8

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

MINISTRY OF COAL

DEMANDS FOR GRANTS
(2005-2006)

EIGHTH REPORT

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI
April , 2005/ Chaitra, 1927 (Saka)

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Presented to Lok Sabha on 26.4.2005

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LOK SABHA SECRETARIAT
NEW DELHI
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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 8th Report (Fourteenth Lok Sabha) on Demands for Grants (2005-2006) relating to the Ministry of Coal.

2. The Committee took evidence of the representatives of the Ministry of Coal on 4th April, 2005.

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 20th April 2005.

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;
20 April, 2005
30 Chaitra, 1927 (Saka)

ANANTH KUMAR
Chairman,
Standing Committee on Coal and Steel.

PART – I

REPORT

CHAPTER - I

Introductory

India is one of the biggest coal producers in the world with an annual production of over 350 million tonne. Coal meets about two-third of India's commercial energy needs and accounts for about 75% of national power production. More than two-third of coal production is used for generating thermal power. The remaining is consumed by industries like cement, steel, fertilizers, chemical, paper, transport sector and the households. The Ministry of Coal is, therefore, engaged in developing coal resources of the country in a manner so that requirements of coal of above consuming sectors are met in full and their dependence on oil/imported coal is minimised.

1.2 The main subjects allocated to the Ministry under the Government of India (Allocation of Business) Rules, 1961, as amended from time to time, are exploitation and development of coking coal and non-coking coal also lignite deposits in India; all matters pertaining to production, supply, distribution and prices of coal; development and operation of coal washeries; low temperature carbonization of coal and production of synthetic oil from coal; administration of Coal Mines (Conservation and Development) Act, 1974, Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948, Coal Bearing Areas (Acquisition and Development) Act, 1957, Mines and Minerals (Regulation and Development) Act, 1957, the Coal Mines Provident Fund Organisation; Coal Mines Welfare Organisation; and administration of Public Sector Enterprises dealing with coal and lignite.

1.3 The Ministry of Coal has, under its direct administrative control, the following two Public Sector Undertakings;

(i) Coal India Ltd. (CIL), and
(ii) Neyveli Lignite Corporation Ltd. (NLC)

1.4 Coal India Ltd., having headquarters at Calcutta, is the holding company with seven 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 (Chattisgarh)
(vii) Mahanadi Coalfields Limited (MCL), Sambalpur (Orissa)

(viii) Central Mines Planning & Design Institute Ltd (CMPDIL), Ranchi, (Jharkhand)

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

1.6. The Singareni Collieries Company Limited, (SCCL) 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

1.7 The statutory functions performed by Coal Controller's Organisation, a subordinate office, are checking of quality of coal including settlement of complaints vis-à-vis grading and quality of coal despatches, adjudicating claims on grade; regulatory authority to grant permission for opening and reopening of seams and mines; distribution of coking as well as non-coking coal; 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

1.8 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

1.9 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 provision of the Act of 1948.

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 mining projects. The Plan outlays of the companies are now being largely financed through their internal resources or through extra budgetary resources. In addition to this, provision for the Plan schemes of Information Technology, Research and Development, Regional Exploration, Environmental Measures and Subsidence Control, Detailed Drilling, Voluntary Retirement Scheme in PSUs are also made under Revenue Plan outlay. 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

1.11 A substantial portion of the non-plan outlay of the Ministry of Coal is 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 schemes be discontinued from non-Plan and Planning Commission may provide funds under plan schemes. However, despite pursuing 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 has provided Rs.1 lakh as 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. Another major segment (72.83%), the non-Plan outlay is to meet the statutory obligations of the Government under the provisions of Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948, contribution to Coal Mines Pension Scheme, 1998 and Coal Mines Deposit Linked Insurance Scheme, 1976. Only 19.76% of the non-Plan budget is meant for meeting the Secretariat expenditure and for the offices of Coal Controller and Commissioner of Payments, Kolkata.

1.12 The Committee have examined in depth, the detailed Demands for Grants of the Ministry for the year 2005-2006. The Committee approve the Demands presented by the Government, subject to their observations/recommendations which are contained in the succeeding chapters.

CHAPTER - II

ANALYSIS OF DEMANDS FOR GRANTS (2005-06) OF MINISTRY OF COAL

The Ministry of Coal has presented Demands for Grants of Rs.192.07 crore for the year 2005-2006 against Budget Estimates of Rs.423.32 crore and Revised Estimates of Rs.410.00 crore for the year 2004-05. The following are the details of the provisions sought and included in the Demands for Grants (2005-06) pertaining to the Ministry of Coal:-

(Rs. in crore)

	Plan		Non-Plan		Total	
	Gross	Net	Gross	Net	Gross	Net
Revenue Section (Voted)	152.05	152.05	40.02	40.02	192.07	192.07
Capital Section (Voted)	0.00	0.00	25.00	-	25.00	0.00
Total	**152.05**	**152.05**	**65.02**	**40.02**	**217.07**	**192.07**

2.2 The details of Ministry's demands under Revenue Section and details relating to Capital Section with reference to public enterprises are shown in **Annexure-I**.

A. Annual Plan Outlay

2.3 The Annual Plan Outlay for 2005-2006 for the three public sector undertakings viz., CIL, SCCL and NLC which is entirely in the capital section and the Annual Plan Outlay for 2005-06 for the schemes in the Revenue Section and Capital Section are given in the following Table:-

(Rs. in crore)

Company/Scheme	2004-05 BE	2004-05 RE	2005-06 BE
Capital Section CIL	2310.00	1877.35	2814.35
SCCL	325.00	275.00	395.00
NLC (Coal)	237.63	177.00	274.44
NLC (Power)	243.07	90.00	365.56
NLC (Total)	480.70	267.00	640.00
Total	**3,115.70**	**2,419.35**	**3,849.35**
Revenue Section			
Regional Exploration	51.84	43.00	49.88
Environmental Measures and Subsidence Control	18.22	4.85	44.86
Information Technology	4.50	2.50	3.00
Research and Development	9.88	12.43	20.08
Detailed Drilling	12.83	22.50	18.81
Coal Controller	0.22	0.22	0.22
Lumpsum provision for NE Region	22.33	21.00	15.20
Total	**119.82**	**106.50**	**152.05**
Capital Section			
Voluntary Retirement Scheme in PSUs	103.50	103.50	0.00
Total Revenue and Capital	223.32	210.00	152.05
Grand Total	**3,339.02**	**2,629.35**	**4,001.40**

2.4 The Central Plan Outlay for the Ministry of Coal during the year 2004-2005 was Rs.3,339.02 crore. It was revised to Rs.2,629.35 crore. Now, a Budget provision of Rs.4001.40 crore has been proposed for the year 2005-2006. It has been observed that the funds allocated for various activities for the year 2004-05 under Capital Section have been downsized considerably. The Budget Estimates (BE) of Rs.2,310.00 crore under this Section made for Coal India Limited (CIL) have been reduced to Rs.1877.35 crore at Revised Estimates (RE) stage. Likewise, the BE of Rs.325.00 crore and Rs.480.00 crore for Singareni Collieries Company Limited (SCCL) and Neyveli Lignite Corporation

(NLC) for the year 2004-2005 have been reduced to Rs.275.00 crore and Rs.267.00 crore respectively.

2.5 When asked about the reasons for reduction of Budget Estimates (BE) at Revised Estimate (RE) stage during 2004-2005 under capital section, the Ministry of Coal in a written reply stated as under:-

> "The budgetary estimates are made about six months prior to the commencement of the year and it is made on the basis of requirement of capital for all the activities envisaged for the year which may differ in course of actual implementation. However, the major reasons for low expenditure against the targets are as under:
>
> Coal India Ltd. (CIL)
>
> (i) Delay in implementation of new projects due to delay in approval.
> (ii) Delay in acquisition of both forest and non-forest land.
> (iii) Delay in rehabilitation of villages.
> (iv) Delay in procurement of HEMM due to court cases and change of norms of utilization of HEMM.
> (v) Many projects are being operated with outsourcing of coal production & OB removal for better economic yield, although these projects were approved for operation with departmental equipment. This has resulted in less capital expenditure.
>
> Now-a-days, as per PIB/Planning Commission guidelines, variant with outsourcing of coal production & OB Removal is also being provided and in recent times, 3 projects have been approved with this variant .
>
> Singareni Collieries Company Ltd. (SCCL)
>
> (i) One No. of Continuous miner Costing about Rs.70 crs. is proposed in V.K.-7 mine and funds of Rs. 10 crs. for the same were provided at the time of B.E. 2004-05. Due to procedural aspects, procurement action is spilled over to B.E. 2005-06, as such there is reduction in R.E. 04-05.
> (ii) Delay in procurement of HEMM (Rs. 16.5 crs.).
> (iii) Delay in procurement of UGMM Items like Jumbo Drills(Rs. 6 crores).
> (iv) Conventional items viz. Haulers (Rs. 8.60 crs.), switches (Rs. 9.50 crs.). steel rails, Motors and certain other items (Rs. 10 crs.) are not materialised as projected.

Neyveli Lignite Corporation Ltd. (NLC)

(i) Budget estimate for 2004-05 provided for initial payments for New projects viz. Mine II Expn,TSII Expn and Mine cum TPS at Barsingsar, which were expected to be sanctioned by July, 2004.

(ii) RE 2004-05 outlay was revised down considering the delay in sanction of these projects.

(iii) Budget Estimate for 2005-06 provided for initial payments for the New projects which got sanctioned in Oct/ Dec 2004".

2.6 Regarding actual utilization of the Revised Estimates (RE) during the first three years of Tenth Plan, the Ministry of Coal has furnished the information, in respect of the Coal India Ltd. (CIL) subsidiaries, as under:-

(Rs. in crores)

Company	2002-03 (R.E.)	2002-03 (Actual)	2003-04 (R.E.)	2003-04 (Actual)	2004-05 (R.E.)	Actual(upto Feb.,05)
1	2	3	4	5	6	7
ECL	130.00	131.45	140.00	82.49	195.24	118.68
BCCL	200.00	55.39	150.00	71.91	237.57	55.42
CCL	150.00	131.60	235.00	229.00	280.00	157.74
NCL	510.00	432.08	616.00	329.03	354.27	125.16
WCL	235.00	145.01	180.00	158.43	200.00	172.33
SECL	265.00	153.34	250.00	186.00	270.00	130.78
MCL	200.00	139.83	250.00	93.55	275.00	109.20
NEC	10.00	3.48	25.00	6.41	65.27	5.45
CIL	1700.00	1192.18	1846.00	1156.82	1877.35	874.76

"Review of financial performance of CIL and its subsidiaries is done on monthly basis and CMDs/Directors (Fin.) of the coal companies are advised to take concrete steps to ensure that the targets indicated in the Annual Plan/Annual Action Plan are achieved".

2.7 On the point of devising a suitable mechanism in the Ministry/CIL to prepare realistic estimates, the Ministry of Coal informed the Committee as follows:-

"The Annual Plan Proposals for 2004-05(R.E.) and 2005-06(B.E.) were discussed at length during the internal meetings/meeting with Planning Commission with the Director(Fin.), Coal India Ltd./ CMDs/Director(Fin) of its subsidiaries of Coal India Ltd./ Singareni Collieries Co. Ltd. and Neyveli Lignite Corporation. Coal companies have taken steps for realistic assessment of Capital Budget and it is expected that in future, there may not be significant variation between budget and actual expenditure."

2.8 When asked about the suggestions of the Ministry to improve the utilization of funds, they informed the Committee that it is very difficult to ensure full utilization of the budgeted allocation because many activities on which fund utilization depends are beyond the control of Coal PSUs. However, the following steps would help in a long way to increase the utilization:-

(i) Simplification in the process of project approval and EMP approval so that procedural delays do not affect project implementation.

(ii) Active support from the State Government in matters of land acquisition, rehabilitation of the villagers and other related activities.

(iii) Removal of impediments in the process of procurement of equipment thereby making expeditious purchase and better utilization of the major component in budget allocation.

2.9 The Committee have found that under Revenue Section also, the Budget allocations have been curtailed drastically. The budgeted amount of Rs.18.22 crore allocated during 2004-2005 for Environmental Measures and Subsidence Control (EMSC) has been sharply brought down to Rs.4.85 crore at Revised Estimates (RE) stage, and for the financial year 2005-2006, the estimates have been increased substantially to Rs.44.86 crore. When the Committee wanted to know the reasons for these variations, the Ministry of Coal, in a written reply stated that:-

> "A budget provision of Rs.18.22 crore was made for 2004-05 for EMSC schemes i.e. shifting of people from most endangered areas of Bharat Coking Coal Limited (BCCL) and rehabilitation of four unstable locations of Eastern Coalfields Limited (ECL), provision had been reduced to Rs.4.85 crore at RE stage. Initially implementation of scheme, i.e. rehabilitation of four unstable locations of ECL was very slow due to villagers not agreeing to the sites of rehabilitation and compensation package. Now ADDA (Asansol Durgapur Development Authority) has been entrusted with the job of rehabilitation of people. Demographic survey has already been taken up by ADDA and the rehabilitation work is likely to pick up in 2005-06. For EMSC scheme i.e. shifting of people from most endangered areas of BCCL, there was a provision of Indira Awaas type of houses for non-BCCL families. Jharia Rehabilitation Committee under the chairmanship of Commissioner of Chotanagpur decided to modify the design of conventional Indira Awaas Yojna(IAY) type of houses for non-BCCL people. In view of Visthapit Awaas type of houses to be constructed instead of IAY type of houses,

the scheme was revised. The revised scheme was approved at a cost of Rs 61.09 crore in February 2003. Action for construction of 1192 houses for BCCL families is being taken by BCCL which is likely to be executed during 2005-06. Action related to construction of houses for non-BCCL families has been undertaken by the Jharkhand State Government Authorities and implementation is now expected to pick up pace. For these two schemes, the requirement of fund during 2005-2006 will amount to Rs.35 crore against total budget estimate of Rs.44.86 crore for EMSC schemes."

Internal and Extra Budgetary Resources (IEBR)

2.10 There was a decreasing trend in the Internal and Extra Budgetary Resources (IEBR) component of all the three coal companies during the years 2000-2001 to 2002-2003. However, it has started increasing in Coal India Limited (CIL) because of the substantial generation by some of its subsidiaries. When asked how far the different sectors have been able to achieve their IEBR targets during the first three years of the Tenth Plan, the Ministry of Coal has furnished the Company-Wise/subsidiary-wise targets and achievements of IEBR in respect of Coal India Limited (CIL) as under:-

"Company-wise/Subsidiary-wise target of IEBR and achievement of IEBR in respect of Coal India Limited during the first 3 years of Tenth Plan period is as follows:

(Rs in crore)

Year	Subsidiary	Target	Opening Balance	IEBR GEN.	IEBR available	Utilisation	Closing Balance
1	2	3	4	5	6	7	8
2002-'03	ECL	150	0	131.45	131.45	131.45	0
	BCCL	200	0	55.39	55.39	55.39	0
	CCL	150	0	131.6	131.6	131.6	0
	NCL	750	1617.56	870.05	2487.61	432.08	2055.53
	WCL	275	0	145.01	145.01	145.01	0
	SECL	400	0	374.28	374.28	153.34	220.94
	MCL	250	536.87	621.52	1158.39	139.84	1018.55
	NEC/CIL	15	-0.41	3.89	3.48	3.48	0
2003-'04	ECL	190	0	82.49	82.49	82.49	0
	BCCL	200	0	71.91	71.91	71.91	0
	CCL	235	0	229	229	229	0
	NCL	725	2055.53	552.61	2608.14	329.03	2279.11
	WCL	250	0	158.43	158.43	158.43	0
	SECL	300	220.94	301.14	522.08	186	336.08
	MCL	325	1018.55	298.54	1317.09	93.55	1223.54
	NEC/CIL	15	0	1049.69	1049.69	6.41	1043.28

1	2	3	4	5	6	7	8
2004-'05	ECL	200	0	179.04	179.04	118.68	60.36
(provisional)	BCCL	200	0	237.57	237.57	55.42	182.15
	CCL	280	0	280	280	157.74	122.26
	NCL	635	2279.11	1230.69	3509.8	125.16	3384.64
	WCL	200	0	203.74	203.74	172.33	31.41
	SECL	400	336.08	1006.27	1342.35	130.78	1211.57
	MCL	350	1223.54	762.44	1985.98	109.2	1876.78
	NEC/CIL	45	1043.28	233.93	1277.21	5.45	1271.76

2.11 The details of IEBR Targets and the Actuals from 2002-2003 to 2004-2005 in respect of Neyveli Lignite Corporation Limited are furnished below:-

(Rs. in crore)

		ACTUALS			
YEAR	TARGET	OPENING BALANCE	IEBR GENERATION	IEBR Available	IEBR Utilised to fund the Projects
2002-03	584.95	373.69	335.81	709.50	434.83
2003-04	455.40	274.67	1091.52	1366.19	158.04
2004-05	480.70	1208.15	891.15	2099.30	157.60**

** Upto Feb. 2005

2.12 When enquired whether IEBR component for the year 2005-2006 is based on the actual achievements of the past years, the Ministry in a written reply, stated as under:-

> "As per the guidelines issued by Ministry of Finance, Department of Expenditure, Government of India, the IEBR component for the year 2005-06 is formulated based on the actual achievement of the year 2003-04 which is on realistic basis.
>
> The IEBR component fixed for 2005-06 in respect of CIL is Rs. 2,814.35 crore. In respect of wages and salaries, the normal incremental increase of 3% is considered. Since NCWA VII has not been concluded, no impact of the same is considered. However, interim relief @ 15% of basic as on 1.1.2004 is taken into consideration in the year 2005-06. All other costs are based on the constant price of 2003-04 (actual).
>
> The IEBR component fixed for the year 2005-06 in respect of NLC is Rs. 640 crore.

