend to legal matters/court cases arising out of the various statutes which the Coal Controller has been made responsible to administer.

28. About the number of complaints received and disposed of by Coal Controller during the last three years, the Ministry of Coal informed the Committee as under:—

	1995-96	1996-97	1997-98
No. of complaints carried over	—	253	188
No. of complaints received	423	119	24
Total	423	372	212
No. of cases disposed of	170	184	190
No. of cases under examination	253	198	22
Downgrading of declared grade on advise of Coal Controller	4	5	3

29. The Committee note that the organisation of Coal Controller is responsible for inspection of quality of coal supplied and to settle the complaints against grading/substandard despatches of coal. It has a substantial role in the harmonious business relations among the Coal Companies and the consumers. However, the Committee note with dismay the casual approach of the Government for filling up the post of Coal Controller. The post was expected to be vacant from 1.12.95 and the Government approached the UPSC only on 22.11.95. It was filled up on 23.12.97. It is also observed that the number of cases under examination by Coal Controller was 253 and 188 in 1995-96 and 1996-97 respectively in the absence of organisation Head and the number was reduced to 22 in 1997-98. The Committee feel that the Government should have acted well in advance anticipating the likely vacancy in December, 1995. The Committee desire that responsibility be fixed in nonfilling up the post timely. The Committee hope that the Government shall act more prudently in future so that the efficiency of such an important organisation does not suffer.

D. Coal Sale Dues

30. The Committee have been informed that an amount of Rs. 4776.36 crore of CIL was outstanding as on 31.3.98 as compared to Rs. 3325.28 crore on 31.12.96 on account of coal sale dues from the bulk consumers. The dues from power houses accounted for nearly 82% of the total dues. The position of outstanding dues as on 31.3.98 is as follows:—

(Rs. in crores)

Sector	Undisputed	Disputed	Total
1. Loco	6.90	40.20	47.10
2. Power Houses	1957.65	1971.93	3929.58
3. Steel Plants	162.91	512.43	675.34
4. Government agencies	20.30	34.98	55.28

The total Coal sale dues from power sector as on 31.12.96 was Rs. 2652.30 crore (1248.07 undisputed and 1404.23 disputed).

31. The steps taken by the Government/Coal India Ltd. to recover the outstanding dues from the State Electricity Boards as stated in a note furnished to the Committee by Ministry of Coal are as under:—

(i) Coal India Ltd. (CIL) has been advised to supply coal to power utilities only against advance payment or letter of credit. Cash and Carry Scheme is being implemented with greater vigour since 1 January, 1997.

(ii) Coal India and its subsidiary coal companies have been persistently following up with the consumers in diverse sectors for settlement of dues.

(iii) Recovery of dues by way of adjustment against power bills is also being done in respect of certain power utilities. State Governments have been requested to persuade/enable SEBs to clear the outstanding dues at the earliest.

(iv) Umpires have been appointed for resolving the disputed dues between the coal companies and SEBs.

(v) Government has recently decided to deduct the outstanding dues of Coal India Ltd. as on 31 December, 1996 through the mechanism of deductions from the Central Plan assistance to the State Governments. In 1997-98, a sum of about Rs. 226.53 crore was realised from the Central Plan Assistance of the State Governments and paid to Coal India Limited.

32. In this regard, the Secretary, Ministry of Coal *inter-alia* stated during evidence as under:—

"The dues to the coal and lignite sector from the State electricity Boards are of the order of Rs. 6,000 crore. Hon. Finance Minister has announced a new scheme by which Government of India would guarantee these outstandings and we would be able to realise some bonds or securities them. We are eagerly waiting for the details of the programme to get out of this problem."

33. The Committee are surprised to note that despite realisation of a sum of Rs. 226.53 crore from Central Plan Assistance of the State Governments in 1997-98 and other steps like cash and carry scheme being implemented since 1.1.1997, the total outstanding coal sale dues have increased by 1451.08 crore on 31.3.98 as compared to that on 31.12.96. The Committee are perturbed to note the considerable increase in the dues from power sector despite the reported steps taken and desire the Ministry of Coal to explain the reasons for this. The Committee would also like to know the steps taken by the Government for the new scheme by which these outstanding dues would be guaranteed to enable the Coal Companies to realise bonds etc. The Committee also note with concern that huge amount of Rs. 2559.54 crore is under disputed category. The Committee recommend that as a first step the Ministry should ensure that maximum amount from this category is transferred to undisputed category and for which they should effectively utilise the service of the umpires appointed for the purpose. Efforts should also be made to check such disputes by joint samplings at both the loading and unloading points.

E. *Regional Exploration*

34. Regional drilling is undertaken by the Geological Survey of India (GSI) under the Ministry of Mines. However, in order to accelerate the pace of regional drilling in certain priority areas like coking coal,

higher grades of non-cooking coal and lignite, a separate provision is made by the Ministry of Coal under the head of promotional drilling for coal and lignite sector. The Sub-Committee on Coal & Lignite (Group VIII of Central Geological Programming Board) with Geological Survey of India, Central Mine Planning & Design Institute Ltd., Singareni Collieries Company Ltd., Neyveli Lignite Corporation Ltd. etc., programmes, coordinates and reviews the exploration work.

35. The sub-committee on Coal and Lignite (Group-VIII of Central Geological Programming Board) decides the allocation of promotional exploration work every year to executing agencies *viz.* Mineral Exploration Corporation and Geological Survey of India. The budget estimates for the promotional exploration work are computed by CMPDIL based on the rates of drilling and the physical targets and are submitted to Ministry of Coal. Ministry of Coal also reviews the progress and performance agency-wise for the promotional drilling during the year and identifies corrective measures. In order to meet the target of promotional drilling for the IX Plan period, efforts have been made to identify NMDC as the third agency for promotional drilling in Coal. The disbursement of funds is regulated based upon the actual performance, in physical terms, of the implementing agencies namely GSI and MECL. CMPDI is the nodal agency for coordinating and allocating promotional coal exploration work including disbursement of funds.

36. The percentage achievement of 8th Plan targets of regional exploration both in physical and financial terms are given below:—

(FUNDS-Rs. in crores)

Year	Tar. (m)	Achiev. (m)	Short/ Excess	Achiev. (%)	B.E.	R.E.	Utilised	Utilisation as % of R.E.
1992-93	82,300	76160	–6140	92.5	8.00	8.00	6.40	80.0
1993-94	97,100	59421	–37679	61.2	4.00	7.00	8.28	118.3
1994-95	77,000	62078	–14922	80.6	10.00	10.00	7.58	75.8
1995-96	72,000	71489	–511	99.3	17.00	12.00	11.27	93.9
1996-97	92,500	86104	–6396	93.0	12.00	17.00	15.53	91.3
1997-98	12,16,00	96,200	–25400	79.1	20.00	20.95	20.95	100%

37. The progress of work has been stated to be slow over the years as the executing agencies *viz.* Mineral Exploration Corporation (MEC) and Geological Survey of India (GSI) had various administrative and financial problems. The law and order problem and extremist activities in Godavari Valley in Andhra Pradesh have also adversely affected the drilling performance in Singareni Collieries Company Limited.

38. Commenting on the expenditure during 8th Plan, the Ministry of Coal informed the Committee in a post evidence reply as under:—

> "At the time of formulation of the 8th Plan in the year 1991-92, based on the performance for regional exploration during 1989-92, a fund of Rs. 25 crore was provided. However, both the implementing agencies *i.e.* GSI and MECL, were in a position to enhance their drilling capacity for promotional drilling and were able to utilise 90% of the total allocation in the first three years of the 8th Plan. As such, a revised provision of Rs. 45 crore had to be made."

