

15

STANDING COMMITTEE ON
COAL AND STEEL
(2005-2006)
FOURTEENTH LOK SABHA

MINISTRY OF COAL

DEMANDS FOR GRANTS
(2006-2007)

FIFTEENTH REPORT



LOK SABHA SECRETARIAT
NEW DELHI
May 2006/ Jyaistha, 1928(Saka)

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(2005-2006)

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DEMANDS FOR GRANTS
(2006-2007)

Presented to Lok Sabha on **23.5.2006**
Laid in Rajya Sabha on **23.5.2006**



**LOK SABHA SECRETARIAT
NEW DELHI**

May 2006/Jyaistha 1928(Saka)

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CONTENTS

	Page
COMPOSITION OF THE STANDING COMMITTEE ON COAL AND STEEL(2005-06)..(iii)	
INTRODUCTION.....	(v)
PART – I	
CHAPTER-I Introductory.....	1
CHAPTER-II Status of Implementation of Recommendations contained in the Eighth Report of the Standing Committee on Coal & Steel on Demands for Grants(2005-06) of the Ministry of Coal.....	5
CHAPTER-III Analysis of Demands for Grants (2006-07) of Ministry of Coal.....	6
A. Annual Plan Outlay	6
B. Neyveli Lignite Corporation Limited (NLC)	15
C. Implementation of Coal Projects	19
D. Modernisation/Renovation of Coal Washeries	28
E. Development Activities in North Eastern Region	37
F. Rehabilitation and Resettlement in Coal India Ltd.....	39
G. Outsourcing in Coal India Ltd.....	41
Statement of Observations/Recommendations of the Standing Committee on Coal and Steel contained in the Report	46
PART II	
ANNEXURES	
I. Details of projects under CIL costing between Rs.20 crore and Rs.100 crore.	56
II. Details of projects under SCCL sanctioned during 2002-03 and 2003-04	58
III. Minutes of the sitting of the Standing Committee on Coal and Steel (2005-06) held on 4.4.2006.....	60
IV. Minutes of the sitting of the Standing Committee on Coal and Steel (2005-06) held on 22.5.2006.....	63

**COMPOSITION OF THE STANDING COMMITTEE
ON COAL AND STEEL (2005-06)**

Shri Ananth Kumar - **Chairman**

MEMBERS

Lok Sabha

2. Shri Prasanna Acharya
3. Shri Hansraj G. Ahir
4. Shri Harishchandra Chavan
5. *Shri Bangsagopal Chowdhury
6. Shri Chandra Sekhar Dubey
7. Shri Chandrakant Khaire
8. Shri Faggan Singh Kulaste
9. **Shri Nitish Kumar
10. Shri Vikrambhai Arjanbhai Madam
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18. Shri Prabhunath Singh
19. Shri Rewati Raman Singh
20. ***Shri Ramsevak Singh (Babuji)
21. Shri M.Anjan Kumar Yadav

* Nominated w.e.f. 29.1.2006

** Ceased to be a Member of the Committee consequent upon his resignation from the membership of Lok Sabha w.e.f.15.5.2006.

*** Consequent upon his expulsion from Lok Sabha, he ceased to be a Member of the Committee w.e.f. 23.12.2005.

Rajya Sabha

22. Shri Devdas Apte
 23. Shri Ramadhar Kashyap
 24. Capt. Jai Narayan Prasad Nishad
 25. § Shri Vidya Sagar Nishad
 26. @@ Shri B.J. Panda
 27. @ Shri G.K. Vasani
 28. % Dr. Swami Sakshi Ji Maharaj
 29. # Shri Swapan Sadhan Bose
 30. Vacant
 31. Vacant
-

§ Ceased to be a Member of the Committee w.e.f. 2.4.2006 after his retirement from Rajya Sabha.

@ Ceased to be a Member of the Committee w.e.f. 29.1.2006 on his induction in the Council of Ministers.

@@ Ceased to be a Member of the Committee w.e.f. 3.4.2006 after his retirement from Rajya Sabha

% Ceased to be a Member of the Committee w.e.f. 21.3.2006 after his retirement from Rajya Sabha.

Nominated w.e.f. 29.4.2006.

SECRETARIAT

1. Shri A.K.Singh - Joint Secretary
2. Shri A.K.Singh - Director
3. Shri Shiv Singh - Under Secretary
4. Shri B.D.Dhyani - Sr. Executive Assistant

INTRODUCTION

I, the Chairman, Standing Committee on Coal and Steel having been authorised by the Committee to present the Report on their behalf, present this 15th Report (Fourteenth Lok Sabha) on Demands for Grants (2006-2007) relating to the Ministry of Coal.

2. The Committee took evidence of the representatives of the Ministry of Coal on 4th April, 2006.

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 of Coal 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 22.5.2006.

5. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in bold letters in the body of the Report.

NEW DELHI;
May 22, 2006
Jyaistha 1,1928 (Saka)

ANANTH KUMAR,
Chairman,
Standing Committee on Coal and Steel.

PART I

CHAPTER I

INTRODUCTORY

Coal is the most important source of energy for electricity generation in India. Bulk of electricity is generated from the thermal power stations, which depends upon coal as feed stock. In addition, other industries like steel, cement, fertilizers, chemicals, paper and thousands of medium and small industries are dependent on coal for their process and energy requirements. In transport sector, though direct consumption of coal by the railways is nominal on account of phasing out steam locomotives, the increasing electrified traction of railways is dependent on coal converted to electric power. The Ministry of Coal is, therefore, engaged in developing coal resources in a manner that requirements of coal of different consuming sectors are met in full and their dependence on oil/imported coal is minimized.

1.2 The Ministry of Coal has the overall responsibility of determining policies and strategies in respect of exploration and development of coal and lignite reserves, sanctioning of important projects of high value and for deciding all related issues. These key functions are exercised through its public sector undertakings, namely, Coal India Limited (CIL) and Neyveli Lignite Corporation (NLC) and Singareni Collieries Company Limited (SCCL), which is a joint venture undertaking of Government of Andhra Pradesh and Government of India.

1.3 Coal India Ltd., having headquarters at Kolkata, is the holding company with seven coal producing subsidiaries and one planning and design subsidiary, viz.:

- (i) Eastern Coalfields Limited (ECL), Sanctoria (West Bengal).
- (ii) Bharat Coking Coal Limited (BCCL), Dhanbad (Jharkhand).
- (iii) Central Coalfields Limited (CCL), Ranchi (Jharkhand).
- (iv) Northern Coalfields Limited (NCL), Singrauli (Madhya Pradesh).
- (v) Western Coalfields Limited (WCL), Nagpur (Maharashtra).

- (vi) South Eastern Coalfields Limited (SECL), Bilaspur (Chhattisgarh).
- (vii) Mahanadi Coalfields Limited (MCL), Sambalpur (Orissa).
- (viii) Central Mines Planning & Design Institute Limited (CMPDIL), Ranchi (Jharkhand).

1.4 The Ministry of Coal has also under its administrative control the Neyveli Lignite Corporation Ltd., with headquarters at Neyveli in Tamil Nadu. The company is primarily engaged in the exploitation of lignite deposits in Tamil Nadu and generation of Power from lignite based power projects.

1.5 The Singareni Collieries Company Limited, incorporated as a public limited company in 1920, became a Government company in 1956 with headquarters at Kothagudem in Andhra Pradesh. The company is a joint undertaking of Government of Andhra Pradesh and Government of India. The share capital of this company is held by the Government of Andhra Pradesh and Government of India in the ratio of 51:49 respectively. This company is engaged in the exploitation of coal reserves in the State of Andhra Pradesh.

Coal Controller's Organisation, Kolkata

1.6 The statutory functions performed by Coal Controller's Organisation, a subordinate office, are checking of quality of coal including settlement of complaints vis-a-vis grading and quality of coal despatches, adjudicating claims on grade; regulatory authority to grant permission for opening and reopening of seams and mines; disposal of objections received under the Coal Bearing Areas (Acquisition & Development) Act, 1957 and collection and publication of statistical information on coal and lignite in pursuance to Statistics Act, 1955.

Commissioner of Payments, Kolkata

1.7 There were two offices of Commissioner of Payments, one for determining compensation, etc., for nationalized coking coal mines, with headquarters at Dhanbad and another for determining compensation, etc. for nationalized non-coking coal mines with headquarters at Kolkata. As the work of Dhanbad office has been disposed of substantially, this office was wound up and the residual work has been transferred to the office of the Commissioner of Payments (non-coking), Kolkata. At present, Coal Controller is functioning as Commissioner of Payments.

Coal Mines Provident Fund Organisation (CMPFO), Dhanbad

1.8 Coal Mines Provident Fund Organisation (CMPFO) is an autonomous body set up under the Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948. CMPFO administers the Coal Mines Provident Fund Scheme, 1948, the Coal Mines Deposit Linked Insurance Scheme, 1976 and Coal Mines Pension Scheme, 1998. All these schemes have been formulated under the provisions of the Act of 1948.

1.9 The following are the provisions sought and included in the Demands for Grants for 2006-07 pertaining to the Ministry of Coal:-

(Rs. in crore)

	Plan		Non-Plan		Total		
	Gross	Net	Gross	Net	Gross		Net
Revenue section (voted)	168.71		168.71	37.00	37.00	205.71	205.71
Capital section (voted)	0.00		0.00	30.00	30.00	30.00	30.00
Total	168.71		168.71	67.00	67.00	235.71	235.71

Plan Outlay

1.10 The Capital Plan outlay of the Ministry is substantial to meet the financial requirements of the three Public Sector Undertakings viz. Neyveli Lignite Corporation Limited, Coal India Limited and Singareni Collieries Company Limited for Plan investments in new mining projects. The Plan outlays of the companies are being financed through their internal resources or through extra budgetary resources.

1.11 A substantial portion of the non-plan outlay of the Ministry of Coal was earlier meant for schemes which are financed from the excise duty levied under the provisions of Coal Mines (Conservation and Development) Act, 1974 and can, therefore, be termed as self-financing. However, in the pre-budget discussions for BE (2005-06), Ministry of Finance decided that funds to these two schemes be discontinued from Non-Plan and Planning Commission may provide funds under Plan schemes. However, despite perusing with Planning Commission by Ministry of Coal, the former did not accept to provide funds for these two schemes under Plan schemes. As a result, Ministry of Finance provided Rs.1 lakh as a token grant for each two schemes so that

supplementary grants could be sought in 2005-06. Subsidy to coal companies towards reimbursement of part expenditure for conservation and protective measures and development of roads, railways and transport infrastructure in coalfield areas are funded out of these receipts. In supplementary demands for grants for 2005-06, the Ministry of Finance approved an outlay of Rs.116.11 crore for these two schemes as Plan expenditure. However, in BE 2006-07, the Planning Commission has made a token provisions of Rs.1.00 lakh each for these two schemes under Plan expenditure.

1.12 In addition to this, provision for the Plan schemes of Research and Development, Regional Exploration, Environmental Measures and Subsidence Control, Detailed Drilling, Voluntary Retirement Scheme in PSUs are also made under Revenue Plan outlay.

1.13 The Indian coal industry at present gets technical and financial cooperation from France, Germany, United Kingdom, Australia, Russia, Belarus, Czech Republic and China. Assistance is also received from multilateral agencies like World Bank. External credit which was earlier routed through budget is now mostly available directly from foreign agencies to the Public Sector Undertakings.

Non-Plan Outlay

1.14 Major segment (70.27%) of the non-plan outlay is to meet the statutory obligations of the Government under the provisions of Coal Mines Provident Fund and Miscellaneous Provisions, 1948, contribution to Coal Mines Pension Scheme, 1998 and Coal Mines Deposit Linked Insurance Scheme, 1976. Only 29.73% of the non-plan budget is meant for meeting the Secretariat expenditure and for the offices of Coal Controller and Commissioner Payments, Kolkata.

1.15 Since this year the Demands for Grants (2006-07) have already been passed by Parliament, the Committee's recommendations/observations as detailed in the succeeding paragraphs relate to implementation of the plans/projects of the Ministry and PSUs/Organisations under the administrative control. The Ministry should ensure the proper utilization of allotted funds and recommendations/observations of the Committee should be taken into consideration while implementing the plans/projects.

CHAPTER II

Status of Implementation of Recommendations contained in the Eighth Report of the Standing Committee on Coal & Steel on Demands for Grants(2005-06) of the Ministry of Coal

The Parliamentary Standing Committee on Coal & Steel presented their Eighth Report on Demands for Grants(2005-06) of the Ministry of Coal on 26.4.2005. The Committee presented their 11th Report on 'Action Taken by the Government on the recommendations contained in the Eighth Report of the Committee on Demands for Grants (2005-06) of the Ministry of Coal' on 22.12.2005. Out of 24 recommendations given by the Committee in their Eighth Report, 18 recommendations (nos. 1, 2, 3, 4, 5, 6, 7, 9, 12, 13, 15, 16, 17, 18, 20, 21, 23 and 24) were accepted by the Government. In respect of 2 recommendations (nos. 8 and 19), the Committee did not desire to pursue in view of the Government's replies. In respect of 2 recommendations (nos. 10 and 14), the reply of the Government was not accepted by the Committee and in respect of 2 recommendations (nos. 11 and 22), the replies of the Government were of interim nature.

2.2 The Committee hope that the Ministry of Coal will implement the recommendations in a time bound manner which the Committee commented upon in their Action Taken Report. The Committee desire that the Ministry of Coal should furnish final replies to the recommendations (nos. 11 and 22) which were categorized as of interim nature. The Committee would like to be apprised of the action taken in this regard.

