18

STANDING COMMITTEE ON ENERGY (1998-99)

TWELFTH LOK SABHA

MINISTRY OF COAL

DEMANDS FOR GRANTS (1999-2000)

EIGHTEENTH REPORT

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

April, 1999/Chaitra, 1921 (Saka)

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STANDING COMMITTEE ON ENERGY (1998-99)

(TWELFTH LOK SABHA)

MINISTRY OF COAL

DEMANDS FOR GRANTS (1999-2000)

Presented to Lok Sabha on 22nd April, 1999
Laid in Rajya Sabha on 23rd April, 1999

LOK SABHA SECRETARIAT
NEW DELHI

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CORRIGENDA
TO
THE EIGHTEENTH REPORT OF THE STANDING COMMITTEE ON DEMANDS FOR GRANTS (1998-99) OF THE MINISTRY OF COAL

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*Ceased to be Member of the Committee w.e.f. 18.3.1999, consequent upon his nomination to Standing Committee on Urban and Rural Development.

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2. Shri John Joseph — *Joint Secretary*
3. Shri P.K. Bhandari — *Deputy Secretary*
4. Shri R.S. Kambo — *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 Eighteenth Report (Twelfth Lok Sabha) on the Demands for Grants (1999-2000) relating to the Ministry of Coal.

2. The Committee took evidence of the representatives of Ministry of Coal on 6th April, 1999.

3. The Committee wish to thank the representatives of the Ministry of Coal who appeared before the Committee and placed their considered views. They also wish to thank the Ministry for furnishing the replies on the points raised by the Committee.

4. The Report was considered and adopted by the Committee at their sitting held on 16th April, 1999.

NEW DELHI;
17 April, 1999
27 Chaitra, 1921 (Saka)

K. KARUNAKARAN,
Chairman,
Standing Committee on Energy.

PART I

CHAPTER I

Introductory

1.1. Coal is the most important source of energy for electricity generation in India. Bulk of electricity generated (about 65.7%) is from thermal power stations, which depend upon coal as feed stock. In addition, other industries like steel, cement, fertilisers, chemicals, paper and thousands of medium and small scale industries are dependent on coal for their process and energy requirements. The Ministry of Coal is, therefore, engaged in developing coal resources of this country in a manner that requirements of coal of different consuming sectors are met in full and their dependence on oil/imported coal is minimised.

1.2. The Ministry of Coal is responsible for the development and exploitation of coal and lignite reserves in India. The main subjects allocated to the Ministry under the Government of India (Allocation of Business) Rules, 1961, as amended from time to time, are exploitation and development of coking coal and non-coking coal and lignite deposits in India, all matters relating to production, supply, distribution and pricing of coal, development and operation of coal washeries, administration of Coal Bearing Areas (Acquisition and Development) Act, 1957, administration of Public Sector Enterprises dealing with coal and lignite and all business incidental to the administration of above activities including matters concerning the State Government etc.

1.3. The Ministry of Coal has under its direct administrative control the following two public sector undertakings:

(i) Coal India Ltd., and

(ii) Neyveli Lignite Corporation Ltd.

1.4. Coal India Ltd., having headquarters at Calcutta, is the holding company with seven producing subsidiaries and one planning and design subsidiary, *viz*:—

(i) Eastern Coalfields Limited (ECL), Sanctoria (West Bengal)

(ii) Bharat Cocking Coal Limited (BCCL), Dhanabad (Bihar)

(iii) Central Coalfields Limited (CCL), Ranchi (Bihar)

(iv) Northern Coalfields Limited (NCL), Singrauli (Madhya Pradesh)

(v) Western Coalfields Limited (WCL), Nagpur (Maharashtra)

(vi) South Eastern Coalfields Limited (SECL), Bilaspur Madhya Pradesh)

(vii) Mahanadi Coalfields Limited (MCL), Sambalpur (Orissa)

(viii) Central Mine Planning & Design Institute Limited (CMPDIL), Ranchi (Bihar)

1.5. The Ministry of Coal has also under its administrative control the Neyveli Lignite Corporation Ltd., with headquarters at Neyveli in Tamil Nadu. This company is primarily engaged in the exploitation of lignite deposits in Tamil Nadu and generation of Power from lignite based power projects.

1.6. The Singareni Collieries Company Limited incorporated as public limited company in 1920 became a Government company in 1956 with headquarters at Kothagudum in Andhra Pradesh. The company is a joint undertaking of Government of Andhra Pradesh and Government of India. The share capital of this company is held by the Government of Andhra Pradesh and Government of India in the ratio of 51:49 respectively. This company is engaged in the exploitation of coal reserves in the State of Andhra Pradesh.

1.7. The following are the provision sought and included in the Demands for Grants for 1999–2000 pertaining to the Ministry of Coal:—

(Rs. in Crore)

	Plan		Non -Plan		Total	
	Gross	Net	Gross	Net	Gross	Net
Revenue Section (Voted)	242.54	82.54	159.90	159.90	402.44	242.44
Capital Section (Voted)	328.67	328.67	25.00	—	353.67	328.67
Total	571.21	411.21	184.90	159.90	756.11	571.11

1.8. The net budget support to CIL for 1999–2000 is Nil whereas, this is Rs. 55 crore for SCCL and Rs. 165 crore for NLC (Coal). The net budget support for NLC (Power) is Nil during 1999–2000.

1.9. The plan outlay for this Ministry is substantially to meet the financial requirements of the three Public Sector Undertakings *viz.* Coal India Limited, Neyveli Lignite Corporation Limited and Singareni Collieries Company Limited for plan investments in new mining projects. Though the plan outlays of the companies are now being largely financed through their internal resources or through extra budgetary resources, some budget support is also provided. The budget support as percentage of the total plan outlay has steadily been coming down. This budget support is provided by the Government of India either by way of equity or loan to the companies. In addition to this, provision for the plan schemes of Research and Development, Regional Exploration, Environmental Measures and Subsidence Control, Detailed Drilling, Voluntary Retirement Scheme in PSUs and Regulatory Framework Review Project are made under Plan outlay.

1.10. A substantial portion of the non–plan outlay of the Ministry of Coal is meant for schemes which are financed from the excise duty levied under the provisions of Coal Mines (Conservation and Development) Act, 1974 and can, therefore, be termed as self financing (75%). Subsidy to coal companies towards reimbursement of part expenditure for conservation and protective measures and development of roads, railways and transport infrastructure in coalfield areas are funded out of these receipts. Another major segment (21%) of the non–plan outlay is to meet the statutory obligations of the Government under the provisions of Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948, contribution to Coal Mines Pension Scheme, 1998 and Coal Mines Deposit Linked Insurance Scheme, 1976. Only 4% of the non–plan budget is meant for meeting the Secretariat expenditure and for the offices of Coal Controller and Commissioner of Payments, Calcutta.

1.11. The observations of the Committee on the basis of the scrutiny of Demands for Grants of the Ministry for the year 1999–2000 are brought out in succeeding Chapter.

CHAPTER II

ANALYSIS OF DEMANDS FOR GRANTS (1999–2000) OF MINISTRY OF COAL

2.1. The Ministry of Coal have presented Demands for Grants of Rs. 571.11 crore for the year 1999–2000 against budget estimates of Rs. 618.71 crore 1998–99 and revised estimates of Rs. 397.70 crore for the year. The details of Ministry's demands under revenue section and details relating to capital section with reference to public enterprises are shown in Appendix. The various points arising out of the scrutiny of Demands for Grants of the Ministry are discussed in the succeeding paragraphs.

A. Plan Outlay

2.2. The Central Plan Outlay including Voluntary Retirement Scheme to be funded from out of National Renewal Fund for the Ministry of Coal which was Rs. 4212.75 crore during the year 1998–99 was revised to Rs. 2944.10 crore during the same year. The Budget Estimates for the year, 1999–2000 has been estimated at Rs. 3898.35 crore.

2.3. When asked about the reason for reducing the Central Plan Outlay for the Ministry so drastically, the Ministry of Coal in a written reply informed the Committee that the demand for coal is a derived demand and is based upon the requirement of different consumers. The demand for coal by the Power Sector is assessed by the Ministry of Power taking into account the requirement of existing coal based thermal power plants and commissioning of new power plants, amongst other factors. Similarly, demand for steel sector is assessed by Ministry of Steel. Thus, the demand projection for coal necessarily involves various ministries/agencies. Once the demand is firmed the availability of coal from domestic sources is decided. On finalization of demand and availability of coal, investment programme etc., are chalked out. In the recent past and especially during 1998–99, the demand as assessed at the time of finalization of Annual Plan has shown a substantial shortfall due to a variety of reasons. It is estimated that the coal demand for the year 1998–99 would finally reach to 291.55m.t. (5.7 m.t. of middlings) against the projected demand of

325.38 m.t. (7.50 m.t. of middlings) decided at the time of finalization of Annual Plan 1998–99. Accordingly, the off–take plan of coal from Coal India Limited is reduced and kept at 252 m.t. against the target of 271.50 m.t. Thus non-materialization of demand projected at the beginning of the year is the main reason for scaling down of coal production.

2.4. Clarifying further, Secretary (Coal) during evidence stated:

> "Indian coal industry in 1998–99 witnessed a major demand recession. Against an estimated demand of 271.50 million tonnes of coal from CIL at the beginning of 1998–99, the actual demand will only be around 252 million tonnes. Lately, due to a variety of reasons, the demand projections have not held good. The demand projections made by power sector, *inter–alia*, took into account the expected commissioning of new power plants. However, there have been major slippages in commissioning of new coal–based thermal power stations leading to a slowdown in demand of coal. Ministry of Coal is of the view that coal demand projection for the terminal year of the Ninth Five Year Plan made by the Planning Commission at 412.20 million tonnes will also not materialise and the demand is likely to be only 362.42 million tonnes against the projection of 412.20 million tonnes. Similarly, during 1998–99, the originally projected demand of 325.38 million tonnes is likely to be reduced to 291.55 million tonnes only. In view of the non–materialisation of demand of the coal-consuming sectors, it is becoming increasingly difficult to synchronise the investment and production plans of the coal sector with that of the consuming sectors."

2.5. Non–payment of coal and power sales dues by State Electricity Boards (SEBs) to coal and lignite PSUs is also affecting the day-to-day operations and the projects' implementation by PSUs. Due to outstanding payments, the coal companies have to depend on commercial borrowings from the market, which erodes generation of internal resources due to the heavy interest liabilities upon the coal companies.

2.6. The Ministry of Coal further stated the following factors which necessitated the scaling down of plan:

(i) Delay in effectiveness of IBRD loan and consequent rescheduling of delivery schedule committed by the equipment manufacturers,

(ii) Need to reschedule the procurement of equipments other than those under World Bank loan due to slow down of demand, and

(iii) Due to delay in procurement of Specialised Mining Equipment and awarding of main plant-package for Thermal Power Station at Neyveli.

2.7. About the activities/Schemes/programmes of Ministry of Coal which are going to be affected with the reduced Plan Outlay, the Ministry of Coal informed that the areas affected are existing mines and completed projects; on-going projects; new projects; commissioning of Mine I Expansion project of NLC; and commissioning of two units of TPS-I Expansion project of NLC.

2.8. On being asked about the steps the Ministry propose to take to meet the resource gap, as a result of reduction in Central Plan Outlay the Committee are informed in a written reply as under:—

"Wherever possible, the plan outlay has been adjusted keeping in view the availability of resources. In addition, Government have taken various steps to meet the resources wherever needed which are as under:

(a) Introduction of cash-carry scheme for coal sale;

(b) Proposal for securitisation of SEB dues is under process and is likely to help the companies to raise resources from the market;

(c) Deduction from Central Plan assistance of the concerned States for liquidation of outstanding coal and power sale dues;

(d) Increase in productivity of both man and machinery;

(e) Appointment of umpires for resolving the outstanding coal sale dues with power utilities; and

(f) Loan from IBRD and JEXIM Banks; and

(g) Reduction in manpower through Voluntary Retirement Scheme.

2.9. The Internal and Extra Budgetary Resources (IEBR) of coal companies for the years 1996–97 and 1997–98 had been revised from Rs. 2896.10 crore and Rs. 3042.62 crore to Rs. 1873.74 crore and Rs. 2109.20 crore respectively. When pointed out that IEBR component for the year 1998–999 Budget, which was Rs. 3605.65 crore dipped to Rs. 2542.45 crore at revised stage during the same year, how the proposed IEBR component for the year 1999–2000 of the order of Rs. 3327.14 crore could be achieved Ministry of Coal informed the Committee in a note as under:—

"The different components of IEBR for the years 1996–97 to 1999–2000 of CIL are given below:

(Rs. in crore)

Coal India Limited		IR	Bonds	Supplier's Credit	Other ARM	Total IEBR
1996–97	BE	712.00	400.00	431.00	500.00	2043.00
	Actual	918.95	434.03	0.00	165.00	1517.98
1997–98	BE	1154.78	100.00	0.00	1015.17	2269.95
	Actual	1411.42	0.00	113.13	300.00	1824.55
1998-99	BE	1557.81	0.00	0.00	869.33	2427.14
	RE	783.34	0.00	455.35*	402.81	1641.50
Variation in RE 1998–99 over BE 1998–99#						–785.64
1999–2000	BE	600.00	0.00	1455.60	445.90	2501.50
Variation in BE 1999–2000 over RE 1998–99@						+860.00

* IBRD credit.

\# Reason(s): Reduction in offtake and reduction in International Bank for Reconstruction and Development/Japan Export Import Bank loan for Coal Sector Rehabilitation Project.

@ Reason(s): Increase in extra budgetary resources proposed to be mobilised through loan from IBRD/JEXIM Bank."

2.10. Similarly, about realisation of the IEBR component of SCCL and NLC the Ministry furnished the following data:—

SCCL

(Rs. in crore)

Singareni Collieries Company Limited		IR	Bonds	Supplier's Credit	Other ARM	Total IEBR
1996–97	BE	215.32	0.00	35.00	169.75	420.07
	Actual	9.97	0.00	30.28	100.00	140.25
1997–98	BE	-191.61	0.00	35.00	480.86	324.25
	Actual	-86.40	0.00	12.64	83.50	9.74
1998–99	BE	111.76	0.00	35.00	83.53	230.29
	RE	77.42	0.00	0.00	118.53	195.95
Variation in RE 1998–99 over BE 1998–99#						(–)34.34
1999–00	BE	83.39	0.00	0.00	72.00	155.39
Variation in BE 1999–2000 over R.E. 1998–99@						(–) 40.56

Reason(s) : Liquidation of CMPF arrears.

@ Reason(s) : Less inflow from Govt. of Andhra Pradesh in equity participation.

NLC

(Rs. in crore)

Neyveli Lignite Corporation Limited		IR	Bonds	Supplier's Credit	Other ARM	Total IEBR
1996–97	BE	220.86	114.73	97.44	0.00	433.03
	Actual	122.76	0.00	53.74	0.00	176.49
1997–98	BE	0.00	123.42	100.00	225.00	448.42
	Actual	0.00	0.00	59.22	80.87	140.09
1998–99	BE	210.24	271.57	267.84	198.57	948.22
	RE	120. 29	0.00	314.28	270.43	705.00
Variation in RE 1998–99 over BE 1998–99#						(–)243.22
1990–00	BE	35.00	200.00	268.09	167.16	670.25
Variation in BE1999-2000 over R.E. 1998–99@						(–)24.75

Reason(s): Non-mobilisation of market borrowings.

@ Reason(s): Lower receipt of deductions from the Central Plan Assistance to the States set off against outstandings power sale dues.