The outlay for the period 2000-2003 was higher because of the implementation of the projects, viz. Mine IA, Mine I Expansion and TPS I Expansion. On completion of these projects, there were no new projects on hand during 2003-2005. Hence, the outlay/IEBR for these years were not high. Since the sanction of the new projects obtained in October/ December 2004, the IEBR component for 2005-06 has been fixed at Rs. 640.00 crore".

Neyveli Lignite Corporation (NLC)

2.13 During the financial year 2003-04, NLC could spend only Rs.158.04 crore of the Revised Estimates (RE) of Rs.314.25 crore. For the year 2004-05, a provision of Rs.480.70 crore was made which has been revised to Rs.267.00 crore. Now, the Budget Estimates have been projected at Rs.640.00 crore. When asked about the poor projection/revision of Budget Estimates, the Ministry of Coal informed the Committee as under:-

"NLC's budget outlay during 2004-05 vis-à-vis the actual spending is tabulated below:

(Rs. in crore)

PROJECTS	2003-04			2004-05		
	BE	RE	ACTUAL	BE	RE	Actual upto 02/2005
On going Projects	232.45	238.20	156.63	227.39	157.27	149.03
New Projects	222.95	76.05	1.41	253.31	109.73	8.57
Total	455.40	314.25	158.04	480.70	267.00	157.60

It could be seen that there has been substantial reduction in plan outlay of new projects only viz., Mine II Expansion (4.5 MTPA), TPS II Expansion (500 MW), Barsingsar Mine (2.1 MTPA) & Barsingsar Thermal Power Station (250 MW).

During BE 2004-05, Rs.253.31 crore was allocated towards initial payments for the above projects. However, due to delay in obtaining Government sanction, the outlay for these projects was pruned down to Rs.109.73 crore in RE 2004-05.

The Government sanction for TPS II Expansion and Mine II Expansion was received in October 2004 and for Mine & TPS at Rajasthan, the sanction was received in December, 2004. Therefore, the actual expenditure incurred on these projects upto February, 2005 is Rs.8.57 crore only.

As far as the outlay for ongoing projects is concerned, the reduction in RE was due to delay in settlement of the dispute relating to liquidated damages in respect of TPS I Expansion project.

Reduction in the outlay is not permanent. The project expenditure has only been rescheduled to the subsequent years. After the receipt of Government sanction for new projects, NLC have placed the orders for procurement of equipment. Once the projects take off, the expenditure would occur at an accelerated pace. Hence, the plan outlay for BE 2005-06 has been projected at Rs.640.00 crore."

2.14 The Committee note that the Annual Plan outlay of the Ministry of Coal for the year 2005-2006 has been kept at Rs.4001.40 crore as compared to Budget Estimate of Rs.3,339.02 crore and Revised Estimate of Rs.2629.35 crore in 2004-2005. The Committee further note that the outlays of Coal India Ltd. (CIL), Singareni Collieries Company Ltd. (SCCL) and Neyveli Lignite Corporation Ltd. (NLC) were drastically downsized at the RE stage during 2004-2005. The Committee are dismayed that the actual utilization of funds has been much less than the outlay approved at RE stage. The Committee are pained to find the same reasons advanced by Ministry year after year for low utilization, viz. delay in approval of new projects, delay in acquisition of both forest and non-forest land, delay in rehabilitation of villages, delay in procurement of equipments and many projects being operated with outsourcing.

2.15 The Committee are surprised to note the reply of the Ministry that it was very difficult to ensure full utilization of budget allocations because many activities on which fund utilization depends were beyond the control of coal PSUs. The Committee need not emphasise that the Ministry ought not shun its responsibilities but take steps, viz. simplification of procedure for project approval, secure support from the State Governments in matters of land acquisition, the rehabilitation of villages and removal of impediments in the process of procurement of equipments that would help increase utilization of funds. The Committee have serious reservations about the passive role played by the Ministry in not overcoming these problems faced by coal PSUs eventually leading to under-utilization of the funds.

2.16 The Committee, therefore, opine that the budget-making mechanism in the Ministry lacks vision and optimism. The under-utilization of funds by the coal companies cannot be considered prudent at a time when investment is of paramount importance in view of the need to accelerate the coal production. The Committee expect the Ministry to introspect and take concrete measures in view of the financial implications and losses being suffered on account of less investment/under-utilization and consequent lower production of coal.

2.17 The Committee, therefore, recommend that the Ministry of Coal should revamp and strengthen its Budget Division and ensure preparation of realistic budgetary proposals. The Committee are extremely concerned about the under-utilization of funds year after year and, therefore, recommend that a High Level Monitoring Committee may be set up to review the monthly progress of the utilization of funds and to take corrective measures.

2.18 The Committee are constrained to note the decreasing targets in the Internal and Extra Budgetary Resources (IEBR) of all the coal companies during the first three years of the Tenth Plan. The IEBR generation by most of the coal companies has been abysmally low and discouraging during 2002-2003. The IEBR has, however, registered improvement during 2004-2005. The Committee further note that utilization of IEBR component by most of the coal companies has been quite dismal. The utilization of IEBR signifies the progressiveness of any company for its growth and sustainability. The Committee express serious concern over the negligible utilization of IEBR by coal companies and recommend that coal companies which have failed to utilize their IEBR judiciously should be taken to task to ensure that not only the IEBR targets are set higher and achieved but their utilization is planned and executed with precision.

B. DEMAND AND SUPPLY OF COAL

Coal has been recognized as the most important source of energy for electricity generation in India. About 75% of the coal in the country is consumed in the power sector. In addition, other industries like steel, cement, fertilizers, chemicals, paper and thousands of medium and small-scale industries are also dependent on coal for their process and energy requirements. In the transport sector, though direct consumption of coal by the Railways is going down on account of phasing out of steam locomotives, the energy requirement for electric traction is still dependent on coal converted into electric power. The Department of Coal is engaged in developing coal resources of this country in a manner to meet the requirements of coal of different consuming sectors.

3.2 Through a sustained programme of investment and greater thrust on application of modern technologies, it has been possible to raise the production of coal from a level of about 70 million tonne at the time of nationalization of coal mines in early 1970's to over 350 million tonne in 2004-2005.

3.3 Coal India limited and its subsidiaries are the major producers of coal. 288.68 million tonnes (upto February 2005) of coal were produced by the subsidiaries of Coal India Ltd. during 2004-2005.

3.4 Singareni Collieries Company Limited (SCCL) is the source for supply of coal to the southern region. The company produced 31.21 million tonne (upto February 2005) of coal during 2004-2005 as against 33.85 million tonne during the last year 2003-04.

3.5 On the point of domestic coal demand during the Tenth Five Year Plan, as assessed by the Planning Commission, the Ministry of Coal informed the Committee as under:-

(In million tones)

Sl. No.		Tenth Plan							
		2002-03	2003-04	2004-05		2005-06		2006-07	
		Actual	Prov.	BE	Estimate	Proposed	Assessed	Original	MTA Revised
1	2	3	4	5	6	7	8	9	10
1.	Coking Coal : i) Steel ii) Coke Oven	29.88 0.86	29.83 0.71	33.27 0.71	34.02 0.60	34.49 0.65	39.55 2.50	35.32 1.89	40.70 2.00
2.	Power Utilities (Gen. Req.)	252.78 (1.71)	268.13 (1.44)	279.52 (2.48)	280.19 (1.33)	299.88 (1.57)	297.56 (1.57)	317.14 (3.74)	317.00
3.	Power Utilities (Stocks)				5.00		6.00		5.00
4.	Cement	16.36	16.78	19.00	18.55	19.82	20.22	24.56	25.40
5.	Steel DR	6.17	7.82	7.5	10.15	13.28	10.40	7.00	7.00
6.	Fertilisers	2.54	2.07	2.81	2.44	2.34	2.60	4.18	3.52
7.	LTC/Soft Coke/ Cokeries/Coke oven/BRK & Others	36.86 (0.01)	32.06 (0.00)	35.00 (0.00)	37.77 (0.00)	37.33	37.33	39.55	41.70
8.	Export	0.01	0.04	0.02	0.02	0.02	0.02	0.10	0.10
9.	Captive Power	19.04 (1.53)	22.14 (1.75)	24.90 (1.10)	24.75 (1.87)	27.35 (2.07)	27.35 (2.07)	28.26 (1.40)	28.26
10.	Colliery consumption	1.48	1.33	1.46	1.33	1.29	1.29	2.50	2.50
11.		**365.98 (3.25)**	**380.91 (3.19)**	**404.19 (3.58)**	**414.82 (3.20)**	**436.46 (3.64)**	**444.82 (3.64)**	**460.50 (5.24)**	**473.18**

3.6 The target of coal production at RE stage for the first three years of the 10th Five Year Plan i.e. 2002-2003, 2003-2004, 2004-2005 and actuals for the year 2002-2003, 2003-2004 and 2004-2005 (provisional) upto the month of February, 2005 have been given below:-

Coal India Limited (CIL)

(In million tones)

Company	2002-03		2003-04		2004-05	
	Target(RE)	Actual	Target (RE)	Actual	Target(RE)	Actual (Upto Feb. 05)
1	2	3	4	5	6	7
ECL	28.00	27.18	28.00	28.00	27.30	23.73
BCCL	25.50	24.15	24.00	22.70	22.40	19.83
CCL	34.25	36.98	38.50	37.34	37.40	31.50
NCL	45.00	45.10	46.50	47.03	49.68	44.77
WCL	37.20	37.82	37.85	39.53	41.00	37.17
SECL	66.50	66.60	69.00	71.01	78.40	71.25
MCL	49.20	52.23	55.00	60.05	66.40	59.91

NEC	00.65	0.63	00.65	0.73	0.60	0.52
CIL	286.30	290.69	299.50	306.38	323.18	288.68
SCCL	32.50	33.16	33.50	33.85	35.00	31.21
Others	17.00	17.39	19.30	20.83	20.98	16.09
Total	335.80	341.24	352.30	361.06	379.16	335.98

- excluding Meghalaya Coal Production

Neyveli Lignite Corpn. Ltd. :

Item	2002-03			2003-04			2004-05		
	BE	RE	Actual	BE	RE	Actual	BE	RE	Actual
Lignite (Million Tonnes)	19.95	18.85	18.62	20.90	20.90	20.56	21.00	21.00	19.13 (upto Feb, 2005)
Power Generation (Million units)	14,638	12350	14968.42	15,006	14,837	16,388.21	15,286	15,286	14,994.96

3.7 When enquired about the gap between demand and supply of coal during the Tenth Plan period, the Ministry of Coal has furnished the following details:-

Item	2002-03		2003-04		2004-05		2005-06	2006-07	
	Target	Actual (Prov.)	Target	Actual (Prov.)	Target	Anticip-ated	Assessed by Planning Commission	Originally Assessed	Revised as per MTA
1	2	3	4	5	6	7	8	9	10
Coal demand	363.30	365.98	380.90	380.91	404.19	414.82	444.82	460.50	473.18
Coal production	335.70	341.23	350.05	361.06	369.15	379.16	410.85	405.00	421.50
Stock liquidation	0.40	0.40	1.35	1.35	1.05	1.08	1.65	0.00	0.00
Imports	27.20	23.26	16.41	21.68	23.39	27.79	31.39	17.84	30.69
Gap	nil	1.09	10.09	-3.18	10.60	6.79	0.93	37.66	20.99

3.8 On being asked about the imbalance between demand and supply, the Secretary, Ministry of Coal during oral evidence informed as under:-

> "When the Tenth Plan was formulated, it was anticipated that there would be a gap of 50 million tonne between indigenous demand and production. It was in this context that customs duty on coal was drastically reduced and brought down to five per cent, under the presumption that good quality steam coal would be imported by some of the power plants which were running in the southern and

western parts of the country, because we spend large amounts of transport costs by moving the high ash content coal which we have in the country. So, the assumption was that with customs duty having been brought down, there would be some improvement in import of good quality coking coal which would be blended with our high ash content coal. Unfortunately, in the last two years, the international price of coal has gone up substantially higher than what it was in 2002-03. Therefore, consumers who were earlier importing coal were also now demanding more and more of indigenous coal. So, there is a huge pressure on supply of indigenous coal. I hope, Hon'ble Members would appreciate that coal mining is not an activity where we could suddenly increase the production and productivity in coal mines. It takes some five to six years before it could start producing coal. Therefore, this situation cannot be remedied in the short-term. We have no option except to import some coal to meet this gap in demand and supply.

We are of the view that by close to end of the Eleventh Plan, we would be in a position to see that this gap between demand and supply could be closed by taking up two more new projects by Coal India and advancing some of the projects which were scheduled to be taken up by the end of the Tenth Plan or at the start of the Eleventh Plan. We have now requested the Ministry of Power that during the year 2005-06, the power sector must import additional 12 million tonne of coal so that the shortage of indigenously produced coal could be bridged through some additional import of coal."

3.9 The Ministry of Coal has also furnished the details of coal and lignite projects, sanctioned during the Tenth Five Year Plan, indicating inter-alia the project cost, capacity, year of sanction, completion schedule and time and cost over-run (Annexure-II, III & IV).

3.10 When asked as to how much coal was imported during the years 2002-03 and 2003-04 and what has been its value, the Ministry of Coal stated that coal and coke are imported in the country by and large from Indonesia, South Africa, Australia and China by consumers to supplement the limited availability of low ash superior grade coking and non-coking coal for use by blending with indigenous coal and also on environmental considerations and considerations of location-specific landed cost.

3.11 The details of coal import during Tenth Plan period, as gathered from Coal Controllers Organisation, are as under:-

(Quantity in Million Tonnes & Value in Million Rupees)

Year	Coking Coal		Non-Coking Coal		Coke		Total Coal & Coke	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
2002-03	12.947	33,954	10.313	16,325	2.245	10,121	25.505	60400
2003-04	12.992	36,702	8.691	13,385	1.894	14,741	23.577	64828

(Source: Coal Controller's Organisation, Kolkata)

3.12 Under the present import policy of the Government, all types of coal and coke are open for imports under Open General Licence (OGL).

3.13 It may also be noted that the imports of coal and coke are need-based and in recognition of this fact, Government has already put coal on the Open General Licence (OGL) list since the import policy was framed during 1993-94. In this direction, as a measure of rationalisation of import duties and tariffs, Government of India has also brought down the basic import duties on various types of coal and coke substantially over the last few years. As there are limited reserves of coking coal in the country and also a gap exists in demand and supply, some quantity of imported coal is essential to meet the demand.

3.14 Presently, basic import duty is 5% for Non-Coking coal, Coke and Coking Coal with 12% and more of ash content; and nil (0%) for Coking Coal with ash content less than 12%.

Production from Underground Mines

Coal India Limited :

3.15 Considering the need to further augment underground coal production, action has been initiated to upgrade the mining technology in various coal companies within a specified time frame.

3.16 The proposal for mechanization and modernization will require an investment of Rs.679.37 crore, out of which Rs.455.12 crore is likely to be spent in the Xth plan period and the rest in the XIth plan. With proposed mechanization, it is expected that the production from underground mines of CIL will increase by about 4.5 mty. and there will be an overall improvement in OMS and reduction in loss/cost of production.