CHAPTER III

ANALYSIS OF DEMANDS FOR GRANTS (2006-07) OF MINISTRY OF COAL

A. Annual Plan Outlay

The Annual Plan Outlay for the year 2006-07 for the three Public Sector Undertakings (PSUs) viz. Coal India Limited(CIL), Singareni Collieries Company Limited(SCCL) and Neyveli Lignite Corporation Limited(NLC) which is entirely in the Capital Section and the Annual Plan Outlay for the schemes in the Revenue Section are given below:-

(Rs. in crore)				
Company/Schemes	2005-06 (BE)	2005-06 (RE)	Actual (upto Feb' 06)	2006-07 (BE)
CIL	2814.35	2224.00	1356.82	3063.70
SCCL	395.00	395.00	328.28	577.09
NLC	640.00	368.00	180.72	990.00
Total	3849.35	2987.00	1865.82	4630.79
Conservation and safety in coal mines	0.00	66.11*	0.00	0.01
Development of transportation infrastructure in coal field areas	0.00	50.00*	0.00	0.01
Regional Exploration	49.88	49.88	32.00	60.00
EMSC	44.86	28.64	25.00	55.90
Information Technology	3.00	1.00	0.03	3.00
Research and Development (Science & Technology)	20.08	14.84	14.84	21.09
Detailed Drilling	18.81	18.81	18.54	11.61
Coal Controller	0.22	0.22	0.18	0.22
Lumpsum provision for NE Region	15.20	25.50	0.00	16.87
Total	4001.40	2987.00	1956.41	4799.50

* Earlier these two schemes were funded from Non-plan. However, in RE 2005-06, the Ministry of Finance have granted supplementary grant of Rs.116.11 crore as Plan expenditure.

3.2 The Annual Plan Outlay of Ministry of Coal for the year 2005-06 was Rs.4001.40 crore which was revised downward to Rs.2987.00 crore. Now, a Budget provision of Rs.4799.50 crore has been made for the year 2006-07.

3.3 The Budget Estimates (BE) of all the three PSUs under Capital Section had also been curtailed considerably at RE stage. The details of BE, RE, Actual Utilisation and percentage of Utilisation of RE during 2005-06 of CIL, SCCL and NLC are given below:-

(Rs. in crore)				
Name of the PSUs	BE	RE	Actual utilisation (upto Feb, 2006)	Percentage of utilisation
CIL	2814.35	2224.00	1356.82	61%
SCCL	395.00	395.00	328.28	83%
NLC	640.00	368.00	180.72	49%

3.4 When asked about the reasons for reduction of BE at RE stage during 2005-06 under Capital Section, the Ministry of Coal in a pre-evidence written reply stated as under:-

“CIL

- Delay in acquisition of both forest and non-forest land
- Delay in rehabilitation of villages
- Change of option to work from departmental equipment to outsourced ones
- Delay in procurement of HEMM

NLC

- Delay in supply of Main Mining Equipments due to non fulfillment of certain contractual obligations.
- Non acceptance of Letter of Award by the contractor for outsourcing thereby processing of retendering of overburden removal.
- BHEL delayed the finalization of Collaborators agreements.
- Commercial disputes between supplier and the management”.

3.5 As regards reasons for increase in Capital Outlay in BE 2006-07, the Committee have been informed as under:-

“CIL

- Provision of capital kept for 2005-06, which could not be utilized due to delay in acquisition of forest as well as non-forest land for projects, rehabilitation of villages etc. and non-approval of projects, is expected to utilize / materialize in 2006-07.
- De-centralization of purchase of major equipments.
- Provision of capital expenditure in Annual Plan is kept on the basis of planned activities to be taken up during the year in individual projects. However, the budget of some activities which could not be expended because of different bottlenecks in that year, is taken up during succeeding year and is expected to materialize next year i.e. 2006-07.

NLC

- Four major projects under implementation constitutes 97% of the Plan Outlay.
- Major orders for the new projects have already been placed, supplies of plant & equipments and site construction activities are expected to be in full swing and accordingly the provision has been made.

SCCL

- Expenditure towards HEMM.
- Expenditure towards Underground Mining Equipment.
- Expenditure on man riding system.
- Development of new projects.
- Expenditure on ongoing housing projects.
- Expenditure on modernization of CHPs, Railway sidings, IT infrastructure and Exploration”.

3.6 On being enquired about the major heads of accounts which showed short-falls in utilisation of funds during 2005-06 alongwith reasons therefor, the Ministry of Coal has stated as under:-

“CIL

Correct picture of utilization of funds is available only after completion of a financial year. However, the less expenditure has been mainly on account of Heads like Land, HEMM, P&M and Development.

Reasons for low expenditure are; delay in approval of projects, re-tendering for procurement of HEMM, re-tendering for construction of CHPs, non-timely supply of HEMM, scarcity of OTR tyres, etc. Less expenditure in mine development head is due to delay in physical possession of land.

Total capital outlay envisaged for 2005-06 will be met from internal resources of CIL. As such, as a result of non-utilization of capital outlay, the question of surrender does not arise.

SCCL

The Company has achieved 83.11% of the targeted outlay of Rs.395.00 crore up to February, 2006. The company is confident of achieving the targeted expenditure for the year 2005-06”.

3.7 The Ministry of Coal further informed the Committee that no scheme/project has been affected as a result of reduction in Central Plan Outlay. Reduction in RE 2005-06 for two schemes; namely, (1) Science & Technology and (2) Environmental Measures & Subsidence Control has been made due to less requirement of funds.

3.8 Regarding corrective measures taken to ensure full utilisation of funds allocated during the financial year 2006-07, the Ministry of Coal informed as under:-

“CIL

During preparation of Annual Plan every year, detailed discussion is held with the Subsidiaries to make the assessment of capital outlay realistic and the expenditure is monitored regularly. However, there are factors which are beyond the control of CIL management like difficulties in acquisition of both forest and non-forest land, rehabilitation of villages, etc. While preparing Annual Plan 2006-07, efforts have been made to make this exercise more realistic.

SCCL

As regards SCCL, the outlay projected for the last year of the 10th plan i.e., 2006-07 is Rs.577.09 crore. SCCL is confident of spending the entire amount of Rs.577.09 crore during the financial year 2006-07. While firming up B.E. 2006-07 at Rs. 577.09 crore, requirement from the mine/project level was considered including item-wise requirement for existing and completed projects. Basing on Project Report, requirements of on-going and new projects, outlay projections were firming up considering the various clearances. Procurement action for capital items would be started well in advance.”

3.9 As regards physical targets fixed for the year 2005-06 and achievements thereof, the Ministry of Coal informed the Committee as under:-

“CIL

Coal production target for 2005-06 (till February, 2006) in respect of CIL is 308.76 Mt against which achievement during the same period has been 305.80 Mt. It is expected that Coal India will achieve the annual target of 343.00 Mt of coal production during 2005-06.

Although the capital fund utilization has been less than the target, it will be possible to achieve the target of coal production since many projects are being implemented with outsourcing of equipment.

SCCL

As regards SCCL, the targeted production for the year 2005-06 is 36 Million Tonnes. SCCL has achieved 31.907 Million Tonnes on a projected target of 32.225 Million Tonnes up to February, 2006 which comes to 99 %.

In the current year i.e., 2005-06, the capital expenditure incurred is 97.99% of the target up to February, 2006. The investment made vis-à-vis the actual expenditure up to February, 2006 is as follows.

(Rs. in crore)

Year	Target	Actual
2005-06	335.00	328.28

The company is confident of achieving the targeted expenditure for the year 2005-06.

NLC

Physical production target for the year 2005-.06 is given below:

	BE 2005-06	RE 2005-06	<i>Actual</i> <i>(upto Feb' 06)</i>
Lignite Production (Mil Ts)	20.40	20.40	18.52
<i>Power Generation – Gross (MU)</i>	15705	15705	15033

The Physical targets for the year 2005-06 are expected to be achieved and reduced capital expenditure on new projects does not affect the current production.

Both physical and financial performance of NLC is consistently good and no project/scheme is held up for want of funds. NLC does not draw any budgetary support”.

Impact of under-utilization on Coal Production

Ninth Five Year Plan Period (1997-2002)

3.10 During the 9th Five Year Plan, the allocation approved by NDC for Ministry of Coal was Rs.19,841.59 crore which was revised by Planning Commission during Mid Term Appraisal to Rs.19,383.74 crore. Out of this allocation, the Ministry could utilize only Rs.13,533.75 crore which comes to 70% of the revised allocations. The actual utilization during the each year of 9th Plan is as under:-

Year	CIL	SCCL	NLC	(Rs. in crore)
				S&T / R.E./ EMSC / D.D./ R.F.R.P./ R.P.J.R./ V.R.S./ N.E.Region*
1997-98 (Actual)	1824.55	208.48	186.34	30.30
1998-99 (Actual)	1831.97	206.09	581.07	44.80
1999-00 (Actual)	2769.66	145.20	652.60	56.00
2000-01 (Actual)	1059.32	194.10	1061.02	281.81
2001-02 (Actual)	1146.69	181.92	670.55	401.28
Total	8632.19	935.79	3151.58	814.19
Grand Total : 13,533.75				

3.11 The Coal demand as assessed by the Planning Commission and production by the CIL and SCCL during the aforesaid plan period are as under:-

Coal Demand

(million tonnes)

Year	Demand
1997-98	323.40 (6.80)
1998-99	325.38 (7.50)
1999-00	311.83 (3.00)
2000-01	333.85 (5.02)
2001-02	354.29 (4.83)

Production

(In million tonnes)

Company	1997-98		1998-99		1999-00		2000-01		2001-02	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
CIL	260.00	260.55	268.85	256.48	259.10	260.58	267.00	268.14	279.00	279.65
SCCL	31.00	28.94	31.00	27.33	31.00	29.56	31.67	30.27	32.38	30.81
Total	291.00	289.94	299.85	283.81	290.10	290.14	298.67	298.41	311.38	310.46

Tenth Five Year Plan Period (2002-07)

3.12 As per original approved 10th Plan document of the Ministry of Coal, total plan outlay was assessed at Rs.31,591.00 crore which has been revised downwards to Rs.18,652.20 crore during mid-term appraisal of the 10th Plan in 2004-05. The year-wise actual utilization during the first four year of the said plan period is as under:-

(Rs. in crore)

Year	CIL	SCCL	NLC	S&T / R.E./ EMSC / D.D./ R.F.R.P./ R.P.J.R./ V.R.S./ N.E.Region*
2002-03 (Actual)	1192.17	139.49	434.83	157.43
2003-04 (Actual)	1156.82	163.42	158.04	182.05
2004-05 (Actual)	681.89	150.13	143.69	189.83
2005-06 (Actual) (upto Feb, 2006)	1356.82	328.28	180.72	151.82
Total	4387.70	781.32	917.28	681.13
Grand Total: 6,767.43				

3.13 Against the projection of 10th Plan, the demands for the year 2002-03, 2003-04, 2004-05, 2005-06 BE & RE and 2006-07 BE, assessed by Planning Commission, are given below:-

Coal Demand

(Million tonnes)

Year	Demand
2002-03	365.98 (3.25)
2003-04	380.91 (31.9)
2004-05	405.46 (3.64)
2005-06 (BE)	445.65 (3.64)
2005-06 (RE)	448.73 (3.33)
2006-07 (BE)	473.18

Production

3.14 The coal production by the two coal companies i.e. CIL and SCCL during the first four years of Tenth Plan Period is given as under:-

(In million tonnes)

Company	2002-03		2003-04		2004-05		2005-06	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual (upto Dec,05)
CIL	286.30	290.69	299.50	306.38	330.97	323.58	345.81	241.73
SCCL	32.50	33.16	33.50	33.85	35.00	35.30	36.00	24.54
Total	318.80	323.85	333.00	340.23	365.97	358.88	381.81	266.27

3.15 The Committee note that the budgetary allocation of the Ministry of Coal for the year 2006-07 is Rs.4799.50 crore as compared to Rs.4001.40 crore for the year 2005-06 which was later drastically reduced to Rs.2987.00 crore at RE stage. The Committee are distressed to note that the Ministry has failed to utilize even the revised allocation and could barely utilize less than 50% of the BE. The performance of Neyveli Lignite Corporation has been more deplorable which could utilize only 28% of the BE. This trend of under utilization has been continuing for more than a decade as during 9th Plan, the Ministry utilized an amount of Rs.13,120.84 crore as against the allocated amount of Rs.19,383.74 crore. In the 10th Five Year Plan, the performance of the Ministry was even more unsatisfactory as an amount of Rs.6,961.52 crore has been utilized, so far, as against the allocated funds of Rs.18,652.20 crore. The Committee, however, note with satisfaction that Singareni Collieries Company Ltd. continues to perform well and has been consistently utilizing more than 80% of the allocated funds. The Committee are deeply anguished to note that the Ministry has made mockery of budget mechanism process by citing exactly the same reasons year after year just

like a ritual without making any tangible efforts to come out of this cyclic malaise.

The Committee, in their 8th Report on Demands for Grants of the Ministry of Coal for the year 2005-06 had, therefore, recommended the Ministry to revamp and strengthen its budget division to ensure preparation of realistic budgetary proposals and to set up a high level monitoring committee to review the monthly progress of the utilisation of funds. The Ministry had informed the Committee that the budget making procedure in PSUs passes through several stages and rigorous follow-up action is done by the Senior Officers of the PSUs. A separate Project Monitoring Wing constantly monitors the progress on day to day basis. It was further stated that Ministry of Coal also reviews the progress of on-going projects of Rs.100 crore and above on quarterly basis under the Chairmanship of Secretary(Coal). Since the Committee were not convinced with the reply of the Ministry and the existing monitoring mechanism has not been able to bring about any significant improvement, they in their 11th Report on Action Taken had reiterated for setting up of a High Level Monitoring Committee. The Committee hardly need to emphasize that coal production in the country has suffered immensely due to the trend of under-utilization of funds for more than a decade. The Committee are astonished to note the magnitude of under utilization of funds during the last 10 years which exceeds Rs.15,000/- crore by a conservative estimate. The Committee are sanguine that this huge amount was enough to

transform and change the face of the entire coal sector in the country. The Committee are, therefore, extremely unhappy that though the existing monitoring mechanism of the Ministry faltered and fumbled, no High Level Monitoring Committee, as recommended, was set up.

