

**PUBLIC ACCOUNTS COMMITTEE**  
**1958-59**

**NINETEENTH REPORT**  
**(SECOND LOK SABHA)**

**Report on the Working of the Coal Mines Safety and  
Conservation Fund**



**LOK SABHA SECRETARIAT**  
**NEW DELHI**  
*April, 1959*  
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TWENTIETH REPORT OF THE PUBLIC  
ACCOUNTS COMMITTEE (SECOND LOK  
SABHA)

CORRIGENDA

- Page 8, line 2, for "miner's" read  
"miners" "
- Page 9, line 6 from bottom, for 'units' .  
read 'unit'
- Page 25, line 2 of the heading, for  
'year 1955-56 and 1957-58' read  
'years 1955-56, 1956-57 and 1957-58'.
- Page 25, footnote, for 'netted' read  
'vetted'
- Page 28, line 3 from bottom, for  
'class ~~staff~~' read 'class IV  
staff'
- Page 36, line 6, for 'at' read 'in'  
line 10, for 'Coalfield'  
read 'Coalfields'.  
line 23, for 'is' read 'are'.

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## PUBLIC ACCOUNTS COMMITTEE 1958-59

### CHAIRMAN

\*Prof. N. G. Ranga

### MEMBERS

2. Dr. Ram Subhag Singh
3. Shri Arun Chandra Guha
4. Shri N. R. M. Swamy
5. Pandit Jwala Prasad Jyotishi
6. Shri Rameshwar Sahu
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8. Shri Upendranath Barman
9. Shri Prabhat Kar
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11. Shri H. C. Dasappa
12. Shri Khushwaqt Rai
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16. Rajkumari Amrit Kaur
17. Shri Amolakh Chand
18. Shri T. R. Deogirikar
19. Shri S. Venkataraman
20. Shri M. Govinda Reddy
21. Shri Rohit Manushankar Dave
22. Shri M. Basavapunnaiah.

### SECRETARIAT

Shri S. L. Shakdher—*Joint Secretary.*

Shri V. Subramanian—*Deputy Secretary.*

Shri M. C. Chawla—*Under Secretary.*

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\*Prof. N. G. Ranga was appointed as Chairman of the Committee on the 11th September, 1958 for the unexpired portion of the term of the Committee ending on the 30th April, 1959 vice Shri T. N. Singh resigned from Lok Sabha.

†Elected on the 23rd September, 1958 vice Shri T. N. Singh resigned from Lok Sabha.

## INTRODUCTION

I, the Chairman of the Public Accounts Committee having been authorised by the Committee to submit the Report on their behalf, present this Nineteenth Report on the working of the Coal Mines Safety and Conservation Fund.

2. The Public Accounts Committee at their sitting held on the 14th May, 1958 appointed a sub-Committee to examine the working of the various Cess Funds constituted by the Government of India. The mode of examination of the working of this Fund as also that of the Coal Mines Labour Housing and General Welfare Fund has been described in paras 2—5 of the Introduction to the sub-Committee's Report (appended to this Report).

3. The Report of the sub-Committee was considered and approved by the Public Accounts Committee at their sitting held on the 29th April, 1959 (See Appendix I) and should be treated as the Report of the Public Accounts Committee.

4. *The Committee, in drawing attention to Chapter III of the Report regret to observe that the working of the Coal Board—the statutory authority responsible for the administration of the Coal Mines Safety and Conservation Fund—has not fulfilled the purposes underlying the Act which set up the Board.*

5. *The powers in regard to compulsory stowing vested in the Board by the Coal Mines (Conservation and Safety) Act, 1952 and the Rules framed thereunder have not been adequately used by it due to indifference. The progress of voluntary stowing even according to the admission of the Coal Board itself has been far from satisfactory and much below the conservation requirements of the scarce resources of this country in metallurgical coal. The Committee endorse the sub-Committee's impression that neither the Government nor the Industry have done as much hard thinking as they should have in this behalf.*

6. *In regard to other measures of conservation also viz., washing and blending, the Board's achievements are disappointing. In grading work too, the Board has still to make up much leeway. It is, therefore, necessary that steps should be taken to equip the Board adequately to discharge this function and wipe off the arrears by the end of the Second Five Year Plan.*

7. The Committee also note that though successive committees appointed by Government emphasised the need for a reduction in the use of metallurgical coal by non-essential consumers, even in the year 1957, more than 50% of the country's production of Selected Grades A and B coals and more than 80% of the country's production of Grades I & II coals were being used by non-essential consumers. The Committee are of the view that if the objectives for which the Fund was created are to be achieved, the Board must act with greater vigour and zeal than hitherto.

8. A statement showing the summary of the main conclusions/recommendations made in this Report is given at the end (Appendix V).

9. The Committee place on record their appreciation of the assistance given to them in the course of their examination by the Comptroller and Auditor General of India.

NEW DELHI;  
Dated the 30th April, 1959.  
Vaisakha 10, 1881 (Saka).

N. G. RANGA,  
Chairman,  
Public Accounts Committee.

**REPORT OF THE SUB-COMMITTEE ON CESS FUNDS ON THE  
WORKING OF THE COAL MINES SAFETY AND CONSERVA-  
TION FUND.**

## INTRODUCTION

I, the Chairman of the sub-Committee of the Public Accounts Committee on Cess Funds, having been authorised by the sub-Committee to present this Report on their behalf, present this Report on the Working of the Coal Mines Safety and Conservation Fund.

2. At their sitting held on the 28th April, 1958, the Public Accounts Committee (1957-58) while considering the draft Seventh Report on the Appropriation Accounts (Civil), 1953-54 and 1954-55 and Audit Report (Civil), 1956—Part I desired that the whole question regarding the working of the various Cess Funds constituted by the Government of India should be considered separately and that a sub-Committee should be appointed by the next Committee for this purpose. Accordingly, a sub-Committee of the Public Accounts Committee of 1958-59 on Cess Funds consisting of the following Members was constituted:—

Shri Arun Chandra Guha—*Chairman.*

- |                                |                 |
|--------------------------------|-----------------|
| 2. Shri N. R. M. Swamy         |                 |
| 3. Shri M. Govinda Reddy       | <i>Members.</i> |
| 4. Shri Rohit Manushankar Dave |                 |

One more Member—Shri Amolakh Chand was added to the sub-Committee on the 30th October, 1958.

The sub-Committee were to function in pursuance of the provisions of sub-Rule (1) of Rule 263 of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. A proforma asking for preliminary information regarding the working of the various Cess Funds, as approved by the Chairman, sub-Committee was forwarded to the Ministry of Finance (Department of Economic Affairs) on the 16th May, 1958 for collecting the requisite information and furnishing the same to the sub-Committee. The requisite information was received direct from the Ministries concerned from time to time.

4. The first sitting of the sub-Committee was held on the 9th September, 1958, when they decided about their future programme of work. According to the decision of the sub-Committee taken at that sitting, as partially modified by their subsequent decision taken at their Third Sitting held on the 3rd November, 1958, the

(x)

sub-Committee were to examine the working of the following Cess Funds during their current term of office:

1. Coal Mines Safety and Conservation Fund.
2. Coal Mines Labour Housing and General Welfare Fund.
3. Mica Mines Labour Welfare Fund.
4. Indian Lac Cess Fund.
5. Tea Fund.

At their Second, Third, Fourth and Fifth Sitzings held on the 25th September, 3rd November, 22nd November, and 4th December, 1958, respectively, the sub-Committee considered the provisional material furnished by the Ministries concerned in response to the sub-Committee's proforma regarding the working of the first four Funds, and prepared comprehensive questionnaires on which they desired to be furnished with further information. Later, due to the paucity of time at their disposal, however, the sub-Committee decided to confine their examination to the two Coal Funds only, viz., the Coal Mines Safety and Conservation and the Coal Mines Labour Housing and General Welfare Funds.

The bulk of the material in regard to the other Cess Funds could not, however, be received by the sub-Committee, duly vetted by Audit, by the end of March, 1959.

At their Sixth to Eighth Sitzings held on the 20th to 22nd March, 1959, the sub-Committee examined the representatives of the Ministries of Steel, Mines and Fuel (Department of Mines and Fuel), Finance, Labour and Employment and the Coal Board, and the Coal Mines Labour Welfare Organisation in regard to the working of the two Coal Funds referred to above.

5. Before examining the departmental witnesses, in early March, 1959, the sub-Committee undertook an on-the-spot study visit of the various institutions connected with the working of the two Coal Funds, the National Coal Development Corporation, etc.

The conclusions arrived at by the sub-Committee as a result of their examination of the Coal Mines Safety and Conservation Fund have been set forth in the succeeding Chapters in this Report. Their conclusions in regard to the working of the Coal Mines Labour Housing and General Welfare Fund are contained in a separate Report on the subject.

NEW DELHI;  
The 27th April, 1959.  
Vaisakha 7, 1881 (Saka).