3.17 At present there are 305 existing underground mines. Out of these:-

(i) 96 mines are already mechanized

(ii) 131 mines are exclusively manual workings

(iii) 78 mines have both manual and mechanized districts (mixed mines)

3.18 Out of the total 209 (131+78) manual and mixed mines, 110 mines are feasible for mechanization/modernization. Out of these 110 mines:-

(i) 80 mines are proposed for mechanization in the Xth plan period;

(ii) remaining mines will be mechanized/modernized in the subsequent five year plan; and

(iii) 30 on-going underground projects are all mechanized.

Singareni Collieries Company Limited :

3.19 As regards SCCL, the following measures are being taken for optimum extraction of good quality coal from underground mines.

- Introduction of fully mechanized longwall technology wherever feasible.
- Introduction of Intermediate Technology like Load Haul Dumpers, Side Discharge Loaders, Continuous Miners and Blasting Gallery.
- Conversion of underground mines with difficult working conditions into opencast for maximum extraction of coal.
- Effective utilization of existing resources by motivation through incentives and by close monitoring.

3.20 Steps taken by Coal India Limited (CIL) for improvement of quality are as follows:

(i) CIL has adopted various measures, to facilitate supply of good quality coal to consumers. Quality Management begins at the coalface itself so as to reduce its necessity in onward sizing, handling and loading / transport systems.

(ii) CIL has built up coal handling plants to a capacity of about 228.05 million tonne per annum so as to maximise despatches of crushed/sized coal to the consumers. In addition, the washeries at BCCL, CCL, WCL and NCL have adequate crushing / sizing facilities in the order of about 40.30 million tonne in their system for generation of different washery products, thus having an overall capacity of about 268.35 million tonne for crushing/sizing. Further, MCL & NCL have introduced successfully the system of size-reduction of coal to (-) 100 mm. before despatch and other coal companies have also planned to crush/size the coal to (-) 100 mm. in phases before despatch. CIL is aiming for supply of 100% despatches of sized/crushed coal as per consumer's preference by the end of this year.

iii) Measures like picking of shale/stone, selective mining by conventional mode as well as by surface miners, adopting proper blasting procedure/technique for reducing the possibility of admixture of coal with Over-Burden materials, improved fragmentation of coal etc. are being taken up for improving quality of coal.

iv) Deployment of Surface Miners for selective mining at different identified mines has been planned by CIL to improve quality of coal that is mined. More surface mines are being introduced by coal companies as per feasibility of their deployment. Already 15 nos. of Surface Miners have been deployed in MCL at selected OCPs and are working satisfactorily. SECL, WCL & CCL have also identified OCPs for deployment of Surface Miners.

v) To ensure value to the customers at least equivalent to the payments they are called upon to make against coal supplies to them and to help eliminating thereby possibilities of disputes with them on quality related issues, majority of the customers particularly in power sector are now required to pay for coal supplies to them, as per analysed grades, as reflected from the actual analysis of sampling of supplies done either jointly or by independent third party agency engaged for the purpose on mutual agreement, as the case may be. These practices are working satisfactorily in the coal companies.

3.21 As a result of above steps taken for improvement of quality of coal supplies to core sector consumers particularly to Power and Steel sectors, supplies conforming to grade have increased to 82.8% in case of third party sampling and 93.7% in case of joint sampling. Deductions on due quality slippage have also considerably decreased from 2.21% in 2001-2002 to 0.81% in 2003-04 of total sale value.

Singareni Collieries Company Limited(SCCL) :

3.22 SCCL is taking the following steps to improve the quality of coal produced by the Company:-

- Surface miner is deployed in one of the opencast mines for selective mining.

- Picking up of non-coaly material manually at all the mines and dispatch points.

- As per SCCL's Board decision, the customers are encouraged to set up their Coal Washeries for which SCCL will extend necessary facilities.

- In opencast mines, care is being taken to see that overburden benches are kept sufficiently advanced from coal benches to avoid contamination of coal.

- To ensure quality, SCCL has entered into Fuel Supply Agreements (FSA) under Joint Sampling Protocol (JSP) with all major coal consumers.

- Regular customers meets are held to have a feed back mechanism. Complaints received from major customers are investigated thoroughly by the area General Managers and remedial steps taken are informed to the customers.

3.23 The Committee note with serious concern the yawning gap in demand and production of coal in the country which was 24.75 m.t. in the beginning of the Tenth Plan, i.e. 2002-2003 and is likely to reach the alarming proportion of 51.68 m.t. in 2006-2007. The Committee note that the production of coal during the same period will increase from 341.23 m.t. to 421.50 m.t. whereas the demand will grow at much higher pace from 365.98 m.t. to 473.18 m.t. The Committee further note that to bridge the gap between the demand and supply, the import of coal has been the only alternative due to not much increase in indigenous production. It was in this context that custom duty on import of coal was drastically reduced. However, with substantial increase in international prices, there is huge pressure for supply of indigenous coal. The Committee are pained to point out that the country which has one of the largest coal reserves in the world, has been brought to a situation where it is required to spend precious foreign exchange on avoidable imports primarily due to faulty planning and extremely reprehensible execution of the projects. The Committee strongly feel that boosting of coal production through technological upgradation of coal mines should have been the main thrust of successive plans. However, the Committee are constrained to note that neither any significant measures were taken nor any concrete action plan was prepared in this direction. The Committee apprehend that if no sincere efforts are made, this gap in demand and supply is likely to widen further. The Committee, therefore, recommend that the Ministry should activate its machinery and prepare a contingency plan. The Committee desire that the Ministry should review the progress of all the on-going projects on monthly basis and compress the period of their completion to the extent possible.

3.24 The Committee note that the ratio of coal production between underground and opencast coal mines is not very ideal. A huge number of underground mines (305 underground mines) at present, produce about 30% of coal as against 70% produced by opencast mines. The Committee further note that an investment of Rs.679.37 crore will be required for the mechanization and modernization of underground mines out of which Rs.455.12 crore are likely to be spent in the Tenth Plan period and the rest in Eleventh Plan. With the proposed mechanization, it is expected that there will be an over-all improvement and the production from underground mines of Coal India Limited (CIL) will increase by about 4.5 million tonne per annum. The Committee are of the opinion that the country has huge untapped potential for underground mining with extractable reserves upto the depth of 600 metre. Presently, the mining is being done predominantly by opencast method but the reserves available in opencast are fast depleting. The Committee feel that mechanization and modernization of underground mining have become imperative in view of their huge potential to boost the production of coal to bridge the gap between demand and supply to a large extent. The Committee, therefore, recommend that the Ministry of Coal should not only earmark more funds for underground mines but also ensure that the schemes for the mechanization and modernation of mines initiated during Tenth Plan are completed in the Tenth Plan itself.

C. INVESTMENT PLAN AND PROJECT IMPLEMENTATION

The total outlay of CIL during the X Plan period which was projected at a level of Rs.14,310.00 crore has now been revised to Rs.10,975.11 crore, out of which the share of plant and machinery required for modernization/mechanization is approx. 50 %. CIL has envisaged to increase the production from 306.36 in 2003-2004 to 341.05 Mt in 2005-2006 and 363.00 Mt in 2006-2007. This increase in production is primarily due to various initiatives taken in the direction of mechanization/modernization of CIL mines. The major thrust areas are planning of all new mines with mechanization, a thorough study of underground mines and gradual mechanization of non-mechanized mines, formulation of a long-term road map by CMPDI for modernization of CIL mines and introduction of latest mining machinery and mining practices in the organization.

4.2 For increasing the production, to bridge the gap between demand and supply, SCCL is planning following investments in various technologies as per Mid Term appraisal of X Plan.

(Rs. crores)

TECH	2002-03	2003-04	2004-05	2005-06	2006-07	TOTAL
1	2	3	4	5	6	7
B&P(HS,SDL,LHD)	63.60	96.09	103.62	179.08	70.46	512.85
BG	21.65	3.37	35.58	28.97	45.17	134.74
LW	8.34	11.02	14.62	17.04	84.52	135.54
CM					105.00	105.00
Opencast	27.38	43.90	81.98	128.94	201.94	484.14
NON MINING	18.52	9.04	39.20	40.97	70.00	177.73
TOTAL:	139.49	163.42	275.00	395.00	577.09	1550.00

4.3 On the basis of above investment pattern, production profile of the company for the X plan as per mid term appraisal is as below. (Actuals upto 2003-2004, RE 2004-2005 & BE 2005-2006 for the years 2004-2005 respectively, and projected production for the year 2006-2007).

Sl.No.	Tech.	2002-03	03-04	04-05	05-06	06-07
1	HS	10.261	10.090	10.119	7.040	6.570
2	SDL	0.030	0.452	1.945	3.020	3.500
3	LHD	0.265	0.593	1.251	1.650	1.685
4	LW	1.014	1.117	1.170	1.130	0.900
5	RH	0.098	0.103	0.140	0.125	0.125
6	CM	0	0	0	0.200	0.550
7	BG	1.138	0.957	1.125	1.425	1.400
8	OC	20.352	20.540	19.250	21.410	22.770
	TOTAL:	33.158	33.852	35.000	36.000	37.500

4.4 SCCL introduced semi mechanisation like SDL, LHDs, as a substitute to Hand section. Introduction of Continuous Miner is in advanced stage at V.K.-7 Mine and another 4 continuous miners are proposed to be introduced at different mines. Investment towards New Ocs, viz. Sattupalli, Khairagura, Mng. OC-III, Bpa. OC-II Extn. & RG. OC-I Life Extn. is being made which will contribute to the production from the year 2005-2006 onwards.

4.5 The Committee note that Coal India Ltd. has planned to invest Rs.10,975.11 crore during Tenth Plan for increasing the production of coal. The Committee further note that the progress of implementation of the various projects for development of coal resources has been far from satisfactory. The Committee regret to note that out of six ongoing projects costing Rs. 100 crore and above, the Jhanjhra Phase-I under Eastern Coalfields Ltd. is being foreclosed as the project has suffered from fund constraints, ageing of long wall and development equipment, etc. after incurring a huge expenditure. Another project, viz. Pootkee Ballihar under Bharat Coking Coal Ltd. has also not been able to achieve the desired level of production due to several constraints. Some other projects too, sanctioned as early as 1997 and 1998 could be completed only during 2004 after long gestation period. The Committee take a serious note of the fact that Jhanjhra Phase-I project under Eastern Coalfields Limited had to be foreclosed after making a huge expenditure of Rs.363.08 crore. The Committee are at a loss to understand as to how this project was conceived and taken up without having any techno-economic feasibility report. The Committee consider this a serious lapse on the part of the Ministry for its failure to exercise prudence in implementing the project. The Committee recommend that a Departmental Inquiry may be instituted to go into the details of case and fix responsibility for the lapses accordingly.

4.6 The Committee note with anguish that new projects at Neyveli Lignite Corporation (NLC) viz. Mine-II Expansion (4.5 MTPA) and Barsingsar Termal Power Station (250 MW) which were initiated during Ninth Plan were sanctioned during Tenth Plan and are expected to be completed in Eleventh Plan. The Committee are extremely unhappy that the projects which should have been completed in 4-5 years, would take more than a decade involving manifold cost escalation. They, therefore, feel that had these projects been completed in Ninth Plan itself, their benefits would have been reaped by now. The Committee are pained to find that most of the projects have the similar fate resulting in enormous loss to the national exchequer. The Committee are least convinced by the reasons advanced by the Ministry and feel that Ministry has grossly failed in its primary responsibility of balanced and judicious development of the coal resources of the country and meeting the requirement of the coal consuming sectors. The Committee, therefore, recommend the Ministry to set up a High Powered Committee with representatives of concerned agencies to oversee the entire gamut of project conception to their execution ensuring minimal cost and time overrun.

D. Coal Linkages

The Government of India has amended the Colliery Control Order, 1945 and the new Colliery Control Order, 2000 has been notified according to which the price and distribution of all grades of coal have been deregulated with effect from 1 January 2000.

5.2 Coal companies/Coal India Limited are allocating coking coal to steel plants for their requirement. For core sector, sale of coal is guided by linkages and allocations by the competent authorities.

5.3 For non-core sector consumers, with a view to reaching the benefit to decontrol of coal as per Colliery Order, 2000, Coal India Limited (Coal India Limited) has decided to authorize its subsidiary company to formulate their own system and procedure for sale of coal to this sector. The new policy of Coal India Limited is aimed at providing a simplified, transparent and customer-friendly system and procedure. In the new policy framework the system of linkage and sponsorship for the purpose of coal supply to non-core sector is being done away with. In the emerging new policy framework for coal sale to non-crore sector, stress is being on bilateral agreement between supplying subsidiary company and consumer for well defined commitment on the part of both the buyer and the seller.

5.4 On rampant black marketing of coal especially by the bogus industries which had been closed down or were not making any production but taking coal being a valid linked consumer, the Secretary, Ministry of Coal during oral evidence informed the Committee as follows:-

> "The other issue was about black marketing of coal, over which many Hon'ble Members have expressed concern. We are also equally concerned about black marketing. When we look at the issue of black marketing, we also need to look at the reasons for the kind of black marketing which takes place. Most of the Hon'ble Members are aware that we have a large number of bogus industries which have a linkage of coal, which do not use coal but which re-sell the coal. That precisely is the black marketing. This is the situation, it has not come up in recent times. It had been going on for decades. This is how the coal market has been going on for the last several years. It is to take care of this problem that the concept of e-auction has been introduced, to start with in some coal companies.

With the support of Hon'ble Members of Parliament, we would like to extend it to other coal companies also. The basic issue is if we have notify the price and sell the coal, if it is at a lower price than the coal which is available in the market, it is always an incentive for bogus people to take it and re-sell it. It is a fact that we have historically been giving coal linkage to a large number of people who were bogus people. These linkages were given at a point of time when the coal bricket making was promoted by Government as an industry. That industry has more or less gone obsolete now because we have a large number of LPG available in the country today. Therefore, a lot of domestic fuel has been replaced. So, many of these units are really defunct. To find out for ourselves, we had also issued an advertisement in newspapers that Coal India wanted to buy some coal brickets. There was no response to that advertisement. This shows that this industry is not really operating."

5.5 As regards the system of linkage to non-core sector consumers, the representative of Ministry of Coal during oral evidence stated as under:

"There was a huge demand of coal. Although coal was available at that time, the movement of coal itself was a problem. Some system of regulation was required. So, we started looking at the real requirement of the industry. So, whatever coal was being made available to certain industries at that stage was classified traditional and as lead units. Finally, the Ministry said that there should be certain norms for giving linkages to the industries so that rampant misuse does not take place and additional pressure is not put because wagons were also not enough.

* * * * * *

The system of granting linkage does not exist now. However, old linkages are being honoured. At one moment of time, in November 2001, we found that there are 7,000 odd industries at different levels and the system of weeding out started. As of now, we have only 2,000 linked consumers."

5.6 For selling the coal to non-linked medium and small consumers through a transparent method, Ministry of Coal started a pilot project of e-auction. About this system, the Secretary, Ministry of Coal informed the Committee as under:-

"It was started initially consequent to the orders of the Calcutta High Court. It gave an order that the distinction be made by the coal companies between linked consumers and non-linked consumers is an artificial distinction and, therefore, it was discriminatory. So, everybody who came to buy coal had to be given coal on 'first come first serve' basis. We went in appeal against that order. We said that the system of 'first come first serve' would not be very transparent and not a good operative system because this would promote mafia. We already have a lot of mafias in the coal sector and if we had a 'first come first serve' system, only those who had muscle power would be able to get coal and it would not be a transparent method of distribution of coal. Therefore, we suggested to the Supreme Court that we would go through a process of electronic auction by which consumers anywhere in the country had a choice of bidding through the internet from any distribution point. So, this would be a very transparent method of disposal of coal. It would satisfy the needs of all the bonafide consumers. There would be no incentive for people who were buying the coal to re-sell it because only coal companies which supply coal would determine the market prices."

"………………..we are starting this as a pilot scheme. We have asked IIM, Kolkata to monitor each auction and see also where the coal is going and in what manner coal is ultimately getting disposed of. Based on whatever feedback we get at IIM, Kolkata, we will continuously keep on making changes, if they are found necessary in terms of operation of the scheme. If we operate this scheme for three or four months, then we will be in a position to finally judge as to what has been the impact of this scheme and how should we move ahead in the direction of marketing of coal in future. My submission is that if we make coal available to every consumer direct through Coal India Ltd., through an auction in a transparent method, we will got rid of this problem of black-marketing to a large extent…………….."

