13

STANDING COMMITTEE ON ENERGY
(1996-97)

ELEVENTH LOK SABHA

MINISTRY OF COAL

DEMANDS FOR GRANTS (1996-97)

[Act on Taken by the Government on the Recommendations contained in the Second Report of the Standing Committee on Energy (Eleventh Lok Sabha)]

THIRTEENTH REPORT

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

April, 1997/Chaitra, 1919 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON ENERGY (1996-97)

Shri Jagmohan — *Chairman*

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4. Shri A.S. Chera — *Under Secretary*
5. Shri Arvind Sharma — *Reporting Officer*

INTRODUCTION

I, the Chairman, Standing Committee on Energy having been authorised by the Committee to present the Report on their behalf, present this Thirteenth Report (Eleventh Lok Sabha) on the Action Taken by the Government on the recommendations contained in the Second Report of the Standing Committee on Energy (Eleventh Lok Sabha) on Demands for Grants (1996-97) of the Ministry of Coal.

2. The Second Report (Eleventh Lok Sabha) of the Standing Committee on Energy was presented to Lok Sabha on 3rd September, 1996. Replies of the Government to all the recommendations contained in the Report were received on 3rd December, 1996. The Standing Committee on Energy considered and adopted this Report at their sitting held on 17th March, 1997.

3. An analysis of the action taken by the Government on the recommendations contained in the Second Report of the Committee is given in Appendix II.

NEW DELHI;
April 4, 1997
Chaitra 14, 1919 *(Saka)*

JAGMOHAN,
Chairman,
Standing Committee on Energy.

CHAPTER I

REPORT

The Report of the Committee deals with Action Taken by the Government on the recommendations contained in the Second Report (Eleventh Lok Sabha) of Ministry of Coal which was presented to Lok Sabha on 3rd September, 1996.

2. Action Taken Notes have been received from the Government in respect of all the 10 recommendations contained in the Report. These have been categorised as follows :—

(i) Recommendations/Observations that have been accepted by the Government : Sl. Nos. 2, 3 and 5.

(ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies : Sl. Nos. 6, 7 and 8.

(iii) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee : Sl. No. 1.

(iv) Recommendations/Observations in respect of which final replies of the Government are still awaited : Sl. Nos. 4, 9 and 10.

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

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

A. Environmental Measures and Subsidence Control

Recommendation (Sl. No. 1, Para No. 12)

5. Regarding Environmental Measures and Subsidence Control, the Committee had noted that despite the earlier recommendations made by them and the gravity of the problem, no urgent action had been

taken by the Government/CIL to finalise the institutional arrangements with the concerned State Governments. The Committee had emphasised the need of setting up of institutional arrangements with the State Governments at the earliest and desired that the plan allocation for 1996-97 should be effectively utilised to control subsidence in old worked-out mines.

6. In their reply, the Government have *inter-alia* stated that neither the Government of India, nor Coal India Ltd. (or its subsidiary companies) is liable for liabilities contravention of law, if any, of the period prior to the nationalisation of coal mines by virtue of Section 7 of the Coal Mines (Nationalisation) Act, 1973. The Government have further stated that in dealing with the problems of subsidence, the actual implementation of subsidence control measures can be undertaken with active association of the State Governments/District Authorities for dealing *inter-alia* with the problems of shifting and relocation of the population living in unsafe areas. The Government of West Bengal is reported to have been suggested that the existing Asansol Durgapur Development Authority (ADDA) which was set up under the Town and Country (Planning and Development) Act, 1979 of West Bengal could be strengthened and authorised as the executive agency for the restoration work. It was also suggested that the technical inputs for survey, planning and preparation of schemes/projects can be provided by Coal India Ltd./Eastern Coal Fields Ltd. (ECL) by placing technical personnel at ADDA. The issue is again stated to be taken up with the State Government of West Bengal for settling.

Regarding delineation of the affected areas and detailed accurate plans for subsidence control, the Ministry have stated that S&T project to delineate the limits of the old and abandoned underground workings in Raniganj coalfields was taken up jointly by Laval University, Quebec, Mining Geological & Metallurgical Institute and CMPDI. The report envisages the adoption of geo-physical techniques but the findings of the report are not conclusive to an acceptable level of confidence in the delineation of the old unapproachable underground working. Till such time a reliable method is established, hydro-pneumatic stowing though a slow method, would continue and more and more sites would be taken up.

