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STANDING COMMITTEE ON  
COAL AND STEEL (2004-2005)  
FOURTEENTH LOK SABHA

MINISTRY OF COAL

DEMANDS FOR GRANTS  
(2004-2005)

[Action Taken by the Government on the Recommendations contained in the First Report of the  
Standing Committee on Coal and Steel (Fourteenth Lok Sabha)]

FOURTH REPORT



LOK SABHA SECRETARIAT  
NEW DELHI  
December, 2004 / Pausa, 1926 (Saka)

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(2004-2005)

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Presented to Lok Sabha on 23.12. 2004  
Laid in Rajya Sabha on 23.12. 2004



LOK SABHA SECRETARIAT  
NEW DELHI  
December, 2004 / Pausa, 1926 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON COAL AND STEEL (2004-05)

**Shri Ananth Kumar** - **Chairman**  
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#### SECRETARIAT

- |    |                  |   |                         |
|----|------------------|---|-------------------------|
| 1. | Shri John Joseph | - | Additional Secretary    |
| 2. | Shri N.K.Sapra   | - | Joint Secretary         |
| 3. | Shri A.K.Singh   | - | Director                |
| 4. | Shri Shiv Singh  | - | Under Secretary         |
| 5. | Shri B.D.Dhyani  | - | Sr. Committee 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 Fourth Report (Fourteenth Lok Sabha) on Action Taken by the Government on the recommendations contained in the First Report of the Standing Committee on Coal and Steel on “Demands for Grants (2004-2005) of the Ministry of Coal”.

2. The First Report of the Standing Committee on Coal and Steel was presented to Lok Sabha on 25<sup>th</sup> August, 2004. Replies of the Government to all the recommendations contained in the Report were received on 25<sup>th</sup> November, 2004.

3. The Standing Committee on Coal and Steel considered and adopted this Report at their sitting held on 22<sup>nd</sup> December, 2004.

4. An analysis on the Action Taken by the Government on the recommendations contained in the First Report of the Committee is given at Annexure-IV.

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;  
22 December, 2004  
1 Pausa , 1926 (Saka)

ANANTH KUMAR  
Chairman,  
Standing Committee on Coal and Steel.

## CHAPTER -I

### REPORT

This Report of the Committee deals with Action Taken by the Government on the recommendations contained in the First Report (Fourteenth Lok Sabha) of the Standing Committee on Coal and Steel on “Demands for Grants (2004-2005) of the Ministry of Coal” which was presented to Lok Sabha on 25.8.2004.

1.2. Action Taken Notes have been received from the Government in respect of all the recommendations contained in the Report. These have been categorised as follows:-

(i) Recommendations/Observations that have been accepted by the Government:

Sl. Nos. 1, 2, 3, 4, 5, 7, 8, 9, 10, 12, 13 and 14.

(ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government’s replies:

Sl. Nos. 6 and 11.

(iii) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee.

Nil

(iv) Recommendations/Observations in respect of which final replies of the Government are still awaited.

Sl. No. 15.

**1.3 The Committee desire that final replies in respect of the recommendations which have been categorised as interim replies by the Committee should be furnished to the Committee at the earliest.**

**1.4 The Committee desire that utmost importance should be given to the implementation of recommendations accepted by the Government. In case, where it is not possible for the Government to implement the recommendations in letter and spirit for any reasons, the matter should be reported to the Committee in time with reasons for non-implementation.**

1.5 The Committee will now deal with the Action Taken by the Government on some of their Recommendations/Observations made in the First Report.



## **A. Formulation of Vision Document**

### **Recommendation (Sl. No.1, Para No.1.13)**

1.6 The Committee had observed that in the absence of a Vision Document, Department of Coal was not in a position to plan and act in order to meet the future coal demand. The Committee, therefore, expressed grave concern for want of a vision document for the coal for the next 20-25 years, a long-term perspective plan because of which not only the performance of coal companies was being crippled but also there would be a yawning gap of more than 95 million tonnes in the next five to ten years in the demand and supply of coal that was required for core sectors like power generation steel, aluminium and infrastructure. The Committee, therefore, strongly recommended that the Department of Coal should come forward with a vision document, i.e. “Coal – 2025” without any further delay and constitute a task force for holding consultation/discussions with experts and industry at large, in this direction, so that the Department could have a long term view of the industry.

1.7 In their reply, the Department of Coal has started that action for drawing up Coal Vision 2025 has already been initiated. Views of Coal India Limited and other stake holders have been sought in this regard.

1.8 **The Committee had recommended that the Ministry of Coal should come forward with a Vision Document, i.e. “Coal-2025” without any further delay and constitute a Task Force for holding consultations/discussions to have a long-term view of the industry. The Ministry have stated in their brief reply that they have initiated action for drawing up “Coal Vision-2025” and views of Coal India Limited and other stake holders have been sought in this regard. The Committee are extremely unhappy with the sketchy reply of the Government which shows utter lack of urgency and direction. The Committee are surprised that no Task Force has so far been constituted to hold discussions with the industry and no time frame has been chalked out for the finalization of the Vision Document.**

1.9 **The Committee, therefore, strongly reiterate that the Ministry should at once constitute a Task Force and prepare a time frame for preparation/finalization of the Vision Document, i.e. “Coal-2025” and keep the Committee apprised of the progress made at periodic intervals of one month.**

## **B. Need for Realistic Estimates**

### **Recommendation (Sl. No.2, Para No.2.10)**

1.10 The Committee had observed that the budgetary allocations (Plan) of the Department of Coal had been downsized year-after-year. In the year 2001-02, the allocation was Rs 652.00 crore, but it was only Rs. 223.32 crore in the current year. In just four years, the allocations under the budgetary support had been brought down drastically, from Rs. 652.00 crore to Rs. 223.32 crore. The utilisation of the funds had also hardly been near the estimates. Some of the reasons given by the Department for non-utilisation of the budgetary support were: poor progress of some of the on-going projects, non-implementation of schemes of restoration of abandoned mines and non receipt of proposals from the coal companies. The Committee were not convinced with the arguments of the Department and these clearly indicated administrative slackness on the part of the Department. The Committee further observed that the funds “saved” were given to the Department for expending them fully for the various projects. The “savings” were because of the under utilisation of the funds. In other words, it was because of the inactiveness of the Department of Coal, in implementing the projects. The Committee further noted that the IEBR component for Coal India Limited (CIL), Neyveli Lignite Corporation (NLC) and Singareni Collieries Co. Ltd. (SCCL) were never made realistic in the last four years. The CIL’s IEBR component for the last year, i.e. 2003-04 had been revised to Rs. 1,846.00 crore from Rs. 2,240.00 crore but the actual achievement remained only Rs.1,224.65 crore, about 66 per cent achievement of R.E. Likewise, the IEBR component of NLC during 2003-04 of Rs.455.40 crore was revised downward to Rs.314.25 crore and the actual remained at Rs.158.04 crore. It was only 50% achievement of the RE. The financial achievements of SCCL, during the same period had also been similar to those of CIL and NLC. The Committee desired that the Government should take steps to ensure that IEBR component of coal and lignite companies were projected on realistic basis so as to ensure that the plans of various undertakings do not go haywire because of non-realisation of IEBR component year-after-year.

1.11 In their Action Taken Reply, the Department of Coal has stated that the downsizing of the budgetary allocation during 2004-05 as compared to 2001-02 is due to the reasons that during 2001-02 NLC was given budgetary support of Rs.282.69 crore. During the subsequent years NLC has stopped availing budgetary support and is financing its projects entirely from its internal and extra budgetary resources. CIL and SCCL are also not being given budgetary support by the Government and their projects are being financed from their IEBRs. The main reasons for under utilisation of IEBR of the companies is mainly due to delay in obtaining environmental clearance, delay in rehabilitation of villagers, delay in acquisition of forestry and non-forestry land, delay in procurement of HEMM due to court cases and change of norms of utilisation of HEMM. In order to ensure that the IEBR component of the companies are projected on realistic basis the companies are advised to make realistic assessment of the project cost and the expenditure involved at the project formulation stage itself. The meetings are held on quarterly basis in the Department to review the physical and financial performance of the company. The companies are also advised to hold review meetings on a monthly basis in this regard. The deficiencies in the performance are discussed at length and companies are advised to take concrete steps to achieve the targets set out in annual plan/annual action plan.

