

SEVENTEENTH REPORT

STANDING COMMITTEE ON
ENERGY
(1995-96)

(TENTH LOK SABHA)

*[Action Taken by the Government on the recommendations contained in the
7th Report of the Standing Committee on Energy (Tenth Lok Sabha)]*



Presented to Lok Sabha on 25th April, 1995
Laid in Rajya Sabha on 25th April, 1995

LOK SABHA SECRETARIAT
NEW DELHI

April, 1995/Chaitra, 1917 (Saka)

C.E. No. 0024

Price : Rs. 10.00

PARLIAMENT LIBRARY
GOVT. Publications
No. RC. 91.763 (8)
26/4/95

6
328.3657 R
NS.17;7

© 1995 By LOK SABHA SECRETARIAT

Published under Rule 382 of the Rules of Procedure and Conduct of Business in the Lok Sabha (Seventh Edition) and printed by Akashdeep Printers, 20 Ansari Road, Daryaganj, New Delhi-110002.

CONTENTS

	PAGE
COMPOSITION OF THE COMMITTEE	(iii)
INTRODUCTION	(v)
CHAPTER I Report	1
CHAPTER II Recommendations/Observations that have been accepted by the Government	5
CHAPTER III Recommendations/Observations which the Com- mittee do not desire to pursue in view of the Government's replies	14
CHAPTER IV Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee	15
CHAPTER V Recommendations/Observations in respect of which final replies of the Government are still awaited	19
APPENDICES	
I. Extracts of Minutes of the First Sitting of the Standing Committee on Energy (1995-96) held on 17.4.1995	20
II. Analysis of Action Taken by the Government on the recommendations contained in the 7th Report of Standing Committee on Energy (10th Lok Sabha)	22

COMPOSITION OF THE STANDING COMMITTEE ON
ENERGY (1995-96)

CHAIRMAN

Shri Jaswant Singh

MEMBERS

Lok Sabha

2. Shri Bhawani Lal Verma
3. Shri Murli Deora
4. Shri Motilal Singh
5. Shri Khelsai Singh
6. Shri Khelan Ram Jangde
7. Shri Parasram Bhardwaj
8. Shri S. Thota Subba Rao
9. Shri K.P. Reddaiah Yadav
10. Shri Shiv Charan Mathur
11. Dr. Krupasindhu Bhoi
12. Shri Dalbir Singh
13. Shri Vilas Muttemwar
14. Shri P.C. Chacko
15. Shri Arjun Singh Yadav
16. Shri Virender Singh
17. Shri Laxminarain Tripathi
18. Prof. Rita Verma
19. Shri Shankersinh Vaghela
20. Shri Haradhan Roy
21. Shri Anil Basu
22. Shri Keshari Lal
23. Shri Rajesh Kumar
24. Shri Vijay Kumar Yadav
25. Dr. Venkateswara D. Rao

(iv)

26. Shri Chitta Basu
27. Shri Mohan Singh (Ferozpur)
28. Shrimati Dil Kumari Bhandari
29. Shrimati Lovely Anand
30. Shri B. Shankaranand

Rajya Sabha

31. Shri Parmeshwar Kumar Agarwalla
32. Shri M.M. Hashim
33. Shri Bhubaneswar Kalita
34. Shri Dipankar Mukherjee
35. Shri M. Rajasekara Murthy
36. Shrimati Ila Panda
37. Shri J.S. Raju
38. Shri T. Venkatram Reddy
39. Shri Rajni Ranjan Sahu
40. Shri Viren J. Shah
41. Dr. Naunihal Singh
42. Smt. Kamla Sinha

SECRETARIAT

- | | | |
|-------------------------|---|-----------------------------|
| 1. Shri S.N. Mishra | — | <i>Additional Secretary</i> |
| 2. Smt. Roli Srivastava | — | <i>Joint Secretary</i> |
| 3. Shri G.R. Juneja | — | <i>Deputy Secretary</i> |
| 4. Shri A. Louis Martin | — | <i>Under Secretary</i> |

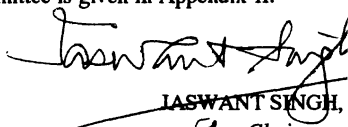
INTRODUCTION

I, the Chairman, Standing Committee on Energy having been authorised by the Committee to submit the Report on their behalf, present this Seventeenth Report (Tenth Lok Sabha) on Action Taken by the Government on the recommendations contained in the 7th Report of the Standing Committee on Energy (Tenth Lok Sabha) on Demands for Grants (1994-95) of the Ministry of Coal.

2. The 7th Report of the Standing Committee on Energy was presented to Lok Sabha on 22nd April, 1994. Replies of the Government to all the recommendations contained in the Report were received on 31st March, 1994. The Standing Committee on Energy considered and adopted this Report at their sitting held on 17th April, 1995.