7. The Committee observe that the Ministry of coal had allocated a seed money of Rs. 5 Crores for the years 1992-93 and 1993-94 to Coal India Ltd. for dealing with problems arising out of old

abandoned mines. This had been increased to Rs. 5.52 crores during 1995-96 and revised to Rs. 2 crores due to want of any scheme. During 1996-97 it had been increased to Rs. 26.10 crores. The funds allocated were meant for establishment of suitable technology for stabilising of underground voids in Raniganj coal fields and rehabilitation/reclamation of degraded land due to past mining. The Committee further note that in yet another reply sent earlier, the Ministry had submitted that the recast/modified environmental and Subsidence Control Projects had been placed before the SSRC and that the projects were being processed for financial approval. In view of the earlier replies of the Ministry, it is evident that the government is allocating funds for the purpose of dealing with environmental measures and subsidence Control arising due to past mining which would include pre-nationalisation mining activities. The Committee therefore, do not accept the Government's reply and are constrained to point out that despite repeated recommendations that the Coal Companies should take appropriate remedial and preventive measure to control the grave problem of occurrence of subsidence, the Government have stated that they have no liability as the occurrence of subsidence is due to pre-nationalisation mining activities. The Committee expect the Government to initiate immediate proper measures covering all aspects of the problem. The Committee would also like to know the response of the State Government of West Bengal for finalising institutional arrangements for stabilisation of old abandoned mine areas.

B. Research and Development Activities

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

8. The Committee had observed that research and development activities which were vital for growth of coal industries had been a neglected area. Against an outlay of Rs. 87 crores, the budget provisions for the first four years of the Plan was Rs. 47.80 crores and the actual expenditure was about Rs. 12 crores only. The Committee had desired that the Ministry should step-up the R&D activities to achieve the major thrust areas such as production, safety, coal beneficiation, coal utilisation, etc.

9. The Government have stated in their reply that the Committee's direction to step up the R&D activities has been noted for compliance.

10. The Committee desire to be apprised of details of the action plan to effectively utilise the funds available under R&D Heads for 1996-97.

C. Resource Generation

Recommendation (Sl. No. 4, Para No. 30)

11. To improve the financial health of the Coal India Ltd. and to raise the necessary resources for investment in coal projects, the Ministry of Coal had taken a decision to restructure the capital of Coal India Ltd. The Committee had observed that since the coal companies failed to invest in the coal projects as budgeted during the last three years, the impact of this on coal production was likely to be adverse in the next few years. The Committee had desired the Government and coal companies to draw up a time bound action plan to speed up the on going and future projects.

12. In their reply, the Government have *Inter-alia* stated that with the restructuring of the capital and debt profile of Coal India Ltd., it is hoped that the financial health of Coal India Ltd. will improve. Regarding resources to be provided for future implementation of projects, the Ministry of Coal have stated that the following two critical issues are to be addressed in order to ensure generation of adequate internal and extra budgetary resources:—

(i) Production of regulated grades of coal constitutes nearly 56% and 72% of CIL's and Singareni Collieries Company Ltd.'s (SCCL) total production, respectively. The price of these grades, fixed in June, 1994, were based on Nov., 1993 indices. In the meantime there has been major increase in wages and price inputs. Regular revision in the prices of coal is essential to ensure adequate generation of internal resources.

(ii) Materialisation of World Bank loan of 1 billion U.S. dollars with co-financing from Japan Exim Bank for Coal Sector Rehabilitation Project of CIL will provide substantial resources for investment in the coal sector. Resources from these sources will be used to expedite the implementation of projects.

13. The Committee find the reply of the Government as evasive and entirely unsatisfactory. Instead of elaborating the efforts that have been taken to raise the necessary resources for investment in coal projects that are required for implementation of on-going and future projects, the Ministry of Coal have merely stated the issues which are required to be addressed by themselves in order to ensure generation of adequate funds. The Committee would like to know the action plan of the Ministry to ensure generation of adequate and extra budgetary resources.

D. Production of Soft Coke

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

14. The Committee had observed that the production of soft coke had decreased in 1995-96 as compared to the production during 1993-94. The Committee had desired that keeping in view the demand for this product by the people who use it as domestic fuel, the production of soft coke should be enhanced.

15. The Government, in their reply, have stated that the production of soft coke requires clearance from the concerned State Pollution Control Boards under Section 21 (4) of the Air (Prevention and Control of Pollution) Act, 1981. Based upon the manufacturing process and design approved by CMPDIL, 46 special smokeless fuel companies have reportedly been set up by the private sector in several States. From the present level of production of 2 lakh tonnes per year, the production of soft coke will increase to 30 lakh tonnes if the companies operate at their full capacities. The Government have further stated that the price of soft coke is maintained at a very low level of Rs. 175 to Rs. 300 per tonne as against the production cost of almost Rs. 2000 per tonne.

