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**STANDING COMMITTEE
ON ENERGY
(1998-99)**

TWELFTH LOK SABHA

MINISTRY OF COAL

DEMANDS FOR GRANTS (1998-99)

*[Action taken by the Government on the recommendations contained
in the Second Report of the Standing Committee on Energy
(Twelfth Lok Sabha)]*

FIFTEENTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

February, 1999; Phalgun, 1920 (Saka)

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(1998-99)

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Presented to Lok Sabha on

Laid in Rajya Sabha on 10 MAR 1999



LOK SABHA SECRETARIAT
NEW DELHI

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COMPOSITION OF THE STANDING COMMITTEE ON ENERGY
(1998-99)

Shri K. Karunakaran — *Chairman*

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Lok Sabha

2. Shri Basudeb Acharia
3. Shri Tariq Anwar
4. Shri Parasram Bhardwaj
5. Smt. Rani Chitralekha Bhosle
6. Shri Bikash Chowdhury
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21. Shri Nuthana Kalva Ramakrishna Reddy
22. Dr. Jayanta Rongpi
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(iv)

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Rajya Sabha

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- | | | |
|-----------------------|---|-----------------------------|
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| 4. Shri R.S. Kambo | — | <i>Under Secretary</i> |
| 5. Shri Arvind Sharma | — | <i>Reporting Officer</i> |

COMPOSITION OF SUB-COMMITTEE ON ACTION TAKEN REPORTS

Shri K. Karunakaran — *Chairman*

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3. **Shri Basudeb Acharia**
4. **Shri Bangaru Laxman**
5. **Shri Vilas Muttemwar**
6. **Shri Sushil Chandra Verma**
7. **Shri Nuthana Kalva Ramakrishna Reddy**
8. **Shri Rajbanshi Mahto**

INTRODUCTION

1. the Chairman, Standing Committee on Energy having been authorised by the Committee to present the Report on their behalf, present this Fifteenth Report (Twelfth Lok Sabha) on the Action Taken by the Government on the recommendations contained in the Second Report of the Standing Committee on Energy (Twelfth Lok Sabha) on "Demands for Grants (1998-99) of the Ministry of Coal".

2. The Second Report (Twelfth Lok Sabha) of the Standing Committee on Energy was presented to Lok Sabha on 4th July 1998. Replies of the Government to all the recommendations contained in the Report were received on 14th November, 1998. The Sub-Committee on Action Taken Reports considered the Action Taken Replies received from the Government and considered and adopted the Report at its sitting held on 15th February, 1999.

3. The Standing Committee on Energy considered and adopted this Report at their sitting held on 23rd February, 1999. The Committee place on record their appreciation of the work done by the Sub-Committee on Action Taken Reports.

4. An analysis of the action taken by the Government on the recommendations contained in the Second Report (Twelfth Lok Sabha) of the committee is given at Annexure-III.

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;
February 27, 1999

Phalguna 8, 1920 (Saka)

K. KARUNAKARAN,
Chairman,
Standing Committee on Energy.

CHAPTER I

REPORT

This Report of the Committee deals with the Action Taken by the Government on the recommendation contained in the Second Report (12th Lok Sabha) of the Standing Committee on Energy on Demands for Grants (1998-99) of Ministry of Coal which was presented to Lok Sabha on 4th July, 1998.

2. Action Taken Replies have been received from the Government in respect of all the 15 recommendations contained in the Report. These have been broadly categorised as follows:

- (i) Recommendations/Observations which have been accepted by the Government: Sl. Nos. 2, 3, 4, 5, 6, 8, 11, 14, 15.
- (ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies: Sl. Nos. 9 and 12.
- (iii) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee: Sl. No. 7.
- (iv) Recommendations/Observations in respect of which final replies of the Government are still awaited: Sl. Nos. 1, 10 and 13.

3. The Committee desire that final replies in respect of the recommendations for which only interim replies have been given by the Government ought to be furnished to the Committee at the earliest.

4. The Committee will now deal with the Action Taken by the Government on some of their recommendations.

A. In-House R&D Organisation

Recommendation (Sl. No. 1, Para No. 11)

5. The Committee were distressed to note that the R&D projects which do have a direct and immediate impact on the growth of Coal Industry had been a neglected area. The reason for non-utilisation of funds as stated by the Government was that the schemes did not come from CSIR, Central Fuel Research Institute, Central Mine Research Institute, Coal Companies and other institutions as anticipated. Moreover, the clearance procedure was also complicated and even took a year to get the schemes cleared. The committee had recommended that the Ministry should set up

its own in-house R&D organisation alongwith CMPDIL to achieve the major thrust in areas such as coal production, safety etc. The Committee also expressed their concern that there is a need for adequate control and proper co-ordination with the various organisations/institutions so that the Ninth Plan target could be achieved.

6. In their reply, the Government have *interalia* stated that a National workshop on S&T/R&D was held at Ranchi on 29th and 30th July 1998 which deliberated on (a) setting up in-house R&D organisation in each of the Coal producing companies alongwith Central Mine, Planning & Design Institute Limited and (b) to identify suitable R&D projects based on the requirement of the coal industry and the following recommendations were made by the workshop:

(i) Organisational set up proposed.

Each coal/lignite producing company will create a suitable R&D cell at company headquarters. Each regional institute of CMPDIL will have a nodal officer for R&D who will interact with the respective coal companies and help them in formulation and implementation of the research projects. Each research institute like Central Mining Research Institute, Central Fuel Research Institute, National Institute of Rock Mechanics etc. will also have a nodal officer who will interact with R&D cell of the coal/lignite producing companies and nodal officer of regional institutes of CMPDIL to provide specific assistance in the areas of expertise of that institute and CMPDIL on behalf of the Ministry of Coal, will continue to act as nodal agency for S&T activities in coal and lignite sectors.

(ii) Dissemination of the knowledge of work already done on S&T works; and

(iii) Identification of suitable R&D projects based on the requirements of the coal industry. Representatives of coal/lignite producing companies and research institutes presented the thrust areas as identified by them. These thrust areas have been further divided into the following heads:

(a) Mining methods, (b) Other proposals related to production, productivity and safety, (c) environmental and ecology and (d) Coal beneficiation and utilisation.

7. The Government further stated that Coal/Lignite producing companies will now take up the formulation of the project proposals so that the organisational setup as mentioned above will help them in sanction and implementation of these proposals speedily. The decisions taken by consensus in this workshop is expected to help the coal/lignite sector to overcome the shortcoming pointed out in Committee's recommendation.

8. The Committee find the reply of the Government as unsatisfactory and evasive. The reply also silent about the action taken by the Government on the recommendations of the National Workshop on S&T/R&D in coal sector held at Ranchi in July, 1998 and has just mentioned about the details of the recommendations of the workshop. The Committee strongly feel that immediate action ought to have been taken on the recommendations of Committee/

suggestions made by the National workshop on R&D. The Committee desire that they should be apprised of the steps taken in this regard within one month of presentation of this Report. The Committee would also like the Government to monitor the S&T/R&D Coal project, closely, so that these can be implemented speedily.

B. Appointment to the post of Coal Controller

Recommendation (Sl. No. 4, Para 29)

9. The Committee had observed that the organisation of coal Controller was responsible for inspection of quality of coal supplied and to settle the complaints against grading/substandard despatches of coal. It had a substantial and pivotal role to play in maintaining harmonious business relations among the coal companies and the consumers. However, the Committee noted with concern the casual approach of the Government in taking action for filling up the post of Coal Controller. The post felt vacant on 1.12.95 and was filled up on 23.12.97. It was also observed that the number of cases under examination by Coal Controller were 253 and 198 in 1995-96 and 1996-97, respectively, in the absence of organisational Head and the number was reduced to 22 in 1997-98 after Coal Controller assumed office. The Committee while observing that the Government did not take action well in advance in anticipation of the vacancy which was to come by in December, 1995 also desired that responsibility be fixed in non-filling the post timely.

10. In their reply, the Government have stated that anticipating the vacancy of Coal Controller on 1.12.95, action was initiated in the Ministry six months in advance. Vacancy was circulated *vide* note dated 26.5.95 to all Ministries of the Central Government, Chief Secretaries of the State Governments and Coal India Limited and its subsidiaries. Out of the 30 names received, till the last date 30.7.95, an eligibility list was prepared. The names of the short-listed candidates were sent to CIL on 4.9.95 to certify the service particulars and forward their ACRs and Vigilance clearance etc. After obtaining all these details, the proposal was referred to UPSC on 22.11.95. The delay has been stated to be on account of procedural requirements and formalities and not on late approach to the UPSC. It has further been stated that the post did not remain physically vacant as an officer of Ministry of coal was given additional charge.

11. **The Committee are not convinced with the reply of the Government and are surprised to note that although the Government had approached UPSC on 22.11.95 i.e. just 8 days before the actual vacancy was to occur, yet the Government has been arguing that there is no delay in filling the post of Coal Controller by them. The Committee are unhappy to note that taking into account the anticipated time in filling up the post, the Government had clearly not acted in time and desire that such a casual approach should not be followed in future for filling-up important posts like that of coal Controller. The Committee also note that the reply of the Government is silent about the**

reasons for delay in appointment from 22.11.95, to 23.12.97. The Committee desire that the reasons for delay in filling up the post by UPSC be gone into and the Government should take all possible steps to ensure that UPSC also take the minimum possible time in filling up such important posts.