3. An analysis of the action taken by the Government and the recommendations contained in the 7th Report of the Committee is given in Appendix-II.

NEW DELHI;
18 April, 1995
28 Chaitra, 1917 (Saka)


JASWANT SINGH,
Chairman,
Standing Committee on Energy.

CHAPTER I

REPORT

The Report of the Committee deals with the Action Taken by the Government on the recommendations contained in the Seventh Report (Tenth Lok Sabha) of the Standing Committee on Energy on Demands for Grants (1994-95) of Ministry of Coal which was presented to Lok Sabha on 22nd April, 1994.

2. Action Taken Notes have been received from the Government in respect of all the 11 recommendations contained in the Report. These have been categorised as follows:—

- (i) *Recommendations/Observations that have been accepted by the Government: Sl. Nos. 2.5, 2.6, 2.8, 2.10, 2.11, 2.13, 2.17 and 2.22.*
- (ii) *Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies: Sl. No. 2.19.*
- (iii) *Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee: Sl. Nos. 2.15 and 2.23.*
- (iv) *Recommendations/Observations in respect of which final replies of the Government are still awaited:*

-NIL-

3. The Committee will now deal with the action taken by the Government on some of their recommendations:—

A. Interest Subsidy to CIL

Recommendation (Para No. 2.6)

4. The Committee observed that a provision of Rs. 58.08 crores has been made as subsidy to Coal India Ltd. for payment of interest on non-plan loans sanctioned upto 31.3.1981. The Committee *inter-alia*, desired to be apprised of the justification for continued payment of subsidy to CIL even during the period of severe resource crunch.

5. The Ministry of coal in its reply stated that as against a total non-plan loan of Rs. 576.01 crores sanctioned to CIL till 1980-81, Coal India had paid back Rs. 144.28 crores leaving a balance of Rs. 432.64 crores which had been converted into interest free loan. The subsidy amount given to CIL from

1981-82 upto 1993-94 was Rs. 58.08 crores every year. In 1979-80 the Government reportedly took a decision to convert these into interest free loans. The methodology adopted for making these loans interest free was that the Government would sanction the amount equal to the interest accruable on the above non-plan loans and this would be adjusted against the interest payment by CIL to the Government. Accordingly, Government had been sanctioning Rs. 58.08 crores every year. Thus there was no cash outflow. What was being shown in the budget was national interest subsidy on expenditure side and corresponding entry was taken under receipts.

6. The Committee are glad to observe that budget estimates for 1994-95 have been revised to exclude the provision for interest subsidy to CIL. It appears that the interest subsidy to CIL has been discontinued and no provision has been in the budget for 1995-96.

B. Contents of Performance Budget

Recommendation (Para Nos. 2.13 and 2.17)

7. Expressing regret that the physical achievements in regard to certain activities had not been disclosed anywhere in the Performance Budget, the Committee hoped that in future the Ministry would take care to include in the Performance Budget the physical targets and achievements in regard to each item of expenditure for which funds have been provided for in the Budget. The Committee also observed that the performance Budget of the Ministry had not brought out any information regarding Ministry's annual plans and their financing pattern as also the reasons for shortfall in utilisation. The Committee also required that the Performance Budget of the Ministry be amplified to include this information so that a proper evaluation can be made. The Ministry informed in its reply that these suggestions have been noted for future compliance.

8. On scrutiny of the Performance Budget for 1995-96 the Committee find that the Committee's above suggestions have been carried out. The Committee appreciate the Ministry's promptness in this regard.

C. Measures for Environment at Subsidence Control

Recommendation (Para No. 2.15)

9. The Committee had desired to know the details of the action plan, if any, drawn up for the old worked out areas for restoration and control of subsidence as emphasised in the 8th Plan. The Committee also desired to be informed of the reasons for delay in firming up institutional arrangements for environmental management by the West Bengal Government. The Committee also required the Ministry to explain why the budgetary provision for environment management

had been kept at such a low level which added up to only Rs. 15 crores during the three year period from 1992-93 as against Rs. 75 crores allocated in the 8th plan.

10. The Ministry of Coal in reply has *inter-alia* stated that during the past four years, there have been 22 incidences of subsidence. Out of these 13 occurrences were in old abandoned areas, where mining was carried out prior to nationalisation, 6 incidences occurred due to illegal mining and 3 due to other reasons. The coal company has no liability of 19 (13+6) of the 22 occurrences in old abandoned areas, where mining was carried out prior to nationalisation. For the remaining 3 sites, they have already taken corrective steps. The legal position in respect of dealing with damage caused by mining done in pre-nationalisation days is given in Section 7 of Coal Mines Nationalisation Act, 1973 which clearly states that:

“The Central Government or Government company not to be liable for prior liabilities and no liability for the contravention, before the appointed day, or any provision of law for the time being in force, shall be enforceable against the Central Government or the Government Company.”