1.12 The Committee had taken note of downsizing of budgetary allocations of the Ministry of Coal along with under-utilization thereof and felt that the administrative slackness compounded the mess in implementation of the projects. The Committee were also unhappy with the unrealistic IEBR component in the Budget Estimates of the Coal India Ltd.(CIL) and other Coal companies and had desired realistic projections by the Ministry, CIL and its subsidiaries.

1.13 The Committee are extremely unsatisfied with the reply of the Ministry which is merely of a routine nature devoid of any concrete measures to ensure the realistic Budget Estimates. The Committee note with concern that no proactive role was played by the Ministry/CIL to get the required clearances expedited and obviate delays in various projects. The Committee would like to emphasise the need to review the entire gamut of project planning, formulation and implementation strategy so that scarce budgetary resources are allocated on a realistic basis and utilized gainfully as well. The Committee would like to be apprised of the specific measures taken by the Ministry at the earliest.

C. Procurement of Heavy Earth Moving Machines (HEMM)

### Recommendation (Sl. No.4, Para No. 3.8)

1.14 The Committee were distressed to note that there had been inordinate delay in procurement of HEMM in the Coal India Ltd. and its subsidiaries as also in SCCL leading to less utilisation of funds allocated for the said purpose. The utilisation had been less than 50 % over the last 2-3 years. Whereas the financial targets for the year 2001-02 for procurement of HEMM were Rs.1,063.32 crore, the actual utilisation remained at Rs.454.02 crore. Like-wise, in the year 2002-03, it has been more deplorable. During the years 2001-02, 2002-03 and 2003-04, the utilisation of funds by SCCL for the above purpose had been as low as 33%, 65% and 16 % respectively. The reasons adduced by the Department were hardly convincing. The Committee observed that previously, as per the stipulation of Department of Public Enterprises, 10% price preference had to be given to a public sector company. It led to account case by a private company and thereby delayed the procurement process. Now all such bottlenecks/problems had been solved. Therefore, the Committee hoped that from the current year onwards, there would be no delay in procurement of HEMM and the funds would be utilised to the fullest extent. At the same time, the Committee desired that a time bound programme should be drawn up for the procurement of equipments/machines and responsibilities should be given to some senior officers in this regard.

1.15 In their reply, the Department of Coal has stated that in Coal India Ltd., the procurement case which is *sub judice* in the Hon'ble Supreme Court is still to be disposed of. As per the interim decree of Hon'ble Supreme Court, order for 40% quantity of HEMM is to be placed and balance 60% awaits the final judgement of Hon'ble Supreme Court. The matter has been listed for final hearing in the year 2005.

1.16 The mid-term review meeting has been held and while preparing RE the realistic estimate has been made regarding procurement of HEMM. It is expected that during the current year utilisation on this account will improve.

1.17 In every coal producing company, the material management Department is functioning and is headed by senior officers in the rank of General Manager who reports directly to the Director of the company.

1.18 With regard to the Singareni Collieries Company Ltd.(SCCL), the Department has stated that the details of funds provided for HEMM vis-à-vis actuals for the year 2001-02 to 2003-04 are:

(Rs.in crores)

Year	BE	RE	Actual
2001-02	65.97	63.12	20.93
2002-03	43.86	14.82	9.73
2003-04	27.32	27.49	4.31

1.19 The provision for HEMM is proposed while preparing Annual Plans on the basis of CMPDIL Norms against survey-off of equipment. But, while the equipment is proposed for survey-off, again a thorough monitoring was done by introduction of condition monitoring cell and the economic viability for survey-off vis-à-vis reconditioning has been considered. Accordingly, procurement of some of the equipment is deferred, viz. 85T & 35T Dumpers, Drills and Dozers. Hence, the envisaged expenditure could not be made.

1.20 Certain HEMM were gainfully re-deployed in place of new HEMM/replacement from the closed/being closed projects. This also contributed for deferment of procurement of HEMM. HEMM proposed for new projects like Kasipet OCP, Sathupalli OCP and Khairagura OCPs were deferred as they could not come up as expected.

1.21 Regarding 2003-04: Against the proposal, orders were placed to the tune of Rs.11.00 crore but expenditure booked has been only Rs 4.31 crore as most of the equipment ordered are in pipeline and yet to be commissioned during 2004-05.

1.22 While preparing item-wise requirement of the annual plan, time frame for procuring the equipment/machine is incorporated.

**1.23 Monitoring of capital expenditure is reviewed at the highest level of Director(Finance) regularly.**

1.24 The Committee were distressed at the inordinate delays in procurement of HEMM in Coal India Ltd. and its subsidiaries with less than 50 per cent utilization of funds allocated for the said purpose and had, therefore, recommended that a time bound programme should be drawn up for procurement of equipments and machines. The Committee had also recommended that the coal

companies should re-assess their requirements of HEMM and utilize the machines to the maximum extent. The Ministry has, in its reply stated that as per the interim order of Hon'ble Supreme Court, the orders for 40 per cent quantity of HEMM can be placed now and the balance 60 per cent should await the final judgment of the Court. The Ministry has also stated that the mid-term review meetings have been held and while preparing RE, the realistic estimate has been made regarding procurement for HEMM and expected that during the current year, utilization on this account will improve. The Committee, however, have serious apprehensions that the ongoing projects of Coal India Ltd. would be adversely affected with depleted procurement and truncated availability of HEMM. The Committee also feel that it has become all the more vital for the Ministry to improve the utilization of HEMM to tide over the crisis situation. The Committee would like the Ministry to urgently formulate a contingency plan to meet the shortages of HEMM and improve the level of their utilization.

1.25 The Committee would also like to be apprised at the earliest of the concrete steps taken by the Ministry in this regard.

**D. Implementation of Projects by Neyveli Lignite Corporation (NLC)**

**Recommendation(Sl. No.9, Para No.4.25)**

1.26 The Committee were sad to note that after incurring a substantial amount of project formulation, etc., the NLC had not been able to implement the Barsingsar lignite mine and power projects even after a lapse of about 14 years due to one reason or the other. The Committee were fully aware that a proposal in this regard was originated in 1987 and the projects were sanctioned in 1991, during the 8<sup>th</sup> Plan period. But, due to fund constraints, the projects did not proceed further. The Rajasthan Government's efforts to develop it through a private developer also went awry. However, NLC once again started working on the project and after completing all the formalities, are now awaiting the approval of PIB. The Committee were in agreement with the Secretary, Department of Coal that there is a need to compress the time taken in project formulation and project approval. The Committee, therefore, had desired that the Government should prepare a draft proposal on this aspect immediately for which an Empowered Committee should be set up, as suggested by the Department of Coal for the speedy approval of the projects and to commission them faster. So far as the Barsingsar(Rajasthan) Lignite-cum-Power Project was concerned, the Department of Coal/Neyveli Lignite Corporation should pursue the matter vigorously with the

Ministry of Finance (Department of Expenditure) for an early approval. The Committee had desired that they would like to be apprised of the action taken in the matter.

1.27 The Government in its reply has stated that in November 1987 an MoU was signed among the Government of India, Government of Rajasthan and NLC for developing a lignite mine with a capacity of 1.7 million tonnes per annum at a cost of Rs.242.31 crore and setting up of 240 MW (2 x 120 MW) lignite-based power plant at a cost of Rs.585.73 crore. The project was sanctioned by GOI in April, 1991 at a total estimated cost of Rs.828.04 crore. Subsequently, due to non-availability of funds, GOI decided to drop the project in October 1996. M/s Hindustan Vidhyut Corporation (HVC) was offered to take over the project as the sponsor by the Government of Rajasthan. Since there was no progress in respect of HVC, NLC has proposed to take over the project.

1.28 A Memorandum of Understanding between Government of Rajasthan, Ministry of Coal and NLC was signed on 10 June 2002 to restart the project by NLC. The Barsingsar Lignite-cum-Power Project has been considered by the PIB in its meeting held on 19 August 2004 and recommended to CCEA.

1.29 The Committee had desired the Government to set up an Empowered Committee to look into the various aspects of project formulation and project approval. However, the Committee observe that the reply of the Government is silent on this aspect. The Committee would like the Government to ensure that the Empowered Committee is constituted immediately to look into the whole gamut of project formulation to project approval and finally their speedy implementation.

