

**GOVERNMENT OF INDIA  
COAL AND MINES  
LOK SABHA**

UNSTARRED QUESTION NO:111  
ANSWERED ON:19.11.2001  
FUNCTIONING OF CCL BCCL AND ECL  
NIKHIL KUMAR CHOUDHARY

**Will the Minister of COAL AND MINES be pleased to state:**

- (a) whether the condition of Central Coalfields Limited ( CCL), Bharat Coking Coal Limited (BCCL) and Eastern Coalfields Limited ( ECL) in very miserable;
- (b) if so, the factors attributed thereto;
- (c) the steps taken by the Government to improve their condition and functioning as well

**Answer**

MINISTER OF STATE FOR COAL AND MINES ( SHRI RAVI SHANKAR PRASAD)

(a) to (c) : The Bharat Coking Coal Limited (BCCL) Eastern Coalfields Limited (ECL) and Central Coalfields Limited (CCL) are the three subsidiaries of Coal India Limited (CIL) which are running under losses consistently. These companies have been referred to the Board for Industrial & Financial Reconstruction (BIFR) under the Sick Industrial Companies ( Special Provisions) Act, 1985 for substantial erosion of their net-worth.

The main reasons for losses in ECL, BCCL & CCL are

- (i) existence of a large number of small underground (UG) mines which are no longer amenable to viable operation,
- (ii) low productivity for UG mines as compared to successive increases in wages,
- (iii) surplus manpower,
- (iv) adverse geo-mining conditions and
- (v) problem of land acquisition and resettlement of land oustees affecting production from a few large coal mines.

In February, 1996, a package for capital restructuring of CIL was approved by the Government whereby CIL's overdue liabilities of Rs. 2, 228.57 crores were taken care of by waiver of arrears of interests, partly by conversion to preference equity and partly by moratorium on repayment and interest accrual. These benefits were passed on to the loss making subsidiaries such as ECL and BCCL. Further, in order to improve the performance of the loss making companies of ECL and BCCL, CIL had effected an internal restructuring of the equity and loan structure of its subsidiaries, whereby debts of Rs. 994 crores in ECL and Rs. 1,180.70 crores in BCCL were converted into equity.

Following steps have been taken to check the losses and to make the coal mines profitable :-

- i) Conversion of underground mines to opencast mines, wherever practicable.
- ii) Mechanisation of underground mines wherever feasible by introducing SDLs, LHDs and Continuous Miners.
- iii) Encouraging Voluntary Retirement Scheme to reduce manpower and facilitate introduction of mechanisation.
- iv) Effective utilisation of existing resources by motivation to achieve higher productivity by way of close monitoring and incentives.
- v) Coal Quality Improvement drive in all mines.