11. The Ministry further stated that in order to deal with the problem of subsidence the following three steps are required to be carried out:

- (a) Survey and identification of the subsidence prone areas;
- (b) identification of technology and formulation of plans/schemes for dealing with subsidence; and
- (c) Implementation of the schemes to restore the damage/affected as well as subsidence prone areas.

12. It has been stated that while first two steps can be carried out (and are being carried out) by ECL, for actual implementation of the schemes on the ground the active association of the State Government/District authorities is required in dealing with the problem of shifting and re-location of population living on the damaged areas. It is in this background that the Ministry of Coal have suggested to the Government of West Bengal that the existing Asansol Durgapur Development Authority (ADDA) which was set up under the Town and Country Planning Act of West Bengal could be authorised as the executing agency for restoration works. Technical inputs in surveying, planning Act of West Bengal could be authorised as the executing agency for restoration works. Technical inputs in surveying, planning and designing and preparation of schemes/projects would be provided by CIL/ECL by placing technical personnel at ADDA. An amount of Rs. 5 crores to be provided as seed money for undertaking the implementation of the schemes has also been set aside for the purpose. The issue regarding setting up of the institutional arrangement for the purpose is still

under discussion with the Government of West Bengal. West Bengal Government has reportedly been requested to ask ADDA to execute the works connected with restoration of damaged areas. Technical manpower will be supplied by ECL/CIL.

13. The Committee are not satisfied with the reasons for delay in firming up institutional arrangements for environmental management. Considering the seriousness of the problem of subsidence, urgent attention needs to be paid and the matter taken up at the highest level to expedite action on the matter. Incidentally, the Ministry has not given any specific reply as to why the allocation in the 8th plan has remained largely unutilised. It appears, that the huge gap in utilisation is due to delay in implementing the action plan for restoration of old worked out areas and control of subsidence. The Committee urge that institutional set up for environmental management should be established without any further loss of time and the plan allocation effectively utilised to control subsidence and restore old worked out areas.

D. Coal Production

Recommendation (Para No. 2.23)

14. With regard to coal production, the Committee found that as against the target of 249 mt. in 1993-94, the anticipated production was only 245.20 mt. with a shortfall of nearly 4 mt. The Committee noted that the Planning Commission had indicated a coal production plan of 308 mt. for the country in 1996-97. The production target for 1994-95, however, was only 253.60 mt. The Committee felt that coal production needs to be stepped up to achieve the 8th plan target of 308 mt. by 1996-97.

15. In its reply, the Ministry of coal has stated that the Planning Commission usually undertakes a mid-term review during the Five Year Plan period. The demand projections are revised on reassessment. The Planning Commission has assessed the demand for coal for the year 1994-95 at the level of 268.50 mt. This is likely to be met in full with a production level of 253.60 mt. It has been stated that the demand assessment is carefully done by Planning Commission in consultation with user-Ministries, at the time of formulation of Annual Plan and it is expected that 1996-97 projections of demand (308 MT) also may not materialise.

16. The Committee are not satisfied with the reply of the Ministry of Coal. If the projections of demand for the year 1996-97 is not expected to materialise, the plan target should have been revised to a realistic level. However, this has not been done. The Ministry owe an explanation in this regard.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Para No. 2.3)

The Budget provisions for Research and Development activities including the UNDP Scheme during the last three years have been as under:—

1991-92	1992-93		1993-94		1994-95
Actual	B.E.	Actual	B.E.	R.E.	B.E.
6.91	7.90	5.23	7.91	4.91	8.41

Recommendation (Para No. 2.5)

It can be observed from the above statement that a budget provision of Rs. 8.41 crores has been proposed for the year 1994-95 as against Rs. 4.91 crores provided in 1993-94 (RE) for R & D activities in the coal sector. Notwithstanding the fact that the budget provision has been considerably raised as compared to the previous year, the Committee find that the fund utilisation for R & D during the first three years of the 8th plan constitute as little as Rs. 18.00 crores as against the 8th plan allocation of Rs. 87 crores. This would mean that only about 20% of the allocation would have been utilised during the first 3 years of the 8th plan. The Committee are concerned that R & D activity which is vital for development of new technologies for coal production and utilisation has not been given the attention it requires. The Committee would urge that the Ministry should step up the R & D activity to achieve the desired results utilising the fund which is already available substantially.

Reply of the Government

R & D activities in the coal and lignite sector are of applied nature oriented towards finding solutions to specific problems relating to mining technology, safety, coal utilisation, improvement in coal quality and environmental protection etc. Standing Scientific Research Committee (SSRC) in the Ministry of Coal besides approving R & D projects, monitors implementation of such schemes with a view to ensuring that the benefits from the research efforts are available to the industry at large. In order to step up expenditure of R & D activities, a few large value projects have recently been identified particularly in the area of

utilisation of low volatile medium coking coal (after beneficiation) for use in steel plants thereby cutting down imports. To meet this objective demonstration plants for beneficiation of low volatile medium coking coal would be set up in Jharia coalfield where the sizeable production of such coal, which can be gainfully utilised in the steel industry after washing is already available.