C. Recovery of outstanding Coal Sale Dues

Recommendation (Sl. No. 5, Para No. 33)

12. The Committee were surprised to note that despite realisation of a sum of Rs. 226.50 crore from Central Plan Assistance of the State Governments in 1997-98 and other steps like cash and carry scheme being implemented since 1.1.1997, the total outstanding Coal sale dues had increased by Rs. 1451.08 crore on 31.3.98 as compared to that on 31.12.96. The Committee were further perturbed to note the considerable increase in the dues from power sector despite the reported steps taken and desired the Ministry of Coal to explain the reasons for this. The Committee also desired to know the steps taken by the Government for the new scheme by which these outstanding dues would be guaranteed to enable the coal companies to realise bonds etc. The Committee also expressed their concern over treating huge amount of Rs. 2559.54 crore under disputed category. The Committee had recommended that concerted efforts should be made to check such disputes by joint sampling at both the loading and unloading points.

13. The Government, in their reply have *inter alia* stated that despite receipt of Rs. 226.50 crore through Central Plan Assistance during the period 1.1.97 to 31.3.98 and introduction of 'Cash and carry' system for supplies to the Power Houses, the coal sale dues has gone up by Rs. 1451.08 crore and out of this the increase in power sector alone stands to a sum of Rs. 1277.28 crore the details of accrual of dues from 1.1.97 to 31.3.98 in respect of some major defaulting SEBs/ Power utilities are stated to be as follows:

				(Rs. in crore)
		As on 1.1.97	As on 31.3.98	Accrual from 1.1.97 to 31.3.98
1.	BSEB	80.99	309.64	228.65
2.	UPSEB	312.67	448.84	136.17
3.	MSEB	451.69	738.24	286.55
4.	MPEB	73.23	254.07	180.84
5.	GEB	191.74	387.36	195.62
6.	BTPS	388.68	490.82	102.14
7.	WEST BENGAL/ SEB/WBPDC/DPL	270.61	297.52	26.91
8.	KPCL	13.55	70.71	57.16
9.	PUNJAB	193.38	220.46	27.08
10.	TNEB	119.25	179.21	59.96

14. It has also been stated that the increase in coal sale dues are mainly due to the following reasons:-

- (i) Failure to open L.C. by most of the SEBs/Power utilities and thereby not abiding by the Cash and Carry system introduced by CIL and its subsidiaries.
- (ii) Existence of disputes between 'SEB' Power utilities and CIL and its subsidiaries in the areas of venue of sampling, issue of unweighed wagons and others.
- (iii) Supply exceeding demand thereby reducing the bargaining power of the coal companies.

15. The Government have further stated that the incidence of gradual increase in coal sale dues indicate that cash and carry system could not be strictly enforced. During the period, when growth in production is higher than the growth in demand, it is quite clear that coal companies cannot really insist on Cash and Carry system without major increase in ground stocks affecting cash flows. Any attempt to strictly enforce the Cash and Carry system shall put the entire process under strain. It will also affect adversely the larger national interest. In the above scenario, the viability of the Cash and Carry system is not promising. The Government and CIL have considered the situation in totality and taken the following measures:

- (a) In order to implement Cash and Carry system and resolution of disputes. CIL and Council of Power Utilities (CPU) have drafted a coal supply agreement to be entered into between SEBs/Power utilities and the coal companies. Sufficient care has been taken by Ministry of Coal Ministry of Power, CIL and CPU in drafting the above coal supply agreement which shall not only take care, that SEBs/Power utilities open LC in favour of supplying coal companies but also eliminate the possibility of raising any dispute in regard to the venue of sampling, weighment and other by the SEBs/Power utilities.
- (b) In order to raise resources through Government guarantee for receivables from SEBs/Power utilities, the Government shall evolve a system for extending guarantee in favour of CIL to enable the coal companies receive payment against receivable from SEBs/Power utilities. On the strength of such guarantee, coal companies would raise resources from the market either directly or through securitisation route .

16. It has also been stated in the written reply that while CIL intends to instal a mechanism of realisation of its future contract backed coal sale dues either through direct involvement of FIs/Banks or through securitisation route, this proposed scheme shall enable CIL in realising coal sale dues arising from coal sale prior to execution of the said contracts. The matter is under discussion between Ministry of Coal, Ministry of Power and Ministry of Finance.

17. Regarding services of the Umpires being utilised for resolving the outstanding disputed dues with the power utilities, the State Electricity Board-wise details are stated to be as below:-

Name of Umpire	Name of SEBs, for which Umpires Appointed	Awards pronounced
1. Sh. R.K. Tikku	BTPS, DVB, PSEB, HSEB	BTPS
2. Sh. B. Vijay- raghavan	GEB, MPEB, MSEB	GEB, MPEB
3. Sh. V. Krishnan	KPCL, RSEB, UPSEB	KPCL, RSEB
4. Sh. R. Srinivasan	TNEN, APSEB	TNEB
5. Sh. S.M. Murshid	BSEB, DPL, WBSEB, WBPDC	

18. In respect of venue of sampling and to avoid such disputes in future, an understanding has been stated to be reached between the Council of Power Utilities (CPU) representing SEBs and the other Power utilities on the one hand and CIL and its subsidiaries on the other to the effect that coal sampling and analysis would be done both at colliery and power houses and by an independent third party to be identified from a list of parties agreed between CPU and the coal companies. Action to identify the third party is in progress and sampling and analysis work at colliery and power house ends would start after the third party is identified. On the meantime, coal supply agreement between SEBs/Power Utilities and the coal companies with the above provision for sampling and analysis is under negotiation between the CPU and coal companies.

19. The Committee are perturbed to note that inspite of their repeated recommendations to recover the outstanding coal sale dues and steps initiated by the Government, the actual recovery could not be effected with the result that the outstanding dues have increased with all the State Electricity Boards. The Government have stated that since cash and carry system could not be strictly enforced and therefore to implement it now, a coal supply agreement has been drafted which not only ensure that SEBs/Power utilities open Letter of Credit (LC) in favour of supplying coal companies but will also eliminate the possibility of any dispute in regard to the venue of sampling, weighment etc. It has also been stated that to raise resources, a scheme has been proposed whereby Government shall evolve a system of extending guarantee in favour of CIL to enable coal companies receive payment against receivable from SEBs/Power utilities. Another measure Government intend is to instal a mechanism of realisation of its future contract backed coal sale dues either through direct involvement of FIs/Bank or through securitisation route. The Committee hope and trust that with the identification of third party, dispute with respect to sampling and analysis work will be resolved to a large extent. The Committee desire that immediate steps be taken to dissolve the amount under disputed category. The Committee would like to know the present status of implementation of these measures immediately, to dissolve the amount under 'Disputed Category'.

*D. Coal Exploration in North-Eastern States***Recommendation (Sl. No. 7, Para No. 44)**

20. The Committee were surprised to note that against a total of 889.81 M.T. of coal reserves in North-Eastern States of Assam, Arunachal Pradesh, Meghalaya and Nagaland, the coal production is less than 1 M.T. per annum. The Committee had observed that the production from coal bearing areas in the North-East had been neglected and desired that immediate steps should be taken to increase coal production from North-Eastern sector.

21. The Government in their reply have stated that most of the coal deposits of Meghalaya, Nagaland and Mikir hills of Assam are small with thin seam. Many of these deposits are under exploitation manually in unorganised private sector by driving small adits and inclines as well as by opencast workings managed by local inhabitants and such mining is in practice since ages. It has also been stated that it is also difficult to economically exploit the thin seams in the isolated small coal deposits by the organised sector. Under the difficult geo-mining conditions, the cost of production will also be prohibitive.

22. Regarding quality of coal, it has been stated that coal of the North-Eastern States is of high sulphur content and therefore its use is restricted especially for steel plants. The coal susceptible to spontaneous combustion and large scale stocking is also not possible.

23. The Government have further stated that the raw coal offtake from these States have not picked up as it has not been possible to despatch the meagre production of around 1 million tonne. Traditional demand of North-Eastern Coalfields has been to fulfil local consumers like Railways, Tea Gardens, Bricks and other Industries. With the increased accent on dieselisation and electrification, demand by the Railways has been stagnant. Tea Gardens are switching over to alternative fuel. Steel sector is progressively reducing the consumption of this high sulphur coal. Less coal demand and lack of outside market do not favour the idea of increasing coal production in North-Eastern Region.

24. The Committee have observed that mining in North-Eastern Region has been done by unorganised way, largely by private sector using primitive technology. The Committee feel that although coal mining in North-Eastern States is difficult to operate due to hilly topography and adverse geomining conditions, yet they desire that the Government should initiate suitable measures to augment coal mining in the region more vigorously and in an organised way. The Committee recommend that Government should ensure that modern technology is made available to the people mining in this area to modernise these mines. It has been brought to the notice of the Committee that the coal requirement of thermal power stations of Assam is met from Raniganj and Jharia coalfields and unavoidable expenditure incurred on transportation of such coal. The Committee are of the view that efforts should be made to meet the demand of coal in North-Eastern Region, through North Eastern

Council, exclusively. In this context, the Committee, recommend that on economic considerations, North-Eastern Council should establish coal linkages with thermal stations of Assam. The coal should also be de-sulfurised by the available technology before their use in steel plants/thermal power stations. The Committee also desire that the help of North-Eastern Council should be sought for undertaking economic and meaningful coal exploitation/mining in the region.