A. C. GUHA,  
Chairman,  
Sub-Committee on Cess Funds.

## **PUBLIC ACCOUNTS COMMITTEE**

### **Sub-Committee on Cess Funds**

#### **Report on the working of the Coal Mines Safety and Conservation Fund**

### **CHAPTER I**

#### **CONSTITUTION OF THE FUND**

##### *Historical Background*

The occurrence of a number of major disasters in the Jharia and Raniganj Coal-fields in 1934—1936 led to the appointment in Oct. 1936 of a Committee to inquire into the methods of extracting coal underground and to suggest ways and means of preventing such accidents and avoidable waste of coal. One of the conclusions of this Committee (the Coal Mining Committee, as it was called) was that though the importance of stowing, both as a measure of safety in coal mines and conservation of coal, was well-known to collieries, individual action on their part was impossible because of the competitive disadvantage of the additional cost. They, accordingly, recommended that a statutory body should be appointed to promote stowing and other protective works in coal-fields by giving necessary financial assistance to collieries, and that the activities of this statutory body should be financed from a fund to be constituted from the proceeds of a cess on coal and coke.

2. The decisions of the then Government of India on the recommendations of the Committee were embodied in the Coal Mines (Safety) Stowing Act, 1939 under which the Coal Mines Stowing Fund and the statutory authority to administer it, viz., the Coal Mines Stowing Board came into being.

The scope of application of the Fund was, however, limited to stowing for safety, though the Coal Mining Committee had recommended stowing both for safety and conservation.

3. In 1949, the Metallurgical Coal Conservation Committee set up by the Government of India estimated the reserves of the country in \*metallurgical coal at 2,000 million tons. They, however, observed that this figure might well be halved unless precautionary steps (notably compulsory stowing) were taken in mining and unless steps were taken to use blends containing weakly coking coals and to

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\*Coal suitable for making hard coke required for the reduction of iron ore to pig iron in the blast furnace.

wash the inferior grades of coal. They estimated that if the requirements of metallurgical coal were increased ten-fold—and such an increase might well be called for in the interests of the industrial development of the country—the life of the metallurgical coal reserves would be no more than 55 years. Even this period might be halved unless stowing, washing and blending were adopted forthwith. According to them, scientific working and conservation should be the key-note of future policy regarding metallurgical coal.

4. The Planning Commission which examined the Report of the Metallurgical Coal Conservation Committee recommended that powers should be assumed by Government by legislation for conservation of the country's resources of metallurgical coal, and that the present administrative machinery should also be rationalised.

5. An Ordinance entitled the Coal Mines (Conservation and Safety) Ordinance, 1952, was accordingly promulgated on 8th January, 1952, taking powers to introduce stowing and other measures for conservation of coal. With effect from that date, all moneys lying at the credit of the Coal Mines Stowing Fund were transferred to a new Fund created under the Ordinance, viz., the Coal Mines Safety and Conservation Fund. The statutory body to administer the new Fund was named as Coal Board.

6. The Ordinance was later replaced by the Coal Mines (Conservation and Safety) Act, 1952 which embodied all the provisions of the Ordinance.

#### *Constitution of the Fund*

7. The source of revenue of this Fund is the duty of excise levied on all coal raised and despatched and on all coke manufactured and despatched from collieries in India. In terms of clause (a) of sub-section (1) of section 8 of the Coal Mines (Conservation and Safety) Act, 1952, the duty of excise is to be levied and collected at such rates not exceeding one rupee per ton as may be fixed from time to time by the Central Government, by notification in the Official Gazette.

Clause (b) of sub-section (1) of the same section further empowers the Government to levy and collect, by notification in the Official Gazette, an additional duty of excise not exceeding five rupees per ton in the case of coal of Selected Grades A or B and not exceeding two rupees per ton in the case of coal Grade I.

The rate of excise duty at present is 38 nP. per ton on coal and soft coke and 57 nP. per ton on hard coke.

During each financial year, a sum equivalent to the net proceeds of excise duty collected during the preceding financial year is paid

by the Government to the Coal Board. These sums as also any other money that may be received by the Board are to be credited by it to this Fund.

### *Application of the Fund*

8. The purposes for which the Fund is to be applied have been laid down in section 12(1) of the Act. These are:

- (a) meeting the expenses in connection with the administration of the Coal Board and the furtherance of the objects of the Act, i.e., conservation of coal and safety in coal mines;
- (b) the grant of stowing materials and other assistance for stowing operations to the owners, agents or managers of coal mines;
- (c) the execution of stowing and other operations in furtherance of the objects of the Act;
- (d) the prosecution of research work connected with safety in coal mines or conservation and utilisation of coal;
- (e) meeting the cost of administering the Fund and the expenses in connection with Advisory Committees;
- (f) the grant to State Governments, research organisations, local authorities and owners, agents or managers of coal mines of money in aid of any scheme approved by the Central Government in furtherance of the objects of the Act; and
- (g) any other expenditure which the Central Government directs to be defrayed out of the Fund.

### *Balances at the credit of the Fund*

9. The balances at the credit of the Fund [including contractors' security deposits (to be refunded in due course)] at the end of the years 1955-56, 1956-57 and 1957-58 were as follows:—

As on 31-3-1956:	Rs. 2,16,68,023-3-8.
As on 31-3-1957:	Rs. 2,52,12,417-12-10
As on 31-3-1958:	Rs. 2,77,04,596-21 nP.

From a Note furnished by the Ministry of Steel, Mines and Fuel (Department of Mines and Fuel), the sub-Committee understand that these balances are proposed to be utilised by the Board for the financing of the Central Stowing Schemes to be undertaken by it in the near future. *The sub-Committee's comments in the matter are contained in para 25 of Chapter III.*

### *Organisation administering the Fund—Composition*

10. The Fund is administered by the Coal Board. Under the Act, the Board is to consist of a Chairman and such number of other members, not exceeding six, as the Central Government may think fit to appoint.

The Board, as it is at present constituted, consists of four members besides the Chairman. The Office of the Chairman is held by the Coal Controller. Of the four Members, one is the Chief Inspector of Mines, and two are Deputy Coal Controllers, Production and Distribution. The fifth Member is the Chief Mining Engineer of the Board.

To advise the Board in the discharge of its functions, the following three Advisory Committees have been constituted by the Central Government:

- (1) Technical Advisory Committee (Mining)
- (2) Advisory Committee on Stowing
- (3) Research Advisory Committee.

The composition of and the duties to be discharged by these Committees have been laid down in Rules 20 to 22 of the Coal Mines (Conservation and Safety) Rules, 1954.

### *Powers of the Board*

11. Under the provisions of the Act and the Rules made thereunder, the following are the main powers exercisable by the Board:

- (1) to enforce stowing or of the carrying out of such operations directly by the Board;
- (2) to enforce washing and blending of coals;
- (3) to carry out protective measures directly by the Board;
- (4) to grant assistance and loans in furtherance of the objects of the Act;
- (5) to exercise control over opening and re-opening of mines/seams;
- (6) to exercise control over depillaring operations;
- (7) to exercise control over closing of coal mines producing coking coals;
- (8) to create posts (i) carrying a maximum pay not exceeding Rs. 500 per mensem, and (ii) posts corresponding to Class II Gazetted posts.

### Collection of Cess

12. When coal or coke is despatched by rail, the excise duty is collected by the Railway Administrations by means of a surcharge on freight. After deduction of refunds, writes-off, etc. authorised under the Rules and the cost of collection at 2 per cent. of the gross cess collected, the Railway Administrations remit the balance quarterly to the Reserve Bank of India, Calcutta to the credit of the Central Government in a special account.

In case of despatches of coal and coke by means other than rail, each colliery is to maintain a register showing quantities of coal and coke despatched during each month by means other than rail. The amount of excise duty payable during each month on such despatches, at the rates prescribed under the Act, is calculated and recorded by the colliery in the register itself. This amount is then paid by the owner into a treasury on or before the last day of the month following the month for which the payment is due. The Rules further provide for submission of monthly returns to the Coal Board by collieries indicating the details of coal and coke despatched by means other than rail and the amount of excise duty actually paid by them on such despatches, accompanied by the challans in respect of the remittances of excise duty on such despatches.

13. In evidence, the sub-Committee were given to understand that there were no arrangements for checking the quantities of coal raisings in the collieries. This, the sub-Committee apprehend, leaves much scope for illegal movements of coal by means other than rail and consequent evasion of Cess. There are, at present, three Central cesses levied on coal—Conservation and Safety Cess, Labour Welfare Fund Cess and the Rescue Stations Cess—all of which are payable on despatches of coal and coke. *The sub-Committee would urge the Ministry of Steel, Mines and Fuel to examine in consultation with the Ministries of Labour and Employment and of Finance the possibility of appointing some inspecting staff to be posted to a group of collieries to keep an account of the total output of these collieries and also to check that there was no movement of coal and coke except under proper authority. This, in the opinion of the sub-Committee, would not only ensure effective control over coal despatches but would also serve as a check against the evasion of the Central Cesses.*

## CHAPTER II

### BUDGETING AND CONTROL OVER EXPENDITURE

14. The Coal Board is a statutory body and the expenditure incurred by it each year from out of the Coal Mines Safety and Conservation Fund does not feature in the Central Government's Accounts as such.

Rule 59 of the Coal Mines (Conservation and Safety) Rules, 1954 provides that the Board shall, in each year, prepare a budget for the ensuing financial year and submit it to the Central Government for sanction on or before the 1st November.

On the basis of the actual expenditure incurred by the Board during the first six months of each financial year, revised budget estimates for that year are prepared by the Board and submitted to the Central Government for sanction in the second half of the financial year.