5.7 The Committee observe that the existing system of linkage to non-core sector medium and small consumers has not been functioning satisfactorily. The Committee further note that the system of linkage was started in 1970 with a view to rationalize coal demand vis-à-vis availability. The other system, viz. Open Sales Schemes (OSS), started by Coal India Limited (CIL) to make coal freely available to small industries and other consumers who did not have linkages, also did not function well. The Committee find that more recently, the Coal India Limited has started a pilot project of e-auctioning to make the system more transparent. While the Committee appreciate the move by Coal India Limited for e-autioning of coal, they have doubts whether the small and seasonal consumers who do not have the knowledge and accessibility to internet would be benefitted. The Committee note with regret that the coal distribution to non-core sector consumers is completely in the hands of black-marketeers with the result, hundreds of genuine small consumers have been forced to close down their business due to non-availability of coal. The Committee recommend that the system of linkage to non-core sector and seasonal consumers needs to be reviewed thoroughly so as to facilitate the availability of coal to all consumers.

5.8 The Committee further recommend that the remaining 2,000 odd linked consumers should be inspected by physical verification by the Vigilance Department of coal companies for which the help of local Police and the Industry Department of the concerned State Government may be sought so that bogus industries/consumers could be weeded out and the genuine consumers do not find it difficult to get coal.

E. COAL & LIGNITE EXPLORATION

Regional and Promotion Exploration:

Exploration for coal is carried out in two stages. In the first stage, Geological Survey of India (GSI) undertakes Regional Exploration of large areas to find out the broad availability of coal seams, geological structure, reserves etc. on a continuous basis, confirming the prognosticated occurrence of coal. Ministry of Mines provides fund for it. In order to supplement the efforts of the GSI for Regional Exploration, services of Mineral Exploration Corporation (MECL), GSI and CMPDI are taken for carrying out Promotional (Regional) Exploration in various parts of the country. Ministry of Coal provides separate fund for this under the plan scheme, "Regional Exploration" for coal and lignite. The Sub-Committee on Energy Minerals (Group III of Central Geological Programming Board) with representatives of GSI, CMPDI, MECL, Singareni Collieries Company Limited (SCCL), Neyveli Lignite Corporation (NLC), CFRI etc., approves the programmes, coordinates and reviews the Regional Exploration work. CMPDI also acts as a nodal agency for disbursement of funds for promotional exploration besides carrying out technical supervision of the promotional work of MECL in the coal and lignite.

Detailed Exploration:

6.2 In the second stage, Detailed Exploration is carried out in potential areas of small size identified through Regional/Promotional Exploration, as per the requirements of coal companies. Such blocks are taken up for detailed drilling to bring the reserves into proved category and thus to reduce the uncertainties. The results of Detailed Exploration are incorporated in Geological reports that lead to Mine Feasibility Studies and formulation of Project Reports on mine planning. The reports are used for exploitation of coal reserves considering factors like emerging demand, its location and availability of infrastructure for coal evacuation and techno-economics of the mine development including coal quality.

6.3 The Detailed Exploration is funded by Coal Companies from their Capital Budget. Central Mine Planning and Design Institute Ltd. (CMPDI) directly and in a limited manner through State Government carries out detailed exploration in CIL command areas. CMPDI is also conducting Detailed Exploration in Non-CIL blocks within the CIL Command Area from the fund provided by Department of Coal. The Detailed Exploration in the command area of SCCL is carried out departmentally by SCCL itself.

6.4 When the Committee desired to know the reasons for variations in Budget Estimates (BEs) for the year 2004-05 at Revised Estimates (REs) stage and making provision for the year 2005-06 on higher side for regional exploration, the Ministry of Coal informed the Committee as under:-

a) "Promotional Exploration : The BE for 2004-2005 was proposed at Rs.57.60 crore (including 10% provision for NEC). RE for 2004-2005 has been proposed for Rs. 54.25 crores (including provisions for NEC). The RE for 2004-2005 has been reduced to Rs. 43.00 crore (excluding NEC) as the three new schemes, i.e. creation of integrated coal database, creation of integrated lignite data base and CBM studies could not be taken up in full swing due to late approval of the schemes during the year and utilization of unspent funds of the previous year. The BE for 2005-2006 has been proposed for Rs. 66.85 crore. The increase in BE in 2005-2006 is mainly on account of additional drilling proposed during the remaining period of X Plan at the time of mid-term appraisal utilizing the savings of the first 2 year of the X Plan.

b) **Detailed Exploration** : The BE for Detailed Exploration for 2004-2005 was proposed at Rs.14.25 crore (including 10% provision for NEC). The RE for2004-2005 was increased to Rs. 28.12 crore on account of additional drilling undertaken in 15 priority captive mining blocks during 2003-2004 and 2004-2005. The RE has been approved for Rs.22.0 crore (excluding NEC). The additional drilling of priority captive mining blocks has been completed in 2003-2004 and 2004-2005. Accordingly the BE for 2005-2006 has been reduced to Rs.18.81 crores as per the original programme."

6.5 Regarding perspective plan drawn to undertake regional, promotional and detailed drilling during Tenth Plan and beyond, the Ministry of Coal informed the Committee as under:-

"**Promotional Exploration** : A total of 6 lakh meter of drilling was originally envisaged to be taken up for Promotional Exploration for coal and lignite during X Plan. It was envisaged to take up the above drilling in 43 coal and 13 lignite areas. In addition 3 schemes for creation of integrated coal database, creation of integrated lignite data base and CBM studies is also proposed to be taken up as part of Promotional Exploration. The scheme was approved by EFC on 3.6.2003 at a total outlay of Rs. 275.80 crore.

During mid-term appraisal of the X Plan a total of 6.90 lakh metre of drilling has been proposed for taking up Regional/ Promotional Exploration in coal and lignite areas in addition to the other 3 schemes.

The perspective planning for Promotional Exploration of X Plan has not been drawn so far. However, some of the above blocks where exploratory drilling has been taken up are likely to continue beyond X Plan. Promotional Exploration is being undertaken by GSI, MEC and CMPDI.

Detailed Exploration : During X Plan a total of 2.13 lakh meters of exploratory drilling was proposed to be taken up for Detailed Exploration in Non-CIL blocks. In 2003-2004, and 2004-2005 addition 15 priority captive mining blocks were taken up for Detailed Exploration on the advice of MoC. Accordingly, revised cost estimate of Rs. 93.84 crore was submitted for taking up a total of 2.65 lakh metre of exploratory drilling.

During Mid Term appraisal of X Plan a total of 2.65 lakh metre of exploratory drilling has been envisaged. Perspective plan for Detailed Exploration in Non-CIL blocks beyond X Plan has not been drawn so far. Detailed exploration is being done mainly by CMPDI. During 2003-04 and 2004-05, MECL was also engaged in a limited way."

6.6 Ministry of Coal further informed the Committee that as per directive of EFC a total of 154 project proposals pertaining to Promotional Exploration for coal and lignite have been submitted for appraisal by the Committee. This includes exploratory drilling in 112 blocks (70 for coal and 42 for lignite). Other schemes are for supplementary studies, viz. remote sensing, geophysical surveys etc. as well as the additional new schemes.

6.7 Out of the 112 blocks proposed for Promotional Exploration, 23 blocks (13 coal and 10 lignite) were continuing from IX plan and 89 new blocks (57 coal and 32 lignite) have been taken up during X Plan. Out of the above exploratory, drilling in 54 blocks (33 coal and 21 lignite) is likely to be concluded by 2004-05.

6.8 The 23 blocks / areas where exploratory drilling was initiated during the end of IX plan could not be completed in the plan period. Exploration in these areas/blocks continued in X Plan.

6.9 Detailed Exploration in non-CIL blocks has been taken up / proposed to be taken up in 28 blocks (including 15 priority captive mining blocks). Exploration has already been completed in 14 blocks and the same is in progress in the remaining 12 blocks. Exploration in 2 blocks is yet to be taken up.

6.10 In IXth Plan, a total of 26 blocks were taken up for Detailed Exploration out of which exploration was concluded in 17 blocks. In the remaining 9 blocks, the exploration activities spilled over to the Xth Plan.

6.11 As a result of exploration carried out down to a depth of 1200 m. by the Geological Survey of India (GSI) and other agencies, a cumulative total of 247.85 billion tonne of Coal reserves have been estimated in the country as on 1 January 2005. The State-wise distribution of coal resources and its categorization are as follows:-

STATEWISE RESOURCES OF INDIAN COAL

State	Coal Resources in Million Tonnes			
	Proved	Indicated	Inferred	Total
Andhra Pradesh	8263	6079	2584	16926
Arunachal Pradesh	31	40	19	90
Assam	279	27	34	340
Bihar	0	0	160	160
Chhattisgarh	9373	26191	4411	39975
Jharkhand	35417	30439	6348	77204
Madhya Pradesh	7513	8815	2904	19232
Maharashtra	4653	2309	1620	8582
Meghalaya	117	41	301	459
Nagaland	4	1	15	20
Orissa	15161	30976	14847	60984
Uttar Pradesh	766	296	0	1062
West Bengal	11383	11876	4554	27813
Total	**92960**	**117090**	**37797**	**247847**

6.12 As regards addition of coal reserves during the Tenth Plan as a result of exploration and detailed drilling and the efforts made to upgrade the geological reserves to the proven category from the indicated category to bolster the inventory of coal reserves, the Ministry gave the following details:-

> "**Promotional Exploration :** A total of 3.3 Bt of coal resources and 1.47 Bt of lignite resources have so far been established during X Plan. This includes blocks

where drilling has been carried out in previous plans but resource estimation and documentation has been done in X Plan.

Detailed Exploration : A total of 1.85 Bt of coal resources have so far been estimated in X Plan (mostly in Proved category). This includes blocks where drillings have been carried out in IX Plan but resource estimation and documentation have been done in X Plan.

The Scheme for detailed exploration in non-CIL blocks was approved for Rs.70.66 crore for taking up exploratory drilling of 2.13 lakh metres during Xth Plan. Revised cost estimate for Rs.93.84 crore for taking up a total drilling of 2.65 lakh metre has been submitted. It is expected that a total of 5.39 Bt (including 1.85 Bt already established) will be established in Proved category during Xth Plan.

Additional areas have been identified and prioritized for taking up detailed exploration. The quantum of exploratory drilling and fund requirement have been assessed and communicated to Ministry of Coal for the additional work."

6.13 Detailed Exploration is conducted to bring the resources from 'Indicated' category to 'Proved' category. During Xth Plan, it is proposed to upgrade about 14 Bt of resources to 'Proved' category by conducting detailed exploratory drilling of about 11.93 lakh metre as envisaged in Sub-Group-II on Coal & Lignite Exploration for formulation of Xth Plan.

6.14 **The Committee note with satisfaction that proven coal reserves in the country are 92,960 million tonne as per the findings of the Geological Survey of India and other agencies. A big chunk of coal resources i.e. is about 47%, falls in the indicated category and about 15% is in inferred category out of cumulative total of 2,47,847 million tonne of coal resources estimated in the country as on 1 January 2005. The Committee note that the Ministry expect the coal reserves to last for next 350 years. In any case, the presently proved reserves will last for more than two centuries if the production continues at the present pace of nearly 400 million tonne per annum. The Committee feel that in two centuries the face of the earth will change beyond recognition and its energy** requirement would be altogether different from the present days which may not have any place for the coal as we use it today. The Committee, therefore, are of the view that we have to make best use of our coal reserves as early as possible so as to ensure a big jump for the country with the state of the art infrastructure and power sector. The Committee, therefore, stress that much higher level of efforts should be made for the exploration and increased production of the coal. The Committee, in this context feel that the budgetary provisions for Promotional and Detailed Exploration which were Rs.43 crore during 2004-2005 and increased to Rs.49.88 crore in 2005-2006 are grossly inadequate in the long-term interest of the country. The Committee, therefore, recommend that the budgetary provision for the exploration of coal and lignite should be increased further and GSI and other concerned agencies geared up to accelerate the pace of exploration so as to convert more and more inferred reserves into indicated category and indicated reserves into proved category.

6.15 The Committee are constrained to note that 23 blocks for Promotional Exploration which were taken up during the Ninth Plan had spilled over to Tenth Plan and still there is no sign of their completion. Similarly, detailed exploration in 9 blocks which were taken up during Ninth Plan also spilled over to Tenth Plan. The Committee express their anguish over the dilly-dallying manner in which the coal and lignite exploration is being carried out. The Committee strongly feel that in view of the low availability of superior grade of coal and depleting reserves in the existing mines, it becomes all the more essential to speed up the exploration efforts in proving superior grade coal resources.

F. CAPTIVE COAL MINING

Under the existing provisions of Coal Mines (Nationalisation) Act, 1973, coal blocks for captive mining are allocated to public/private companies engaged in manufacture of iron and steel, generation of power and production of cement. Allocation of captive mining blocks is decided by the Committee headed by Secretary in the Ministry of Coal. As on date, 143 captive mining blocks (136 under the jurisdiction of Coal India Ltd. and 7 under the jurisdiction of Singareni Collieries Company Ltd.) have been identified for allocation for captive use. 79 properties have been allocated to various public/private parties. Production has started in eight properties.

7.2 To ensure that mining in allocated coal blocks is taken up expeditiously, instructions have been issued to those companies which have been allocated coal blocks but have not yet purchased geological report, to purchase geological report from CMPDIL within six weeks failing which the coal blocks allocated to them could be considered for de-allocation. Some other measures in this direction are also under consideration. The Coal Controller has been designated to monitor the progress of allocated coal blocks. Review of progress will be taken up periodically and in case of unsatisfactory progress, the blocks will be re-allocated to more desirous and deserving applicants.

7.3 The Committee have been further informed that during the Tenth Plan so far, 58 coal blocks have been allocated for captive mining. In addition to this, 2 coal blocks which were allocated for captive mining during the Ninth Plan were allowed to be exploited as small and isolated pockets.

7.4 When asked about the status of the coal blocks allotted prior to Tenth Plan for captive mining in CIL and SCCL, the Ministry of Coal stated that 19 coal blocks have been allocated during the period prior to Tenth Plan. 6 companies have started production in 8 properties. These 6 companies are:-

(i) M/s. West Bengal State Electricity Board (replaced by M/s DPL) and M/s. West Bengal Power Development Corporation jointly through their joint venture company, namely M/s. Bengal Emta Mining Ltd., in coal blocks Tara (East) and Tara(West) in West Bengal.

(ii) M/s Jindal Steel and Power Ltd. in coal block Gare Palma IV/1 in Chhattisgarh.

(iii) M/s Calcutta Electricity Supply Corporation, through their joint venture company namely, Integrated Coal Mining Limited in coal block Saristolli in West Bengal.

(iv) M/s Indian Aluminium Co. Ltd. (INDALCO) in Talabira-I in Orissa.

(v) M/s Monnet Ispat Ltd. in coal block Gare-Palma IV/5 in Chhattisgarh.

(vi) M/s BLA Industries Ltd. in Gotitoria (East) and Gotitoria (West) coal blocks in Madhya Pradesh .

The remaining 11 blocks are at various stages of mine development".

7.5 Regarding obtaining various clearances for undertaking the actual coal mining in the captive coal block by the entrepreneurs, the Ministry of Coal informed the Committee that the allocatee company is responsible for obtaining various clearances and major causes of delay include:-

i) Delay in setting up of end-use projects;
ii) Time taken for obtaining various clearances for mining and land acquisition;
iii) Possible speculation by allocatees anticipating opening up of the sector for commercial mining;
iv) Other clearances from forestry angle, EMP clearances, clearance from DGMS, Pollution Control Board etc.

Wherever it is found that there has been delay in completing the steps due to some genuine reason, extension of time is granted to completed them as the intention of the Government is to help the parties to develop the block as also the associated captive plant expeditiously and in synchronization with each other."