39. To a query that there is no co-relation between physical and financial targets and the budget allocations during 1993-94, 1995-96, 1997-98 and the respective achievements indicate that the demands were not made according to the targets fixed, the Ministry of Coal informed the Committee in a written reply as under:—

> "The actual drilling meterage achieved during the year is reported and is taken as the physical achievement. On the other hand, there is a time gap of over three months between date of drilling and release of payment by CMPDI. The process includes (a) scrutiny of boreholes, (b) preparation of bills, (c) scrutiny and approval by SCCL and NLC for coal and lignite drilling, (d) submission of technically cleared bills to CMPDI, (d) scrutiny and release of payment by CMPDI. Hence, the payment for drilling done in the last quarter of the year will normally be made only in the next financial year."

40. About the present mechanism to approve the demands made by various executing agencies, the Ministry of Coal informed the Committee that the programme for promotional drilling during the IX Plan is formulated by Sub-Group II on Coal and Lignite Exploration.

In the above document, the exploration programme along with the agencies and the fund requirement is as given below.—

Agency	Mineral	IX Plan Meterage	Fund Requirement (Rs. Crores)
GSI	Coal	1,05,000	28.35
	Lignite	45,000	9.00
MECL	Coal	2,25,000	60.75
	Lignite	4,00,000	80.00
Total		7,75,000	178.10

41. During the Eighth Plan; the fund utilised were Rs. 49.06 crores and 3,55252 meterage drilling was carried out. Based on the above, the programme for Promotional Exploration yearwise, for MECL, GSI for coal and lignite has been formulated in the meeting of C.G.P.B. held on 30.1.97. The yearly programme is subject to annual review and modifications considering the actual achievement and requirement of drilling.

42. As a result of exploration carried out (down to a depth of 1,200 metres) by the GSI and other agencies, a cumulative total of 206.24 billion tonnes of coal reserves have been estimated in the country as on 1.1.1998. The State-wise distribution and its categorisation are as follows:—

STATE-WISE RESERVES

(In million tonnes)

States	Proved	Indicated	Inferred	Total
1	2	3	4	5
Andhra Pradesh	6988.20	3203.36	2935.67	13127.23
Arunachal Pradesh	31.23	11.04	47.96	90.23

1	2	3	4	5
Assam	228.37	26.83	65.01	320.21
Bihar	33982.71	28116.41	5897.59	67996.71
Madhya Pradesh	11388.25	21903.81	8824.29	42116.35
Maharashtra	3810.25	1304.76	1663.64	6778.65
Meghalaya	117.83	40.89	300.71	459.43
Nagaland	3.43	1.35	15.16	19.94
Orissa	7677.61	22768.45	17930.40	48376.46
Uttar Pradesh	574.80	487.00	0.00	1061.80
West Bengal	10315.07	11215.36	4362.06	25892.49
Total	75117.75	89079.26	42042.49	206239.50

The Company-wise coal despatches & stock indicate than that 0.57 million tonnes (prov.) of coal was despatched by North-Eastern Coalfields Ltd. during 1997-98 whereas coal stock (Vendible) were 0.93 million tonnes.

43 The Committee find that during 1994-95, 62078 meterage drilling was carried out with fund utilisation of Rs. 7.58 crore whereas in 1993-94, 59421 meterage drilling was carried out with the fund utilisation of Rs. 8.28 crore. The Committee would like to know the reasons for disproportionate use of funds as compared to actual meterage drilling. The Committee are surprised to note that although the Geological Survey of India and Mineral Exploration Corporation Ltd. have furnished their exploration programme on the basis of which 8th Plan allocations were made, it appears the Ministry of Coal failed to put their requirements with them as per the projections of demands/projects to be carried out in the next 5 or 10 years. The Committee regret that the targets set for promotional drilling for the last six years have never been achieved. In view of the previous performance, the Committee expect the Study Group on Coal and Lignite Exploration to have a vigilant monitoring of the exploration programme so that the target of 9th Plan be achieved.

44. The Committee are surprised to note that against a total of 889.81 MT of coal reserves in North-Eastern States of Assam, Arunachal Pradesh, Meghalaya and Nagaland, the coal production is less than 1 MT per annum. The Committee feel that the production from coal bearing areas in the North-East has been neglected and desire that immediate steps should be taken to increase coal production from North-Eastern Sector.

F. Capital outlay on Coal & Lignite

45. Under Major Head 4803, the allocation of funds for acquisition of coal bearing areas during 1996-97 and 1997-98 as under:—

(Rs. in crores)

1996-97			1997-98		
B.E.	R.E.	Actual	B.E.	R.E.	Actual
10.02	10.02	1.29	10.00	9.50	1.93

4.6 Details of target fixed for acquisition of coal bearing areas during 1996-97 and 1997-98 *vis-a-vis* actual achievement are as under:—

Item	1996-97		1997-98	
	All Rights	Mining Rights	All Rights	Mining Rights
Area to be acquired in Ha.	6,435	7,799	2,648	8,484
Area actually acquired in Ha.	2,459	7,344	1,102	5,057

The reason for low utilisation of funds as stated by Ministry of Coal is the receipt of lesser compensation claims duly processed for payment.

47. Asked about the mechanism available with coal companies for payment of compensation to the land owner whose land is being

acquired for extraction of coal, the Ministry of Coal in a note stated:—

"The steps taken at the level of coal company and the Government for Land Acquisition under CBA—Coal Bearing Areas (Acquisition and Development) Act, 1957 and mechanism for payment of compensation to land losers are as under:—

I. Section 4

Initial proposal submitted by the Coal Company to Ministry of Coal showing outline of area to be acquired including prospecting. Gazette Notification by Government of India after due examination at MoC (Ministry of Coal) and MoL (Ministry of Law).

II. Section 7

Intention to acquire showing exact quantum of land with Mouza, Plot No., Area and a complete Mouza Map showing the area to be acquired, schedule of land to be acquired—submitted by the coal companies to MoC for Notification in two languages (Hindi & English). Notification are issued thereafter by MoC after due processing at MoC & MoL. Under this section, objections are invited giving 30 days time from the date of Notification under this section which are considered.

III. Section 9

Proposals are submitted under this Section to MoC for actual Acquisition—Notifications are issued by MoC after processing at MoC & MoL, after this Notification the land vests free from all encumbrances with the Central Government.

VI. Section 11

After Notification under Section 9, the proposal is sent to MoC for Notification under Section 11 which is vesting of the acquired land under Section 9 to Coal Company.

Mechanism for payment of compensation to land losers

Steps I

The coal companies prepare the compensation roll giving due consideration to the following components immediately after Section 9.

— Fair market value as determined by the Collector of the District (on the date of Notification under Section 4) and 30% solatium of the above value.

— interest @ 9% per annum for 1st year and 15% for the subsequent years.

— An escalation amount in the form of interest at 12% per annum of the fair market value from the date of Notification under Section 4 upto the date of Notification under Section 9, subject to maximum of 3 years.

Steps II

(a) Negotiation with land losers after Section 9.

(b) Taking physical possession of land.

(c) Payment of 80% of land value to the land loser.

(d) Preparation of compensation roll by Coal company.

(e) Submission of compensation roll to MoC for approval.

(f) Making final payment after above approval.

Steps III

— In case of dispute as to amount of compensation or ownership—referred to Tribunal.

— Tribunal not below the rank of District Judge—appointed by MoC.

— Tribunal holds court and settles disputes.

— Final payment is made after getting award of the tribunal and then approval of MoC.

48. About the delay and time elements involved for disposal of compensation claims, the Ministry of Coal informed the Committee in a written reply as under:—

"Components of delay

(a) getting uptodate records of right (RoR) duly authenticated by the State Government.

(b) Getting fair market value of the concerned land according to the class and Mouza of the land from the State Government.

(c) Unjustified demands of the land losers for employment beyond norms.