E. Custom Duty on Imported Coal and Anti-Dumping Duty

Recommendation (Sl. No. 11, Para No. 63)

25. The Committee had felt that exemption given to traders on customs duty on coal by 4 per cent would encourage middle-men and also had a lacuna whereby even actual consumers might set-up their own trading agency to avoid customs duty on import of coal. The Committee had desired that the Ministry of Finance should re-examine the rationale behind exempting traders from customs duty on coal import and to examine the feasibility of imposing anti-dumping duty on coal to save the domestic coal industry.

26. The Government in their reply have *inter-alia* stated that the removal of the exemption from Special Additional Duty to traders (SAD), leviable under section 3A of the Customs Tariff Act, 1975 countervails the incidence of sales tax applicable to similar goods produced in the country. It is for this reason that the exemption from this duty has been provided to goods imported for sale as such. If such an exemption were not there, imported goods would have to suffer double taxation as they would be required to pay SAD equivalent to sales tax at the time of their importation and sales tax as and when they are further sold within the country. For this reason, it has not been found feasible to remove the exemption available to coal imported for sale as such.

27. Regarding imposition of anti-dumping duty on coal, it has been stated by the Government that under the provisions of the Customs Tariff Act read with the relevant rules, anti-dumping duty can be imposed by the Central Government only on the basis of recommendation from the Designated Authority (DA) appointed for this purpose. The DA carries out dumping investigations on the basis of complaints received from the indigenous manufactures. The dumping of Chinese Coke into the country was examined by the Designated Authority. One such incidence has been mentioned by the Government where after hearing the affected parties, and considering the submission of the parties, the designated authority has imposed an anti-dumping duty of metallurgical coke being imported from China PR at a rate as equivalent to the difference between Rs. 4673 and the landed value of met-coke/m.t.

28. The Committee desire that the position regarding grant of exemption from Special Additional Duty SAD on imported coal should be constantly reviewed from time to time to ensure that the domestic coal industry do not have to face unhealthy competition from imported coal. About imposition of

anti-dumping duty, the Committee are of the view that the coal companies should take advantage of the provisions of Custom Tariff act and report the complaints regarding dumping of coal in the country to the designated authority immediately as they come to their notice. The Committee would like to know the present mechanism available with the coal companies to identify the dumping of coal in the country and reporting the same to Designated Authority.

F. Release of Foreign Currency Loan

Recommendation (Sl. No. 13, Para No. 75)

29. The Committee had observed that although both Mine-I Expansion and TPS-I expansion project were proposed by Neyveli Lignite Corporation Ltd., on 7.1.91, only Mine-I expansion project got sanctioned in March '92 and linked TPS-I Expansion got sanctioned only in February '96. The delay in sanctioning of TPS-I Expansion was stated to be due to resource constraints and the Public Investment Board (PIB) suggested that funds from M/s. KFW for both projects be tied-up first. The Committee desired to know the reasons for delay in tying up loans for both the projects since the decision of PIB on 27.6.92. Regarding foreign loan agreements, the Committee felt that these should be elaborated and should carry some penalty clause to ensure that the loans for coal/lignite projects do not get delayed.

30. In their reply, the Government have *inter-alia* stated that all the pre-conditions were fulfilled by Neyveli Lignite Corporation in 1993 except sanction of Power Plant Expansion (TPS-I) by Government of India. The Project was sanctioned in February, 1996 only due to the time taken for getting the five Southern Electricity Boards acceptance for power tariff which was insisted by PIB.

31. About the recommendation of the Committee pertaining to penalty clause on no-release of foreign currency loan, it has been stated that the recommendation was forwarded on 23.7.98, to the Ministry of Finance for issue of suitable orders as they (Ministry of Finance) are the nodal ministry for policy decision on all foreign currency loans.

32. The Committee feel that the delay in sanctioning of power plant expansion programme from 1993 to 1996 even after all other pre-conditions were fulfilled by Neyveli Lignite Corporation Ltd. reflects a lackadaisical approach adopted by the Government for investments in important infrastructure sector like power generation and expect that the Government will act prudently in future and expedite the power projects hanging on one ground or the other. The Committee would also like to be apprised about reaction of Ministry of Finance over inclusion of penalty clause on delay/non-release of foreign currency loan, as agreed to by the companies in the present case of M/s KFW.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Sl. No. 2, Para No. 17)

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

Reply of the Government

With the mechanism of approving projects for Environmental and Subsidence Control being in place only in March '97, 2 schemes under (a) "Subsidence Control" and 2 under (b) "Environmental Measures" could be sanctioned during 1996-97.

During 1997-98, 13 schemes under (a) "Subsidence Control" and 6 schemes under (b) "Environmental Measures" have been sanctioned.

During 1998-99, 2 schemes under the head Social Mitigation Schemes at a cost of Rs. 32.52 crore in ECL and Rs. 33.88 crore in BCCL have been sanctioned.

Annexure shows the list of the sanctioned schemes under the head (a) Subsidence Control, (b) Environmental Measures & (c) Social Mitigation along with the approved cost and the provision in BE 1998-99.

In terms of decision taken in the 25th meeting of Standing Scientific Research Committee (SSRC) held on 14.7.1997, an expert committee comprising of representatives from Central Mine Planning and Design Institute Ltd., Western Coalfields Ltd. and Central Mining Research Institute has been constituted by Ministry of Coal for monitoring of schemes on Environmental Measures and Subsidence Control and review the progress of the EMSC projects. The Committee has already held meetings on 16.2.1998 and on 15.6.1998.

The implementing agencies namely ECL, BCCL have been requested to set up an organisational mechanism for the implementation of the on going EMSC projects in line with decision taken in the 26th SSRC meeting held in Feb.'98. GMs have been posted in ECL & BCCL for the implementation of the EMSC projects.

CMPDIL is the nodal agency for (a) technical scrutiny of the new schemes to be put to the Sub-committee on Environment and Ecology; and (b) Monitoring the implementation of the on-going projects; and (c) disbursement of fund.

The stabilisation of inaccessible water logged under ground voids is a technically complex problem. Hydropneumatic stowing is proposed to be conducted for the stabilisation of voids. Direct survey measurement of the stowed area and the stowing material is not feasible since the under ground voids are unapproachable. Hence, it is imperative that the schemes are examined technically by (a) CMPDI and (b) Sub-committee of the SSRC on Environment & Ecology, which comprises of groups of technical experts including CMD, CMPDI, Director, CMRI, Addl. I.G., MOEF, CMD, BCCL etc.

Ministry of Coal has decided that an overall Master Plan needs to be prepared for dealing with subsidence and fire problems of Jharia and Raniganj Coalfields. From this Master Plan, projects should be picked up for implementation on priority basis

Accordingly, ECL & BCCL have been requested to prepare the Master Plan with the technical assistance of CMPDI and this Master Plan is likely to be submitted by end of January'99.

Details of schemes sanctioned during 1996-97 for stabilisation/restoration work and for reclamation of mined out area are as under:-

Sl. No.	Name of the Project	Approved Cost	(Rs. in lakhs)	
			Disbursement of fund	
			1996-97	1997-98
1.	Stabilisation of inaccessible water logged voids beneath Fatehpur village in ECL	500	142	15
2.	Stabilisation of inaccessible water logged voids beneath Borachak village in ECL	469	161	15
3.	Restoration of abandoned coal mines in ECL	870	140	20
4.	Reclamation of mined out areas in ECL	392	57	32

Scheduled completion time of the scheme for Fatehpur village and Borachak village is 4 years & 3 years respectively. Similarly, the duration of the scheme for restoration of abandoned coal mines in ECL & CCL is 5 years. An amount of Rs. 5.00 crore was disbursed during the end of March, 1997 and the above fund was available with the coal companies during 1997-98.

During 1997-98 under the head Environmental Measures & Subsidence Control, the disbursement of funds has been Rs. 6.41 crores. (Project-wise details appear in the Annexure).

[Ministry of Coal, O.M.No. 20011/1/98-IF/Vol. III, dated 5.10.98]

PROJECTS ON ENVIRONMENTAL MEASURES & SUBSIDENCE CONTROL
Position as on 1.7.1998

(A) Subsidence Control

(Rs. in Lakhs)

SL. Title of the Project No.	Date of Sanction	Implemen- ting Agency	Approv- ed cost	Disbursement of Fund		1998-99 BE
				1996-97	1997-98	
<i>Sanctioned by Govt. of India</i>						
1. Stabilisation of inaccessible water-logged voids beneath Fatehpur village	3/97	ECL	500.00	142.00	15.00	2.50
2. Stabilisation of inaccessible water-logged voids beneath Borachak village	3/97	ECL	469.00	161.00	15.00	10.00
3. Study for identification and control of subsidence for ECL and BCCL	6/97	ECL/ BCCL	147.43	--	59.43	66.00
4. Four schemes for subsidence control in BCCL	10/97	BCCL	191.22	--	81.40	97.00
5. Five schemes for stabilisation of inaccessible water logged voids in ECL	2/98	ECL	938.85	--	100.00	275.00
Total for Subsidence Control			2246.50	303.00	270.83	450.50

(B) Environmental Measures

<i>Sanctioned by Govt. of India</i>						
1. Restoration of abandoned coal mines in ECL	3/97	ECL	870.00	140.00	20.00	300.00
2. Reclamation of mines out areas in CCL	3/97	CCL	392.00	57.00	32.09	90.00
3. Determination of carrying out capacity wild life or without mining	8/97	SCCL/B NNHS	796.00	--	3.00	4.50
4. Investigation of respirable particulate and trace elements in air of Koba	11/97	TERI	3572.00	--	15.00	20.00
5. Four schemes for dealing with fire control	3/98	BCCL	1427.28	--	300.00	535.00
Total for Environmental Measures			2732.96	197.00	370.09	949.50