[Ministry of Coal O.M.No. 54011/3/93-PFC dated 31.3.94]

Recommendation (Para No. 2.6)

It is observed that a provision of Rs. 58.08 crores has been made as subsidy to Coal India Ltd. for payment of interest on non-plan loans sanctioned upto 31.3.1981. The Committee would like to know the extent of loan still outstanding from CIL and the amount provided for as subsidy during the last 13 years against the loan. The Committee would also like to be apprised of the justification for continued payment of subsidy to CIL even during the period of severe resource crunch.

Reply of the Government

As against a total non-plan loan of Rs. 576.01 crores sanctioned to CIL till 1980-81, Coal India has paid back Rs. 144.28 crores leaving a balance of Rs. 432.64 crores which has been converted into interest free loan.

2. The subsidy amount given to CIL from 1981-82 is as follows:

(Rs. in crores)

Year	Amount
1981-82	58.08
1982-83	58.08
1983-84	58.08
1984-85	58.08
1985-86	58.08
1986-87	58.08
1987-88	58.08
1988-89	58.08
1989-90	58.08
1990-91	58.08
1991-92	58.08
1992-93	58.08
1993-94	58.08

3. In 1979-80, the Government took a decision to convert these into interest free loans. The methodology adopted for making these loans interest free was that the Government would sanction the amount equal to the interest accruable on the above non-plan loans and this would be adjusted against the interest payment by CIL to the Government. Accordingly, Government have been sanctioning Rs. 58.08 crores every year. Thus there is no cash outflow. What is being shown in the budget is national interest subsidy on expenditure side and corresponding entry is taken under Receipts.

[Ministry of Coal O.M. No. 54011/3/93-(PFC dated 31.3.94)]

Comments of the Committee

(Please see para 6 of Chapter-I of the Report)

Recommendation (Para No. 2.8)

The Committee note that the 8th Plan outlay for Regional Exploration is Rs. 25 crores. Going by the extent of fund utilisation and Budget estimate for this item so far the 8th Plan outlay is expected to be utilised within the first three years. The Committee feel that plan allocation for this item needs to be increased.

Reply of the Government

Primarily, regional drilling is taken up by the Geological Survey of India (GSI) under the Ministry of Mines. During the Annual Plan Exercise in 1989-90 it was felt that in order to accelerate the pace of regional drilling in certain priority areas like cooking coal, superior grades of non-coking coal and lignite, a special fund should be earmarked for augmenting the regional drilling being carried out by GSI. Accordingly such a fund was provided to the Ministry of Coal under the heading "promotional drilling" for coal and lignite sector. Under this arrangement 1,45,870 metres of exploratory drilling has been carried out during the period 1989-90 to 1993-94 (up to Sept. '93) at an estimated cost of Rs. 18.57 crs. The programme for 1994-95 is for 77,000 metres. As indicated in para 2.7 of the draft report, budgetary provision of Rs. 25 crs for the 8th Plan period has already been utilised (including B.E. 1994-95). From next year onwards the allocation under this head would be provided based on the actual need of metreage to be drilled by transferring the surplus provision under R&D head.

[Ministry of Coal O.M. No. 54011/3/93-(PFC dated 31.3.94)]

Recommendation (Para No. 2.10)

A Comparison of budget provisions and targets achieved/proposed in regard to exploration work over the last three years reveals that there has been vastly

disproportionate increase in the budget provisions. While in 1991-92, 3.99 lakh metres were drilled with an amount of Rs. 4.40 crores, in 1994-95 only 3.63 lakh meters are sought to be achieved with a budget provision of Rs. 10 crores. The Committee feel that price inflation alone can not account for this steep increase in fund requirement for exploration work. In the absence of factor-wise break-up of increase in fund requirement, the Committee are unable to comment on the increase in budgetary provision. The Committee would require the Ministry to explain while ensuring efficient utilisation of funds by the executive agencies.

Reply of the Government

The information contained in paragraphs 2.2.4 and 2.2.5 of Chapter 2 of Performance Budget of Ministry of Coal (1994-95) are not related with each other.

The table given under para 2.2.4 covers the total metreage of detailed exploration work carried out in CIL, SCCL and NLC areas from their own outlay and the figures of provision given in para 2.2.5 pertain to the grants for regional drilling provided under "promotional" head funded through Ministry of Coal.