7.6 Replying to the query of the Committee as to whether any companies have failed to undertake coal mining in the coal block allotted to them within the scheduled time and what action has been taken against such companies, the Ministry of Coal in a pre-evidence written reply stated as under:-

> "The Screening Committee not only allocates the blocks for various captive purposes but also reviews the progress made by parties to whom the blocks have already been allocated. Ministry of Coal keeps watch on the activities of allocatees of the coal block in regard to development of captive coal mine and installation of the end-use plant through the nationalized Coal Companies and Offices of the Coal Controller to ensure that the captive mining policy and conditions are fully complied with by the allocatees of the captive blocks and not violated. Wherever it is found that the party is not serious for development of the block, it decides cancellation of the block as well. Besides, review meetings, as and when warranted, are also taken by Secretary (Coal), who is also the Chairman of the Screening Committee and instructions, as deemed appropriate, are conveyed to the parties for expeditious development of the block.
>
> An exercise was carried out in those cases where entrepreneurs failed to undertake in the coal block allocated to them within the scheduled time. Appropriate notices issued to parties to explain the action taken by them so far for development of the coal mining block, as also the plants and utilities for which the block had been allocated. The coal blocks allotted to M/s. Kalinga Power Corporation Ltd. (Utkal-A block), M/s. Talcher Mining Pvt. Ltd. (Utkal-B1 block) and M/s. Lloyd Metals and Engineers Ltd. (Takli-Jena-Belora North block) have been de-allocated on the basis of the decision of the Screening Committee.
>
> Monitoring by the Coal Controller has been mandated to check the progress in the allocated captive coal mining block and the associated end-use project on 6-monthly basis in detail. A report is to be submitted to Ministry of Coal every six months. Cases where unsatisfactory progress is reported would be taken up for de-allocation of block/cancellation of mining lease, as the case may be.
>
> A time schedule for various steps to be taken in case of underground and opencast mines has also been prepared as a bench-mark against which the progress of the captive coal mining blocks would be assessed.
>
> Recently notices have been issued to them who have not purchased the Geological Report to do so within 6 weeks or face liability of cancellation."

7.7 On the same point of not undertaking any mining activity by the allocatee of a captive coal block for years together, the Secretary, Ministry of Coal during oral evidence informed the Committee as under:-

> "About mining activity to be started in the captive coal blocks, earlier when we allotted these coal blocks, there was no specific condition put. There was no such

specific condition as to in what time they will start mining coal and in case they do not do mining, then what is it that can be done to those blocks. In the blocks where for five years, no activity has been started, we had given them show cause notices and asked them to show cause as to why coal block allocation should not be cancelled. But now whatever blocks which are being allotted by us, we are putting a condition of taking a bank guarantee from all these people and then when they come for mining block approval, we put a specific time frame which is for coal mining to start. In case mining does not start within that time, they will have to pay that kind of penalty through the bank guarantee that we are taking. We hope that by these measures, we will be in a position to see that in future coal mining blocks start operating as quickly as possible."

7.8 When enquired about the need to amend the rules to have more powers at the hands of the Government and Coal Company to stop mining of coal in the case of violations of the Terms and Conditions of captive coal mining and end use of coal, the Ministry of Coal informed the Committee that :

> "Better coordination with the State Governments and their cooperation, such undesirable occurrences can be checked.
>
> This is an odd case of aberration and Government does not expect recurrence of similar cases. In a federal set-up Central Government can not take up responsibilities that clearly fall in the domain of State Government, based on isolated instances of aberration."

7.9 The Committee note that under the existing provisions of Coal Mines (Nationalisation) Act, 1973, the coal blocks for captive mining are allocated to public/private companies engaged in manufacture of iron and steel, production of cement and generation of power. As on date, 143 captive mining blocks have been identified for captive mining. The Committee are constrained to note that some of the captive coal blocks allotted during the Ninth Plan have not been materialized as yet. Out of total 79 coal blocks allocated so far, only 6 companies have started mining in 8 properties. The Committee are unhappy to observe that considerable time is being taken by the coal block allotted in starting mining. The Committee strongly feel that the monitoring of captive coal mining in the Ministry lacks strict vigilance and enforcement. The

Committee, therefore, recommend that the system of captive coal mining may be thoroughly reviewed and remedial measures taken. The Committee desire that further allotment of captive coal blocks should be put on hold and new allotments considered only after the system is fine-tunned and existing allotments are reviewed.

7.10 The Committee further note that the main reasons furnished by the Ministry for delay in undertaking mining are various clearances from different authorities. The Committee, therefore, recommend that the Ministry of Coal should play its role of a facilitator in obtaining various clearances required for undertaking captive coal mining for which a nodal officer may be designated in the Ministry.

7.11 The Committee also note that a show cause notice is issued in case no mining activity has been carried out in five years. The Committee feel that this period is too long for issuing show cause notice. By implication, the allottees of captive coal blocks are allowed five years period for completing pre-mining formalities and undertaking actual mining in captive coal block. The Committee, therefore, recommend that a time-frame may be prescribed for completion of various formalities before undertaking mining activity in the captive coal blocks.

7.12 The Committee also desire that coal produced by the captive coal block users in excess of their captive requirement should be given to the coal companies and a provision to this effect may be made in respective rules and also incorporated in the guidelines framed for allotment of captive mines.

G. CONSERVATION AND DEVELOPMENT OF INFRASTRUCTURE

In a country like India with scarce energy resources and an ascending curve of economic growth, conservation of a non-renewable source of energy like coal constituting 0.8% of global reserve has been of paramount significance. Coal Board established in 1952 principally for promoting such efforts was dissolved after nationalization of coal mines. A new Act called Coal Mines (Conservation & Development) Act, (CCDA), 1974 came into being. Subsequently, Coal Mines (Conservation & Development) Rule, 1975 also came into force.

Objective:

8.2 The principal objectives of the Act seem to be providing some subsidy for carrying out stowing of voids in underground mines and various protective measures – all aimed towards conservation of coal. Additionally, the Act also seeks to offer some assistance towards development of coal mines in the areas like roads and railway infrastructure, application of new technologies, research and development activities connected with conservation and utilization of coal, dealing with control of fire and subsidence in Jharia and Raniganj coalfields under a Master Plan.

Mode of Assistance:

Assistance is given principally through the following stages:

- Collection of the excise duty.
- Disbursement of the funds created towards actual claims.

8.3 Under Section 6 of the Act, excise duty (commonly termed as Stowing Excise Duty or S.E.D) is levied on all coal despatched at rates, not exceeding Rs.10 per tonne, as may be fixed from time to time by notification. Current rate of such excise duty is Rs.10.00 per tonne of coal both for coking and non-coking. SEDs are realized from the consumers along with the coal sale bills raised by the coal companies. Within 90 days from the closure of the month during which despatches are made, the payment of excise duty needs to be made, followed by a statutory return within 30 days of such payment, to the Coal Controller. Final assessment is done by the Coal Controller after taking into consideration all relevant documents and accordingly short/excess payment is adjusted.

8.4 In each financial year, SED so collected is disbursed by the Central Government to different coal companies for undertaking stowing, protective works and infrastructure development jobs. For the purpose of determining the procedure for the disbursement of the SED proceeds, the Central Government constituted an Advisory Committee called, "Coal Conservation and Development Advisory Committee" to advise the Government regarding the formulation and implementation of a national policy in relation to the conservation, development and scientific utilization of coal reserves of the country apart from recommending class and grade of coal, rates of SED, disbursement of SED proceeds to different coal companies, etc.

8.5 The present constitution of the Coal Conservation and Development Advisory Committee (Rule 10) is as under:

> (1) Advisor (Projects) Ministry of Coal-Chairman. (2) JS & FA, Ministry of Coal. (3) Director (Tech), Ministry of Coal. (4) Chairman, Coal India Ltd. (5) CMD, Bharat Coking Coal Ltd. (6) CMD, Singareni Colliery Company Ltd. (7) CMD, Central Mine Planning & Design Institute Ltd. (8) Director-General, Mines Safety. (9) Director, Central Fuel Research Institute. (10) Director, Central Mining Research Institute. (11) Coal Controller -Member Secretary.

8.6 Coal companies submit applications showing claims on different schemes of stowing, protective works & infrastructure development (roads and railways) projects for assistance under CCDA fund. While schemes under stowing and protective works aim at conservation of coal coupled with safety of underground mines, schemes under rail and road development are related to the development of the coalfields.

8.7 Multi-level examination of the respective claims submitted is carried out at mine/area/headquarters level of CIL and Non-CIL companies before these are submitted to the office of the Coal Controller. The claims are further scrutinized at Coal Controller's Organisation (CCO) and CCDA Sub-Committee. On the basis of recommendation of CCDA Sub-Committee, CCDA Committee examines all the proposals and recommends with necessary modifications if any, for assistance to the Ministry of Coal for releasing the fund.

Trend of Assistance:

8.8 The trend of monetary assistance under different heads during the past three years is as under against SED collected:

(Rs. in crore)

SED Collection & Disbursement	2001-02	2002-03	2003-04	2004-05
SED Collected	113.50	117.00	230.34	328.75**
SED Disbursement	113.82	86.01	113.79	149.09*

* Against RE 2004-2005 of Rs. 159.12 crore of which Rs. 10.03 crore is yet to be released.
** Upto February 2005.

8.9 It may be seen from above that from 2002-2003 onwards, disbursement of assistance is much below the fund collected due to cut in Budget allocation. In case of sand stowing, about 6 million tonne of coal is annually produced in the country by stowing using about 8 million cum of sand. The estimated total claim of such stowing is about Rs.140.00 crore in a year on the basis of current rate of normative cost for sand stowing. However, total disbursement from CCDA fund is limited to only 60% of claims for sand stowing, i.e. about Rs 54.00 crore. Additionally, two Ropeways on the surface catering to the need of sand transportation for stowing gets about Rs.10.00 crore which is also 60% of the total claims amounting to about Rs.16.00 crore in a year.

8.10 In respect of protective works aimed towards conservation of coal, viz. blanketing at surface to prevent heating/fire, sealing and filling of the abandoned pit mouth, surface subsidence crack filling, sand stowing for stabilization of surface, against an annual claim of Rs.8.00 crore, 75% of the claim, i.e. about Rs.6 crore is reimbursed from CCDA Fund.

8.11 Fund is also utilized for infrastructure development, involving rail and road projects in coalfield areas. Currently, about 50% of the cost of approved road projects is reimbursed out of the CCDA Fund. One major rail project, viz. Tori-Shivpur-Hazaribagh

Railway line (CCL) has already been taken up. Apart from these, other Railway Projects like KBJ line at Krishnashila (NCL), etc. have also been taken up.

Development of Infrastructure

8.12 When asked about the fund allocation and utilization of Coal India Limited (CIL), Singareni Colliery Company Limited (SCCL) and Neyveli Lignite Corporation (NLC) during the first three years of Tenth Plan for development of infrastructure like road and rail, the Ministry of Coal stated as follows:-

> "The fund allocation and its utilization by CIL & SCCL during the first three years of Tenth Plan (2002-2003, 2003-2004 & 2004-2005) for development of infrastructure like road and rail are tabulated below in which the proposed demand during 2005-2006 is also mentioned (Budgetary allocation for the development of infrastructure during 2005-2006 is yet to be allocated)

Road/Rail Infrastructure Development

(Rs. in crore)

Financial year	2002-03 RE	2003-04 BE/RE	2004-05 RE	Proposed 2005-06	2005-06 BE
Fund allocated Overall	19.96	50.94	59.09	100.00	0.01 *
Fund utilization:- CIL SCCL Others Overall	 17.34 2.11 0.51 19.96	 49.05 0.39 1.50 50.94	 56.31 1.99 0.79 59.09		

*In the pre-Budget discussion for BE 2005-06 Ministry of Finance decided that funds to this schemes be discontinued from non-plan and Planning Commission may provide funds under plan scheme. However, despite pursuing with Planning Commission by Ministry of Coal the former did not agree to provide funds for this Scheme under Plan Scheme. As a result , Ministry of Finance has provided Rs. 1 lakh as token grant for this scheme so that Supplementary Grant could be sought in 2005-2006. From the above it may be seen that entire amount of the allocated fund has been gainfully utilized."

8.13 Regarding corrective steps taken to ensure that the physical and financial targets are achieved during the remaining years of the Tenth Plan, the Ministry has stated that it is the principal responsibility of a Coal Company to develop the roads and railways in coal mine areas, which serve the purpose of evacuation of coal from the mines and also transporting men, material and equipment. Fund requirement for only some of these projects is met from assistance under CCDA. Generally the assistance under CCDA for roads is given as reimbursement of actual expenditure in which case the release of fund is matched with the physical progress. For few other Road Projects, periodic review is undertaken to ensure that physical progress matches with the fund allocated. In case of persistent shortfall in achievement, fund will be diverted to other Road Projects for proper utilization of the fund. Rail Projects, which take the major share of fund allocated under this head, are generally undertaken by the railways. Regular follow up will be made so that the physical progress in project implementation improves to match the fund allocated to the Rail Projects.

8.14 The anticipated demand during the next two years of Tenth Five-Year Plan under road/rail infrastructure development head is as under:

(Rs. in crore)

Year	2005-06	2006-07
Anticipated demand	100.00	150.00

8.15 As regards the problems and bottlenecks that are faced by the coal companies in completing the projects relating to conservation and development of infrastructure and the suggestions to overcome these bottlenecks, the Ministry of Coal informed the Committee as under:

> "From the CCDA related fund, generally reimbursement is made against claims made by the coal companies towards actual expenditure already made under Rail and Road Development Projects. In such Projects, quantum of fund is limited generally to 50% of the total cost. As the assistance under CCDA related fund is only 50% of the total cost, some coal companies specially the sick coal companies find it difficult to spend the 50% amount from their own resources. Further when the job is undertaken by other organisations like State PWD, CPWD, BRO, R&B etc., delay occurs sometimes on the part of these executing agencies on which the coal companies may not have direct control. Coal companies need to monitor and pursue vigorously all such projects which are being undertaken by other executing agencies as mentioned above.

Due to depletion of sand in river basins and irregular availability of sufficient quantity of sand, coal companies are facing difficulties in extraction of coal by sand stowing affecting the conservation of coal".

Sand Stowing and Protective Works

8.16 Sand stowing is filling up of the voids created due to exploitation of coal seams below ground by sand. It is necessary in certain specific situations in underground mines, e.g. after depillaring/extraction of coal according to the method of work adopted, for working of thick seams, for working below fire/water bodies, etc. commensurate with the approval of DGMS. Sand gathering plants set up on river banks consist of sand pumps for collecting sand from the river bed and delivering to the sand bunker or sand stockyard after separation of water from the sand–water mixture. From the bunker, sand is mixed with water in suitable ratio and the mixture is transported down the mine through pipe ranges (generally of cast iron) to the working place. At the working place, voids created due to extraction of coal are isolated by sand barricades and sand-water mixture is directed inside the void through face pipes. The water thus put additionally is pumped out to the surface again.

8.17 When the Committee desired to know the fund allocation during 2002-2003 onwards for utilization in Coal India Limited (CIL) and Singareni Colliery Company Limited (SCCL) for sand stowing and protective works and actual spending, the Ministry of Coal informed the Committee as under:

"The fund allocation and its utilization by CIL & SCCL during the first three years of Tenth Plan (2002-2003, 2003-2004 & 2004-2005) for sand stowing and protective works are tabulated below in which the proposed demand during 2005-2006 is also mentioned (budgetary allocation for the development of infrastructure during 2005-2006 is yet to be allocated by Government.

Sand Stowing and Protective Works

(Rs. in crore)

Financial year	2002-2003 RE	2003-2004 BE/RE	2004-2005 RE	2005-2006 (Proposed)	2005-2006 BE
1	2	3	4	5	6
Fund allocated overall	66.05	64.00	100.03	130.00	0.01 $
Fund utilization:					

CIL	47.80	45.76	62.52		
SCCL	11.86	11.24	16.02		
Others	6.39	7.00	11.46		
Overall	66.05	64.00	90.00*		

* Rs.10.03 crore is yet to be released.

$ In the pre budget discussion for BE 2005-2006 Ministry of Finance decided that funds to this schemes be discontinued from non-plan and Planning Commission may provide funds under plan scheme. However, despite pursuing with Planning Commission by Ministry of Coal the former did not accept to provide funds for this Scheme under Plan Scheme. As a result , Ministry of Finance has provided Rs.1 lakh as token grant for this scheme so that Supplementary Grant could be sought in 2005-2006.

8.18 As regards physical targets and achievements during the first three years of the Tenth Plan, the Ministry of Coal furnished the following details:

Protective Works

(Figures in Rs.)

YEAR	Name of Coal Co.	Target Amount	Achievement Amount	Achievement (%) 100* (4/3)
2002-2003	CIL	99,858,371	38,668,751	38.72
2003-2004	CIL	51,064,808	20,398,893	39.95
	SCCL	11,814,600	4,178,823	35.37
2004-2005	CIL	50,503,617	11,601,478	22.97
	SCCL	6,471,908	3,292,923	50.88

Note for 2004-2005: The target figure corresponds to 50% of amount in the entire year whereas achievement amount refers to actual work done during April 2004 to Sept.2004.