(Rs. in Lakhs)

Sl. Title of the Project No.	Date of Sanction	Implementing Agency	Approved cost	Disbursement of Fund		1998-99 BE
				1996-97	1997-98	
(C) Social Mitigation Schemes						
<i>(Recommended by High Level Committee)</i>						
1. Rehabilitation of four unstable location in ECL	5/98	ECL	3252.00	—	—	300.00
2. Shifting of people from endangered areas of BCCL	5/98	BCCL	3388.00	—	—	300.00
TOTAL FOR SOCIAL MITIGATION			6640.00	—	—	600.00
GRAND TOTAL (A) + (B) + (C)			11619.46	500.00	640.92	2000.00

Recommendation (Sl. No. 3, Para No. 22)

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

Reply of the Government

Based on the report of High Level Committee and its recommendation of involving the State Authorities; an overall Master Plan needs to be prepared for dealing with subsidence and fire problems of Jharia and Raniganj Coalfields. This Master Plan will be put up to the National Steering Committee for consideration. From this Master Plan, projects will be picked up for implementation on priority basis after obtaining approval of the Steering Committee. It is also envisaged that there should be an independent sub-committee to monitor the implementation of these approved projects. The full magnitude of the problem would be brought out and requirement of funds for tackling this problem would be assessed in Master Plan.

Accordingly, ECL & BCCL have been requested to prepare the Master Plan with the technical assistance of CMPDI and this Master Plan is likely to be submitted by end of January '99.

Eastern Coalfields Limited

Government of India have approved a scheme for rehabilitation of four unstable localities in ECL at a cost of Rs. 33.52 crores and involving construction of 1123 houses.

One meeting was held in the chamber of Principal Secretary, Government of West Bengal on 22.6.98 which was attended by the CMD, ECL, District Magistrate, Burdwan and Director, Commerce & Industry Deptt. Government of West Bengal, wherein it was decided that ADM, Asansol would be one of the members of the Core Group and one member would be nominated by the Director, Commerce & Industry Deptt. Government of West Bengal. It was decided to hold the first meeting of the Core Group on 30.6.98 at Sanctoria to be attended by District Magistrate, Burdwan and CMD, ECL as special invitees.

In the meeting held on 30.6.98, proposed action plan for implementation of the scheme was finalised. The following guidelines were set in the meeting to be followed by Core group during the course of implementation of the scheme:—

- * Efforts to be made to reduce time of execution. Whenever any activity is overlapping, it should be executed simultaneously.
- * The time allotted for acquisition of land to be curtailed from three months to one and a half month.
- * The time allotted for discussion with local administration and representatives of population and finalisation of agreement for shifting to the proposed rehabilitation sites to be enhanced from one month to two months.
- * The work of town planning should be taken up immediately by the ECL authority.
- * The compensation package is to be worked out in consultation with the Project Affected Persons. Different aspects like maximum compensation payable, mode of compensation, i.e. cash payment, construction of house etc. have to be looked into.
- * 100 sq. metres/equivalent land may be given on 99 years lease basis.
- * Development of land should start immediately after the process of identification is completed. Better alternative sites may be searched for.
- * Generally, the guidelines of Rehabilitation and Resettlement policy should be followed in the extant cases.
- * Compensation should be equivalent to replacement value plus transport cost.

- * Common facilities such as schools, dispensaries, water supply, roads, street lights etc. should be provided centrally. However, the maintenance of the same will be the responsibility of the PAP.
- * Compensation will be considered per family only and not per adult member.
- * No land is to be acquired. It should be either ECL land or vested land and should be non-coal bearing.
- * Base line survey format developed by the Core Group and accepted in the meeting may be followed in the extant cases.
- * Technical support *i.e.* Civil Engineering etc. to be provided by RI-I, CMPDI to the Base Line Survey Committee.
- * The PAP of Bengali Para/Refugee Bastee should be treated at par with PAP of other three places for payment of compensation.
- * Regional Director, RI-I, CMPDI and Addl. District Magistrate, Asansol will coordinate all the activities.
- * Addl. District Magistrate, Asansol will attend meeting at least once in a fortnight.
- * Generally, meetings will be held either in RI-I, CMPDI or in ADM, Asansol's office.
- * As assured, ADM, Asansol will extend all supports involving BDO's Panchayats and other Government officials for smooth implementation of the scheme as per time schedule.
- * District Magistrate, Burdwan and CMD, ECL desired that the activities on the Core Group should be visible.

It was agreed that ADM, Asansol will issue necessary orders constituting village committee (with PAP's as members) for discussions on finalisation of rehabilitation sites and agreements.

It was also agreed that Groups for conducting base line surveys shall be constituted by the respective General Managers of the Areas of ECL. ADM, Asansol shall also advice the respective BDOs and Panchayat representatives to associate themselves with the base line surveys.

Bharat Coking Coal Limited

A scheme approved by Government of India at an estimated cost of Rs. 33.88 crores is for construction of 4600 houses for rehabilitation of people from endangered areas of BCCL. Out of 4600 houses, 1500 houses shall be constructed for BCCL employees and 3100 houses on Indira Awas Yojana pattern for non-BCCL People.

BCCL has constituted an Executing Committee with CMD, BCCL as Chairman, D(T) P&P, BCCL as member and other members from CMRI, CMPDI, DGMS and

State of Bihar and General Manager (Env.), BCCL as Member (Secretary). However, nominations from DGMS and State of Bihar are awaited.

The Committee shall oversee the construction of 1500 houses for BCCL employees. Action has been already initiated.

The Govt. of Bihar has constituted a committee *vide* order No.BMO1-17/96/960/M Pat, dated 28.3.98 with the members as under:

- | | | |
|-------|--|-------------------|
| (i) | Commissioner, North Chhotanagpur
Hazaribagh | — <i>Chairman</i> |
| (ii) | CMD, BCCL | — <i>Member</i> |
| (iii) | Dy. Commissioner, Dhanbad | — <i>Member</i> |

The Committee shall look after the construction of 3100 houses for rehabilitation of non-BCCL people.

The Committee held its first meeting on 25th July, 1998 to discuss the issues of implementation of the scheme for rehabilitation of non-BCCL people. BCCL has offered the land as special gesture for construction of 3100 houses of Indira Awas Yojana Type. Town planning support for construction of 3100 unit is also being given by the BCCL.

The Committee has initiated action for identification of suitable agency/contractors for construction of the houses.

The schemes of constructions of all the 4600 houses are to be completed in a period of 4 years. The Budget for 1998-99 have been kept at Rs. 7.0 crores.

[Ministry of Coal, O.M. No. 20011/1/98-IF/Vol. III, dated 5.10.98]

Recommendation (Sl. No. 4, Para No. 29)

The Committee note that the organisation of Coal Controller is responsible for inspection of quality of coal supplied and to settle the complaints against grading/substandard despatches of coal. It has a substantial role in the harmonious business relations among the Coal Companies and the consumers. However, the Committee note with dismay the casual approach of the Government for filling up the post of Coal Controller. The post was expected to be vacant from 1.12.95 and the Government approached the UPSC only on 22.11.95. It was filled up on 23.12.97. It is also observed that the number of cases under examination by Coal Controller was 253 and 198 in 1995-96 and 1996-97 respectively in the absence of organisation Head and the number was reduced to 22 in 1997-98. The Committee feel that the Government should have acted well in advance anticipating the likely vacancy in December, 1995. The Committee desire that responsibility be fixed in non-filling the post timely. The Committee hope that the Government shall act more prudently in future so that the efficiency of such an important organisation does not suffer.

Reply of the Government

Anticipating the vacancy of Coal Controller on 1.12.95, action was initiated in the Ministry six months in advance. Vacancy was circulated *vide* Note dated 26.5.95 to all Ministries of the Central Government, Chief Secretaries of the State Governments and Coal India Limited and its subsidiaries. Out of the 30 names received, till the last date 30.7.95, an eligibility list was prepared. The names of the short-listed candidates were sent to CIL on 4.9.95 to certify the service particulars and forward their ACRs and Vigilance clearance etc. After obtaining all these details, the proposal was referred to UPSC on 22.11.95. It would thus be seen that the delay was on account of procedural requirements and formalities and not on late approach to the UPSC. Further, the post did not remain physically vacant as an officer of this Ministry was given additional charge.

[Ministry of Coal, O.M. No. 20011/1/98-IF/Vol. III, dated 5.10.98]

Comments of the Committee

(Please see Para 11 of Chapter I of the Report)

Recommendation (Sl. No. 5, Para No. 33)

The Committee is surprised to note that despite realisation of a sum of Rs. 226.50 crore from Central Plan Assistance of the State Governments in 1997-98 and other steps like "Cash and Carry" scheme being implemented since 1.1.97, the total outstanding Coal sale dues have increased by 1451.08 crore on 31.3.98 as compared to that on 31.12.96. The Committee are perturbed to note the considerable increase in the dues from power sector despite the reported steps taken and desire the Ministry of Coal to explain the reasons for this. The Committee would also like to know the steps taken by the Government for the new scheme by which these outstanding dues would be guaranteed to enable the Coal Companies to realise bonds etc. The Committee also note with concern that huge amount Rs. 2559.54 crore is under disputed category. The Committee recommend that as a first step the Ministry should ensure that maximum amount from this category is transferred to undisputed category and for which they should effectively utilise the service of the umpires appointed for the purpose. Efforts should also be made to check such disputes by joint sampling at both the loading and unloading points.