1.30 The Committee had also desired that the Barsingsar Lignite and Power Project in Rajasthan should be approved at the earliest. The Committee noted that a Memorandum of Understanding between Government of Rajasthan, Ministry of Coal and Neyveli Lignite Corporation (NLC) was signed on 16 June 2002 to start the project by NLC but the project has been cleared by Public Investment Board (PIB) on 19 August 2004 and recommended to CCEA. The Committee take a serious view of the fact that more than two years have already elapsed since an MoU was signed in June 2002 and the approval from the Cabinet is still awaited. The Committee, therefore, expect that the Government would approve the project immediately. The Committee also hope that this project will take off smoothly and will not be dropped for want of funds as had happened in 1996.

## **E. Disposal of Urea Plant**

### **Recommendation (Sl. No.10, Para No.4.26)**

1.31 The Committee noted that Urea plant of NLC had been closed in January-2003 as the Company had accumulated a large stock of Urea which could not be sold due to availability of imported urea at cheaper price. The Committee had recommended that the Company should sell the accumulated stock at the best available price, if any stock had been left with it. The Company should also examine whether there was any possibility of restructuring the urea unit and if not, then how they proposed to deal with closed plant. The Committee should be informed of the decision taken in the matter.

1.32 The Ministry of Coal, in its Action Taken Reply has stated that the accumulated stock of urea has been already sold. As of now, there is no stock of Urea. Restructuring the unit will not help in avoiding losses. Therefore, NLC has decided to dispose of the plant. The plant and equipments have been valued and M/s MSTC, a Central Public Sector Undertaking, has been entrusted with the disposal activities of the Urea Plant.

1.33 The Committee note that the Ministry of Coal/Neyveli Lignite Corporation have already decided to dispose of the Urea Plant as it was not felt proper/economical to revive the same. The Committee are, however, disappointed to note that the Urea Plant could not be disposed of even after the lapse of about two years leading to the considerable loss to Neyveli Lignite Corporation as its value is depreciating year after year. The Committee, therefore, recommend that Neyveli Lignite Corporation should impress upon M/s. MSTC to expedite the process of disposal of the plant and machinery.

## **F. Environmental Measures & Subsidence Control (EMSC)**

### **Recommendation (Sl. No. 12, Para No. 5.22)**

1.34 The Committee were perturbed to note the sluggish pace at which different schemes under Environmental Measures & Subsidence Control (EMSC) were being implemented resulting in the under-utilization of budgeted amount. During last year i.e. 2003-04, a provision of Rs. 27.56 crore made at the BE stage was reduced to Rs 10.92 crore at RE stage but the actual utilization has been almost nil. The Committee noted that during the last four years, the Department of Coal had failed



to utilise the budgeted amount. The Committee further observed that out of total 30 schemes sanctioned by the Government of India under EMSC, 14 schemes spilled over to 10<sup>th</sup> Plan from 9<sup>th</sup> Plan. Out of 14 schemes, only two could be completed so far and rest were said to be under various stages of implementation. The various reasons advanced by the Department of Coal for the non-implementation of these schemes during 9<sup>th</sup> Plan resulting in spilling over to 10<sup>th</sup> Plan are long lead and bad road conditions during rainy seasons, slow progress of the scheme, due to break down of machines, non-rehabilitation of the people, delay in start of the plantation and delay in procurement of plant and machinery, etc. The Committee took serious note of the delay in the implementation of various schemes under Environmental Measures & Subsidence Control as all the reasons indicated above were nothing but administrative slackness on the part of the Department. The Committee opined that there had been serious deficiencies in the implementation of such schemes. The Committee, therefore, desired that Government should review the schemes immediately, propose them and implement without further loss of time. The Committee recommended that the Department should introduce system of personal responsibility of the officers responsible for implementation of such schemes.

1.35 In its Action Taken Reply, the Ministry of Coal has stated that:-

1. The implementation of various schemes under Environmental Measures and Subsidence Control have been reviewed and priorities have been decided. Activities are being planned for new jobs along with time bound implementation programme.
2. Monitoring is being done at various levels including subsidiary/Coal India Ltd and Department of Coal for speedier implementation of such schemes and firming up the time schedule, milestone activities budget provision vis-a-vis achievements, expenditure etc. A Monitoring Committee headed by Secretary (Coal), has been formed which includes representatives from respective State Governments CIL/BCCL/ECL and related Ministries/Departments to review the implementation work of various subsidence/fire control and rehabilitation schemes undertaken in ECL and BCCL.
3. At present the Environmental Measures and Subsidence Control (EMSC) Scheme is approved at Ministry level. To cut down time it has been decided that henceforth, all EMSC schemes will be approved by the Company Board.
4. To take up an early completion, the Department of Coal has made arrangement of additional funds to take up work of Environmental Control Measures of Raniganj and Jharia Coalfields.
5. Coal India Ltd management has decided to appoint an IAS officer from State Govt. on deputation, senior to rank of DC for co-ordination with State Govt. for early implementation of the programme.

1.36 The Ministry had also enclosed a detailed status of the ongoing EMSC and other schemes.

1.37 The Committee are quite unhappy to learn about the pathetic status of various on-going Environmental Measures and Subsidence Control (EMSC) schemes in Eastern Coalfields Limited and reclamation of mined out areas in Central Coalfields Limited. The Committee note that in reality, there is no improvement even after the steps initiated by the Government for the speedy implementation of various schemes under EMSC. The Committee feel that unless sincere and concerted efforts are made by the all concerned, the successful implementation and completion of the projects will always remain doubtful. The Committee expect that Ministry of Coal and Coal India Limited will ensure adequate availability of funds for the projects under EMSC and take necessary steps to accomplish the desired objectives within a time bound manner. The Committee also desire that there should be no funds constraint for the projects under EMSC and the allocated funds are utilized fully.

## CHAPTER II

### RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY THE GOVERNMENT

#### **Recommendation (S1. No.1, Para No. 1.13)**

The Committee observed that in the absence of a Vision Document, Department of Coal is not in a position to plan and act in order to meet the future coal demand. The Committee, therefore, express grave concern for want of a vision document for the coal for the next 20-25 years, a long-term perspective plan because of which not only the performance of coal companies is being crippled but also there will be a yawning gap of more than 95 million tonnes in the next five to ten years in the demand and supply of coal that is required for core sectors like power generation, steel, aluminium and infrastructure. The Committee, therefore, strongly recommend that the Department of Coal should come forward with a vision document, i.e. "Coal-2025" without any further delay and constitute a task force for holding consultation/ discussions with experts and industry at large, in this direction, so that the Department can have a long term view of the industry.

#### **Reply of the Government**

The Department of Coal has initiated action for drawing up Coal Vision 2025. Views of Coal India Limited and other stake holders have been sought in this regard.

[Department of Coal O.M. No. 20011/3/04-IF (Vol. IV) dated 24th November, 2004]

#### **Comments of the Committee**

(Please *See* Paras 1.8 & 1.9 of Chapter I of the Report)

#### **Recommendation (S1. No.2, Para No. 2.10)**

The Committee observed that the budgetary allocations (Plan) of the Department of Coal have been downsized year-after-year. In the year 2001-02, the allocation was Rs.652.00 crore, but it is only Rs.223.32 crore in the current year. In just four years, the allocation under the budgetary support have been brought down drastically, from Rs.652.00 crore to Rs.223.32 crore. The utilisation of the funds has also hardly been near the estimates. Some of the reasons given by the Department for non-utilisation of the budgetary support were: poor progress of some of the on-going projects, non-implementation of schemes of restoration of abandoned mines and non receipt of proposals from the coal companies. The Committee are not convinced with the arguments of the Department and these are clear indicator of administrative slackness on the part of the Department. The Committee further observe that the funds "saved" were given to the Department for expending them fully for the various projects. The "savings" was because of the under utilisation of the funds. In other words, it was because of the inactiveness of the Department of Coal, in implementing the projects. The Committee further note that the IEBR component for Coal India Limited, Neyveli Lignite Corporation and Singareni Collieries Co. Ltd. were never made realistic in the last four years. The CIL's IEBR component for the last year, i.e. 2003-04 has been revised to Rs.1846 crore from Rs. 2,240.00 crore but the actual achievement remained only Rs.1224.65 crore, about 66% achievement of RE. Likewise, the IEBR component of NLC during 2003-04 of Rs. 455.40 crore was revised downward to Rs.314.25 crore and the actual remained at Rs.158.04 crore. It was only 50%

achievement of the RE. The financial achievements of SCCL, during the same period has also been similar to those of CIL and NLC. The Committee desire that the Government should take steps to ensure that IEBR component of coal and lignite companies were projected on realistic basis so as to ensure that the plans of various undertakings do not go haywire because of non-realisation of IEBR component year-after-year.