#### *Excesses on Sanctioned Allotments*

15. From the statements of sanctioned and actual expenditure of the Coal Board for the years 1955-56, 1956-57 and 1957-58 (Appendix II), the sub-Committee found that out of the five Major Heads of expenditure as included in the Annual Budget of the Coal Board, there were excesses in one or more Heads during all the three years. The sub-Committee enquired about the procedure for obtaining additional sums in case the sums sanctioned by the Central Government under a head of expenditure were found to be inadequate for the purpose as envisaged in the original budget estimates. It was stated that subject to the overall budget allotment for the year, the Board could incur expenditure under individual heads in excess of that allotted by the Central Government. Each case of excess was not referred to the Central Government for regularisation soon after its occurrence; on the other hand, all cases of excesses were referred together to the Government at the time of submission of the revised estimates in September. In reply to a question, it was, however, admitted that such powers had not been specifically delegated to the Board by the Central Government in the absence of any provision having been made in this behalf in the Coal Mines (Conservation and Safety) Act, 1952 or the Rules framed thereunder.

*The sub-Committee are of the view that the practice of incurring excess expenditure by the Coal Board in anticipation of sanction thereto by the Central Government in the absence of any clear authorisation by or under the Act or the Rules, is irregular. It vitiates the effectiveness of the only financial control exercised by Government. They are of the view that the Coal Board should not exceed the allotment under the different heads without the prior approval of Government. If necessary, supplementary estimates may be presented on such occasions to secure the necessary approval of Government. Such a course will also ensure closer budgeting and better control over expenditure by the Board.*

16. A few cases of defective budgeting are dealt with in the following paragraphs:—

#### *Large savings over Sanctioned Allotments*

Out of five Major Heads in the Budget of the Coal Board, savings occurred under three or four Heads during all the three years 1955-56 to 1957-58 (Appendix II). There were large savings under the Major Head "Other Measures taken in connection with the furtherance of the Objects of the Act". During 1955-56, as against the sanctioned allotment of Rs. 9,74,000, a sum of Rs. 2,63,259 only was spent, thus resulting in a saving of Rs. 7,10,741. During the year 1956-57, the actual expenditure under this Head came to Rs. 5,31,719 as against the sanctioned allotment of Rs. 21,24,000 resulting in a saving of Rs. 15,92,281. During the year 1957-58, there was again a saving of Rs. 3,88,203 under this Head as against the sanctioned allotment of Rs. 11,39,000.

In extenuation, the representatives of the Coal Board stated that a part of expenditure under this Head related to 'protective works' which could not be estimated with a reasonable degree of accuracy.

*The sub-Committee are not satisfied with this explanation. They find that variations between the sanctioned allotment and actual expenditure under this Head are not entirely due to the difference between the quantum of protection works sanctioned by the Board and that actually executed. The wide variation between the Board's estimates of contribution to the Central Mining Research Station, Dhanbad and the amount actually claimed by the latter on this account was mainly responsible for the savings. It is thus obvious that there is much scope for improvement in budgeting by the Coal Board.*

### *Loans granted by the Coal Board*

17. From a statement\* furnished by the Ministry of Steel, Mines and Fuel (Department of Mines & Fuel), the sub-Committee observed that during the year 1955-56, the amount of loans sanctioned by the Coal Board was Rs. 4,32,000 while no amount was disbursed at all. During the year 1956-57, the sanctioned amount was Rs. 36,84,500 and that actually paid was Rs. 2,19,482. During 1957-58, no provision was made but the amount actually paid came to Rs. 4,84,191.86.

In extenuation, it was urged that variations between the sanctioned and the amounts of loans actually paid by the Board were due to:

- (i) Delays in procuring plant and machinery by the collieries; and
- (ii) Delays in going through certain legal formalities, such as, assignment of securities by the collieries in favour of the Board, mortgage or hypothecation of the colliery assets to the Board, etc.

*The sub-Committee are not convinced by the reasons given for the variations between the amounts of loans sanctioned by the Board and the amounts actually paid. They feel that this is another instance of loose budgeting.*

### *Central Government's control over the operations of the Fund*

18. The sub-Committee desired to know the scope of the scrutiny exercised by the Ministry of Steel, Mines and Fuel over the budget estimates of the Board. In reply, it was stated that as the Board was a statutory body, having a legal entity of its own, the estimates of expenditure of the Coal Board submitted to the Central Government under rule 59 of the Coal Mines (Conservation and Safety) Rules, 1954 were not scrutinised by the Budget Division of the Ministry of Finance. They were seen by the Financial Adviser to the Ministry of Steel, Mines and Fuel, before the approval of the Central Government was accorded to the Board. As regards the scope of scrutiny exercised by the Ministry of Steel, Mines and Fuel over these estimates, it was stated that the approach of the Ministry had all along been to treat the estimates of the Board at a par with those of public companies, and, as such, a detailed scrutiny over these estimates was not exercised by the Ministry. New proposals for expenditure were generally not brought before the Ministry by the Board unless they involved large financial implications.

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\* See Appendix III.

The sub-Committee are not satisfied with the nature of scrutiny exercised by the Ministry of Steel, Mines and Fuel over the budget estimates of the Coal Board. In their view, although the Coal Board is a statutory organisation, the principles governing its working are substantially different from those applicable to the working of public companies which are regulated by the Companies Act. The sub-Committee would, therefore, like to emphasise that in so far as the estimates of expenditure of the Board are not brought before Parliament and are also not scrutinised by the Budget Division of the Finance Ministry, a careful scrutiny by the Administrative Ministry in consultation with the accredited Finance is necessary.

19. The sub-Committee were given to understand in the course of evidence that the Annual Report of the Coal Board was being laid on the Tables of both the Houses of Parliament. They consider that, just as in the case of the D.V.C., the budget estimates of the Coal Board should also be laid before both the Houses of Parliament. Similarly, the budget estimates and the Annual Reports of other autonomous organisations which receive non-lapsing grants from the Central Government should be placed before Parliament in cases where it is not being done at present. In their opinion, this will facilitate better Parliamentary control.

### CHAPTER III

#### WORKING OF THE COAL BOARD

#### Stowing for Safety and Conservation

#### *Voluntary Stowing*

20. Stowing, i.e., the operation of filling with sand or any other material spaces left underground in a coal mine by the extraction of coal, is considered to be the most effective measure for both conservation and safety. It does away with most of the dangers from premature collapses, subsidences, fires, inundations and explosions, ensures the maximum percentage of recovery without waste or loss of unworked coal, and makes working conditions generally much safer for the miner.

21. The encouragement of voluntary stowing for safety and conservation is one of the principal functions of the Coal Board, and the major portion of the cess proceeds is applied by it towards the grant of loans and assistance for this purpose. Out of a total expenditure of Rs. 1,01 lakhs from the Fund during 1957-58, about Rs. 87 lakhs were spent by it on this account.

The rates at which assistance is given by the Board for stowing for safety and conservation are as follows:—

	Rates per ton of material stowed	
	For Safety	For conservation
(i) Hydraulic stowing with sand and other materials.	75% of the cost subject to the maximum of Rs. 1/5	85% of the cost subject to the maximum of Rs. 1/8.
(ii) Hydraulic stowing with crushed materials.	75% of the cost subject to the maximum of Rs. 1/8	85% of the cost subject to the maximum of Rs. 1/11.
(iii) Dry stowing	85% of the cost subject to the maximum of Rs. 1/9.	85% of the cost subject to the maximum of Rs. 1/9.

Some other measures for the encouragement of voluntary stowing were also stated to have been taken by the Board. For instance, the Board accepted liability for interest charges on stowing plants and a portion of the cost of removal of overburden in the cost of stowing, and offered loans for the purchase of stowing plants at a low rate of interest of 3½ per cent. per annum in the coking coal collieries. This has resulted in an increase in the number of collieries carrying out voluntary stowing operations as also in the quantity of materials

stowed which increased from 4·6 million tons in 1951-52 to 6·4 million tons in 1957-58. But, it has been admitted even by the Coal Board that the progress has been far below the level necessary for conserving metallurgical coal.

22. *The sub-Committee are distressed to find the none-too-happy results in the progress made in stowing, even 20 years after the institution of the cess.*

Out of a total of about 830 collieries working in India, voluntary stowing operations were carried out in 81 collieries in 1957-58. The number of collieries producing coking coal which carried out voluntary operations during the same year was 43 out of a total of over 200 such collieries. In the Jharia Coalfield—the chief centre of production of coking coals in India—less than 1/10th of the quantity of coking coal produced was won with stowing

The position was no better in the Jambad-Kajora Area of the Raniganj fields, as would be evidenced from the following extracts from a note on 'Central Stowing Schemes' furnished by the Coal Board:—

"In that area, in many of the collieries, the seams have been fully developed and have been standing on pillars. Few attempts have been made to sink down to the lower seams. . . . If this position continues, production will register a marked fall in the next five years. Further, if the pillars weaken in course of time due to weathering, there is the potential danger of spontaneous combustion and the outbreak of large uncontrollable fires which will destroy the reserves of this good quality of free-burning, non-clinkering coal."

23. The poor results in stowing progress have been attributed by the Coal Board, *inter alia*, to the unwillingness on the part of colliery owners to invest capital on stowing, difficulties felt by them in transporting sand from river beds to pit-heads or their expectation that the supply of sand and other stowing materials would, in due course, be arranged by Government.