Reply of the Government

Despite receipt of Rs. 226.50 Crore through Central Plan Assistance during the period 1.1.97 to 31.3.98 and introduction of "Cash and Carry" system for supplies to the Power Houses, the coal sale dues has gone up by Rs. 1451.08 crore and out of this the increase in Power Sector alone stands to a sum of Rs. 1277.28 crores.

The details of accrual of dues from 1.1.97 to 31.3.98 in respect of some major defaulting SEBs/Power utilities are as follows:

	(Rs. in crores)		
	As on 1.1.97	As on 31.3.98	Accrual from 1.1.97 to 31.3.98
1. BSEB	80.99	309.64	228.65
2. UPSEB	312.67	448.84	136.17
3. MSEB	451.69	738.24	286.55
4. MPEB	73.23	254.07	180.84
5. GEB	191.74	387.36	195.62
6. BTPS	388.68	490.82	102.14
7. West Bengal/ SEB/WBPDC/DPL	270.61	297.52	26.91
8. KPCL	13.55	70.71	57.16
9. Punjab	193.38	220.46	27.08
10. TNEB	119.25	179.21	59.96

It may be noted that BSEB has more or less completely stopped payments. UPSEB had also failed to honour the commitments made by them in the matter of clearing of coal bills. The outstanding dues from Badarpur TPS (BTPS) had increased because of inadequate receipt of Central Plan Assistance, and considerable amount is locked up with MSEB and GEB over disputes in the matter of quality and quantity of coal supplies. Increase in coal sale dues outstanding are also due to :

1. Failure to open L.C. by most of the SEBs/Power utilities and thereby not abiding by the Cash and Carry system introduced by CIL and its subsidiaries.
2. Existence of disputes between SEBs/Power utilities and CIL and its subsidiaries in the areas of venue of sampling, issue of unweighed wagons and others.
3. Supply exceeding demand thereby reducing the bargaining power of the coal companies.

The incidence of gradual increase in coal sale dues indicates that Cash and Carry system could not be strictly enforced. During the period, when growth in production is higher than the growth in demand, it is quite clear that coal companies can not really insist on Cash and Carry system without major increase in ground stocks affecting cash flows. Any attempt to strictly enforce the Cash and Carry system shall put the entire process under strain. It will also affect adversely the larger national interest. In the above scenario, the viability of the Cash and Carry system is not promising. The Govt. and CIL considered the situation in totality and has taken the following measures :

- (a) In order to implement Cash and Carry system and resolution of disputes, CIL and Council of Power Utilities (CPU) have drafted a coal supply

agreement to be entered into between SEBs/Power utilities and the coal companies. Sufficient care has been taken by Ministry of Coal, Ministry of Power, CIL and CPU in drafting the above coal supply agreement which shall not only take care, that SEBs/Power utilities open LC in favour of supplying coal companies but also eliminate the possibility of raising any dispute in regard to the venue of sampling, weighment and other by the SEBs/Power utilities.

- (b) In order to raise resources through Govt. guarantee for receivables from SEBs/Power utilities, the Government shall evolve a system for extending guarantee in favour of CIL to enable the coal companies receive payment against receivable from SEBs/Power utilities. On the strength of such guarantee, coal companies would raise resources from the market either directly or through securitisation route.

While CIL intends to instal a mechanism of realisation of its future contract backed coal sale dues either through direct involvement of FIs/Banks or through securitisation route, this proposed scheme shall enable CIL in realising coal sale dues arising from coal sale prior to execution of the said contracts.

The matter is under discussion between Ministry of Coal, Ministry of Power and Ministry of Finance.

Services of the Umpires are being utilised for resolving the outstanding disputed dues with the power utilities. The State Electricity Board-wise details are given in the following table :

Name of Umpire	Name of SEBs for which umpires appointed	Awards Pronounced
1. Shri R.K. Tikku	BTPS, DVB, PSEB, HSEB	BTPS
2. Shri B. Vijayraghavan	GEB, MPSEB, MPEB	GEB, MPSEB
3. Shri V. Krishnan	KPCL, RSEB, UPSEB	KPCL, RSEB
4. Shri R. Srinivasan	TNEB, APSEB	TNEB
5. Shri S.M. Murshid	BSEB, DPL, WBSEB, WBPDC	

Based on the principles set out by the Umpires, coal companies are working out the amounts due to them for submission before the umpires for final awards. However, the quantified position of the dues having been converted from the disputed to undisputed category has to be accepted by the concerned power utility, before the final award is given by the Umpire. In respect of venue of sampling and to avoid such disputes in future, an understanding has been reached between the Council of Power Utilities (CPU) representing SEBs and the other power utilities on the one hand and CIL and its subsidiaries on the other to the effect that coal sampling and analysis would be done both at colliery and power houses end by an independent third party to be identified from a list of parties agreed between CPU and the coal companies. Action to identify the third party is in progress and

sampling and analysis work at colliery and power house ends would start after the third party is identified. In the meantime, coal supply agreement between SEBs/ Power Utilities and the coal companies with the above provision for sampling and analysis is under negotiation between the CPU and coal companies. It has been agreed that for the purpose of payment the average of the results of sampling at the colliery end and the power house end would be adopted if variation between the results at both ends is within 5%. In the event the variation is more than 5% results of the referee sample to be analysed at a Government laboratory shall be binding on both the parties. This arrangement will reduce the number of disputes between the coal companies and Power Utilities.

[Ministry of Coal, O.M. No. 20011/1/98-IF/Vol. III, dated 5.10.98]

Comments of the Committee

(Please see Para 19 of Chapter I of the Report)

Recommendation (Sl. No. 6, Para No. 43)

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

Reply of the Government

The actual drilling meterage achieved during the year is reported and is taken as the physical achievement. But there is a time gap of over three months between date of drilling and release of payment by Central Mine Planning & Design Institute Limited. The process includes (a) drilling of boreholes, (b) preparation of bills, (c) scrutiny and approval by SCCL and NLC for coal and lignite drilling, (d) submission of technically cleared bills to CMPDI, (e) scrutiny and release of payment by CMPDI. Hence, the payment for drilling done in the last quarter of the year will normally be made only in the next financial year. Thus there would not be direct co-relation between meterage drilled and the disbursement during any financial year.

Targets for promotional drilling could not be achieved during the VIII Plan period due to various administrative and financial problems of the two executing agencies viz., GSI and MECL. The entire area where MECL is working for SCCL, is affected by Naxalite activities and the exploration activities have been affected/stopped due to one or other kind of law and order problem. Such hindrances are continuing since inception of priority regional exploration in the SCCL command area, but lately (July 97) these have acquired such a magnitude that the MECL is not allowed to continue its exploration activities in some of the blocks i.e. Shraavanpali and Ramagundam Shaft block VI beyond 6 PM resulting in low productivity. Besides, the stoppage of work as a retaliation to the actions taken by State Government, the extremists have set on fire number of rigs, pumps, vehicles and other equipments on different occasions over the period of the last few years. The total loss of properties due to Naxalite activities, as reported by MECL, works out to more than Rs. 100 lakhs and the loss of production on account of local bandhs and restriction on working hours has also done considerable damage in smooth running of priority regional exploration for coal by MECL.

Number of promotional exploration blocks in SCCL and CIL command areas are located in forest/reserve forest area. These blocks require forest clearance before starting the exploration. The procedure for obtaining forest clearance is time consuming. The exploration work has suffered due to forest clearance problems and a few examples are given below:

1. Pasra-Logala Block, District-Warangal, Andhra Pradesh in SCCL.
2. Mallayypalli Block in SCCL.
3. Nakiya Block in Surguja District, Madhya Pradesh in SECL.

Closer interaction and follow up with the Forest Deptt. of the State Govt. and the MOEF has been suggested to prevent delay in the issue of Forest Clearance letter.

Sub-Committee on Coal & Lignite (Group-VIII of Central Geological Programming Board) with Geological Survey of India, Central Mine Planning & Design Institute Ltd., Singareni Collieries Company Ltd., Neyveli Lignite Corporation Ltd. etc., programmes, coordinates and reviews the exploration work and allocates Promotional Exploration work every year to the executing agencies namely MECL & GSI.

Efforts have been made to identify NMDC as the third agency for Promotional Drilling in Coal. To intensify monitoring of exploration programme the following measures are suggested :

- (i) Sub-Committee on Coal & Lignite to meet quarterly at Ranchi-Calcutta.
- (ii) Six month performance review by MOC of work in Promotional Drilling.
- (iii) Implementing agencies namely, MECL & GSI to submit Progress Report latest by 10th of the succeeding month to CMPDI. Thereafter, the report can be compiled and submitted to Ministry of Coal on monthly basis.

- (iv) In order to meet the target of Promotional Drilling for the IX Plan Period, the meeting of the Study Group on Coal & Lignite Exploration for IX Plan may also be held at the time of the mid-term review by the Planning Commission.

