

**GOVERNMENT OF INDIA
COAL
LOK SABHA**

UNSTARRED QUESTION NO:34
ANSWERED ON:01.12.2004
SCHEME FOR MAKING THE COAL COMPANIES PROFITABLE
Singh Shri Suraj

Will the Minister of COAL be pleased to state:

- (a) whether the Government have formulated any scheme to make public sector undertakings under the Ministry of Coal, profitable;
- (b) if so, the details thereof;
- (c) the names of loss making PSUs, the amount of loss involved therein and reasons therefor;
- (d) whether any action has been taken to shut down these loss making PSUs;
- (e) if so, the details thereof;
- (f) whether there is any scheme to merge or disinvest these loss making units; and
- (g) if so, the details thereof?

Answer

MINISTER OF STATE FOR COAL AND MINES (DR. DASARI NARAYANA RAO)

(a) to (c): All subsidiaries of Coal India Limited (CIL) except Eastern Coalfields Limited (ECL) and Bharat Coking Coal Limited (BCCL) are earning profit. The loss suffered by ECL and BCCL during the year 2003-04 is as under:

Name of the company	Profit(+)/Loss(-) (before tax and dividend)
---------------------	--

Rs. in crores

ECL	(-) 326.38
BCCL	(-) 569.85

The reasons for the losses of ECL and BCCL are given below:

- (i) Extensive mining in the past at shallow depth by private sector resulting in unscientific development of mines;
- (ii) Small size of mines;
- (iii) Coal seams of Raniganj are susceptible to spontaneous heating;
- (iv) Coal seams presently available are highly gassy and deep seated;
- (v) Multiple seam situations;
- (vi) Socio-politically sensitive area
- (vii) High rate of cess in West Bengal

- (viii) Coal in BCCL is prone to spontaneous heating resulting in 70 uncontrollable fires;
- (ix) Difficult geo-mining conditions & presence of surface features;
- (x) Difficulty involved in opencast mining operations due to presence of habitation in the vicinity;
- (xi) Existence of old caved water logged goaves in ovarian seam;
- (xii) Upward revision of salary of employees beyond the paying capacity of the company.

ECL falling sick, the company had to be referred to the Board for Industrial & Financial Reconstruction (BIFR). After several rounds of hearing BIFR vide its order dated 2nd November 2004 has sanctioned a Draft Rehabilitation Scheme (DRS) of ECL under Sick Industrial Companies (Special Provision) Act (SICA) for reviving and revamping the company. BCCL being sick, its management has also prepared a Draft Revival plan for revival of BCCL. The revival packages involve restructuring the equity of the companies and other things on which the views of Ministry of Finance have been sought before the Central Government decides on the measures proposed in the DRS.

(d) to (g) : No, Sir. Do not arise.