2.11. The Committee are perturbed to note that the Plan Outlay for the Ministry of Coal for the last 3 years is hardly near the targets fixed, thus adversely affecting the existing, ongoing and new Coal/Lignite projects. The Central Plan Outlay for the Ministry of Coal for 1998–99 was revised to Rs. 2944.10 crore from Rs. 4212.75 crore. The estimated coal demand for the year 1998–99 is expected to be 291.55 MT (5.7 mt. of middling) against the projected demand of 325.38 MT (7.5 mt. of middling). The Ministry of Coal have informed that non-materialisation of demand projected at the beginning of the year is the main reason for scaling down of Coal Production and Plan Outlay. Other reasons cited by the Government for scaling down of plan are need to re-schedule procurement under International Bank for Reconstruction and Development (IBRD) Loan and to re-work the funds requirement, taking into account the delivery schedule committed by the equipment manufacturers, need to regulate procurement of equipments, delay in supply of specialised mining equipments by Neyveli Lignite Corporation Limited etc. which are basically due to unrealistic demand projections. The Committee further note that IEBR component for Coal India Limited, Singareni Collieries Company Limited and Neyveli Lignite Corporation Limited were never made realistic in that past three years. The Coal India Limited IEBR component for the year 1998–99 have been revised to Rs. 1641.50 crore from Rs. 2427.14 crore budgeted. The company could generate internal resources of Rs. 783.34 crore against the Budget Estimates of Rs. 1557.81 crore Rs. 455.35 crore has been contributed to the IEBR component of CIL through suppliers credit during 1998–99. Similarly, in case of Singareni Collieries Company Ltd. in 1997–98 the total IEBR component was Rs. 9.74 crore against the budget estimates of Rs. 324.25 crore and in case of Neyveli Lignite Corporation it was Rs. 140.09 crore against the budget estimates of Rs. 448.42 cores during the period. The Committee feel that the Government should take steps to ensure that IEBR component of coal/lignite companies be projected on realistic basis so as to ensure that the plans of various undertakings do not go heywire because of non–realisation of IEBR component year after year. In view of the fact that two subsidiaries of CIL *viz.* BCCL and ECL being sick because of large workforce and underground mining, the Committee recommend that budgetary support to CIL be enhanced for the current year for revival of these two companies. The Committee are also of the opinion that Government should have withdrawn the budgetary support to CIL in a phased manner and desire that the Government may review total withdrawal of budgetary support especially to Coal India

Limited. At the same time, the coal companies should pay greater attention to their commercial operations and equip themselves to meet the threats from international and domestic competition. Although, the Ministry of Coal have stated that certain steps like introduction of cash and carry scheme, securtisation of SEB dues to strengthen the coal companies have been taken, the Committee are of the opinion that taking into account the down–sizing of Plan Outlay year after year, the Government should address to the need to making domestic coal companies viable one basing their investment decisions on realistic demand assessment. The Committee desire that the Ministry should re–work their investment plans for Ninth Plan, based on the realistic assessment of demand projections for the same period, and place it before the Committee.

B. Coal Demand and Production

2.12. The Committee have been informed that the demand for coal at the end of the Ninth Plan is likely to increase to about 412 million tonnes as compared to 296 million tonnes in 1996–97. Production from domestic source in 2001–02 is likely to be only 370 million tonnes. The table below gives the demand, production and the imports of coal for the Ninth, Tenth and the Eleventh Plan as envisaged in the draft IX Plan:—

Demand, Production and Imports of Coal

(Million Tonnes)

	2001–2	2006–7	2011–12
Demand	412.12	544.6*	755.3*
Production	370.60	498.9	671.8
Gap	41.52	45.7	103.5

* Corresponding to low hydro–generation and high liquid fuel based generation of power. The demand may be higher if there is decline in the liquid fuel (including LNG) based power generation.

2.13. In has also been observed from the IX Plan document that there is large un–met gap which has to be met through increasing the domestic production further. Otherwise it will necessitate larger imports and consequent foreign exchange outgo. The investment required for meeting the Ninth Plan requirements alone for raising the domestic production would be over Rs. 20,000 crore.

2.14. When pointed out to the Ministry of Coal about the observation of the Planning Commission and the steps initiated by the Government to priorities coal projects to achieve the anticipated targets during IX and X Plans, the Committee have been informed by Ministry of Coal regarding Plan projection & supply in a note as under:

Demand (All India) (Million Tonnes)

	IX Plan (2001-2) Projection		X Plan (2006-7) Projection	
	Plg Comm	By MOC	By CIL in Jan '99	Original WG
Steel	51.60	51.60	38.50	64.00
Power	262.00	237.47	230.62	447.00
Cement	21.40	18.37 (Including 4 Mt imported coal)	17.00	30.00
Others	77.20	61.83	54.68	112.00
Total Demand	412.20	369.27	340.80	653.00
Production/Supply				
CIL	314.00	301.00	278.00	372.00
SCCL	36.00	34.00	34.00	39.00
TISCO/IISCO	7.60	7.56	7.56	7.60
Others	13.00	2.26	1.79	NA
Total	370.60	344.82	321.35	418.60*

* Excluding Captive Mining Production

Non–Coking Coal

Out of total supply of 321.35 Mt. in 2001–2, total quantity of non–coking coal is around 292.00 Mt. The non–coking coal demand is met from domestic sources as well as through import of about 4 Mt. by cement sector and 6 Mt. by power sector. This leaves 292.00 Mt. to be supplied from indigenous sources. Therefore, there will not be any gap during IX Plan.

2.15. It further states:—

"No firm assessment for non-coking coal demand has been made for the X Plan by Planning Commission so far. Given the present consumption trend, the projection by the Working Group looks to be on the higher side. However, there is expected to be some gap between supply by coal PSUs and demand in the terminal year of the X plan (2006–7). This is expected to be made up by captive mining production and imports, the exact quantity being difficult to assess at present."

2.16. Supplementing further, Secretary (Coal) during evidence stated:—

"About the gap between the demand and supply, the Ministry of Coal has disputed this projection of the Planning Commission. We even went up to the Cabinet Secretariat level and Cabinet Secretariat has now told us to bring up a paper which we have already submitted to them. We have disputed their demand supply projections for the 9th Plan."

2.17. Regarding production of coking coal, Ministry of Coal informed that Committee that there would be continued shortage in supply of coking coal during IX Plan and beyond. the difficult geo-mining condition of our major coal deposits in Jharia coalfield does not permit any substantial increase in production. In fact much superior grade coking coal be imported at lesser price from Australia, Indonesia and other countries.

2.18. In connection with impact of non–materialisation of demand a representative of Ministry of Coal apprised the Committee during evidence on 6.4.99 as under:—

"On the one hand, as a result of the non–materialisation of demand, companies like ECL are already in serious financial distress. Their distress is becoming even more acute because half of the production of ECL, that is, roughly 14 million tonnes comes from the open cast mines like Rajmahal and Sonpur–Bazari. Out of this 14 million tonnes, 11 million tonnes are yielded by the Rajmahal open cast mines which are exclusively dedicated to meet the requirement of NTPC in Farakka and Kahalgaon. These are super thermal power stations. In the last two years, primarily because of the inability of the State Electricity Boards who purchase power, from NTPC, they have note been able to pay the entire dues of NTPC for the power purchase. There are several States in eastern India and a few in southern India. As a result, the liabilities of NTPC have gone up and they have been forced to reduce their power generation by as much as 30 to 40 per cent. They have reduced their generation from Farakka and Kahalgaon. This results in less than the committed offtake from the Rajmahal mines. The fuel supply agreement that ECL has with NTPC does not provide for imposition of a penalty clause, for non–lifting of coal."

2.19. Underlining the need to invite private sector participation, in coal mining, so as to avoid gap between demand and supply, Secretary (Coal) during evidence stated as under:—

"In the 10th Plan, towards the last two years, there is going to be a big gap between demand and supply which may be as large as 100 million tonnes, and may be as larger than that. It may be 230 million tonnes. The internal resources of the Coal India Ltd. and of the other companies can result in increase of 25 million tonnes in production. So, beyond that, we will have to open up the sector. The amendment that we are proposing is to enable the private sector to do coal mining in the new coal blocks. The proposal is not to denationalize any of the existing companies or to, in any way, interfere with their blocks. They will continue to have the blocks which have been leased over to them also. It is just that. As a measure to fill the gap, the private sector can take new blocks. At present, as this Hon. Committee knows, for captive use, private sector mining is already permissible. But we will have to permit private sector in coal mining to fill this gap in the demand and supply in the last two years of the 10th Plan."

2.20. When asked to state whether the fuel supply agreement with NTPC had any penalty clause, Chairman, CIL informed the Committee as under:—

"The agreement that we had with NTPC did not have a penalty for non–lifting of coal but the new agreement which we finalized has a penalty clause. Last week, the Chairman, NTPC had come to Calcutta and we have finalized the next agreement and expect to sign it in a couple of weeks. It has a provision that if we have the coal available and they are not lifting it, they have to pay a penalty. This provision has been incorporated."

2.21. On being pointed out the malpractice of over–reporting of coal stocks in some subsidiaries of Coal India Ltd. as investigated by a Committee headed by Shri R.N. Mishra, the Committee have been informed that action was taken on the recommendation contained in R.N. Mishra Committee Report and senior officials in various companies have been punished and even removed from the service.

2.22. About over–reporting still taking place in some collieries, Chairman, CIL informed the Committee during evidence:

"In case of over–reporting, definitely the quantum of over–reporting of coal which used to be quite high, has been controlled. But even now we have found that in certain collieries, the stock measurement is being done. By March, 1999, the measurement report will be available. the procedure has been laid down. Wherever the shortage is there, there is a procedure for inquiry and action. We will follow definitely these procedures and whosoever is found responsible, will be punished."

2.23. The Committee find a wide gap between the projection of Coal demand assessed by Planning Commission, Ministry of Coal and Coal India Limited. Whereas Coal India has projected the demand of 340.80 MT, the Planning Commission forecasted at 412.20 MT by 2001. The Planning Commission has observed a demand supply gap of 103.5 MT by the end of 11th Plan. The Planning Commission has observed that for increasing the domestic production and reducing dependency on imported coal an investment of Rs. 20,000 crore is required for the 9th Plan. The Committee also observe that Ministry of Coal have disputed the Demand and Supply projections made by the Planning Commission. The contention of the Government that offering non–CIL blocks for mining to private investment will help in achieving gaps between the production and demand targets of Coal during IX & X is contrary to the present coal production and off take position from coal mines of CIL subsidiaries. The Committee expect that Ministry of Coal will work more closely with Planning Commission and firm projections of the

demand would be made more realistic and suitable strategy would be evolved for adoption by the Government to meet the growing demand domestically.

2.24. The Committee observe that off–take from Rajmahal and Sonpur–Bazari Coalmines of Eastern Coalfields Ltd. could not be materialised at a satisfactory level due to low off–takes by Farakka and Kahalgaon super thermal power stations of NTPC. The Committee are surprised to note that no penalty clauses were included in the fuel purchase agreement for failure to supply/off–take by the company and it is only now that such a clause is being proposed to be included in future agreements. The Committee feel that Coal companies are not functioning on the sound business principles and are only learning from their past mistakes. The Committee expect the Government to take suitable steps to ensure that such a clause should be included in all agreements of coal supplies so that the coal companies can work on sound financial lines.

2.25. The Committee are constrained to note that despite the fact that some of the senior officials have been removed/punished for over–reporting of coal stocks, the practice is still continuing in subsidiaries of Coal India Ltd. The Committee would like to know the various incidents of over–reporting in subsidiaries of CIL during the last 3 years and the action taken by the Government against those found responsible for it.

C. Management of Coal Projects

2.26. The Committee were informed about abandoned projects of Coal India Limited. The Chinakuri Project of ECL, sanctioned at a cost of Rs. 45.54 crore and on which an expenditure of Rs. 21.08 crore had been incurred, was withdrawn because technology of LWPS with caving, formulated as per the study report of the USSR specialist, could not be implemented since specification of power support were not furnished by them. Subsequently, the proposal submitted by Montan (German experts) was found to be economically unviable and appeared to be highly risky.

2.27. Bakulia Project of ECL was shelved as Damodar Valley Corporation (DVC) did not accept the coal on cost plus basis and therefore the project became economically unviable. Advance Action for procurement of land etc. was taken up against which Rs. 2.56 crore was spent. Further, Damodar Project of BCCL has been withdrawn after incurring of an expenditure of Rs. 19.84 crore due to extensive fire in coal seam and delay in acquisition of land. Similarly, Jaridih, Tarmi, karma and Hindegir open–cast projects of Central Coalfields Limited were shelved and withdrawn due to adverse geo–mining condition and problems related to acquisition of land and rehabilition.

2.28. The Committee further observe that Kottadih OC of (ECL) could not take off due to non–aproval of Revised Cost Estimates (RCE). Similarly, DGMS withheld permission in Kalidaspur UG (ECL), Block–III of (BCCL), Balarampur PSLW exploration (SECL), New Kumda UG (SECL). The specific problems of these three projects as cited by Ministry of coal in a note furnished to the Committee are as under:

> "Kottadiah OC (ECL) Board deferred approval of RCE due to funds constraints during IX Plan period. Kalidaspur UG (ECL)—due to high gassy seam DGMS did not permit depillaring with caring of the seam. During development of the seam high degree of gassiness was noticed. Regarding Balarampur PSLW UG (SECL) and Kumda PSLW UG (SECL)–the LWPS equipment for both these projects are from CME I&D, China. The equipment were to be tested in authorized testing laboratory in Indian prior to its approval for field trial. It was a pre–requsite for DGMS approval. Accordingly, one set of equipment was sent to Jessop & Company for testing and on receipt of the test report DGMS accorded their approval for field trial in December 1997. However Balarampur PSLW UG project is expected to be completed within scheduled time (March 1999) and New Kumda PSLW UG by March 2000."

2.29. To a query about the reasons for delay in setting up Madhuband Washery of BCCL; the Ministry of Coal stated in a note that the work for construction of Madhuband Washery on turn–key basis was awarded to M/s. Mining & Allied Machinery Corporation Ltd. (MAMC), a public sector undertaking in December, 1985. As per terms of the contract, MAMC was supposed to complete the washery by December, 1988. As per Revised Cost Estimates (1993), the washery was to be completed by March, 1995 as the work could not be completed. The main reasons for delay are:

* Delay in placement of orders for imported and indigenous equipment by MAMC.

* Delay in submission of GA drawings by MAMC.

* Delay in availability of forest land affecting the work at cross country conveyors.

* Inadequate resources mobilization by MAMC and the sub–contractors.

* Non–release of adequate fund for the project till approval of REC on October, 1993.

* Some individual are claiming ownership of the land falling in Railway siding though the land was handed over to BCCL by Forest Department, Government of Bihar in October, 1985. The matter is Sub–judice in the Court of Commissioner, Hazaribagh.

2.30. About enquiry conducted by the Government in regard to recent fire in Madhuband Washery, the Committee have been informed in a written reply as under:—

> "A Committee by CMD, BCCL *vide* his office order No. CMD:ES:F–40098;1:50 dated the 11th December, 1998 under the Chairmanship of Shri S.P. Singh, Director (Tech.), BCCL with six other members had enquired into the accident. The Committee found Shri K. Kumar, Senior EE (E&M), and Shri N. Saha, (CP) directly responsible. They were charge-sheated and suspended. Shri S.K. Nandy, SE (E&M), Shri Anil Kumar SE (E&M) and Shri A.K. Ojha, Senior EE (CP) were found indirectly responsible for the accident. Show cause notices have been issued to general Manager and Project officer of Madhuband washery along with these three officers."