Target-based proposal submitted by coal companies and achievement is the actual work done.

General reasons of low level of achievement:

(1) Unforeseen mining hazards during actual implementation of protective work scheme.

(2) Delay in finalisation of contract for protective work due to various reasons.

(3) Financial constraint faced by coal companies in making investment.

Initially 100% expenditure is to be incurred by the coal company and after job is done partial (75% for PW) reimbursement is made to company.

SAND STOWING

YEAR	Name of Coal Co.	Target Quantity(m3)	Achievement Quantity(m3)	Achievement (%) 100*(4)/(3)
1	2	3	4	5

2002-2003	TOTAL CIL SCCL	6,549,721 1,654,585	5,385,192 1,373,523	82.22 83.01
2003-2004	TOTAL CIL SCCL	7,638,234 2,919,667	5,718,161 1,484,911	74.86 50.86
2004-2005	TOTAL CIL SCCL	4,238,673 1,086,465	2,794,088 754,120	65.92 69.41

Note for 2004-2005: The target figure corresponds to 50% of amount in the entire year whereas achievement amount refers to actual work done during April 2004 to Sept.2004.

Target based proposal submitted by coal companies and achievement is the actual work done.

General reasons of low achievement.

a. Delay in obtaining statutory permission for depillaring from DGMS.
b. Irregular availability of sand.
c. Delay in finalisation of contract for sand due to various reason.

CCDA assistance towards sand stowing expenditure is meant for actual sand stowed in proportion to actual coal raised through depillaring leading to cent per cent utilization of assistance reimbursed.

8.19 During the course of evidence, it has been brought to the notice of the Committee that roads in "Deepika" project under Southern Eastern Coalfields Limited (SECL) areas are not being maintained properly and lack availability of power resulting in day to day accidents. Similarly, in Bharat Coking Coal Limited (BCCL), there is an acute shortage of drinking water putting the people of the areas to great hardship. In the area of Neyveli Lignite Corporation (NLC) also, no infrastructure facilities have been provided for the workers. The hospital in the area needs upgradation and modern equipments.

8.20 The Committee note that it is the principal responsibility of a coal company to develop the roads and railways in coal mine areas which are extensively used for evacuation of coal from the mines and also transporting men, materials and equipments. For undertaking the above works, coal companies had allocated Rs.19.96 crore during 2002-2003, Rs.50.94 crore during 2003-2004 and Rs.59.09 crore during 2004-2005 which were fully utilized. The Committee note that with the availability of meagre funds, the required development in coal bearing areas has not taken place causing hardship to workers and inhabitants in general. The Committee, therefore, recommend that Ministry of Coal should make adequate fund allocation so that the development/construction and maintenance of roads and railways are undertaken and completed by the coal companies in a time-frame.

8.21 The Committee further note that the coal companies are also required to undertake community development works, viz. development/construction of bridges, schools, colleges, hospitals, community centres and other peripheral works. The Committee have been informed that the Neyveli Lignite Corporation (NLC) has not been taking up community development works in its right earnest resulting in poor condition of roads, schools, hospitals, drinking water and other infrastructure facilities. The Committee, therefore, desire that NLC should give top priority to the community development works for which sufficient funds be allocated and released during the year 2005-06.

8.22 The Committee observe that there is acute shortage of drinking water in BCCL and SECL areas thus making the life of the people of the area quite miserable. The basic infrastructure facilities are also non- existent in peripheral areas in most of the coal companies especially in BCCL and SECL. The Committee desire the Ministry to provide the basic infrastructure facilities, viz. roads, power, schools, drinking water and state-of-the-art hospitals in the coal-bearing areas where subsidiaries of Coal India Limited are operating.

8.23 The Committee also note that Coal Conservation and Development Advisory Committee (CCDA) is entrusted with the conservation efforts of coal companies by undertaking stowing operation for safety in coal mines and protective works. The Committee note that in spite of liberal financial assistance being provided for sand stowing and protective works in coalfields areas, much remains to be done. The Committee are surprised to note that less than 40% funds allocated for the protective works during the first three years of the Tenth Plan have been utilized by the coal companies. The Committee recommend that the funds earmarked for sand stowing and protective works be released and utilized in full. The Committee further recommend that the Government should ensure that all the schemes approved by CCDA Committee are completed in a time bound programme.

H. RESETTLEMENT AND REHABILITATION (R&R)

Mechanism for resolution of resettlement and rehabilitation is guided by the R&R Policy of Coal India Limited/concerned State Government. When the land is acquired for mining projects the affected families are surveyed. Survey includes land holding, type of houses, income from land, family members, etc. Once the survey is completed, valuation of land is done as per applicable rate of State Government. Valuation of house is also done. The compensation of land and house as per valuation is paid to the affected person.

Besides the compensation, depending upon the clauses of the R&R Policy, the person is entitled for the specific additional benefit packages.

9.2 During the course of oral evidence, it was pointed out to the Committee that neither the compensation has been paid to the land oustees nor were they given employment by CIL subsidiaries, especially by South Eastern Coalfields Ltd. even after a lapse of more than 12 years. Similarly, in Neyveli Lignite Corporation, no employment has been given to the land losers for the last two-three decades.

9.3 It was also pointed out that only 40% of compensation has been paid by Neyveli Lignite Corporation to the affected persons so far. This issue between the land losers and the management of coal company has not been sorted out for a long time. The problem of land oustees in Coal India Ltd. and other coal companies has not been given top priority.

9.4 **The Committee are constrained to note that the burning problem of Rehabilitation and Resettlement (R&R) in Coal India Ltd. and other coal companies has remained unresolved for a long time. It has been brought to the notice of the Committee that adequate compensation has not been paid to the losers of the land by Coal India Ltd. and other coal companies. The Committee desire that a Company-wise programme may be chalked out for solving the R&R problems on a top priority basis. The Committee further desire that adequate funds should be made available for accomplishing the R&R programmes. The Committee also desire that the subsidiaries of Coal India Limited and other coal companies should clear all the backlog of compensation cases immediately and evolve a uniform criteria for payment of compensation in future.**

I. RESEARCH & DEVELOPMENT (R&D)

The R&D activities in Coal sector are administered through an apex body; namely Standing Scientific Research Committee (SSRC) with Secretary (Coal) as its Chairman. The other members of this apex body include Chairman of CIL, CMDs of CMPDIL, SCCL and NLC, Directors of concerned CSIR laboratories, representatives of Department of S&T, Planning Commission and educational institutions, amongst others. The main functions of SSRC are to plan, programme, budget and oversee the implementation of research projects and seek application of the findings of the R&D work done. For in-house R&D work of CIL, and R&D Board headed by Chairman, CIL is also functioning.

10.2 The SSRC is being assisted by four Standing Sub-Committees, each dealing with one of the four relevant major areas of research, viz. (i) Production, Productivity & Safety, (ii) Coal Beneficiation, (iii) Coal Utilisation and, (iv) Environment & Ecology.

10.3 CMPDIL acts as the Nodal Agency for co-ordination of research activities in the coal sector, which involves identification of Thrust Areas for research activities, identification of agencies which can take up the research work in the identified fields, processing the proposals for Government approval, monitoring the progress of implementation of the projects, preparation of budget estimates, disbursement of funds etc.

10.4 The Committee have found that the budgetary allocations made during the previous years for the R&D activities were revised at the Revised Estimates (RE) stage but the revised budgets too could not be expended by the coal companies. When enquired about the variation and the actual utilization of Revised Estimates (REs), the Ministry of Coal furnished the following information:-

(Rs. in crore)

Year	B.E	R.E	Actuals	Reasons for variation
2002-2003	7.55	9.50	7.00	Less utilisation was due to slow progress of some ongoing projects.
2003-2004	22.48	10.04	6.75	Variation was due to delay in procurement of imported equipment, delay in construction activities, scrapping of one project and release of

				funds to 60 ongoing projects on actual physical-progress basis.
2004-2005	9.88	12.43	9.88	Higher provision of Rs.2.55 crore at RE stage has been made due to excess provision for coal bed methane project and recently sanctioned project. The amount of Rs.2.55 crore has not been utilised due to non-receipt of approval of re-appropriation proposal from Ministry of Finance till date.

10.5 When asked about the projects sanctioned during the Ninth and Tenth Plans and their status, the Ministry furnished the details as under:

Plan	Projects sanctioned	Projects completed	Projects terminated	Projects on-going
IXth	56	30	5	21
Xth	36	Nil	Nil	36

10.6 The reasons for the termination of the projects of Ninth Plan, as furnished by the Ministry of Coal are as under:

(i) Optimal extraction of coal locked in pillars underneath aquifers and fragile ecology, CMRI (MT/104). CMRI predicted that subsidence would be around 60 cm with “Narrow Panel Method” of mining. SECL opined that a subsidence of 50-60cm would disrupt the aquifer creating unwarranted pumping load and the objective of the project itself would not be fulfilled and hence the project was terminated.

(ii) Application of improved bolting technology in mechanized workings using indigenously developed equipment and bolting materials, NIRM (MT/106). The roof bolting machine developed by NIRM could not function as expected. New drilling machine also could not be procured as the manufacturers discontinued the production of drilling machines and hence the project was terminated.

(iii) Hydro-pneumatic stowing simultaneously through two boreholes, ECL /RI-I, CMPDI/IIT (K) - MT/121. It was found that it is not possible to increase the rate of stowing through the use of two mother bore holes simultaneously as various technical problems encountered during the trial and hence it was terminated.

(iv) Developing a suitable floor treatment method to work over floor with semi-mechanized B&P system, CMPDI/WCL (MT/119) Makardhokra UG mine, WCL was selected for the trial but could not be availed as the mine was converted into an opencast mine, hence the project was terminated.

(v) Installation of washery for beneficiation of LVC coal for steel plants use through installation of a 1 MT per annum demonstration plant at Golukdih Area, BCCL/CFRI (CP/33)

SSRC decided to terminate the project as the technology was now available."

10.7 When asked as to whether there is any Research and Development (R&D) project on the recovery of Coal Bed Methane (CBM) for its commercial utilization, the Ministry of Coal informed the Committee as under:

> "A demonstration project on CBM recovery and utilization is being implemented since Sept., 1999 jointly by CMPDI and BCCL in Jharia Coalfield of BCCL. Under this project it is intended not only to bring state-of-the art methodology for resource assessment and recovery techniques but also to demonstrate utilization of the exploited methane.
>
> The project is funded by UNDP/GEF, Ministry of Coal and ONGC. Originally, the cost of the project was Rs.76.85 crore. However, RCE of Rs.92.42 crore with extension of project duration up to Oct, 2006 has been considered in EFC and approved in its meeting held on 1st Nov. 2004.
>
> The project is under progress. Out of the 22 packages, 14 packages have been received at site and erection has started. Out of remaining 8 packages, 4 packages have been ordered and 4 packages are under ordering".

10.8 **The Committee are dismayed to note that over the years, the utilization of funds for Research and Development (R&D) activities have been dismal. In the year 2003-2004, the allocation was Rs. 22.48 crore, later revised to 10.04 crore at RE stage but the actual utilization was Rs.6.57 crore. Similarly during 2004-2005, Rs.9.88 crore were allocated which were increased to Rs.12.43 crore but the utilization was barely Rs.9.88 crore. The Committee note that for the year 2005-2006, an amount of Rs. 20.08 crore has been allocated for R&D. The Committee are extremely concerned that the R&D activities have been neglected by the Ministry thereby retarding the progress of the coal** industry and feel that the reasons given by the Ministry for lower allocation and even lesser utilization are not convincing. The Committee stress that R&D are investment for future in order to realize the potential and harnessing the coal resources of the country. The Committee, therefore, desire that the sufficient funds should be allocated for R&D activities and corrective measures be taken to ensure their full utilization.

10.9 The Committee note that 56 Research and Development (R&D) projects were sanctioned during the Ninth Plan but only 30 projects could be completed, 5 were terminated and 2 spilled over to the Tenth Plan. During the Tenth Plan, 36 projects have been sanctioned so far but none of them could be completed as yet. The Committee are surprised to note the erratic time schedule for completion of R&D projects which exhibit lack of seriousness and urgency on the part of the Ministry. The Committee have serious apprehensions that in case the Ministry does not gear up, the R&D projects sanctioned during the Tenth Plan may spill over to the Eleventh Plan resulting in avoidable cost and time overrun. The Committee, therefore, recommend that the causes for the tardy progress of the on going R&D coal projects are ascertained and corrective steps taken thereon to facilitate timely completion of the projects. The Committee also desire that there should be a mechanism in the Ministry to review the progress of such projects periodically on a regular basis.

New Delhi; ANANTH KUMAR
20 April, 2005 Chairman,
30 Chaitra, 1927 (Saka) 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.	21.4	The Committee note that the Annual Plan outlay of the Ministry of Coal for the year 2005-2006 has been kept at Rs.4001.40 crore as compared to Budget Estimate of Rs.3,339.02 crore and Revised Estimate of Rs.2629.35 crore in 2004-2005. The Committee further note that the outlays of Coal India Ltd. (CIL), Singareni Collieries Company Ltd. (SCCL) and Neyveli Lignite Corporation Ltd. (NLC) were drastically downsized at the RE stage during 2004-2005. The Committee are dismayed that the actual utilization of funds has been much less than the outlay approved at RE stage. The Committee are pained to find the same reasons advanced by Ministry year after year for low utilization, viz. delay in approval of new projects, delay in acquisition of both forest and non-forest land, delay in rehabilitation of villages, delay in procurement of equipments and many projects being operated with outsourcing.
2.	2.15	The Committee are surprised to note the reply of the Ministry that it was very difficult to ensure full utilization of budget allocations because many activities on which fund utilization depends were beyond the control of coal PSUs. The Committee need not emphasise that the Ministry ought not shun its responsibilities but take steps, viz. simplification of procedure for project approval, secure support from the State Governments in matters of land acquisition, the rehabilitation of villages and removal of impediments in the process of procurement of equipments that would help increase utilization of funds. The Committee have serious reservations about the passive role played by the Ministry in not overcoming these problems faced by coal PSUs eventually leading to under-utilization of the funds.
3.	2.16	The Committee, therefore, opine that the budget-making mechanism in the Ministry lacks vision and optimism. The under-utilization of funds by the coal companies cannot be considered prudent at a time when investment is of

		paramount importance in view of the need to accelerate the coal production. The Committee expect the Ministry to introspect and take concrete measures in view of the financial implications and losses being suffered on account of less investment/under-utilization and consequent lower production of coal.
4.	2.17	The Committee, therefore, recommend that the Ministry of Coal should revamp and strengthen its Budget Division and ensure preparation of realistic budgetary proposals. The Committee are extremely concerned about the under-utilization of funds year after year and, therefore, recommend that a High Level Monitoring Committee may be set up to review the monthly progress of the utilization of funds and to take corrective measures.
5.	2.18	The Committee are constrained to note the decreasing targets in the Internal and Extra Budgetary Resources (IEBR) of all the coal companies during the first three years of the Tenth Plan. The IEBR generation by most of the coal companies has been abysmally low and discouraging during 2002-2003. The IEBR has, however, registered improvement during 2004-2005. The Committee further note that utilization of IEBR component by most of the coal companies has been quite dismal. The utilization of IEBR signifies the progressiveness of any company for its growth and sustainability. The Committee express serious concern over the negligible utilization of IEBR by coal companies and recommend that coal companies which have failed to utilize their IEBR judiciously should be taken to task to ensure that not only the IEBR targets are set higher and achieved but their utilization is planned and executed with precision.
6.	3.23	The Committee note with serious concern the yawning gap in demand and production of coal in the country which was 24.75 m.t. in the beginning of the Tenth Plan, i.e. 2002-2003 and is likely to reach the alarming proportion of 51.68 m.t. in 2006-2007. The Committee note that the production of coal during the same period will increase from 341.23 m.t. to 421.50 m.t. whereas the demand will grow at much higher pace from 365.98 m.t. to 473.18 m.t. The Committee further note that to bridge the gap between the demand and supply, the import of coal has been the only alternative due to not much