*The sub-Committee note that the supply of sand to collieries by a Government controlled company was envisaged by the Coal Mining Committee as far back as 1937 even before the system of financial assistance for voluntary stowing was started in this country. They feel that as soon as Government had found out that the assistance given from the Fund for the encouragement of voluntary stowing even at highly liberal rates had failed to produce the desired results,*

it was the duty of the Government to take other suitable measures immediately for the better utilisation of the Cess Fund. In their opinion, 20 years is too long a period for the fulfilment of this purpose. The sub-Committee's impression is that neither Government nor the industry have done as much hard thinking as they should have about the conservation of the scarce resources of the country in metallurgical coal.

### *Central Stowing Schemes*

24. The sub-Committee understand that the Coal Board now proposes to assume progressively the responsibility for supplying sand to collieries and that as a first step in this direction, it has drawn up Central Ropeway Schemes for the Jharia and Jambad-Kajora Area of the Raniganj fields. These schemes are expected to cover 139 collieries—100 in the Jharia Coalfield and 39 in the Raniganj Coalfield. On the completion of these Schemes, about 12 million tons of coal are expected to be won with stowing of which about 9 million tons would be coking and semi-coking coal. The capital cost of these schemes is estimated at Rs. 16 crores, the foreign exchange component of which would be about 50 per cent. thereof. The recurring expenditure on these Schemes would be about Rs. 2 crores per annum.

Indicating the latest position in regard to these schemes, the representative of the Coal Board informed the sub-Committee in evidence that the proposals were under scrutiny in the Ministry of Steel, Mines and Fuel (Department of Mines and Fuel) who were expected to issue shortly necessary sanction for preliminary surveys and the preparation of the detailed project report. It was also stated that the Schemes were expected to be taken in hand within the next two or three years and the entire coverage was expected to be completed by 1965-66.

### *Financing of the Schemes*

25. Regarding the financing of these schemes, the sub-Committee were informed that the proposal of the Coal Board was to build up the requisite funds by an immediate increase in the rate of cess from 6 annas per ton of coal to 12 annas per ton. This proposal of the Coal Board was also under examination of Government.

*The sub-Committee are of the view that the question of implementation of the Central Stowing Schemes should not be linked with the increase in the rate of cess. They feel that all development schemes of national importance should be considered on their intrinsic merits, i.e., their relative urgency and importance in the context of overall*

**resources at the disposal of Government, and should not be dependent upon the balances at the disposal of any Cess Fund.**

### **Compulsory Stowing**

26. Under the Coal Mines (Conservation and Safety) Act, 1952 and the Rules framed thereunder, the Board has been vested with the powers to issue orders requiring the owners, agents or managers of collieries to undertake stowing in the interest of safety or conservation. Further, under Section 6(1) of the Act, if, in the opinion of the Board, it is necessary or desirable that any measures including stowing should be undertaken directly by the Board in the interest of safety or conservation, the Board may execute or cause to be executed such measures under its own supervision.

27. From a note furnished by the Ministry of Steel, Mines and Fuel (Department of Mines and Fuel), the sub-Committee understand that during the years 1955-56 to 1957-58, there had not been a single case where the Board had either itself executed or caused to be executed under its own supervision stowing operations for safety under Section 6(1) of the Act. Regarding orders for compulsory stowing, the sub-Committee understand that from the date of its establishment in January, 1952 till the 31st March, 1958, only 22 such orders had been issued by the Board. Of the collieries on which such orders were served, eight had not taken any action to introduce stowing, 12 were stated to be making arrangements for installation of stowing plants, and *only two had started stowing*. Of the 12 collieries which were stated to be making arrangements for the installation of stowing plants during the year (i.e. 1957-58), most were such as were stated to be making such arrangements even during the previous year. As a result of their failure, the working of one of the collieries had been stopped by an order of the Mines Department, and depillaring in two had been prohibited without stowing. Against the others, action was stated to be under consideration by the Board.

28. During the sub-Committee's study-visit to the office of the Coal Board in early March, 1959, they learnt that the time-limits indicated by the Board in the orders for compulsory stowing were not strictly adhered to but were often extended depending upon each case. [Cf. para 2.2 at page 31 of the Annual Report of the Coal Board, 1957-58]. The inspecting staff of the Board inspected the mines only on receipt of the applications from collieries for stowing assistance, grading, permission to depillar, etc. and that inspections of mines by them were not quite regular and systematic.

*It is thus apparent that the powers in regard to compulsory stowing vested in the Board have not been adequately used due to indifference. The sub-Committee are firmly of the view that if the objects for which the Fund was created are to be fulfilled, the Board should act with greater vigour and see that its decisions are implemented by the collieries within the prescribed time-limits.*

*Distinction between Stowing for Safety and Stowing for Conservation*

29. According to a note from the Ministry of Steel, Mines and Fuel (Department of Mines and Fuel), it would be difficult to draw a clear line of demarcation between stowing for safety and stowing for conservation, as, by and large, stowing for safety contributed also to conservation, and vice-versa. Nevertheless, the collieries falling in the two categories could be distinguished as follows :

Collieries in which conditions were such that extraction of coal could not be carried without jeopardising safety unless stowing was adopted, fell in the category of 'stowing for safety'. In the other category fell such of the collieries where the mining conditions were good and the requirements of safety were being met, but stowing was carried out to extract a larger percentage of coal.

30. As would be seen from the table in para 21 above, the rates at which the Board granted assistance for stowing for conservation were higher than those for stowing for safety. The justification of the Coal Board for the grant of higher rate for conservation was that whereas under the Mines Act and the other law on the subject, a colliery-owner was obliged to take certain minimum steps to ensure the safety of the workers, no such minimum steps were envisaged in the case of conservation. This necessitated the grant of assistance at higher rates for conservation as, left to themselves, very few collieries would carry out voluntary stowing unless they happened to be exceptionally favourably situated in relation to the availability of stowing materials, etc.

31. The sub-Committee feel that the provision of higher rates for conservation than for safety contravened the provisions of Rule 53(1) of the Coal Mines (Conservation and Safety) Rules, 1954 according to which the quantum of assistance for stowing for conservation undertaken voluntarily or compulsorily was not to exceed the quantum of assistance undertaken voluntarily in the interest of safety. They were informed in evidence that the different rates of assistance had been prevalent since 12th October, 1954. The approval of the Committee on Subordinate Legislation had been obtained in 1957 by the Ministry to the amendment of this Rule to bring it in line with the actual practice.

The sub-Committee take a serious view of the fact that the clear provisions of Rule 53(1) have been disregarded by the Coal Board for over 4½ years without any check from the Ministry of Steel, Mines and Fuel. This is not the only case of its type. During the course of evidence, the sub-Committee came across other cases also where obligatory rules [e.g., Rule 22(4)] were not being acted upon. The Coal Mines (Conservation and Safety) Rules, 1954, were laid on the Table of both the Houses and as such were statutory rules which should not be deviated from without the express approval of Parliament. If it were necessary to depart from these rules, the proper course for Government is to re-examine the whole set of Rules in the light of the actual working of the Board and revise them with the approval of Parliament.

### Washing of Coal

32. As a measure of conservation of the superior qualities of coking coals, washing occupies a place only next to stowing. Grades I and II coking coals can be used economically for metallurgical purposes only if they are beneficiated. If they are not washed, larger quantities of selected Grade coking coals would have to be produced, thus rapidly exhausting the limited resources of these coals.

33. Under the Coal Mines (Conservation and Safety) Act, the Board was responsible for encouraging and, where necessary, enforcing coal washing as a measure of conservation. The sub-Committee understand that nothing concrete had been done by the Board so far in regard to the setting up of washeries, and that its functions in this field were confined to an examination of the general questions and methods of washing proposed in the various washeries, and the supply of raw coking coal to these washeries. In extenuation, it was stated that each washery constituted by itself a major industrial project involving considerable capital expenditure and that the resources of the Fund were hardly sufficient to enable it to set up or assist the setting up of washeries. With the setting up of the Steel Projects in the public sector, Central Coal Washeries became an integral part of these projects and the responsibility therefor had been taken over by the Ministry of Steel, Mines and Fuel (Department of Iron and Steel). Accordingly it was proposed to set up four Central Washeries at Dugda, Bhojudih, Patherdih and Durgapur.

*In the light of this new development, the sub-Committee consider that a re-appraisal of the role to be played by the Board vis-a-vis washeries is called for.*

### Blending

34. Adoption of blending as a measure of conservation has been recommended by the various Coal Committees appointed from time to time. To the extent, blendable coals could be blended with coking coals for use in the metallurgical industry, there was an economy in the consumption of coking coals. Increased blending could, thus, slow down the pace of exhaustion of coking coals.

35. According to a note furnished by the Ministry of Steel, Mines and Fuel (Department of Mines and Fuel), no correct estimates of the workable reserves of blendable coal in this country were available. The known *insitu* reserves of these coals were estimated by the Geological Survey of India at 389.2 million tons upto a depth of 2,000 ft. The approximate annual production of blendable coals in 1957 was about 1.6 million tons and was estimated to reach 2 million tons by the end of the Second Five Year Plan. No quantity of these coals is at present used for metallurgical purposes.