2.31. As regards accountability and fixing of responsibility for time and cost overrun of projects, the Ministry of Coal have stated that in all cases of cost overrun, resulting from time overrun, item–wise cost increases alongwith reasons thereof are examined in–depth by the appraising agencies in the Government before according approval to revised cost estimates (RCEs). Further, on the basis of advice from the Ministry of Coal, Coal India Limited (CIL) has gone into the question of fixing accountability and duties and responsibilities of senior functional managers in project management. It has been decided that Director (Project & Planning) of CIL's subsidiary companies will shoulder the overall responsibility for implementation of projects in each company and will be reporting to the Board of Directors of the company through CMD. The officials below the Director (P&P) will continue to be responsible regarding their role in implementation of projects. This view has been accepted in the Ministry of Coal and CIL has accordingly been advised that each subsidiary coal company must have a Director with this designation.

2.32. About action that has been taken by the Government for delay in implementation of various projects/washeries after this decision was taken; the Ministry of Coal informed the Committee in a note as under:–

> "The Ministry of Coal tracks the progress of all coal projects costing over Rs. 100 crore on a monthly basis and all projects costing over Rs. 20 crore on a quarterly basis. Based on this monitoring, major hurdles in the implementation of coal projects are identified and action initiated at the level of the Ministry to remove the same. It has been found that the following reasons account for the bulk delays being faced by coal projects:
>
> * Delay in handing over of acquired land for coal projects by State Governments.
> * Delay in transfer of forest land required for coal projects by the State Governments even after forestry clearance by Ministry of Environment and Forests.
> * Resistance by local population to vacate acquired land and pressure for permanent employment.
> * Delay by major turnkey contractors (MAMC, HEC, etc.) in supplying critical equipment and on-site development.
> * Agitation by contractors labour to pressurize coal companies to offer them permanent employment leading to slippage in the project schedule.
>
> It was found that in all cases where projects are facing major time and resultant cost over-runs, it is not the negligence of project personnel but extraneous issues such as those listed above which account for delay. Thus no action against any person is warranted in this regard."

2.33. The Committee find that project such as Chinakury (ECL) was withdrawn after incurring an expenditure of Rs. 21.08 crore. The Government have cited the failure of technology of Long Wall Power Support from USSR, as one of the reasons for shelving this project. Another project *viz.* Damodar of BCCL too was withdrawn after incurring an expenditure of Rs. 19.84 crore due to extensive fire in coal seam. Kottadih project of BCCL has since been deferred due to funds constraints and Kalidaspur UG of ECL, Balarampur PSLW underground and Kundha PSLW underground of SECL for which equipments were purchased from China, were delayed pending DGMS approval. Madhuband washery project of BCCL has been stated to be delayed by 11 years; the work of which was undertaken by contractors M/s. Mining and Allied Machinery Corporation Limited. Other reasons as informed by the Government are problems related to acquisition of land, delay in transfer of forests land, resistance by local population and agitation by contractors labour to pressurize coal companies to offer them permanent employment which led to slippage in the project schedules. Although, the Committee appreciate the difficulties faced by the Government in timely commissioning of coal projects, they feel that these are not insurmountable. The Committee feel that the reasons such as delay in approval of DGMS and the technology to be used for mining should have been examined in detail while preparing and finalising detailed project reports. The Committee also observe that projects in ECL have been abandoned after incurring expenditure and no new projects have been sanctioned to improve production. In view of the good quality of coal available in ECL and BCCL; the Committee desire that the tecno–economic viability of these abandoned projects be examined and steps be taken by the Government to restart these projects. The Committee are of the view that the projects are not being managed on sound professional lines. The Committee, therefore, recommend that Government should tone up the project management in a bid to complete the on–going projects expeditiously. The Committee also desire that besides the departmental enquiry, an independent enquiry be conducted immediately for the fire accident in Madhuband washery of BCCL and the Committee be apprised of the reasons for the fire and action taken by the Government on the findings of such enquiry within 3 months.

2.34. The Committee also desire that in–depth analysis of the reasons for delays, project–wise be gone–into and responsibilities for slippages, be fixed. The argument put forward by the Government

that they keep track of the progress of coal projects costing Rs. 100 crore on a monthly basis and all projects costing for Rs. 20 crore on a quarterly basis does not appear to be convincing to the Committee since there is a continuous delay in implementation of coal projects. The Committee are of the opinion that as major chunk of country's resources are involved in coal projects, it becomes all the more important to fix the responsibility for delays in planning and implementation of these projects. The Committee would like the Government to impress upon the State Governments to ensure timely acquisition of land so that projects are not hampered. The Committee also recommend that there should be a close liaison and coordination with various State Government agencies for expeditious implementation of the projects.

D. Coal and Lignite Exploration

2.35 Exploration of coal reserves in the country is carried out in two stages. In the first stage, Geological Survey of India (GSI) undertakes regional exploration for locating the potential coal bearing areas on a continuous basis. In order to supplement the efforts of the GSI for regional drilling, services of GSI and Mineral Exploration Corporation Limited (MECL) have also been engaged for carrying out promotional regional drilling in various parts of the country. A separate provision is made by the Ministry of Coal under the plan scheme "Regional Exploration" for coal and lignite sectors. The work is entrusted to Central Mines Planning and Design Institute Limited (CMPDIL). The Sub-Committee on coal and lignite (Group VIII of Central Geological Programming Board) with representatives of GSI, CMPDIL, Singareni Colleries Company Limited (SCCL), Neyveli Lignite Corporation Limited (NILC) etc., programmes, coordinates and reviews the exploration work. CMPDIL acts as the nodal agency for disbursement of funds.

2.36. In the second stage, detailed exploration on the basis of geological report obtained from GSI and in consultation with Coal Companies, State Governments, CFRI etc., potential blocks are demarcated and detailed exploration is taken up and fund requirement is met from the capital budget of coal companies. The detailed exploration programme is executed by CMPDIL and SCCL directly as well as through MECL, State Governments and private parties for the purpose of geological reports, mine feasibility studies and detailed project reports. The reports are used for exploration of coal reserves for meeting the demand for different sectors of the economy. Priorities of various projects/blocks taken up for detailed exploration are decided taking into account factors like emerging demand and its location, availability of infrastructure for coal evacuation and techno-economics of the mine development including coal quality.

Detailed Drilling

2.37. There is shortfall of coal in demand projected by the end of 9th Five Year Plan. The gap in demand and availability of coal is proposed to be met through private sector participation. The Ministry of Coal have stated that the detailed drilling in non-Coal India Limited blocks will be undertaken. Geological reports generated thereby will help prospective investors in selection of geological blocks and reduction of time in planning/project formulation.

2.38. The detailed drilling in CIL, SCCL and NLC in terms of meterage and corresponding figures of expenditure for detailed exploration are as follows:—

(In Metres)

	1997-98 Actual	1998-99 BE	1998-99 RE		1999-2000BE	
			Funded by CIL	Funded by MoC	Funded by CIL	Funded by MoC
(a) Coal India Limited						
(i) CMPDIL	185141	192000	173000	8100	171000	10900
(ii) MECL	74385	62500	44000	7890	44000	16610
(iii) Others	15254	11500	11500	—	8500	—
Total (CIL)	274780	266000	228500	15990	223500	21510
(b) Singareni Coal Co. Ltd.						
(i) SCCL	61156	64000	58000		66000	
(ii) MECL	—	—	—		—	
Total (SSCL)	61156	64000	58000		66000	
(C) Neyveli Lignite Corp. Ltd.						
In & around Neyveli	0	2000	2000		2000	
Total (NCL)	0	2000	2000		2000	

2.39. The Budget provisions by Coal PSUs for detailed exploration during the last three years and 1999–2000 are as under:

(Rs. in crores)

Year	C.I.L.	S.C.C.L.	N.L.C.
1997–98 (Actual)	58.12	7.45	0.10*
1998–99 (BE)	60.85	8.50	1.69
1998–99 (RE)	53.41	8.50	0.69
1999–2000 (BE)	59.55	8.00	0.00

*Release on retention money, payment of rate difference etc.

2.40. The Ministry of Coal further informed the Committee that a budget provision of Rs. 9.38 crore was made for detailed drilling of 37,500 meters in Non–CIL blocks during 1998–99. The budget was revised to Rs. 4.00 crore at RE stage for 1998–99. The balance of Rs. 5.38 crore has been provided for BE 1999–2000. It has also been stated by Ministry of Coal that the physical targets for 1998–99 will be achieved during the year. Hence, there will be no programme of detailed drilling in Non–CIL blocks during 1999–2000.

2.41. About the detailed drilling in Non–CIL blocks that was taken up during 1998–99, the Ministry of Coal informed the Committee that Non–CIL blocks were selected in Raniganj, East Bokaro, North Karanpura and Talcher Coalfields and a total drilling meterage of 37,500 is likely to be achieved by CMPDIL and MECL.

2.42. Since the drilling activity continued in the year 1998–99, Planning Commission agreed to provide the balance Rs. 5.38 crore in BE 1999–2000. Planning Commission has given Rs. 9.38 crore for drilling in Non–CIL blocks as one time funding and have not agreed to provide further funds. Taking note of the Geological reports generated as a result of drilling in the Non–CIL coal mining blocks, may help the prospective investors in taking investment decision in coal mining blocks and also reduce in preparation of mining plan and in the absence of any detailed drilling programme as stated by the Ministry of Coal for 1999–2000 may jeopardise the private investment in the coal mining industry. The Committee desired to know about the corrective measures that Ministry of Coal Propose in this regard.

2.43. In this context, the Ministry of Coal informed the Committee in a note as under:

"So far, 104 captive mining blocks (non-CIL Blocks) have been identified, including 55 blocks identified in the first phase and 49 blocks in the second phase. Out of 104 captive mining blocks, detailed drilling has been completed in 50 blocks for which Geological Reports are available. A document titled Perspective Plan for Exploration of IX Plan in Non-CIL blocks under the Command Areas of Coal India Ltd. was prepared in 1997 and was sent to Planning Commission. The total requirement of funds for detailed drilling in Non-CIL blocks in four years of IX Plan (98-99 to 01-02) has been estimated at Rs. 91.18 crores for drilling of 3.63 lakh meters. It has been assessed that 5.11 billion tonnes of coal reserves will be established in non-CIL blocks during the IX Plan."

2.44. About the steps that have been taken by the Government to carry out detailed drilling in Non-CIL blocks in North-Eastern States where exploration is being done in an unorganized manner, the Committee are informed as under:—

(i) Non-CIL blocks in North-Eastern States have not been identified for detailed drilling considering:

(a) Lack of rail infrastructure for transport of Coal.

(b) Lack of adequate demand in NEC.

(c) Difficult mining and geological conditions for underground mining resulting in operational losses.

(d) Constraints of difficult and rugged terrain, large forest area etc., resulting in high cost of drilling per meter.

(ii) About 1000 meter of drilling, per year, is conducted in CIL blocks of NEC.

2.45. The Committee observe that budgetary provision for detailed exploration by Coal India Limited during 1998-99 were revised to Rs. 53.41 crore from the Budget Estimate of Rs. 60.85 crore. The budget estimate of Rs. 59.55 crore for 1999-2000 is less even than the BE for 1998-99. Similarly, for Neyveli Lignite Corporation, it

was brought down from Rs. 1.69 crore to Rs. 0.64 crore during 1998–99 and no provision exists in the budget of Neyveli Lignite Corporation for detailed exploration to be carried out during 1999–2000. The Committee regret to note that although apprehensions have been expressed regarding a large gap between coal production and supply during X Plan period, emphasis on detailed exploration has not been on the same pace. The Committee, therefore, recommend that detailed drilling for lignite should be carried out in States like Gujarat and Rajasthan where regional exploration works have shown encouraging results and adequate budgetary provision for undertaking detailed exploration be made. Neyveli Lignite Corporation should also explore the possibilities of setting up lignite based power plants in States other than Tamil Nadu.

2.46. The Committee have been apprised that a budgetary provision of Rs. 9.38 crore was made for detailed drilling of 37,500 meter in Non–CIL blocks during 1998–99. The Committee note that although the budgetary provision for 1998–99 has been scaled down to Rs. 4 crore, the targets for the year are stated to be achieved as the provision made for Rs. 5.38 crore during 1999–2000 will be utilised for payments towards detailed drilling carried out in 1998–99. In so far as continuation of detailed drilling in Non–CIL blocks is concerned, the Committee are of the view that in the absence of any programme for detailed drilling in Non–CIL blocks, the private investment in coal mining may not be forthcoming since private entrepreneur will not be able to get sufficient data for carrying out mining activities. The Committee, therefore, recommend that the Government should create a fixed rotational fund for carrying out detailed exploration works in Non–CIL blocks for exploiting 5.11 billion tonnes of coal reserves in these blocks. The Committee desire that this fund should also be replenished subsequently after selling relevant data to private investors. The Committee would like to point out that though there may be some gap between the projected and actual demand for the coal during 9th Plan, there should not be any slackness in exploration work so that when the demand picks up, the mining can be taken up immediately.

2.47. The Committee agree with the views of the Government relating to the constraints of difficult mining and geological condition in North-Eastern States. However, they desire that the Government should take necessary steps to carry out detailed drilling in North-Eastern States where mining is generally carried out in an unorganised way by private entreprenuers to generate a data base which may encourage private entrepreneurs to invest money.

E. Distribution of Coal

2.48. Distribution of coal was controlled earlier under the Colliery Control Order, 1945. To ensure the best logistics and for coordination, Government of India have amended the provisions of Colliery Control Order, 1945 according to which the price and distribution of coking coal and Grades 'A, 'B', 'C' and 'D' of non-coking, hard coke and soft coke has been deregulated. For consumers in the core sectors of power, Steel and Cement, Standing Linkage Committees (short term) accord linkages to such consumers after taking into account the availability of coal, the transport infrastructure and requirement of the consuming units, on a quarterly basis for power and cement sector. For supplies of Coking Coal, Coal Companies/CIL are allocating coking coal to Steel plant since April, 1996. For non-core sectors, consumers whose requirements of coal is less than 5,000 tonnes per month, linkages are accorded by the Non-Core Linkages Committees of CIL/SCCL respectively. These are done taking into account the availability of coal, the location of the units and the already committed quantities of coal from the given coalfield and the availability of transport. Based upon such linkages, actual allocation of coal are made based upon the sponsorship authorised annually by the concerned State Government to the concerned party. No objection certificate is accorded by the Ministry of Coal if the linkages for non-core sector consumer exceeds 5,000 tonnes per month.

2.49. When asked about the steps that have been taken by the Government/SLC to rationalise linkage for bulk consumers like power houses/steel plants. The Ministry of Coal informed the Committee that linkages are given to the power houses from the sources of coal depending on quantity required by any consumer, the logistic of movement by rail or by road and the production capacity of each of the coal mine. Overtime, the linkages accorded have been optimised. A study was also commissioned by CIL with the Management Faculty of Delhi University to examine the pattern of movement and make appropriate recommendations. The study established the fact that the linkage pattern evolved are optimal taking into account the rail network and the situation of the coal mines.

2.50. The Committee have been informed that Bengal EMTA coal company which is a joint venture company consisting of WBSEB, WBPDCL and Eastern Mineral & Trading Agency has been authorised to mine coal for WBSEB & WBPDCL and is provided quarterly linkage by the Ministry of Coal for supply of coal to Kolaghat and Bandel thermal power stations. ECL is also linked to supply coal to Kolaghat and Bandel thermal power stations. For the year 1998–99 quarter-wise satisfaction of linkage and supply of wagons have been much more in respect of Bengal EMTA neglecting the SLC decision and thereby a loss of revenue of nearly Rs. 50 crore to ECL.

2.51. When the Committee desired to know the steps taken by the Government/SLC to ensure that linkage established are strictly adhered, the Ministry of Coal in a note stated that the matter has already been taken up with the Ministry of Railways to restrict the movement of coal to the linkages sanctioned by the Standing Linkage Committee from M/s Bengal EMTA Coal Mines Ltd. to its linked stations.