16. The Committee are surprised to note that against the full capacity of 30 lakh tonne production of soft coke by 46 special smokeless fuel companies, the current level of production of soft coke is stated to be only 2 lakh tonnes. The Committee desire to know the present level of satisfaction of demand and supply of soft-coke. The Committee also feel that the Ministry should address to the need of bridging the imbalance between price of soft coke and the production cost taking into account the demand of people using it as domestic fuel.

E. Pithead Stocks

Recommendation (Sl. No. 10, Para No. 61)

17. The Committee had noted that the coal stocks in case of ECL, BCCL and NCL increased marginally in 1996 as compared to 1995. The Committee also observed that SECL failed to bring down the coal stock level of 1994 and the same had still been increasing. The targeted decrease in stock by 7.5 MT during 1995-96 could also not be achieved by CIL. The Committee had desired that the targeted decrease of pithead stocks would be achieved by CIL during 1996-97.

18. The Government have stated in their reply that the Committee's recommendations have been noted for compliance.

19. The Government appears to have drawn satisfaction by merely stating that Committee's recommendations have been noted for compliance. The reply is silent about the present pitheads stock level of SECL and also the steps taken to achieve the targeted decrease in pitheads stocks during 1996-97. The Committee desire to be apprised of the latest position in regard to pithead stocks.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Sl. No. 2, Para No. 18)

The Committee are of the opinion that the practice followed by Ministry of Coal is in deviation of the normal principle, as the funds not utilised during a financial year are required to be surrendered and accounted for. The Committee expect that in future the Ministry will take care of this and the funds provided separately for R&D activities would be utilised and the targets achieved.

Reply of the Government

The suggestion of the Committee has been noted. Necessary instructions are being issued to Central Mine Planning & Design Institute Limited, the nodal agency for S & T project funded by the Ministry.

[Ministry of Coal O.M. No. 20011/7/96–IF, dt. 3rd Dec., 1996]

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

The Committee are constrained to note that the R&D activities which are vital for growth of coal industry has been a neglected area. Against the outlay of Rs. 87 crores; the budget provision for the first four years of the Plan was Rs. 47.80 crores and the actual expenditure was about Rs. 12 crores only. The reasons for low utilisation of funds stated by Ministry of Coal such as problem in procurement of equipment, problem of co-ordination, shortage of research personnel etc. are untennable. The Committee desire that the Ministry should step up the R&D activities to achieve the major thrust areas such as production, safety, coal beneficiation, coal utilisation etc. as identified at the time of formulation of the Eighth Plan. The Committee expect that with the set-up of an R&D Board involving all coal companies, the targets for R&D activities will be achieved. The Committee would also like to know the role entrusted to R&D Board *vis-a-vis* Standing Scientific Research Committee in the Ministry of Coal and CMPDIL which at present is engaged in coordination and integration of applied Research & Development etc.

Reply of the Government

The Committee's direction to step up the R&D activities has been noted for compliance.

R&D Board of Coal India Limited has been set up for R&D projects funded entirely from the internal resources of Coal India Limite and directed to benefit the coal companies in the areas of method of mining, safety, environment, coal quality, beneficiation, increased productivity, cost reduction etc.

Standing Scientific Research committee is the body in the Ministry of Coal for S & T projects funded by the Ministry. Central Mine Planning & Design Institute Limited acts as Nodal agency for coordination of research activities in coal sector, which involves identification of thrust areas for research activities, identification of agencies which can take up the research work in the identified fields, processing the proposals for Government approval, monitoring the progress of implementation of the projects, preparation of budget estimates, disbursemnt of funds etc.

[Ministry of Coal O.M. No. 20011/7/96–IF, dt. 3rd Dec., 1996]

Comments of the Committee

(Please *See* para 10 of Chapter I of the Report)

Recommendation (Serial No. 5, Para No. 34)

The Committee note that as per the experience gained in other mines, there was a deviation from the original plan and the more cost effective system of wharf-wall loading of wagons by pay loader was introduced in Samleshwari Opencast project resulting in a saving of about Rs. 30 crores. The Committee appreciate the coal company's efforts to reduce project cost. They are of the opinion that project implementation is required to be stepped-up. The Committee stress that a plan should be drawn-up expeditiously to complete the 76 projects which are bedevilled by time and cost overruns in a time bound frame-work and funds the separately earmarked for them.