The Committee, therefore, would again desire the Ministry to put in place a High Level Monitoring Committee for effectively improving and overseeing the fund utilization.

3.16 The Committee are fully conscious of the significant role the coal companies perform in meeting the energy requirement of the country. It is, however, not possible to meet the ever growing needs of the energy without corresponding increase in production of coal. In this context, the role of coal companies to implement the various schemes/projects on time and increase the production of coal to achieve the target assumes significance. The Committee, however, are surprised to find a contradictory situation wherein production targets are being achieved though the expenditure being incurred is much less than the allocations. During the course of evidence, the Secretary, Ministry of Coal admitted that although the expenditure incurred during the preceding years had been between 60 to 70 per cent, the targets of coal production had been achieved. The Committee believe that since the coal production targets are being achieved with lesser utilization of funds, an inference can be drawn that either the budgetary projections are unrealistic or targets were fixed much below the attainable capacity. The Committee are nevertheless convinced that this scenario would not continue for long and as soon as

the existing mines dry up without new projects yielding results, the production of coal will dip to an alarming extent. The Committee, therefore, feel that it is extremely essential for the coal companies to ensure timely completion of new projects/schemes for increasing the coal production, and desire that the Ministry should chalk out a detailed monitoring and action plan to obviate any delays in implementation of the projects/schemes.

B. Neyveli Lignite Corporation Ltd. (NLC)

Neyveli Lignite Corporation Ltd. (NLC) was registered as a company on 14th November, 1956. Neyveli Lignite Corporation, with headquarters at Neyveli in Tamil Nadu, is primarily engaged in the exploitation of lignite deposits in Tamil Nadu and generation of power from lignite based power projects.

4.2 The Budget Estimate of Rs 640.00 crore of NLC for the year 2005-06 had been revised to Rs 368.00 crore at RE Stage. The BE for the year 2006-07 has been increased about three times of the RE 2005-06 to Rs 990.00 crore.

4.3 When asked about the reasons for drastically curtailing BE at RE stage, the Committee have been informed that Mine-II Expansion (4.5 MTPA) and TPS-II Expansion (500 MW) at Neyveli and Barsingsar Mine (2.1 MTPA)-cum-Power Project (250 MW) at Barsingsar, Rajasthan are the major projects under implementation during 2005-06. These Projects were sanctioned in October, 2004 and December, 2004 respectively at a total estimated cost of Rs.5560.31 crore.

4.4 The Ministry of Coal furnished the following reasons for reduction of BE at RE stage:

“Mine-II Expansion

For Mine-II Expansion, contracts for main mining equipments were awarded by the end of 2004-05 and advance payments were also paid by NLC by the end of 2004-05. Supplies for main mining equipments were partly delayed in 2005-06 due to non-fulfillment of certain contractual

obligations by the contractors owing delay in few clearances. Hence, there is slow pace of expenditure in 2005-06 and outlay was reduced at RE 2005-06 stage.

Barsingsar Mine

Overburden removal at Barsingsar Mine in Rajasthan is to be outsourced. The successful bidder did not accept the Letter of Award and withdrew from the contract. Hence, re-tendering has been processed. This has also resulted in slow pace of expenditure and reduction in outlay at RE stage.

TPS-II Expansion and Barsingsar Power Plant

There was some delay in awarding the contract for Main Plant Package for both Neyveli TPS-II Expansion and Barsingsar Power Project as BHEL turned to be a single valid tenderer and several rounds of negotiations were held with BHEL for possible price reduction and the help of Ministry of Coal was also taken to bring down the price. Even after awarding the Letter of Award (LOA), BHEL delayed the finalisation of Collaborators agreement, which resulted in their inability to draw advance payments in respect of TPS-II Expansion. In respect of other packages also, as interest clause was included for advance payments as per guidelines of CVC, some tenderers did not draw the advances.

For the completed projects like Mine 1A, TPS-I Expansion, release of terminal payments could not materialize due to commercial disputes between the suppliers and NLC which is pending before Arbitration. Hence, projected outlay could not be spent.

Taking into account the progress in the projects, outlay was reduced in RE 2005-06 from Rs 640.00 crore to Rs. 368.00 crore.”

4.5 The budget utilization of NLC during the first four years of 10th Plan is as under:-

Year	BE	RE	Actual	Percentage of utilisation
2002-03	584.95	617.60	434.83	70.40
2003-04	455.40	314.25	158.04	50.29
2004-05	480.70	267.00	219.01	82.02
2005-06 (Upto Feb. '06)	640.00	368.00	180.72	49.00

There are 8 new projects under formulation. These are as under:-

- (i) Coal based Thermal Power Plant at Tuticorin (2 x 500 MW);
- (ii) Coal based Thermal Power Plant at Orissa;
- (iii) Mine-III (8 MTPA);

- (iv) TPS-III (1000 MW);
- (v) Refinery residue based Power Plant at Chennai;
- (vi) Jayankondam Mine-cum-Power Project;
- (vii) Extension of Barsingsar Projects (Rajasthan); &
- (viii) Riri Mine-cum-Power Project (Rajasthan).

4.6 The projects mentioned at Sl. No. (iii) & (iv) above were approved in March, 1999. The NLC could not finalise even the Feasibility Reports in respect of these projects even after the lapse of 7 years. When enquired about the reasons for inordinate delays in project formulation, the Ministry of Coal informed the Committee that NLC undertakes mining and power projects. For these purposes, the following Clearances/NOCs (No Objection Certificate) are to be obtained for getting the project sanction:-

- Railways
- State Pollution Control Board
- National Airport Authority
- Central Ground Water Authority
- State Ground Water Authority
- State Forest Department
- Central Environmental & Forests
- Central Electricity Authority
- Land Acquisition
- Resettlement issues

In addition to the above, for the power project, power allocation among the beneficiaries is to be obtained from Government of India. Power Purchase Agreement (PPA) is to be signed with the beneficiaries, which is also a pre-condition for project sanction. Power evacuation system has to be finalised with Central and State Transmission Utilities.

In view of the above, considerable time is taken to finalise the project formulation before submitting the project proposal to Public Investment Board.

4.7 As regards steps taken to cut down delays and cost over-run, the Committee have been informed that constant efforts, as furnished hereunder, are being made to compress the time schedule:-

- Advance action is to be completed within 30 months from the date of sanction. Various essential activities like land acquisition, forestry clearance, approval of Project Report and environmental clearance will be completed within 30 months.
- A Project Officer is nominated by the Coal Company whose name will be communicated to the Ministry of Coal within 15 days of the sanction, with the confirmation that he will not be shifted or transferred (for reasons other than administrative grounds) until the Project comes to full production.
- The company will send a quarterly report on the progress of the activities to be undertaken under the Advance Action Plan(AAP).”

4.8 The Committee note that Neyveli Lignite Corporation(NLC) under the administrative control of Ministry of coal, is primarily engaged in production of lignite and power generation. In the year 2005-06, the NLC produced 151.01 LT of lignite and generated 12,396.68 MU of electricity upto December, 2005. The Committee, however, note that NLC has been implementing 4 projects costing Rs.5,560.31 crore for augmenting its production base. The Committee are extremely unhappy to note that whereas the completion schedule of these projects ranges from 45 to 57 months, these have initially been delayed due to one reason or the other resulting in non-utilization of funds as well as time and cost over-run. The Committee express their strong displeasure over the ritualistic delays in completion of projects, being avoidable squandering of scarce resources and would like that the responsibility should be fixed for not visualizing and overcoming the bottlenecks in implementation of the projects.

4.9 The Committee further observe that 8 new projects are under formulation by NLC. Out of 8 projects, 2 projects viz. Mine-III (8 MTPA) and

TPS (1000 MW) which were sanctioned by the Ministry of Coal in March, 1999 are still in the initial stages of formulations. The Committee express their grave concern over the inordinate delay on the part of the NLC in formulating these projects and feel that waste of precious time will have far-reaching impact on the financial health of NLC. The Committee, therefore, impress upon the Ministry/NLC to tone up its machinery and shorten the time lag in the formulation of these schemes to enable the NLC to boost its production and profitability.

C. Implementation of Coal Projects

At present Project Reports (PR) are approved only after obtaining Environment Management Plans (EMP) and Forestry clearances from MoEF and also after resources are suitably tied up. Once PR is approved, Project is taken up for implementation through various initial activities like land acquisition / rehabilitation as per requirement and investment for other activities like infrastructure development, procurement of P&M / HEMM items as per provisions in PR.

5.2 In order to further strengthen project implementation and to avoid time overrun caused due to delay in land acquisition and other associated activities as well as development of infrastructural facilities, Advance Action Proposals (AAP) are taken up for some projects before approval of main PR by the competent authority. Advance Action Proposals are implemented to get possession of land, EMP clearance, establish essential infrastructure facilities, etc. so as to facilitate smooth and timely execution of the Project.

5.3 Network Diagrams linking all the activities/milestones are incorporated in the PR and the same are intensively monitored at different levels starting from Project level to the level of approving authority, to ensure timely completion of the Project as envisaged in PR.

5.4 All the projects are monitored constantly at different levels by GM/CGM/Dir(Projects)/CMD/Secretary (Coal). The status of implementation of major ongoing as well as future projects costing Rs.100 crore and above are monitored by Secretary (Coal) on monthly/fortnightly basis. Physical and financial progress of the projects is also monitored through Quarterly Project Review (QPR) meeting wherein representatives of Planning Commission, Ministry of Power, Ministry of Statistics & Programme Implementation, Ministry of Finance, Ministry of Environment and Forests and Ministry of Coal are present.

5.5 A proper MIS system using MS Project software has been introduced to strengthen monitoring of the major projects.

5.6 Acquisition of land is a major impediment in the timely implementation of projects. So the issue of land acquisition is pursued vigorously at local and state government level and even at MoEF level for early release of forest land.

5.7 In SCCL, a full-fledged Project Planning Department with experienced executives from various disciplines is functioning. Lot of care is taken right from the stage of concept to feasibility report. Before submission to the Board, each project report goes through several stages of evaluation.

5.8 On approval, a Project Officer is nominated for implementation of the project. He will be made fully aware of his responsibilities, time schedules, procedures to be followed, feed back mechanisms, etc. Each Project Officer is given adequate guidance and assistance from higher management for proper implementation of the project.

5.9 The Ministry of Coal informed the Committee that as on March 2006, a total of 6 projects costing Rs.100 crore and above have been sanctioned during Tenth Plan period. These projects are expected to be commissioned between March 2008 and March 2012. The status of these projects, as on March, 2006, is as under:-

Sl. No.	Sub. Comp.	Name of Project		Date of Sanction	Capital (Rs.Crs)	Capacity (Mty)	Year of Completion	
							Schedule	Actual / Anticipated
1	MCL	BASUNDHARA WEST	OC	Oct-03	176.55	2.400	Mar-08	Mar-08
2	MCL	BHUBANESWARI	OC	Jan-05	336.68	10.000	Mar-12	Mar-12
3	MCL	KANIHA	OC	Jan-05	96.18	3.500	Mar-09	Mar-09
4	MCL	KULDA	OC	Jan-05	302.96	10.000	Mar-10	Mar-10
5	SECL	GEVRA EXP	OC	Jul-05	1339.69	13.000	Mar-10	Mar-10
6	SECL	DIPKA EXP	OC	Jul-05	856.59	10.000	Mar-10	Mar-10

5.10 Similarly, a total of 46 projects(Annexure-II), costing between Rs.20 crore and Rs.100 crore have been sanctioned during Tenth Plan period. Out of 46 projects, 1 project, viz. Makardhokra II OC of WCL, has already been completed in March 2005. Remaining 45 projects are expected to be completed between March 2006 and March 2012.

5.11 In SCCL, 22 projects have been sanctioned during 2002-03 and 2003-04. The status of implementation of these projects is at Annexure-III.

5.12 The Ministry of Coal informed the Committee during the examination of Demands for Grants (2005-06) in April, 2005 that in CIL, 40 projects costing between Rs.20 crore and Rs.100 crore were sanctioned during the Tenth Plan Period and all the projects were on schedule except a few ones where EMP clearances were awaited. The status of 7 projects out of 40 which were scheduled/ anticipated to be completed by March, 2006 is as under:-

Sl. No.	Name of Project & Type	Date of Sanction	Commissioning Date		Status as on 28.2.2005	Status as on March 2006
			Schedule	Anticipated		
1.	Jayant Marginal Schm. OC (North Coalfields Limited)	Dec. 2002	Mar.2005	Mar.2005	The project is on schedule	Production maintenance scheme
2.	Makardhokra-II OC (Western Coalfields Limited)	Jan. 2003	Mar.2005	Mar. 2005	The project is on schedule	Completed
3.	Amera OC (SECL)	Jul. 2002	Jul 2005	July 2005	The project is on schedule	March 2008
4.	Hingula-II Expn. OC (MCL)	Feb. 2003	Mar.2005	Mar. 2005	The project is on schedule	March 2009
5.	Topa re-org. (CCL)	Mar. 2002	Mar.2006	Mar. 2006	The project is on schedule	March 2006
6.	Urdhan OC (WCL)	Jul. 2002	Mar.2006	Mar. 2006	The project is on schedule	March 2006

7.	Samleswari Exp. OC (MCL)	Nov. 2004	Mar.2006	Mar. 2006	The project is on schedule	March 2006
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5.13 On being enquired about the status of projects at Sl.No.1,5,6 and 7 above upto March, 2006, the Ministry of Coal in a post evidence reply stated as under:-

- (a) **Status of Jayant Marginal Scheme (NCL):** Scheme for maintenance of coal production at Jayant OC (10 Mty) was approved by NCL Board in December, 2002 with the provision of procurement of 1 No. of 10 CuM Elect. Rope Shovel and 10 Nos. of 85 Te Dumpers.