[Ministry of Coal, O.M.No. 20011/1/98-IF/Vol. III, dated 5.10.98]

Recommendation (Sl. No. 8, Para No. 54)

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

Reply of the Government

Rehabilitation of land oustees whose land is acquired under the Coal Bearing Areas Act (CBA) or under LA Act or under State Acts etc. is governed by Rehabilitation & Resettlement (R&R) policy of Coal India Limited and approved by Ministry of Coal pending finalisation of National Policy on Resettlement and Rehabilitation of persons/families adversely affected/displaced on account on compulsory acquisition of land by the Ministry of Rural Areas & Employment, Government of India. In Orissa and Madhya Pradesh, guidelines relating to relief and rehabilitation issued by the Governments in January, 1998 and September, 1991 respectively are being followed.

As per recommendation of the Committee of Secretaries (COS), in its meeting held on 28.11.97, Ministry of Rural Areas & Employment, after considering the views and recommendations of the State Govts. has recently finalised a note on National Policy on Resettlement and Rehabilitation of persons/families adversely affected/displaced on account of compulsory acquisition of land and is under consideration of Government.

Following steps have been taken to remove deficiencies in the organisational system:-

- (i) The procedure for land acquisition cases under C.B.A. Act and payment of compensation thereof has been streamlined which will help in reducing delays at various levels.
- (ii) Formation of Relief & Rehabilitation (R&R) cadre in the Coal Companies.
- (iii) Posting R&R officers at project level to supervise the implementation of R&R policy including negotiation with the land losers and coordination with Area & Headquarters of the coal companies.

Details of the number of claims pending and amount involved as on 31-3-98 are as under :

**Land Acquisition under Coal Bearing Areas
(Acquisition & Development) Act 1957.**

Company	Claims Pending (Nos.)	Amount of compensation involved (Rs. in crores)
ECL	642	0.25
BCCL	NIL	NIL
CCL	334	9.92
NCL	NIL	NIL
WCL	441	2.69
SECL	261	1.62
MCL	5,539	5.90
Total	7,217	20.38

[Ministry of Coal, O.M. No. 20011/1/98 Vol. III, dated 5.10.98]

Recommendation (Sl. No. 11, Para No. 63)

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

Reply of the Government

(a) *Removal of the exemption from Special Additional Duty to Traders (SAD)* : The Special Additional Duty leviable under section 3A of the Customs Tariff Act, 1975 has been imposed in this year's budget with a view to neutralise the impact of internal charges/taxes such as sales tax. In other words, this duty countervails the incidence of sales tax applicable to similar goods produced in the country. It is for this reason that the exemption from this levy has been provided to goods imported for sale as such. If such an exemption were not there, imported goods would have to suffer double taxation as they would be required to pay SAD equivalent to sales tax at the time of their importation and sales tax as and when they are further sold within the country. For this reason, it has not been found feasible to remove the exemption available to coal imported for sale as such.

(b) *Imposition of anti dumping duty on coal* : Under the provisions of the Customs Tariffs Act read with the relevant rules, anti-dumping duty can be imposed by the Central Government only on the basis of recommendation from the Designated Authority (DA) appointed for this purpose. The DA carries out dumping investigations on the basis of complaints received from the indigenous manufacturers.

The dumping of Chinese Coke into the country was examined by the Designated Authority. After hearing the affected parties, and considering the submission of the parties, the designated authority has imposed an anti-dumping duty of metallurgical coke being imported from China PR at a rate as equivalent to the difference between Rs. 4673/- and the landed value of met-coke/m.t.

[Ministry of Coal, O.M. No. 20011/1/98-IF/Vol. III, dated 14.12.98]

Comments of the Committee

(Please see Para 28 of the Chapter 1 of the Report)

Recommendation (SL No. 14, Para No. 81)

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

Reply of the Government

Fertilizer Plant has incurred a cumulative loss of Rs. 123.78 crores in the past five years. The present loss of Fertilizer Unit is due to high consumption on specific norms of Ammonia and Steam in Urea Plant.

The recommendation of the Committee to make the Fertilizer Plant viable and to ensure its safe operation has been taken into account. NLC has decided to implement the recommendations of M/s. PDIL to make the plant viable and ensure its safe operation. NLC Board has also decided to invest an additional amount of Rs. 23.30 crore for technical up-gradation of the plant.

Even before the recommendation of the Committee, NLC had already taken steps, to ensure the safe operation of Ammonia Plant and to improve capacity utilisation of Ammonia, to install single Ammonia Reactor and accessories in the place of existing three reactors. During May, 1997, on turnkey basis, the LOA was issued to M/s. PDIL. The anticipated cost of the project is Rs. 49.28 crore including F.E. component of Rs. 19.24 crore. It is anticipated that the Project will be completed by Sept. '99.

In addition to it, NLC is for technical up-gradation by introducing high efficient Casale trays in the existing Urea reactors. This will increase conversion percentage of Ammonia and CO₂ in Urea reactors and thereby specific norms of Ammonia and steam will come down resulting in increase in profitability. NLC Board in its meeting held on 30.7.98 has considered Urea revamping and approved it in principle. The total anticipated cost is Rs. 23.30 crore and the project is expected to be commissioned in January, 2000.

The Fertilizer plant is expected to turn the corner provided there is no change in Govt. of India's policy on payment of retention price on fertilizer subsidy and is expected to generate profit from 2001-02.

[Ministry of Coal, O.M. No. 20011/1/98-IF/Vol. III, dated 5.10.98]

Recommendation (Sl. No. 15, Para No. 85)

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

Reply of the Government

The Coal Sector Rehabilitation Project (CSRP) was conceived in the year 1992-93. At that time the total coal production of Coal India Limited (CIL) including its subsidiary companies was 211.22 million tonnes. The Government has announced a policy of withdrawing the net budgetary support to CIL. While in the year 1985-86, the percentage of net budgetary support to the annual capital expenditure of CIL was at the level of 99.26%, it had come down to mere 8.18% in 1992-93 and from 1996-97 onwards the net budgetary support to CIL has been fully stopped. Further, in the year 1992-93, the annual losses in Eastern Coalfields Limited (ECL) and Bharat Coking Coal Limited (BCCL), the two loss-making subsidiary companies of CIL had amounted to Rs. 354.28 crore and Rs. 270.26 crore respectively which led to serious apprehensions regarding the continued ability of ECL and BCCL to function. The demand projections indicated that by 2001-02, the terminal year of IX Plan, coal production had to be increased to 314 million tonnes. Therefore, in order to enable financing for the increased coal production, a loan of US\$ 1060 million was sought from the International Bank of Reconstruction & Development and Export Import Bank of Japan. The major objective of CSRP is to provide financial and technical support to CIL's efforts to make itself commercially viable and self-sustaining. CSRP also aims to achieve increase in CIL's coal production capacity by financing investment in 24 identified mines of CIL. The 24 project mines are opencast operations in ten coalfields under five subsidiary companies of CIL in five states in India. The proceeds of the loan would be utilised to finance the procurement of heavy earth-moving equipment for replacement at 15 mines, for expansion at six mines and for completion of three (new) mines. No part of the CSRP loan of U.S.\$ 1060 million is for visits by the officials of the Ministry of Coal.

2. While negotiating the CSRP loan with the World Bank, the entire Indian coal sector came under examination and it was noted that in every major parameter, the Indian coal industry fell far short of international standards. Parameters are as follows:-

- (i) Output per man shift (underground mines)
- (ii) Output per man shift (opencast mines)
- (iii) Machine productivity

3. At the same time, it was noted that the dependence on imported coal was growing and in order to increase availability of domestic coal, the Government had amended the Nationalisation Act to enable private investment in the coal mining sector for captive consumption. In these circumstances, during the negotiations, the World Bank required that the regulatory framework and the legal framework under which the coal industry in India functions should also be examined. For this purpose a separate credit of 1.5 million Special Drawing Rights (SDR) from the International Development Association was sanctioned. The Government concur with the views of the Standing Committee that experts available in the country should also be involved in the study relating to the coal sector. It was, therefore,

agreed that studies would be invited on the basis of international competitive bid and that the Government of India would associate its experts who would also be involved in the study. It may, therefore, be seen that out of the total outlay of SDR 105 million for the Regulatory Framework Review Project, the expenditure which may be incurred towards travel will be minimal.

[Ministry of Coal, O.M.No. 20011/1/98-IF/Vol. III, dated 5.10.98]

CHAPTER III

RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLIES

Recommendation (Sl. No. 9, Para No. 55)

Regarding encroachments on Government land/coal bearing areas, the Committee find that advance action for land acquisition is taken in only those projects from where production is projected for the next five to fifteen years. The land for projects which are not planned is not acquired by the Government/coal companies. The Committee feel that the present inaction of the Government to notify/acquire all coal bearing areas would block the huge coal reserve under the buildings/dwellings which are growing on such land and desire that the Government should notify all the coal bearing areas as identified by the Geological Survey of India and take immediate steps to ensure that no encroachments and pucca dwellings come up on such areas. The Committee would like to know the Government's action thereon.

Reply of the Government

Under C.B.A. Act prospecting is to be completed within two years period from the date of preliminary notification under section-4 of the Act which is further extendable by one year. The question of acquisition of land comes thereafter, once the Central Government is satisfied of availability of coal. After the completion of formalities of land acquisition, the coal company gets deemed lease for 30 years to mine coal which is further extendable. Thus the coal companies are to be on alert to avoid encroachment of such acquired land for a very long period. Furthermore, coal and lignite resources are found scattered covering large areas spanning several States like West Bengal, Bihar, Orissa, U.P., M.P., Maharashtra, Tamilnadu, Gujarat, J&K, Assam, Meghalaya etc. Protecting such vast areas of land through a dedicated security force would be an awesome task requiring funds of very large order.