Reply of the Government

Out of 76 projects, each costing Rs. 20 crores and above, under implementation in the Coal and Lignite sector as on 30.9.1995, 22 projects were delayed from their schedule of completion. Various steps have been taken to expedite completion of these projects by way of adequate funding and close monitoring of their progress.

To overcome the overall shortage in fund availability, Government have decided to shelve/withdraw projects which are unable to take off and where less than 5% expenditure has been incurred. This step has been taken to adequately fund projects which are in advanced stage of implementation. Out of 22 delayed projects, 8 projects have since been completed and one project has been shelved due to fund constraint, 6 more projects are likely to be completed by March, 1997 and remaining 7 projects would be completed within the 9th Plan Period.

With timely completion of projects, cost overrun due to delay in implementation can be avoided. However, cost overrun in projects also takes place when there is no time overrun due to financial reasons like inflationary pressure, changes in taxes and duties, exchange rate variation etc.

[Ministry of Coal O.M. No. 20011/7/96–IF, dt. 3rd Dec., 1996]

CHAPTER III

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

Recommendation (Serial No. 6, Para No. 39)

The Committee observe that the disputed dues from power sector consumers have come down from Rs. 1489.62 crores as on 31.7.95 to Rs. 1208.17 crores as on 31.3.96. The undisputed dues have also come down from Rs. 1485.69 in August, 1995 to Rs. 1147.32 crores as on March, 1996. Umpires have been appointed for settlement of disputed dues before whom proceedings are already in progress. Since Coal India Limited is facing a resource crunch, the Committee fail to understand why Coal India Limited has placed an amount of Rs. 600 crores only as disputed dues before the umpires for settlement against the actual claim of Rs. 1489.62 crores. The Committee further observe that in case of Bihar State Electricity Board the undisputed amount has risen from Rs. 39.74 crores as on 31.7.95 to Rs. 62.24 crores as on 31.3.96 and in case of Gujarat Electricity Board from Rs. 105.27 crores to Rs. 109.79 crores during the period, the Committee expect that some concrete steps would be initiated by Coal India Limited to recover these undisputed dues from the power sector consumers at the earliest so that on-going and future projects are not affected by resource crunch. The Committee also observe that the disputed dues from SEBs relate to both the quality and quantity of coal supplied. The dues have gradually increased since 1991, when the Coal India Limited switched over the revenue of coal sampling from users end to loading-points at pit-heads. The Committee recommend that a fair mechanism should be evolved to protect the interests of the producer as well as the consumer so as to avoid disputes of both quality and quantity of coal supplied.

Reply of the Government

Coal sale dues of Rs. 1489.62 crores as on 31.7.95 disputed by the consumers is aggregate amount pertaining to 23 major SEBs/Power Utilities and a few other power houses. The Ministry of Coal has appointed 4 umpires to deal with the disputed dues in respect of the following 12 SEBs/Power Utilities in respect of whom the accumulated dues were heavy. The amount of disputed dues as on 31.7.95 pertaining to each of these 12 SEBs/Power Utilities has also been indicated below :

State Electricity Boards/ Power utilities	Disputed dues in Rs. crores
Uttar Pradesh State Electricity Board	131.47
Punjab State Electricity Board	222.02
Tamil Nadu Electricity Board	55.12
Haryana State Electricity Board	125.66
Rajasthan State Electricity Board	28.60
Maharashtra State Electricity Board	326.86
Madhya Pradesh State Electricity Board	21.03
Gujarat Electricity Board	43.12
Andhra Pradesh State Electricity Board	4.44
Karnataka Power Corporation Ltd.	6.19
Delhi Electric Supply Undertaking	26.07
Badarpur Thermal Power Station	231.06
Total	1,221.64

Out of the above, disputes in respect of 7 SEBs *viz* RSEB, KPCL, PSEB, BIPS, TNEB, MSEB & SEB amounting to around Rs. 600 crores have been referred to the umpires for resolution.

Accroding to Coal India Limited the items of disputes being heard by the umpires are more or less common for most of the SEBs/Power Utilities. Therefore, once the awards in respect of the 7 cases referred to the umpires are available, the disputes in respeect of the other 5 SEBs/Power Utilities are proposed to be referred to the umpires. The same principles of settlement of the dispute will be applicable to these balance cases also. Action has been taken by Coal Companies to prepare the material for submission to the umpires in respect of the remaining 5 SEBs/Power utilities.