Indents for procurement of Heavy Earth Moving Machines (HEMM) were raised in January, 2003 but could not be processed due to applicability of new productivity norms of HEMM. Subsequently, it was clarified that the new norm is not applicable to Jayant OCP. Fresh indents were raised in February, 2004 and tender finalized in October, 2005. The equipment is expected to be supplied by October, 2006 and the Marginal Scheme (for production maintenance scheme) will be completed by March, 2007.

However with improved efficiency and productivity, Jayant OCP has produced 10 Mte during 2004-05 and 2005-06.

- (b) **Status of Topa Re-organisation Project (CCL):** Topa Re-organisation OC was sanctioned in March, 2002 for a capacity of 1.20 Mty at an investment of Rs.65.25 crore. The implementation of the project is delayed due to delay in finalisation of overburden outsourcing work and problem of burnt coal zone in area of operation. Project is now anticipated to be completed by March, 2008.
- (c) **Status of Urdhan OC WCL:** Urdhan OC was sanctioned by Western Coalfields Limited (WCL) Board on 13.07.02 for a capacity of 0.50 Mty at an investment of Rs.43.50 crore. The schedule completion was March, 2006.

The implementation of the project is delayed due to problem in physical possession of land required for access trench as land oustees are demanding employment beyond norm of the company. Project is now anticipated to be completed by March, 2007.

- (d) **Status of Samleswari Expansion OC (MCL):** Samleswari Exp. Ph-I OC was sanctioned by Mahanadi Coalfields Limited (MCL) Board on 27.11.04 for an incremental capacity of 1.00 Mty at an investment of Rs.28.69 crore.

Subsequently Samleswari Exp. Ph-II OC has been sanctioned by MCL Board on 30.06.05 for an incremental capacity of 1.00 Mty at an investment of Rs.13.38 crore. The schedule completion is March, 2007.

5.14 As regards re-scheduling of the completion time in respect of Amera OC, South Eastern Coalfields Limited (SECL) and Hingula-II Expansion OC, Western Coalfields Limited (WCL), the Committee have been informed as under:

- (a) **Status of Amera of SECL:** the project was sanctioned by SECL Board on 25.07.02 for a capacity of 1:00 Mty at an investment of Rs.41.69 crore. The zero date was fixed from the date of land acquisition. The project is facing difficulty in acquisition of land due to demand of employment beyond the norms of the company.

Keeping in view this problem, the anticipated completion is March, 2008.

- (b) **Status of Hingula-II Exp. OC MCL:** The project was sanctioned by CIL Board on 20.02.03 for an incremental capacity of 2.00 Mty at an investment of Rs.87.10 crore. The schedule date of completion for this project is March, 2009.

5.15 When asked as to how many projects costing less than Rs.100 crore and sanctioned during 2002-03 & 2003-04 have been completed, the Ministry of Coal informed as under:-

“In **CIL**, during the year 2002-03, 15 coal projects costing between Rs. 20 crore and Rs.100 crore have been sanctioned. Out of this, 1 project (viz. Makardhokra-II OC, WCL) has already been completed and 14 projects are in different stages of implementation and are on schedule.

During the year 2003-04, 17 coal projects costing between Rs. 20 crore and Rs.100 crore have been sanctioned and are in different stages of implementation and are on schedule.

Thus there is no delayed project costing between Rs. 20 crore and Rs.100 crore with respect to projects sanctioned during the year 2002-03 & 2003-04.

In respect of **SCCL**, 22 projects have been sanctioned during 2002-03 & 2003-04, out of which 5 projects were completed, 9 projects will be completed by the end of 10th Plan and balance 8 projects are under construction. Out of 22 projects of SCCL, the following 2 projects have been slipped.

1. KTK-6 Incline project could not be completed as per schedule i.e., 2004-05 due to adverse geo-mining conditions and it will be completed by 2005-06.
2. Introduction of Manriding Systems at PK-1, SK, KTK-1&1A, GDK-8, GDK-8A Inclines could not be completed as per schedule i.e., 2004-05 due to delay in supply of equipment and it will be completed by 2005-06.”

5.16 The Committee have been informed that the main impediments which adversely affected the completion of the projects included adverse geo-mining/poor roof condition, fund constraints, Environment Management Plan(EMP) clearance, delay in procurement of HEMM and local issues, etc.

The details of 10 projects of CIL including Pootkee Balihary which are delayed out of 75 projects are given below:-

Reasons for delay	Sl. No	Name of Projects	Delay in Months	Sch. Compl. Ant. Compl.	Remarks
1	2	3	4	5	6
Adverse Geo-mining conditions.	1	Pootkee Balihari UG, BCCL (0.68 mty, Rs. 182.60 crs)	48	03/2003 03/2007	Adverse geo-mining condition leading to frequent roof fall, coupled with water problems.
	2	Amadand / Bartarai UG, SECL (1.15 mty, Rs. 83.39 crs)	24	03/2004 03/2006	Encountering heavy fissures / geological disturbances during incline drivage. The project is going to be completed by March-06.
Fund Constraint	3	Bokaro Bermo Seam, CCL (0.80 mty, Rs. 46.78 crs)	84	03/2000 03/2007	The Project initially suffered due to land & fund constraint, resulting in delay in procurement of HEMM. The project is now anticipated to be completed by March-07. Total land required is now under physical possession.
EMP Clearance	4	Gayatri UG, SECL (0.30 mty, Rs. 21.92 crs)	36	03/2004 03/2007	Delayed due to delay in EMP clearance. Additional incline drivage in thin zone, not envisaged in PR. Geological disturbances encountered during drivage of inclines.
	5	Bagdeva UG, SECL (0.41 mty, Rs. 38.46 crs)	8	07/2005 03/2006	Initial delay due to delay in EMP clearance. Project is going to be completed by March 2006.
Miscellaneous	6	J K Nagar UG, ECL (0.435 mty, Rs. 54.15 crs)	24	03/2005 03/2007	The Project is delayed due to delay in installation of skip. All jobs completed except suspension of skip. Earlier tender cancelled & fresh tendering is being done. Expected to be completed in 2006-07.
	7	Kakri Aug. OC, NCL (0.50 mty, Rs. 48.79 crs)	24	03/2004 03/2006	Delay in procurement of HEMM due to change in policy & norms of procurement of HEMM. Project is going to be completed by March 2006.
	8	Pinoura Aug. UG, SECL (0.48 mty, Rs. 49.93 crs)	36	03/2004 03/2007	Delayed due to change from SDL to Continuous Miner technology & work award for the same.

Reasons for delay	Sl. No	Name of Projects	Delay in Months	Sch. Compl. Ant. Compl.	Remarks
1	2	3	4	5	6
	9	Vindhya Aug. UG, SECL (0.59 mty, Rs. 49.90 crs)	36	03/2004 03/2007	Delayed due to change from SDL to Continuous Miner technology & work award for the same.
	10	Mahan OC, SECL (0.36 mty, Rs. 49.95 crs)	24	03/2005 03/2007	Frequent Stoppage by villagers for employment beyond norms. Matter taken up with Secretary (Revenue) & CM, Chhattisgarh.

5.17 On being enquired about the mechanism to review and appraise the projects, the Ministry of Coal informed the Committee as under:-

“Projects are monitored on monthly basis or at shorter intervals at the Area Level by General Manager / Chief General Manager and by Director (Projects) and CMDs of the concerned Subsidiaries at Corporate Level.

Status of Projects are also reviewed at every Company Board meeting of the Subsidiaries by exceptions. This is in addition to review of projects at Unit Level by Project Officers at shorter intervals.

Mandatory Review of the Projects are carried out at Company Level when the expenditure of the Project exceeds 50% of the Sanctioned Capital to initiate appropriate action.

Yearly Cost-Updating is taken up for all Projects and action for preparation of RCE and subsequent approval from Concerned Authority is taken up accordingly.

Projects, costing Rs. 100 crore & above, are also reviewed in CIL Board by exception. Physical and financial performance of all Projects costing more than Rs.50 crore are also reviewed periodically by CIL Board for taking corrective actions.

Status of Implementation of Major Ongoing Projects as well as Future Projects (Costing Rs.100 crore & above) are monitored quarterly by Secretary (Coal). In case of Ongoing Projects both Physical and Financial progress are taken into consideration.

Status of Implementation of Major Ongoing Projects as well as Future Projects (Costing Rs.100 crore & above) are also monitored by Secretary (Coal) on monthly / fortnight basis through a well formatted MIS.

Physical and Financial progress are also monitored half-yearly by Planning Commission through Quarterly Performance Review Meeting. For expediting acquisition of land - both forest and non-forest - regular interaction amongst the Ministry, CIL, Subsidiary Companies and with MoEF, State Govt., Local Authorities is pursued. Pending forestry proposals are being pursued at the DFO level to the State Forest Departments & finally at the MoEF level for early release of the forest land.

For projects costing Rs. 100 crore & above, a proper MIS system using MS Project Software has been introduced. This is being strengthened with the introduction of on-line computerized monitoring system. All major projects are now equipped with computers and Project Management software.

Progress reports in respect of Projects costing Rs. 100 crore. & above are also submitted to Department of Programme Implementation regularly.”

5.18 When asked whether Ministry of Coal has re-assessed and prioritized the projects taking into consideration the resources available, the Committee have been informed as follows:-

“Project wise allocation of fund is made on priority/actual need basis and is also based on projections and availability of funds through internal and external budgetary resources. Adequate steps are taken for continuous improvement of the internal resources of subsidiary companies.

102 projects were identified (during formulation of Tenth Plan Document) to be taken up during Tenth Plan period for an ultimate capacity of 241.62 Mty at an investment of Rs.19,159.33 crore. Out of this, a contribution of 79.11 Mte was planned for the terminal year of Tenth Plan i.e. 2006-07 with an investment of Rs.6343.92 crore during Tenth Plan period.

Mid-Term appraisal was done in September, 2005. As per this Appraisal and further updation as on February, 2006, a total no. of 100 projects have been taken up during Tenth Plan period for an ultimate capacity of 250.395 Mty at an investment of Rs.18784.91 crore investment envisaged for these projects during Tenth Plan period is about Rs. 2000 crore.

As per present assessment, 45 projects (out of 100 identified) are likely to contribute to the tune of 82.24 Mte during the year 2006-07.”

5.19 The Committee note that 100 projects were identified to be taken up during 10th Plan period. Out of this, a total of 67 projects have already been sanctioned and are in different stages of implementation including Makaradhokra-II OC of Western Coalfields Limited (WCL) which stands completed in March, 2005. Out of balance 33 projects, only 6 projects are likely to be completed during 10th Plan. The reasons adduced for the delays involved in the projects and rescheduling the completion time are not convincing. The Committee have taken note of the existence of an elaborate, cumbersome and time consuming monitoring and appraisal system right from project level to Ministry level for the implementation of the projects. The Committee feel that monitoring of projects has remained a mere monotonous exercise without any tangible results forthcoming there from. Consequently, inspite of all these measures, the projects are getting delayed considerably, a sad augury for the coal sector. The Committee are convinced that the projects are not being managed on sound professional lines, and the Ministry of Coal has failed miserably in its duty to act as a vigilant facilitator in overcoming the root cause of delays in the projects.

The Committee are well aware about the major problems viz. acquisition of land and obtaining of various clearances which are adversely affecting the progress of coal projects. Keeping this in view, the Committee would like to emphasize that there should be a close liaison and

coordination between the Central and various State Government agencies and they should work in tandem to identify and rectify the nagging bottlenecks.

The Committee, therefore, recommend the Ministry to explore the possibility of setting up of a single-window clearance system for the projects in order to remove the hurdles impeding the advancements in coal sector. The Committee would also like to be apprised of the status of all the projects identified and sanctioned/approved during the 10th Plan period within three months.

D. Modernization/Renovation of Coal Washeries

Coal India Limited (CIL) has been operating its coal washeries in the country since last few decades. Erstwhile National Coal Development Corporation (NCDC), subsequently taken over by CIL, started washing of coking coal in the year 1958. However, with the passage of time, the production of coking coal has gradually dropped mainly due to its very limited reserve in the country and depletion of good quality upper seam coking coal. The production of non-coking coal has gradually picked up manifold but about two third of this non-coking coal produced is of poor quality. Washing of non-coking coal has gained much importance since late 90's because of MoEF Notification to use specified quality of non-coking coal in the TPSs located in the identified areas and also growing awareness against environmental pollution.

6.2 At present, CIL operates 17 coal washeries (11– coking coal and 6 – non coking coal) located in the State of Jharkhand, Uttar Pradesh and Madhya Pradesh, many of which have outdated their life long back. Action plan for modernization of washeries has been prepared and taken up by BCCL, CCL and WCL for implementation in stages and the implementation of the modernization job is being carried out by the subsidiary companies of CIL not through private sector participation under BOO/BOOT scheme. CIL has also tentatively identified few locations to set up medium coking coal (NLW) and non-coking coal washeries in CCL command area under BOO scheme for which reports / documents are under preparation. Draft agreement to set up a non-coking coal washery in Korba coalfield under BOO scheme by CIL is under negotiation. CIL is also encouraging its consumers as well as private entrepreneurs to set up coal washeries for supply of washed coal to the linked consumers by providing infrastructural facilities, as available, on lease / chargeable basis.