### **Reply of the Government**

The downsizing of the budgetary allocation during 2004-05 as compared to 2001-02 is due to the reasons that during 2001-02 NLC was given budgetary support of Rs.282.69 crore. During the subsequent years NLC has stopped availing budgetary support and is financing its projects entirely from its internal and extra budgetary resources. CIL and SCCL are also not being given budgetary support by the Government and their projects are being financed from their IEBRs. The main reasons for under utilisation of IEBR of the companies is mainly due to delay in obtaining environmental clearance, delay in rehabilitation of villagers, delay in acquisition of forestry and non-forestry land, delay in procurement of HEMM due to court cases and change of norms of utilisation of HEMM. In order to ensure that the IEBR component of the companies are projected on realistic basis the companies are advised to make realistic assessment of the project cost and the expenditure involved at the project formulation stage itself. The meeting are held on quarterly basis in the Department to review the physical and financial performance of the company. The companies are also advised to hold review meetings on a monthly basis in this regard. The deficiencies in the performance are discussed at length and companies are advised to take concrete steps to achieve the targets set out in annual plan/annual action plan.

[Department of Coal O.M. No. 20011/3/04-IF (Vol IV) dated 24th November, 2004]

### **Comments of the Committee**

(Please see Paras 1.12 & 1.13 of Chapter 1 of the Report)

### **Recommendation (Sl. No.3, Para No. 2.11)**

Since under-utilisation of funds has a direct bearing on the financial and physical targets of any organisation, the Committee strongly feel that under utilisation of fund would have hit hard the on-going projects/scheme of the Department. The Committee do not find the reasons given by the Department in this regard convincing. The Committee, therefore, take a serious note of lackadaisical approach of the Department in failing to utilise the budget estimates prudently.

### **Reply of the Government**

Physical target of CIL for coal production and off-take have been more than the targets during 2003-04. Production was 306.38 M.T. against targets of 298.50 M.T. and off-take was 304.51 M.T. against 299.85 M.T. during 2002-03. During the mid term review of Xth Plan, it has been proposed to increase the promotional drilling from the unutilised fund of supplementary services. The approval is awaited. Proposal for providing more funds for taking up more detailed drilling in Non-CIL blocks has been submitted during the mid term review of Xth Plan. The proposal is likely to be approved shortly. Under R&D activities there is an on-going high value project on coal bed methane recovery. Another project on underground gasification of lignite is in the pipe line. Such projects are expected to improve significantly the utilisation of funds for R&D activities. Though

there was under utilisation of IEBR by SCCL during 2003-04, the company has achieved all its physical and financial targets during the year. The physical targets of NLC for production of lignite and power generation has been more in 2003-04 than the previous year 2002-03. During 2003-04 lignite production has been 20.56 M.T. against 18.62 M.T. of 2002-03 and power generation has been 16388.97 Million Units against the 14969.95 Million Unit during 2002-03. Financial performance of NLC has also been encouraging. During 2003-04 the net worth of the company has been Rs. 6824.25 crore against Rs.5974.54 crore during 2002-03.

However, Committee's observations have been taken note off and will be kept in mind while preparing budget and monitoring by Ministry will be strengthened.

[Department of Coal O.M. No. 20011/3/04-IF (Vol IV) dated 24th November, 2004]

### **Recommendation (S1. No.4, Para No. 3.8)**

The Committee are distressed to note that there has been inordinate delay in procurement of HEMM in the Coal India Ltd. and its subsidiaries as also in SCCL leading to less utilisation of funds allocated for the said purpose. The utilisation has been less than 50% over the last two, three years. Whereas the financial targets for the year 2001-02 for procurement of HEMM were Rs.1063.32 Crs., the actual utilisation remained at Rs.454.02 Crs. Like-wise, in the year 2002-03, it has been more deplorable. During the years 2001-02, 2002-03 and 2003-04, the utilisation of funds by SCCL for the above purpose has been as low as 33%, 65% and 16% respectively. The reasons adduced by the department are hardly convincing. The Committee understand that previously, as per the stipulation of Department of Public Enterprises, 10% price preference had to be given to a public sector company. It led to a court case by a private company and thereby delayed the procurement process. Now all such bottlenecks/problems have been solved. Therefore, the Committee hope that from the current year onwards, there will be no delay in procurement of HEMM and the funds will be utilised to the fullest extent. At the same time, the Committee desire that a time bound programme should be drawn up for the procurement of equipments/machines and responsibilities should be given to some senior officers to this regard.

### **Reply of the Government**

CIL

The procurement case which is sub-judice in the Hon'ble Supreme Court is still to be disposed off. As per the interim decree of Hon'ble Supreme Court, order for 40% quantity of HEMM is to be placed and balance 60% awaits for the final judgement of Hon'ble Supreme Court. As per the order of Hon'ble Supreme Court passed in its sitting held on 9.8.04, the matter shall be listed for final hearing in the year 2005. Till such time the procurement of 60% of requirement of HEMM against cases (sub-judiced in Hon'ble Supreme Court) may not be finalised.

The mid term review meeting has been held and while preparing RE the realistic estimate has been made regarding procurement of HEMM. It is expected that during current year utilisation on this account will improve.

In every coal, producing company, the material management Department is functioning and is headed by senior officers in the rank of General Manager who reports directly to the Director of the company.

## SCCL

The details of funds provided for HEMM *Vis-a-Vis* actuals for the year 2001-02 to 2003-04 are:-

Year	(Rs. Crores)		
	BE	RE	Actual
2001-02	65.97	63.12	20.93
2002-03	43.86	14.82	9.73
2003-04	27.32	27.49	4.31

1. The provision for HEMM is proposed while preparing Annual Plans on the basis of CMPDIL Norms against survey-off of equipment. But while equipment is proposed for survey-off, again a thorough monitoring was done by introduction of condition monitoring cell and the economic viability for survey-off *vis-a-vis* reconditioning has been considered. Accordingly, procurement of some of the equipment is deferred, *viz.* 85T & 35T Dumpers, Drills and Dozers. Hence, the envisaged expenditure could not be made.

2. Certain HEMM were gainfully re-deployed in place of new HEMM/ replacement from the closed/being closed projects. This also contributed for deferment of procurement of HEMM. HEMM proposed for new projects like Kasipet OCP, Sathupalli OCP and Khairagura OCPs were deferred as they could not come up as expected.

3. Regarding 2003-04. Against the proposal, orders were placed to the tune of 11 crores but expenditure booked is only Rs. 4.31 crore as most of the equipment ordered are in pipe line and yet to be commissioned during 2004-05.

4. While preparing item-wise requirement of annual plan, time frame for procuring the equipment/machine is incorporated.

5. Monitoring of capital expenditure is reviewed at the highest level of Director (Finance) regularly.

[Department of Coal O.M. No. 20011/3/U4-IF (Vol IV) dated 24th November, 2004\_

### Comments of the Committee

(Please see Paras 1.24 & 1.25 of the Chapter 1 of the Report)

### Recommendation (S1. No.5, Para No. 3.9)

The Committee also note that there has been some savings in the procurement of machines on account of change in norms for utilisation of HEMM. The Committee recommended that Coal companies should re-assess their requirements of HEMM and utilise the machines to the maximum extent.

## Reply of the Government

### CIL

Revised productivity norms, wherever applicable and enhanced survey off norms of equipment has been taken into consideration by the subsidiaries, while assessing the requirement of equipment for procurement.

Task force has been constituted in each subsidiary company at the area level and headquarter level for identifying the reasons for low utilization each project and take action to utilise the machines to the maximum extent.

There is an increasing trend in the utilization of Shovel, Dumper, Dozer and Drill in all subsidiaries during 2004-05 (till August) as compared to same period last year. The Utilization figures for Coal India Ltd is tabulated below:

	<u>%Utilization of Major HEMM (Absolute)</u>	
	April to August'2004	April to August'2003
Shovel	45	41
Dumper	33	30
Dozer	28	24
Drill	24	22

### SCCL

Regular review of the performance of HEMM is being done to re-assess the requirements of various projects and suitable steps are being taken to deploy the HEMM for optimum utilization.

Special attention is paid towards condition based monitoring of HEMM, procurement of spares and functioning of base workshops in open cast projects. Capacity utilization has improved from 74% in 2001-02 to 91% in 2003-04. All efforts are made to achieve high standards of work.