(d) Deficiencies in the organisation's internal system.

Time Elements

(a) From Section 9 to payment of *adhoc* amount to land losers after negotiation about 2 years.

(b) From *adhoc* payment to final payment after approval from MoC 3 to 4 years."

49. It further states:—

"As on 31.3.98, 7217 claim cases are pending at various levels in the coal companies/Tribunals for process/disposal."

50. Enquired about the power and authority, the Coal Companies possess under Administration of Coal Bearing Areas, Act, the Secretary, Ministry of Coal stated as under:—

"The first thing is that a commercial company like Coal India Ltd. cannot prevent encroachment without the help of the State Government. To protect these areas of State Government's land, we neither have that kind of policing nor that kind of security. We do not have Protection of Encroachments Act. This Act itself is implemented by the State Revenue Authorities."

51. He further stated:—

"Being a commercial company, we cannot acquire all the land, without budgetary support, in anticipation of the project. If there is a projected production coming out of that particular field in the next 5, 10, 15 or 20 years, we can do that. But Coal India Ltd. cannot acquire all coal area and keep it. Then, we will not be able to protect it."

52. When pointed out that there had been encroachments in Government lands which are a Coal Bearing Area in Raniganj of ECL and Nagpur, Kana and Kanthi areas of CCL and it will require the Government/Coal companies to pay huge compensation if timely measures are not taken, the Secretary, Ministry of Coal stated during evidence:—

> "At the moment, the instructions of Government are that we can take advance action for land acquisition against projects which are in the Plan. We cannot acquire land for projects which we do not have."

53. The witness further stated:—

> "In Raniganj there is a law today that there should be no further construction because the city is unsafe and that the city is sinking. But construction is going on and the encroachments are increasing."

54. The Committee note that the funds utilisation for acquisition of coal bearing areas during 1996-97 and 1997-98 was very low. Against the revised estimates of Rs. 10.02 crore in 1996-97, the actuals were Rs. 1.29 crore and in 1997-98, it was Rs. 1.93 crore against the revised estimates of Rs. 9.50 crore. The reasons for low utilisation of funds are stated to be receipt of less compensation claims duly processed, delay in getting uptodate records of right, deficiencies in organisation's internal systems etc. The Committee feel that the Government must address the problem of rehabilitation of the land oustees whose land is acquired under the Coal Bearing Areas Act and steps should be taken to remove deficiencies in the organisation's internal system. The Committee would like to know the subsidiary/area-wise breakup of these claims and desire that the 7217 claims as on 31.3.98 which are pending at the various levels in coal companies/tribunals for process/disposal be expedited. The Committee would also like to know the amount of compensation involved.

55. Regarding encroachments on Government land/coal bearing areas, the Committee find that advance action for land acquisition is taken in only those projects from where productions is projected for the next five to fifteen years. The land for projects which are not planned is not acquired by the Government/Coal companies. The Committee feel that the present inaction of the Government to notify/acquire all coal bearing areas would block the huge coal reserves

under the buildings/dwellings which are growing on such land and desire that the Government should notify all the coal bearing areas as identified by the Geological Survey of India and take immediate steps to ensure that no encroachments and pucca dwellings to come up on such areas. The Committee would like to know the Government's action thereon.

G. Plan Performance

56. The Planning Commission approved the 8th Five Year Plan of the Ministry of Coal at Rs. 12,357 crore. Achievement against the approved outlay are given below:—

(Rs. in crores)

Name of the Company	Plan Outlay	Actual Expenditure	Achievement (%)
Coal India Ltd.	8520.00	8135.03	95.48
Singareni Colliery Company Ltd.	1850.00	2011.98	108.76
Neyveli Lignite Corporation Ltd.	800.00	485.60	60.70
S&T	87.00	18.21	20.78
Regional Expl.	25.00	48.77	195.08
EMSC	75.00	15.00	20.00
Total Coal&Lignite	11357.00	10714.59	94.34
Neyveli Lignite Corporation (Power)	1000.00	429.48	42.95
Grand Total:	12357.00	11144.07	90.15

Coal production during the 8th Five Year Plan by CIL and SCCL, varied from 95.13% to 105.04% as compared to the targeted figures.

57. Coal production has increased by 6.16 per cent in 1995-96 and 5.79 per cent in 1996-97 as compared to previous year. However, the

growth has been reduced to 3.68 per cent in 1997-98 as compared to 1996-97.

58. Regarding performance of Coal Companies, Secretary, Ministry of Coal stated during evidence:—

"Very briefly, the coal industry in 1997-98 ended on a satisfactory note. The coal production was 296 million tonnes from Coal India. Singareni Coal company and TISCO and IISCO and other producers. This entire production was despatched. The coal industry has made substantial profits except for one or two coal companies like the Eastern Coalfield Ltd. There has been significant improvement in the performance of some of the companies which were performing poorly earlier namely, Bharat Coking Coal Ltd. and Central Coalfields Ltd. This year's growth, however, does not appear to be as rosy as it should be. There are two or three fundamental problems that we are facing this year. The most important problem is slackness in demand. During the first quarter of the year between April to June, the lifting of coal by the various power stations by all the consumers has been considerably less than anticipated. We have had a very peculiar situation last year that the country had imported a total of over Rs. 4100 crore worth of coking coal as well as non-coking coal. At the same time, the coal industry is having at its pithead, coal worth over Rs. 3000 crore. We are having this coal here and, at the same time that quantity of coal is imported."

59. When asked about the effect of the four per cent increase in customs duty across the board, Secretary, Ministry of Coal stated as under:—

"The four per cent import duty imposed is a very good step. However, since it does not cover traders, it will not affect them. A lot of coal, particularly in the Gujarat coast, is coming only through traders. The traders are importing and then they are selling it to the end customers. So, this would not have any impact on the price."

60. Elaborating the point, the Secretary further added:—

"In fact, we had submitted to the Finance Ministry a request saying that the traders being exempted from this import duty, it will in fact encourage the middlemen. Even the end users will set up a small trading agency. Suppose there is a cement company, it will set up a trading agency because the trading agency will not have to pay the import duty."

61. Enquired about the projected coal production and demand for Ninth Plan, and what will be the gap between the demand and projection in the Ninth Plan; the Secretary, Ministry of Coal informed the Committee as under:—

"The total production projected by the Planning Commission for the year 2001-02 is 370.60 million tonnes of which 314 tonnes would be from Coal India and its subsidiaries, 36 million tonnes from Singareni and the balance from other captive mines. The original projection of demand made by the Planning Commission was 412.20 million tonnes for the same period, that means, the Planning Commission said that there will be a gap of 41.6 million tonnes between demand and production. However, we have conducted a review in the last few months and found that a large number of power projects which are supposed to be coming up are not coming up and they are slipping very seriously. The projection was that 18,800 megawatts of power based on coal will be available by 2001-02. As against that, our current expectation is that not more than 11,000 megawatts will be available. That means that there is a slippage of something like 7,000 megawatt already. A figure of 7,000 megawatt slippage means, our current demand gets reduced by something like about 30 million tonnes. We fear that there will be more slippages also."

62. The Committee are constrained to note that the Plan outlays by Coal India Limited and Neyveli Lignite Corporation Ltd. have not been utilised during the 8th Plan. Now that, the Ministry of Coal are anticipating slippages in demands from Power Sector, the Committee feel they (Ministry of Coal) should ensure demand for their Coal and encourage its sales. The Committee fear that due to low investments in the 8th Plan, the production targets of the 9th Plan are likely to be adversely affected and feel that there is an imperative need to have a long action plan spread over 15 to 20 years to priorities the projects to be taken up since the coal projects

do have a long gestation period. The Committee desire that suitable measures should be taken to minimise the gap between the demand and production during the 9th Plan and recommend that the projects affected due to less investments during the 8th Plan be taken more vigorously. The Committee would like to be apprised of the action taken in this regard.