The position in respect of BSEB and GEB is as follows :

Bihar State Electricity Board (BSEB) :

The system of adjustment of coal bill against the energy bill has been in vogue for 7 years with BSEB. It is expected that dues could be settled through bilateral discussions.

Gujarat Electricity Board (GEB)

All disputes have been settled through bilateral discussions with GEB. Adjustment in the books of accounts is in progress.

Government of India, at the highest level, decided for carrying out the joint sampling with power utilities at the loading points and directed that a system of joint sampling mechanism through an independent organisation should be put in place under the supervision of Central Electricity Authority.

Owing to CEA's inability to organise this joint sampling at the loading end, the Standing Committee of Secretaries in October, 91 decided to vest the responsibility of sampling and analysis with Coal Controller's Organisation at the loading points.

The power stations did not participate in the joint sampling mechanism under Coal Controller's Organisation at the loading point. Some of the power stations resorted to litigation. In all cases the rulings of the Courts have gone against them.

In a meeting held in April, 1996 between Ministry of Coal and Ministry of Power, it was agreed that Coal Controller's Organisations would be strengthened by providing equal number of people from the power utilities for carrying out joint sampling at the loading end. Coal India Limited had agreed to provide all facilities, including accommodation at the loading points. This arrangement was agreed to be effective by 1st August, 1996.

Since the power utilities did not post their manpower at the loading end for the joint sampling, above mechanism could not be put in practice.

The coal companies are responsible for supply of good quality coal to all their consumers and not only to the power utilities. Therefore, as regards coal companies, all quality control measures, including sampling and analysis of coal, will have to be logically located at the despatch end only. The legal questions involved have also been examined. Under the provisions of Section 25 of the Sale of Goods Act, 1930, the coal companies' liability ceases on their handing over the coal to railways for delivery to the consignees. All risks and liabilities pass on to the consignee from that moment, being the time when the property therein passes to the latter. Thus, from legal point of view also the sampling and analysis will have to be undertaken at despatch end only.

Efforts are being made to persuade the power utilities to comply with the judicial verdicts, statutory requirements and decision of the Government of India.

[Ministry of Coal. O.M. No. 20011/7/96–IF dt. 3rd Dec., 1996]

Recommendation (Sl. No. 7, Para No. 42)

The Committee find that the information in the Performance Budget 1996-97 and in the written reply of the Ministry contradictory. The lignite production in 1996-97 is sated to be 10 MT as against 17.21 MT in 1995-96 in the performance budget. However, in the written reply furnished to the Committee, the Ministry of Coal have stated that in 1996-97, the targetted production of lignite is up by 5 lakh tonnes as compared to 1995-96. Similarly, contradictory information has been furnished in regard to power generation by Neyveli Lignite Corporation. Nowhere has the Ministry explained the reasons for these contradictions. In view of this, the Committee are unable to draw any conclusion about the over all production performance of Neyveli Lignite corporation Ltd. The Committee regret that the data has not been compiled carefully by the Ministry.

Reply of the Government

The figure of 10 MT quoted in the recommendation is actually 16 MT as per the corrigendum to the Second Report of the Standing Committee on Energy on Demands for Grants (1996-97) of Ministry of Coal.

A perusal of the recommendation reveals that comparison has been made between the actual of lignite production during 1995-96 and the target of lignite production prescribed for 1996-97 whereas, in actuality, the comparison should be logically between the targets of lignite set for 1995-96 and 1996-97. Such a comparison would clearly indicate that the target of lignite production during 1996-97 is higher by 5 LT than the target of lignite production for the year 1995-96. Similar is the case in regard to power generation.

It is pertinent to mention in this context that during 1995-96, the actual lignite production as also generation of power was to the extent of 111% and 115.3% respectively of the targets mainly on account of total failure of northern monsoon. Against the normal rainfall of 700 mm. during the monsoon period (October-December), the actual rainfall in 1995-96 was around 260 mm. only. This resulted in increased availability of equipment and machineries which, in turn, improved overburden removal, lignite output and generation of power.

[Ministry of Coal. O.M. No. 20011/7/96–IF dt. 3rd Dec., 1996]

Recommendation (Serial No. 8, Para No. 49)

The Committee observe that with the completion of Madhuband and Kedla washeries; the indigenous availability of washed coking coal would go up from 14.01 MT to 19.11 MT, leaving a gap of about 4 MT requirements of SAIL, VSP and TISCO during 1996-97. The Committee desire that efforts should be made to complete the Madhuband washery in January, 1997 as rescheduled. The Committee would also like to know the action taken by the Ministry of Steel on the request of Ministry of Coal regarding protracted delay in completion of Kedla washery by HSCL. The Committee are of the opinion that in order to meet the coking coal demand of Steel Sector indigenously; not only the end-users but the private enterprenuers should also be encouraged to set-up coal washeries and coal linkages should be provided by the coal companies.