2.52. It further states:

> "The Ministry of Coal would separately direct the SLC to examine to regulate the linkage from Bengal EMTA in the coming quarters to the extent of excess movement from Bengal EMTA Coal Mines to its linked power stations."

2.53. The Committee have been informed that though the rail movement of coal has increased significantly during the Eighth Plan, movement constraints were noticed particularly in areas like Korba, Talcher, Ib Valley, North Karanpur, Rajmahal etc. which have large unrealised production potential. About the action initiated by Ministry of Coal with the Ministry of Railways to establish these critical rail links, the Committee have been informed as under:—

> "Rapid increase in coal demand is foreseen in the coming years. Substantial increase in coal production is possible mainly in Korba (SECL), Ib Valley, Rajmahal Coalfields (ECL) and Talcher (MCL), whereas substantial un-exploited coal reserves are available. The full potential of these coalfields is not being realised for various reasons which *inter-alia* include constraints in evacuation of coal from these coalfields. On the other hand a large demand and supply gap in domestic coal supplies is emerging.
>
> Ministry of Coal have identified following railway lines which need to be created in the Ninth Five Year Plan. These are:—
>
> – Belphat Chaturdhara rail line in Ib Vallely Coalfields, MCL.

- Tori–Shivpur rail line in North Karanpur Coalfields, CCL.
- Gevra Road–Pendra Road line in Korba Coalfields, SECL.
- NTPC MGR to Sahibganj loop (about 8 kms.) in Rajmahal Coalfields, ECL.

The matter regarding strengthening of railway in Korba and other fields was discussed in the internal meeting held with the Ministry of Railways on 6th May, 1998".

2.54. Line–wise position submitted by Ministry of Coal is as below:—

1. Tori Shivpur in CCL

Survey report prepared by RITES have been sent to Ministry of Railways for updation of the cost estimate. They have also been requested by Ministry of Coal to advise about the methodology of project approval and placement of funds with them so that the project activities including land acquisition etc. could be started. Ministry of Coal has already released Rs. 25 crore under CCDA for this project.

2. Belpahar–Chaturdhara lines in MCL

The survey report prepared by RITES has been sent to Ministry of Railway for up–dation of cost estimate. Ministry of Coal is to consider for funding this project thereafter.

3. Gevra Road–Pendra Road in Korba Coalfields

Survey work by Railway is under progress. Ministry of Coal has requested Railways to expedite.

This line will help in evacuating coal of large deposit in Korba area and other adjacent areas which are yet to be developed. Railways are being persuaded to incorporate these lines in their future plan.

4. NTPC–MGR to Sahbganj loop in Rajmahal Coalfields of ECL. The Survey work for this line by Railway is under progress. They are being persuaded to expedite completion of it. Railways will fund this project."

2.55. The Committee have been informed that free availability of imported coal at cheaper rate has further aggravated the problem. It was, therefore, suggested necessary to think of some mechanism to tighten the "import barrier". Reduction of freight by 10% for imported coal by Railways has further compounded problem as domestic coal has further become expensive. It was also informed to the Committee that Railways should either withdraw this concession on imported coal or extend similar concession to all domestic coal movement.

2.56. Enquired whether the matter of reduction of freight by 10% for imported coal has been taken up with the Railways, the Ministry of Coal informed the Committee as under:

> "The Ministry of Coal took up the matter with the Ministry of Railways for rationalising the rail freight structure. The Ministry of Coal has also brought to the notice of the Ministry of Railways that the action taken by the Railways to give 10% rebate on freight movement of imported coal to up-country destinations from ports may give short-term benefit to them but would certainly not be in the long-term interest of nation in general and that of coal industry and railways in particular. The Ministry of Railways has not responded to suggestions made by Ministry of Coal in the recent budget of Railways".

2.57. Taking note of the reduced freight charges by 10% by the Railways on imported coal and already reduced import duty on coal, the Committee desired to know the alternatives left with Ministry of Coal for making the domestic coal industry competitive with the imported coal, Secretary, Ministry of Coal stated during evidence:—

> "In the net effect of budget for 1999-2000, import duty on non-coking coal has been raised only by 1.56 per cent, and on coking coal it was reduced by 2.6 per cent. thus, the protection offered to domestic non-coking coal is minimal. The situation calls for urgent remedial measures. Two subsidiary companies of the CIL group of companies, namely, Eastern Coalfields Ltd. and Bharat Coking Coal Ltd., are in severe financial distress. Despite substantial restructing of the capital and debt profile of these companies in 1996, they have become ripe for reference of BIFR again possibly during the current year."

2.58. About the coal linkages to bulk consumers, Committee have been informed that Power houses are given coal depending on quantity required, the logistic of movement by rail or road and the production capacity of coal mines. The Committee pointed out the incident of the supply of more wagons in respect of Bengal EMTA neglecting Standing Linkage Committees (SLC) decision to ensure strict adherence of linkage established resulting in revenue loss of about Rs. 50 crore to ECL during 1998–99. In this regard, the Committee have been informed that the matter was taken up with the Ministry of Railways and Standing Linkage Committee have been directed by Ministry of Coal to regulate the linkage from Bengal EMTA to the linked power stations. The Committee are of the opinion that no timely action is being taken by the Government to implement the linkages established and desire that the incident of favouring one coal company over the other by Ministry of Railways may be examined and the facts be brought to the notice of the Committee within 3 months. The Committee also desire that all linkages established with bulk consumers be strictly followed to avoid recurrences of such incidents in future.

2.59. The Committee observe that with the substantial increase in Coal production in Korba (SECL), Ib Vallely, Rajmahal Coalfields (ECL) and Talcher (MCL), the Ministry of Coal have identified railway lines at Belpahar Chaturdhara in MCL, Tori–Shivpur in CCL, Gevra Road–Pendra Road in SECL and NTPC, MGR in Rajmahal, ECL to be laid during Ninth Plan. The Committee expect the Government to take necessary steps to expedite the laying up of these railway lines and also provide funds for these lines so that evacuation of Coal from the un–exploited Coal reserves can be initiated.

2.60. The Committee have been informed that the Ministry of Railways have reduced freight by 10% on haulage of imported coal for up–country destination from the ports. The Ministry of Coal have informed that although the matter was taken up with the Ministry of Railways with a request that this would not be in the long–term interest of the domestic coal industry and the nation, no action has been taken by Ministry of Railways. The Committee are surprised to note that different Ministries of the Government are working at cross–purposes. Whereas coal is considered to be basic infrastructure sector and should have been given due encouragement,

the Ministry of Railways and Finance are making it unviable by checking its growth due to their faulty & ill–concievr l encouragement to imported coal. The Committee desire that the Ministry of coal should get these issues re–examined by the Ministry of Finance/ Commerce and Ministry of Railways and place the outcome thereof before the Committee.

F. Coal Washeries

2.61. The Committee have been informed that the percentage of high ash coal, particularly E.F. & G grades of coal is approximately 49% of the total coal reserves and major part of these grades of coal is used in thermal power plants, with a telling effect on the performance of the plants and disposal of ash at the plant heads. Price–wise too, it becomes disadvantageous specially due to railway tariff over long distances. Of late, the consumers located in costal States are finding it cheaper to import coal from abroad than to purchase coal domestically.

2.62. The notification dated 19.9.97 issued by the Ministry of Environment & Forests (MOEF) makes it mandatory for thermal power plant located 1000 kms. from pithead and also those located in urban areas/sensitive areas, to use beneficiated coal with ash content not exceeding 34% from 1st June, 2001. As such, there is an urgent need to create the required capacities for beneficiating non–coking coal to comply with the MOEF notification, which would require capital investment of about Rs. 3000 crore at a specific investment of Rs. 25 to 30 crore per million tonne. Therefore, in view of CIL's policy of not commissioning any washery of its own other than on BOO or BOOT basis and the long gestation period of 36 to 48 months required for building washeries, there is an urgent need for finalization of the agreements with the consumers so that these washing/beneficiated capacities can be created well in time.

2.63. When asked about the steps that have been taken by the Ministry of Coal in association with the Power sector for bearing extra beneficiation costs, and to set up required washeries/beneficiation capacity, the Ministry of Coal have informed the Committee as under:—

> "The cost of beneficiation to be borne by the consumer . CIL has already installed non–coking washery at Piparwar (CCL) and de–shaling plant at BINA (NCL). Three more non–coking

washeries are planned at Kalinga, Ananta, Bharatpur in MCL and Dipika in SECL and the agreement initialled. Two coking coal washeries *viz.* Gidi in CCL and Dugdha–I in BCCL have been converted into non–coking coal washeries. Blending options are also being explored to supply coal having less than 34% ash content."

2.64. Taking into account the high ash contents of domestic coal and cheaper availability of imported coal to consumers in coastal States, the Committee desired to know that how the Government would ensure making available better quality and competitively priced domestic coal to the consumer, the Ministry of Coal stated as under:—

"Indian coal is the cheapest in the world both in absolute terms and in terms of the cost per therms of coal. The cost of domestic coal constitutes only about 40% of the consumers price in comparison to 70% in the case of the imported coal. However, high freight and royalty make domestic coal costlier. If these are reduced appropriately domestic coal might compete with imported coal."

2.65. The Committee observe that 49% of the coal produced in the country is of E, F and G grade with high ash content and used in thermal plants. Due to high ash content, this coal not only adversely affects the performance of power plant but also raises problems of disposal of ash at the plants. Moreover, the consumers have to pay heavy railway–tariff over long distances merely for the ash which is sheer wastage. Further, Ministry of Environment and Forest have issued a notification making it mandatory for thermal power plants located 1000 kms from pithead and also those located in urban areas sensitive areas to use beneficiated coal with ash content not exceeding 34% from 1st June 2001. The Committee are surprised to note that although an investment of Rs. 3000 crore is required over the next 2–3 years to comply with the Government notification, no concrete steps have been taken by Ministry of Coal to set up coal washeries by coal companies or private investors. The Government have informed that a non–coking coal washeries at Piprawar (CCL) and a deshalling plant at Bina (NCL) has been installed and there is a proposal for 3 more non-coking coal washeries. The Committee are constrained to note that instead of taking steps to setup new washeries, the Coal Companies are resorting to convert existing coking coal washeries to non–coking coal washeries. The Committee desire that the conversion of Gidi and Dugdha–I coking coal washeries in Central Coalfields Limited and Bharat Coking Coal Limited, respectively, to non-coking Coal

Washeries which has already been initiated be examined by the Government/Coal India Limited and the Committee be apprised of the position. The Committee feel that decision of CIL not to commission any washery of its own other than on BOO or BOOT basis is not likely to fruitify as the consumers have the option of getting imported coal with less ash content without making any additional investments. The Committee would therefore like Coal India Limited to re-examine its stand on the matter and recommend that the Government should chalk out a Plan to set up more coal washeries and take necessary steps to modernise existing washeries to enhance their capacities.

2.66. Regarding cost of domestic coal, the Committee have been informed that the Indian coal is the cheapest in the world both in absolute terms and in terms of the cost per therms of coal. The cost of domestic coal constitutes only about 40% of the consumer price in comparison to 70% in the case of imported coal. The Committee are surprised to note the action of the Government in continuously reducing import duty not only on the coking coal but also on non-coking coal. The Committee deplore this action of the Government and observe that although the domestic coal companies are saddled with burgeoning stocks, reeling under financial crunch due to payment of high royalty/taxes and non-recovery of coal sales dues, yet the Government have given preferential treatment to imported coal by giving such concessions. The Committee feel that besides installing more non-coking coal washeries, the Government should consider to impose duty on imported coal equivalent to the rate of royalty paid by domestic coal industry to the States thereby making the domestic coal competitively priced with the imported coal. In the alternative, the Government may consider reducing the rate of royalty payment to various coal producing States to make the domestic coal more competitive and also to improve the financial health of coal companies. It would make an economic sense if the royalty is decided on the basis of the rate on which the coal can be imported. The Committee would like to know the reason as to why the Government/CIL has not passed on the benefit of reduction in cess on coal by State Government of West Bengal by 20% to the actual consumers. The Committee desire to know the action taken by the Government in this regard within three months.

G. Conservation of Coal (Major Head 2803)

2.67. Under the Coal Mines (Conservations & Development) Act, 1974, an excise duty of Rs. 3.50 per tonne for non-coking coal despatches and Rs. 4.25 per tonne on coking coal despatches as levied for supporting the activities of the coal companies for conservation efforts, stowing operations for safety of coal mines, protective works, development of transport infrastructure in colliery areas etc. the Coal

Controller collects the excise duty. A total amount of Rs. 107.83 crore was collected under this head during 1997–98. The collection during 1998–99 is anticipated to be Rs. 107.38 crore while Rs. 111.34 crore has been budgeted for 1999–2000.

2.68. A Committee known as Coal Conservation and Development Advisory Committee carries out periodical assessment of the actual expenditure incurred by the Coal companies on sand stowing and protective works and makes necessary recommendations to be Government for grant of assistance for stowing and protective works. Subsidy is also given for the development of transport infrastructure in coalfield areas by the Coal companies. The CCDA Committee also scrutinises projects for restoration of ecological balance in the coal mining areas.

2.69. The amount of excise duty realised under the Provision of the Coal Mines (Conservation & Development) Act 1974 are treated as revenue of the Government and the expenditure towards the eligible activities is met out of the receipt of the previous years. The expenditure and provisions in the budget for these expenditure from the net proceeds of the cess (excise duty) are indicated below:

(Rs. in crore)

	1997–98 Actual	1998–99 BE	1997–98 RE	1999–2000 BE
Conservation including stowing	54.48	60.00	60.00	60.00
Development of transport infrastructure in coalfields areas	45.00	60.00	45.00	60.00
TOTAL	98.48	120.00	105.00	120.00

2.70. The CCDA Committee had approved construction of 35 roads (total distance 4565.05 kms) at a sanctioned cost of Rs. 120.05 crore for the year 1997–98. A sum of Rs. 114.02 crore had already been spent upto 31.3.98 on these works. For the year 1998–99 a sum of Rs. 60.00 crore has been earmarked for the development of infrastructure in the coalfields areas for transportation of coal. A sum of Rs. 25 crore and Rs. 15 crore was released for setting up rail infrastructure in CCL area for 1997–98 and 1998–99 respectively.

2.71 Enquired if the funds earmarked for the last 3 years and approved by CCDA have been fully utilised, the Ministry of Coal informed the Committee as under:—

The fund earmarked for the last 3 years and disbursed are given below:—

Conservation

(Rs. in crore)

	1995–96	1996–97	1997–98
R.E.	45.00	50.00	55.00
Expenditure			
Protective Works	4.90	8.62	8.09
Sand Stowing	31.23	37.54	45.50
R&D Works	1.43	3.84	0.89
Total	37.56	50.00	54.48
Balance	7.44*	Nil	0.52@

@ During 1997–98—A sum of Rs. 0.52 crore could not be recommended by CCDA Committee as some of the protective works which were proposed to be carried out by ECL and BCCL could not be taken up.

Reason for non-utilisation

*During the year 1995–96 a some of Rs. 7.44 crore could not be utilised though recommended by CCDA Committee due to reasons noted below:—

Protective Works
(Water Management)

(Rs. in crore)

BCCL	:	Rs. 4.69	These Schemes were approved by CCDA Committee but fund was not released due to Non-completion of work.
ECL	:	Rs. 0.98	
TISCO	:	Rs. 0.25	
For Auto Sampler/CMRI		Rs. 0.05	This amount could not be released to TISCO by 31.3.96 and hence lapses.
Stowing & Protective Works A/c. TISCO		Rs. 1.47	
Grand Total	:	**Rs. 7.44**	

Transport Infrastructure
(Road/Rail)

Road Dev.