63. The Committee are also convinced of the view of the Ministry of Coal that exemption given to traders on customs duty on coal by 4 per cent will encourage middle-men and also have a lacuna whereby even actual consumers may set-up their own trading agency to avoid customs duty on import of coal. The Committee would like the Ministry of Finance to re-examine the rationale behind exempting traders from customs duty on coal import. The Government may also examine the feasibility of imposing anti-dumping duty on coal to save the domestic coal industry.

H. Performance of Neyveli Lignite Corporation Ltd. (NLC)

64. The Ministry of Coal have informed that against the B.E. of Rs. 559.13 crore for 1996-97, the actual utilisation by NLC was Rs. 203.77 crore, and for 1997-98 against the B.E. of Rs. 554.77 crore, the actuals were Rs. 168.28 crore. Against the plan outlay of Rs. 860 crore by NLC during 8th Plan, the actual utilisation was Rs. 485.60 crore only. The total 9th Plan outlay proposed by Ministry of Coal for NLC is Rs. 5709 crore.

65. About the steep hike to Rs. 5709 crore in the proposed 9th Plan outlay as compared to the actual utilisation of Rs. 485.60 crore only during the 8th Plan period by Neyveli Lignite Corporation Ltd., the Ministry of Coal informed the Committee that the utilisation of funds in the 8th Plan has been poor because expenditure was contingent upon maturing of contracts for payment. As major contracts did not mature for payment, the utilisation could not gather momentum in the 8th Plan. There will thus be a spillover due from the 8th to the 9th Plan resulting in a larger outlay. Besides Mine IA, whose major contractual payments will be in the 9th Plan period, it has been decided to implement 4 new projects (Mine II Expansion, TPS II Expn., TPS III and Mine III) in the 9th Plan, thus increasing the requirement

of funds. Performance of NLC during 1996-97 and 1997-98 is as under:

Physical Production	1996-97		1997-98		1998-99
	Target	Actual	Target	Actual	Target
Overburden (LM3)	840.00	942.14	880.50	965.00	880.50
Lignite (LT)	160.00	173.541	165.00	181.08	175.00
Power Gross (MU)	10685.00	12706.85	11365.00	13402.27	11715.00
Power Export (MU)	8727.00	10583.89	9342.00	11183.59	9620.00
Urea (Tonnes)	124000.00	119049.00	124000.00	102690.00	105000.00
Coke (Tonnes)	240000.00	215172.00	240000.00	233963.00	240000.00

66. Asked about the reasons for low utilisation of funds by Neyveli Lignite Corporation Ltd., during the Eighth Plan period, the Ministry of Coal informed the Committee in a written reply as under:—

Main reasons for low utilisation of funds during the 8th Plan: Neyveli Lignite Corporation Ltd.

Projects	Approved Outlay	Actual Outlay	Shortfall	Reasons for Shortfall
1	2	3	4	5
Float Machine	156.62	129.45	27.17	Delay in funding by KFW and delay in supply and erection by contractors due to structural defects.
Mine I Expansion	423.15	163.30	259.85	Delay in sanction of linked TPS I Expn. project due to non settlement of rehabilitation issues with KFW. Delay in release of loan by KFW.

1	2	3	4	5
LEP of TPS I	311.25	180.40	130.85	Delay in supplies due to collapse of USSR; change of funding from Indian Rupees to dollars; pressure from Tamil Nadu Govt. not to shutdown Power Plant Units in view of power shortage in the State.
400 K.V. Line Power Grid	85.94	33.46	52.48	Projects were transferred to Powergrid *w.e.f.* 1.4.92 hence expenditure reduced.
Second Thermal Stage II	244.09	155.88	88.21	Not a shortfall but a reduction in project cost due to test and trial run receipts and income from short term deposit.
Revamping of B&C and Fertilizer	20.00	4.68	5.32	Difficulties in formulation of rehabilitation schemes; detailed examination of problem, consultation with experts and approval by NLC Board.
Others	292.10	240.67	51.43	Distributed roughly over 16 Schemes.

67. To a query as to how despite lower investments, NLC Ltd. not only achieved physical targets but exceeded in respect of overburden, lignite and power production during 1996-97 and 1997-98, the Ministry of Coal have stated that capital investment have a long gestation period for yielding returns and NLC Ltd. is achieving its targets of production on past investments. There is no immediate co-relation between the date of new capital investment and its returns. That is why despite apparently low investments, NLC achieved physical targets in 1996-97 and 1997-98. The results of NLC's new investments would be seen from the year 2000 onwards.

68. The Committee observe that against plan outlay of Rs. 860 crore for NLC during the 8th Plan, the actual utilisation was only Rs. 485.60 crore. The reasons for shortfall in approved outlays are stated to be due to problem of funding, supply of equipments, formulation of rehabilitation packages etc. The Committee feel that there is an imperative need to improve project implementation in the coal sector and expect that some concrete steps would be initiated by the Government to check the difficulties experienced by the Corporation. The Committee would also like to know the reasons for fixing the low production targets of power (gross) for 1998-99 at 11715 MU as compared to 13402.27 MU achieved during 1997-98.

First Mine Expansion Project of Neyveli Lignite Corporation Ltd.

69. The First Mine Expansion Project (4 mty.) of Neyveli Lignite Corporation was sanctioned by the Government in March, 1992 at a capital cost of Rs. 1336.93 crore including foreign exchange component of Rs. 278.28 crore. The lignite from this mine would be feeding Neyveli Lignite Corporation's TPS-I Expansion Project (2 x 210 MW). The implementation of this project is stated to be under way. The linked TPS-I Expansion project has also been sanctioned in February, 1996. Foreign Currency Loan in respect of Mine-I Expansion Project and the linked TPS Expansion Project has also been signed in March, 1997. The project is expected to be completed by April, 2000.

The Mine-I Expansion Project of Neyveli Lignite Corporation was schedule to be completed in October, 1996. The linked Thermal Power Station I Expansion Project was scheduled to be completed as under:—

Unit I	August, 2000
Unit II	February, 2001

70. The Ministry of Coal has informed that both projects are proceeding as per revised schedule. Mine I Expansion Project is now expected to be completed in April, 2000 and TPS I Expansion (Unit I) in September, 2001 and Unit II in March, 2002. Mine I Expansion will thus be ready before TPS I Expansion is synchronised. The total expenditure on mine I Expansion Project upto May, 1998 is Rs. 272.32 crore.

71. Enquired about the reasons for different schedules for the First Mine Expansion Project of Neyvelie Lignite Corporation Ltd. which was scheduled to be completed in October, 1996 and the linked TPS-I which was scheduled to be completed only in August, 2000. The Ministry of Coal informed the Committee in post evidence reply as under:—

> "Both Mine I Expansion and TPS I Expansion projects were proposed by NLC as linked projects, one supplying fuel to the other for power generation. Both the projects were, accordingly, put up to the Inter-Ministerial Group on 7.1.1991, followed by the Public Investment Board (PIB) on 27.6.1991. Because of fund constraints and reduced VIIIth Plan outlay the PIB recommended only the Mine I Expansion project for GOI sanction. Simultaneously, the PIB wanted some additional steps to be taken for the TPS I Expansion project. These steps include:
>
> (a) An opinion on the need for installation of a Flue Gas Disulphulrisation (FGD) plant,
>
> (b) interaction with Electricity Boards of the Southern region for a consensus on power tariff parameters and payments,
>
> (c) tying up of funds from KFW for both the projects."