Reply of the Government

In the recent meetings to review the progress of Madhuband and Kedla Washery Projects held in the Ministry of Coal in the month of October, 1996, all the concerned parties as well as representatives from the Ministry of Steel, in case of Kedla Washery, and Deptt. of Heavy Industry, in case of Madhuband Washery, participated.

Load trial-run of Kedla Washery is in progress and the final commissioning is expected by January, 1997. In case of Madhuband Washery, earlier agreed date for commissioning as committed by MAMC was January, 1997. However, there has been further slippage due to slow progress of balance jobs at site by MAMC. MAMC has now committed to commission the washery by June, 1997.

With the completion of the above washeries, the total capacity for washing of coking coals in the country will be more than adequate for the quantity of washable coking coal produced. The problem is of availability of raw coking coal for the washeries. In order to increase the availability of raw coking coal, Steel Authority of India has already been offered 4 coking coal blocks for captive mining.

[Ministry of Coal O.M. No. 20011/7/96–IF dt. 3rd Dec., 1996]

CHAPTER IV

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

Recommendation (Serial No. 1, Para No. 12)

The Standing Committee on Energy (1995-96) in their 31st Report (10th Lok Sabha) on Action Taken on the Recommendations contained in the 21st Report of the Committee on Demands for Grants of Ministry of Coal, had noted that it should be the sole responsibility of coal companies to take appropriate-remedial and preventive measures in areas which fall within the leasehold of coal companies even though occurrence of subsidence is due to pre-nationalisation mining activities and illegal mining operations. It has also recommended that the funds available under the Coal Mines Safety and Conservation Act should be fully utilised by coal companies for this purpose. The Committee note with dismay that despite the earlier recommendations of the Committee and the gravity of the problem of subsidence, no urgent action has been taken to finalise the institutional arrangements with the concerned State Governments. The Committee emphasise the need of setting up of institutional arrangements with the State Governments at the earliest. They desire that the plan allocation for 1996-97 should be effectively utilised to control subsidence in old worked-out mines. The Committee are surprised to note that the Ministry have stated that the detailed accurate plans and exact delineation of the affected areas are not available and have therefore sought for fresh surveys. The Committee would like the Ministry of Coal to ensure that there is no further delay in the approval of Environmental and Subsidence Control project and expect the Ministry to complete the work in a time-bound manner.

Reply of the Government

As earlier reported in the 31st Report of Standing Committee on Energy (1995-96) (Tenth Lok Sabha), neither the Government of India nor Coal India Limited (or its subsidiary company) is liable for liabilities/contraventions of law, if any, of the period prior to the nationalisation of coal mines by virtue of Section 7 of the Coal Mines (Nationalisation) Act, 1973.

No established method for dealing with unstable unapproachable underground workings is available. For the purpose of establishing a suitable method for stabilising the unstable underground workings, hydropneumatic sand stowing trials are being taken up in two localities through funding from collection of excise duty in terms of provisions contained in Coal Mines (Conservation & Development) Act, 1974. For establishing this new technology through experience gained over a wider area of trial, two more areas have been taken up from the plan funds provided under Environmental Measures & Subsidence Control. The funds collected by way of excise duty under Coal Mines (Conservation & Development) Act, 1974 are to be provided for varying purposes as defined in the Act and Rules made thereunder and are not confined to subsidence control measures only.

In order to deal with the problem of subsidence, the actual implementation of subsidence control measures can be undertaken with active association of the State Government/District authorities for dealing *inter-alia* with the problem of shifting and relocation of the population living in the unsafe areas. It was suggested to the Government of West Bengal that the existing Asansol Durgapur Development Authority (ADDA) which was set up under the Town and Country (Planning and Development) Act, 1979 of West Bengal could be strengthened and authorised as the executive agency for the restoration works. It was also suggested that technical inputs for survey, planning and designing and preparation of schemes/projects can be provided by Coal India Limited/Eastern Coal fields Limited by placing technical personnel at ADDA. The issue is again being taken up with the State Government of West Bengal for settling the issue.