		increase in indigenous production. It was in this context that custom duty on import of coal was drastically reduced. However, with substantial increase in international prices, there is huge pressure for supply of indigenous coal which may eventually result in increased malpractices. The Committee are pained to point out that the country which has one of the largest coal reserves in the world, has been brought to a situation where it is required to spend precious foreign exchange on avoidable imports primarily due to faulty planning and extremely reprehensible execution of the projects. The Committee strongly feel that boosting of coal production through technological upgradation of coal mines should have been the main thrust of successive plans. However, the Committee are constrained to note that neither any significant measures were taken nor any concrete action plan was prepared in this direction. The Committee apprehend that if no sincere efforts are made, this gap in demand and supply is likely to widen further. The Committee, therefore, recommend that the Ministry should activate its machinery and prepare a contingency plan. The Committee desire that the Ministry should review the progress of all the on-going projects on monthly basis and compress the period of their completion to the extent possible.
7.	3.24	The Committee note that the ratio of coal production between underground and opencast coal mines is not very ideal. A huge number of underground mines (305 underground mines) at present, produce about 30% of coal as against 70% produced by opencast mines. The Committee further note that an investment of Rs.679.37 crore will be required for the mechanization and modernization of underground mines out of which Rs.455.12 crore are likely to be spent in the Tenth Plan period and the rest in Eleventh Plan. With the proposed mechanization, it is expected that there will be an over-all improvement and the production from underground mines of Coal India Limited (CIL) will increase by about 4.5 million tonne per annum. The Committee are of the opinion that the country has huge untapped potential for underground mining with extractable reserves upto the depth of 600 metre. Presently, the mining is being done predominantly by opencast method but the reserves available in opencast are fast depleting. The Committee feel that mechanization and modernization of underground

		mining have become imperative in view of their huge potential to boost the production of coal to bridge the gap between demand and supply to a large extent. The Committee, therefore, recommend that the Ministry of Coal should not only earmark more funds for underground mines but also ensure that the schemes for the mechanization and modernation of mines initiated during Tenth Plan are completed in the Tenth Plan itself.
8.	4.5	The Committee note that Coal India Ltd. has planned to invest Rs.10,975.11 crore during Tenth Plan for increasing the production of coal. The Committee further note that the progress of implementation of the various projects for development of coal resources has been far from satisfactory. The Committee regret to note that out of six ongoing projects costing Rs.100 crore and above, the Jhanjhra Phase-I under Eastern Coalfields Ltd. is being foreclosed as the project has suffered from fund constraints, ageing of long wall and development equipment, etc. after incurring a huge expenditure. Another project, viz. Pootkee Ballihar under Bharat Coking Coal Ltd. has also not been able to achieve the desired level of production due to several constraints. Some other projects too, sanctioned as early as 1997 and 1998 could be completed only during 2004 after long gestation period. The Committee take a serious note of the fact that Jhanjhra Phase-I project under Eastern Coalfields Limited had to be foreclosed after making a huge expenditure of Rs.363.08 crore. The Committee are at a loss to understand as to how this project was conceived and taken up without having any techno-economic feasibility report. The Committee consider this a serious lapse on the part of the Ministry for its failure to exercise prudence in implementing the project. The Committee recommend that a Departmental Inquiry may be instituted to go into the details of case and fix responsibility for the lapses accordingly.
9.	4.6	The Committee note with anguish that new projects at Neyveli Lignite Corporation (NLC) viz. Mine-II Expansion (4.5 MTPA) and Barsingsar Termal Power Station (250 MW) which were initiated during Ninth Plan were sanctioned during Tenth Plan and are expected to be completed in Eleventh Plan. The Committee are extremely unhappy that the projects which should have been completed in 4-5 years, would take more than a decade

involving manifold cost escalation. They, therefore, feel that had these projects been completed in Ninth Plan itself, their benefits would have been reaped by now. The Committee are pained to find that most of the projects have the similar fate resulting in enormous loss to the national exchequer. The Committee are least convinced by the reasons advanced by the Ministry and feel that Ministry has grossly failed in its primary responsibility of balanced and judicious development of the coal resources of the country and meeting the requirement of the coal consuming sectors. The Committee, therefore, recommend the Ministry to set up a High Powered Committee with representatives of concerned agencies to oversee the entire gamut of project conception to their execution ensuring minimal cost and time overrun.

10.	5.7	The Committee observe that the existing system of linkage to non-core sector medium and small consumers has not been functioning satisfactorily. The Committee further note that the system of linkage was started in 1970 with a view to rationalize coal demand vis-à-vis availability. The other system, viz. Open Sales Schemes (OSS), started by Coal India Limited (CIL) to make coal freely available to small industries and other consumers who did not have linkages, also did not function well. The Committee find that more recently, the Coal India Limited has started a pilot project of e-auctioning to make the system more transparent. While the Committee appreciate the move by Coal India Limited for e-auctioning of coal, they have doubts whether the small and seasonal consumers who do not have the knowledge and accessibility to internet would be benefitted. The Committee note with regret that the coal distribution to non-core sector consumers is completely in the hands of black-marketeers with the result, hundreds of genuine small consumers have been forced to close down their business due to non-availability of coal. The Committee recommend that the system of linkage to non-core sector and seasonal consumers needs to be reviewed thoroughly so as to facilitate the availability of coal to all consumers.
11.	5.8	The Committee further recommend that the remaining 2,000 odd linked consumers should be inspected by physical verification by the Vigilance Department of coal companies for which the help of local Police and the Industry Department of the concerned State Government

		may be sought so that bogus industries/consumers could be weeded out and the genuine consumers do not find it difficult to get coal.
12.	6.14	The Committee note with satisfaction that proven coal reserves in the country are 92,960 million tonne as per the findings of the Geological Survey of India and other agencies. A big chunk of coal resources i.e. is about 47%, falls in the indicated category and about 15% is in inferred category out of cumulative total of 2,47,847 million tonne of coal resources estimated in the country as on 1 January 2005. The Committee note that the Ministry expect the coal reserves to last for the next 350 years. In any case, the presently proved reserves will last for more than two centuries if the production continues at the present pace of nearly 400 million tonne per annum. The Committee feel that in two centuries the face of the earth will change beyond recognition and its energy requirement would be altogether different from the present days which may not have any place for the coal as we use it today. The Committee, therefore, are of the view that we have to make best use of our coal reserves as early as possible so as to ensure a big jump for the country with the state of the art infrastructure and power sector. The Committee, therefore, stress that much higher level of efforts should be made for the exploration and increased production of the coal. The Committee, in this context, feel that the budgetary provisions for Promotional and Detailed Exploration which were Rs.43 crore during 2004-2005 and increased to Rs.49.88 crore in 2005-2006 are grossly inadequate in the long-term interest of the country. The Committee, therefore, recommend that the budgetary provision for the exploration of coal and lignite should be increased further and GSI and other concerned agencies geared up to accelerate the pace of exploration so as to convert more and more inferred reserves into indicated category and indicated reserves into proved category.
13.	6.15	The Committee are constrained to note that 23 blocks for Promotional Exploration which were taken up during the Ninth Plan had spilled over to Tenth Plan and still there is no sign of their completion. Similarly, detailed exploration in 9 blocks which were taken up during Ninth Plan also spilled over to Tenth Plan. The Committee express their anguish over the dilly-dallying manner in which the coal and lignite exploration is being carried out.

The Committee strongly feel that in view of the low availability of superior grade of coal and depleting reserves in the existing mines, it becomes all the more essential to speed up the exploration efforts in proving superior grade coal resources.

14.	7.9	The Committee note that under the existing provisions of Coal Mines (Nationalisation) Act, 1973, the coal blocks for captive mining are allocated to public/private companies engaged in manufacture of iron and steel, production of cement and generation of power. As on date, 143 captive mining blocks have been identified for captive mining. The Committee are constrained to note that some of the captive coal blocks allotted during the Ninth Plan have not been materialized as yet. Out of total 79 coal blocks allocated so far, only 6 companies have started mining in 8 properties. The Committee are unhappy to observe that considerable time is being taken by the coal block allotteed in starting mining. The Committee strongly feel that the monitoring of captive coal mining in the Ministry lacks strict vigilance and enforcement. The Committee, therefore, recommend that the system of captive coal mining may be thoroughly reviewed and remedial measures taken. The Committee desire that further allotment of captive coal blocks should be put on hold and new allotments considered only after the system is fine-tunned and existing allotments are reviewed.
15.	7.10	The Committee further note that the main reasons furnished by the Ministry for delay in undertaking mining are various clearances from different authorities. The Committee, therefore, recommend that the Ministry of Coal should play its role of a facilitator in obtaining various clearances required for undertaking captive coal mining for which a nodal officer may be designated in the Ministry.
16.	7.11	The Committee also note that a show cause notice is issued in case no mining activity has been carried out in five years. The Committee feel that this period is too long for issuing show cause notice. By implication, the allottees of captive coal blocks are allowed five years period for completing pre-mining formalities and undertaking actual mining in captive coal block. The Committee, therefore, recommend that a time-frame may

		be prescribed for completion of various formalities before undertaking mining activity in the captive coal blocks.
17.	7.12	The Committee also desire that coal produced by the captive coal block users in excess of their captive requirement should be given to the coal companies and a provision to this effect may be made in respective rules and also incorporated in the guidelines framed for allotment of captive mines.
18.	8.20	The Committee note that it is the principal responsibility of a coal company to develop the roads and railways in coal mine areas which are extensively used for evacuation of coal from the mines and also transporting men, materials and equipments. For undertaking the above works, coal companies had allocated Rs.19.96 crore during 2002-2003, Rs.50.94 crore during 2003-2004 and Rs.59.09 crore during 2004-2005 which were fully utilized. The Committee note that with the availability of meagre funds, the required development in coal bearing areas has not taken place causing hardship to workers and inhabitants in general. The Committee, therefore, recommend that Ministry of Coal should make adequate fund allocation so that the development/construction and maintenance of roads and railways are undertaken and completed by the coal companies in a time-frame.
19.	8.21	The Committee further note that the coal companies are also required to undertake community development works, viz. development/construction of bridges, schools, colleges, hospitals, community centres and other peripheral works. The Committee have been informed that the Neyveli Lignite Corporation (NLC) has not been taking up community development works in its right earnest resulting in poor condition of roads, schools, hospitals, drinking water and other infrastructure facilities. The Committee, therefore, desire that NLC should give top priority to the community development works for which sufficient funds be allocated and released during the year 2005-06.
20.	8.22	The Committee observe that there is acute shortage of drinking water in BCCL and SECL areas thus making the life of the people of the area quite miserable. The basic infrastructure facilities are also non-existent in peripheral areas in most of the coal companies especially in BCCL

		and SECL. The Committee desire the Ministry to provide the basic infrastructure facilities, viz. roads, power, schools, drinking water and state-of-the-art hospitals in the coal-bearing areas where subsidiaries of Coal India Limited are operating.
21.	8.23	The Committee also note that Coal Conservation and Development Advisory Committee (CCDA) is entrusted with the conservation efforts of coal companies by undertaking stowing operation for safety in coal mines and protective works. The Committee note that in spite of liberal financial assistance being provided for sand stowing and protective works in coalfields areas, much remains to be done. The Committee are surprised to note that less than 40% funds allocated for the protective works during the first three years of the Tenth Plan have been utilized by the coal companies. The Committee recommend that the funds earmarked for sand stowing and protective works be released and utilized in full. The Committee further recommend that the Government should ensure that all the schemes approved by CCDA Committee are completed in a time bound programme.
22.	9.4	The Committee are constrained to note that the burning problem of Rehabilitation and Resettlement (R&R) in Coal India Ltd. and other coal companies has remained unresolved for a long time. It has been brought to the notice of the Committee that adequate compensation has not been paid to the losers of the land by Coal India Ltd. and other coal companies. The Committee desire that a Company-wise programme may be chalked out for solving the R&R problems on a top priority basis. The Committee further desire that adequate funds should be made available for accomplishing the R&R programmes. The Committee also desire that the subsidiaries of Coal India Limited and other coal companies should clear all the backlog of compensation cases immediately and evolve a uniform criteria for payment of compensation in future.
23.	10.8	The Committee are dismayed to note that over the years, the utilization of funds for Research and Development (R&D) activities have been dismal. In the year 2003-2004, the allocation was Rs. 22.48 crore, later revised to 10.04 crore at RE stage but the actual utilization was Rs.6.57 crore. Similarly during 2004-2005, Rs. 9.88

		crore were allocated which were increased to Rs. 12.43 crore but the utilization was barely Rs.9.88 crore. The Committee note that for the year 2005-2006, an amount of Rs. 20.08 crore has been allocated for R&D. The Committee are extremely concerned that the R&D activities have been neglected by the Ministry thereby retarding the progress of the coal industry and feel that the reasons given by the Ministry for lower allocation and even lesser utilization are not convincing. The Committee stress that R&D are investment for future in order to realize the potential and harnessing the coal resources of the country. The Committee, therefore, desire that the sufficient funds should be allocated for R&D activities and corrective measures be taken to ensure their full utilization.
24.	10.9	The Committee note that 56 Research and Development (R&D) projects were sanctioned during the Ninth Plan but only 30 projects could be completed, 5 were terminated and 2 spilled over to the Tenth Plan. During the Tenth Plan, 36 projects have been sanctioned so far but none of them could be completed as yet. The Committee are surprised to note the erratic time schedule for completion of R&D projects which exhibit lack of seriousness and urgency on the part of the Ministry. The Committee have serious apprehensions that in case the Ministry does not gear up, the R&D projects sanctioned during the Tenth Plan may spill over to the Eleventh Plan resulting in avoidable cost and time overrun. The Committee, therefore, recommend that the causes for the tardy progress of the on going R&D coal projects are ascertained and corrective steps taken thereon to facilitate timely completion of the projects. The Committee also desire that there should be a mechanism in the Ministry to review the progress of such projects periodically on a regular basis.

ANNEXURE-I

(Vide Para No.2.1 of the Report)

BUDGET AT GLANCE

		Major Head	2004-05 B.E.			2004-05 R.E.			2005-06 B.E.		
			Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
Revenue Section											
1.	Secretariat-Economic Services	3451	4.50	6.77	11.27	2.50	6.82	9.32	3.00	7.91	10.91
Labour & Employment											
2.	Coal Mines Labour Welfare	2230	0.00	31.46	31.46	0.00	31.46	31.46	0.00	29.15	29.15
	Coal and Lignite	2803									
3.	Conservation and Safety in Coal Mines		0.00	90.00	90.00	0.00	100.03	100.03	0.00	0.01	0.01
4.	Development of transportation infrastructure in Coalfield areas		0.00	69.12	69.12	0.00	59.09	59.09	0.00	0.01	0.01
5.	Research & Development Programme		9.88	0.00	9.88	12.43	0.00	12.43	20.08	0.00	20.08
6.	Regional Exploration		51.84	0.00	51.84	43.00	0.00	43.00	49.88	0.00	49.88
7.	Detailed Drilling		12.83	0.00	12.83	22.50	0.00	22.50	18.81	0.00	18.81
8.	Environmental Measures and Subsidence Control		18.22	0.00	18.22	4.85	0.00	4.85	44.86	0.00	44.86
9.	Coal Controller		0.22	2.35	2.57	0.22	2.29	2.51	0.22	2.61	2.83
10.	Commissioner of Payments		0.00	0.30	0.30	0.00	0.31	0.31	0.00	0.33	0.33
11.	Lumpsum provision for NE region	2552	22.33	0.00	22.33	21.00	0.00	21.00	15.20	0.00	15.20
Total (Revenue Section)			**119.82**	**200.00**	**219.82**	**106.50**	**200.00**	**306.50**	**152.05**	**40.02**	**192.07**
CAPITAL SECTION											
1.	Coal India Ltd. – investment	4803	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Loans and Advances	6803	103.50	0.00	103.50	103.50	0.00	103.50	0.00	0.00	0.00
2.	Neyveli Lignite Corporation Ltd. a) Mining - investment	4803	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Loans and Advances	6803	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	b) Power - investment	4801	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Loans and Advances	6801	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.	Acquisition of coal bearing areas		0.00	25.00	25.00	0.00	25.00	25.00	0.00	25.00	25.00
	Deduction expenditure met from C.B.A. fund		0.00	-25.00	-25.00	0.00	-25.00	-25.00	0.00	25.00	-25.00
4.	Lumpsum provision for NE region	4552	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total Capital Section		**103.50**	**0.00**	**103.50**	**103.50**	**0.00**	**103.50**	**0.00**	**0.00**	**0.00**

	Grand Total (Capital & Revenue Section) (Net of Recoveries)		223.32	200.00	423.32	210.00	200.00	410.00	152.05	40.02	192.07

ANNEXURE-II
(Vide Para No. 3.9 of the Report)