72. According to the decision of the PIB held on 27.6.91, the Mine I Expansion projects was processed and ultimately got sanctioned in March, 1992. In the course of following up the decisions of the PIB relating to external funding for both projects, KFW, the funding agency agreed to fund both the projects as linked projects. The investments on the Mine I projects, in the meanwhile, were kept on hold essentially because of resource constraints. With the sanctioning of the TPS I Expansion project in February, 1996, and the signing of the KFW loan agreement in March, 1997 after sorting out new rehabilitation issues

raised by KFW both the projects could take off in earnest and is now scheduled to be completed in such a way that the Mine-I Expansion starts production just before the TPS-I Expansion is ready to accept the lignite.

73. The Committee have also been informed that there was a delay in the finalisation of foreign currency loan from the German funding agency, M/s KFW who were insisting on a rehabilitation package before signing the loan agreement. This delayed the issue of the Letter of Intent for the main plant package as well as the other related packages.

74. On being asked why this issue was not settled before negotiating foreign currency loan from a foreign company and the steps taken by the Government to ensure that all foreign currency loan contracts for various coal/lignite projects should do not get delayed, the Ministry of Coal in a post evidence reply furnished to the Committee stated as under:

> "NLC has its own rehabilitation package being implemented since 1982. This package was a settlement between NLC, State Govt. and land oustees. KFW has sanctioned four loan agreements with the NLC, the latest one being a 65 million DM in March, 1996 but never was the issue of rehabilitation package raised by them. When KFW was approached, after getting the GOI sanction of TPS-I Expansion, for signing the loan agreement for the linked projects of Mine-I Expansion and TPS-I Expansion, they raised the issue of rehabilitation package for the first time claiming it as a directive from the German Government. Extensive discussions and negotiations had to be undertaken with KFW and the State Govt. The finalisation of the rehabilitation package, agreeable to NLC, State Govt. KFW and Ministry of Coal, resulted in a delay of one year. Had KFW informed earlier that they are on the look out for such a package this delay could have been easily avoided."

75. The Committee are constrained to note that although both Mine-I Expansion and TPS-I Expansion project were proposed by NLC on 7.1.1991, only Mine-I Expansion project got sanctioned in March, 1992 and linked TPS-I Expansion got sanctioned only in Feb., 1996. The delay in sanctioning of TPS-I Expansion is stated to be due to resource constraints and the Public Investment Board (PIB) suggested that funds from M/s KFW for both projects be tied-up first. The loan agreement with M/s KFW was signed in

February, 1996. The Committee find that the project which would have yielded results in the 8th Plan would now be commissioned by the end of the 9th Plan. The Committee would like to know the reasons for delay in tying up loans for both the projects since the decision of PIB on 27.6.92. The Committee would also like to know that when the approval of the Government was given to NLC to have loan agreement with M/s KFW. Regarding foreign loan agreements, the Committee feel that these should be elaborate and should have some penalty clause to ensure that the loans for coal/ lignite projects are not delayed.

R&M of Urea Plant of NLC Ltd.

76. About steps taken by the Government for renovation and modernisation of Urea plant of Neyveli Lignite Corporation Ltd., the Ministry of Coal informed the Committee that for Fertilizer Plant, NLC Board accepted the study report submitted by M/s. Projects & Development India Ltd., Sindri for the installation of single Ammonia Reactor and accessories in place of the existing three reactors at an anticipated cost of Rs. 59.94 crore to ensure the safe operation and to improve capacity utilisation of the Ammonia Plant. Letter of Intent has been issued during May, 97 for revamping work. NLC Board approved the Scheme of Urea Revamping, in principle, at an estimated cost of Rs. 10 crore.

77. Regarding losses from fertilizer unit; CMD, NLC Ltd. informed the Committee during evidence:

"In the last five years, the cummulative loss is to the extent of Rs. 150 crore".

78. He further stated:

"The loss is mainly because the input norms of the plant were guided by the design of sixties vintage. Today's plant is a more fuel efficient plant. It needs modernisation and upgradition. We have identified the process by which we would be able to boost up the production of the urea by another 20,000 tonnes."

79. In this regard, Secretary, Ministry of Coal supplemented:

"This is an existing urea plant which is producing urea and 129,000 tonnes is its total production. If we have to set up a similar plant now, it would cost us around Rs. 2,000 crore or so. So, we are just examining whether it is possible, with some technical upgradition of Rs. 30-40 crore, to make it profitable. If it is not feasible then we can look for its substitution."

80. Enquired if the fertiliser plant of NLC runs to its full capacity, what would be the profit/loss on the operations of the plant, the Committee have been informed in post evidence reply as under:

"The installed capacity of the fertiliser plant is 1,52,000 tonnes per annum. However, an Expert Committee set up by the Government of India, after studying the plant in the 70s, has derated the capacity to 1,20,000 tonnes per annum. By making an investment to the tune of Rs. 85 crore (Rs. 50 crore already committed), the fertiliser plant is expected to produce the designed capacity of 1,52,000 tonnes per annum. This will result in a profit of around Rs. 20 crore per year. Even if the plant achieves the derated capacity of 1,29,000 tonnes per annum, break even will occur at this level of production because of the other improvements effected in the input norms of the plant."

81. The Committee are distressed to note that although NLC Ltd. is a profit making company, its Urea plant has accounted for Rs. 150 crore of cumulative losses during the past five years. It is only in May, 1997 that revamping work has been initiated. The Committee desire that the steps suggested by M/s Projects & Development India Ltd., Sindri and accepted by NLC Board be implemented without any further delay to make the plant viable and to ensure its safe operation. The Committee would like to know the action taken in this regard and desire that the investment of Rs. 30-40 crore may be made available for technical upgradation of the plant beside Rs. 50 crore already committed. The Committee await the information regarding expected time by which Urea Plant will be made profitable.

I. Coal Sector Rehabilitation Project

82. Ministry of Coal informed the Committee that they have successfully negotiated a US$ 530 million loan from world Bank and a loan of similar amount from Japan Exim Bank for undertaking coal sector Rehabilitation Project of Coal India Limited and a credit from International Development Association (IDA) for SDR 1.5 million. The

Regulatory Framework Review Project would be financed out of the credit to be provided by the IDA. This credit from IDA will be used to finance a study of the rules and regulation governing the coal industry.

83. The objectives of the Study are to:

(a) review the mining, environmental and labour laws, regulations and control systems under which the Indian coal industry operates,

(b) review the mining, environmental and labour laws and regulations governing coal mining operations in major coal producing countries, and

(c) recommend improvements to regulatory framework for coal mining in India.

The duration of the Regulatory Framework Study would be from September, 1998 to September, 1999.

84. Enquired about the need that was felt to have Regulatory Framework Review project financed through a credit by International Development Association, the Committee have been informed by the Ministry of Coal in a written reply as under:

"At the time when the Coal India Limited (CIL) was negotiating with the World Bank for a loan of around US$ 500 million from World Bank and co-financing assistance of around US$ 500 million from Export Import Bank of Japan (JEXIM) for the proposed Coal Sector Rehabilitation Project (CSRP) for investment in quick-yielding opencast coal Projects of CIL, a World Bank Team visited Calcutta and Delhi during 1st March to 26th March, 1997. During negotiations with this Team, it was agreed that the proposed CSRP loan would finance a study by a team of experts to review the existing rules, regulations and institutional framework governing the Indian Coal Industry in comparison with the framework in other coal producing countries. The Terms of Reference of the Regulatory Framework Study were finalised on 23rd July, 1997 in Washington during negotiations between the World Bank (IBRD & IDA) representatives on the one hand and the officers of the Government of India (Ministry of Coal and Department of Economic Affairs) and CIL on the other. It was agreed during the negotiations that as a part of the CSRP, an IDA (International Development Association) credit of a total amount of US $2 million (equivalent to Special Drawing Rights of US$ 1.5 million) will be available to finance a study on the rules and regulations governing the coal industry in order to improve its regulatory framework. It was agreed to apply the proceeds of this credit for payments under the contract for the consultancy services to undertake the Regulatory Framework Study. The Request for proposal (RFP) to invite the technical and financial proposals from the short-listed firms was issued on 15.5.68. The Regulatory Framework Study is scheduled to start with the execution of contract with the selected firm of consultant on 31.8.98. The composition of the Study team of the consultant firm will be known at the time of signing of the contract. However, it is expected that the study team of the consultant firm consisting of about 5 international legal and mining experts will be assisted by a few Indian experts appointed by the Ministry of Coal. The team of the consultant firm will also organise visits to selected coal producing countries to study the mining, environmental and labour laws and regulations governing coal mining operations in such countries."