Total metreage drilled for detailed exploration in CIL, SCCL and NLC is given below:—

Coal company	1991-92	92-93	93-94 (Prov.)	94-95 (B.E.)
CIL/SCCL/NLC	3.99	3.51	3.68	3.63
(CIL)	(2.76)	(2.53)	(2.47)	(2.48)

The corresponding figures of expenditure on detailed exploration in CIL areas are given below:—

	1991-92	92-93 (Actual)	93-94 (R.E.)	94-95 (B.E.)
Provision on exploration	67.11	50.67	61.72	59.75

From the above details it may be seen that the metreage drilled is in conformity with the expenditure including escalation in per metre drilling cost.

Year wise metreage of regional drilling carried under promotional grant

funds is given below:-

	1989-90	90-91	91-92	92-93	93-94 (ant.)	94-95 (B.E.)
1	2	3	4	5	6	7
CIL	-	3755.95	6631.40	11224.25	28500.00	20500.00
SCCL	4194.74	11706.40	10596.50	16953.45	16000.00	20000.00
NLC	-	8185.35	18985.90	37537.42	17500.00	36500.00
	4194.74	23647.70	36213.80	65715.12	62000.00	77000.00
Expd. on promotional drilling (Rs. Cr.)	1.9	6.05	4.004	8.0045	7.00	10.00

[Ministry of Coal O.M. No. 54011/3/93-(PFC dated 31.3.94)]

Recommendation (Para No. 2.11)

There is a need to step up the exploration work with a view to meeting the sizeable increase in demand of coal. The Committee, however, find that the exploration work envisaged for CIL and lignite in 1994-95 is lesser than the work undertaken in 1991-92. The Committee would await an explanation for slackening of efforts on this direction.

Reply of the Government

With the steep reduction in the budgetary support from a level of 98% at the beginning of the 7th Plan period to about 19% of the total outlay in 1993-94, CIL, are funding the detailed exploration work through internal resources generated by them. As a result, there has been some decline in terms of total metreage drilled over past three years. Although in terms of financial provision there is no decline in expenditure on detailed exploration. In order to step up the detailed exploration work in CIL areas, CIL are being advised to keep a target of 2,70,000 metres for 1994-95 as against 2,47,500 programmed by them.

[Ministry of Coal O.M. No. 54011/3/93-(PFC dated 31.3.94)]

Recommendation (Para No. 2.13)

Though substantial amount has been provided for each year and over Rs. 80 crores budgeted for 1994-95 for conservation efforts, development of roads in colliery areas and stowing operations for safety the Committee regret that the

physical achievements in regard to these activities have not been disclosed anywhere in the Performance Budget. This is essential to assess the performance against fund allocation. The Committee wish to be apprised of the work undertaken in this regard during each of the last three years against physical targets. The Committee hope that in future the Ministry will take care to include in the Performance Budget the physical targets and achievements in regard to each item of expenditure for which funds have been provided for in the Budget.

Reply of the Government

Yearwise - company-wise details of quantities in respect of sand stowing and road construction for the last three years are given in Annexures I & II. In respect of protective works which are miscellaneous in nature like dealing with fires, construction of dams and de-watering etc., these details are furnished in financial terms in Annexure III.

Coal Conservation & Development Advisory (CCDA) Committee is functioning in the Ministry of Coal with representative from CIL, Coal Companies, CFRI, DGMS, CMRS etc. This Committee generally meets twice in a year. During the meetings the Committee takes an overall stock of the activities being undertaken by the coal companies under various heads which are entitled for subsidy. The physical quantities of protective works like surface garland drains, underground pumping, fires, dams, etc. are examined from the point of eligibility for subsidy on a case to case bases and no advance targets are fixed for such works.

Similarly in case of development of roads each coal company submits its proposals which are examined by the Committee and the extent to which subsidy can be released is decided upon taking into account the progress of work etc. In case of sand stowing the quantities are related to the coal production from underground mines where stowing is carried out and no targets are again fixed for this purpose.

The suggestion regarding including the physical targets and achievements in regard to each item of expenditure for which funds have been provided for in the Budget have been noted for future compliance.

[Ministry of Coal O.M. No. 54011/3/93—CPFC dated 31.3.94]

Comments of the Committee

(Please see para 8 of Chapter I of the Report)

Recommendation (Para No. 2.17)

The Committee observe that the shortfall in Ministry's utilisation of plan outlay with reference to the budget was Rs. 112 crores in 1992-93 and as much

as Rs. 343 crores in 1993-94. The Performance Budget of the Ministry has not brought out any information regarding Ministry's annual plans and their financing pattern as also the reasons for shortfall in utilisation. In the absence of this information, the Committee are unable to draw any conclusions about the Ministry's overall performance with reference to annual plans. The Committee require that the Performance Budget of the Ministry be amplified to include this information so that a proper evaluation can be made.

Reply of the Government

The financing pattern of the annual plans have been indicated on page 11 of the Performance Budget of the Ministry. The suggestion regarding indicating the reasons for shortfall has been noted.