R.E.	55.00	50.00	45.00
Released	55.00	42.00	45.00
Balance	Nil	7.80**	Nil

** During 1996–97—A sum of Rs. 7.8 crore earmarked for Transport Infrastructure could not be recommended by CCDA Committee because CCL could not spend the amount already released to them.

2.72. When asked about the present status of railway line in Central Coalfields Ltd. for which Rs. 40 crore have been released/sanctioned during 1997–98 and 1998–99, the Ministry of Coal in a note furnished to the Committee stated as under:—

> "Proposal for construction of Tori-Shivpur Railway line in North Karanpura Coalfield of CCL for which Rs. 25 crore were released to CIL during 1997–98 has been sent to the Committee on Non-Plan Expenditure on 1.12.98 for approval. The approval is awaited. No fund was released during 1998–99."

2.73. The Committee find that funds earmarked for conservation work including stowing and developments of transport infrastructure in Coalfield areas have not been utilised. The Ministry of Coal have informed the Committee that Rs. 7.44 crore earmarked for the purpose in 1995–96 could not be utilised because on non-completion of protective works for the schemes approved by Coal Company Development Authority (CCDA) Committee. The Committee are surprised to note that an amount of Rs. 1.47 crore for stowing & protective works carried out by TISCO during 1995–96 lapsed as this could not be released by 31.3.96. The Committee also observe that during 1996–97 a fund of Rs. 7.8 crore earmarked for transport infrastructure in CCL could not be recommended by CCDA Committee because Central Coalfields Ltd. (CCL) failed to spend amount already released. The Committee are dismayed to note that

although Rs. 25 crore have been stated to be released to CIL during 1997–98 for construction of Tori–Shivpur Railway line in North Karanpura Coalfield, the proposal was sent to the Committee on Non–Plan expenditure only in December, 1998 which is pending for approval. The Committee feel that although the Government have released funds for conservation works in Coalfields areas, the actual implementation of schemes and utilisation of funds is not monitored properly and sanctioned schemes for protective and infrastructure works are delayed. The Committee need not over–emphasize the importance of protective and transport infrastructure in the coal mine areas and desire that the Government should ensure that all the schemes approved by CCDA Committee be timely completed and funds earmarked for the schemes released and utilised. The Committee desire that the Tori–Shivpur line project for which Rs. 25 crore have already been released be implemented at the earliest and the Committee be apprised of the action taken thereon within 3 months.

H. Royalty on Coal

2.74. The Committee have been informed that in term of Section 9 of the Mines and Minerals (Regulation and Development) Act, (MMRD) 1957 the holder of a mining lease shall pay royalty in respect of any mineral removed/consumed. The Central Government can enhance or reduced the rate at which royalty shall be payable provided the rates cannot be enhanced more than once in a period of 3 years. Thus, the royalty on coal is a tax which is imposed by the Central Government but collected and appropriated by the State Government where coal production takes place. Prior to the latest revision of royalty rates in October, 1994, the rate was then revised in August, 1991. The average rate was then revised from Rs. 5.30 to Rs. 70/– per tonne which varied over a range from Rs. 25/- per tonne for the lowest grades of coal to Rs. 150/- per tonne for the highest grade. Since the next, increase in royalty rates could be effected on or after 1.8.1994, the Central Government took up the exercise of reviewing the royalty rates. A Study Group set up under the Chairmanship of Additional Secretary, Ministry of Coal submitted its report in May, 1994. The report was considered by the enhancement of rates was made keeping in view the interest of both the consumers and the coal producing States and at the same time ensuring the development of coal mining industry. The revised rates of royalty have not been extended to the State of West Bengal as that State is levying and collecting cesses on coal under their Cess Acts. The revised rates can be extended to the State of West Bengal after the Cesses levied by them is withdrawn or their Cess Acts are struck down by the Court of Law. Periodic revision of royalty on minerals including coal has not been laid down in any law. Section 9(3) of the MMRD Act empowers the Central Government to enhance or reduce the royalty rates in respect of any minerals by notification in the Official Gazette with effect from such date as may be specified in the notification. The provision to section 9(3) of the Act prevents the Central Government from enhancing the rate of royalty in respect of any mineral more than once during any period of three years.

2.75. Details of royalty payments made by the CIL and SCCL to the coal producing States during the last five years are as under:–

(Rs. in crore)

		1993–94	1994–95	1995–96	1996–97	1997–98
1.	West Bengal	10.63	9.59	7.82	10.87	12.64
2.	Bihar	555.05	613.05	658.33	682.77	658.95
3.	Orissa	72.82	104.08	180.79	185.38	227.59
4.	Maharashtra	111.09	159.70	217.90	200.29	204.79
5.	Madhya Pradesh	369.56	438.91	666.77	684.14	663.63
6.	Uttar Pradesh	70.59	87.39	113.50	121.41	102.35
7.	Assam	0.44	0.42	21.59	9.92	6.11
8.	Andhra Pradesh	291.30	144.53	175.28	197.14	278.11

2.76. When pointed out that the coal companies are paying huge amounts as royalty to the States, why not some percentage of this amount should go directly to the concerned coal bearing area for development; a representative of Ministry of Coal during evidence informed the Committee as under:—

> "After sales tax, coal royalty is the second largest share of revenue netting them to as much as Rs. 600 to Rs. 700 crore. But unfortunately, in the command area of the coal mines, little or nothing out of this amount is spent. On the other hand in many command areas of the coal companies, the roads, bridges and water supply and many other things, are not attended to. We have been pursuing this matter several times but unfortunately, because of the resource constraints of the State Governments, they are finding it difficult to set aside any amount from the coal royalty earning."

2.77. The witness further informed the Committee:

> "Last year, the District Administration of Dhanbad, *viz.*, the Deputy Commissioner of Dhanbad had requisitioned the heavy earthmoving equipment of BCCL, such as pay–loader, tractors, etc. The coal company had protested against this requisition.
>
> The matter was taken up with the Government of Bihar at no lesser a level of Chief Secretary. He quoted the orders of hon. High Court, Patna that Patna city should be cleaned in a matter of two days. Taking shelter behind that order, the Government of Bihar requisitioned our equipment despite our request that if it is not returned, it will affect the safety of the mine workers. Our plea fall on the deaf ears. The bills that have bean raised against the Bihar Government, still remain unpaid."

2.78. He added:

> "It has become a recurring and distressing feature in almost all our coal companies where the local authorities are appropriating and misappropriating the resources of the coal companies. Unfortunately, we have no relief against such high–handedness."

2.79. When asked whether Coal India Limited (CIL) has asked for the damages and in the event of non–recovery tried to adjust it from the royalty which is due to the State Government, the witness stated as under:–

"That is not permissible. Our hands are tied with the provisions of the Act because once coal is extracted from the mines, the royalty dues on that becomes immediately payable to the State Government."

2.80. Asked why the Government has not taken any step for amendment of the Mines and Minerals (Regulation and Development) Act, 1957; the witness Stated that since such case arose for the first time, no action has been taken so far.

2.81. The Committee are perturbed to note that though huge revenue has been raised by the States by way of royalty against the coal extracted through statutory provision of Mines and Minerals (Regulation and Development) Act, 1957, the State Governments are reluctant to invest even a little part of such revenue on developmental activities in and around the coal mine areas, thus, frustrating the purpose of levying royalty itself. The Committee are further dismayed to note the high–handedness of the civil authorities in procuring heavy earthmoving equipments of BCCL at the cost of safety of mine workers and non–payment of charges towards their use and damages caused to the equipment for cleaning cities far away from the coal mines. The Committee are surprised to note that a State which has been paid Rs. 682.77 crore during 1996–97 and Rs. 658.95 crore during 1997–98 as royalty by the Central Coal Company has been stated to be misutilising and misappropriating the equipments and that too at the cost of lives of workers. The Committee feel that the matter should have been taken at the highest level of the Government with State Government of Bihar so as to avoid such unfortunate incidents in future. Besides, taking action by the Government to recover damages in the present case, the Committee desire that the Government should examine the issues of (i) fixing certain ratio of revenue raised by way of royalty for development in coal mine areas and (ii) adjustment of payment of royalty towards dues of the State Government/SEBs to coal companies by suitably amending the MMRD, Act, 1957. The Committee would like to be apprised of the action taken in this regard within 3 months.

I. Rehabilitation of Project affected Persons

2.82. A National Policy on Resettlement and Rehabilitation is under preparation by the Department of Rural Development in the Ministry of Rural Areas and Employment. The proposed National Policy on R&R is presently under consideration of a Group of Ministries constituted by the Cabinet. The Committee have been informed that a draft rehabilitation package for oustees of coal project was prepared by the Ministry of Coal and sent to various Ministries/Departments for their comments. In the meantime, Coal India Limited has evolved a Relief and Rehabilitation Policy, which is under implementation in all its subsidiaries.

2.83. About the details of pending cases of rehabilitation of project affected families in the subsidiaries of Coal India Limited, the following company-wise information have been given to the Committee:—

Company	No. of cases pending
ECL	Nil
BCCL	992
SECL	3838
MCL	1530
NCL	Nil
WCL	8
CCL	6162
Total	12530

"The above figures include all the families likely to be affected by the proje t but have not been actually displaced so far because land requirement of the project is met in phases. Project Affected Families are rehabilitated as per the need of the project and after negotiation is finalised. The cases are pending mostly for period of up to one year barring few cases where project affected persons have refused to shift to new rehabilitation site."

2.84. About any guidelines for settlement of rehabilitation of claims within a time bound period, the Committee have been informed that no such guidelines exist. However, PAPs vacate their original dwellings only when compensation and other benefits as per approved rehabilitation packages are received by them.

2.85. Enquired about the authority for preparing the list of Project Affected People, a representative of Ministry of Coal informed the Committee during evidence that the Coal India Ltd. has got a Relief and Rehabilitation cadre and in each company, this cadre has been formed about a year ago. It is now under the leadership of a General Manager of a company. This R&R cadre alongwith the mission officials who come from the World Bank go over and discuss these matters.

2.86. When pointed out by the Committee about NTPC which is another central agency is paying Rs. 2 lakh per acre for land compensation at Ramagundam and why similar compensation packages per acre is not implemented by coal companies; the witness stated,

> "About NTPC package at Ramagundam, we have taken a note of this point, Coal India is working on it and in the next Board meeting, they will bring this item for its consideration, that is, cash compensation instead of job. *Prima-facie*, we consider it as a more viable alternative than providing job."

2.87. In this connection, Chairman Coal India Ltd. stated during evidence,

> "The proposal will be that in lieu of employment, if they are willing to get cash compensation, there will be a provision for it. There are two or three issues which we have been examining. The Orissa Government has prepared a package in which they have said the compensation will be Rs. 1 lakh in lieu of employment. For NTPC as has been said, the amount will be Rs. 2 lakh. There are other packages. We will rationalise all these and ultimately, we have agreed in principle that we will put up this proposal in the meeting of April saying that there should be a provision in our resettlement package to get cash compensation instead of employment, if anybody want so."

2.88. The Committee observe that a total of 12,530 cases of rehabilitation of project affected people in subsidiaries of Coal India Ltd. are pending and out of which 6162 cases are pending only in Central Coalfields Ltd. Taking note of the fact that in the absence

of any guidelines on settlement of rehabilitation claims, disputes have not been handled on proper lines. The Committee, therefore, recommend that some guidelines should be framed to deal with the claims of the land oustees in a time bound manner. The Committee also note with dismay, the inordinate delay in formulating a National Rehabilitation policy and desire that Government should finalise it without any further delay. The Committee recommend that R&R cadre created in each coal company a year back to identify Project Affected People (PAP) should submit the report to the Board of Directors, every quarter to enable them to take stock of pending resettlement claims. The Committee have been apprised that steps will be taken to improve R&R package of coal companies as per NTPC package for Ramagundam land oustees, enabling payment in cash, in lieu of employment. The Committee would like to await the outcome of next Board meeting of CIL for considering issues regarding compensation package to PAP of coal companies on the lines of NTPC package for Ramagundam and Simhadri land oustees.

J. Voluntary Retirement Scheme

2.89. The estimated surplus manpower as on April, 1998 as identified by the management of ECL and BCCL is as under:—

ECL	—	12,580
BCCL	—	7,100
Total		19,680

2.90. The Ministry of Coal have stated that the surplus manpower indicated above is on the assumption that all the mines currently under operation will continue to work hard and follow the existing methods of mining. However, in both these companies an exercise for reorganisations of Areas/mines is on and also the possibility of closure of highly losing mines is being explored as part of the revival strategy. Once this exercise is complete, the surplus figures will undergo revision.

2.91. Ratio of mine workers to the workers on white collar jobs including clerks etc. within the surplus so identified is indicated in the table below:

Company	No. of surplus mine workers.	No. of surplus workers on white-collar workers job including clerks etc.	Total number of surplus	Ratio of mine workers Vs. workers on white-collar including clerks
ECL	11,542	1,038	12,580	11:1
BCCL	5,655	1,445	7,100	4:1

2.92. Coal India Limited have sought assistance from the Govt. for implementation of Voluntary Retirement Scheme in their two subsidiary companies. *viz.* Eastern Coalfields Limited (ECL) and Bharat Coking Coal Limited (BCCL) which are in very critical financial condition. In order to rehabilitate these two public sector undertakings, revival plans have been drawn up which, *inter-alia.* emphasize, upon down sizing of manpower and rationalization of its deployment. For this purpose, a sum of Rs. 400 crore has been earmarked from the National Renewable Fund to implement a Voluntary Retirement Scheme in these two companies. An estimated 9,500 employees are expected to be covered in each PSU under the scheme. An amount of Rs. 80 crore was sanctioned to CIL during 1997–98 and in all. 1231 persons in ECL and 3081 persons in BCCL were retired under the Scheme. For the current financial year i.e. 1998–99, a sum of Rs. 160 crore has been sanctioned and about 7600 employees are expected to benefit from the scheme. A sum of Rs. 160 crore stands earmarked for the year 1999–2000 and about 6600 employees are expected to be covered under Voluntary Retirement Scheme in both these companies.

2.93. The details of target for 1997–98 *vis-a-vis* the actual during 1997–98 and progress made during 1998–99 upto Dec. '98 are as under:—

1997–98	Budgetary Provision under VRS (Rs. crores)		No. of persons retired	
	Target	Sanctioned amount	Target	Actual
1	2	3	4	5
ECL	40.00	40.00	2400	1231*
BCCL	40.00	40.00	2400	3081#
Total	80.00	80.00	4800	4312

(Upto Dec. '98)

1	2	3	4	5
1998–99				
ECL	80.00	80.00	3800	2023
BCCL	80.00	80.00	3800	1667
Total	160.00	160.00	7600	3690
Progressive for 1997–98 and 1998–99 (Upto Dec. '98)				
ECL	120.00	120.00	6200	3254
BCCL	120.00	120.00	6200	4748
Total	240.00	240.00	12400	8002
Budget Provision for 1999–2000				
ECL	80.00		3300	
BCL	80.00		3300	

* The fund could not be utilized by the coal company during the year and carried forward to next financial year. i.e. 1998–99.

The excess number of persons beyond the target were retired and expenditure met from the internal resources of the coal company.

2.94. Asked about the reasons that targets set by ECL in both years 1997–98 and 1998–99 could not be achieved and by BCCL during 1998–99, the Ministry of Coal in a written note stated as under:—

> "The proposal for implementation of VRS in ECL and BCCL was formulated during 1997–98 requiring a total amount of Rs. 400 crore over a period of three years from 1997–98. While the Ministry of Finance approved the proposal in principle on July 23,1997, the budgetary provision had to be made through supplementary demands subsequently. As a result the bulk of the funds could be released only on 30th March, 1998. ECL was, therefore not able to utilise the entire amount during that financial year. They could spend only Rs. 21.09 crore and 1231

persons could be retired. The balance amount was carried over and fully utilized during the next financial year. The fund of Rs. 160 crore earmarked for 1998–99 was released in two instalments of Rs. 80 crore each. The release of each subsequent instalment is subject to satisfactory utilisation of funds released earlier. the second instalment of Rs. 80 crore was released on 5th February, 1999. It is expected that both ECL and BCCL will be able to utilise the funds during the year."