85. The Committee are of the opinion that the Coal Sector Rehabilitation Project and Regulatory Framework Review Project seem to be nothing but extremely expensive exercises as it involves organisation of visits by Ministry of Coal officials to selected coal producing countries to discuss coal policy options, importance of developing and overall policy framework and impact of alternative legal and regulatory/fiscal regimes. The Committee expect the Government to carry out study by the experts available in the country and if needed, review the existing coal policy to improve areas like working conditions, environmental preservation, mine safety, workers welfare, improvement in productivity, etc.

New Delhi;	K. KARUNAKARAN,
1 July, 1998	*Chairman,*
10, Asadha, 1920 (Saka)	*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.	11	The Committee are distressed to note that the R&D projects which do have a direct and immediate impact on the growth of Coal industry has been a neglected area. The Committee find that although the budget allocations for R&D activities is very low as compared to the total turnover of the Coal industry, yet the same has not been utilised during the 8th Plan. It has also been observed by the Committee that with as little as 23.2% of the budget allocations during 1995-96, the targeted projects have been completed and the remaining Budget Estimates could not be utilised due to non-materialisation of projects/schemes as anticipated. The reason for non-utilisation of funds as stated by the Government is that the schemes did not come from CSIR, Central Fuel Research Institute, Central Mine Research Institute Coal Companies and other institutions as anticipated. Moreover, the clearance procedure is also complicated and even takes a year to get the schemes inadequate number of quality R & D projects with the Ministry, the Committee

1	2	3
		recommend that the Ministry should set up its own in-house R & D organisation along with CMPDIL to achieve the major thrust in areas such as coal production, safety etc. The Committee also express that there is a need for adequate control and proper co-ordination with the various organisations/institutions so that the Ninth Plan target could be achieved. The Government should identify the suitable R&D projects based on the requirements of the Coal industry and on the experiences of various Caol companies working under the Ministry.
2.	17	The Committee are dismayed to note that despite repeated recommendations made by the Standing Committee on Energy in their earlier Reports that urgent effective measures to control mine fires and subsidence are needed, the schemes/projects for stabilisation/restoration of Coal mines have not been geared up to the extent required. The Committee also note that approval/sanction of the scheme under Environmental Measures Subsidence Control gets delayed because of the cumbersome procedure which include technical scrutiny by CMPDIL, approval of Sub-Committee of Standing Scientific Research Committee (SSRC) on Environment & Ecology, subsequent approval by SSRC, sanction of

1	2	3
		Ministry of Coal and Financial concurrence by Finance Committee/ Expenditure Finance Committee. The Committee feel that such procedures should be simplified and a time frame be drawn-up to stabilise the identified unstable areas. The Committee would also like to know the reasons for low utilisations of funds during 1997-98 even when two schemes worth Rs. 9.69 crore and Rs. 8.70 crore for ECL for stabilisation/restoration work and one for reclamation of mined out areas of CCL worth Rs. 3.92 crores were approved/sanctioned in March, 1997.
3	22	The Committee observe that the funds for the environmental and Subsidence Control measures during the Eighth Plan could not be utilised as the institutional arrangements with the respective State Governments could not be firmed up. The Government have now stated that the two schemes with 4 years durations have been initiated—one for ECL at an estimated cost of Rs. 32.52 crore and another for BCCL at an estimated cost of Rs. 33.88 crore without waiting for the institutional arrangements with the respective State Governments of West Bengal and Bihar where these two schemes are to be implemented. The Committee are of the opinion that

1	2	3
		taking into account the past performance of EMSC schemes, the Government should have acted promptly to finalise the institutional arrangements with the State Governments after accepting the recommendation of High Power Committee in March, 1998. The Committee desire that recommendation of the High Power Committee should be implemented in a time bound manner and this Committee be informed within three months of the action taken in this regard. The Committee would also like to know the targets set to be achieved for 1988-89 for these two schemes and the steps taken to ensure the same.
4.	29	The Committee note that the organisation of Coal Controller is responsible for inspection of quality of coal supplied and to settle the complaints against grading/ substandard despatches of coal. It has a substantial role in the harmonious business relations among the Coal Companies and the consumers. However, the Committee note with dismay the casual approach of the Government for filling up the post of Coal Controller. The post was expected to be vacant from 1.12.95 and the Government approached the UPSC only on 22.11.95. It was filled up on 23.12.97. It is also observed

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		that the number of cases under examination by Coal Controller was 253 and 188 in 1995-96 and 1996-97 respectively in the absence of organisation Head and the number was reduced to 22 in 1997-98. The Committee feel that the Government should have acted well in advance anticipating the likely vacancy in December, 1995. The Committee desire that responsibility be fixed in nonfilling the port timely. The Committee hope that the Government shall act more prudently in future so that the efficiency of such an important organisation does not suffer.
5.	33	The Committee are surprised to note that despite realisation of a sum of Rs. 226.50 crore from Central Plan Assistance of the State Governments in 1997-98 and other steps like cash and carry scheme being implemented since 1.1.997, the total outstanding Coal sale dues have increased by 1451.08 crore on 31.3.98 as compared to that on 31.12.96. The Committee are perturbed to note the considerable increase in the dues from power sector despite the reported steps taken and desire the Ministry of Coal to explain the reasons for this. The Committee would also like to know the steps taken by the Government for the new scheme by which these outstanding dues would be

1	2	3
		guaranteed to enable the Coal Companies to realise bonds etc. The Committee also note with concern that huge amount of Rs. 2559.54 crore is under disputed category. The Committee recommend that as a first step the Ministry should ensure that maximum amount from this category is transferred to undisputed category and for which they should effectively utilise the service of the umpires appointed for the purpose. Efforts should also be made to check such disputes by joint sampling at both the loading and unloading points.
6.	43	The Committee find that during 1994-95, 62078 meterage drilling was carried out with fund utilisation of Rs. 7.58 crore whereas in 1993-94, 59421 meterage drilling was carried out with the fund utilisation of Rs. 8.28 crore. The Committee would like to know the reasons for disproportionate use of funds as compared to actual meterage drilling. The Committee are surprised to note that although the GSI and MECL has furnished their exploration programme on the basis of which 8th Plan allocations were made, it appears the Ministry of Coal failed to put their requirements with them as per the projections of demands/ projects to be carried out in the next 5 or 10 years. The Committee regret that the targets set for promotional drilling for the last six years have

1	2	3
		never been achieved. In view of the previous performance the Committee expect the Study Group on Coal and Lignite Exploration to have a vigilant monitoring of the exploration programme so that the target of 9th Plan be achieved.
7.	44	The Committee are surprised to note that against a total of 889.81 MT of coal reserves in North-Eastern States of Assam, Arunachal Pradesh, Meghalaya and Nagaland, the coal production is less than 1 MT per annum. The Committee feel that the production from coal bearing areas in the North-East has been neglected and desire that immediate steps should be taken to increase coal production from North-Eastern Sector.
8.	54	The Committee note that the funds utilisation for acquisition of coal bearing areas during 1996-97 and 1997-98 was very low. Against the revised estimates of Rs. 10.02 crore in 1996-97, the actuals were Rs. 1.29 crore and in 1997-98, it was Rs. 1.93 crore against the revised estimates of Rs. 9.50 crore. The reasons for low utilisation of funds are stated to be receipt of less compensation claims duly processed, delay in getting uptodate records of right, deficiencies in organisations internal systems etc. The Committee feel that the Government must address the