[Department of Coal O.M. No. 20011/3/04 (Vol IV) dated 24th November, 2004]

### **Recommendation (Sl. No.7, Para No. 4.23)**

The Committee are perturbed to note that there has been considerable mis-match between their financial targets and achievements in the Neyveli Lignite Corporation. The Financial Achievements during 2002-03 and 2003-04 have been as low as 70% and 50% of the revised estimates. This shows that the track record of NLC in achieving Financial Targets has been far from satisfactory. The Committee would like to point out that there have been major deficiencies on the part of the NLC in formulating budgetary proposals. The reasons advanced by the Department of Coal that the funds could not be fully utilized due to delay in obtaining Government sanctions are not convincing as most of these are administrative reasons and show the slackness on the part of NLC. In view of the above, the Committee desire the Government to project only realistic and achievable budget so that the funds do not lapse year after year.

## **Reply of the Government**

Provisions made for the new projects like Mine II Expansion, TPS II Expansion and Rajasthan projects could not be commenced due to delay in obtaining sanctions from the government. Provision made for TPS I Expansion could not be utilized as the matter is still under arbitration. Out of total outlay of Rs.480.70 Crores, Rs.253.31 Crores has been provided in BE 2004-05 for new projects. This is mainly to meet preliminary expenses, preparation of Detailed Feasibility Report, Hydrological studies, Topo-survey, EMP report and advance payments.

No budgetary support was proposed or drawn for plan outlay during the last three years. NLC's plan outlay is financed by internal resources and borrowings. During the years mentioned above, NLC has generated more internal resources than what could be utilised. The unutilised/surplus fund was carried over to subsequent year. Hence, the question of lapse of funds does not arise.

The projects like Mine II expansion, TPS II expansion and Barsingsar Mine & TPS which were in the process of sanction during the last three years have now reached the advanced stages of sanction. Therefore, the projections would now be more realistic and NLC will also put its all out efforts to prepare more realistic projections.

[Department of Coal O.M. No. 20011/3/04-IF dated 24th November, 2004]

### **Recommendation (S1. No.8, Para No. 4.24)**

The Committee are happy to note that NLC has planned to extend its activities in the States of Rajasthan, Kerala, Orissa and Madhya Pradesh. The Committee recommend that all our efforts should be made to complete these projects in time. The Committee desire that NLC should take a proactive attitude in attending to the various issues relating to the obtaining of various clearances so that these four projects could be completed well within the scheduled time. The Committee would like to be apprised of the progress of all the three projects from time to time.



## Reply of the Government

NLC is not taking up any mining or power project in State or Kerala. The present status of projects in the State of Rajasthan are as below:

Rajasthan Lignite Project Capacity-2.10 MTPA Estimated Revised Cost Rs.254.07 crores	*	PIB in its meeting held on 19.08.2004 had approved the project and recommended to CCEA
Rajasthan Power Project Capacity-2x125 MW Estimated Cost-Rs. 1114.18 crores	*	PIB in its meeting held on 19.08.2004 had approved the project and recommended to CCEA
Coal Based Power Plant at LB calley, Orissa. Capacity-4x500 MW. Estimated cost-Rs. 8000 Crore (tentative)	*	In-principle approval has been granted by Ministry in 06/2003
	*	Action has been taken to establish coal linkage for the project
	*	AAP is under implementation by NLC
	*	Action has been taken to identify the beneficiaries and to obtain expression of intention letters to buy power.
	*	Mega Power Project Status issued by Ministry of Power subject to certain conditions
	*	Final Draft Memorandum of Undersigned to be signed by Government of Orissa, NLC and MOC&M is in the final stage

[Department of Coal O.M. No. 20011/3/04-IF (Vol IV) dated 24th November, 2004]

### Recommendation (S1. No.9, Para No. 4.25)

The Committee are sad to note that after incurring a substantial amount of project formulation, etc., the NLC has not been able to implement the Barsingsar lignite mine and power projects even after the lapse of about 14 years due to one reason or the other. The Committee are fully aware that a proposal in this regard was originated in 1987 and the projects were sanctioned in 1991, during 8th Plan period. But, due to fund constraints, the projects did not proceed further. The Rajasthan Government's efforts to develop it through a private developer also went awry. However, NLC once again started working on the project and after completing all the formalities, now are awaiting the approval of PIB. The Committee are in agreement with the Secretary, Department of Coal that there is a need to compress the time taken in project formulation and project approval. The Committee, therefore, desire that the Government should prepare a draft proposal on this aspect immediately for which an Empowered Committee should be set up, as suggested by the Department of Coal for the speedy approval of the projects and to commission them faster. So far as the Barsingsar (Rajasthan) Lignite-cum-power project is concerned, the Department of Coal/Neyveli Lignite Corporation should pursue the matter vigorously with the Ministry of Finance (Department

of Expenditure) for an early approval. The Committee would like to be apprised of the action taken in the matter.

### **Reply of the Government**

In November 1987 an MoU was signed among Government of India, Government of Rajasthan and NLC for developing a lignite mine with a capacity of 1.7 million tonnes per annum at a cost of Rs.242.31 crore and setting up of 240-MW (2x120 MW) lignite-based power plant at a cost of Rs. 585.73 crore. The project was sanctioned by GOI in April, 1991 at a total estimated cost of Rs. 828.04 crore. Subsequently, due to non-availability of funds, GOI decided to drop the project in October 1996. M/s Hindustan Vidhyut Corporation (HVC) was offered to take over the project as the sponsor by the Government of Rajasthan. Since there no progress in respect of HVC, NLC has proposed to take over the project.

A Memorandum of understanding between Government of Rajasthan, Ministry of Coal and NLC was signed on 10.06.2002 to restart the project by NLC. The Barsingsar Lignite-cum-power project has been considered by the PIB in its meeting held on 19.08.2004 and recommended to CCEA.

[Department of Coal O.M. No. 20011/3/04-IF (Vol IV) dated 24th November, 2004]

### **Comments of the Committee**

(Please *see* Paras 1.29 & 1.30 of the Chapter 1 of the Report)

### **Recommendation (S1. No. 10, Para No. 4.26)**

The Committee also note that Urea plant of NLC had been closed in January-2003 as the Company had accumulated a large stock of Urea which could not be sold due to availability of imported urea at cheaper price. The Committee recommended that the Company should sell the accumulated stock at the best available price, if any stock has been left with it. The company should also examine whether there is any possibility of restructuring the urea unit and if not, then how they propose to deal with closed plant. The Committee should be informed of the decision taken in the matter.

### **Reply of the Government**

The accumulated stock of urea has been already sold. As of now, there is no stock of Urea. Restructuring the unit will not help in avoiding losses. Therefore, NLC has decided to dispose of the plant. The plant & equipments have been valued and M/s MSTC, a Central Public Sector Undertaking, has been entrusted with the disposal activities of the Urea Plant.

[Department of Coal O.M. No. 20011/3/04-IF (Vol IV) dated 24th November, 2004]

### **Comments of the Committee**

(Please *see* Para 1.33 of the Chapter 1 of the Report)

### **Recommendation (S1. No. 12, Para No. 5.22)**

The Committee are perturbed to note the sluggish pace at which different schemes under Environmental Measures & Subsidence Control (EMSC) are being implemented resulting in the under-utilization of budgeted amount. During last year *i.e.* 2003-04, a provision of Rs.27.56 Crs. made at the BE stage was reduced to Rs.10.92 Crs. at RE stage but the actual utilization has been almost nil. The Committee note that during the last three of the four years, the Department of Coal have failed to utilise the budgeted amount. The Committee further observe that out of total 30 schemes sanctioned by the Government of India under EMSC, 14 schemes spilled over to 10th Plan from 9th Plan. Out of 14 schemes, only two could be completed so far and rest are said to be under various stages of implementation. The various reasons advanced by the Department of Coal for the non implementation of these schemes during Ninth Plan resulting in spilling over to X Plan are long lead and bad road conditions during rainy seasons, slow progress of the scheme, due to break down of machines, non-rehabilitation of the people, delay in start of the plantation and delay in procurement of plants and machinery, etc. The Committee take serious note of the delay in the implementation of various schemes under Environmental measures & Subsidence Control as all the reasons indicated above are nothing but administrative slackness on the part of the Department. The Committee opine that there have been serious deficiencies in the implementation of such schemes. The Committee, therefore, desire that Government should review the schemes immediately, propose them and implement without further loss of time. The Committee recommend that the Department should introduce system of personal responsibility of the officers responsible for implementation of such schemes.

