

**GOVERNMENT OF INDIA
COAL
LOK SABHA**

UNSTARRED QUESTION NO:307
ANSWERED ON:21.11.2000
MODERNISATION OF COALFIELDS
UMMAREDDY VENKATESWARLU

Will the Minister of COAL be pleased to state:

- (a) whether the Union Government have refused to accept the 700 crore loan offer from World Bank for the modernisation of coalfields;
- (b) if so, the reasons therefor;
- (c) whether the internal resources are adequate to meet the demand for modernisation of coalfields;
- (d) whether the Government feel at now there is no need for such modernisation as contemplated earlier; and
- (e) if so, the facts in this regard?

Answer

MINISTER OF STATE FOR COAL (SHRI N.T.SHANMUGAM)

(a) & (b): Coal India Limited entered loan agreements with World Bank (IBRD) and Japan Bank for International Cooperation (JBIC) for financing Coal Sector Rehabilitation Project (CSRP) to improve coal production and maintain commercial viability of 24 profitable mines of Coal India Limited. Total loans comprised US\$ 1030 million, out of which US\$ 522.60 million is being utilised and the balance US\$ 507.40 million remaining unutilised.

Coal India Limited itself requested World Bank and JBIC for the cancellation of the balance uncommitted part of the loan because of various operational reasons. After taking into account the softening of domestic interest rates and the greater flexibility available by recourse to domestic credit on the strength of its balance sheet, CIL was of the view that continuing the World Bank / JBIC project finance for the unutilized portion of the loan was not in its best financial interests.

As the balance of convenience lay in agreed cancellation of the balance uncommitted facility of the World Bank and Japan Bank for International Cooperation (JBIC) loan, CIL initiated appropriate steps for cancellation in consultation with Ministry of Coal and Ministry of Finance. CIL is confident of completing the projects covered by the loan from its own resources.

(c): The objective of CSRP in terms of creation of additional coal production capacity would not be affected as necessary arrangements for funds from alternate sources is being made by CIL.

(d) & (e): Modernisation and taking up new coal projects are a continuous process depending on development of new customer / increase in capacity of existing customer. For Greenfield areas, CIL is exploring the possibility of joint venture and /or other routes.