1	2	3
		problem of rehabilitation of the land oustees whose land is acquired under the Coal Bearing Areas Act and steps should be taken to remove deficiencies in the organisation internal system. The Committee would like to know the subsidiary/area-wise breakup of these claims and desire that the 7217 claims as on 31.3.98 which are pending at the various levels in coal companies/tribunals for process/disposal be expedited. The Committee would also like to know the amount of compensation involved.
9.	55	Regarding encroachments on Government land/coal bearing areas, the Committee find that advance action for land acquisition is taken in only those projects from where production is projected for the next five to fifteen years. The land for projects which are not planned is not acquired by the Government/Coal companies. The Committee feel that the present inaction of the Government to notify/acquire all coal bearing areas would block the huge coal reserve under the buildings/dwellings which are growing on such land and desire that the Government should notify all the coal bearing areas as identified by the Geological Survey of India and take immediate steps to ensure that no encroachments and pucca dwellings

1	2	3
		to come up on such areas. The Committee would like to know the Government's action thereon.
10.	62	The Committee are constrained to note that the Plan outlay's by Coal India Limited and Neyveli Lignite Corporation Ltd. have not been utilised during the 8th Plan. Now that the Ministry of Coal are anticipating slippages in demands from Power Sector, the Committee feel they (Ministry of Coal) should ensure demand for their Coal and encourage its sales. The Committee fear that due to low investments in the 8th Plan, the production targets of the 9th Plan are likely to be adversely affected and feel that there is an imperative need to have a long action plan spread over 15 to 20 years to priorities the projects to be taken up since the coal projects do have a long gestation period. The Committee desire that suitable measures should be taken to minimise the gap between the demand and production during the 9th Plan and recommend that the projects affected due to less investments during the 8th Plan be taken more vigorously. The Committee like to be apprised of the action taken in this regard.
12.	63	The Committee are also convinced of the view of the Ministry of Coal that exemption given to traders on

1	2	3
		customs duty on coal by 4 per cent will encourage middle-men and also have a lacuna whereby even actual consumers may set-up their own trading agency to avoid customs duty on import of coal. The Committee would like the Ministry of Finance to re-examine the rationale behind exempting traders from customs duty on coal import. The Government may also examine the feasibility of imposing anti-dumping duty on coal to save the domestic coal industry.
13.	68	The Committee observe that against plan outlay of Rs. 860 crore for NLC during the 8th Plan, the actual utilisation was only Rs. 485.60 crore. The reasons for shortfall in approved outlays are stated to be due to problem of funding, supply of equipments, formulation of rehabilitation packages etc. The Committee feel that there is an imperative need to improve project implementation in the coal sector and expect that some concrete steps would be initiated by the Government to check the difficulties experienced by the Corporation. The Committee would also like to know the reasons for fixing the low production targets of power (gross) for 98-99 at 11715 MU as compared to 13402.27 MU achieved during 1997-98.

1	2	3
14.	75	The Committee are constrained to note that although both Mine-I Expansion and TPS-I Expansion project were proposed by NLC on 7.1.1991, only Mine-I Expansion project got sanctioned in March, 1992 and linked TPS-I Expansion got sanctioned only in Feb., 1996. The delay in sanctioning of TPS-I Expansion is stated to be due to resource constraints and the Public Investment Board (PIB) suggested that funds from M/s KFW for both projects be tied-up first. The loan agreement with M/s KFW was signed in February 1996. The Committee find that the project which would have yielded results in the 8th Plan would now be commissioned by the end of the 9th Plan. The Committee would like to know the reasons for delay in tying up loans for both the projects since the decision of PIB on 27.6.92. The Committee would also like to know that when the approval of the Government was given to NLC to have loan agreement with M/s KFW. Regarding foreign loan agreements, the Committee feel that these should be elaborate and should have some penalty clause to ensure that the loans for coal/lignite projects are not delayed.
15.	81	The Committee are distressed to note that although NLC Ltd. is a profit making company, its Urea plant has accounted for Rs. 150 crore of cumulative losses during the past

1	2	3
		five years. It is only in May, 1997 that revamping work has been initiated. The Committee desire that the steps suggested by M/s Projects & Development India Ltd., Sindri and accepted by NLC Board be implemented without any further delay to make the plant viable and to ensure its safe operation. The Committee would like to know the action taken in this regard and desire that the investment of Rs. 30-40 crore may be made available for technical upgradation of the plant beside Rs. 50 crore already committed. The Committee await the information regarding expected time by which Urea Plant will be made profitable.
16.	85	The Committee are of the opinion that the Coal Sector Rehabilitation Project and Regulatory Framework Review Project seem to be nothing but extremely expensive exercises as it involves organisation of visits by Ministry of Coal officials to selected coal producing countries to discuss coal policy options, importance of developing and overall policy framework and impact of alternative legal and regulatory/fiscal regimes. The Committee expect the Government to carry out study by the experts available in the country and if needed, review the existing coal policy to improve areas like working conditions, environmental preservation, mine safety, workers welfare, improvement in productivity, etc.

APPENDIX

DETAILED DEMANDS FOR GRANTS (1998-99) OF MINISTRY OF COAL

		Major Head	1997-98 (BE) Plan	Non-Plan	Total	1997-98 (RE) Plan	Non-Plan	Total	1998-99 (BE) Plan	Non-Plan	Total
		1	2	3	4	5	6	7	8	9	10
	REVENUE SECTION										
1.	Secretariat-Economic Services	3451	0.00	2.88	2.88	0.00	3.46	3.46	0.00	3.79	3.79
2.	Labour & Employment Coal Mines Labour Welfare	2230	0.00	26.32	26.32	0.00	24.91	24.91	0.00	45.52	45.52
3.	Coal and Lignite	2803									
	(a) Conservation and safety in coal mines		0.00	52.50	52.50	0.00	55.00	55.00	0.00	60.00	60.00
	(b) Dev. of transportation infrastructure in coal field areas		0.00	52.50	52.50	0.00	45.00	45.00	0.00	60.00	60.00
	(c) Other expenditure (Coal Controller, C.O.P.)		0.13	1.58	1.71	0.17	2.07	2.24	0.17	2.30	2.47

	1	2	3	4	5	6	7	8	9	10
(d) Regional Exploration		20.00	0.00	20.00	20.00	0.00	20.00	24.58	0.00	24.58
(e) Environmental measures and subsidence control		5.00	0.00	5.00	5.00	0.00	5.00	20.00	0.00	20.00
(f) Research & Development Programme		9.87	0.00	9.87	9.38	0.00	9.38	33.39	0.00	33.39
(g) Voluntary Retirement Scheme in PSUs		0.00	0.00	0.00	80.00	0.00	80.00	160.00	0.00	160.00
(h) Regulatory Framework Review Project		0.00	0.00	0.00	0.15	0.00	0.15	4.61	0.00	4.61
(i) Detailed Drilling		0.00	0.00	0.00	0.00	0.00	0.00	9.38	0.00	9.38
RECOVERIES/REDUCTION OF EXPENDITURE										
Voluntary Retirement Scheme in PSUs		0.00	0.00	0.00	-80.00	0.00	-80.00	-160.00	0.00	-160.00
Total (Coal & Lignite)		35.00	106.58	141.58	34.70	102.07	136.77	92.13	122.30	214.43
Total (Revenue Section)		35.00	135.78	170.78	34.70	130.44	165.44	92.13	171.61	263.74
CAPITAL SECTION										
1. Coal India Ltd. Investment	4803	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loans and Advances	6803	0.00	0.00	0.00	0.00	0.00	0.00	89.86	0.00	89.86