Details of Projects of Singareni Collieries Company Limited

Sl. No	Project	Latest Sanction of FR/RCE			Year of Completion	
		Date	Capital cost Rs.Crores	Rated Capacity (mtpy)	Scheduled	Anticipated
	2002-03					
1	Chinnur 1& 1A Incline (RCE)	28-Jun-2002	34.94	0.416	2004 - 05	2004 - 05
2	Chinnur- 2 Incline (RCE)	28-Jun-2002	28.33	0.312	2005 - 06	2005 - 06
3	Kakatiyakhani- 2 Incline (RCE)	28-Jun-2002	35.35	0.416	2004 - 05	2004 - 05
4	Kakatiyakhani- 3 Incline (RCE)	28-Jun-2002	47.33	0.572	2006 - 07	2006 - 07
5	Kakatiyakhani-5 & 5A Incline (RCE)	28-Jun-2002	40.19	0.410	2003 - 04	2003 - 04
6	Kakatiyakhani - 6 Incline (RCE)	28-Jun-2002	29.90	0.312	2004 - 05	2004 - 05
7	Kakatiyakhani - 7 Incline (RCE)	28-Jun-2002	33.12	0.312	2007 - 08	2007 - 08
8	Kakatiyakhani - 8 & 8A Incline (RCE)	28-Jun-2002	41.54	0.416	2007 - 08	2007 - 08
9	Ramagundam OCP1-LEP	2-Sep-2002	49.18	1.500	2007 - 08	2007 - 08
10	Man Riding in RK-NT, GDK-5, GDK-6B, KK-1, RK-7	2-Sep-2002	11.61	Not applicable	2003-04	2003-04
	2003-04					
11	Kakatiyakhani - 9&9A Incline (RCE)	11-Jul-2003	47.13	0.468	2009 - 10	2009 - 10
12	Manuguru OC-III	11-Jul-2003	25.10	0.500	2006-07	2006-07
13	SRP-OC.I	11-Jul-2003	48.93	0.600	2007-08	2007-08
14	LHD's at GDK-8,9, 10 & PVK-5 Inclines	11-Jul-2003	21.85	0.614	2004-05	2004-05
15	Man riding systems	11-Jul-	11.76	Not	2004-05	2004-05

	at PK-1, SK, KTK-1&1A, GDK-8, 8A	2003		applicable		
16	BPA.OC-II Extn.	29-Dec-2003	35.51	0.400	2006-07	2006-07
17	Dorli OCP-I	29-Dec-2003	48.68	0.700	2007-08	2007-08
18	Continuous Miner extraction at GDK-5 Inc.	29-Dec-2003	9.665	0.180	2005-06	2005-06
19	Sinking of Air shafts at PVK-5 at GDK-1 Inc.	29-Dec-2003	9.16	292 mtrs 159 mtrs	2005-06	2005-06
20	Dorli OCP-II	16-Mar-2004	47.67	0.700	2007-08	2007-08
21	Koyagudem OCP-II	16-Mar-2004	43.25	1.500	2010-11	2010-11
	2004-05					
22	SDLs in UG Mines	11-Jun-2004	29.84	1.927	2005-06	2005-06
23	LHDs in GDK-8, GDK-6A & GDK-11A Inclines.	11-Jun-2004	22.68	0.741	2005-06	2005-06
24	Continuous Miner at PVK-5 Incline	11-Jun-2004	48.30	0.400	2007-08	2007-08
25	Continuous Miner at GDK-8 Incline	11-Jun-2004	20.78	0.240	2006-07	2006-07
26	Continuous Miner at GDK-10 Incline	11-Jun-2004	20.78	0.240	2006-07	2006-07
27	Continuous Miner at GDK-11A Incline	11-Jun-2004	22.07	0.240	2006-07	2006-07
28	Man-riding systems in GDK-5, GDK-6A, KTK-5&5A, 21 Inc., RK-5, RK-6, MK-4, KK-5, KK-2 and Goleti-1 Incline.	11-Jun-2004	24.27	Not applicable	2005-06	2005-06
29	Inter-seam tunnels in GDK-10&10A Inc.	11-Jun-2004	8.09	Not applicable	2005-06	2005-06
30	Sattupalli OCP-I (RCE)	20-Oct-2004	91.24	1.100	2007 - 08	2007 - 08
31	VK 7 Continuous Miner (RCE)	20-Oct-2004	74.73	0.400	2007 - 08	2007 - 08
32	SRP OC-II	20-Oct-2004	49.08	1.500	2006-07	2008-09
33	Abbapur OCP	20-Oct-2004	39.48	0.600	2006-07	2008-09
	Total		1151.535	17.716		

ANNEXURE-III
(Vide Para No. 3.9 of the Report)

DETAILS OF PROJECTS OF NEYVELI LIGNITE CORPORATION

Project	Mine II Expn.	Barsingsar Mine
Capacity MT	4.5	2.1
Sanctioned Date	18.10.04	15.12.04
Project Cost without IDC (Rs. Crores)	1964.26	233.56
Interest During Constrn. (IDC) (Rs. Crores)	197.02	20.51
Project Cost (Rs. Crore)	2161.28 (Jan. 04 base)	254.07 (March04 base)
Completion Schedule (Mining Projects) Start of LIg. Production Full Production Capacity	On 53rd month from GOI Sanction On 57th month from GOI sanction	On 45thof month from GOI Sanction On 54th month from GOI sanction
Commissioning Schedule (Power Projects) Unit I Unit 2		

Time and cost over run not applicable since the projects are sanctioned recently.

ANNEXURE-IV

(Vide Para No. 3.9 of the Report)

Details of Projects of Projects of Coal India Ltd

A. PROJECTS COSTING RS.100 CRS. & ABOVE

Sl. No.	Name of Project & Type	Capacity (Mty)	Date of Sanction	Commissioning Date		Sanc. Cost (Rs. Crs)	Status (As on 28.02.2005)
				Sch.	Ant.		
	MCL						
1	Basundhara (W) OC	2.40	Oct-03	Mar-08	Mar-08	176.54	The Project is on schedule.
2	Bhubaneswari OC	10.00	Jan-05	Mar-12	Mar-12	336.68	The Project is on schedule.
3	Kaniha OC	3.50	Jan-05	Mar-09	Mar-09	96.18	The Project is on schedule.
4	Kulda OC	10.00	Jan-05	Mar-10	Mar-10	302.96	The Project is on schedule.

B. PROJECTS COSTING BETWEEN RS.20 CRS. & RS.100 CRS.

Sl. No.	Name of Project & Type	Capacity (Mty)	Date of Sanction	Commissioning Date		Sanc. Cost (Rs. Crs)	Status (As on 28.02.2005)
				Sch.	Ant.		
	ECL						
1	Sarpi Aug. UG	0.42	Sep-03	Mar-07	Mar-07	74.07	The Project is on schedule.
2	Jhangra Aug. UG	0.42	Sep-03	Mar-07	Mar-07	69.28	The Project is on schedule.
3	Kottadih Aug. Ug	0.42	Sep-03	Mar-07	Mar-07	60.57	The Project is on schedule.
	BCCL						
4	Dahibari Basantimata OC	1.30	Oct-03	Mar-08	Mar-08	81.25	The Project is on schedule.
	CCL						
5	Topa Re-Org	1.20	Mar-02	Mar-06	Mar-06	65.25	The Project is on schedule.
	NCL						
6	Amlohri Marginal Schm. OC	0.40	Jul-02			46.93	The Project is on schedule.
7	Jayant Marginal Schm. OC	0.50	Dec-02	Mar-05	Mar-05	44.85	The Project is on schedule.

Sl. No.	Name of Project & Type	Capacity (Mty)	Date of Sanction	Commissioning Date		Sanc. Cost (Rs. Crs)	Status (As on 28.02.2005)
				Sch.	Ant.		
8	Khadia Marginal Schm. OC	1.00	Jun-02			35.40	The Project is on schedule.
9	Bina Interim Scheme OC	1.00	May-02			33.01	The Project is on schedule.
	Western Coalfields Limited						
10	Inder UG to OC	0.60	Dec-04			36.92	Zero Date will commence after EMP clearance which is in process.
11	Yekona-I OC	0.40	Dec-04			22.74	Zero Date will commence after EMP clearance which is in process.
12	Yekona-II OC	0.60	Aug-03			48.05	Zero Date will commence after EMP clearance which is in process.
13	Makardhokra-II OC	0.50	Jan-03	Mar-05	Mar-05	44.62	The Project is on schedule.
14	Urdhan OC	0.50	Jul-02	Mar-06	Mar-06	43.50	The Project is on schedule.
15	Bhanegaon OC	0.60	Nov-03			30.44	Zero Date will commence after EMP clearance which is in process.
16	Pauni-II OC	0.60	Nov-03			28.11	Zero Date will commence after EMP clearance which is in process.
17	Junakunda OC	0.60	Mar-03	Mar-10	Mar-10	23.58	The Project is on schedule.
18	Gondegaon Expn. OC	0.75	Sept.-04	Mar-10	Mar-10	27.54	The Project is on schedule.

Sl. No.	Name of Project & Type	Capacity (Mty)	Date of Sanction	Commissioning Date		Sanc. Cost (Rs. Crs)	Status (As on 28.02.2005)
				Sch.	Ant.		
19	Tawa – II UG	0.39	Mar-04	Mar-09	Mar-09	36.43	The Project is on schedule.
20	Singori OC	0.80	Mar-04	Mar-12	Mar-12	48.71	The Project is on schedule.
	South Eastern Coalfields Limited						
21	Amadand OC	1.15	Sep-03	Mar-07	Mar-07	83.39	The Project is on schedule.
22	Amera OC	1.00	Jul-02	Jul05	Jul-05	41.69	The Project is on schedule.
23	Amgaon OC	1.00	Jun-04	Mar-09	Mar-09	39.28	The Project is on schedule.
24	Vijay West UG	0.50	Apr-04	Mar-10	Mar-10	63.56	The Project is on schedule.
25	Binkara UG	0.36	Jan-04	Mar-10	Mar-10	41.98	The Project is on schedule.
26	Baroud OC	1.00	May-03	Mar-09	Mar-09	28.02	The Project is on schedule.
27	Saraipalli OC	1.40	Feb-03	Mar-08	Mar-08	22.83	The Project is on schedule.
28	Khairaha UG	0.59	Sep-03	Mar-07	Mar-07	88.33	The Project is on schedule.
29	NCPH Seam-V UG	0.41	Dec-02	Dec-08	Dec-08	49.29	The Project is on schedule.
30	Haldibari UG	0.42	Oct-03	Oct-10	Oct-10	47.59	The Project is on schedule.
31	Ketki UG	0.42	Nov-03	Nov-07	Nov-07	46.24	The Project is on schedule.
	Mahanadi Coalfields Limited						
32	Lingaraj Expn OC	5.00	Feb-03	Mar-07	Mar-07	98.89	The Project is on schedule.
33	Bharatpur Expn. OC	6.00	Jun-03	Mar-08	Mar-08	95.87	The Project is on schedule.
34	Hingula-II Expn. OC	2.00	Feb-03	Mar-05	Mar-05	89.78	The Project is on schedule.
35	Lakhanpur Expn. OC	5.00	Feb-04	Mar-09	Mar-09	98.74	The Project is on schedule.

Sl. No.	Name of Project & Type	Capacity (Mty)	Date of Sanction	Commissioning Date		Sanc. Cost (Rs. Crs)	Status (As on 28.02.2005)
				Sch.	Ant.		
36	Belpahar Expn. OC	1.50	Aug-04	Mar-07	Mar-07	35.47	The Project is on schedule.
37	Samaleswari Expn. OC	1.00	Nov-04	Mar-06	Mar-06	28.69	The Project is on schedule.
38	Talcher (W) UG	0.52	Feb-03	Mar-10	Mar-10	85.08	The Project is on schedule.
39	Jagannath UG	0.67	Mar-02	Mar-10	Mar-10	80.75	The Project is on schedule.
40	Ananta Expn OC	12.0 (6.50 Incr)	Jan-05	Mar-07	Mar-07	35.88	The Project is on schedule.

ANNEXURE V

MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON COAL AND STEEL (2004-05) HELD ON 4TH MARCH, 2005 IN COMMITTEE ROOM 'E', PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee met from 1100 hrs. to 1800 hrs.

PRESENT

Shri Nitish Kumar - In the Chair

2. Shri Prasanna Acharya
3. Shri Hansraj G.Ahir
4. Shri Harischandra Chavan
5. Shri Bikash Chowdhury
6. Shri Chandra Sekhar Dubey
7. Shri Faggan Singh Kulaste
8. Shri Bhubaneshwar Prasad Mehta
9. Shri Hemlal Murmu
10. Shri Anirudh Prasad
11. Shri Dalpat Singh Paraste
12. Shri E.Ponnuswamy
13. Shri Tarachand Sahu
14. Smt. Karuna Shukla
15. Shri Prabhunath Singh
16. Shri M.Anjan Kumar Yadav
17. Shri Devdas Apte
18. Shri Ramadhar Kashyap
19. Capt. Jai Narayan Prasad Nishad
20. Shri Vidya Sagar Nishad
21. Shri G.K.Vasan

SECRETARIAT

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

WITNESSES

1.	Shri Prakash Chandra Parakh, Secretary	Ministry of Coal
2.	Shri Pradeep Kumar, Addl, Secretary	-do-
3.	Shri K.P.Verma, Consultant	-do-
4.	Shri Rajiv Sharma, Joint Secretary	-do-

5.	Shri Harbhajan Singh JS&FA	-do-
6.	Shri Shashi Kumar, CMD	Coal India Ltd.
7.	Shri P.S.Bhattacharya, CMD	Bharat Coking Coal Ltd.
8.	Shri R.P.Ritolia, CMD (Acting)	Eastern Coalfields Limited & Central Coalfields Ltd.
9.	Shri M.K.Thapar, CMD	South Eastern Coalfields Limited
10.	Shri G.S.Chug, Acting CMD	Western Coalfields Limited
11.	Shri Abhiram Sharma, CMD	Mahanadi Coalfields Limited
12.	Shri V.K.Singh, CMD	Northern Coalfields Limited
13.	Shri S.Jayaraman, CMD	Neyveli Lignite Corporation Ltd.
14.	Shri S.Choudhuri, CMD	Central Mine Planning & Design Institute Ltd.
15.	Shri A.K.Sen	Coal Controller

2. Since Hon'ble Chairman was not available, the Members of the Committee requested Shri Nitish Kumar to preside over the meeting.

3. Thereafter, the Chairman welcomed the Secretary and other officers of the Ministry of Coal to the sitting of the Committee and apprised them of the provision of Direction 58 of the Directors by the Speaker. Then the Secretary, Ministry of Coal gave a general presentation about the Coal Sector.

4. The following important points were discussed by the Committee;

(i) Under-utilization of funds by Coal India Limited, Singareni Collieries Company Limited and Neyveli Lignite Corporation;

(ii) Demand and Supply of Coal;

(iii) Project Planning and Implementation;

(iv) Research and Development in Coal Sector;

(v) Coal and Lignite Exploration;

(vi) Coal Captive Mining;

(vii) Conservation and Development of Infrastructure in Coalfields Areas;

(viii) Outsourcing in Coal India Limited; and

(ix) Community Development Programmes.

5. A copy of the Verbatim Proceedings of the sitting of the Committee has been kept for record.

The Committee then adjourned.

ANNEXURE VI

MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON COAL AND STEEL (2004-05) HELD ON 20TH APRIL, 2005 IN COMMITTEE ROOM 'B', PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee met from 1700 hrs. to 1815 hrs. to consider and adopt the Reports on Demands for Grants (2005-06) pertaining to the Ministries of Coal, Mines and Steel.

PRESENT

Shri Ananth Kumar - Chairman

MEMB ERS

2. Shri Prasanna Acharya
3. Shri Hansraj G.Ahir
4. Shri Bikash Chowdhury
5. Shri Chandra Sekhar Dubey
6. Shri Chandrakant Khaire
7. Shri Faggan Singh Kulaste
8. Shri Vikrambhai Arjanbhai Maadam
9. Shri E.Ponnuswamy
10. Smt. Karuna Shukla
11. Shri Ramsevak Singh (Babuji)
12. Shri Devdas Apte
13. Shri Ramadhar Kashyap
14. Capt. Jai Narayan Prasad Nishad
15. Shri B.J. Panda
16. Shri Jibon Roy

SECRETARIAT

1.	Shri N.K.Sapra	-	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 (2005-06) 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 verification by the concerned Ministries and to present these Reports to both the Houses of Parliament during the current Session.

The Committee then adjourned.