36. Under Rule 38(6) of the Rules, the Board can issue orders on the owner of any steel works, blast furnace or a coke oven requiring him to undertake blending for conservation of coal. *The sub-Committee were distressed to learn that so far nothing had been done by the Board in this direction. It is needless to point out that the Board should take action in this matter as part of the policy of conservation of metallurgical coal.*

### Production and Distribution of the various Grades of Coal

#### Pegging Policy

37. Any coal conservation policy would be incomplete unless it envisages some sort of control over the production and distribution of the various grades of coal. Such controls are envisaged by Sub-Rules (1) and (5) of Rule 38 of the Coal Mines (Conservation and Safety) Rules, 1954. Under Sub-Rule (1), the Central Government has been given the power to issue an order on the owner, agent or manager of a coal mine specifying the maximum quantity of coal of any grade or grades that shall be produced during a specified period in accordance with any policy of coal conservation as may be determined by the Board.

In exercise of the powers vested in them under the said Sub-Rule the Central Government have been pegging the production of coking coals, i.e. Selected Grades 'A', 'B' and Grades I and II since 1952.

38. The aim of the pegging policy in the beginning was to check the tendency to increase the output of coking coal and, if possible,

to reduce it to the level of the essential requirements of metallurgical industries so as to avoid a rapid exhaustion of the limited resources of these coals. Later on, however, in view of the expected expansion of the steel industry, pegging the production to a fixed level or to reduce it was abandoned and a policy of a phased increase in the production to reach the target of 16·5 million tons in 1960 was adopted.

In 1957, the level of production was fixed at 16·7 million tons. It was 18·2 million tons for 1958.

39. While appreciating that the pegging policy of Government has contributed in some measure to conservation by checking the propensity to increase the output of coking coals, the sub-Committee feel that as a concomitant, more stress should be laid on the increased production of semi-coking coals and blending to meet the increased demand of the fast developing metallurgical industry.

#### *Control over Distribution*

40. Consumption of the major portion of the production of the superior qualities of coal—especially coking coals—by non-essential consumers has all along been a notable feature of the coal—consumption pattern of this country.

41. Sub-Rule (5) of Rule 38 empowers the Central Government to restrict the supply of coking coals of any grade to specified consumers in accordance with any policy of coal conservation as may be determined by the Board.

42. During their on-the-spot study-visit to the office of the Coal Board at Calcutta, when the sub-Committee asked the Chairman, Coal Board whether in accordance with the provisions of Rule 38(5), the Board had determined any policy in regard to the reduction of the use of metallurgical coal by non-essential consumers, they were told that no such action had been taken by the Board so far.

In evidence, however, the Secretary, Department of Mines and Fuel stated that this matter had been taken up by the Ministry of Steel, Mines and Fuel with the Railways at the Ministerial level, and that, as a result thereof, there had been considerable progress in the Railways' switch-over to the non-metallurgical coal during the last five years.

*The sub-Committee, however, find from a statement (Appendix IV) received from the Ministry of Steel, Mines and Fuel that even in the year 1957, more than 50 per cent. of the country's production of Selected Grades A and B coals and more than 80% of the country's*

production of Grades I and II coals were still being consumed by non-essential consumers. They further find that during the three years 1955—57, there has unfortunately been a continuous increase in the consumption of these coals by the Railways.

The sub-Committee feel that more vigorous action in this direction is called for.

### *Research Activities*

43. As has been stated in Chapter I, one of the specific purposes for which the sums in the Fund shall be applied under the provisions of the Act is 'the prosecution of research work connected with safety in coal mines or conservation and utilisation of coal'. Further, Rule 22 of the Coal Mines (Conservation and Safety) Rules provides for the constitution of a Research Advisory Committee 'to advise the Board regarding the nature and extent of research to be undertaken by the Board, the problems to be investigated, the schemes of research to be assisted by the Board and also to examine periodically the reports submitted by the Investigating Officer'. Sub-rule (4) of the said Rule makes it obligatory on the Committee to publish two half-yearly reports in a year showing the research work done by it and the use to which such work had been put by the collieries.

44. The sub-Committee learnt that since the establishment of the Coal Board in 1952, little progress had been made in the Research schemes of the Board, and that although the Research Advisory Committee had all along been in existence, it had failed to comply with the requirements of Rule 22(4). The reason ascribed for this was that the post of the Investigating Officer—the Chief Research Officer of the Board—could not be filled as the research scheme of the Board had not been put on a permanent footing and also the scale of pay was not attractive enough. It was added that a decision had since been taken to transfer the research work of the Board along with the staff to the Central Mining Research Station, Dhanbad, 50% of whose future expenses would be borne by the Board.

The sub-Committee note that this is one more instance where the Board has failed to comply with the provisions of statutory Rules. They fail to understand why the research scheme of the Board could not be put on a permanent footing especially as research was one of the specific purposes on which moneys in the Fund were to be applied. They feel that in the absence of any tangible results, the expenditure incurred even on the junior investigating staff was infructuous.

### Grading of Coal

45. The work of grading coal for internal consumption was taken over by the Coal Board from the Coal Commissioner's Organisation in July, 1955. For the purposes of export of Coal the grading of Coal had been determined since 1925 by another organisation, viz., the Coal Grading Board. It has since been decided to wind up the Coal Grading Board and transfer its work to the Coal Board. A Bill to this effect has already been passed by Lok Sabha.

46. The sub-Committee gather that the present system of grading by the Coal Board has been described by a number of Committees appointed by Government as unscientific\* since it took into account only the ash and moisture contents of coals and not the calorific value thereof. Even on this basis, the sub-Committee find that the Board has much leeway to make up in grading work. They particularly notice :

(i) the outlying coalfields, i.e., outside Bengal and Bihar are yet to be graded.

(ii) Since its establishment, the Board has not been able to keep pace with the number of applications received for initial grading and review of existing grades. During the year 1956-57, 113 applications for initial grading and review of existing grades were received by the Board. Out of these, only 56 cases were considered by the Board and disposed of during the year. During 1957-58, the number of applications received was 148, and the number disposed of 113. On 31st March, 1958 the number of applications pending with the Board was more than 100.

(iii) As the quality of coals in the seams mined and the methods of mining and raising coal had altered since grading was initially done in most of the Bengal and Bihar Coalfields, there was need for revision of grades there. Of about 1,000 gradings in the Jharia and Raniganj fields, only about 250 have been revised so far. The revision of the remaining gradings was expected to take 3 to 4 years.

One of the main reasons given by the Board for the arrears in grading work was that the procedure for sampling laid down by the Indian Standards Institution was rather elaborate. Paucity of staff was also another factor.

*The sub-Committee are concerned at the accumulation of heavy arrears of grading work. They would urge that immediate steps*

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\*See (i) para 32 of the Annual Report of the Coal Board (1955-56) and (ii) Page 12 (Conclusion iv)—Report of the Expert Committee on Coal Consumption on Railways (1958).

*should be taken by the Coal Board to equip itself to discharge this function and to clear off the arrears by the end of the Second Five Year Plan. The Coal Board would do well to consult the Indian Standards Institution with a view to simplifying the existing sampling procedure.*

**Coal under the Railway Lines and Sidings and under the Jharia and Barakar Towns**

47. There are large reserves of coal including coal of high quality locked up under the Railway Sidings, Grand Trunk Road, and the Jharia and Barakar Towns.

According to the estimate of the Coal Mining Committee (1937), 137 million tons of coal were locked up under the Ex-Bengal-Nagpur and Ex-East Indian Railway systems. That Committee recommended that these reserves of coal should be extracted with stowing.

48. In evidence, the sub-Committee were informed by the representatives of the Ministry of Steel, Mines and Fuel (Department of Mines and Fuel) that a decision had been taken by that Ministry in consultation with the Ministry of Railways to extract the coal locked-up under the Railways without endangering Railway property. It was also stated that to give effect to these proposals a Bill to amend the Coal Mines (Conservation and Safety) Act, 1952 was under preparation. Under the proposed Bill, the Coal Board would be enabled to give whatever assistance it might consider necessary for the safety of the Railway property on the surface.

49. Regarding the latest position about the extraction of coal from under the Jharia and Barakar Towns, the Ministry of Steel, Mines and Fuel (Department of Mines and Fuel) promised to furnish a note\* which is still awaited.

50. While the sub-Committee appreciate that the reserves of coal locked up under the Railway lines and sidings and the Jharia and Barakar Towns should be extracted, they at the same time feel that Government should move with utmost caution in the matter so that the safety of the Towns and the Railway property is not jeopardised in any way.

**Safety in Coal Mines—Functions and Responsibilities of the Board vis-a-vis those of the Chief Inspector of Mines.**

51. The main Act dealing with safety in Mines (including coal mines) is the Mines Act, 1952 which is administered by the Chief

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\*Since received.

**Inspector of Mines under the Ministry of Labour and Employment.** The Coal Mines (Conservation and Safety) Act, 1952 under which the coal Board has been constituted is an Act making 'further provision' for safety in coal mines, principally by stowing and by protective measures like blanketing with assistance from the Fund. Whereas the primary objective of the Mines Act is the safety of workers employed in the mines, the Coal Mines (Conservation and Safety) Act aims at the overall safety of mines by providing for measures designed to protect the colliery from damage to its reserves of coal, which also, of course, results in the safety of workers employed therein.

52. Under the Coal Mines (Conservation and Safety) Act, 1952, there are two organisations charged with the responsibility of safety in coal mines, viz., the Coal Board and the Chief Inspector of Mines. Under sub-sections (1) to (3) of Section 13 of this Act, the Chief Inspector of Mines or any Inspector of his Organisation has been vested with certain powers. These include power to issue orders on the owners, agents or managers of coal mines requiring them to take such protective measures as may be considered necessary. The powers enumerated in sub-sections (1) to (3) of Section 13 of the Act are also exercisable by the Chief Mining Engineer and other Inspecting Officers of the Coal Board. In addition, similar powers have also been vested in the Chief Inspector of Mines under Section 22 of the Mines Act, 1952.