	1	2	3	4	5	6	7	8	9	10
2. Singareni Collieries Co. Ltd.										
Investment	4803	0.00	0.00	0.00	80.22	0.00	80.22	0.00	0.00	0.00
Loans and Advances	6803	178.50	0.00	178.50	121.55	0.00	121.55	101.28	0.00	101.28
3. Neyveli Lignite Corpn. Ltd.										
(a) Mining Loans and Advances	6803	136.35	0.00	136.35	43.81	0.00	43.81	163.83	0.00	163.83
(b) Power Loans and Advances	6801	0.00	0.00	0.00	2.44	0.00	2.44	0.00	0.00	0.00
4. Acquisition of Coal Bearing Areas	4803	0.00	10.00	10.00	0.00	9.50	9.50	0.00	10.00	10.00
RECOVERIES/REDUCTION OF EXPENDITURE										
I. Acquisition of Coal Bearing Areas	4803	0.00	-10.00	-10.00	0.00	-9.50	-9.50	0.00	-10.00	-10.00
Total Capital Section		314.85	0.00	314.85	248.02	0.00	248.02	354.97	0.00	354.97
GRAND TOTAL (CAPITAL & REVENUE SECTION) (NET OF RECOVERIES)		349.85	135.78	485.63	282.72	130.44	413.16	447.10	171.61	618.71

PART II

I. MINUTES OF THE FOURTH SITTING OF THE STANDING COMMITTEE ON ENERGY HELD ON 17TH JUNE, 1998 IN COMMITTEE ROOM 'C', PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee sat from 11.00 hrs. to 13.20 hrs.

PRESENT

Shri K. Karunakaran — *Chairman*

MEMBERS

2. Shri Basudeb Acharia
3. Shri Tariq Anwar
4. Shri Parasram Bhardwaj
5. Smt. Rani Chitralekha Bhosle
6. Shri Bikash Chowdhury
7. Shri K.C. Kondaiah
8. Shri Rajbanshi Mahto
9. Shri Sanat Kumar Mandal
10. Shri Vilas Muttemwar
11. Shri Ravindra Kumar Pandey
12. Shri Amar Roy Pradhan
13. Shri Kanumuru Bapi Raju
14. Shri Braj Mohan Ram
15. Dr. Jayanta Rongpi
16. Shri Francisco Sardinha
17. Shri N.T. Shanmugam
18. Shri Th. Chaoba Singh
19. Shri Chandramani Tripathi

20. Prof. (Smt.) Rita Verma
21. Shri Sushil Chandra Verma
22. Shri Jalaludin Ansari
23. Shri Bangaru Laxman

SECRETARIAT

1. Dr. A.K. Pandey — *Additional Secretary*
2. Shri John Joseph — *Joint Secretary*
3. Shri P.K. Bhandari — *Deputy Secretary*
4. Shri R.K. Bajaj — *Under Secretary*

WITNESSES

Ministry of Coal

1. Shri S. Narayan, Secretary
2. Shri P.K. Banerji, Additional Secretary
3. Shri Vivek Mehrotra, Joint Secretary & F.A.
4. Shri J. Harinarayan, Joint Secretary
5. Shri G.B. Mukherji, Joint Secretary
6. Shri N.N. Gautam, Advisor (P)
7. Shri D.D. Sahay, Coal Controller

PSUs

1. Shri P.K. Sengupta, Chairman, Coal India Ltd.
2. Shri P.V. Bhoopathy, CMD, Neyveli Lignite Corporation Ltd.
3. Shri S.K. Verma, CMD, CMPDIL

The Committee took oral evidence of the representatives of Ministry of Coal in connection with examination of Demands for Grants (1998-99) of the Ministry of Coal.

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

(i) Budget allocations and performance of Coal India Ltd. and Neyveli Lignite Corporation Ltd.,

(ii) Research and development activities,

(iii) Regional exploration,

(iv) Problems of fire and subsidence in Jharia and Raniganj coal-fields,

(v) Acquisition of coal bearing areas by the Government and compensation paid to the land oustees etc.

3. The Committee also decided to meet on 25th June, (afternoon) and 26th June, 1998 (forenoon) for consideration and adoption of Reports pertaining to Demands for Grants (1998-99) of Ministries of Power, Coal, Non-Conventional Energy Sources and the Department of Atomic Energy

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

The Committee then adjourned.

II. EXTRACTS OF MINUTES OF SEVENTH SITTING OF STANDING COMMITTEE ON ENERGY (1996-97) HELD ON JUNE 26, 1998

The Committee sat from 11.00 hours to 13.30 hours.

PRESENT

Shri K. Karunakaran — *Chairman*

MEMBERS

2. Shri Basudeb Acharia
3. Shri Tariq Anwar
4. Shri Parasram Bhardwaj
5. Shri Bikash Chowdhury
6. Shri Rajbanshi Mahto
7. Shri Sanat Kumar Mandal
8. Smt. Sukhda Mishra
9. Shri Salkhan Murmu
10. Shri Vilas Muttemwar
11. Shri Braj Mohan Ram
12. Shri Larang Sai
13. Shri Francisco Sardinha
14. Shri Shailendra Kumar
15. Shri N.T. Shanmugam
16. Prof. (Smt.) Rita Verma
17. Shri Parmeshwar Kumar Agarwalla
18. Shri Jalaludin Ansari
19. Shri Gandhi Azad
20. Shri E. Balanandan
21. Shri Brahmakur Bhatt
22. Shri Bangaru Laxman

SECRETARIAT

1. Shri John Joseph — *Joint Secretary*
2. Shri P.K. Bhandari — *Deputy Secretary*
3. Shri R.K. Bajaj — *Under Secretary*

** ** **

II. Consideration and adoption of Draft Report on Demand for Grants (1998-99) relating to Ministry of Coal

3. Thereafter, the Committee considered the draft report on Demands for Grants (1998-99) of Ministry of Coal and adopted the same with the modifications/amendments as shown in Appendix-II.

4. The Committee authorised the Chairman to finalise the Reports after making consequential changes arising out of factual verification by the Ministries concerned and to present the same to both the Houses of Parliament.

The Committee then adjourned.

**Para 1 and 2 relating to constitution of Action-Taken Sub-Committee and consideration and adoption of other draft Report not included.

ANNEXURE

(*Vide* Para 3 of the Minutes dt. 26.6.98)

Amendments/modifications made by Standing Committee on Energy in the Draft Report on "Demands for Grants (1998-99), relating the Ministry of Coal (Observations and Recommendations of the Committee)

Sl. No.	Para No.	Line	Amendments/modifications made
1	2	3	4
I.	11	12	*Insert,* "Coal Companies" *after* the word 'CMRI'.
II.	11	19	*Insert,* "adequate control and" *after* the words "that there is a need for".
III.	22	14	*After* the word "1998" *Insert,* The Committee desire that recommendations of the High Power Committee should be implemented in a time bound manner and this Committee should be informed within three months of the action taken in this matter."
IV.	29	13	*After* "December, 1995" *Insert* the sentence "The Committee desire that responsibility be fixed in nonfilling up the post timely."
V.	33	17	*Add* at the end, "Efforts should also be made to check such disputes by joint sampling at both the loading and un-loading points."

1	2	3	4
VI.	53	11	*For* "are made" *Substitute,* and pucca dwellings to come up".
VII.	60	7	*Add* at the end, "The Government may also examine the feasibility of imposing anti-dumping duty on Coal to save the domestic coal industry."
VIII.	81	11	*After* the word "welfare" *Insert,* improvement in productivity.