### **Reply of the Government**

1. The implementation of various schemes under Environmental Measures and Subsidence Control have been reviewed and priorities have been decided. Activities are being planned for new jobs along with time bound implementation programme.
2. Monitoring is being done at various levels including subsidiary/Coal India Ltd. and Department of Coal for speedier implementation of such schemes and firming up the time schedule, milestone activities budget provision *vis-a-vis* achievements, expenditure etc. A Monitoring Committee headed by Secretary (Coal), has been formed which includes representatives from respective State Governments CIL/BCCL/ECL and related Ministries/Departments to review the implementation work of various subsidence/fire control and rehabilitation schemes undertaken in ECL and BCCL.
3. At present the Environmental Measures and Subsidence Control (EMSC) Scheme is approved at Ministry level. To cut down time it has been decided that henceforth, all EMSC schemes will be approved by the Company Board.
4. To take up an early completion, the Department of Coal has made arrangement of additional funds to take up work of Environmental Control Measures of Raniganj and Jharia Coalfields.
5. Coal India Ltd. management has decided to appoint an IAS officer from State Govt. on deputation, senior to rank of DC for co-ordination with State Govt. for early implementation of the programme.

Detailed status of the ongoing EMSC and other schemes are enclosed in Annexure-I.

[Department of Coal O.M. No. 20011/3/04-IF (Vol. IV) dated 24th November, 2004]

### **Comments of the Committee**

(Please see Para 1.37 of the Chapter 1 of the Report)

### **Recommendation (S1. No. 13, Para No. 5.23)**

The Committee note that underground hidden burning coal mines are not only a big source of pollution but also the country is losing its valuable natural wealth. Department of Coal's efforts to extinguish these fires did not produce much results. After the nationalization of coal mines in 1971 and 1973 only 10 burning fires out of 70 could be extinguished completely in the Jharia coalfields. To tackle this problem to some extent, provision of sufficient funds was made under "Rehabilitation Control of Fire and Subsidence (RCFS)" schemes but the schemes could not be implemented leading to under utilization and even non-utilization of the funds. The Committee is unhappy to note that on the one hand, the Government is not able to implement schemes due to acute funds constraints but on the other hand, the funds allocated sufficiently for certain schemes could not be expended. The Committee, therefore, recommend that all the schemes under RCFS to control Fire and Subsidence be implemented on top priority basis and completed within a time bound manner.

### **Reply of the Government**

All the schemes under RCFS to control fire and subsidence have been reviewed and priorities have been decided. Activities have been planned with time bound implementation programme.

Monitoring is being done at various levels including subsidiary/Coal India Ltd. and Department of Coal for speedier implementation of such schemes.

Status of the ongoing RCFS schemes are enclosed in Annexure-II.

An updated Master Plan (April' 2004) for dealing with Fire, Subsidence and Rehabilitation is in the leasehold of BCCL has been prepared & approved by CIL board and is under consideration at Department of Coal. Total capital outlay projected is Rs.5792.21 crores. The Master Plan is envisaged to be implemented for a period of 15 years to deal with fire projects & 20 years for other (Subsidence and Rehabilitation).

Similarly, a Master Plan to control fire and rehabilitation in Raniganj coalfield of ECL has been prepared and approved by CIL and is under consideration at Department of Coal for approval, the total capital outlay of which is Rs.1769.40 crores. The Master Plan will be implemented in a period of 20 years.

[Department of Coal O.M. No. 20011/3/04-IF (Vol. IV) dated 24th November, 2004]

### **Recommendation (S1. No. 14, Para No. 5.24)**

The Committee further note that originally the land belongs to the State Governments. State Governments after acquiring the land, hands it over to the coal companies for mining purposes. The coal companies, after completing the mining and reclamation of the land, leave it as it is. The Committee find that in the State of Chhattisgarh, so much land has been acquired by the coal company that the administration of the State does not have enough land even for the revenue purposes. At present, there is no provision of disposing of/returning back the land either to the State Government or to the land oustees (to whom it belonged before acquisition). The Committee were informed that the Department of Coal was working on the *modus operandi* to dispose of such land. The Committee, therefore, recommend that the Department should take expeditious action in this direction and bring forward suitable amendments in the Coal Mines (Nationalisation) Act and Coal Bearing Areas (Acquisition & Development) Act, 1957. The Committee would like to be apprised of the action taken by the Government in this regard.

### **Reply of the Government**

The property acquired under the Coal Bearing Areas (Acquisition & Development) Act, 1957 vests absolutely in the Central Government or in the Central Government Companies. The Central Government Companies can transfer this mined and reclaimed property by gift or sale to the oustee or the State Government. This view has the in principle support of the Ministry of Law and Justice.

[Department of Coal O.M. No. 20011/3/04-IF (Vol. IV) dated 16th December, 2004]

## CHAPTER III

### RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENTS REPLIES

#### **Recommendation (S1. No.6, Para, No. 3.15)**

The Committee are perturbed to note the dismal performance of the major equipments used both in opencast and underground mines in terms of their utilisation in all the subsidiaries of CIL. The Committees are further unhappy to observe the yawning gap between the liberal norms of the machines have been changed from the earlier 300 days to 330 days to increase their utilisation. As a result of these actions, some improvement has been noticed, in the first quarter of 2004-05 when compared to the same period of 2003-04. The Committee are seriously concerned about the losses to the coal companies both in terms of decline in production and productivity caused due to non/under utilisation of the HEMM. The Committee are of the considered view that the under-utilisation of the HEMM and other equipments ultimately affects adversely the profitability of the company. The Committee, therefore, recommend that a detailed mine-wise exercise be undertaken to assess the reasons for idling and under-utilisation of HEMM and other equipments with a view to fixing the responsibility for their idling and under-utilisation. There is also a need to improve the working of base workshops which would lead to better maintenance and utilisation of HEMM. In this context, the Committee desire that if there are surplus machines or spare capacity is available, the CIL should make arrangements for their diversion to some other subsidiary where there is shortage of machines for their better and fullest utilisation.

#### **Reply of the Government**

A Task Force have been constituted in all subsidiaries at the Area and Head Quarter level for identifying the reasons for low utilisation in each project and take immediate corrective action.

The main reasons for low utilisation of HEMM in projects are stated below:

Constraint for land acquisition, restricted blasting due to proximity of villages, disruption of work by neighboring villagers demanding employment, over-aged equipment, hazardous working conditions like deployment of HEMM on developed galleries, presence of fire, poor infrastructure facilities like non-availability of workshops with repair facilities specially in ECL and BCCL, Mismatch of excavation and transport capacities in a mine, steep gradient of haul roads due to limited availability of mining land.

Following action have already been taken to improve the utilization:

Problem of non-availability of mining land is being sorted out through regular follow up with State authorities, special emphasis has been laid on blasting for better fragmentation of blasting material to reduce break down of equipment, construction and maintenance of proper haul roads, shift supervision is being strengthened to ensure timely start of the shift, infrastructural facilities and maintenance standards are being upgraded for improving reliability of the equipment thereby enhancing its utilization, replacement plan being made to reduce the number of over-aged equipment in phases.

utilization of Shovel, Dumper, Dozer and Drill in all subsidiaries during 2004-05 (till August) as compared to same period last year. The Utilization figures for Coal India Ltd. is tabulated below:

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%Utilization of Major HEMM (Absolute)

	April to August' 2004	April to August' 2003
Shovel	45	41
Dumper	33	30
Dozer	28	24
Drill	24	22

Actions have also been taken to bridge the mismatch between digging and hauling capacities by transferring equipment from one project to another.

[Department of Coal O.M. No. 20011/3/04-IF (Vol. IV) dated 24th November, 2004]

**Recommendation (S1. No. 11, Para No. 4.27)**

Committee are distressed to note that a substantial amount of Rs.499.67 crore is outstanding against the State Electricity Boards/power utilities. This amount is equivalent to Annual Plan Outlay of NLC. Efforts taken in this regard seem to have not yielded much result. The Committee is of the firm opinion that such outstanding dues have deleterious impact on the overall financial performance of the company. Had this huge amount been recovered, the financial position of the NLC would have been better than what it is at present. The Committee desire that NLC should function on the principal of "cash and carry" basis. The Committee are of the view that NLC should follow the system devised by the Singareni Collieries Co. Ltd. (SCCL). The system being adopted is there is whatever royalty is due to the State Government on sale of coal is normally adjusted against dues from State Electricity Boards. NLC could follow it in the case of Tamil Nadu Government and its Electricity Boards. Since finance is key factor for the existence of an organization, the Committee strongly recommend that the outstanding dues be recovered through the above system and also through the process of persuasion.