The Reasons for major shortfall have been as follows:

During 1992-93

In 1992-93, owing to extremely tight money market conditions, CIL was unable to raise Bond Resources of Rs. 400 crores as originally envisaged. Hence the RE figures were revised downwards to Rs. 1760 crores. In 1993-January the price revision was effected which gave CIL additional internal resources. CIL had also raise Rs. 200 crores by way of inter corporate loans. Thus CIL ended up with an outlay of Rs. 1808.47 crores. (Details are given in page 9 of Performance Budget).

The shortfall in expenditure of plan funds in respect of NLC Ltd. are due to decisions to transfer Barsingsar Mine and Power Project and the Zero Unit Project to the private sector. Besides contractual delay in respect of Life Extension Project, arbitration and non-completion of procedural formalities, before release of residual and final payments in respect of Mine II Stage II, TPS II stages I and II, are other reasons for the shortfall in expenditure.

During 1993-94

Coal India has not been able to raise bonds and as such had to reduce the projected amount of Rs. 400.00 crores in BE to Rs. 200.00 crores in the revised estimates on this account.

In the case of SCCL the company went through a restructuring package which has recently been approved on 23.3.94. Based on a careful analysis of the delivery schedule for each project, their requirements were reduced from Rs. 642 crores to Rs. 560 crores.

[Ministry of Coal O.M. No. 54011/3/93—CPFC dated 31.3.94]

Comments of the Committee

(Please see para 8 of the Chapter I of the Report)

Recommendation (Para No. 2.21)

The details regarding company-wise annual plan outlays during the last three years are shown below:—

(Rs. in crores)

	1992-93	1993-94		1994-95
	Actual	B.E.	R.E.	B.E.
1	2	3	4	5
<i>CIL</i>				
I.E.B.R.	1438	1564	1383	1704
GBS	370	337	337	359
Total Outlay	1808	1901	1720	2063
<i>SCCL</i>				
I.E.B.R.	219	332	279	364
GBS	188	310	281	119
Total Outlay	407	642	560	483
<i>NLC</i>				
I.E.B.R.	57	291	218	243
GBS	134	104	97	86
Total Outlay	191	395	315	329

IEBR - Internal and Extra Budgetary Resources. .

GBS - Gross Budgetary Support.

Recommendation (Para No. 2.22)

It may be noted from the above statement that the Revised estimates in regard to IEBR in respect of all the three companies during 1993-94 have been considerably lower than the budgetary estimates. This probably indicates the inability of the companies to raise resources internally and from the market as originally planned. The Committee would like to know how it is proposed to

achieve the plan targets regarding production and project execution in the wake of resources gap.

Reply of the Government

It is true that CIL and NLC could not raise Bond resources during March-April, '93 due to the tight money market conditions. But now the money market conditions have improved. CIL is going in for raising Bonds resources now. Resource crunch is not likely to be felt during 1994-95.

However, CIL has increased production during 1993-94 to 189.66 mt (upto Feb.'94) as against 184.41 mt produced in the similar period last year showing an increase of 2.8%. This was also 100% of the targeted production for this period.

The demand of coal is being fully met in the current year for all the sectors and despatches would have in fact been higher but for the large scale cancellation of orders by cement and other industries.

CHAPTER III

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

Recommendation (Para No. 2.19)

The Committee find that the plan expenditure has not only considerably fallen short of the budget estimates during the last two years, but also there is drastic reduction in the budget estimate for the year 1994-95 as compared to be previous years. The Committee would like to be informed of the reasons for shortfall/reduction in plan expenditure of the Ministry.

Reply of the Government

The figures relate to Budget support and not to Plan expenditure.

As a conscious policy Government have been reducing budget support to public sector units. It was 98% at the commencement of the Seventh Plan. It gradually came down to 57.8% at the end of Seventh Plan. It is currently around 19%.

The Budget support consists of External aid routed through Budget and Net Budget support. The External aid routed through Budget is determined on the basis of flow of aid expected during the year by way of equipment and services. Shortfalls are mainly on account of change in delivery schedules of this equipment.

For the year 1994-95, as explained in page 11 of Performance Budget, there is a reduction in the External aid through Budget from Rs. 204 crores (BE 1993-94) to Rs. 147 crores (BE for 1994-95) in case of Coal India and from Rs. 214 crores (BE 1993-94) to Rs. 46 crores (BE 1994-95) for SCCL.

As per the recent decision taken by Ministry of Finance, the External aid for new projects taken up after 1.4.93 is now being routed directly to PSUs and is not being routed through Budget.