During their study-visit to Calcutta and Dhanbad, the sub-Committee learnt that as a result of the vesting of concurrent jurisdiction in the two organisations in respect of the matters specified in Section 13(1) to (3), there was some duplication and overlapping of functions of the two authorities. Regarding the frequency of inspections of mines by the staff of the two organisations, they learnt that whereas the staff of the Mines Department was expected to visit the mines periodically with a view to ensuring that adequate safety measures were being taken, the Inspecting Officers of the Board inspected the mines only in connection with applications from collieries for stowing assistance, grading, permission to depillar or open new mines/seams, etc.

*The sub-Committee feel that there is more scope for co-ordination between the activities of the two organisations to eliminate overlapping.*

#### *Coal Board vis-a-vis the Coal Controller's Organisation*

53. As has been stated above, the Coal Board, as it is constituted at present, consists of four Members, besides the Chairman. The

Office of the Chairman is held by the Coal Controller. Of the four other Members, one is the Chief Inspector of Mines, and two are Deputy Coal Controllers, Production and Distribution. The only whole-time Member of the Board is the Chief Mining Engineer who is also an official of the Board. Thus, out of a total of five Members (including the Chairman), three are from the Coal Controller's Organisation.

In the executive field also, the most important place is occupied by the Coal Controller by virtue of his being the Chairman of the Coal Board. Under Rule 13, it is the Coal Commissioner who is responsible for the proper functioning of the Board, and the implementation of its decisions, and the discharge of its duties. In the discharge of these duties, he is to be assisted by a Secretary, whose post has been lying vacant for about a year and a half. *The sub-Committee note that the first charge on the Coal Controller and his two Deputies is the duties assigned to them in the Coal Controller's Organisation on whose cadre they are borne and their responsibilities to the Coal Board are of a secondary nature.*

*In the opinion of the sub-Committee, this dual role is hardly conducive to the efficient discharge of the duties enjoined on the Board as the sole statutory authority responsible for coal conservation. They feel that there is an urgent need of an independent and full-time executive head.*

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## APPENDICES

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## APPENDIX I

### **Proceedings of the Fifty-second Sitting of the Public Accounts Committee held on Wednesday, the 29th April, 1959.**

The Committee sat from 15.30 to 17.00 hours.

#### **PRESENT**

Prof. N. G. Ranga—*Chairman*

#### **MEMBERS**

2. Dr. Ram Subhag Singh
3. Shri Arun Chandra Guha
4. Shri N.R.M. Swamy
5. Pandit Jwala Prasad Jyotishi
6. Shri Rameshwar Sahu
7. Shri T. Sanganna
8. Shri Upendranath Barman
9. Shri Prabhat Kar
10. Shri Raghubar Dayal Misra
11. Shri H. C. Dasappa
12. Shri Khushwaqt Rai
13. Shri Aurobindo Ghosal
14. Shri Jaipal Singh
15. Rajkumari Amrit Kaur
16. Shri S. Venkataraman
17. Shri M. Govinda Reddy
18. Shri Rohit Manushankar Dave.

Shri A. Kalyanaraman, *Deputy Comptroller and Auditor-General of India.*

Shri S. Venkataramanan, *Accountant-General, Central Revenues.*

#### **SECRETARIAT**

Shri V. Subramanian, *Deputy Secretary.*

Shri M. C. Chawla, *Under Secretary*

Shri K. Ranganadham, *Under Secretary.*

2. The Committee considered and approved the following Reports of the sub-Committee on Cess Funds subject to certain minor modifications here and there :

(i) Report on the working of the Coal Mines Safety and Conservation Fund.

(ii) \* \* \* \* \*

3. The Committee authorised Rajkumari Amrit Kaur or in her absence Shri S. Venkataraman to lay these Reports on their behalf before the Rajya Sabha.

4. The Committee also desired that the next Committee might appoint a sub-Committee to examine the working of the other Cess Funds which could not be taken up for examination by them for want of time.

The Committee then adjourned *sine die*.

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## APPENDIX II

**Statements re. sanctioned and actual expenditure from out of the Coal Mines Safety and Conservation Fund during the years 1955-56, 1956-57 and 1957-58**

Major heads of expenditure as included in the annual budget of the Coal Board	Annual budget allotments sanctioned by the Central Government (based on the Revised Budget Estimates as approved by the Government).	Supplementary budget allotments sanctioned by the Central Govt.	Actual expenditure	Saving or Excess	Brief reasons for the saving or excess	Extent of financial and other control exercised by the Central Govt.
1	2	3	4	5	6	7
	Rs. as. ps.	Rs. as. ps.	Rs. as. ps.	Rs. as. ps.		
1955-56						
I. Administration of the Board.	4,82,000 0 0	Nil	4,52,637 15 6	(—)29,362 0 6	Due to certain posts remaining vacant.	Please see para 6 of the explanatory note. (Annexure)

1	2	3	4	5	6	7
2. Grant of stowing materials and other assistance for stowing operations to owners, agents or managers of coal mines.	58,00,000 0 0	Nil	61,41,423 15 0 (+)	3,41,423 15 0	Please see para 5 of explanatory note attached. (Annexure)	
3. Other measures connected with the administration of the Act.	1,50,000 0 0	Nil	1,05,711 13 0 (-)	44,288 3 0	Due to non-submission of claims for refund of excise duty by some collieries.	
4. Other measures taken in connection with the furtherance of the objects of Act.	9,74,000 0 0	Nil	2,63,258 8 6 (-)	7,10,741 7 6	(i) Expenditure on protective works less by Rs. 3 lakhs than anticipated.  (ii) Saving of Rs. 4 lakhs in the Board's contribution to the Central Mining Research Station as against the claim for Rs. 5 lakhs anticipated, the Station claimed only Rs. 1 lakh.	

5. Miscellaneous	30,000	0	0	Nil	11,353	15	9	(—)	18,646	0	3	Saving due to non expenditure having been incurred on construction of buildings for which a part provision had been made and due to less expenditure on repairs and maintenance of buildings.
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Add refund of security deposits to contractors.	74,36,000	0	0	Nil	69,74,386	3	9	(—)	4,61,613	12	3
					17,089	0	0				
					69,91,475	3	9	(—)	4,44,524	12	3

					1956-57							
1. Administration of the Board.	5,71,000	0	0	Nil	5,92,284	4	6	(-)	21,284	4	6	Mainly due to extension of Service granted to the C.M.E.
												Please see para 6 of the explanatory note. (Annexure)
2. Grant of stowing materials and other assistance for stowing to owners, agents or managers of coal mines.	62,00,000	0	0	Nil	74,06,830	8	0	(+)	12,06,830	8	0	Due to increase in the rate of assistance for stowing for conservation and settlement of consequent arrear bills from collieries.

1	2	3	4	5	6	7
3. Other measures connected with the administration of the Act.	1,00,000 0 0	Nil	89,344 15 0	(—)10,655 1 0		Due to delay in submission of claims for refund of excise duty by coke companies.
4. Other measures taken in connection with the furtherance of the objects of the Act.	21,24,000 0 0	Nil	5,31,718 9 0	(—)15,92,281 7 0		(i) Saving of about Rs. 6.80 lakhs in protective works. (ii) Claims for contribution by C.M. R.S. was less by about Rs. 9 lakhs. (iii) Saving of Rs. 0.11 lakh in research scheme.
5. Miscellaneous	50,000 0 0	Nil	20,317 3 0	(—)29,682 13 0		Bills for repairs and maintenance of buildings not paid before end of year. Construction of residential accommodation not taken in hand.
Add refund of security deposits to contractors.	90,45,000 0 0	Nil	86,40,495 7 6	(—)4,04,504 8 6		
			25,953 0 0			
			86,66,448 7 6	(—)3,78,551 8 6		

1957-58

1. Administration of the Board.	6,18,000·00	Nil	6,13,697·55	(—)4,302·45	Against a saving of about Rs. 14,750 in pay and allowances of establishment owing to some posts being vacant, there was an increase of about Rs. 10,900 against pay of officers, advances for purchase of conveyances, etc.	Please see para 6 of the explanatory note. (Annexure)
2. Grant of stowing materials and other assistance for stowing operations to owners, agents or managers of coal mines.	90,00,000·00	Nil	86,93,751·89	(—)3,06,248·11	(i) Bills for assistance from some collieries were not received.  (ii) Legal formalities not completed in certain cases of loans.	
3. Other measures connected with the administration of the Act.	75,000·00	Nil	78,386·93	(+ )3,386·93	More claims than anticipated were received from collieries (for refund of excise duty).	

1	2	3	4	5	6	7
3A. Refund of excise duty under Section II.			206.06	(+) 206.06		
4. Other measures taken in connection with the furtherance of the objects of the Act.	11,39,000.00	Nil	7,50,797.33	(—) 3,88,202.67	Protective works executed were less than quantity sanctioned by the Board	
5. Miscellaneous	20,000.00	Nil	21,881.60	(+) 1,881.60	No special remarks.	
	1,08,52,000.00	Nil	1,01,58,721.36	(—) 6,93,278.64		
Add refund of security deposits to contractors.			11,564.00			
			1,01,70,285.36			

## ANNEXURE

### *Explanatory Note on the Expenditure incurred by the Coal Board from out of the Coal Mines Safety and Conservation Fund*

The Coal Board is a statutory body and the expenditure incurred by it each year from out of the Coal Mines Safety and Conservation Fund is not featured in the Central Government's accounts as such.