2.95. Apart from resorting to voluntary retirement of their workers other steps the coal companies have taken to improve the productivity of their men and machines as informed to the Committee are as under:—

(i) Recruitment of workers from outside has been restricted to only statutory and other critical categories after meeting the requirement through internal re–deployment.

(ii) Special emphasis has been given to deploy workers from non–productive operations to productive operations.

(iii) A Thrust has been given on the training of workers for up–gradation of skills for their gainful utilisation.

(iv) A proposal for modification of agreement for employment of dependents of employees dying in harness and dependants of employees who are rendered permanently disabled is under negotiations with the Unions linking it with acquisition of skills through systematic training.

(v) Supervision of mines and general administration has been toned up with a view to improve work culture.

(vi) An exercise has been started for the rationalization of employees strength through reorganization of mines and closing down of uneconomic operations.

2.96. The Committee note that against 19,680 employees identified as surplus in ECL and BCCL and the Voluntary Retirement Scheme (VRS) to be implemented within three years, the Government have made provision of Rs. 400 crore and have also stated that the target

would be achieved. The Committee desire that the exercise going on to identify other surplus workers, if any by re-organisation of areas/ mines and closing of loss-making mines should be completed at the earliest and the Committee be apprised. The Committee note the fact that there is decline in production and offtake from these two coal companies resulting in higher cost of production and desire that this fact should also be considered while carrying out the detailed exercise to identify other surplus workers. The Committee understand that it is mostly loaders etc. who have opted for V.R.S. which has adversely affected the production in underground mines. The Committee stress that the skilled workers like loaders etc. in underground mines of ECL and BCCL be discouraged to opt for VRS. The Committee also observe that the ratio of mine workers to white-collar jobs in ECL is 11:1 whereas in BCCL it is 4:1. The Committee recommend that a study should be carried out and an ideal ratio be fixed in this regard. Besides implementing VRS, the Committee stress that training of workers for upgradation of skills for their gainful utilisation may be taken up more vigorously in all coal companies and separate funds be provided and a time bound programme be chalked out for the same.

K. Environment Measures and Subsidence Control (Major Head 2809)

2.97. During the 9th Plan period an outlay of Rs. 79 crore has been envisaged for Environmental Measures & Subsidence Control Scheme to be taken up in different coalfields. The funds earmarked for the purpose in the budget for the last three years and for 1999-2000 are given below:

(Rs. in crore)

1996-97		1997-98		1998-99	1998-99	1999-2000
B.E.	Actual	B.E.	Actual	B.E.	R.E.	B.E.
26.00	5.00	5.00	0.85	20	10	20

2.98. Asked as to why the funds allocation for Environmental Measures and Subsidence Control Scheme could not be utilized and revised to 50% of the BE during 1998-99, the Ministry of Coal informed the Committee in note as under:

> "The 9 schemes at the cost of Rs. 23.39 crore were put for approval in the year 1997-98. In anticipation of the sanction of

these 9 schemes fund allocation was made for these schemes in the year 1998–99. The above 9 schemes were sanctioned by the Govt. in Feb./March, 98. Considering their sanction towards the end of 97–98 and considering the lead period of total tender processing and supply, it was seen that the expenditure against these schemes in the year 1998–99 would not be to the extent of the provision made. Further, Rs. 10 crores were lying unutilised with CIL for the year 1992–93 and 93–94 because of the institutional arrangement with the State Government could not be firmed up for implementation of such schemes. This availability of funds was also taken into consideration.

Taking the above two points into consideration, the BE provision of Rs. 20 crores was revised to Rs. 10 crores."

2.99. The Committee have been informed that Scheme for rehabilitation of four unstable localities in ECL at an estimated cost of Rs. 32.52 crore and Scheme for shifting of people from endangered areas of BCCL at a cost of Rs. 33.88 crore have been sanctioned in May '98. The Expenditure Finance Committee at its meeting held on 26.3.98 approved the above two schemes for implementation of these Schemes and agreed for release of Rs. 1 crore, each, only in the initial stage for implementation of these schemes. Further release of fund was subject to satisfactory utilisation of fund and review of the physical progress by a Committee particularly after assessing the willingness of the people to shift to new sites and the extent of cooperation by the State Government.

2.100. The Committee desired to know the reasons for keeping low Estimates for 1998–99 even when the High Power Committee had recommended these schemes taking into account the urgency to implement the same. In this regard, Ministry of Coal informed the Committee that Scheme for Rehabilitation of four Unstable Localities in ECL at a cost of Rs. 32.52 crores was sanctioned in May '98. Similarly, Scheme for shifting of people from most endangered areas of BCCL was sanctioned in May '98 for a cost of Rs. 33.88 crores with the stipulation to complete the scheme for BCCL in 2 years and for ECL in three years. The funds of only Rs. 6 crore each has been provided against the approved cost of Rs. 33.88 crore for BCCL and ECL during the first two years.

2.101. The Committee observe that against an outlay of Rs. 79 crore for EMSC scheme during the IX Plan, the funds allocation and

utilization during the first three years is only Rs. 15.85 crore. The Budget Estimate for 1998–99 have been scaled down from Rs. 20 crore to Rs. 10 crore at the revised stage. The Committee are dismayed to note that 9 schemes at the cost of Rs. 29.39 crore were sanctioned in February/March, 1998 and the funds allocation were made in BE of 1998–99, without considering the time which will be taken in tendering process and supply of equipment resulting in down–sizing the Budget Estimate by Rs. 10 crore. The Committee feel that such an exercise ought to be done earlier and desire the Government to take necessary steps to make BE realistic in future.

2.102. Regarding schemes for rehabilitation of four localities in ECL the Committee observe that against an estimated cost of Rs. 32.52 crore, a provision of Rs. 6 crore has been made during the first 2 years of the programme which is targeted to be completed within 3 years. Similarly, for a scheme for shifting of people from endangering areas of BCCL at a cost of Rs. 33.88 crore, sanctioned in May, 1998, only Rs. 6 crore have been allocated for the first two years. The scheme was also scheduled to be completed in 2 years. The Committee cannot but deplore the way the Govt. have sanctioned funds for Environment Measures and Subsidence control (EMSC) Scheme recommended by High Power Committee taking into account the urgency to implement the schemes in a time–bound manner. The Committee feel that the Government should not allocate funds for such schemes in a piecemeal manner and recommend that the Government should prepare a comprehensive plan to fund the schemes involving safety of mine workers and people living in and around the mine areas and also stress that funds should be released for these two schemes as recommended and these schemes be completed at the earliest.

L. Anti–Dumping Duty on Coal

2.103. As per the present import policy, coal can be freely imported (under OGL) by the consumers themselves considering their needs and exercising their own commercial judgements. Coking coal is being imported by SAIL and other Steel Sector manufacturers mainly for two reasons:—

(i) To bridge the gap between there requirement & indigenous availability.

(ii) To improve the quality of overall blend for technological reasons.

2.104. Coal based power station & cement plants are also importing small quantity of non-coking coal on consideration of transport logistic & commercial prudence as well as against export entitlements. The quantities of coking and non-coking imported in the country during the last seven years are as under:—

(in million tonnes)

Year	Coking Coal	Non Coking Coal	Total
1991-92	5.27	0.66	5.93
1992-93	6.32	0.42	6.74
1993-94	6.82	0.57	7.39
1994-95	10.15	1.24	11.39
1995-96	9.37	3.14	12.51
1996-97	9.78	4.53	14.31
1997-98	10.65	6.56	17.21

*Provisional

The current duty on imported coal is as follows:

(i)	(a)	Coking coal of ash content less than 12%	3% (Basic custom duty)
	(b)	Special customs duty	5%
	(c)	Special Addl. Duty	4%
(ii)	(a)	Non coking coal, coke, coking coal of ash content above 12%	10% (Basic custom duty)
	(b)	Special customs duty	5%
	(c)	Special Addl. Duty	4%

2.105. The Ministry of Coal have stated that there has been a rising trend of imports for the last few years in case of non-coking coal especially in coastal regions through which consumers are in a position to directly import for further transhipment to the plant sites.

Dumping of Chinese met. coke

2.106. The Committee have been informed that China is the largest exporter of metallurgical coke followed by Japan, Poland, Australia, Egypt etc. About 60% of world exports are by China and China Produces about 110 million tonnes per annum of which they consume only 90% and export the balance 10%. China emerged as main player in coke export market because of low price and superior quality of coke. In case of India there is also the additional benefits of minimum Sea-freight as compared to exporting countries.

The volume of Chinese coke inputs in India market increased as follows:

Year	Quantity
1992-93	0.09 MT
1993–94	0.08 MT
1994–95	0.56 MT
1995–96	0.96 MT
1996–97	0.81 MT

2.107. The nine fold increase in import of Chinese coke has been stated to be primarily on account of superior quality characteristics and declining CIF prices. The Committee are apprised that the Chinese coke is being dumped at price lower than what is prevalent in their domestic market and is much below the cost of production of coke in China. Even SAIL and TISCO who are importing coking coal for production of coke @ 70 Dollars per Tonnes, are incurring a Net Raw Material cost of 95 Dollars per Tonnes (without considering overheads) after conversion of coking coal into coke. The Chinese coke which was earlier sold in India at landed prices of 100–115 Dollars, is being dumped at 90 Dollars at the port of Gujarat and Kerala having Ash content of only 12–16%.

2.108. The Committee have been informed that Small Scale Industries (SSI) Units and medium size units of such as Foundries, chemical industries, brick and kiln industries have brought to the notice of the Anti–Dumping Directorate (ADD), the need to impose Anti–Dumping duty on import of coke.

2.109. Enquired about recommendations made by A.D.D. and what was the reaction of Ministry of Finance to those recommendations and the data from which the Anti–Dumping Duty was imposed, the Ministry of Coal informed the Committee as under:

> "The designated authority in the Ministry of Commerce received a written application from M/s. BLA industries alleging dumping of metallurgical coke originating in or exported from China. The application submitted by M/s. BLA industries Ltd. was supported by M/s. Industries and Commerce Association, Dhanabad. The coke manufacturers *viz.* M/s. Bharat Coking Coal Ltd. (BCL) – a subsidiary of Coal India Ltd. had also taken up the matter with Government regarding dumping of Chinese coke in the country. These applications were submitted in the early 1998.
>
> The designated authority in the Ministry of Commerce had examined these representations and recommended on 20.3.98, the imposition of provisional anti–dumping duty @ Rs. 1800/- per tonne from the date of notification to be issued in this regard by the Central Government on all imports of metallurgical coke originating in or exported from China P.R."

2.110. The Ministry of Coal further stated that pursuant to the above recommendation of the designated authority, Ministry of Finance (Department of Revenue) *vide* notification dated 6th May, 1998 levied an anti–dumping duty @ Rs. 1800/– per tonne on the import of metallurgical coke from China P.R. This notification was to have the affect upto inclusive of 5.11.98. Subsequently, the designated authority in the Ministry of Commerce held detailed investigation/examination in the matter. After hearing the concerned parties and considering the submissions, the designated authority recommended the imposition of anti–dumping duty at a level equal to the difference between Rs. 4673 per metric tonne and the landed value of imported met–coke subject to a minimum of Rs. 692 per metric tonne. This recommendation was made by the designated authority on 30.7.98.

2.111. The Committee desired to know the details of countries which are dumping coal in our country and remedial action, taken by the Government other than the imposition of Anti–Dumping Duty, the

Government propose, so as to protect Indian Coal Industry from unhealthy competition. Regarding this, Ministry of Coal informed the Committee in a written reply as under:—

> "As per the information available with Ministry of Coal metallurgical coke has been dumped into the country only from China P.R. The traditional remedies of Government of imposing quantitative restrictions and increasing the duty sharply are longer available in view of the WTO regime. Indian Coal Industry must become strong enough to face normal competition and this will be possible by increasing productivity, improving quality and reducing costs."

2.112. The Committee find that coal can be imported freely under Open General Licence (OGL) by the consumers themselves considering their needs and requirements. The Committee observe that although earlier coking coal was being imported by steel sector to bridge the gap between their requirement and indigenous availability and also for blending purposes to improve quality but now with the reduced customs duties and availability of cheaper coal quality, the coal is now being imported by other sectors besides power and cement sector also. In this connection, the Committee have been informed that Chinese coke having ash contents of 12–16% which was earlier sold at landed price of 100–115 dollars per tonnes is being dumped at 90 dollars at ports of Gujarat and Kerala. The Chinese coke is being dumped at a price much below the cost of production of coke produced in China and at a price lower than that prevalent in their domestic market. The Committee are surprised to note that although the Anti–Dumping Directorate initially recommended an anti–dumping duties of Rs. 1800/- per tonne on the import of metallurgical coke from China PR and notification was issued on 6.5.1998, the issue was re–examined and considering the submission before it, the designated authority recommended the imposition of anti–dumping duty at a level equal to the difference between Rs. 4673 per metric tonne and the landed value of imported net–coke subject to a minimum of Rs. 692 per metric tonne on 30.7.98. The Committee are dismayed to note that even this recommendation of Anti–Dumping Directorate was not accepted and the Government issued a notification on 28.10.98 imposing anti–dumping duty

calculated at a rate equivalent to the difference between Rs. 4673 and landed value of met–coke per metric tonne removing the clause for imposition of minimum duty. The Committee would like the Ministry of Finance to clarify as to why the recommendation of ADD was not accepted. The Committee would also like to know the details of the duty imposed on different quantities of coke imported during 1998–99.