[Ministry of Coal O.M. No. 54011/3/93-CPFC dated 31.3.94]

CHAPTER IV

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

Recommendation (Para No. 2.15)

The Committee would like to know the details of the action plan if any, drawn up for the old worked out areas for restoration and control of subsidence as emphasised in the 8th plan. It has been stated in the Performance Budget that the institutional arrangements for environmental management are yet to be firmed up by West Bengal Government. The Committee would like to be informed of the reasons for delay in this regard. The Committee wonder why the budgetary provision for environment management has been kept at such a low level which adds up to only Rs. 15 crores during the three year period from 1992-93 as against Rs. 75 crores allocated in the 8th plan. The Ministry is expected to explain the position in this regard.

Reply of the Government

1. Some areas in Asansol-Raniganj coal-belt of West Bengal are prone to subsidence mainly due to unscientific mining carried out in the past before the nationalisation of coal mines. ECL have had no control and still has no control over many of the subsidence prone areas.

2. In Raniganj the problem of subsidence has assumed the present dimension because of two specific reasons:

- (i) unscientific mining carried out by the erstwhile private owners during the pre-nationalisation days; and
- (ii) illegal mining.

3. During the past four years, there have been 22 incidences of subsidence. Out of these 13 occurrences were in old abandoned areas, where mining was carried out prior to nationalisation, 6 incidences occurred due to illegal mining and 3 due to other reasons.

4. The coal company has no liability of 19(13+6) of the 22 occurrences in old abandoned areas, where mining was carried out prior to nationalisation. For the remaining 3 sites, they have already taken corrective steps. It is thus obvious

that the problem has been further compounded by the second factor *i.e.* illegal mining and responsibility of stopping the same lies with State Government.

5. There are 26 mining sites identified in Raniganj coalfield which are prone to illegal mining. All the incidences of illegal mining are reported to the district authorities. 434 FIRs have been lodged by ECL during the last five years. The culprits still continue to engage themselves in illegal mining and there is no check on them. Had the district authorities taken deterrent action against the culprits, a sizeable number of subsidences could have been avoided.

6. The Apex Monitoring Committee for Raniganj coalfield was constituted to examine 49 unstable localities of Raniganj coalfields. The Committee has opined that there is no apparent danger in 11 localities. The remaining 38 localities are unsafe. These localities cover an area of 11.8 sq. km. of which 4.8 sq.km. is covered by habitation constructed at various stages. In spite of the fact that DGMS has declared these area unsafe, illegal construction work is going on unabated despite enactment of the West Bengal Restriction on Construction in Unsafe Areas Act, 1979 by the State Government. State Government is the law enforcing authority.

7. ECL on its own has taken up certain stabilisation measures which are primarily aimed at developing the technique for stabilisation of subsidence prone areas in consultation with CMPDIL. An expenditure of Rs. 1.5 crores has already been incurred on these pilot/experimental schemes. Besides, funds are also being made available by Coal Conservation and Development Advisory Committee for such measures. Additionally ECL for its current anti-subsidence operations under built-up areas has to spend a sum of about Rs. 30 crores per annum for hydraulic sand stowing.

8. While ECL has an accumulated loss of Rs 2666 crores the total accrual of royalty/cess paid to the Govt. of West Bengal for the period 1978-79 to February, 1994 is about Rs. 1950 crores. Bulk of these collections had been made under West Bengal Primary Education Act of 1973 and the West Bengal Rural Employment & Production Act of 1976. A reasonable portion of the cess collected should have been spent in the coalfield area.

9. The legal position in respect of dealing with damage caused by mining done in pre-nationalisation days is given in Section 7 of Coal Mines Nationalisation Act, 1973 which clearly states that:

- “the Central Government or Government company not to be liable for prior liabilities and no liability for the contravention, before the appointed day, or any provision of law for the time being in force, shall be enforceable against the Central Government or the Government Company”.

10. In order to deal with the problem of subsidence the following three steps are required to be carried out:

- (a) Survey and identification of the subsidence prone areas;
- (b) Identification of technology and formulation of plans/schemes for dealing with subsidence; and
- (c) Implementation of the schemes to restore the damage/affected as well as subsidence prone areas.

While first two steps can be carried out (and are being carried out) by ECL, for actual implementation of the schemes on the ground the active association of the State Government/District authorities is required in dealing with the problem of shifting and re-location of population living on the damaged areas. It is in this background that the Ministry of Coal have suggested to the Govt. of West Bengal that the existing Asansol Durgapur Development Authority (ADDA) which was set up under the Town and Country Planning Act of West Bengal could be authorised as the executing agency for restoration works. Technical inputs in surveying, planning and designing and preparation of schemes/projects would be provided by CIL/ECL by placing technical personnel at ADDA. An amount of Rs. 5 crores to be provided as seed money for undertaking the implementation of the schemes has also been set aside for the purpose. The issue regarding setting up of the institutional arrangement for the purpose is still under discussion with the Government of West Bengal.

11. We have requested West Bengal Govt. to ask ADDA to execute the works connected with restoration of damaged areas. Technical manpower will be supplied by ECL/CIL.