The delineating of the unstable underground workings where mining was carried out long time ago is not accurate. Proper plans of the unstable areas are not available. Various geophysical techniques were applied to accurately delineate the old underground workings but results have not been encouraging.

A S & T project to delineate the limits of the old and abandoned underground workings in Raniganj coalfield was taken up jointly by Laval University, Quebec, Mining, Geological & Matallurgical Institute and CMPDI. The report envisages adoption of geo-physical techniques but the findings of the report are not conclusive to an acceptable level of confidence in the delineation of the old unapproachable U.G. workings, Till such time a reliable method is established, hydro-pneumatic stowing though a slow method, would continue and more and more sites would be taken up.

[Ministry of Coal. O.M. No. 20011/7/96–IF dt. 3rd Dec., 1996]

Comment of the Committee

(Please *see* para 7 of Chapter I of the Report)

CHAPTER V

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

Recommendation (Sl. No. 4, Para No. 30)

The Committee observe that in case of CIL, the Budget Support 1995-96 has been raised from Rs. 241 crores to Rs. 288 crore whereas IEBR has come down from the target of Rs. 2019 cores to Rs. 1291.57 crores during 1995-96. The major constraints in implementing the projects and achieving desirable growth has been stated to be non-availability of sufficient funds. The actual expenditure has been decreasing in case of CIL, SCCL during the past 3 years as compared to plan budgetary outlays. The Ministry of Coal have stated that it has been decided in February, 1996 to restructure the capital of CIL in order to improve the financial health of the company which will enable it to raise the necessary resources for investment in coal projects. The Committee observe that since the coal companies failed to invest in the coal projects as budgeted during the last three years, the impact of this on coal production is likely to be adverse in the next few years. The Committee, therefore, desire the Government and coal companies to draw up a time bound action plan to speed up the on-going and future projects with the inflow of such funds as are required to update the project implementation as per the Eighth Plan Outlays.

Reply of the Government

With the restructuring of the capital and debt profile of Coal India Ltd. (CIL) it is hoped that the financial health of CIL will improve. As explained earlier, the gap in internal and extra budgetary resources in 1995-96 was mainly due to :

(a) CIL's inability to raise Rs. 400 crores from issue of bonds.

(b) The additional resources of Rs. 500 crores expected from the World Bank did not materialise. So far as resources to be provided for future implementation of projects is concerned, the following two critical issues are to be addressed in order to ensure generation of adequate internal and extra budgetary resources :

(a) **Revision in price of regulated grades of coal:** Production of regulated grades of coal constitutes nearly 65% and 80% of CIL's and Singareni Collieries Company Ltd.'s (SCCL) total production respectively. The price of these grades, fixed in June 1994, were based on Nov., 1993 indices. In the meantime there has been major increase in wages and price of inputs. Regular revision in the prices of coal is essential to ensure adequate generation of internal resources.

(b) Materialisation of World Bank loan of 1 billion U.S. dollars with co-financing from Japan Exim Bank for Coal Sector Rehabilitation Project of CIl will provide substantial resources for investment in the coal sector. Resources from these sources will be used to expedite the implementation of projects.

[Ministry of Coal. O.M. No. 20011/7/96–IF dt. 3rd Dec., 1996]

Comments of the Committee

(Please *see* para 13 of Chapter I of the Report)

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

The Committee find that production of soft coke has decreased in 1995-96 as compared to the production of soft coke in 1993-94. The losses incurred by CIL during the last three years due to this production of soft coke are about Rs. 47 crores. The Ministry of Coal have stated that it has been decided to deregulate the prices of coking coal as well as A, B & C grades of non-coking coal and that the rates of soft-coke needed to be examined appropriately.

The Committee have noted this and expect that a decision would be reached expeditiously. However the Committee desire that, keeping in view the demand for this product by the people who use it as a domestic fuel, the production of soft coke should be increased.

Reply of the Government

Production of soft coke requires clearance from the concerned State Pollution Control Boards under Section 21 (4) of the Air (Prevention and Control of Pollution) Act, 1981. The traditional system of the manufacturing of soft coke in the country bhattas does not conform to the requirements of the above Act and the State Pollution Control Boards are therefore not according their consent for such manufacture. The production of soft coke can therefore only take place in environmentally satisfactory conditions and for this prupose the CMPDIL have designed a manufacturing process and based upon this design 46 Special Smokeless Fuel companies have been set up by the private sector on several States. At full production these companies could produce almost 30 lakh tonnes soft coke per annum as against the current level of production of of less than 2 lakh tonnes. An increase in the production of soft coke could be achieved by enabling the above units to manufacture soft coke to their full capacity. At the present moment, however, the price of soft coke has been maintained at a very low level of Rs. 175 to Rs. 300 per tonne as against the production cost of almost Rs. 2000 per tonne. Obviously unless this price imbalance is addressed by substantially increasing the price of soft coke, the private companies would be disinclined to step up production. Secondly. State Governments will also require to actively undertake a systematic inspection of the SSF units in order to ensure that any coal supplied to them is used for conversion of soft coke and not for diversion to other markets.