6.3 The details of performance of washeries in operation in CIL for the year 2004-05 are as under:-

Sl. No.	Washery	Year of Commission	Capacity (Mty.)	Washed coal Prodn.(L.Tonne)
1	2	3	4	5
	Coking Coal:			
1.	Dugda-II, BCCL	1969	2.00	2.15
2.	Bhojudih, BCCL	1962	1.70	5.02
3.	Patherdih, BCCL	1964	1.60	0.67
4.	Moonidih, BCCL	1983	1.60	5.35
5.	Sudamdih, BCCL	1980	1.60	2.19
6.	Mahuda, BCCL	1989	0.63	3.27
7.	Kathara, CCL	1969	3.00	5.78
8.	Swang, CCL	1970	0.75	3.86
9.	Rajrappa, CCL	1986	3.00	10.93
10.	Kedla, CCL	1997	2.60	5.88
11.	Nandan, WCL	1984	1.20	3.45
			19.68	48.55
	Non-Coking Coal			
12.	Dugda-I, BCCL	1961	1.00	4.35
13.	Madhuban, BCCL	1999	2.50	3.63
14.	Gidi, CCL	1970	2.50	5.92
15.	Piparwar, CCL	1997	6.50	44.59
16.	Kargali, CCL	1958	2.72	7.08
17.	Bina, NCL	1997	4.50	28.54
			19.72	94.11

6.4 When asked about the prescribed norm for capacity utilization and the actual utilization during the 10th Plan Period, the Ministry of Coal stated that as per prescribed norm, the washeries are to operate at their operable capacity. Operable capacity is determined on the basis of constraints of down stream circuits. The capacity utilisation of CIL Washerries during 10th Plan is as under:-

Sl. No.	Year	Coking coal washeries		Non-Coking coal washeries		Overall CIL Washeries	
		Operable capacity	% utilisation	Operable capacity	% utilisation	Operable capacity	% utilisation
1	2002-03	20.10	42.66	20.20	54.64	40.30	47.90
2	2003-04	19.68	43.46	20.20	49.77	39.88	46.33
3	2004-05	19.68	46.83	19.72	57.27	39.40	53.59
4	2005-06 (Jan.'06)	16.4	46.38	16.43	64.11	32.83	55.54

6.5 So far as funds are concerned, the Committee have been informed that subsidiary companies of CIL had fund constraint earlier but at present, the concerned subsidiary companies have no fund constraint and as such, the action plan for modernisation/renovation of washeries are being implemented in stages. The modernisation plan has been drawn by the concerned subsidiaries of CIL and status of its implementation is as under:-

Status of action plan for modernisation of existing washeries

Sl.No.	Washery	Job	Status
1.	BCCL , Patherdih	1. installation of jig. 2. Enhance bunkerage capacity of middling. 3. Renovation slurry circuit. 4. modify slurry circuit.	Expert opinion is being sought for technological upgradation of the washery.
2.	Sudamdih & Dugha-II	1. Installation of deshaling plant. 2. Renovation of 3 rd HM cyclone circuit.	1. Award of work was kept in abeyance since 14/2/01 for paucity of fund in BCCL. CMPDI had been requested for updating the PR and preparation of tender documents. 2. Project proposal approved and action initiated to implement the scheme.
3.	Sudamdih	Enhance bunker capacity of middling	Project proposal approved and tender documents are under finalisation.
4.	Moonidih	1. installation of spiral concentrator to upgrade fines	1. Tender floated by CMPDI had been

		<p>(R&D scheme of CIL).</p> <ol style="list-style-type: none"> 2. Enhance bunker capacity of middling. 3. Washed coal rapid loading. 	<p>cancelled due to single tender. The proposal of CMPDI for time extension upto Sept. 06 and revision of cost to Rs.14.96 crore has been put up to R&D board, CIL for approval.</p> <ol style="list-style-type: none"> 2. Project proposal approved and draft tender document is under finalisation. 3. -do-
5.	Bhojudih	<ol style="list-style-type: none"> 1. Renovation of Jig. 2. Renovation of HM bath. 3. Renovation of Deshaling plant. 	Project proposal approved and action initiated to implement the scheme.
6.	All washeries (except Patherdih washery)	Modernise/replacement/renovation of old & outlived technological structures, equipments and automation system.	<ol style="list-style-type: none"> 1. Final reports for Dugda-II, Bhojudih, Sudamdih & draft report for Dugda-I and Moonidih washery has been submitted by CMPDI. 2. Bharat Coking Coal Limited identified/renovation work. Marginal schemes for implementation of renovation/modernisation in 1st phase have been approved and action initiated to implemented the schemes.
1.	CCL , Kedia	Automation of Jig.	Work completed.
2.	Piparwar	Installation of an ETP.	Approval awaited for retendering.
3.	Rajrappa	<ol style="list-style-type: none"> 1. Installation of an ETP. 2. Reduction of raw coal feed size from 80 to 40 mm. 	<ol style="list-style-type: none"> 1. Final acceptance test completed. 2. Work completed.
4.	Sawang	Installation of an ETP. (Effluent Treatment Plant)	Recommendation for retendering by tender committee placed for approval.

1.	<u>WCL,</u> Nandan	Improvement of organic efficiency	The schemes for the installation of a spiral concentrate plant to treat 3-0.3 mm. Fines is in the process of sanction by WCL and renovation of Jig submitted by CMPDI has been approved.
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6.6 Regarding private sector participation in coal sector, the Ministry of Coal informed the Committee that the job of modernisation/renovation of washeries of CIL has been taken up by the subsidiaries of CIL and no private sector participation has been permitted.

6.7 However, CIL has taken following action to set up coal washeries by the consumers/private entrepreneurs:-

- a) Coal India Limited (CIL) encourages linked consumers as well as private entrepreneurs to set up non-coking coal washeries for supply of washed coal to the linked consumers by providing infrastructural facilities, as available, on lease / chargeable basis. Two such washeries have been constructed and are in operation (present throughput capacity 12 Mty) in Korba coalfield on CIL's land since end of 1999.

Land has also been leased to APGENCO in May' 2004 to set up its 11.0 Mty non-coking coal washery in Talcher coalfield of MCL under BOO Scheme. MOU has been signed with PSEB by CCL for handing over land to set up 3.5 Mty washery at NK area of CCL by PSEB under BOO scheme.

- b) Draft agreements is under negotiation with MSEB for supply of washed coal from the proposed Dipka washery (6.0 MTY) to be set up under BOO scheme by SECL.
- c) CCL has proposed to set up its washeries under BOO scheme at Ashoka, Parej, Dhori, Konar and Karo for which reports/documents are under preparation.

MCL is exploring the possibility to provide land on lease to NTPC in Orissa for its proposed 6.0 Mty washery under BOO scheme.

6.8 On being enquired about the CMPDIL's study on the functioning of existing washeries and their suggestions/recommendations to modernize and improve the washeries for their optimum utilization, the Committee have been informed as under:-

“Study of BCCL washeries under Phase-I i.e. Dugda-II, Bhojudih, Sudamdih and Patherdih Washeries has been completed and the reports have been approved. Similarly, under Phase-II, Reports of Dugda-I, Lodna and Moonidih have been prepared and approved by BCCL. Preparation of Report for Madhuband Washery is in progress. Reports on modernisation of washeries at Gidi, Kathara, Sawang, & Kargali have been prepared and submitted to CCL & its Board has approved the modernisation plan of Kargali Washery. In case of Nandan Washery WCL, reports for modernisation scheme, consisting of renovation & automation of jig and incorporation of spiral concentrator plant to beneficiate fine coal, have been prepared. WCL Board approved the scheme for renovation of jigs. Other report is under scrutiny. Report on Installation of On-Line Ash Analyser at Bina Washery, NCL, has been submitted for control of the washed coal quality, the same is under consideration of NCL”.

6.9 Brief of the Modernisation studies in respect of these washeries is as follows:

Sl. No.	Name of the Washery	Suggestions made
1	2	3
1.	Dugda-I Coal Washery	<ul style="list-style-type: none"> • Strengthening of civil & technological structures • Replacement of worn out equipment
2.	Dugda-II coal Washery	<ul style="list-style-type: none"> • Revival 3rd Circuit • Strengthening of civil & technological structures • Recovery of Fine coal • Replacement of worn out equipment • To enhance the loading rate, replacement of existing hauler with high capacity hauler • Automation for gravity control • Revival of Magnetite Regeneration Circuit
3.	Sudamdih coal Washery	<ul style="list-style-type: none"> • Strengthening of civil & technological structures • Recovery of Fine coal by efficient dewatering equipment • Replacement of worn out equipment

Sl. No.	Name of the Washery	Suggestions made
1	2	3
		<ul style="list-style-type: none"> Automation for gravity control Revival of Magnetite Regeneration Circuit Revival of non-operative cycloid circuit
4.	Bhojudih coal Washery	<ul style="list-style-type: none"> Strengthening of civil & technological structures Replacement of worn out equipment Automation for gravity control Revival of deshaling plant Renovation of HM Bath Refurbishing of Jig
5.	Patherdih coal Washery	<ul style="list-style-type: none"> Strengthening of civil & technological structures Replacement of worn out equipment Re-arrangement of bunker for enhancement of capacity Replacement of Jigs Reduction of rated capacity Refurbishing of HM Bath
6.	Moonidih Washery	<ul style="list-style-type: none"> Strengthening of civil & technological structures Replacement of worn out equipment Automation for gravity control Renovation of railway track
7.	Kathara Washery	<ul style="list-style-type: none"> Strengthening of civil & technological structures Replacement of worn out equipment Revival of picking belt conveyor & shale disposal system Replacement of single roll crusher with double roll crusher Renovation of Gyratory crusher Replacement of existing diaphragm pump with centrifugal pumps in line with thickener no. 3 Recovery of Flotation Tailing by Solid Bown Centrifuge Improvement of Magnetite Regeneration System Introduction of Automatic Gravity Controller
8.	Sawang Washery	<ul style="list-style-type: none"> Strengthening of civil & technological structures Replacement of worn out equipment

Sl. No.	Name of the Washery	Suggestions made
1	2	3
9.	Kargali Washery	<ul style="list-style-type: none"> • Strengthening of civil & technological structures of existing operating circuits. • Replacement of worn out equipment of existing operating circuits.
10.	Gidi Washery	<ul style="list-style-type: none"> • Strengthening of civil & technological structures • Replacement of worn out equipment • Enhancement of Raw coal receiving capacity through suitably modified arrangement of the unused blending bunkers
11.	Nandan Washery	<ul style="list-style-type: none"> • Renovation & automation of both the Jigs • Incorporation of spiral concentrator for reduction of load on fine coal circuit
12.	Bina Washery	<ul style="list-style-type: none"> • Installation of On-Line Ash Analyzer for control of the washed coal quality

6.10 The Committee find that Coal India Ltd.(CIL) has been operating its coal washeries in the country since 1958. In the back drop of growing awareness against environment pollution, the Ministry of Environment and Forest issued a notification for use of specified quality of coal in the thermal power stations and steel plants located in the identified areas necessitating mandatory use of washed coal.

The Committee further note that at present, CIL operates 17 coal washeries (11 coking coal and 6 non-coking coal), many of which have outlived their useful life long back. The Committee also note that almost all these washeries are operating at barely 50% of their capacity and, therefore, CMPDIL has now prepared an action plan for modernisation/renovation of washeries for implementation in stages by the

subsidiary companies of CIL as per the recommendations of 'Atekar Committee'. The Committee are unhappy to note that the Ministry neglected the modernisation/renovation aspect of the washeries even though these are more than 30 to 40 years old and operating at much below the optimum capacity level. The Acquisition, Modernisation and Replacement (AMR) is a continuing exercise in any industrial organisation for its sustainable development. The Committee regret to note that CIL has neither renovated/modernized its existing coal washeries since their commissioning nor set up any new coal washeries of its own leaving no option but to largely depend on private washeries or using the existing old coal washeries. One of the major constraints for not modernizing the washeries was fund crunch. The Committee do not find this argument convincing as Central Coalfields Limited (CCL), had already taken a turn around and started posting profits for the last four years.

The Committee, therefore, desire that the Ministry of Coal should expedite implementation of the Action Plan as per the CMPDIL suggestions/recommendations to modernize/renovate them, in a time frame, for their optimum utilization. Committee would like to be apprised of the action taken in this regard.

6.11 The Committee observe that CIL has tentatively identified few locations to set up medium coking coal and non-coking coal washeries in CCL command area under Built-Own-Operate(BOO) scheme for which reports/documents are under preparation. CIL is also encouraging its consumers as well as private entrepreneurs to set up coal washeries for supply of washed coal to the linked consumers by providing infrastructural facilities, as available, on lease/chargeable basis. The Committee are deeply anguished that due to lack of foresight and inaction on the part of the Ministry, a situation has arisen wherein its own washeries and manpower are lying idle/under utilized and private participation is being permitted. The Committee, therefore, desire that the possibility of setting up new coal washeries by CIL should also be examined apart from coal washeries being set up by private entrepreneurs.

The Committee expect that while encouraging setting up of the coal washeries under BOO/BOOT system, CIL would encourage linked consumers particularly State Electricity Boards instead of relying on private entrepreneurs.