2. The Coal Mines (Conservation and Safety) Rules, 1954 provide that the Board shall, in each year, prepare a budget for the ensuing financial year and submit it for the sanction of the Central Government on or before the 1st November, and that the Budget shall include statements of—

- (a) the estimated opening balance in the Fund ;
- (b) the estimated receipts under—
  - (1) section 11 of the Coal Mines (Conservation and Safety) Act (i.e., payment of the net proceeds of the excise duty on coal and coke to the Board by the Central Government);
  - (2) any other moneys received; and
  - (3) any interest that may have accrued from the investment<sup>t</sup> of such sums or moneys as aforesaid.
- (c) the proposed expenditure classified under the following heads and such other heads as may be settled at a meeting of the Board, viz.
  - (i) administration of the Board;
  - (ii) other expenditure connected with the administration of the Act;
  - (iii) grant of stowing materials or other assistance for stowing operations to owners, agents or managers of coal mines;
  - (iv) other measures taken in connection with the furtherance of the objects of the Act; and
  - (v) miscellaneous.

3. The major expenditure heads c(ii), c(iv) and c(v) mentioned in paragraph 2 above cover the following items indicated against each:

- |   |  |
|---|--|
| (c)(ii) other expenditure connected with the administration of the Act. | Refund of excise duty collected on coal to collieries under rule 28 of the Coal Mines (Conservation and Safety) Rules, 1954. |
|---|--|

- c(iv) other measures taken in connection with the furtherance of the objects of the Act. (a) protective works for the safety of coal mines, carried out by the Board either directly or through collieries.

(b) expenditure on the research scheme of the Board.

(c) contributions to research organisations etc. for prosecution of research work connected with safety in mines and conservation of coal.

d(v) Miscellaneous

(i) repairs and maintenance of the Board's buildings.

(ii) construction of office and residential accommodation for the Board's office and staff.

(iii) lump-sum provision for unforeseen expenditure.

4. On the basis of the actual expenditure incurred during the first six months of each financial year, revised budget estimates for that year are prepared by the Board and submitted to the Central Government for sanction in the second half of the financial year. The budget allotments indicated in column 2 of the attached statements (Pp. 27-32) are accordingly the figures sanctioned by the Central Government for the purposes of the Revised Budget Estimates of the Board's expenditure.

5. The major portion of the expenditure incurred by the Board in each year is in respect of grant of assistance to collieries for the execution of stowing and other measures for safety in coal mines and for conservation of coal, execution of protective measures for the safety of mines directly by the Board and the grant of loans to collieries for purchase and installation of plants for stowing in coal mines. Budget provision is accordingly made in each year to cover the anticipated expenditure against these items on the basis of the actual expenditure incurred during the previous years, the nature and extent of stowing and other measures likely to be undertaken during the financial year concerned and the extent of payment of assistance and grant of loans likely to be made by the Board during that year. Variations between the amounts sanctioned for expenditure by the Government and the actual expenditure incurred by the Board do, however, occur each year, owing to (i) less work being carried out by collieries than that sanctioned or directed by the Board; (ii) non-submission of bills for assistance by the collieries concerned in a systematic manner with the result that in certain years there is a rush in the submission of bills while in certain others, the entire provision may not be utilised owing to non-receipt of all the bills; and (iii) physical verification of the quantities of work done by collieries not being possible of

completion by the Board in certain cases before the end of the financial year with the result that the bills would not come up for final settlement in that year. Similarly, in respect of loans granted by the Board to collieries, it generally happens that all the legal formalities such as assignment of securities by the collieries in favour of the Board, mortgage or hypothecation of the colliery assets to the Board etc., are not completed before the end of the financial year in which provision for payment of the amount of loans is made in the Board's Budget.

*6. Extent of financial and other control exercised by the Ministry on the working of the Coal Board and the Coal Mines Safety and Conservation Fund.*

In addition to what has been stated in paragraph 6 of the main note† on the working of the Coal Mines Safety and Conservation Fund, it may be mentioned that :

- (a) the creation of posts, with the exception of (a) those carrying a maximum pay not exceeding Rs. 500 p.m. and (b) posts corresponding to Class II Gazetted posts of the Government of India, for a period not exceeding two years, can be done by the Board only with the prior approval of the Central Government.
- (ii) the quanta and rates of assistance that may be granted by the Board to collieries for the execution of stowing and certain other measures for the safety of mines and conservation of coal, can be fixed by the Board from time to time only with the approval of the Central Government. Assistance to individual collieries has to be granted by the Board in the light of the procedure and the guiding principles enunciated in the Coal Mines (Conservation and Safety) Rules.
- (iii) the Coal Mines (Conservation and Safety) Rules provide for a right of appeal by aggrieved collieries to the Central Government on the orders, issued by the Coal Board in respect of the principal measures for conservation of coal and safety of mines, and empower the Central Government to confirm, modify or cancel the Board's orders which have been appealed against.
- (iv) a record of all business transacted by the Board shall be submitted to the Central Government and the Central Government may, for reasons to be recorded in writing, review any decision of the Board and pass such orders in the matter as it thinks fit.
- (v) prior sanction of the Government is to be taken by the Board before undertaking any protective works costing more than Rs. 1 lakh.
- (vi) administrative sanction of the Government is to be taken for any building works costing more than Rs. 10,000/-.

### APPENDIX III

Statement regarding Loans from out of the Coal Mines Safety and Conservation Fund during the years 1955-56, 1956-57 and 1957-58

Year	Amount of loans sanctioned by the Board during the year	Amount of loans actually paid by the Board during the year	Amount of loans due to be repaid by collieries during the year	Amount of loans actually repaid by collieries during the year	Remarks
	Rs.	Rs.	Rs.	Rs.	
1955-56 . . . . .	4,32,000	Nil	*12,000	*12,000	*Loan sanctioned in 1953-54.
1956-57 . . . . .	36,84,500	2,19,482	12,000	12,000	
1957-58 : . . . . .	Nil.	4,84,191.86	12,000	12,000	
			11,150	Not repaid**	**The due date for repayment was 2-1-1958. The Board sanctioned an extension of time for repayment at the request of the colliery. The amount was repaid by the colliery in July, 1958.
			15,000	Not repaid †	† The due date for repayment was 8-2-1958. At the request of the colliery, the Board sanctioned an extension of time, and the repayment was made in September, 1958.

*Percentage of cases in which the terms and conditions for the repayment of loans were (a) fully, or (b) partially observed.*

(a) Percentage of cases in which the terms and conditions were fully observed.

0%

(b) Percentage of cases in which the terms and conditions were fully observed,

100%

4. Non-coking coal, including coal suitable for blending.	1955	24·870	0·537	..	24·333	Total exports of coking and non-coking coal.
	1956	25·466	0·494	..	24·972	
	1957	28·523	0·639		27·884	
						1955—1·574 (M. tons)
						1956—1·728 (M. tons)
						1957—1·767 (M. tons).

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*N.B.*—The distinction between essential and non-essential consumers is relevant only so far as the consumption of coking coal is concerned. Hence no break-up of consumption by essential and non-essential consumers can be given in respect of coals other than coking.

# APPENDIX IV

Statement regarding production and consumption of the various types of Coal during the years 1955, 1956 and 1957.

Type of Coal	Year	Production in M. tons.	Consumption				Exports (M. tons).
			Essential Consumers		Non-Essential Consumers and export		
			Metallurgical Industry (Steel Plants) (M. tons)	Coke Plants (M. tons.)	Railways (M. tons)	Others (M. tons)	
<i>Coking Coal</i>							
1. Sel. A & B grades of coking coals, as classified by the Board	1955	6·993	3·091	0·373	2·010	1·300	Separate figures of coking coal exported not available.
	1956	7·227	2·911	0·382	2·110	1·599	
	1957	7·587	3·235	0·430	2·340	1·347	
2. Coal which on beneficiation will yield coking coal (Grade I & Grade II coking coal)	1955	6·362	A small quantity of Grade I coal is used but exact figures are not available. This quantity has been included in the figures of Sel. A & B grades given above.	0·694	3·050	2·159	Separate figures not available.
	1956	6·587		0·736	3·350	2·283	
	1957	7·494		0·775	3·410	2·795	
3. Coal suitable for blending	1955	Exact figures not available but the production is about 1·6 million tons.	..	Separate figures not available. None of the coal is now being used for metallurgical purposes.		Separate figures not available.	
	1956						
	1957						

## APPENDIX V

### *Summary of the main Conclusions/Recommendations of the Nineteenth Report of the Public Accounts Committee (Second Lok Sabha) on the working of the Coal Mines Safety and Conservation Fund*