[Ministry of Coal O.M. No. 20011/7/76-IF Dt. 3rd Dec., 1996]

Comments of the Committee

(Please *see* para 16 of Chapter I of the Report)

Recommendation (Serial No. 10, Para No. 61)

The Committee note that the coal stocks in case of ECL, BCCL and NCL have increased marginally in 1996 as compared to 1995. SECL has failed to bring down the coal stock level of 1994 which is still increasing despite the Committee's recommendation made while examining the Demands for Grants of the Ministry of Coal during 1995-96. Although the Committee appreciate the steps taken by Coal India Limited to reduce pit-head stocks from 49.49 MT as on March, 1994 to 28.75 (P) at the end of March 1996, they are perturbed to note that the targetted decrease in stock by 7.5 MT during 1995-96 has not been achieved by CIL. The Committee expect that the targetted decrease would be achieved by CIL in 1996-97.

Reply of the Government

Noted for compliance.

[Ministry of Coal O.M.No. 20011/7/96-IF Dt. 3rd Dec., 1996]

Comments of the Committee

(Please *see* para 19 of Chapter I of the Report)

NEW DELHI;
April 4, 1997
Chaitra 14, 1919 *(Saka)*

JAGMOHAN,
Chairman,
Standing Committee on Energy.

APPENDIX I

EXTRACTS OF MINUTES OF THE TENTH SITTING OF STANDING COMMITTEE ON ENERGY (1996-97) HELD ON MONDAY, THE 17TH MARCH, 1997

The Committee sat from 1630 to 1700 hours.

PRESENT

Shri Jagmohan — *Chairman*

MEMBERS

2. Prof. (Smt.) Rita Verma
3. Prof. Om Pal Singh Nidar
4. Shri Muni Lall
5. Shri Sriram Chauhan
6. Shri Sriballav Panigrahi
7. Shri Ishwar Prasanna Hazarika
8. Shri P. Kodanda Ramiah
9. Shri Anil Basu
10. Shri Haradhan Roy
11. Shri V. Ganesan
12. Shri N. Ramakrishna Reddy
13. Shri Ramendra Kumar
14. Shri Ramji Lal
15. Shri Ved Prakash Goyal
16. Shri Lakhiram Agarwal
17. Shri Dipankar Mukherjee
18. Shri Gaya Singh

SECRETARIAT

1. Smt. Roli Srivastava — *Joint Secretary*
2. Shri G.R. Juneja — *Deputy Secretary*
3. Shri A.S. Chera — *Under Secretary*

2. The Committee considered and adopted the following Draft Action Taken Reports :—

(i) ** ** **

(ii) Action Taken by the Government on the recommendations contained in the Second Report of the Standing Committee on Energy on Demands for Grants (1996-97) relating to the Ministry of Coal.

(iii) ** ** **

(iv) ** ** **

3. The Committee also authorised the Chairman to finalise the above mentioned Reports and present the same to Parliament.

The Committee then adjourned.

**Para 2 (i), (iii) and (iv) relating to consideration and adoption of three other Action Taken Reports have not been included.

APPENDIX II

(*Vide* Para 3 of Introduction)

Analysis of Action Taken by the Government on the Recommendations contained in the Second Report of the Standing Committee on Energy (Eleventh Lok Sabha)

I.	Total No. of Recommendations made	10
II.	Recommendations that have been accepted by the Government (*vide* recommendations at	
	Sl. Nos. 2, 3 and 5)	3
	Percentage of total	30%
III.	Recommendations which the Committee do not desire to pursue in view of the Government's replies. (*vide* recommendations at Sl. Nos. 6, 7 and 8)	3
	Percentage of total	30%
IV.	Recommendations in respect of which replies of the Government have not been accepted by the Committee (*vide* recommendation Sl. No. 1)	1
	Percentage of total	10%
V.	Recommendations in respect of which final replies of the Government are still awaited (*vide* recommendations at Sl. Nos. 4, 9 and 10)	3
	Percentage of total	30%