**Reply of the Government**

The outstanding dues of NLC as on 30.06.2004 is Rs.499.67 Crs. which includes an amount of Rs.179.94 Crs. towards the power supply bill for the month of June'04, which have been realized subsequently. Out of the balance of Rs.319.73 Crs, an amount of Rs.152 Crs. has been covered under one time settlement reached with TNEB and KPTCL based on which the dues are being settled in instalments. The total dues under the one time settlement will be settled fully before the end of this year. The remaining dues are only surcharge and capacity charges disputed by SEBs. In this connection, necessary efforts have been made by NLC to settle the issue with APTRANSO and KSEB. The issues of disputes like surcharge, capacity charges will be sorted out expeditiously in the case of TNEB & KPTCL. Consequently the outstanding dues will be substantially reduced. Regarding the current monthly bills, SEBs are settling the admitted bills without any default.

As of now there is no "cash and carry" for power sales. Pondicherry Electricity Deptt. is paying in advance for their Power supply. The terms of payment for power dues are governed by Bulk Power Supply Agreements/CERC norms and guidelines. As a part of one time settlement of power

dues, Tripartite Agreement (TPA) has been signed by all the SEBs. Adequate payment security mechanism is provided in TPA where in SEBs are bound to pay by LCs and for defaulted payment beyond 90 days, Ministry of Finance, on request of power generators, would recover from the allocations to State Govt. For further defaults, State Govt. would not get fund from accelerated Power Development & Reforms Programme (APDRP).

The outstanding dues are generally related to the turnover of the company rather than capital outlay. The turnover of the company for the year 2003-04 is Rs. 2808 crores and the dues as on 31.03.2004 is around 79 days of sales, which is considered reasonable.

[Department of Coal O.M. No. 20011/3/04-IF dated 24th November, 2004]



## CHAPTER IV

### RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

-Nil-

## CHAPTER V

### RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH FINAL REPLIES OF THE GOVERNMENT ARE STILL AWAITED

#### **Recommendation (S1. No. 15, Para No. 6.5)**

The Committee note that there have been serious complaints in regard to contract for transportation of coal from mine face to the point where coal is processed, then from surface to surface transport and then transport from coal company to consumer company. The Committee also note that as admitted by Secretary, Department of Coal, there are 4000 odd industries in the business out of which there might be some bogus companies not using coal and black marketing it. The Committee feel that there is a wide spread apprehension that bogus companies are operating in the transportation and black marketing of coal thereby causing immense loss to the coal sector ultimately affecting the economy of the country. The Committee further note that quality of coal is closely linked to effective materialisation of linkage. The Committee are dismayed to note that out of 8000 odd industries getting coal quota 4000 such industries, who were reported to be bogus, had been eliminated after inspection carried out by the Department of Coal. The Committee, therefore, strongly recommend that the Department of Coal should take a proactive and corrective decision in the award of coal transportation contract. The Department should also undertake an exercise to identify and weed out the bogus companies which are in the business of black marketing of coal. The Committee further recommend that the Department of Coal should give a fresh look at the whole gamut of coal linkage and come out with a clear cut policy. The Committee would like to be apprised of the action in this regard.

#### **Reply of the Government**

As far as Ex-servicemen Coal Transportation Companies are concerned, some complaints have been received against them. The primary responsibility of Judging the genuineness of these companies lies with Director General Resettlement (DGR), as they are the sponsoring organisation. Coal Subsidiaries give transportation contracts only to those Ex-servicemen (ESM) companies which are recommended by DGR. The complaints that have been received against these companies have been forwarded to DGR. The Department of Coal in consultation with Coal Subsidiaries had suggested to DGR that contracts for surface to surface transport be awarded through open tender with the stipulation that 30% of the business would be referred for ESM companies. In case ESM - companies are L-1, they would win entire order. But in case they are not L-1, 30% of the order would be awarded to them at L-1 rates. DGR, however has not agreed to this suggestion of the Ministry of Coal and is against ESM companies participating in any form of tendering process. Therefore, the matter has been taken up by Secretary (Coal) with Secretary, Ministry of Defence. In line with decontrol of coal as per Colliery Control Order, 2000, Coal India Limited decided to authorise its subsidiary companies to formulate their own system and procedure for sale of coal to the non-core sector.

To implement the new coal sales policy, verification of the linked consumers in non-core sector was undertaken. All State Governments were requested to verify the status and existence of all linked consumers and furnish the report to concerned coal companies. The Vigilance divisions of respective coal companies also carried out the verification on random basis. Almost, 98% of the total non-core consumers have been verified. Many non-existent units have been recommended for

discontinuation of coal supply based on the unfavourable verification report received from State authorities/ sponsoring authorities and internal vigilance terms of coal companies.

Ministry of Coal had issued the new coal sales policy for non-core in January, 2003 for further implementation by the coal producing subsidiaries. However, in a recent High Court of Kolkata judgement, the court has set aside the policy of the Govt. for distribution of coal to non-core consumers based on sponsorship and linkage and has directed to distribute coal through Open Sales Scheme (OSS) except wherever contractual commitments have been made for supply. The order of the High Court has been stayed by the Hon'ble Supreme Court on appeal by CIL. However, the Department of Coal/CIL is formulating the new policy. In the new policy, sale of coal is proposed to be done through e-auction, i.e. electronic bidding. Before finalising the finer points in the proposed e-auction, a series of trials through pilot e-auctions are proposed to be held and the experience gained thereby will be factored into the policy to be finalised. First e-auction was held in BCCL in November, 2004 and it is proposed to extend the coverage to other subsidiaries in phases.

As regards coal linkage to core sector consumers, it is done through the Standing Linkage Committee of the Department of Coal having representatives from Ministries of Railways, Power, Industrial Promotion and Policy, Fertiliser, CEA etc. The Committee meets every quarter to decide the coal linkage to power, cement, steel, fertilizer etc. The working of the Committee has been reviewed from time to time and is found useful by all the consumers.

[Department of Coal O.M. No. 20011/3/04-IF (Vol. IV) dated 16th December, 2004]

NEW DELHI;  
22 December, 2004  
1 Pausa, 1926 (Saka)

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

STATUS OF ON-GOING EMSC SCHEMES RELATED TO  
FIRE, SUBSIDENCE AND REHABILITATION IN ECL

<b>Stabilisation under EMSC Scheme</b>							
Sl.No.	Name of Scheme	Sanctioned		Status upto August, 04			Remarks
		Cost in Rs.Lakhs	Qty. in m <sup>3</sup>	Rev. Qty. in m <sup>3</sup>	Sand filled in m <sup>3</sup>	Expenditure in Rs. Lakhs	
1.	Fatehpur	500	90000	60000	41999	281.57	41999m <sup>3</sup> completed upto Aug. 04. phase-I & phase-II completed. Phase-III in progress.
2.	Haripur	187.77	20000	35000	26557	130.45	26557m <sup>3</sup> completed. Stowing in progress for Phase-II.
3.	Gowalabasti	187.77	20000	46000	24831	87.39	24831m <sup>3</sup> of phase-I completed in Feb.04 and Stowing in progress for additional quantity of 26000m <sup>3</sup>
4.	Palasban	187.77	20000	8000	1349	53.92	In progress
5.	Pottary	187.77	20000	20000	13479	75.75	In progress
6.	Sanctoria	4.78.38	40000	40000	19416	69.52	In progress
<b>Total</b>		<b>1729.46</b>	<b>210000</b>	<b>211000</b>	<b>127631</b>	<b>698.60</b>	

## Rehabilitation

Sl.No.	Name of Scheme	Sanctioned cost in Rs. Crores	Expenditure in Rs. Crores	Remarks
1.	EMSC (Rehabilitation of Samdih, Bangallpara, Kenda and Harishpur village)	32.525	0.5042	<ol style="list-style-type: none"> <li>1. Rehabilitation schemes in ECL will be implemented by ADDA.</li> <li>2. As per request of ADDA, ECL has released Rs.50 Lakhs to them to start the activities for opening of a separate cell to implement rehabilitation schemes.</li> <li>3. The following jobs will be taken by ADDA.               <ol style="list-style-type: none"> <li>(a) Demographic survey</li> <li>(b) Issue of Identity card</li> <li>(c) Valuation of properties</li> </ol> </li> <li>4. Relocation site has been identified for Samdih and Bangalpara but no formal agreement has been executed as yet.</li> </ol>

## RESTORATION OF ABANDONED COAL MINES IN ECL

Sl.No.	Name of Scheme	Bio-reclamation of land	Sanctioned amount (Rs. Lakhs)	Total Bio-reclamation to be done (In Ha)	Achievement	Expenditure upto Aug. 04	Remarks
	Restoration of abandoned in ECL EMSC-03	OCP	490.00	490	366.7		Completed
		OB	120.40	301	458.58		
		Fire	260.00	100	29.00		
	<b>Total</b>		<b>870.40</b>	<b>891</b>	<b>854.28</b>	<b>436.31</b>	

Note: Fire is being controlled by Stabilisation and drowning at Sanctoria village.