NEW DELHI;
April 17, 1999
Chaitra 27, 1921 (Saka)

K. KARUNAKARAN,
Chairman,
Standing Committee on Energy.

STATEMENT OF CONCLUSIONS/RECOMMENDATIONS OF THE STANDING COMMITTEE ON ENERGY CONTAINED IN THE REPORT

Sl.No.	Reference Para No. of the Report	Conclusions/Recommendations
1	2	3
1.	2.11	The Committee are perturbed to note that the Plan Outlay for the Ministry of Coal for the last 3 years is hardly near the targets fixed, thus adversely affecting the existing, ongoing and new Coal/Lignite projects. The Central Plan Outlay for the Ministry of Coal for 1998–99 was revised to Rs. 2944.10 crore from Rs. 4212.75 crore. The estimated coal demand for the year 1998–99 is expected to be 291.55 MT (5.7 mt. of middling) against the projected demand of 325.38 MT (7.5 mt. of middling). The Ministry of coal have informed that non-materialisation of demand projected at the beginning of the year is the main reason for scaling down of Coal Production and Plan Outlay. Other reasons cited by the Government for scaling down of Plan are need to re-schedule procurement under International Bank for Reconstruction and Development (IBRD) Loan and to re-work the funds requirement, taking into account the delivery schedule committed by the equipment manufacturers, need to regulate procurement of equipments, delay in supply of specialised mining equipments by Neyveli Lignite Corporation Limited etc. which are basically due to unrealistic demand projections. The Committee

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		further note that IEBR component for Coal India Limited, Singareni Collieries Company Limited and Neyveli Lignite Corporation Limited were never made realistic in the past three years. The Coal India Limited IEBR component for the year 1998–99 have been revised to Rs. 1641.50 crore from Rs. 2427.14 crore budgeted. The company could generate internal resources of Rs. 783.34 crore against the Budget Estimates of Rs. 1557.81 crore. Rs. 455.35 crore has been contributed to the IEBR component of CIL through suppliers credit during 1998–99. Similarly, in case of Singerni Collieries Company Ltd. in 1997–98 the total IEBR component was Rs. 9.74 crore against the budget estimates of Rs. 324.25 crore and in case of Neyveli Lignite Corporation in was Rs. 140.09 crore against the budget estimates of Rs. 448.42 cores during the period. The Committee feel that the Government should take steps to ensure that IEBR component of coal/lignite companies be projected on realistic basis so as to ensure that the plans of various undertakings do not go heywire because of non–realisation of IEBR component year after year. In view of the fact that two subsidiaries of CIL viz. BCCL and ECL being sick because of large workforce and underground mining, the Committee recommend that budgetary support to CIL be enhanced for the current year for revival of these two companies. The Committee are also of the opinion that Government should have withdrawn the budgetary support to CIL in a phased manner and desire that the Government may review total withdrawal of budgetary support especially to Coal India

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		Limited. At the same time, the coal companies should pay greater attention to their commercial operations and equip themselves to meet the threats from international and domestic competition. Although, the Ministry of Coal have stated that certain steps like introduction of cash and carry scheme, securtisation of SEB dues to strengthen the local companies have been taken, the Committee are of the opinion that taking into account the down–sizing of Plan Outlay year after year, the Government should address to the need to making domestic coal companies viable one basing their investment decisions on realistic demand assessment. The Committee desire that the Ministry should re–work their investment plans for Ninth Plan, based on the realistic assessment of demand projections for the same period, and place it before the Committee.
2.	2.23	The Committee find a wide gap between the projection of Coal demand assessed by Planning Commission, Ministry of Coal and Coal India Limited. Whereas Coal India has projected the demand of 340.80 MT, the Planning Commission forecasted at 412.20 MT by 2001. The Planning Commission has observed a demand supply gap of 103.5 MT by the end of 11th Plan. The Planning Commission has observed that for increasing the domestic production and reducing dependency on imported coal an investment of Rs. 20,000 crore is required for the 9th Plan. The Committee also observe that Ministry of Coal have disputed the Demand and Supply projections made by the Planning Commission. The contention of the Government that offering non–CIL blocks for mining to private

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		investment will help in achieving gaps between the production and demand targets of Coal during IX & X is contrary to the present coal production and off take position from coal mines of CIL subsidiaries. The Committee expect that Ministry of Coal will work more closely with Planning Commission and firm projections of the demand would be made more realistic and suitable strategy would be evolved for adoption by the Government to meet the growing demand domestically.
3.	2.24	The Committee observe that off-take from Rajmahal and Sonpur-Bazari Coalmines of Eastern Coalfields Ltd. could not be materialised at a satisfactory level due to low off-takes by Farakka and Kahalgaon super thermal power stations of NTPC. The Committee are surprised to note that no penalty clauses were included in the fuel purchase agreement for failure to supply/off-take by the company and it is only now that such a clause is being proposed to be included in future agreements. The Committee feel that Coal companies are not functioning on the sound business principles and are only learning from their past mistakes. The Committee expect the Government to take suitable steps to ensure that such a clause should be included in all agreements of coal supplies so that the coal companies can work on sound financial lines.
4.	2.25	The Committee are constrained to note that despite the fact that some of the senior officials have been removed/punished for over-reporting of coal stocks, the practice is still continuing in subsidiaries of Coal India Ltd.

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		The Committee would like to know the various incidents of over–reporting in subsidiaries of CIL during the last 3 years and the action taken by the Government against those found responsible for it.
5.	2.33	The Committee find that project such as Chinakury (ECL) was withdrawn after incurring an expenditure of Rs. 21.08 crore. The Government have cited the failure of technology of Long Wall Power Support from USSR, as one of the reasons for shelving this project. Another project viz. Damodar of BCCL too was withdrawn after incurring an expenditure of Rs. 19.84 crore due to extensive fire in coal seam. Kottadih project of BCCL has since been deferred due to funds constraints and Kalidaspur UG of ECL, Balrampur PSLW underground and Kundha PSLW underground of SECL for which equipments were purchased from China, were delayed pending DGMS approval. Madhuband washery project of BCCL has been stated to be delayed by 11 years; the work of which was undertaken by contractors M/s. Mining and Allied Machinery Corporation Limited. Other reasons as informed by the Government are problems related to acquisition of land, delay in transfer of forests land, resistance by local population and agitation by contractors labour to pressurize coal companies to offer them permanent employment which led to slippage in the project schedules. Although, the Committee appreciate the difficulties faced by the Government in timely commissioning of coal projects, they feel that these are not insurmountable. The Committee feel that the reasons such as delay in approval of DGMS

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		and the technology to be used for mining should have been examined in detail while preparing and finalising detailed project reports. The Committee also observe that projects in ECL have been abandoned after incurring expenditure and no new projects have been sanctioned to improve production. In view of the good quality of coal available in ECL and BCCL; the Committee desire that the techno-economic viability of these abandoned projects be examined and steps be taken by the Government to restart these projects. The Committee are of the view that the projects are not being managed on sound professional lines. The Committee, therefore, recommend that Government should tone up the project management in a bid to complete the on-going projects expeditiously. The Committee also desire that besides the departmental enquiry, an independent enquirty be conducted immediately for the fire accident in Madhuband washery of BCCL and the Committee be apprised of the reasons for the fire and action taken by the Government on the findings of such enquiry within 3 months.
6.	2.34	The Committee also desire that in-depth analysis of the reasons for delays, project-wise be gone-into and responsibilities for slippages, be fixed. The argument put forward by the Government that they keep track of the progress of coal projects costing Rs. 100 crore on a monthly basis and all projects costing for Rs. 20 crore on a quarterly basis does not appear to be convincing to the Committee since there is a continuous delay in implementation of coal projects. The Committee are of the opinion that as major chunk of country's

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		resources are involved in coal projects, it becomes all the more important to fix the responsibility for delays in planning and implementation of these projects. The Committee would like the Government to impress upon the State Governments to ensure timely acquisition of land so that projects are not hampered. The Committee also recommend that there should be a close liaison and coordination with various State Government agencies for expeditious implementation of the projects.
7.	2.45	The Committee observe that budgetary provision for detailed exploration by Coal India Limited during 1998–99 were revised to Rs. 53.41 crore from the Budget Estimate of Rs. 60.85 crore. The budget estimate of Rs. 59.55 crore for 1999–2000 is less even than the BE for 1998–99. Similarly for Neyveli Lignite Corporation, it was brought down from Rs. 1.69 crore to Rs. 0.64 crore during 1998–99 and no provision exists in the budget of Neyveli Lignite Corporation for detailed exploration ~~to be~~ carried out during 1999–2000. The Committee regret to note that although apprehensions have been expressed regarding a large gap between coal production and supply during X Plan period, emphasis on detailed exploration has not been on the same pace. The Committee, therefore, recommend that detailed drilling for lignite should be carried out in States like Gujarat and Rajasthan where regional exploration works have shown encouraging results and adequate budgetary provision for undertaking detailed exploration be made. Neyveli Lignite Corporation should also explore the possibilities of setting up lignite based power plants in States other than Tamil–Nadu.

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8.	2.46	The Committee have been apprised that a budget provision of Rs. 9.38 crore was made for detailed drilling of 37,500 metre in Non–CIL blocks during 1998–99. The Committee note that although the budgetary provision for the 1998–99 has been scaled down to Rs. 4 crore, the targets for the year are stated to be achieved as the provision made for Rs. 5.38 crore during 1999–2000 will be utilised for payments towards detailed drilling carried out in 1998–99. In so far as continuation of detailed drilling in Non–CIL blocks is concerned, the Committee are of the view that in the absence of any programme for detailed drilling in Non–CIL blocks, the private investment in coal mining may not be forthcoming since private entrepreneur will not be able to get sufficient data for carrying out mining activities. The Committee, therefore, recommend that the Government should create a fixed rotational fund for carrying out detailed exploration works in Non–CIL blocks for exploiting 5.11 billion tonnes of coal reserves in these blocks. The Committee desire that this fund should also be replenished subsequently after selling relevant data to private investor. The Committee would like to point out that though there may be some gap between the projected and actual demand for the coal during 9th Plans, there should not be any slackness in exploration work so that when the demand picks up, the mining can be taken up immediately.
9.	2.47	The Committee agree with the views of the Government relating to the constraints of difficult mining and geological condition in North-Eastern States. However, they desire that

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		the Government should take necessary steps to carry out detailed drilling in North Eastern States where mining is generally carried out in an unorganised way by private entrepreneurs to generate a data base which may encourage private entrepreneurs to invest money.
10.	2.58	About the coal linkages to bulk consumers, Committee have been informed that Power houses are given coal depending on quantity required, the logistic of movement by rail or road and the production capacity of coal mines. The Committee pointed out the incident of the supply of more wagons in respect of Bengal EMTA neglecting Standing Linkage Committees (SLC) decision to ensure strict adherence of linkage established resulting in revenue loss of about Rs. 50 crore to ECL during 1998–99. In this regard, the Committee have been informed that the matter was taken up with the Ministry of Railways and Standing Linkage Committee have been directed by Ministry of Coal to regulate the linkage from Bengal EMTA to the linked power stations. The Committee are of the opinion that no timely action is being taken by the Government to implement the linkages established and desire that the incident of favouring one coal company over the other by Ministry of Railways may be examined and the facts be brought to the notice of the Committee within 3 months. The Committee also desire that all linkages established with bulk consumers be strictly followed to avoid recurrences of such incidents in future.

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11.	2.59	The Committee observe that with the substantial increase in Coal production in Korba (SECL), Ib Valley, Rajmahal Coalfields (ECL) and Talcher (MCL), the Ministry of Coal have identified railway lines at Belpahar Chaturdhara in MCL, Tori–Shivpur in CCL, Gevra road–pendra road in SECL and NTPC, MGR in Rajmahal, ECL to be laid during Ninth Plan. The Committee expect the Government to take necessary steps to expedite the laying of these railway lines and also provide funds for these lines so that evacuation of Coal from these un–exploited Coal reserves can be initiated.
12.	2.60	The Committee have been informed that the Ministry of Railways have reduced freight by 10% on haulage of imported coal for up–country destination from the ports. The Ministry of Coal have informed that although the matter was taken up with the Ministry of Railways with a request that this would not be in the long–term interest of the domestic coal industry and the nation, no action has been taken by Ministry of Railways. The Committee are surprised to note that different Ministries of the Government are working at cross–purposes. Whereas coal is considered to be a basic infrastructure sector and should have been given due encouragement, the Ministry of Railways and Finance are making it unviable by checking its growth due to their faulty & ill–concieved encouragement to imported coal. The Committee desire that the Ministry of Coal should get these issues re–examined by the Ministry of Finance/Commerce and Ministry of Railways and place the outcome thereof before the Committee.

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13	2.65	The Committee observe that 49% of the coal produced in the country is of E, F and G grade with high ash content and used in thermal plants. Due to high ash content, this coal not only adversely affects the performance of power plant but also raises problems of disposal of ash at the plants. Moreover, the consumers have to pay heavy railway–tariff over long distances merely for the ash which is sheer wastage. Further, Ministry of Environment and Forest have issued a notification making it mandatory for thermal power plants located 1000 kms from pit head and also those located in urban areas, sensitive areas to use beneficiated coal with ash content not exceeding 34% from 1st June 2001. The Committee are surprised to note that although an investment of Rs. 3000 crore is required over the next 2–3 years to comply with the Government notification, no concrete steps have been taken by Ministry of Coal to set up coal washeries by coal companies or private investors. The Government have informed that non–coking coal washeries at Piprawar (CCL) and a deshaling plant at Bina (NCL) has been installed and there is a proposal for 3 more non-coking coal washries. The Committee are constrained to note that instead of taking steps to setup new washeries, the coal companies are resorting to convert existing coking coal washeries to non–coking coal washeries. The Committee desire that the conversion of Gidi and Dugdha–I coking coal washeries in Central Coalfields Limited and Bharat Coking Coal Limited respectively to non-coking coal washeries which has already been initiated be examined by the Government/Coal India Limited, the Committee be apprised of the

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		position. The Committee feel that decision of CIL not to commission any washery of its own other than on BOO or BOOT basis is not likely to fruitify as the consumers have the option of getting imported coal with less ash content without making any additional investments. The Committtee would therefore like coal India Limited to re-examine its stand on the matter and recommend that the Government should chalk out a Plan to set up more coal washeries and take necessary steps to modernise existing washeries to enhance their capacities.
14.	2.66	Regarding cost of domestic coal, the Committee have been informed that the Indian coal is the cheapest in the world both in absolute terms and in terms of the cost per therms of coal. The cost of domestic coal constitutes only about 40% of the consumer price in comparison to 70% in the case of imported coal. The Committee are surprised to note the action of the Government in continuously reducing import duty not only on the coking coal but also on non–coking coal. The Committee deplore this action of the Government and observe that although the domestic coal companies are saddled with burgeoning stocks, reeling under financial crunch due to payment of high royalty/taxes and non–recovery of coal sales dues, yet the Government have given preferential treatment to imported coal by giving such concessions. The Committee feel that besides installing more non–coking coal washeries, the Government should consider to impose duty on imported coal equivalent to the rate of royalty paid by domestic coal industry to the States thereby making the domestic coal competitively priced with the

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		imported coal. In the alternative, the Government may consider reducing the rate of royalty payment to various coal producing States to make the domestic coal more competitive and also to improve the financial health of coal companies. It would make an economic sense if the royalty is decided on the basis of the rate on which the coal can be imported. The Committee would like to know the reason as to why the Government/CIL has not passed on the benefit of reduction in cess on coal by State Government of West Bengal by 20% to the actual consumers. The Committee desire to know the action taken by the Government in this regard within three months.
15.	2.73	The Committee find that funds earmarked for conservation work including stowing and developments of transport infrastructure in Coalfield areas have not been utilised. The Ministry of Coal have informed the Committee that Rs. 7.44 crore earmarked for the purpose in 1995–96 could not been utilised because on non–completion of protective works for the schemes approved by Coal Company Development Authority (CCDA) Committee. The Committee are surprised to note that an amount of Rs. 1.47 crore for stowing & protective works carried out by TISCO during 1995–96 lapsed as this could not be released by 31.3.96. The Committee also observe that during 1996–97 a fund of Rs. 7.8 crore earmarked for transport infrastructure in CCL could not be recommended by CCDA Committee because Central Coalfields Ltd. (CCL) failed to spend amount already released. The Committee are dismayed to note that

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		although Rs. 25 crore have been stated to be released to CIL during 1997–98 for construction of Tori–Shivpur Railway line in North Karanpura Coalfield, the proposal was sent to the Committee on Non–Plan expenditure only in December, 1998 which is pending for approval. The Committee feel that although the Government have released funds for conservation works in Coalfields areas, the actual implementation of schemes and utilisation of funds is not monitored properly and sanctioned schemes for protective and infrastructure works are delayed. The Committee need not over–emphasize the importance of protective and transport infrastructure in the coal mine areas and desire that the Government should ensure that all the schemes approved by CCDA Committee be timely completed and funds earmarked for the schemes released and utilised. The Committee desire that the Tori–Shivpur line project for which Rs. 25 crore have already been released be implemented at the earliest and the Committee be apprised of the action taken thereon within 3 months.
16.	2.81	The Committee are perturbed to note that though huge revenue has been raised by the States by way of royalty against the coal extracted through statutory provision of Mines and Minerals (Regulation and Development) Act, 1957, the State Governments are reluctant to invest even a little part of such revenue on developmental activities in and around the coal mine areas, thus, frustrating the purpose of levying royalty itself. The Committee are further dismayed to note the high–handedness