2. On acquisition of land, the Central Government is also to pay compensation. As the gestation period in coal industry is long and it needs huge investment, it may not be advisable for coal companies to block their limited resources by acquiring the total identified coal bearing areas and keep it idle for long years which will need further expenses for subsequent protection against encroachment. Furthermore, after land acquisition mining operation should commence within two years which can be extended under compelling circumstances.

3. In such a situation it is clear that notification for acquisition of all the coal bearing lands would not be a solution against encroachment, rather the enormous expenditure involved in acquisition of land and in the subsequent protection from encroachers will further compound the problem.

4. The Central Government has no plan to go ahead with idea of acquiring all the coal bearing areas as identified by the Geological Survey of India at one stroke. However coal companies are being asked to ensure that encroachment on the lands acquired does not take place and pucca dwellings do not come up on the areas acquired by the company.

[Ministry of Coal, O.M. No. 20011/1/98/IF Vol. III, dated 5.10.98]

Recommendation (Sl. No. 12, Para No. 68)

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

Reply of the Government

1. The advice of the Committee to improve the project implementation is noted for necessary action. The concrete steps initiated by Govt. to assist NLC regarding those matters referred to by NLC as per the MoU signed between the Corporation and the Govt. or otherwise includes :

- (a) Approaching Planning Commission/Ministry of Finance for providing funds through budgetary support.
- (b) timely acquisition and possession of land.
- (c) environment clearance for new projects.
- (d) assisting the company in realisation of dues from organisation under the control of other Ministries.
- (e) assisting the company for obtaining legitimate benefits that are declared by other Ministries.

2. Power generation targets are being fixed based on criteria listed below :

- (a) equipment availability during the year and
- (b) operating the power station at the normative Plant Load Factor.

2.1 For 1998-99 the targeted generation on the basis of normative Plant Load Factor would have been 11501 MU. Against this, the company has fixed 11715 MU as power generation target. As such, NLC has not fixed a lower target.

2.2 Issues relating to fixing of targets vis-a-vis the achievements of previous years are discussed in detail with Ministry of Coal, Planning Commission and in the MoU Committee established by DPE and thereafter firmed up on a realistic basis.

2.3 While compared to the actuals, the targeted generation for 1998-99 could not be raised due to the following :

- (a) The TPS-I is under LEP and this is expected to be completed at the end of 1998-99 only.
- (b) The following major repairs and overhaul works have been planned to be carried out in TPS II in 1998-99 :
 - (i) Introduction of automatic ball cleaning system in Unil-III.
 - (ii) Replacement of ABG system in 2 units.
 - (iii) Two units of turbine overhaul has been planned against only one carried out in the previous year.

In view of the reasons stated above the target for 1998-99 could be fixed only at 11715 MU.

[Ministry of Coal, O.M. No. 20011/1/98-IF/Vol. III, dated 5.10.98]

CHAPTER IV

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

Recommendation (Sl. No. 7, Para No. 44)

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

Reply of the Government

The coalfields of the North Eastern States are located in highly hilly topography dissected by numerous rivers and streams and many parts are inaccessible. Further most of the coalfields fall in evergreen rain forest area and are densely populated with wild life. Part of the major coalfields are not even accessible by road. Because of this, mining operations on organised basis are confined to only Makum and Dilli Jeypore Coalfields.

Most of the coal deposits of Meghalaya, Nagaland and Mikir hills of Assam are small with thin seams. Many of these deposits are under exploitation manually in unorganised private sector by driving small adits and inclines as well as by opencast workings managed by local inhabitants and such mining is in practice since ages. It is also difficult to economically exploit the thin seams in the isolated small coal deposits by the organised sector. Under the difficult geo-mining conditions stated above, the cost of production will be prohibitive.

The coal of the North Eastern States is of high sulphur content and therefore its use is restricted especially for steel plants. The coal is susceptible to spontaneous combustion and large scale stocking is also not possible.

Raw coal offtake from these States has not picked up. It has not been possible to despatch the meagre production of around 1 million tonne. Traditional demand of North Eastern Coalfields has been to fulfil local consumers like Rlys., Tea Gardens, Bricks and other industries. With the increased accent on dieselisation and

electrification, demand by the Railways has been stagnant. Tea Gardens are switching over to alternative fuel. Steel Sector is progressively reducing the consumption of this high sulphur coal. Less coal demand and lack of outside market do not favour the idea of increasing coal production in N.E. Region.

Because of very high production cost of mining coal in North Eastern Coalfields, CIL is losing nearly Rs. 40 crores per year on operation in NEC. Further expansion of NEC operations would mean much bigger losses as the cost of production of the new mines would be higher. It may not therefore be economically profitable for CIL to enhance the production of North Eastern coalfields at present. However, efforts will be made to improve the same in future depending on the leverage allowed by the market force.

[Ministry of Coal, O.M. No. 20011/1/98-IF/Vol. III, dated 5.10.98]

Comments of the Committee

(Please see Para 24 of Chapter I of the Report)

CHAPTER V

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

Recommendation (Sl. No. 1, Para No. 11)

The Committee are distressed to note that the R&D projects which do have a direct and immediate impact on the growth of Coal industry has been a neglected area. The Committee find that although the budget allocations for R&D activities is very low as compared to the total turnover of the Coal Industry, yet the same has not been utilised during the 8th plan. It has been observed by the Committee that with as little as 23.2% of the budget allocations during 1995-96, the targeted projects have been completed and the remaining Budget Estimates could not be utilised due to non-materialization of projects/schemes as anticipated. The reason for non-utilisation of funds as stated by the Government is that the schemes did not come from CSIR, Central Fuel Research Institute, Central Mine Research Institute, Coal Companies and other institutions as anticipated. Moreover, the clearance procedure is also complicated and even takes a year to get the scheme cleared. In view of the inadequate number of quality R&D projects with the Ministry, the Committee recommend that the ministry should set up its own in-house R&D organisation along with CMPDIL to achieve the major thrust in areas such as coal production, safety etc. The Committee also express that there is a need for adequate control and proper co-ordination with the various organisations/institutions so that the Ninth Plan target could be achieved. The Government should identify the suitable R&D projects based on the requirements of the coal industry and on the experiences of various coal companies working under the Ministry.

Reply of the Government

A National workshop on S&T/R&D was held at Ranchi on 29th and 30th July 1998 which deliberated on (a) setting up in-house R&D organisation in each of the producing companies along with Central Mine Planning & Design Institute Limited and (b) to identify suitable R&D projects based on the requirement of the coal industry.

Following recommendations were made by the workshop :

Organisational set up proposed

- A. Each coal/lignite producing company will create a suitable R&D cell at company headquarters. This R&D cell shall assess the needs of their company for R&D works.

- B. Each regional institute of CMPDI will have a nodal officer for R&D who will interact with the respective coal companies and help them in formulation and implementation of the research projects.
- C. Each research institute like Central Mining Research Institute, Central Fuel Research Institute, National Institute of Rock Mechanics etc. will also have a nodal officer who will interact with R&D cell of the coal/lignite producing companies and nodal officer of regional institutes of CMPDI to provide specific assistance in the areas of expertise of that institute.
- D. CMPDI, on behalf of the Ministry of Coal, will continue to act as nodal agency for S&T activities in coal and lignite sectors.

With the proposed set-up there shall be a continuous interaction so that projects will be formulated speedily as per the requirements of the coal/lignite producing companies. In most of the future proposals coal/lignite producing companies shall be the project proponent and the research institutes shall be co-proponents.

Dissemination of the knowledge of work already done on S&T works

Booklet titled "Coal Research—Success stories" was brought out on this occasion in which the projects already completed under S&T grant were highlighted. This booklet is being sent to all the coal mines, area and sub-area establishments and company headquarters. This will update the knowledge of all the colliery managers so that they can select the specific subjects for re-application in their mines to take advantage of the work already done under S&T grants.

Identification of suitable R&D projects based on the requirements of the coal industry

Representatives of coal/lignite producing companies and research institutes presented the thrust areas as identified by them. These thrust areas have been divided into the following heads :

(A) Mining Methods, (B) Other proposals related to production, productivity and safety, (C) Environmental and ecology and (D) Coal beneficiation and utilisation.

Coal/Lignite producing companies will now take up the formulation of the project proposals so that the organisational set up as mentioned above will help them in sanction and implementation of these proposals speedily.

It is expected that decisions taken by consensus in this workshop will help the coal/lignite sector to overcome the shortcoming pointed out in this recommendation.

[Ministry of Coal, O.M. No. 20011/1/98-IF/Vol. III, Dated 5.10.98]

Comments of the Committee

(Please see Para 8 of Chapter I of the Report)

Recommendation (Sl. No. 10, Para No. 62)

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

Reply of the Government

The action taken in respect of Coal India Limited and Neyveli Lignite Corporation Limited are as under :

CIL : Despite the low investment in 8th Five Year Plan, steps have been taken and are being contemplated to ensure that coal production target set for 9th Five Year Plan is met. On account of fund constraints, no sanctioned projects costing Rs. 20 crores and above was left out during the 8th Plan period requiring to be taken up during the IXth Plan. Measures have been taken to overcome the fund constraints being faced by the coal companies by obtaining external financing under the Coal Sector Rehabilitation Project of CIL. Efforts are also being made to recover the SEBs dues. The company has also been advised to remove the mismatches occurring in various mines to improve coal production. Action is being taken to prioritise the coal projects. In order to ensure demand for coal and encourage its sales, CIL is in the process of formulating a new marketing scheme for augmentation of coal sales.