E. Development Activities in North-Eastern Region

North Eastern Coalfields, with its headquarters at Margherita, is a unit directly controlled by CIL and is responsible for development and production of coal in North Eastern States. The present mining activities are confined to the State of Assam.

7.2 A lump-sum provision of Rs. 15.20 crore was made for the North Eastern Region and Sikkim during 2005-06. It was revised to Rs.25.50 crore at RE stage and for the year 2006-07, a provision of Rs. 16.87 crore has been made.

7.3 About the hike in the Budget Estimates (BE) 2005-06 at Revised Estimate (RE) stage and reducing the budget for the year 2006-07, the Ministry of Coal informed the Committee that as per Government of India instructions, 10% of the plan budget estimates/revised estimates is earmarked for development of NE Region. In BE 2005-06 plan estimates of Ministry of Coal was Rs 152.05 crore. Therefore, the funds for NE Region at BE stage was Rs. 15.20 crore. However, plan RE (2005-06) was increased to Rs. 255 crore. Hence, at RE stage the funds for NE Region were Rs. 25.50 crore. The plan BE (2006-07) is Rs. 168.71 crore. Therefore, for NE Region, funds of Rs. 16.87 crore have been earmarked.

7.4 As regards development works in the North-Eastern Region, the Committee have been informed as under:-

“Ministry of Coal provides a lump sum amount of 10% of the capital outlay of its Departmental Schemes every year for development of North Eastern Region. No developmental work was undertaken under this head out of the lump sum amounts earmarked by Ministry of Coal during the preceding years as Coal India Ltd had no scheme for implementation in NE Region. The entire funds during these years were transferred to non lapsable pool of Central Resources.

In North Eastern Region, North-Eastern Coalfields is under Coal India Ltd. Part of the capital provision for North Eastern Region is for North-Eastern Coalfields (NEC). This part of capital provision is to be spent for exploration in NEC and for implementation of Rehabilitation/Revival Plan for NEC.

Capital spent for exploration and Indian Coal Resource Information System (ICRIS) in NEC during the years 2002-03, 2003-04, 2004-05 & 2005-06 (RE) is Rs.0.98 crore, Rs.2.28 crore, Rs. 5.43 crore and Rs.10.20 crore respectively.

Rehabilitation/Revival Plan of NEC was formulated and was placed before CIL Board. CIL Board has asked for some modifications in the plan.

Accordingly, CMPDIL has been requested to submit the revised Revival Plan”.

7.5 When asked about the physical and financial targets of North-Eastern Coalfields Ltd. during the first four years of 10th Plan, the following information has been furnished by the Ministry of Coal:-

“Apart from the provisions for Departmental Schemes of MoC, the physical and financial targets of North Eastern Coalfields (under CIL’s capital outlay) for the first four years of 10th Plan along with the achievements for first three years of 10th Plan are as under:

	2002-03	2003-04	2004-05	2005-06
Production (Mt)				
Target	0.50	0.65	0.80	0.85
Actual	0.63	0.73	0.63	1.05 (Antc.)
Capital (Rs. crore)				
BE	4.00	4.00	4.00	4.00
Actual	2.25	1.57	2.36	3.50 (RE)

7.6 As regards keeping NEC under the direct control of CIL, the Committee have been informed that there are only five working mines (3 underground and 2 opencast) producing around 1 million tonne of coal in North Eastern Coalfields. The total manpower of NEC is around 3,400. With such small scale of operation, formation of a separate subsidiary was not justified. Therefore, for administrative reasons, operations in NEC are directly controlled by CIL Headquarters. However, the Incharge of NEC, who is of the rank of Chief General Manager, has been given extra delegation of power for better administration.

7.7 The Committee have further been informed that there is no proposal to declare NEC as a subsidiary of CIL.

7.8 The Committee note that North-Eastern Coalfields Ltd. is responsible for production of coal and development in North-Eastern Region. The Ministry of Coal provides a lump sum amount of 10% of the capital outlay of its departmental schemes every year for development of North-Eastern Region. It is surprising that no development work was undertaken under this head out of the lump sum amount earmarked by the Ministry of Coal during the preceding years as CIL had no scheme for implementation in North-Eastern Region. The entire funds during these years were transferred to non-lapsable pool of central resources. The Committee do not see any rationale in not utilizing the funds earmarked for North-Eastern Region year after year.

The Committee feel that ways and means should be explored to formulate bankable developmental schemes in consultation with the Ministry of Development of North-Eastern Region so that the region as a whole is benefited by such plans/programmes.

7.9 The Committee observe that rehabilitation/revival plan of NEC was formulated and was placed before the CIL Board. However, CIL Board had asked for some modifications in the plan and accordingly, CMPDIL was requested to submit the revised revival plan. The Committee are dismayed to note that the long pending revival of NEC has not been finalized by the CIL as yet. The Committee, therefore, desire the Ministry of Coal/CIL to finalize the revival plan for NEC without further loss of time.

F. Rehabilitation and Resettlement in Coal India Ltd.

Coal mining is a site specific industry. Selection of mine site depends upon the quality of reserves and its distance from major consumers. For reserves that are close to the surface, opencast mining has proven to be the most efficient mining method. While relatively inexpensive, opencast mines require large areas of land. Population growth makes it increasingly difficult for the subsidiary coal companies to acquire the land they need for expanding their operation.

8.2 In the past, subsidiaries found it relatively easy to acquire land, if they were able to offer employment. Partly because of this practice, subsidiaries have built up their labour force beyond their needs. With the introduction of state-of-the-art technology and mechanization for extraction of coal, less workers are required by the subsidiaries which has resulted in their inability to provide employment to all the eligible land losers.

8.3 To address the difficulties being faced by the Project Affected People and safeguard their interests, Coal India Ltd. formulated its R&R Policy first in 1994 and it has been in operation since then with modifications from time to time. Based on the lessons learned during operation, CIL through its Board resolutions had made amendment/modifications in the policy. The Present policy is in vogue since 2000.

8.4 In reply to Lok Sabha starred question dated 17.05.2006 regarding compensation to land losers in CIL, the Ministry has informed as under:-

“Compensation is paid to land losers as per provision of Land Acquisition Act, 1894 (LA Act) and Coal Bearing Areas (Acquisition & Development) Act, 1957 (CBA Act) and the guidelines of the Government. Out of about 81,000 cases, compensation has been paid in about 76,000 cases and the rest are pending with the concerned courts/tribunals and coal companies”.

8.5 The Ministry has further informed that the following steps have been taken to dispose of pending cases:

“During the financial year 2005-06, additional provision of Rs.43 crore was made by the Government as against the original provision of Rs.25 crore. In case of Coal Bearing Areas (Acquisition & Development) Act, 1957, camps for disbursement of compensation are being held at project/area level at regular interval with prior intimation to land owners. Periodical meetings are also held with land owners/local peoples’ representatives to settle the pending cases. In cases where the land losers are not available in the addresses given to the company as per record, notices are published in local newspapers for receiving compensation. In cases where land is acquired under the Land Acquisition Act, 1894, regular follow-up with District Land Acquisition Officer of the State Government is done to settle the cases of payment of compensation.

Criteria for payment of compensation have been spelt out under L.A Act, 1894 and CBA (A&D) Act, 1957 and there is no need for Government to evolve any further uniform criteria.

The Resettlement and Rehabilitation Policy of Coal India Ltd. has a provision of employment to land oustees fulfilling eligibility criteria and also subject to the availability of vacancy. In case it is not possible to offer employment, the land oustees are given monetary compensation for self employment”.

8.6 The Committee note that Coal India Ltd.(CIL) has been facing difficulties in the implementation of Resettlement and Rehabilitation(R&R) Policy as different provisions for employment under R&R schemes are in vogue in different States. The Committee feel that unless this anomalous situation is corrected, CIL will not be able to implement R&R to the satisfaction of the affected people in all regions. The Committee, therefore, desire the Ministry to hold consultations with the concerned State Governments and other agencies and come out with a central legislative measure to address the issue by evolving a uniform and consistent R&R

policy for the entire country. The Committee would like to be apprised of the action taken in this regard within one month.

G. Outsourcing in Coal India Ltd. (CIL)

Outsourcing has grown in importance world wide because economic and competitive pressures have made it imperative for organisations to focus on the efficiency of operations of all their activities including turning to third parties to assume responsibilities for some of their activities.

9.2 In line with many other industries and agencies, Coal India Ltd. has also adopted the concept of outsourcing for better economic returns and to bridge the gap in capacity and target. The activities Outsourced by Coal India Ltd. include certain activities of coal production, OB removal and transportation of coal in some mines of subsidiary companies of Coal India. The experience of Coal India Ltd. reveals that outsourcing of some of it's activities has been financially and economically viable.

9.3 As regards, the major operations which can be outsourced and huge capital investment which is required for the activities of the mechanized extraction of coal, the Ministry of Coal informed the Committee as under:-

“In an Opencast mine the major operations can be (i) removal of OB. (ii) extraction of coal (iii) loading of coal at face and transporting to a designated place (iv) construction & maintenance of haul roads (v) drilling (vi) blasting (vii) managerial supervision (viii)safety. Complete outsourcing will involve getting all these operations carried out by an outside agency . Normally for reasons of safety and other statutory considerations, storage & supply of explosives, design of pattern of drill holes ,blasting operations, power supply, Managerial supervision, environmental mitigation and many other activities related to running of a mine such as construction & maintenance of haul roads, pumping etc. are not outsourced.

Huge capital investment is required for the activities of mechanized extraction of coal, loading, unloading and transport of coal and overburden. Instead of investing such huge capital, if these activities are

outsourced, it helps the company to improve its economics of operations as the cost of outsourcing is much less than the cost of doing the same job departmentally. On the other hand, some surplus employees which are mainly unskilled and ministerial categories are being utilized by manpower rationalization at the places of need through training and re-training for skill development etc.

If these activities are not outsourced and carried out departmentally, it would mean huge expenditure, and may be some recruitment, also which is not a financially desirable situation considering that some of the subsidiaries are already burdened with surplus manpower. Conceding for a moment that surplus work force should be put on job rather than outsourcing it is a laudable concept but its applicability is limited because the surplus work force can not exactly be straightaway deployed. They are however being trained / re-trained for such deployment, yet all of them are not suitable for redeployment in skilled and highly skilled jobs”.

9.4 Regarding coal production and over burden removal by the subsidiaries of CIL vis-à-vis by hiring of equipments, the Ministry of Coal stated as under:-

“In 2005-06, 297.56 Million tons of coal production was achieved in Open Cast mines of CIL out of which 137.25 Mt was by departmental equipments and 160.31 Mt by hired equipments. OB Removal was 436 Mt by departmental equipments and 99 Mt by hired equipments.

Targets of coal production from Open Cast mines of CIL have been higher than the capacity of departmental equipments . In 2005-06 the System capacity during beginning of the year was 148.02 Mt . the target of coal production was 295.15 Mt and actual production achieved from Open Cast mines was 297.55 Mt. The gap in capacity and actual production was bridged by hired equipments. It may be appreciated that even the target production would not have been possible if there was no deployment of hired HEMM.

Overall Coal India Ltd. achieved coal production of 343.37 Million tons and OB Removal of 535 Million cu. M . Out of total volume of excavation done, both coal and OB Removal, about 73% was done with departmental equipments and remaining about 27 % by hiring of equipments”.

9.5 When enquired as to why the outsourcing is needed, the Ministry of Coal stated as under:-

“Operations which Coal India Ltd. conducts departmentally have been found to be relatively much more expensive than the operations conducted through outsourcing. In number of mines of Coal India, either removal of coal or overburden is outsourced for last couple of years. Our experience is that the cost of outsourcing is much less than the cost at which Coal India removes overburden or removes its coal. Keeping this factor in mind, the Government when it approved some of the recent projects, decided that in order to reduce the cost of coal mining and make coal available to consumer industry at a more economical rate, it is desirable that Coal India should take up new mines through the source of outsourcing.

Concerns were expressed during various meetings that when we have surplus manpower, what is the logic in going through outsourcing and not utilizing our own existing manpower. Coal India has huge surplus manpower in underground mines and skilled manpower, which is required, is not surplus to that extent. Therefore, outsourcing of services in Coal India is not likely to have any adverse impact on the existing manpower in the sense that those who can be gainfully deployed, they are not really available. Therefore, the agencies who are going to take up outsourced mining activity, will be bringing their people who are technically skilled and where our people cannot be replaced.

The reasons for higher cost of production in Coal India are two-fold. Firstly, we have relatively over availability of equipment and when high cost equipment are not available to the optimum level the cost of production goes up substantially. Similarly, due to poor work culture departmental equipments do not work for the number of hours which is expected to be done and therefore our output in terms of individual manpower also is substantially less than what is obtained either through the outsourcing or if we compare it with the output which comes from the mines which have been in the private sector. That is, mines which belong to TISCO or some of the captive mines which have recently opened up. It is considered in the national interest that we must try to reduce the cost of coal mining as much as possible. Therefore, outsourcing is one of the methods by which we can considerably reduce the cost of coal mining.

Outsourcing also enables working of opencast patches with small reserves and short life. If the reserves do not last beyond three to four years, CIL would not be in position to buy equipment for that, which have life span longer than the reserve. If such projects are worked with outsourcing, the agency can take back the equipment after the reserves

are exhausted .It is a means of financing as well. CIL does not have to put it's money. The agency does that and whatever maintenance is to be done is done by the financer of the machine. In effect , there is low cost per cubic meters of excavation.