[Ministry of Coal O.M. No. 54011/3/93—CPFC dated 31.3.94]

Comments of the Committee

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

Recommendation (Para No. 2.23)

With regard to coal production, the Committee find that as against the target of 249 mt. (CIL 220 mt; Singareni 24 mt; TISCO/IISCO/DVC 5 mt.) in 1993-94, the anticipated production only 245.20 mt. with a shortfall of nearly 4 mt. The Committee note that the Planning Commission has indicated a coal production plan of 308 mt. for the country in 1996-97. The production target for 1994-95, however, is only 253.60 mt. The Committee feel that coal production needs to be stepped up to achieve the 8th plan target of 308 mt. by 1996-97.

Reply of the Government

Planning Commission usually undertakes a mid-term review during the Five Year Plan period. The demand projections are revised on reassessment. In the Seventh Plan Planning Commission initially estimated a demand of 236.70 mt for the terminal year which on mid-term review was revised downwards to 222 mt. The actual demand materialisation, however, was only 199 mt.

It is expected that 1996-97 projections of demand also may not materialise. Even for the year 1993-94 the initial estimate of demand made by the Planning Commission was 268.80 mt which has now been scaled down to 256.16 million tonnes.

The Planning Commission has assessed the demand for coal for the year 1994-95 at the level of 268.50 mt. This is likely to be met in full with a production level of 253.60 mt. The demand assessment is carefully done by Planning Commission in consultation with user-Ministries, at the time of formulation of Annual Plan. The liberalisation measures for import of coal and captive mining would also be taken into account while fixing the production target for coal companies.

[Ministry of Coal O.M. No. 54011/3/93—CPFC dated 31.3.94]

Comments of the Committee

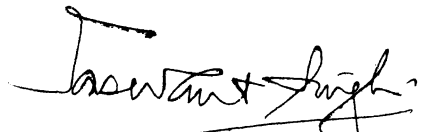
(Please see para 16 of the Chapter I of the Report)

CHAPTER V

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

-NIL-

NEW DELHI;
18 April, 1995
28 Chaitra, 1917 (Saka)


JASWANT SINGH,
Chairman,
Standing Committee on Energy.

APPENDIX-I

EXTRACTS OF MINUTES OF THE FIRST SITTING OF STANDING COMMITTEE ON ENERGY (1995-96) HELD ON 17.4.1995

The Committee sat from 11.00 hrs. to 13.30 hrs.

PRESENT

1. Shri Shiv Charan Mathur — *In the Chair*
2. Smt. Lovely Anand
3. Shri Anil Basu
4. Smt. Dil Kumari Bhandari
5. Shri Dalbir Singh
6. Shri Keshari Lal
7. Shri Rajesh Kumar
8. Shri Venkateswara D. Rao
9. Shri K.P. Reddaiah Yadav
10. Shri Haradhan Roy
11. Shri Khelsai Singh
12. Shri Laxminarayan Tripathi
13. Shri Shankersinh Vaghela
14. Prof. Rita Verma
15. Shri Virender Singh
16. Shri Vijay Kumar Yadav
17. Shri Parmeshwar Kumar Aggarwalla
18. Shri M.M. Hashim
19. Shri Bhubneswar Kalita
20. Shri Dipankar Mukherjee
21. Smt. Ila Panda
22. Shri J.S. Raju
23. Shri T. Venkatram Reddy
24. Shri Viren J. Shah

SECRETARIAT

- | | | |
|-------------------------|---|-------------------------|
| 1. Shri G.R. Juneja | — | <i>Deputy Secretary</i> |
| 2. Shri A. Louis Martin | — | <i>Under Secretary</i> |

2. In the absence of Chairman, the Committee chose Shri Shiv Charan Mathur to act as Chairman for the sitting under Rule 258(3) of the Rules of Procedure and conduct of Business in Lok Sabha.

**

**

**

**

APPENDIX II

(Vide Para 3 of Introduction)

Analysis of Action Taken by the Government on the Recommendations contained in the 7th Report of the Standing Committee on Energy (Tenth Lok Sabha).

I.	Total No. of recommendations made	11
II.	Recommendations that have been accepted by the Government (vide recommendations at Sl. Nos. 2.5; 2.8; 2.10; 2.11; 2.13; 2.17; and 2.22).	8
	Percentage to Total	72.73%
III.	Recommendation which the Committee do not desire to pursue in view of Government's replies (vide recommendation at Sl. No. 28).	1
	Percentage to total	9.09%
IV.	Recommendation in respect of which replies of Government have not been accepted by the Committee (vide recommendation at Sl. No. 7(i) and 15).	2
	Percentage to total	18.18%
V.	Recommendation in respect of which final replies of the Government are still awaited (vide recommendation at Sl. No. 17,18 and 27).	NIL
	Percentage to total	-