Long Term Coal Production Plan *vis-a-vis* Demand

Coal companies have been advised to re-examine their coal production programme *vis-a-vis* demand and prioritise their projects in view of the suggestions made by the Committee. A long term perspective plan will be drawn up by CIL in order to comply with the recommendations of the Committee.

NLC : Though the entire provision in the 8th Plan was not utilised during the Plan period there was no gap between demand and the supply of lignite to the power sector in the 8th Plan nor does NLC anticipate any such gap in the 9th Plan. The following table will show the anticipated position at the end of 9th Plan.

Period	Demand	Supply	Excess/Gap
End of 2001-2002	21.89 Mt	22.00 Mt	+ 0.11 Mt

[Ministry of Coal, O.M. No. 20011/1/98-IF/Vol.III, Dated 5.10.98]

Recommendation (Sl. No. 13, Para No. 75)

The Committee are constrained to note that although both Mine-I Expansion and TPS-I expansion project were proposed by NLC on 07.01.91, only Mine-I expansion project got sanctioned in March '92 and linked TPS-I expansion got sanctioned only in February '96. The delay in sanctioning of TPS-I Expansion is stated to be due to resource constraints and the Public Investment Board (PIB) suggested that funds from M/s KFW for both projects be tied up first. The loan agreement with M/s KFW was signed in February '96. The Committee find that the project which would have yielded results in the 8th Plan would now be commissioned by the end of the 9th Plan. The Committee would like to know the reasons for delay in tying up loans for both the projects since the decision of PIB on 27.6.92. The Committee would also like to know that when the approval of the Government was given to NLC to have loan agreement with M/s KFW regarding foreign loan agreements, the Committee feel that these should be elaborate and should have some penalty clause to ensure that the loans for coal/lignite projects are not delayed.

Reply of the Government

Delay in finalising the funding arrangement with M/s KFW :

Delay – 60 months

- (i) In the PIB meeting, held on 27.6.91, it was submitted that M/s KFW had indicated that they would be agreeable to evaluate the expansion projects for financial assistance. However, *inter-alia*, it was concluded that NLC would have to generate adequate internal resources to fund the project in the event of KFW assistance not being made available.
- (ii) After obtaining the GOI's approval, on 24.3.92, for Mine-I Expansion project action was taken up with M/s KFW, for Foreign Exchange funding arrangements for Mine-I Expansion and TPS-I Expansion. M/s KFW, during Dec.'92, stated that the following pre-conditions have to be fulfilled before an appraisal for loan can be started :
 - * Master Plan preparation for NLC.
 - * Results of studies on slagging problem (including cost impact) in TPS-II as it has effectively lowered the PLF.

- * Verification of the data relating to hydrological and environmental factors of Mines by an independent Expert appointed and paid by M/s KFW.
- * Power Plant Expansion (TPS-I Expansion) Sanction by GOI.

All the above pre-conditions were fulfilled by NLC in 1993 except sanction of Power Plant Expansion by Govt. of India. The project was sanctioned in February, 1996 only due to the time taken for getting the five Southern Electricity Boards acceptance for power tariff which was insisted by PIB.

- (iii) Government of India's approval was given on 22.4.96, to enable NLC to sign the Loan Agreement for Expansion Schemes with M/s KFW.
- (iv) When approached, in 1996, M/s KFW brought in a fresh and new condition that Re-settlement and Rehabilitation (R&R) policy should be studied and implemented as a pre-requisite for conclusion of loan agreement, which was not brought-in in Dec. '92. Several rounds of discussions had to be held with Tamil Nadu State Govt., Ministry of Coal, KFW and also with German Govt., by NLC and Ministry of Coal officials before the issue could be sorted out. The R&R Policy was approved by M/s KFW in February, 1997 only.

During the above period issues relating to Interest Differential Fund (IFD) and commitment charges also were sorted out.

- (v) Loan agreement was signed on 13.3.97 along with R&R Policy.

- II. The recommendations of this Committee pertaining to penalty clause on non-release of foreign currency loan, were forwarded on 23.7.98, to the Ministry of Finance for issue of suitable orders as they are the nodal ministry for policy decision on all foreign currency loans.

[Ministry of Coal, O.M. No. 20011/1/98-IF/Vol. III, Dated 5.10.98]

Comments of the Committee

(Please see para 32 of Chapter 1 of the Report)

NEW DELHI;
February 27, 1999

Phalgun 8, 1920 (Saka)

K. KARUNAKARAN,
Chairman,
Standing Committee on Energy.

EXTRACTS OF MINUTES OF THE FIRST SITTING OF SUB-COMMITTEE
ON ACTION TAKEN REPORTS OF STANDING COMMITTEE ON ENERGY
(1998-99) HELD ON FEBRUARY 15, 1999

The Sub-Committee met from 15.00 hrs. to 16.00 hrs.

PRESENT

MEMBERS

- Shri Ghulam Nabi Azad — *Convenor*
2. Shri Sushil Chandra Verma
3. Shri Nuthanna Kalva Ramakrishna Reddy

SECRETARIAT

Shri R.S. Kambo — *Under Secretary*

2. At the outset, the Convenor of the Sub-Committee welcomed the Members of the Sub-Committee to its first sitting.

3. The Sub-Committee then considered the following draft reports :

- (i) ** ** ** **
(ii) Action taken by the Government on the recommendations contained in the Second Report of the Standing Committee on Energy (1998-99) on Demands for Grants (1998-99) of Ministry of Coal.
(iii) ** ** ** **
(iv) ** ** ** **

4. The Sub-Committee adopted the Draft Reports mentioned at (i), (ii) and (iv) above relating to Department of Atomic Energy, Ministry of Coal and Ministry of Power respectively without any change.

5. ** ** ** **

6. The Sub-Committee authorised the Convenor to finalise the reports and submit these to the Chairman for consideration by the Standing Committee on Energy.

The Sub-Committee then adjourned.

**Sub-Para (i), (iii) and (iv) of Paragraph 3 and Paragraph 5 relating to other Reports have not been included.

**EXTRACT OF MINUTES OF THE THIRTEENTH SITTING OF STANDING
COMMITTEE ON ENERGY (1998-99) HELD ON FEBRUARY 23, 1999**

The Committee met from 15.30 hrs. to 16.15 hrs.

PRESENT

Shri K. Karunakaran — *Chairman*

MEMBERS

2. **Shri Basudeb Acharia**
3. **Shri Parasram Bhardwaj**
4. **Shri K.C. Kondaiah**
5. **Shri Salkhan Murmu**
6. **Shri Amar Roy Pradhan**
7. **Shri Kanumuru Bapi Raju**
8. **Shri Braj Mohan Ram**
9. **Shri Anantha Venkatrami Reddy**
10. **Shri Larang Sai**
11. **Shri Shailendra Kumar**
12. **Prof. (Smt.) Rita Verma**
13. **Shri Jalaludin Ansari**
14. **Shri Gandhi Azad**
15. **Shri Ghulam Nabi Azad**
16. **Shri Brahmakumar Bhatt**
17. **Shri Bangaru Laxman**
18. **Shri Ramashanker Kaushik**
19. **Shri S. Agniraj**

SECRETARIAT

	1. Shri John Joseph	—	<i>Joint Secretary</i>
**	2. Shri P.K. Bhandari	—	<i>Deputy Secretary</i>
	3. Shri R.S. Kambo	—	<i>Under Secretary</i>

2. At the outset, the Chairman of the Committee welcomed the Members of the Committee to its Thirteenth sitting.

3. The Committee then considered the following draft reports :

- (i) ** ** ** **
- (ii) Action taken by the Government on the recommendations contained in the Second Report of the Standing Committee on Energy (1998-99) on Demands for Grants (1998-99) of Ministry of Coal.
- (iii) ** ** ** **
- (iv) ** ** ** **

4. The Committee adopted the aforesaid Draft Reports without any amendments.

5. The Committee also authorised the Chairman to finalise the above mentioned Reports after making consequential changes arising out of factual verification by the concerned Ministry/Department and to present the same to both the Houses of Parliament.

The Committee then adjourned.

**Sub-Para (i), (iii) and (iv) of Paragraph 3 relating to other Reports have not been included.

(Vide Para 4 of Introduction)

**ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE
RECOMMENDATIONS CONTAINED IN THE SECOND REPORT OF THE
STANDING COMMITTEE ON ENERGY (1998-99) (TWELFTH LOK SABHA**

(i)	Total number of Recommendations	15
(ii)	Recommendations that have been accepted by the Government. (vide Recommendation at Sl. Nos. 2, 3, 4, 5, 6, 8, 11, 14 and 15)	9
	Percentage of total	60.3
(iii)	Recommendations which the Committee do not desire to pursue in view of the Government's replies. (vide Recommendations at Sl. No. 9 and 12)	2
	Percentage of total	13.2
(iv)	Recommendations in respect of which replies of the Government not been accepted by the Committee. (vide Recommendation at Sl. No. 7)	1
	Percentage of total	6.6
(v)	Recommendations in respect of which final replies of the Government still awaited. (vide Recommendations at Sl. No. 1, 10 and 13)	3
	Percentage of total	19.9