The other advantage of outsourcing will be that when we have in the neighbourhood a set of operational activities which are far more efficient than the operations which Coal India conducts , they have induced effect and bringing the level of improved efficiency in our own operations . This is a fact which has been borne out by bringing the private sector operators in areas like telecommunications or air travel. Therefore, it is felt that similar competition is likely to bring in substantial level of operational efficiency which can also be the place of learning and for replication in CIL's fully departmentalized mines.

Thus it can be summarised that certain operations in number of mines of coal India shall continued to be outsourced mainly by hiring of equipments in order to improve on the economics of operation , to bridge the gap between capacity and target of coal production and OB removal. Moreover, the situation is favourable to CIL as it does not have to provide heavy capital investment to increase it's own excavation and transportation capacities in different projects”.

9.6 The Committee observe that the operations which CIL conducts departmentally have been found to be relatively much more expensive than the operations conducted through outsourcing. The Committee also observe that CIL has relatively over availability of equipment and when high cost equipment are not available to the optimum level, the cost of production goes up substantially. Further due to poor work culture, departmental equipments do not work for the number of hours which is expected to be done and, therefore, the output in terms of individual manpower is substantially less than what is obtained through outsourcing.

The Committee feel that the reasons adduced by the Ministry for resorting to outsourcing are grossly unjustifiable. It is a matter of serious concern that CIL instead of putting its own house in order by making optimum use of excess equipments and developing work culture of high order to enhance the productivity has taken recourse to outsourcing.

The Committee, therefore, desire the Ministry to institute an inquiry to go into the depth for the causes of the lesser utilisation of equipments and deteriorating work culture in CIL resulting in higher cost of production and apprise the Committee about the break up of cost of production, item-wise as compared to the cost of production through outsourcing. The Committee also reiterate that an Action Plan to minimize outsourcing and remove corruption be prepared by Ministry/CIL on uniform basis. The Committee would like to be apprised of the action taken in this regard within one month.

**NEW DELHI;
May 22, 2006**

Jyaistha 1, 1928(Saka)

**ANANTH KUMAR,
Chairman,
Standing Committee on Coal and Steel.**

STATEMENT OF CONCLUSIONS/RECOMMENDATIONS OF THE STANDING
COMMITTEE ON COAL AND STEEL CONTAINED IN THE REPORT

Sl. No.	Reference Para No. of the Report	Conclusions/Recommendations
1	2	3

1.	2.2	The Committee hope that the Ministry of Coal will implement the recommendations in a time bound manner which the Committee commented upon in their Action Taken Report. The Committee desire that the Ministry of Coal should furnish final replies to the recommendations (nos. 11 and 22) which were categorized as of interim nature. The Committee would like to be apprised of the action taken in this regard.
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2.	3.15	The Committee note that the budgetary allocation of the Ministry of Coal for the year 2006-07 is Rs.4799.50 crore as compared to Rs.4001.40 crore for the year 2005-06 which was later drastically reduced to Rs.2987.00 crore at RE stage. The Committee are distressed to note that the Ministry has failed to utilize even the revised allocation and could barely utilize less than 50% of the BE. The performance of Neyveli Lignite Corporation has been more deplorable which could utilize only 28% of the BE. This trend of under utilization has been continuing for more than a decade as during 9 th Plan, the Ministry utilized an amount of Rs.13,120.84 crore as against the allocated amount of Rs.19,383.74 crore. In the 10 th Five Year Plan, the performance of the Ministry was even more unsatisfactory as an amount of Rs.6,961.52 crore has been utilized, so far, as against the allocated funds of Rs.18,652.20 crore. The Committee, however, note with satisfaction that Singareni Collieries Company Ltd. continues to perform well and has been consistently utilizing more than 80% of the allocated funds. The Committee are deeply anguished to note that the Ministry has made mockery of budget mechanism process by citing exactly the same reasons year after year just like a ritual without making any tangible efforts to come out of this cyclic malaise.
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The Committee, in their 8th Report on Demands for Grants of the Ministry of Coal for the year 2005-06 had, therefore, recommended the Ministry to revamp and strengthen its budget division to ensure preparation of realistic budgetary proposals and to set up a high level monitoring committee to review the monthly progress of the utilisation of funds. The Ministry had informed the Committee that the budget making procedure in PSUs passes through several stages and rigorous follow-up action is done by the Senior Officers of the PSUs. A separate Project Monitoring Wing constantly monitors the progress on day to day basis. It was further stated that Ministry of Coal also reviews the progress of on-going projects of Rs.100 crore and above on quarterly basis under the Chairmanship of Secretary(Coal). Since the Committee were not convinced with the reply of the Ministry and the existing monitoring

mechanism has not been able to bring about any significant improvement, they in their 11th Report on Action Taken had reiterated for setting up of a High Level Monitoring Committee. The Committee hardly need to emphasize that coal production in the country has suffered immensely due to the trend of under-utilization of funds for more than a decade. The Committee are astonished to note the magnitude of under utilization of funds during the last 10 years which exceeds Rs.15,000/- crore by a conservative estimate. The Committee are sanguine that this huge amount was enough to transform and change the face of the entire coal sector in the country. The Committee are, therefore, extremely unhappy that though the existing monitoring mechanism of the Ministry faltered and fumbled, no High Level Monitoring Committee, as recommended, was set up.

The Committee, therefore, would again desire the Ministry to put in place a High Level Monitoring Committee for effectively improving and overseeing the fund utilization.

3. 3.16 The Committee are fully conscious of the significant role the coal companies perform in meeting the energy requirement of the country. It is, however, not possible to meet the ever growing needs of the energy without corresponding increase in production of coal. In this context, the role of coal companies to implement the various schemes/projects on time and increase the production of coal to achieve the target assumes significance. The Committee, however, are surprised to find a contradictory situation wherein production targets are being achieved though the expenditure being incurred is much less than the allocations. During the course of evidence, the Secretary, Ministry of Coal admitted that although the expenditure incurred during the preceding years had been between 60 to 70 per cent, the targets of coal production had been achieved. The Committee believe that since the coal production targets are being achieved with lesser utilization of funds, an inference can be drawn that either the budgetary projections are unrealistic or targets were fixed much below the attainable capacity. The Committee are nevertheless convinced that this scenario would not continue for long and as soon as the existing mines dry up without new projects yielding results, the production of coal will dip to an alarming extent. The Committee, therefore, feel that it is extremely essential for the coal companies to ensure timely completion of new projects/schemes for increasing the coal production, and desire that the Ministry should chalk out a detailed monitoring and action plan to obviate any delays in implementation of the projects/schemes.
4. 4.8 The Committee note that Neyveli Lignite Corporation(NLC) under the administrative control of Ministry of coal, is primarily engaged in production of lignite and power generation. In the year 2005-06, the NLC produced 151.01 LT of lignite and generated 12,396.68 MU of electricity upto December, 2005. The Committee, however,

note that NLC has been implementing 4 projects costing Rs.5,560.31 crore for augmenting its production base. The Committee are extremely unhappy to note that whereas the completion schedule of these projects ranges from 45 to 57 months, these have initially been delayed due to one reason or the other resulting in non-utilization of funds as well as time and cost over-run. The Committee express their strong displeasure over the ritualistic delays in completion of projects, being avoidable squandering of scarce resources and would like that the responsibility should be fixed for not visualizing and overcoming the bottlenecks in implementation of the projects.

5. 4.9 The Committee further observe that 8 new projects are under formulation by NLC. Out of 8 projects, 2 projects viz. Mine-III (8 MTPA) and TPS (1000 MW) which were sanctioned by the Ministry of Coal in March, 1999 are still in the initial stages of formulations. The Committee express their grave concern over the inordinate delay on the part of the NLC in formulating these projects and feel that waste of precious time will have far-reaching impact on the financial health of NLC. The Committee, therefore, impress upon the Ministry/NLC to tone up its machinery and shorten the time lag in the formulation of these schemes to enable the NLC to boost its production and profitability.

6. 5.19 The Committee note that 100 projects were identified to be taken up during 10th Plan period. Out of this, a total of 67 projects have already been sanctioned and are in different stages of implementation including Makaradhokra-II OC of Western Coalfields Limited (WCL) which stands completed in March, 2005. Out of balance 33 projects, only 6 projects are likely to be completed during 10th Plan. The reasons adduced for the delays involved in the projects and rescheduling the completion time are not convincing. The Committee have taken note of the existence of an elaborate, cumbersome and time consuming monitoring and appraisal system right from project level to Ministry level for the implementation of the projects. The Committee feel that monitoring of projects has remained a mere monotonous exercise without any tangible results forthcoming there from. Consequently, inspite of all these measures, the projects are getting delayed considerably, a sad augury for the coal sector. The Committee are convinced that the projects are not being managed on sound professional lines, and the Ministry of Coal has failed miserably in its duty to act as a vigilant facilitator in overcoming the root cause of delays in the projects.

The Committee are well aware about the major problems viz. acquisition of land and obtaining of various clearances which are adversely affecting the progress of coal projects. Keeping this in view, the Committee would like to emphasize that there should be a close liaison and coordination between the Central and various State Government agencies and they should work in tandem to

identify and rectify the nagging bottlenecks.

The Committee, therefore, recommend the Ministry to explore the possibility of setting up of a single-window clearance system for the projects in order to remove the hurdles impeding the advancements in coal sector. The Committee would also like to be apprised of the status of all the projects identified and sanctioned/approved during the 10th Plan period within three months.

7. 6.10 The Committee find that Coal India Ltd.(CIL) has been operating its coal washeries in the country since 1958. In the back drop of growing awareness against environment pollution, the Ministry of Environment and Forest issued a notification for use of specified quality of coal in the thermal power stations and steel plants located in the identified areas necessitating mandatory use of washed coal.

The Committee further note that at present, CIL operates 17 coal washeries (11 coking coal and 6 non-coking coal), many of which have outlived their useful life long back. The Committee also note that almost all these washeries are operating at barely 50% of their capacity and, therefore, CMPDIL has now prepared an action plan for modernisation/renovation of washeries for implementation in stages by the subsidiary companies of CIL as per the recommendations of 'Atekar Committee'. The Committee are unhappy to note that the Ministry neglected the modernisation/renovation aspect of the washeries even though these are more than 30 to 40 years old and operating at much below the optimum capacity level. The Acquisition, Modernisation and Replacement (AMR) is a continuing exercise in any industrial organisation for its sustainable development. The Committee regret to note that CIL has neither renovated/modernized its existing coal washeries since their commissioning nor set up any new coal washeries of its own leaving no option but to largely depend on private washeries or using the existing old coal washeries. One of the major constraints for not modernizing the washeries was fund crunch. The Committee do not find this argument convincing as Central Coalfields Limited (CCL), had already taken a turn around and started posting profits for the last four years.

The Committee, therefore, desire that the Ministry of Coal should expedite implementation of the Action Plan as per the CMPDIL suggestions/recommendations to modernize/renovate them, in a time frame, for their optimum utilization. Committee would like to be apprised of the action taken in this regard.

8. 6.11 The Committee observe that CIL has tentatively identified few locations to set up medium coking coal and non-coking coal washeries in CCL command area under Built-Own-Operate(BOO) scheme for which reports/documents are under preparation. CIL is

also encouraging its consumers as well as private entrepreneurs to set up coal washeries for supply of washed coal to the linked consumers by providing infrastructural facilities, as available, on lease/chargeable basis. The Committee are deeply anguished that due to lack of foresight and inaction on the part of the Ministry, a situation has arisen wherein its own washeries and manpower are lying idle/under utilized and private participation is being permitted. The Committee, therefore, desire that the possibility of setting up new coal washeries by CIL should also be examined apart from coal washeries being set up by private entrepreneurs.

The Committee expect that while encouraging setting up of the coal washeries under BOO/BOOT system, CIL would encourage linked consumers particularly State Electricity Boards instead of relying on private entrepreneurs.

9. 7.8 The Committee note that North-Eastern Coalfields Ltd. is responsible for production of coal and development in North-Eastern Region. The Ministry of Coal provides a lump sum amount of 10% of the capital outlay of its departmental schemes every year for development of North-Eastern Region. It is surprising that no development work was undertaken under this head out of the lump sum amount earmarked by the Ministry of Coal during the preceding years as CIL had no scheme for implementation in North-Eastern Region. The entire funds during these years were transferred to non-lapsable pool of central resources. The Committee do not see any rationale in not utilizing the funds earmarked for North-Eastern Region year after year.

The Committee feel that ways and means should be explored to formulate bankable developmental schemes in consultation with the Ministry of Development of North-Eastern Region so that the region as a whole is benefited by such plans/programmes.

10. 7.9 The Committee observe that rehabilitation/revival plan of NEC was formulated and was placed before the CIL Board. However, CIL Board had asked for some modifications in the plan and accordingly, CMPDIL was requested to submit the revised revival plan. The Committee are dismayed to note that the long pending revival of NEC has not been finalized by the CIL as yet. The Committee, therefore, desire the Ministry of Coal/CIL to finalize the revival plan for NEC without further loss of time.

11. 8.6 The Committee note that Coal India Ltd.(CIL) has been facing difficulties in the implementation of Resettlement and Rehabilitation(R&R) Policy as different provisions for employment under R&R schemes are in vogue in different States. The Committee feel that unless this anomalous situation is corrected, CIL will not be able to implement R&R to the satisfaction of the affected people in all regions. The Committee, therefore, desire the Ministry to hold consultations with the concerned State Governments and other agencies and come out with a central

legislative measure to address the issue by evolving a uniform and consistent R&R policy for the entire country. The Committee would like to be apprised of the action taken in this regard within one month.

12. 9.6 The Committee observe that the operations which CIL conducts departmentally have been found to be relatively much more expensive than the operations conducted through outsourcing. The Committee also observe that CIL has relatively over availability of equipment and when high cost equipment are not available to the optimum level, the cost of production goes up substantially. Further due to poor work culture, departmental equipments do not work for the number of hours which is expected to be done and, therefore, the output in terms of individual manpower is substantially less than what is obtained through outsourcing.