No.	Para No.	Ministry concerned	Conclusions/Recommendations
1	2	3	4
1	4 (Introduction)	Steel, Mines & Fuel (Department of Mines & Fuel)/Coal Board.	The Committee regret to observe that the working of the Coal Board—the statutory authority responsible for the administration of the Coal Mines Safety and Conservation Fund—has not fulfilled the purposes underlying the Act which set up the Board.
2	13	Steel, Mines & Fuel (Department of Mines & Fuel) <hr/> Labour and Employment <hr/> Finance.	The Committee would urge the Ministry of Steel, Mines and Fuel to examine in consultation with the Ministries of Labour and Employment and of Finance the possibility of appointing some inspecting staff to be posted to a group of collieries to keep an account of the total output of these collieries and also to check that there was no movement of coal and coke except under proper authority. This, in the opinion of the Committee, would not only ensure effective control over coal despatches but would also serve as a check against the evasion of the Central Cesses.
3	15	Steel, Mines & Fuel (Department of Mines & Fuel) <hr/> Coal Board.	The Committee are of the view that the practice of incurring excess expenditure by the Coal Board in anticipation of sanction thereto by the Central Government in the absence of any clear authorisation by or under the Act or the Rules is irregular. It vitiates the effectiveness of the only financial control exercised by Government. They are of the view that the Coal Board should not exceed the allotment under the different heads without the prior approval of Government. If

1	2	3	4
			necessary, supplementary estimates may be presented on such occasions to secure the necessary approval of Government. Such a course will also ensure closer budgeting and better control over expenditure by the Board.
4	16	Steel, Mines & Fuel (Department of Mines & Fuel) <hr/> Coal Board.	The Committee are not satisfied with the explanation offered by the Coal Board for large savings under the Head 'Other Measures taken in connection with the furtherance of the Objects of the Act.' They find that variations between the sanctioned allotment and actual expenditure under this Head are not entirely due to the difference between the quantum of protection works sanctioned by the Board and that actually executed. The wide variation between the Board's estimates of contribution to the Central Mining Research Station, Dhanbad and the amount actually claimed by the latter on this account was mainly responsible for the savings. It is thus obvious that there is much scope for improvement in budgeting by the Coal Board.
5	17	Do.	The Committee are not convinced by the reasons given for variations between the amounts of loans sanctioned by the Board and the amounts actually paid. They feel that this is another instance of loose budgeting.
6	18	Do.	The Committee are not satisfied with the nature of scrutiny exercised by the Ministry of Steel, Mines and Fuel over the budget estimates of Coal Board. In their view, although the Coal Board is a statutory organisation, the principles governing its working are substantially different from those applicable to the working of public companies which are regulated by the Companies Act. They would, therefore, like to emphasise that in so far as the estimates of expenditure of the

Board are not brought before Parliament and are also not scrutinised by the Budget Division of the Finance Ministry, a careful scrutiny by the Administrative Ministry in consultation with the accredited Finance is necessary.

- 7            19        Steel, Mines & Fuel (Department of Mines & Fuel)/Coal Board.  
                      All other Ministries dealing with Cess Funds.  
                      All organisations administering Cess Funds.  
                      All autonomous organisations receiving non-lapsing grants.

The Committee consider that, just as in the case of the D.V.C., the budget estimates of the Coal Board should also be laid before both the Houses of Parliament. The Annual Report of the Coal Board was being laid on the Tables of both the Houses of Parliament. Similarly, the budget estimates and the Annual Reports of other autonomous organisations which receive non-lapsing grants from the Central Government should be placed before Parliament in cases where it is not being done at present. In their opinion, this will facilitate better Parliamentary control.

8.    } 5(Introduction) &    Steel, Mines and Fuel  
       } 22                (Department of Mines & Fuel) Coal Board.  
  
 9    } 5(Introduction) &                    Do.  
       } 23

The Committee are distressed to find the non-too-happy results in the progress made in stowing, even 20 years after the institution of the cess.

The Committee note that the supply of sand to collieries by a Government-controlled company was envisaged by the Coal Mining Committee as far back as 1937 even before the system of financial assistance for voluntary stowing was started in this country. They feel that as soon as Government had found out that the assistance given from the Fund for the encouragement of voluntary stowing even at highly liberal rates had failed to produce the desired results, it was the duty of the Government to take other suitable measures immediately for the better utilisation of the Cess Fund. In their opinion, 20 years is too long a period for the fulfilment of this purpose. Their impression is that neither Government nor the industry have done as much hard thinking as they should have about the conservation of the scarce resources of the country in metallurgical coal.

1	2	3	4
10.	25	Steel, Mines and Fuel (Department of Mines and Fuel Coal Board. All other Ministries dealing with Cess Funds. All organisations administering Cess Funds.	The Committee are of the view that the question of implementation of the Central Stowing Schemes should not be linked with the increase in the rate of cess. They feel that all development schemes of national importance should be considered on their intrinsic merits, i.e., their relative urgency and importance in the context of overall resources at the disposal of Government, and should not be dependent upon the balances at the disposal of any Cess Fund.
11.	5 (Introduction) & 28	Steel, Mines & Fuel (Department of M & F) Coal Board.	It is apparent to the Committee that the powers in regard to compulsory stowing vested in the Board have not been adequately used due to indifference. The Committee are firmly of the view that if the objects for which the Fund was created are to be fulfilled, the Board should act with greater vigour and see that its decisions are implemented by the collieries within the prescribed time-limits.
12.	31	Do.	The Committee feel that the provision of higher rates for conservation than for safety contravened the provisions of Rule 53(1) of the Coal Mines (Conservation and Safety) Rules, 1954 according to which the quantum of assistance for stowing for conservation undertaken voluntarily or compulsorily was not to exceed the quantum of assistance undertaken voluntarily in the interest of safety.  The Committee take a serious view of the fact that the clear provisions of Rule 53(1) have been dis-regarded by the Coal Board for over 4 1/2 years without any check from the Ministry of Steel, Mines and Fuel. This is not the only case of its type. During the course of evidence, the sub-Committee on Cess Funds came across other cases also where obligatory rules [e.g. Rule 22(4)] were not being acted upon. The Coal Mines (Conservation and Safety) Rules, 1954 were laid on the Table of both the Houses and as such were statutory rules which should not

be deviated from without the express approval of Parliament. If it were necessary to depart from these rules, the proper course for Government is to re-examine the whole set of Rules in the light of the actual working of the Board and revise them with the approval of Parliament.

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|-----|-------------------------|---|--|
| 13. | 33                      | Steel, Mines and Fuel<br>(Department of Mines & Fuel)/Coal Board. | The resources of the Fund not being sufficient to set up or assist the setting up of washeries and with the setting up of the Steel Projects in the public sector, the responsibility for the establishment of Central Coal Washerries having been taken over by the Ministry of Steel, Mines and Fuel (Department of Iron and Steel), the Committee consider that a re-appraisal of the Board's role <i>vis-a-vis</i> washeries is called for.  |
| 14. | 6 (Intro.)<br>and<br>36 | Ditto. . . .  | The Committee were distressed to learn that so far nothing had been done by the Board in regard to blending of semi-coking coals with coking coals for use in the metallurgical industry. It is needless to point out that the Board should take action in this matter as part of the policy of conservation of metallurgical coal.  |
| 15. | 39                      | Ditto. . . .  | While appreciating that the pegging policy of Government has contributed in some measures to conservation by checking the propensity to increase the output of coking coals, the Committee feel that as a concomitant, more stress should be laid on the increased production of semi-coking coals and blending to meet the increased demand of the fast developing metallurgical industry.  |
| 16. | 7 (Intro.)<br>and<br>42 | Ditto. . . .  | From a statement received from the Ministry of Steel, Mines and Fuel, the Committee find that even in the year 1957, more than 50% of the country's production of Selected Grades A and B coals and more than 80% of the country's production of Grades I and II coals were still being consumed by non-essential consumers. They further find that during the three years 1955—1957 there was unfortunately a continuous increase in the consumption of these coals by the Railways. The Committee feel that more vigorous action in the direction is called for. |

1	2	3	4
17.	44	Steel, Mines and Fuel (Deptt. of Mines & Fuel)/ Coal Board.	The Committee fail to understand why the research scheme of the Board could not be put on a permanent footing especially as research was one of the specific purposes on which moneys in the Fund were to be applied as envisaged in section 12(1) of the Coal Mines (Conservation and Safety) Act, 1952. They feel that in the absence of any tangible results, the expenditure incurred even on the junior investigating staff was infructuous.
18.	6 (Intro.) and 46	Ditto. . . . .	The Committee are concerned at the accumulation of heavy arrears of grading work. They would urge that immediate steps should be taken by the Coal Board to equip itself to discharge this function of grading and to clear off the arrears by the end of the Second Five Year Plan. The Coal Board would do well to consult the Indian Standards Institution with a view to simplifying the existing sampling procedure.
19.	50	Steel, Mines and Fuel (Deptt. of Mines and Fuel)/ Coal Board <u>Labour and Employment</u> <u>Railways.</u>	While the Committee appreciate that the reserves of coal locked up under the Railway lines and sidings and Jharia and Barakar Towns should be extracted, they at the same time feel that Government should move with utmost caution in the matter so that the safety of the Towns and the Railway property is not jeopardised in any way.
20.	52	Steel, Mines and Fuel)/ (Deptt. of Mines & Fuel)/ Labour and Employment.	The Committee feel that there is more scope for co-ordination between the activities of the Coal Board and the Mines Department to eliminate overlapping.
21.	53	Steel, Mine s and Fuel (Deptt. of Mines and Fuel)	In the opinion of the Committee, dual role of the Coal Controller and his two Deputies is hardly conducive to the efficient discharge of their duties on the Board which is the sole statutory authority responsible for coal conservation. They feel that there is an urgent need of an independent and full-time executive head.