**STATUS OF ON-GOING EMSC SCHEMES RELATED TO FIRE, SUBSIDENCE AND REHABILITATION IN BCCL**

**A. Fire Dealing Schemes**

Sl.No.	Name of Scheme	Sanctioned cost (Rs. Lakhs)	Cumm. Expenditure (Rs. Lakh)	Status
1.	Scheme for Dealing with fire at S. Lodna	333.72	269.06	In progress. Sand flushing target 49500m <sup>3</sup> , completed 49512m <sup>3</sup> . Filling & Blanketing Target 3400m <sup>3</sup> . Mutti Transported completed 41400m <sup>3</sup> Isolation stoppings Completed Nitrogen Flushing continuing
2.	Scheme for Dealing with fire at Rajapur	471.87	314.83	Work in progress. Drilling & sand stowing in progress. Sand flushed Target 77000m <sup>3</sup> Completed 28050m <sup>3</sup> (it is estimated that the actual quantity of sand required will be less than the target) Filling & Blanketing in progress Target: 2.5 lakhs m <sup>3</sup> Completed 484310m <sup>3</sup> (Extra quantity being done in view of fire in V /VI/ VIII/combined seams) Mutti transport: Target 0.95 lakhs m <sup>3</sup> . 18127m <sup>3</sup> done
3.	Scheme for Dealing with fire at Alkusa Fire	368.39	254.730	Work in progress. Sand flushing target 500000m <sup>3</sup> , completed 895012m <sup>3</sup> . (Actual sand stowing quantity estimated to be less than target) Filling & Blanketing in progress. Target 2.37 lakhs m <sup>3</sup> . Completed 117899m <sup>3</sup>
4.	Scheme for Dealing with fire at Industry	253.8	86.685	Sand stowing has been completed Target: 35000m <sup>3</sup> . Completed: 48581m <sup>3</sup> . Re-tending for multi blanketing done. Shifting of house: Target 391.218 houses vacated and persons rehabilitated.

**B. Status of demonstration scheme for shifting of persons from most endangered areas of BCL.**

Sl.No.	Name of Scheme	Sanctioned cost (Rs. Lakhs)	Cumulative Expenditure (Rs. Lakh)	Satus
1.	Shifting of persons from most endangered areas of BCCL	6109.00	883.00	<p>For BCCL houses Construction taken up 344 nos. Completed 344 Nos. Shifting under process 150 houses occupied. Tender of another 1152 houses done earlier is being re-tendered.</p> <p>For non-BCCL persons:</p> <ul style="list-style-type: none"><li>• Rehabilitation site for the non-BCCL has been finalized by the State Govt. at Belgoria Mouza. State Government has intimated actions for formation of Agency for shifting and rehabilitation of Non-BCCL people living in endangered area of Coalfield, DRDA has been entrusted with the job of construction of Non BCCL houses of Belgaria Mouza under the ongoing demonstration scheme i.e." Shifting of people from most endangered area of BCCL"</li></ul> <p>As per request of State Govt., BCCL has deputed 6 persons (one EE(C), 3 Engg. Asst. and 2 Computer operators) for this purpose. As per request of State Govt. BCCL has paid Rs.2.03 crores to State Govt. for starting construction of about 250 Nos. BCCL houses. Preliminary work regarding tendering for construction of Non BCCL houses has been initiated by District authorities.</p>
Total		6109.00	883.00	

## RECLAMATION OF MINED OUT AREA IN CCL

Sl.No.	Name of Scheme	Total area to be reclaimed as per scheme (Ha)	Achievement (Ha)	Expenditure upto March,04 (Rs. Lakhs)	Remarks
1.	Reclamation of mined out area in CCL (EMSC-04)	728	75.97	226.19	Completed



## DETAILS OF RCFS SCHME

Sl. No.	Name of Scheme	Sanctioned cost (Rs.Lakhs)	Cumulative Expenditure (Rs. Lakh)	Status
1.	Scheme for control of fire and subsidence for protection of Dhanbad-Patherdih Railway line at Lodhna (N) and Bagidigi Colliery RCFS-01	635.23	2.28	In view of the stoppage of the Dhanbad-Patherdih Railway line & decision taken to dismantle the railway, this scheme is not necessary as planned earlier. This is proposed to be dug out and removed separating coal and other non-combustible material.
2.	Scheme for control of fire and subsidence for protection of Adra-Gomoh railway line at Block-II OCP and Phularitand Colliery RCFS-02	578.40	172.16	Work in progress. P&M procurement done, blanketing with mutti & non-combustible OB in progress. Approx. 1.9 lakhs cum blanketing done. Further work in progress.
3.	Scheme for control of fire and subsidence for protection of Chatkari Jore at Neenagora Barrace Colliery RCFS-03	769.82	191.60	Work in progress. P&M procurement done, partial work of diversion of Chatkari Jore done. Tender for civil work finalized. Work order to be issued shortly. Other works under progress.
4.	Scheme for control of fire and subsidence for protection of Dhanbad-Patherdih railway line at Barace Colliery RCFS-04	577.27	115.95	The scheme has been discontinued in view of the proposed dismantling of Dhanbad-Patherdih Rly. Line. The original scheme was for protection of railway line which is not required now. The scheme is being revised for dealing with fire by digging out active fire in coal and taking out coal from the area and filling with incombustible material.

MINUTES OF THE SEVENTH SITTING OF THE STANDING COMMITTEE ON COAL AND STEEL (2004-05) HELD ON 22 DECEMBER 2004 IN COMMITTEE ROOM 'C', PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee met from 1000 hrs. to 1100 hrs.

PRESENT

Shri Ananth Kumar-In *the Chair*

MEMBERS

2. Shri Hansraj G. Ahir
3. Shri Bikash Chowdhury
4. Shri Chandrakant Khaire
5. Shri Faggan Singh Kulaste
6. Shri Vikrambhai Arjanbhai Madam
7. Shri E. Ponnuswamy
8. Smt. Karuna Shukla
9. Shri M. Anjan Kumar Yadav
10. Shri B. J. Panda
11. Shri G.K. Vasani

SECRETARIAT

1. Shri John Joseph - *Additional Secretary*
2. Shri N.K. Sapra - *Joint Secretary*
3. Shri AK. Singh - *Director*
4. Shri Shiv Singh - *Under Secretary*

2. At the outset, Chairman, welcomed the Members to the sitting of the Committee. Thereafter, the Committee considered and adopted the following Draft Reports:

- (i) Action Taken Report on the recommendations contained in the 1st Report (14th Lok Sabha) on Demands for Grants (2004-05) of the Ministry of Coal.
- (ii) Action Taken Report on the recommendations contained in the 2nd Report (14th Lok Sabha) on Demands for Grants (2004-05) of the Ministry of Mines.

3. The Committee adopted the aforesaid Draft Reports with minor additions/deletions/amendments.

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

*The Committee then adjourned.*

*ANNEXURE IV*  
(Vide Para IV of Introduction)

ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE  
RECOMMENDATIONS CONTAINED IN THE FOURTH REPORT  
OF THE STANDING COMMITTEE ON COAL AND STEEL

I.	Total No. of Recommendations made	15
II.	Recommendations that have been accepted by the Government ( <i>vide</i> recommendation at S1. Nos. 1, 2, 3, 4, 5, 7, 8, 9, 10, 12, 13 and 14)	12
	Percentage of total	80%
III.	Recommendations which the Committee do not desire to pursue in view of the Government's replies ( <i>vide</i> recommendation at S1. Nos. 6 and 11)	2
	Percentage of total	13%
IV.	Recommendations in respect of which replies of the Government have not been accepted by the Committee	Nil
	Nil	
	Percentage of total	Nil
V.	Recommendations in respect of which final replies of the Government are still awaited ( <i>vide</i> recommendation at S1.No. 15)	
	Percentage of total	7%