The Committee feel that the reasons adduced by the Ministry for resorting to outsourcing are grossly unjustifiable. It is a matter of serious concern that CIL instead of putting its own house in order by making optimum use of excess equipments and developing work culture of high order to enhance the productivity has taken recourse to outsourcing.

The Committee, therefore, desire the Ministry to institute an inquiry to go into the depth for the causes of the lesser utilisation of equipments and deteriorating work culture in CIL resulting in higher cost of production and apprise the Committee about the break up of cost of production, item-wise as compared to the cost of production through outsourcing. The Committee also reiterate that an Action Plan to minimize outsourcing and remove corruption be prepared by Ministry/CIL on uniform basis. The Committee would like to be apprised of the action taken in this regard within one month.

ANNEXURE -I**PROJECTS COSTING BETWEEN RS.20 CRORE & RS.100 CRORE**

1.	ECL	SARPI AUG	UG	Sep-03	74.07	0.420	Mar-07	Mar-07
2.	ECL	JHANJRA AUG	UG	Sep-03	69.28	0.420	Mar-07	Mar-07
3.	ECL	KHOTTADIH AUG	UG	Sep-03	60.57	0.420	Mar-07	Mar-07
4.	ECL	RAJMAHAL EXP	OC	Feb-06	50.08	6.500	Mar-10	Mar-10
5.	BCCL	DAHIBARI BASANTIMATA	OC	Oct-03	81.25	1.300	Mar-08	Mar-08
6.	CCL	TOPA RO	OC	Mar-02	65.25	1.200	Mar-06	Mar-06
7.	CCL	KARO	OC	Jan-06	96.53	3.500	Mar-10	Mar-10
8.	NCL	AMLOHRI SCHEME	OC	Jul-02	46.93	0.400	Production maintenance schemes	
9.	NCL	JAYANT SUMP DRIVAGE	OC	Dec-02	44.85	0.500		
10.	NCL	KHADIA SCHEME	OC	Jun-02	35.40	1.000		
11.	NCL	BINA SCHEME	OC	May-02	33.01	1.100		
12.	WCL	INDER UGTOOC	OC	Dec-04	38.23	0.600	Mar-12	Mar-12
13.	WCL	YEKONA I	OC	Dec-04	46.07	0.400	Mar-11	Mar-11
14.	WCL	YEKONA II	OC	Aug-03	48.05	0.600	Aug-09	Aug-09
15.	WCL	MAKARDHOKRA II	OC	JAN-03	44.62	0.500	Mar-05	Mar-05
16.	WCL	URDHAN	OC	Jul-02	43.50	0.500	Mar-06	Mar-06
17.	WCL	BHANE GAON	OC	Nov-03	30.44	0.600	Mar-10	Mar-10
18.	WCL	PAUNI II	OC	Nov-03	28.11	0.600	Mar-10	Mar-10
19.	WCL	JUNAKUNDA	OC	Mar-03	23.76	0.600	Mar-10	Mar-10
20.	WCL	GONDEGAON EXP.	OC	Sep-04	27.54	0.750	Mar-10	Mar-10
21.	WCL	TAWA II	UG	Mar-04	36.43	0.390	Mar-09	Mar-09
22.	WCL	SINGHORI	OC	Mar-04	48.72	0.800	Mar-12	Mar-12
23.	WCL	MAKARDHOKRA I	OC	Apr-05	39.98	1.000	Mar-12	Mar-12
24.	SECL	AMADAND	OC	Sep-03	83.39	1.150	Mar-07	Mar-07
25.	SECL	AMERA	OC	Jul-02	41.69	1.000	Mar-08	Mar-08
26.	SECL	AMGAON	OC	Jun-04	39.28	1.000	Mar-11	Mar-11
27.	SECL	VIJAY WEST	UG	Apr-04	63.56	0.500	Mar-10	Mar-10
28.	SECL	BINCARA	UG	Jan-04	41.98	0.360	Mar-10	Mar-10
29.	SECL	BAROUD EXP	OC	May-03	28.02	1.000	Mar-09	Mar-09
30.	SECL	SARAIPALY	OC	Feb-03	22.82	1.400	Mar-08	Mar-08
31.	SECL	KHAIRAHA	UG	Sep-03	88.33	0.585	Mar-10	Mar-10
32.	SECL	NCPH SEAM V	UG	Dec-02	49.29	0.410	Dec-08	Dec-08
33.	SECL	HALDI BADI	UG	Oct-03	47.59	0.420	Oct-10	Oct-10
34.	SECL	KETKI	UG	Nov-03	46.24	0.420	Mar-10	Mar-10
35.	SECL	SEAM V NCPH V	UG	Oct-04	30.71	0.240	Oct-08	Oct-08
36.	SECL	SEAM III ANJAN HILL	UG	Oct-04	46.75	0.420	Oct-08	Oct-08
37.	MCL	LINGARAJ EXP	OC	Feb-03	98.89	5.000	Mar-07	Mar-07
38.	MCL	BHARATPUR EXP II	OC	Jun-03	95.87	6.000	Mar-11	Mar-11
39.	MCL	HINGULA EXP II	OC	Feb-03	89.78	2.000	Mar-09	Mar-09
40.	MCL	LAKHANPUR EXP	OC	Feb-04	98.74	5.000	Mar-10	Mar-10
41.	MCL	BELPAHAR EXP	OC	Aug-04	35.47	1.500	Mar-07	Mar-07

42.	MCL	SAMLESWARI EXP.	OC	Nov-04	28.69	1.000	Mar-06	Mar-06
43.	MCL	TALCHER WEST	UG	Feb-03	85.08	0.520	Mar-10	Mar-10
44.	MCL	JAGANNATH	UG	Mar-03	80.75	0.670	Mar-10	Mar-10
45.	MCL	ANANTA EXP.	OC	Jan-05	35.88	6.500	Mar-07	Mar-07
46.	MCL	HINGULA EXP II PH-II	OC	Jan-06	35.67	4.000	Mar-10	Mar-10

ANNEXURE-II

DETAILS OF PROJECTS UNDER SCCL SANCTIONED DURING 2002-03 & 2003-04

Sl. No	Project	Date of Sanction	Capital (Rs.crs)	Capacity (mtpy)	Year of Completion	
					Schedule	Actual/Anticipated
1	2	3	4	5	6	7
	2002-03					
1.	KTK-2(RCE)	28.06.02	35.35	0.416	2004-05	Sept.04
2.	KTK-3(RCE)	28.06.02	47.33	0.572	2006-07	2006-07
3.	KTK-5(RCE)	28.06.02	40.19	0.410	2003-04	2003-04
4.	KTK-6(RCE)	28.06.02	29.90	0.312	2004-05	2005-06
5.	KTK-7(RCE)	28.06.02	33.12	0.312	2007-08	2007-08
6.	KTK-8&8A (RCE)	28.06.02	31.54	0.416	2007-08	2007-08
7.	Chennur-1&1A (RCE)	28.06.02	34.94	0.416	2004-05	Sept.04
8.	Chennur-2 (RCE)	28.06.02	28.33	0.312	2005-06	Sept.04
9.	RG.OC-I Exp. FR	02.09.02	49.18			
	RFR	27.08.05	88.10	1.500	2007-08	2007-08
10.	JVR OC-I FR	23.12.02	43.44	0.700		
	RFR	20.10.04	91.24	1.100	2007-08	2006-07
11.	Manriding system at KK-1, RK-7, RK.NT & GDK-5, GDK-6B Inclines	02.09.02	11.61	-	2003-04	2003-04
	2003-04					
12.	MNG OC-III	11.07.03	25.10	0.500	2006-07	2006-07
13.	KTK-9&9A (RCE)	11.07.03	47.13	0.468	2009-10	2009-10
14.	SRP OC-I	11.07.03	48.93	0.600	2007-08	2007-08
15.	DORLI OC-I	29.12.03	48.68	0.700	2007-08	2007-08
16.	BPA OC-II Extn.	29.12.03	35.51	0.400	2006-07	2006-07
17.	DORLI OC-II	16.03.04	47.67	0.700	2007-08	2007-08
18.	Koyagudem OC-II FR	16.03.04	43.25	1.500		
	RFR	06.01.06	58.89	2.000	2010-11	2010-11
19.	Manriding systems at PK-1, SK, KTK-1&1A, GDK-8, GDK-8A.	11.07.03	11.76	-	2004-05	2005-06
20.	Semi Mechanisation of LHDs in GDK-8, GDK-9, GDK-10 & PVK-5	11.07.03	21.85	0.614	2005-06	2005-06
21.	Sinking of Air Shaft at PVK-5 Inc. & GDK-1	29.12.03	9.16	-	2005-06	2005-06
22.	Conversion of RH into CM at GDK-11A.	29.12.03	9.665	-	2005-06	2005-06

ANNEXURE-III

MINUTES OF THE SEVENTH SITTING OF THE STANDING COMMITTEE ON COAL AND STEEL (2005-06) HELD ON 4.4.2006 IN COMMITTEE ROOM 'C', PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee met from 1500 hours to 1640 hours.

PRESENT

Shri Ananth Kumar - **Chairman**

MEMBERS

Lok Sabha

2. Shri Prasanna Acharya
3. Shri Hansraj G.Ahir
4. Shri Harishchandra Chavan
5. Shri Chandra Sekhar Dubey
6. Shri Chandrakant Khaire
7. Shri Vikrambhai Arjanbhai Maadam
8. Shri Bhubneshwar Prasad Mehta
9. Shri Hemlal Murmu
10. Shri Anirudh Prasad Alias Sadhu Yadav
11. Shri E.Ponnuswamy
12. Smt. Karuna Shukla
13. Shri Rewati Raman Singh

Rajya Sabha

14. Shri Devdas Apte
15. Shri Ramadhar Kashyap
16. Capt. Jai Narayan Prasad Nishad

SECRETARIAT

1. Shri A.K. Singh - Joint Secretary
2. Shri A.K.Singh - Director
3. Shri Shiv Singh - Under Secretary

WITNESSES

MINISTRY OF COAL

Sl. No.	Name	Designation
1.	Shri H.C.Gupta	Secretary
2.	Shri Pradeep Kumar	Addl. Secretary
3.	Shri Rajiv Sharma	Joint Secretary
4.	Shri K.S.Kropha	Joint Secretary
5.	Shri Sujit Gulati	JS&FA
6.	Shri P.R.Mandal	Adv. (Project)
7.	Shri Shashi Kumar	CMD, Coal India Ltd. (CIL)
9.	Shri P.S.Bhattacharya	CMD, Bharat Coking Coal Ltd. (BCCL)
10.	Shri M.K.Thapar	CMD, South Eastern Coalfields Ltd. (SECL)
11.	Shri G.S.Chug	CMD, Western Coalfields Ltd. (WCL)
12.	Shri Abhiram Sharma	CMD, Mahanadi Coalfields Ltd. (MCL)
13.	Shri V.K.Singh	CMD, Northern Coalfields Ltd. (NCL)
15.	Shri S.Choudhuri	CMD, Central Mine Planning & Design Institute Ltd.
16.	Shri D.Chakravorty	CMD, Eastern Coalfields Ltd. (ECL)
17.	Shri S.Jayaraman	CMD. Neyveli Lignite Corporation Ltd. (NLC)
19.	Shri Ajay Kumar,	Director (P) CCL

2. At the outset, the Chairman, Standing Committee on Coal and Steel welcomed the Committee and officers of the Ministry of Coal to the sitting of the Committee.

3. Thereafter, the Secretary, Ministry of Coal briefed the Committee on the Demands for Grants(2006-07) of the Ministry of Coal. The following important points were discussed by the Committee:

- (i) Utilisation of funds during 2005-06;
- (ii) Achievement of physical and financial targets during 2005-06;
- (iii) Budgetary allocations for the year 2006-07;
- (iv) Performance of Neyveli Lignite Corporation;
- (v) Project implementation;
- (vi) Renovation/Modernisation of Coal Washeries; and
- (vii) North-Eastern Coalfields Limited.

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

The Committee then adjourned.

ANNEXURE-IV

MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON COAL AND STEEL (2005-06) HELD ON 22nd MAY, 2006 IN COMMITTEE ROOM 'B' PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee met from 1530 hrs. to 1640 hrs. to consider and adopt the Reports on Demands for Grants (2006-07) pertaining to the Ministries of Coal, Mines and Steel.

PRESENT

Shri Ananth Kumar - Chairman

MEMBERS

2. Shri Hansraj G. Ahir
3. Shri Chandra Sekhar Dubey
4. Shri Chandrakant Khaire
5. Shri E.Ponnuswamy
6. Smt. Karuna Shukla
7. Shri Devdas Apte
8. Capt. Jai Narayan Prasad Nishad

SECRETARIAT

1. Shri A.K.Singh - Joint Secretary
2. Shri A.K.Singh - Director
3. Shri Shiv Singh - Under Secretary

2. At the outset, the Chairman, Standing Committee on Coal and Steel welcomed the Members to the sitting of the Committee.

3. The Committee then considered and adopted the following Draft Reports with some additions/deletions/modifications:-

- (i) Report on Demands for Grants (2006-07) of the Ministry of Coal
- (ii) ** ** ** ** **
- (III) ** ** ** ** **

4. The Committee authorized the Chairman to finalise the Reports after making consequential changes arising out of factual verifications by the concerned Ministries and to present these Reports to both the House of Parliament during the Current Session.

The Committee then adjourned.

** Does not pertain to this Report.