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		of the civil authorities in procuring heavy earthmoving equipments of BCCL at the cost of safety of mine workers and non–payment of charges towards their use and damages caused to the equipment for cleaning cities far away from the coal mines. The Committee are surprised to note that a State which has been paid Rs. 682.77 crore during 1996–97 and Rs. 658.95 crore during 1997–98 as royalty by the Central coal company has been stated to be misutilising and misappropriating the equipments and that too at the cost of lives of workers. The Committee feel that the matter should have been taken at the highest level of the Government with State Government of Bihar so as to avoid such unfortunate incidents in future. Besides, taking action by the Government to recover damages in the present case, the Committee desire that the Government should examine the issues of (i) fixing certain ratio of revenue raised by way of royalty for development in coal mine areas and (ii) adjustment of payment of royalty towards dues of the State Government/SEBs to coal companies by suitably amending the MMRD, Act, 1957. The Committee would like to be apprised of the action taken in this regard within 3 months.
17.	2.88	The Committee observe that a total of 12,530 cases of rehabilitation of project affected people in subsidiaries of Coal India Ltd. are pending and out of which 6162 cases are pending only in Central Coalfields Ltd. Taking note of the fact that in the absence of any guidelines on settlement of rehabilitation claims, disputes have not been handled on proper lines. The

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		Committee, therefore, recommend that some guidelines should be framed to deal with the claims of the land oustees in a time bound manner. The Committee also note with dismay, the inordinate delay in formulating a National Rehabilitation policy and desire that Government should finalise it without any further delay. The Committee recommend that R&R cadre created in each coal company a year back to identify Project Affected People (PAP) should submit the report to the Board of Directors, every quarter to enable them to take stock of pending resettlement claims. The Committee have been apprised that steps will be taken to improve R&R package of coal companies as per NTPC package for Ramagundam land oustees, enabling payment in cash, in lieu of employment. The Committee would like to await the outcome of next Board meeting of CIL for considering issues regarding compensation package to PAP of coal companies on the lines of NTPC package for Ramagundam and Simhadri land oustees.
18.	2.96	The Committee note that against 19,680 employees identified as surplus in ECL and BCCL and the Voluntary Retirement Scheme (VRS) to be implemented within three years, the Government have made provision of Rs. 400 crore and have also stated that the target would be achieved. The Committee desire that the exercise going on to identify other surplus workers, if any by re-organisation of areas/mines and closing of loss-making mines should be completed at the earliest and the Committee be apprised. The Committee note the fact that there is decline

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		in production and offtake from these two coal companies resulting in higher cost of production and desire that this fact should also be considered while carrying out the detailed exercise to identify other surplus workers. The Committee understand that it is mostly loaders etc. who have opted for V.R.S. which has adversely affected the production in underground mines. The Committee stress that the skilled workers like loaders etc. in underground mines of ECL and BCCL be discouraged to opt for VRS. The Committee also observe that the ratio of mine workers to white–collar jobs in ECL is 11:1 whereas in BCCL it is 4:1. The Committee recommend that a study should be carried out and an ideal ratio be fixed in this regard. Besides implementing VRS, the Committee stress that training of workers for upgradation of skills for their gainful utilisation may be taken up more vigorously in all coal companies and separate funds be provided and a time bound programme be chalked out for the same.
19.	2.101	The Committee observe that against an outlay of Rs. 79 crore for EMSC scheme during the IX Plan, the funds allocation and utilization during the first three years is only Rs. 15.85 crore. The Budget Estimate for 1998–99 have been scaled down from Rs. 20 crore to Rs. 10 crore at the revised stage. The Committee are dismayed to note that 9 schemes at the cost of Rs. 29.39 crore were sanctioned in February/ March, 1998 and the funds allocation were made in BE of 1998–99, without considering the time which will be taken in tendering process and supply of equipment resulting in down–sizing the Budget Estimate by Rs. 10 crore.

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		The Committee feel that such an exercise ought to be done earlier and desire the Government to take necessary steps to make the BE realistic in future.
20.	2.102	Regarding schemes for rehabilitation of four localities in ECL the Committee observe that against an estimated cost of Rs. 32.52 crore, a provision of Rs. 6 crore has been made during the first 2 years of the programme which is targeted to be completed within 3 years. Similarly, for a scheme for shifting of people from endangering areas of BCCL at a cost of Rs. 33.88 crore, sanctioned in May, 1998, only Rs. 6 crore have been allocated for the first two years. The scheme was also scheduled to be completed in 2 years. The Committee cannot but deplore the way the Govt. have sanctioned funds for Enviroment measures and subsidence control (EMSC) Scheme recommended by High Power Committee taking into account the urgency to implement the schemes in a time–bound manner. The Committee feel that the Government should not allocate funds for such schemes in a piecemeal manner and recommend that the Government should prepare a comprehensive plan to fund the schemes involving safety of mine workers and people living in and around the mine areas and also stress that funds should be released for these two schemes as recommended and the schemes be completed at the earliest.
21.	2.112	The Committee find that coal can be imported freely under Open General Licence (OGL) by the consumers themselves considering their needs and requirements. The Committee observe that although earlier coking coal was being imported by steel sector to bridge the gap between their requirement and indigenous availability and also for blending purposes to

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		improve quality but now with the reduced customs duties and availability of cheaper coal quality, the coal is now being imported by other sectors besides power and cement sectors. In this connection, the Committee have been informed that Chinese coke having ash content of 12–16% which was earlier sold at landed price of 100–115 dollars per tonnes is being dumped at 90 dollars at ports of Gujarat and Kerala. The Chinese coke is being dumped at a price much below the cost of production of coke produced in China and at a price lower than that prevalent in their domestic market. The Committee are surprised to note that although the Anti–Dumping Directorate initially recommended an anti–dumping duty of Rs. 1800/- per tonne on the import of metallurgical coke from China PR and notification was issued on 6.5.1998, the issue was re–examined and considering the submission before it, the designated authority recommended the imposition of anti–dumping duty at a level equal to the difference between Rs. 4673 per metric tonne and the landed value of imported net–coke subject to a minimum of Rs. 692 per metric tonne on 30.7.98. The Committee are dismayed to note that even this recommendation of Anti–Dumping Directorate was not accepted and the Government issued a notification on 28.10.98 imposing anti–dumping duty calculated at a rate equivalent to the difference between Rs. 4673 and landed value of met–coke per metric tonne removing the clause for imposition of minimum duty. The Committee would like the Ministry of Finance to clarify as to why the recommendation of ADD was not accepted. The Committee would also like to know the details of the duty imposed on different guantities of coke imported during 1998–99.

PART II

APPENDIX

DETAILED DEMANDS FOR GRANTS (1999–2000) OF MINISTRY OF COAL

(*Vide* Para 2.1 of the Report)

(Rs. in crores)

	Major Head	1998–99 (BE)			1998–99 (RE)			1999–2000 (BE)		
		Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
	1	2	3	4	5	6	7	8	9	10
Revenue Section										
1. Secretariat—Economic Services Labour & Employment	3451	0.00	3.79	3.79	0.00	3.70	3.70	0.00	4.09	4.09
2. Coal Mines Labour Welfare Coal and Lignite	2230 2803	0.00	45.52	45.52	0.00	45.45	45.45	0.00	33.60	33.60
3. Conservation and safety in coal mines		0.00	60.00	60.00	0.00	60.00	60.00	0.00	60.00	60.00
4. Dev. of transportation infrastructure in coal field areas		0.00	60.00	60.00	0.00	45.00	45.00	0.00	60.00	60.00

	1	2	3	4	5	6	7	8	9	10
5. Grant for implementation of V.R.S. in PSUs		160.00	0.00	160.00	160.00	0.00	160.00	160.00	0.00	160.00
Deduct expenditure met from N.R.F.		-160.00	0.00	-160.00	-160.00	0.00	-160.00	-160.00	0.00	-160.00
6. Regulatory Framework Review Project		4.61	0.00	4.61	4.61	0.00	4.61	3.89	0.00	3.89
7. Research & Development Programme		33.39	0.00	33.39	10.74	0.00	10.74	20.52	0.00	20.52
8. Regional Exploration		24.58	0.00	24.58	24.58	0.00	24.58	32.56	0.00	32.56
9. Detailed Drilling		9.38	0.00	9.38	4.00	0.00	4.00	5.38	0.00	5.38
10. Environmental Measures and Subsidence Control		20.00	0.00	20.00	10.00	0.00	10.00	20.00	0.00	20.00
11. Coal Controller		0.17	2.09	2.26	0.17	1.66	1.83	0.19	1.97	2.16
12. Commissioner of Payments		0.00	0.21	0.21	0.00	0.24	0.24	0.00	0.24	0.24
Total (Coal & Lignite)		92.13	122.30	214.43	54.10	106.90	161.00	82.54	122.21	204.75
Total (Revenue Section)		92.13	171.61	263.74	54.10	156.05	210.15	82.54	159.90	242.44
Capital Section										
1. Coal India Ltd. Investment	4803	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loans and Advances	6803	89.86	0.00	89.86	58.50	0.00	58.50	54.50	0.00	54.50

	1	2	3	4	5	6	7	8	9	10
2. Singareni Collieries Co. Ltd. Investment	4803	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loans and Advances	6803	101.28	0.00	101.28	84.05	0.00	84.05	71.80	0.00	71.80
3. Neyveli Lignite Corpn. Ltd.										
(a) Mining Investment	4803	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loans and Advances	6803	163.83	0.00	163.83	45.00	0.00	45.00	174.45	0.00	174.45
(b) Power Investment	4803	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loan and Advances	6801	0.00	0.00	0.00	0.00	0.00	0.00	27.92	0.00	27.92
4. Acquisition of Coal Bearing Areas	4803	0.00	10.00	10.00	0.00	25.00	25.00	0.00	25.00	25.00
Deduct Expenditure met from C.B.A. Fund		0.00	-10.00	-10.00	0.00	-25.00	-25.00	0.00	-25.00	-25.00
Total Capital Section		354.97	0.00	354.97	187.55	0.00	187.55	328.67	0.00	328.67
Grand Total (Capital & Revenue Section) (Net of Recoveries)		447.10	171.61	618.71	241.65	156.05	397.70	411.21	159.90	571.11

ANNEXURE I

MINUTES OF THE SEVENTEENTH SITTING OF STANDING COMMITTEE ON ENERGY HELD ON 6TH APRIL, 1999 IN COMMITTEE ROOM 'D', PARLIAMENT HOUSE ANNEXE, NEW DELHI TO TAKE ORAL EVIDENCE OF REPRESENTATIVES OF MINISTRY OF COAL, IN CONNECTION WITH THE EXAMINATION OF DEMANDS FOR GRANTS (1999-2000) OF MINISTRY OF COAL

The Committee sat from 11.00 hours to 13.30 hours.

PRESENT

Shri K. Karunakaran — *Chairman*

MEMBERS

2. Shri Basudeb Acharia
3. Shri Parasram Bhardwaj
4. Smt. Rani Chitralekha Bhosle
5. Shri Bikash Chowdhury
6. Shri Sanat Kumar Mandal
7. Smt. Sukhda Mishra
8. Shri Salkhan Murmu
9. Shri Vilas Muttemwar
10. Shri Ravindra Kumar Pandey
11. Shri Amar Roy Pradhan
12. Shri Naresh Kumar Chunnalal Puglia
13. Shri Kanumuru Bapi Raju
14. Shri Anantha Venkatrami Reddy
15. Shri Nuthana Kalva Ramakrishna Reddy
16. Dr. Jayanta Rongpi

17. Shri Larang Sai
18. Shri Francisco
19. Shri Chandramani Tripathi
20. Prof. (Smt.) Rita Verma
21. Shri Sushil Chandra Verma
22. Shri Lakkhiram Aggarwal
23. Shri Jalaludin Ansari
24. Shri Bangaru Laxman
25. Shri Ramashanker Kaushik
26. Shri S. Agniraj
27. Shri S.M. Krishna

SECRETARIAT

1. Shri John Joseph	—	*Joint Secretary*
2. Shri P.K. Bhandari	—	*Deputy Secretary*
3. Shri R.S. Kambo	—	*Under Secretary*

WITNESSES

Ministry of Coal

1. Shri S.S. Boparai, K.C. Secretary
2. Shri P.K., Additional Secretary
3. Shri Vivek Mehrotra, Jt. Secretary & F.A.
4. Shri N.N. Gautam, Advisor (Projects)
5. Shri G.B. Mukherji, Joint Secretary

Coal Controlerate

1. Shri D.D. Sahai, Coal Controller, Calcutta.

PSUs Under Ministry of Coal

1. Shri P.K. Sengupta Chairman, Coal India Limited
2. Shri S.K. Verma, CMD, CMPDIL
3. Shri S. Jayaraman, Director (F), Neyveli Lignite Corporation Ltd.

At the outset, the Chairman, welcomed the Members and representatives of the Ministry of Coal to the sitting of the Committee. Thereafter, the Secretary (Coal) gave a brief representation on the working of coal industry in the country and Plan Outlay for the year 1999–2000 of the Ministry.

2. The Committee then took oral evidence of representatives of the Ministry of Coal in connection with the examination of Demands for Grants (1999–2000) of the Ministry.

3. The important points discussed by the Committee are as follows:—

(i) Impact of import duty on domestic coal industry.

(ii) Participation of private sector in coal mining.

(iii) Coal sales dues.

(iv) Royalty on coal.

(v) Setting up of new coal washeries.

(vi) Re–settlement and Rehabilitation of land oustees.

(vii) Delay in implementation of projects.

(viii) Voluntary Retirement Scheme being implemented by coal companies.

(ix) Misutilisation of assets of coal companies by State Governments.

4. A copy of the verbatim proceedings of the sitting of the Committee has been kept on record.

The Committee then adjourned.

ANNEXURE II

EXTRACTS OF MINUTES OF THE NINETEENTH SITTING OF STANDING COMMITTEE ON ENERGY (1998–99) HELD ON 16TH APRIL, 1999 IN COMMITTEE ROOM 'D', PARLIAMENT HOUSE ANNEXE, NEW DELHI.

The Committee sat from 15.30 hours to 16.30 hours.

PRESENT

Shri K. Karunakaran — *Chairman*

MEMBERS

2. Shri Basudeb Acharia
3. Shri Bikash Chowdhury
4. Shri K.C. Kondaiah
5. Shri Rajbanshi Mahto
6. Smt. Sukhda Mishra
7. Shri Kanumuru Bapi Raju
8. Shri Anantha Venkatrami Reddy
9. Shri Francisco Sardinha
10. Shri N.T. Shanmugam
11. Shri Th. Chaoba Singh
12. Prof. (Smt.) Rita Verma
13. Shri Sushil Chandra Verma
14. Shri Gandhi Azad
15. Shri Ghulam Nabi Azad
16. Shri Brahmakumar Bhatt
17. Shri Bangaru Laxman

SECRETARIAT

1. Shri P.K. Bhandari — *Deputy Secretary*
2. Shri R.S. Kambo — *Under Secretary*

2. The Committee took up for consideration the following Draft Reports:

(i) ** **

(ii) Draft Report on Demands for Grants (1999–2000) relating to the Ministry of Coal.

(iii) ** **

(iv) ** **

3. The Members suggested certain additions/modifications/amendments to the draft Reports on Demands for Grants (1999–2000) relating to the Ministries of Power & Coal and desired that those be suitably incorporated in the Reports. These Reports were then adopted. The draft Reports on Demands for Grants (1999–2000) relating to the Ministry of Non-Conventional Energy Sources and the Department of Atomic Energy were adopted by the Committee without any amendments.

4. The Committee authorised the Chairman to finalise the Reports after making consequential changes arising out of factual verification by the concerned Ministry/Department and to present the same to the Parliament/Speaker as the case may be.

The Committee then adjourned.

**Para 2 (i), (iii) and (iv) relating to consideration and adoptation of three other Reports of the Committee are not included.